



# Uranium Report 2022

Everything you need to know about uranium!



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## Imprint

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## Preface

Dear Readers,

With this edition of the Uranium Report 2022, we are already in the sixth year of this special report series. And we are now right on target, because uranium has recently shown a lot of relative strength, which can be seen in the great imbalance of falling supply and rising demand at the same time. First and foremost, the uranium ETF Sprott Physical Uranium Trust, but also other market players ensured that the uranium spot market was literally swept dry, the spot price rose to over US\$ 60 per pound and the shares of many uranium stocks also shot up. The purpose of these new types of uranium ETFs is very simple: in addition to creating an opportunity for investors to profit directly from the price of uranium, the main aim is to take uranium off the spot market and to force demand-side utilities into negotiations on new long-term contracts.

Uranium and nuclear energy have never been as valuable as they are today. Russia is cutting off Europe's energy supply, and nuclear power is a way out of the dilemma, even if the German government has so far shown a total inability to act. Because without emission-free and at the same time base-load capable nuclear power, which is based on the „fuel“ uranium, many countries will not only have a huge problem in the stable basic energy supply and, due to the electromobility revolution, a real power supply problem in itself, but will completely lose sight of the goal of a world that is as CO<sub>2</sub>-free as possible.

In the future, so-called Small Modular Reactors (SMRs) will play an increasingly important role. These are nuclear fission reactors that are smaller than conventional reactors and can be manufactured in a factory and then transported to an assembly site.

Investors such as Buffett and Gates have long recognized that solar and wind power will not be able to meet baseload requirements until adequately large storage facilities for electricity from renewable energy sources are created, and they have provided

the corresponding funds for research and construction of SMRs.

This report is intended to provide interested investors with an overview of the uranium industry and the real facts.

Of course, we also present some interesting companies in the industry with facts and figures. This is to be understood as a suggestion and not as a recommendation to buy, as there are only very few listed companies left at all.

Raw materials are the basis of our entire economic life. Without raw materials, there are no products, no technical innovations and no real economic life. We need a reliable and constant basic energy supply for our highly industrialized world.

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Tim Rödel is Manager Newsletter, Threads & Special Reports at SRC AG. He has been active in the commodities sector for more than 15 years and accompanied several chief-editor positions, e.g. at Rohstoff-Spiegel, Rohstoff-Woche, Rohstofffraketen, the publications Wahrer Wohlstand and First Mover. He owns an enormous commodity expertise and a wide-spread network within the whole resource sector.

# Uranium is unstoppable:

## The renaissance of nuclear power as the most important base-load energy source has already started

Nuclear power is currently on everyone's lips. And this not only in Germany, which tends to be a nuclear power-phobe, but also worldwide. In view of numerous unsolved problems regarding the current and future energy supply from sources that are as CO<sub>2</sub>-free as possible, as well as unsolved dependency scenarios – above all Europe's dependency on non-European gas – the almost emission-free generation of electricity by means of nuclear fission is experiencing a true renaissance. China is once again one step ahead here and is planning to build 10 nuclear power reactors per year. But India, soon to be the country with the largest population, as well as established nuclear power nations such as Japan, Great Britain, France and the USA are also working on recommissioning, extending the operating lives of or building new nuclear reactors which, as the only regenerative energy source, can constantly supply emission-free electricity at the same high level (see the box „Base load capability, what is it? „). In the future, the focus will no longer be on the familiar, large nuclear reactors, but on far smaller reactors that can be manufactured in factories on a modular basis and installed at almost any desired location. Several of these so-called „Small Modular Reactors“ – SMRs for short – are already in the construction phase. Two of

them are already in operation. It is precisely this flexibility that should ensure an explosion in demand in the future for the raw material that is essential for nuclear fission: uranium.

Nuclear power has already received an additional boost from the European Commission's decision at the beginning of 2022 to give nuclear energy a „climate label“ and to include it in the so-called Taxonomy Regulation, which is intended to stimulate billions of euros of investment in green energies. In addition, Russia enriches a good 45% of the world's uranium production and will now be out of business as a supplier for many countries. On the other hand, many uranium producers have sharply reduced their production in recent years and even acted as buyers themselves – alongside ETFs, funds and countries such as the USA. This has recently created a supply deficit of more than 50 million pounds of U<sub>3</sub>O<sub>8</sub> per year. Accordingly, the inventories of many energy suppliers (utilities) have been exhausted, so that they now have to come back to the negotiating table and conclude new long-term supply contracts.

This naturally opens up excellent opportunities for interested shareholders to participate in the uranium market. Some interesting investment opportunities can be found in this report.

### Base load capability, what is it?

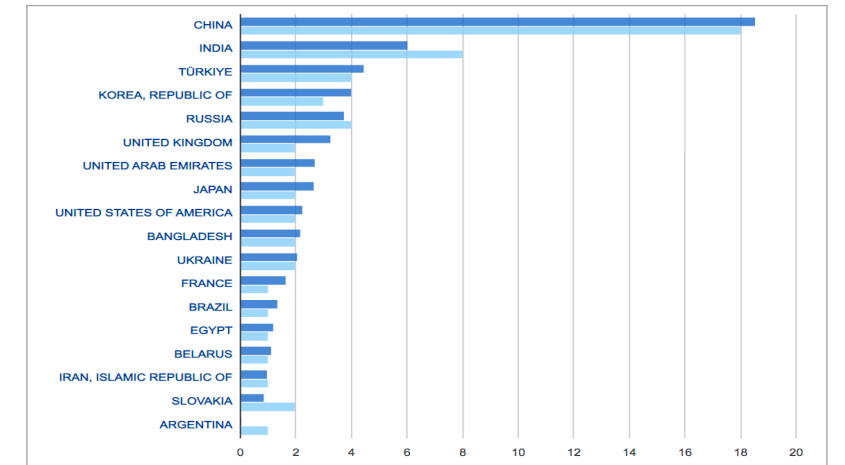
Base load capability is the ability of a power plant to provide continuous, reliable electrical power. This includes nuclear power plants, coal-fired power plants, gas-fired power plants, oil-fired power plants and steam power plants fired with substitute fuels. Combined heat and power plants, biomass and biogas power plants can also be base-load capable under certain conditions, although fossil or renewable raw materials must also be fired for this purpose. The only base-load-capable electricity generation from renewable energy is by means of hydroelectric power plants, but this often requires a major intervention in nature.

Due to their often strongly fluctuating generation and thus feed-in, photovoltaic and wind power plants are not base-load capable, at least not until adequate storage media are available.

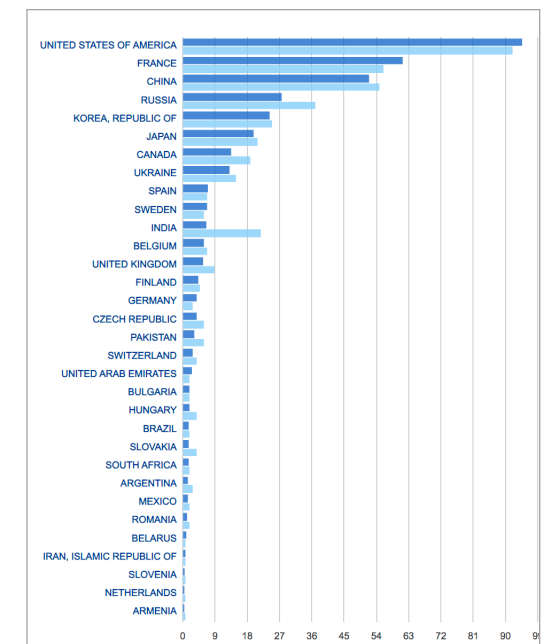
### The number of nuclear power reactors worldwide continues to increase

Since the beginning of 2022, 5 new nuclear power reactors have been connected to the grid worldwide, while 4 smaller reactors have been permanently taken offline. At the same time, construction began on 6 new reactors. At the end of September 2022, 33 nations were operating 426 reactors with a total net electrical capacity of approximately 381.4 gigawatts. In the past 10 years alone, 67 new reactors have been connected to the grid worldwide.

The USA is currently the leading nuclear power nation with 92 reactors in operation. However, emerging countries such as Chi-



Overview of reactors currently under construction (blue) and the corresponding net electrical output (light blue) per country. (Source: www.iaea.org/PRIS)



Overview of currently operating reactors (blue) and net electrical power (light blue). (Source: www.iaea.org/PRIS)



Uranium price development over the last 5 years (source: own presentation)

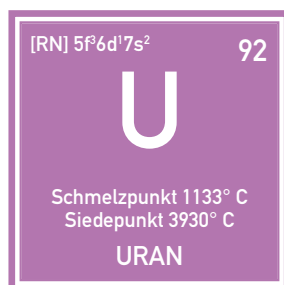
na and India are in particular need of more and more energy and have been focusing on a massive expansion of their nuclear power capacities for some time now. It is therefore not surprising that 57 additional nuclear reactors with a total net electrical output of around 59 gigawatts are currently under construction – 18 of them in China alone. Planning has already been completed for around 120 additional ones, and more than 300 others are in the pipeline.



## Uranium facts

### Only with uranium are nuclear fission chain reactions commercially possible

Uranium is named after the planet Uranus and is a chemical element with the element symbol U and the atomic number 92. Uranium is a metal whose all isotopes are radioactive. Naturally occurring uranium in minerals consists of about 99.3% isotope  $^{238}\text{U}$  and 0.7%  $^{235}\text{U}$ .



The uranium isotope  $^{235}\text{U}$  is fissionable by thermal neutrons and thus, apart from the extremely rare plutonium isotope  $^{239}\text{Pu}$ , is the only known naturally occurring nuclide with which nuclear fission chain reactions are possible. For this reason, it is used as a primary energy source in nuclear power plants and nuclear weapons.

### Occurrence

Uranium does not occur in pure form in nature, but always in oxygenated minerals. There are a total of about 230 uranium minerals that can be of local economic importance.

There is a wide range of uranium deposits from magmatic hydrothermal to sedimentary types.

The highest uranium grades are achieved in unconformity-bound deposits with average uranium grades of 0.3 to 20%. The highest grades are over 70%  $\text{U}_3\text{O}_8$ !

According to the International Atomic Energy Agency (IAEA), the largest uranium ore reserves are in the USA, Niger, Australia, Kazakhstan, Namibia, South Africa, Canada, Brazil, Russia, Ukraine and Uzbekistan.

## Uranium mining

In uranium mining, a distinction is basically made between two processes: Conventional extraction and extraction by in-situ leaching or in-situ recovery (ISR). The exact extraction method depends on the characteristics of the ore body, such as depth, shape, ore content, tectonics, type of surrounding rock and other factors.

### Conventional production

The majority of uranium is extracted by deep mining. The deposits are accessed via shafts, adits, ramps or spirals. Problems are often posed by the penetration of mine water and the so-called ventilation (technical measures to supply mines with fresh air). The exact mining method is chosen according to the characteristics of the deposit. Above all, the shape of the ore body and the distribution of the uranium in it are decisive. In deep mining, an ore body can be mined in a targeted manner, resulting in much less overburden than in open pit mining.

Near-surface or very large ore bodies are preferably extracted by open-pit mining. This allows the use of cost-effective large-scale technology. Modern open pits can be from a few meters to over 1,000 meters deep and several kilometers in diameter. Open pit mining often produces large quantities of overburden. As in deep mining, large quantities of water may have to be lifted for an open pit, but ventilation is less of a problem.

### ISR Production

In the ISR method, water and small amounts of  $\text{CO}_2$  and oxygen are injected into the sandstone layers with the help of so-called injection wells, the uranium is extracted and pumped back to the surface for further processing with the help of so-called recovery wells. The entire process therefore takes place completely underground. The advantages of this process are therefore obvious: there is no need for major earthmoving as in open-pit operations, and there are no tailings piles or discharge ponds for heavy metals and cyanides. Only the wells are vi-

sible on the surface, and the land around the wells can continue to be farmed without restrictions. The ISR process also makes low-grade deposits economically mineable, and capital costs for mine development are greatly reduced. Moreover, the entire process can be carried out with a minimum of labor, which also drastically reduces operational costs. According to a study by the World Nuclear Association, 25% of uranium mined outside Kazakhstan recently came from ISR mines.

## The current demand situation – 180 million pounds of $\text{U}_3\text{O}_8$ per year.

### The USA extends power plant lifetimes

With 92 reactors, the USA has by far the largest active nuclear power plant fleet in the world. Nevertheless, the USA is threatened with a collapse in energy supply. The United States is still the country with the highest per capita consumption of electricity in the world. Thus, the U.S. has no choice but to increase the number of its nuclear reactors in the coming years. Accordingly, the expansion of the nuclear power plant fleet is also part of the „Green New Deal“ initiated by President Biden, which is intended to lead the country toward  $\text{CO}_2$  neutrality. Alongside the expansion of wind and solar energy, nuclear power is the top priority.

In recent years, more than 60 U.S. nuclear reactors have applied for lifetime extensions to 60 years of total operation. In addition, there are about 40 applications for the construction of new nuclear power

plants. Currently, 2 plants are under construction, and another 20 are in the concrete planning phase.

### China continues to ignite the turbo

For several years now, it has been China that has been setting the pace in the construction of nuclear power plants. 55 reactors with a total net electrical capacity of 52.2 gigawatts are operated by the Middle Kingdom, which until now has primarily used coal to generate electricity. Of these, 17 new reactors alone have been commissioned since the beginning of 2018. Nuclear power expansion in China is therefore enormous and taking place at breathtaking speed! It is expected that China will soon replace France (56 reactors) as the current number two in nuclear power.

The Chinese government plans to build more than 80 new nuclear reactors in the next 15 years and over 230 new nuclear reactors by 2050. By 2030, a total of 110

reactors are to be connected to the grid, which will mean that the USA will have been replaced as the current leader. A total of 16 nuclear reactors are currently under construction.

### India second in expansion

India, the world's second most populous nation, plans to expand its nuclear energy capacity by 70 gigawatts. Currently, a total of 22 Indian nuclear reactors are running at full load (6.8 gigawatts). One of them was newly connected to the grid in 2022. Currently, 6 nuclear reactors are under construction in India, with 40 more to follow by 2050.

### Russia with increasing nuclear capacity

Russia has also announced a massive expansion of its nuclear power plants. The country currently operates 37 nuclear re-

actors with about 27.7 gigawatts. 4 plants are in the construction phase. In addition, Russia plans to build more than 40 additional nuclear power plants, which will increase the share of nuclear energy in Russia's energy mix from the current 15% to more than 20%.

### Japan wants to return to full capacity utilization

Once the world's second-largest nuclear power producer, Japan is already operating 21 of its former 50 reactors again eleven years after the Fukushima disaster. These have undergone a strict safety protocol and are already running at full capacity again. At least 12 more reactors could follow in the coming months. These are currently being brought up to the latest technical standard and put through their paces. 2 reactors are under construction. Japan is also planning to extend the operating lives of existing nuclear power plants to over 60 years. The goal is to generate around 22 percent of electricity from nuclear power by 2030. Before Fukushima, the share was 30 percent, but in 2020 it was only five percent.

### Increasing global expansion of nuclear energy

In addition to the 33 nations (including Taiwan) that already have nuclear reactors on the grid, 17 countries have nuclear power plants under construction. These include Argentina, Bangladesh, Slovakia and Turkey. Other countries, such as Egypt, Jordan and Indonesia, are planning to build several reactors in the coming years.

### Modular small power plants to dominate in the future

A huge future growth market for uranium is currently emerging. It involves so-called „Small Modular Reactors“ – SMRs for

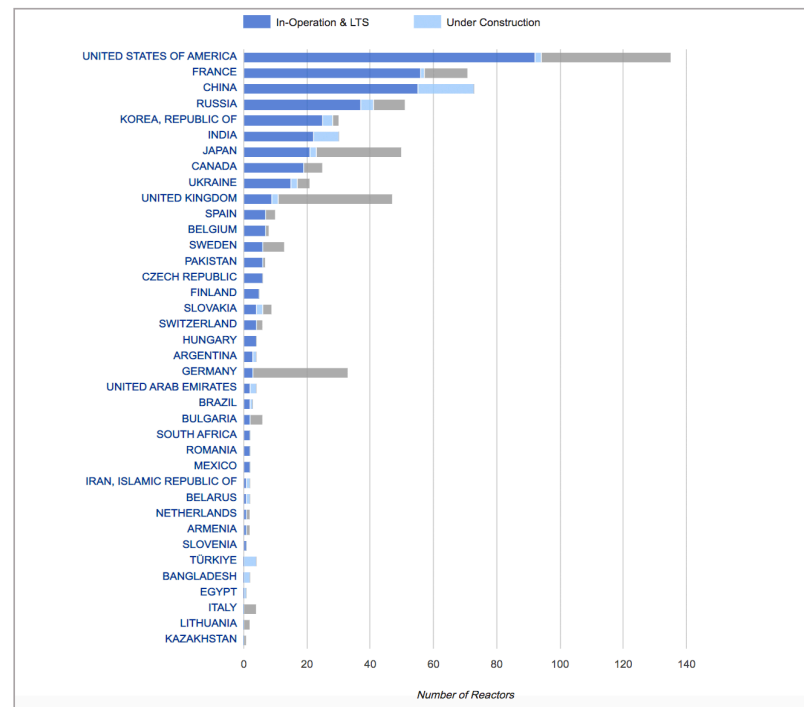
short. These are small 5–300-megawatt units that can be built in a modular fashion in a factory and moved to the eventual deployment site. These scalable units can provide carbon-free benefits while competing on cost with cheap natural gas or diesel and can coexist with grid-intensive renewables due to their load-sensing characteristics and zero-emission operation. The individual SMR units have a capacity of less than 300 megawatts and can operate for 3 to 5 years without fuel reloads – without interruption. They are very similar to the compact reactors that have safely powered aircraft carriers and submarines since the 1950s, and can be ideally marketed for smaller grids, island states, or remote locations (including mining and military bases). Very significant progress has already been made in government support for these innovative, carbon-free energy sources in the United Kingdom, Canada, and the United States.

Among others, Microsoft founder Bill Gates is also working with one of his companies on the development of such small reactors and is pushing the construction of a corresponding plant in Wyoming, which is to replace a coal-fired power plant there. Gates' company, TerraPower, is to have a sodium-cooled fast reactor with a capacity of 345 megawatts. Using molten salt storage technology, the plant's output can be increased to 500 MW for more than five and a half hours if needed, supplying power to about 400,000 homes. An existing example of such a power plant is the Akademik Lomonosov, which Russia commissioned in 2019 as a floating power plant in northern Siberia. A huge market that could cause uranium demand to skyrocket in the future. A total of 5 such small reactors are currently under construction worldwide, 3 of them in China. One reactor was connected to the grid by China in December 2021. 6 are in the licensing phase, and around 50 more are in the planning or design phase. At present, France and the Czech Republic in particular are pushing ahead with the expansion of an SMR fleet.

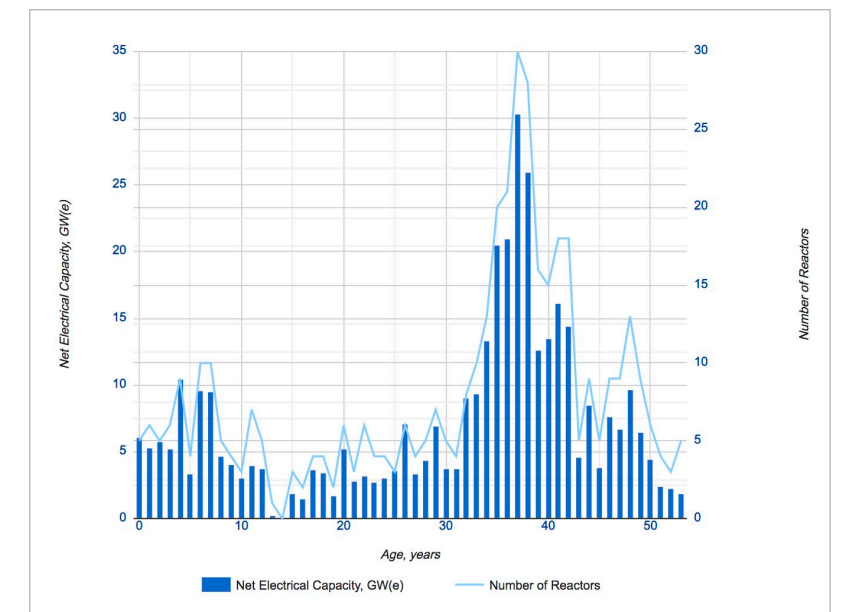
### Nuclear power operators are forced to conclude new supply contracts

The previous cycle of contracting, dominated by the uranium price spikes of 2007 and 2010, has led plant operators to enter into contracts with higher price levels and very long terms of around 8 to 10 years. On the one hand, these old contracts are expiring, but on the other hand, plant operators have not yet looked for replacements for these supply volumes. As a result, the forward contracts of the plant operators are declining sharply, and thus the demand volumes for which there is not yet a contractual obligation, but which will have to be contractually secured in the future, are also increasing. Unmet demand is expected to exceed one billion pounds of U<sub>3</sub>O<sub>8</sub> over the next 10 years. At the same time, more than 75% of expected reactor demand through 2025 is not contractually secured. For a thinly traded commodity such as uranium, this return to more „normal“ long-term contracts is likely to put tremendous pressure on both long-term and spot prices. There are therefore now increasing signals among international plant operators towards more buying activity.

Overview of reactors currently in operation (blue), reactors currently shut down (gray) and reactors under construction (light blue). Source: www.iaea.org/PRIS



Overview of the age of currently operating reactors. Many will (have to) be replaced by more powerful ones in the coming years. Source: www.iaea.org/PRIS





## The current supply situation – 130 million pounds of $U_3O_8$ per year.

### Uranium production in sharp decline

In 2021, around 130 million pounds of  $U_3O_8$  were produced from mines worldwide. This was significantly less than at the peak in 2016, when more than 160 million pounds of  $U_3O_8$  were produced.

### Deposits are stable – There is an acceptable range at higher uranium prices

At a market price of US\$40 per pound of uranium, experts estimate that there are just under 715,000 metric tons of economically recoverable uranium. With annual consumption currently at around 70,000 metric tons of uranium, these deposits would therefore be sufficient for just 10 years, provided the market price remained constant at at least US\$40 during this period and demand also remained constant. However, demand will inevitably increase.

If the market price for uranium were to rise and justify extraction costs of US\$80 per pound of uranium, about 1.28 million tons of uranium could be mined economically. Range at current consumption: 18 years.

If the uranium price were US\$130 per pound, about 3.79 million tons of uranium could be economically extracted. The known reserves would then last for about 54 years at current consumption levels.

### Former producing nations struggle with weak uranium prices

The established uranium-producing nations of Australia, Canada, Russia and Ni-

ger were already having problems expanding their production before the Corona crisis. All four countries together produced just under 13,768 tons of uranium in 2021. In 2009, the figure was 28,000 tons of uranium. In some cases, mines were shut down due to the weak uranium spot price or the lack of further reserve availability (as was recently the case at the Cominak and Ranger mines).

### U.S. uranium production at zero

The uranium industry in the USA has come to a virtual standstill recently. Since 1980, virtually nothing has been invested in the development of new deposits, and nearly 95% of the uranium required has been obtained from the disarmament programs. U.S. nuclear reactors consume about 21,000 tons of uranium annually. Accordingly, an increase in capacity would require an increase in the amount of uranium needed. The World Nuclear Association (WNA) projects that by 2035, about 35,000 metric tons of uranium will be needed annually in the U.S. alone. U.S. uranium production peaked in 1980, when about 29,000 metric tons of uranium were extracted from the ground. After the end of the Cold War, disarmed nuclear weapons in particular became the most important source of U.S. uranium requirements. This led to a decline in U.S. uranium production to, most recently, less than 5 tons of  $U_3O_8$  in the second quarter of 2022. As a direct result, much of the infrastructure and licensed production facilities were simply closed or completely dismantled. Currently, only a few mining licenses remain in Texas, Arizona and Wyoming. Recently, however, several companies have been working on new licenses for

their processing plants. In total, the USA has a production capacity of around 30 million pounds of  $U_3O_8$  per year, about half of which has a production license.

### Kazakhstan is by far the largest producer

While nearly all established uranium producers are struggling to expand their uranium production, one region has now moved past all others to the top of uranium production: Central Asia. There, Kazakhstan in particular has been able to multiply its uranium production in recent years. From 2000 to 2019, uranium production in the former Soviet republic rose from 1,870 to over 22,808 metric tons. As a result, Kazakhstan also passed the previous leader Canada in 2009 and is now responsible for around 45% of total global uranium production. In 2020, production fell to 19,477 metric tons due to production cuts caused by low prices and the effects of the Corona pandemic. In 2021, Kazakhstan produced about 21,800 tons of uranium.

### Massive production cuts lead to stabilization of uranium price

Although Kazakhstan is one of the nations that can currently mine uranium at the lowest cost, the country is no longer prepared to sell off its uranium deposits at rock-bottom prices. In early 2017, the state-owned Kazatomprom announced that it would cut its own uranium production by at least 20% in 2017. In May 2018, Kazatomprom announced further production cuts. In addition, production had to be further reduced due to Corona. But Kazatomprom is not the only uranium producer to cut production in light of the weak uranium price. Uranium major Cameco also announced production cuts and closed its McArthur River mine and Key Lake facilities indefinitely in January 2018.

The Rabbit Lake mine was also closed, both of which are among the ten largest uranium mines in the world. McArthur River was the mine with the second highest uranium production and grades in the world. The temporary closure removed 10% of the world's total production from the market in one fell swoop. In addition, Cameco has itself been acting as a uranium buyer for some time to service long-term, higher-grade supply contracts with corresponding uranium volumes at spot prices. Since 2017, Kazatomprom reduced its uranium production by about 15% and Canada by about 45%. In addition, there are closures at Moab Khotseng in South Africa and at the Chinese-owned Husab and Rössing mines in Namibia, to name only the most important. The spot market, whose supply is mainly composed of uranium mined as a by-product in other mines, has also recently seen a decline in supply due to various mine closures.

### Huge gap in supply has been opening up for some time now

Even before the Corona pandemic, the supply deficit was about 40 million pounds of uranium per year. In 2020, the supply deficit was about 57 million pounds of  $U_3O_8$ , which was about a quarter of global annual demand. Thus, most of the current demand is being met from stockpiles, which are thus rapidly running out. A de facto supply shortfall has already existed since 2017, with consumption at the current level of 426 nuclear reactors worldwide at about 180 million pounds of  $U_3O_8$ , of which only about 124 million pounds could be met by global uranium production in 2021. Over the past five years, global production has lagged behind global uranium consumption by about 40-60 million pounds per year.

## Summary:

### The existing supply deficit will lead to an upward price adjustment

#### A future supply deficit at the current spot price is almost inevitable

The International Atomic Energy Agency (IAEA) estimates that new nuclear power plant construction will increase global uranium demand to as much as 300 million pounds of  $U_3O_8$  per year in 2030. Over the past 5 years, there has already been a de facto supply shortfall of between 40 to 60 million pounds per year. In its most recent Nuclear Fuel Report, the World Nuclear Association projected a 25% increase in demand by 2030.

It is thus clear that the apparently cheapest and only base-load-capable  $CO_2$ -free way of generating electricity can only continue to be used if the market price for the initial product uranium continues to rise. In the case of uranium, too, demand and supply regulate the market price. However, if the market price no longer permits economic extraction, it must and will inevitably rise. In the case of uranium, there is also the fact that demand will rise sharply due to the construction of several hundred new nuclear reactors, so that the market price will benefit twice over. And thus, of course, also those investors who have recognized this trend in time.

#### A high proportion of demand is currently unmet

Unmet demand is expected to exceed one billion pounds of  $U_3O_8$  over the next ten years. In this context, more than 75% of the expected reactor demand will not be contracted by 2025. For a commodity as thinly traded as uranium, this return to more „normal“ long-term contracts is likely to

put tremendous pressure on both long-term and spot prices. Therefore, there are already increasing signals among international plant operators in the direction of increased buying activity.

#### Governments increasingly rely on nuclear power as a green, baseload energy source

As early as 2021, U.S. President Joe Biden announced with his „Green New Deal“ a strong promotion of nuclear power in the U.S. and thus also of uranium mining in his own country. At the beginning of 2022, the European Commission also declared that nuclear power would be given a „climate seal of approval“. This clears the way for billions to be invested in nuclear power.

#### USA relies on uranium from its own mines

The U.S. is working to implement SMR technology, as are many private companies. To date, the U.S. Department of Energy has funded over \$160 million in projects under its new Advanced Reactor Demonstration Program.

Furthermore, the country is trying to become less dependent on the immensely high uranium imports, mainly from successor states of the former Soviet Union. To this end, the U.S. Congress approved a budget that will provide \$150 million annually over the next 10 years to create a strategic uranium reserve. This reserve is to come entirely from uranium from U.S. mines. A first bidding phase by US companies started recently.

#### Uranium funds and uranium companies buy spot market empty

Only recently, several other strong market players have joined in and are now securing  $U_3O_8$  on the spot market at a small price, mostly from mines where uranium is a by-product. In addition to Cameco, which is now a buyer, the Sprott Physical Uranium Trust and Yellow Cake Plc. have also been able to purchase larger quantities of uranium. All these players took about 80 million pounds of  $U_3O_8$  from the spot market since the beginning of 2021. Furthermore, uranium companies such as Uranium Energy, Denison Mines and Boss Energy also purchased physical uranium in order to be able to act flexibly and fulfill supply contracts in the event of an early production start-up.

#### The best uranium stocks promise multiplication potential!

The current situation of a uranium spot price that continues to be too low and does not reflect reality plus the still existing, massive supply deficit, we have taken the opportunity to summarize promising uranium shares for you in a compact way. In doing so, we focus primarily on development companies with extremely promising projects, as these also offer a high takeover opportunity in addition to the actual appreciation due to a higher uranium spot price in this context.

The two expert interviews, which provide additional information and investment ideas, should also be noted.

*Hobson Production Facility  
(Source: Uranium Energy)*





# Interview with Dr. Christian Schärer – Manager of the Uranium Resources Fund and Partner of Incrementum



Dr. Christian Schärer is a partner at Incrementum AG, responsible for special mandates. During his studies he started to search for the strategic success factors of successful business models. A topic that still fascinates him today and inspires him in the selection of promising investment opportunities. He studied business administration at the University of Zurich and earned his doctorate while working at the Banking Institute Zurich with an analytical study on the investment strategy of Swiss pension funds in the real estate sector. He has acquired comprehensive financial market knowledge in various functions as investment advisor, broker and portfolio manager. Since the summer of 2004, Schärer has been focusing on various investment themes with a tangible asset character as an entrepreneur, consultant and portfolio manager. He also brings his practice-oriented financial market knowledge to companies as a member of the board of directors. He is married and father of a son. In his free time, he enjoys cooking for friends and family, hiking in the Ticino mountains or reading the biography of a fascinating personality.

**Mr. Schärer, nuclear power has increasingly become the focus of investors because it has been classified as a „green technology“ by many governments worldwide. What does this mean for the uranium sector?**

Against the backdrop of the global climate debate, governments are looking for answers to the question of what their country's optimal energy mix should look like in the future. Geopolitical concerns, economic interests, national egoisms and the laws of nature (physics) must all be taken into account. This is an extremely complex issue, because ultimately policymakers must ensure that the energy and power supply for their national economies is clean, secure and affordable.

According to the goals of the Paris Climate Agreement, energy supply in the future should be based less on fossil fuels. It is undisputed that the intended electrification of industry and mobility will lead to a disproportionately growing demand for electricity. Accordingly, alternative energies (wind, solar, hydropower) are to be strongly expanded.

In recent years, a great deal of time and commitment has been devoted to defining globally binding climate targets that are as ambitious as possible. Ideological and moral arguments often had a high priority in the context of these discussions. This has changed considerably against the backdrop of the war in Ukraine and the energy crisis it has triggered. Questions about the availability and cost of energy supply are suddenly at the center of political debate. The dependence on fossil energy imports from Russia is to be reduced as quickly as possible and the energy supply for the coming winter is to be secured. This means that the time has come for concrete energy policy implementation. In this context, the limiting factors of time and money are beginning to take effect. Accordingly, realpoli-

tik is increasingly taking the reins in the search for feasible energy policy compromises. This is reflected in the formulation of the „New Green Deal“ by the Biden administration, the shaping of the EU taxonomy by the Commission or the objectives of the Japanese government, which is working on a forced comeback of nuclear energy a good ten years after Fukushima. Underlying all these political approaches is the recognition that the unavoidable fluctuations in the production of alternative energy sources must be balanced out within the framework of a stable power grid. This requires reliable power generation from non-fossil sources that is available around the clock, seven days a week. Because nuclear power is produced with low CO<sub>2</sub> emissions, nuclear power plants are a possible solution for many governments to provide this base load in the power grid. Against this background, alternative energy sources and nuclear power can form a „green“ symbiosis.

Thanks to this green stamp, nuclear power plants will probably also benefit from economic stimulus programs and government subsidies in the future. It will also be easier to tap investor funds. For Europe, the USA and Japan, we expect that this will make it easier to modernize existing nuclear power plants with the aim of extending their operating lives. By contrast, we do not expect numerous new projects for the construction of current-generation reactors. We see more potential for new reactor concepts that are safer, more flexible and less expensive than the current generation of nuclear power plants. The necessary research funds can now be mobilized more easily in the context described.

Whereas in the established industrialized countries the short and medium term aim is to extend the operating life of existing nuclear power plants, in the emerging economies in the Middle East and Asia the focus is on the accelerated expansion of reactor fleets. China is particularly ambitious in this

respect. The country plans to build around 150 new reactors in the next 15 years! More than the rest of the world has built in the past 35 years. Are these plans realistic? That remains to be seen. The example of the United Arab Emirates gives cause for optimism in this respect. There, under Korean project management, it has been possible to realize ambitious construction projects for new reactors while adhering to schedules and cost budgets.

**To what extent does the conflict between Russia and Ukraine affect the global supply of uranium?**

Security of supply is a key issue for nuclear power plant operators. This is explained by the cost structure of these power plants. In contrast to fossil-fueled (gas or coal) power plants, in the case of a nuclear power plant the capital costs are the dominant factor in the total cost calculation for electricity production. With a share in the high single-digit percentage range, fuel costs (uranium) are of secondary importance. Accordingly, the industry usually shows little price sensitivity to rising uranium prices. However, when an operator invests billions in the construction of a nuclear power plant, he also wants to operate it around the clock, seven days a week. A possible bottleneck in the fuel supply must be prevented accordingly.

In terms of the supply situation, the period since the Fukushima reactor accident has been mostly comfortable for power plant operators. For the most part, supply was greater than demand and the availability of uranium on the spot market was good. During this time, uranium producers from Kazakhstan, Uzbekistan or Russia have steadily gained market share due to their attractive positioning on the aggregate cost curve. As a group, these producer countries now hold a good 50% share of the uranium market. With a weight of 40%, Kazakhstan plays a dominant role.

Accordingly, the social unrest in Kazakhstan at the beginning of the current year and the associated military intervention by Russia were already an initial wake-up call for the global nuclear industry. Even then, it became clear that the long-term supply contracts concluded with producers from Kazakhstan were probably riskier than had been thought a short time before. The issue of strategic supply security was launched.

Since Russia's attack on Ukraine, it has dominated the agenda. Russia is not only a uranium producer, but with „Rosatom“ also a weighty player in uranium enrichment and fuel production. This dependence can be expressed in figures: Western industrialized countries have about 70% of the global reactor fleet, but only 40% of the „downstream capacity“ („conversion“ / „enrichment“ / fuel production). Accordingly, Western power plant operators are currently focused on securing part of this scarce capacity on a contractual basis. The price development observed at the back end of the fuel cycle clearly shows how tight the „downstream“ market currently is. However, this scarcity and the associated price increases will not remain a phenomenon at the back end of the fuel cycle. Due to various feedback effects, this demand and price pressure will also show up in the market for U<sub>3</sub>O<sub>8</sub> (uranium) sooner rather than later. One such feedback effect is driven by tight uranium enrichment capacity. In times of low demand, suppliers of this service can run their centrifuges longer and thus extract correspondingly more enriched uranium from the delivered feedstock (this is referred to as „underfeeding“). The process can be compared to squeezing an orange. If you have more time available, you can squeeze more juice from the same fruit. The situation is different in times of high demand and scarce available capacity. There is less time available for the enrichment of the starting material. The yield is correspondingly lower (this is referred to as „overfeeding“). If one wants to produce the same amount of enriched ura-

nium as before, one needs correspondingly more of the starting material as input for the enrichment process. Currently, this swing from underfeeding to overfeeding in the uranium enrichment process results in an estimated additional annual demand of about 20 million pounds of uranium ( $U_3O_8$ ). This in a market environment that is already very tight.

In the current sanctions discussion, there are voices on both sides. Aware of Western dependencies, Russian voices are calling for an export ban on uranium and nuclear fuel. On the other hand, bills are pending in both chambers of the U.S. Parliament that aim to ban imports of Russian uranium. As of today, the outcome of these discussions is open. Due to the existing stocks at the power plant operators, the smooth continued operation of the nuclear power plants is ensured for the next 12 to 18 months, irrespective of the outcome of these discussions. However, against the background outlined above, we expect massive structural shifts on the uranium market in the medium term:

1. Western power plant operators will want to diversify their supply sources and enter into long-term supply contracts with suppliers from politically reliable jurisdictions. A willingness to self-sanction can already be observed today. Western power plant operators are refraining from purchasing uranium and nuclear fuel from Russian sources wherever possible. A geopolitically driven division of the uranium market is emerging (bifurcation).
2. Power plant operators are also addressing the issue of strategic security of supply with more extensive stockpiling. As the latest quarterly statement of the Canadian uranium producer „Cameco“ has already shown, power plant operators are indicating an increased willing-

ness to stockpile uranium. This is likely to mark the start of a new inventory cycle on the demand side. In our opinion, this is the last missing piece of the mosaic in the picture of a multi-year and sustainable uranium bull market.

3. The outlook for existing and prospective uranium producers has thus improved significantly. On the one hand, they benefit from the willingness of demanders to conclude new long-term supply contracts (see „Cameco“). On the other hand, the recent significant increase in the uranium price provides incentives to bring existing production capacities, which have been shut down for economic reasons, back into production and to push ahead more consistently with the realization of projects which have already been approved. These are the first tentative steps towards reducing the still growing supply gap on the uranium market.

In summary, despite the current political and military uncertainties, from a fundamental perspective the medium-term outlook for producers on the uranium market has further improved.

***Since 2018, uranium producers worldwide have been trying to find a balance between production and demand. What has actually happened since then, and is it really sustainable?***

In this context, it is important to distinguish between strategic and cyclical market developments. The Corona-related production cuts have relieved the market in the short term as part of a cyclical fluctuation and supported the spot price. This was because, due to interruptions in production, renowned producers were no longer able to cover their delivery obligations from their own uranium production, but only with purchases on the spot market. This was a welcome contribution to the desired stabil-

***„In summary, despite the current political and military uncertainties, from a fundamental perspective, the medium-term outlook for producers in the uranium market has continued to improve.“***

ization of the market. However, these capacities will sooner or later find their way back into the market. Accordingly, the resulting support for the uranium price was also only of a temporary nature. This process will continue in the case of the recent production outages due to supply chain delays. More important for the further development of the uranium price, however, are the changes at the strategic level. Under the leadership of the two heavyweights „Kazatomprom“ and „Cameco“, the supply side has attempted to lead the uranium market back to a new equilibrium over the past four years with significant production cuts. We are seeing previously unknown supply side discipline in the market today. As a result, global mine production is likely to have reduced by around a quarter compared to 2016.

These production cuts reflect nothing more than the recognition of economic realities by uranium producers. From the point of view of the mine operators, the ratio of the production costs of their existing capacities (ASIC – All In Sustaining Costs) to the spot price is relevant. If these costs are higher than the selling price realized on the spot and forward markets, then uranium production makes no sense from an economic point of view. If the uranium price rises sustainably above the level of production costs, capacities that have been temporarily shut down for economic reasons (mines in „care and maintenance“ status) will find their way back to the market. This is the background to the recent announcements by „Cameco“ to bring their „McArthur River“ and „Cigar Lake“ mines (partially) back into production from 2024.

In retrospect, it can be stated that this strategy to discipline the supply side has worked. The uranium price has now completed its bottoming out and recently reached its highest level since 2012. Given the improvements on the demand side discussed earlier (extension of operating lives, construction of new reactors, desire to diversify supply sources), we see price risks on the demand side of the market in the current environment. Over the past 12 to 18 months, the uranium market has changed from a buyer’s market to a seller’s market.

As the „Cameco“ example shows, a significant expansion of production volumes is not to be expected in the short term, even in an environment with stronger increases in uranium prices. For technical reasons, this is not feasible even for established producers in the short term (within 12 to 18 months). At most, a question mark could be placed behind the production discipline of „Kazatomprom“. In view of Russia’s increased influence on the government of Kazakhstan, one can indeed question the adherence of the 75% state controlled „Kazatomprom“ to its self-imposed production restrictions. So far, however, we have not heard any signals from management regarding such a change in strategy. Here too, for technical reasons (supply chain problems, time-to-market of new in-situ production capacities), a short-term expansion of production seems unlikely to us. On the contrary, in the current (sanctions) environment, the risk of limited availability of Kazatomprom production due to delivery difficulties (shipping via St. Petersburg) seems more likely than an unexpected production expansion.



*You manage the Uranium Resources Fund (ISIN LI0224072749) of LLB Fundservices AG in Liechtenstein. What strategy are you pursuing and what does the fund actually represent?*

The investment strategy of the Uranium Resources Fund is based on our investment hypothesis that the existing supply gap in the uranium market will be closed over the next three to five years. This will only succeed if a significantly higher uranium price provides the incentives for new production capacities or those temporarily shut down for economic reasons to find their way to the market.

The Fund holds 25 to 30 positions in the portfolio and is suitable for the long-term oriented investor who wishes to participate in the interesting prospects of the uranium sector. The assets are invested worldwide in companies that have a direct link to the uranium sector, in accordance with the principle of risk diversification. The investment strategy aims at absolute value growth.

Due to its risk profile, the Uranium Resources Fund is suitable as a supplementary component in a diversified portfolio and not as a basic investment. The Fund is licensed for public distribution in Liechtenstein, Germany and Austria and is tax transparent. In

Switzerland, it is open for subscription to professional investors.

*What selection criteria do you use when choosing fund stocks, and what are your current top performers?*

After a long bear market, the uranium market has bottomed out and made a sustained upward turn. In view of the growing supply gap and the further improving fundamental data, there are good prospects for a continuation of the bull market despite the price gains to date. However, interim setbacks and high volatility remain a feature of this tight market. We intend to consistently exploit the profit opportunities that present themselves, while accepting controlled risks!

Against this background, our portfolio stands on four pillars. The first pillar is our strategic liquidity ratio. This ensures our ability to act at any time. In this way, we take advantage of attractive entry points that regularly open up due to the volatile price performance of many uranium shares. With the second pillar, we want to participate directly in an improvement in the uranium spot price. Without higher uranium prices, a sustainable recovery of uranium producers is difficult to imagine. That is why two investment companies, which have invested their funds mainly in physical uranium, form the

**„After a long bear market, the uranium market has bottomed out and made a sustained upward turn. In view of the growing supply gap and the further improving fundamental data there are good prospects for a continuation of the bull market despite the price gains to date.“**

core of the portfolio. If our view is correct, the supply gap in the uranium market will be filled via a rising uranium price. Sprott Physical Uranium Trust and Yellow Cake Plc. should therefore be the first and most immediate beneficiaries of this price recovery.

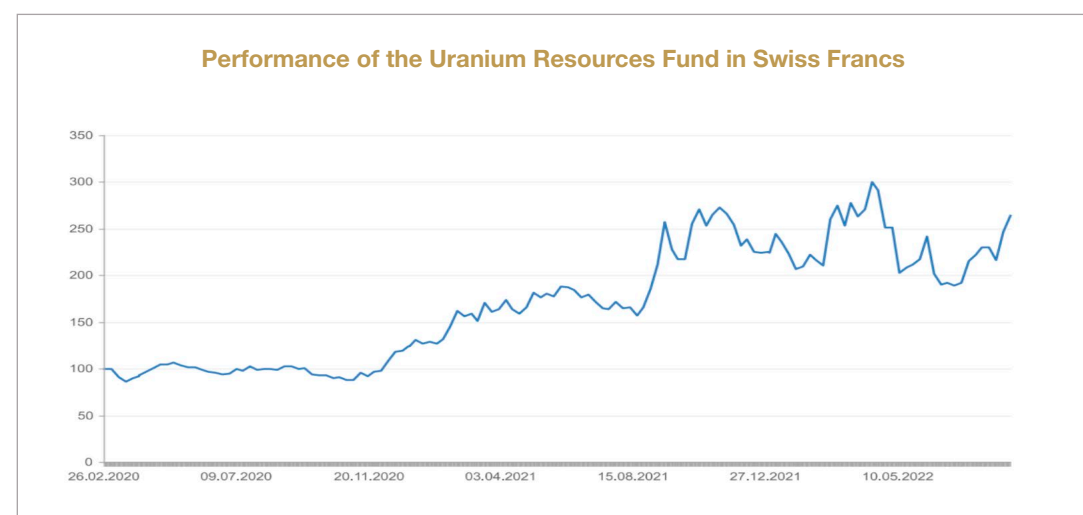
The third pillar focuses on the shares of uranium producers or „standby“ producers with approved and/or realized projects that are not currently in production. When uranium prices start to rise, the producers who can place significant uranium production on the market will benefit. Only those who produce can also deliver. To be on the safe side, we focus on companies that have low production costs on the one hand and a good order book of long-term supply contracts on the other. Significantly represented in the portfolio are the two industry leaders „Cameco“ and, due to the current environment, with some restrictions „Kazatomprom“. Both companies have a broad portfolio of first-class production sites. This group is supplemented by investments in companies to which we would give the status of „standby producer“. These are companies that have a portfolio of approved production sites and processing capacities. Production could be launched within a foreseeable period of time as soon as the economic conditions (i.e. a higher uranium price) are met. We include, for example, „Paladin Energy“, „Global Atomic“, „Uranium Energy“, „enCore Energy“ or „Energy Fuels“ in this group.

world-class development and mining projects. These are particularly interesting if they can significantly advance their projects in the time window of the expected supply gap. They will then be able to benefit from a correspondingly attractive performance of their projects. In addition, these assets should have the necessary size to also qualify as takeover targets. After all, we assume that a wave of consolidation will take place on the uranium market once the price turnaround has occurred and that mining companies from outside the sector may also want to position themselves in the uranium business. This would make sense not least because of the low cyclical sensitivity and the comparatively high visibility of uranium demand. For example, the companies „NexGen Energy“, „ISO Energy“ or „Denison Mines“ can be assigned to this group.

*What advice do you have for investors interested in investing in the uranium sector?*

As discussed, the prospects of promising uranium stocks are promising. On the other hand, the volatility of these shares is extraordinarily high due to their low market liquidity and implicit project risks. Those who put all their eggs in one basket in this speculative constellation are therefore playing high poker – possibly even too high. The use of a fund or ETF that invests diversified within the investment theme seems reasonable to us. In addition, we recommend a staggered build-up of positions.

Under the fourth pillar, we focus on explorers and developers who are advancing



Performance of the Uranium Resources Fund in Swiss Francs  
(Source: incrementum.li)

# Interview with Scott Melbye – CEO of Uranium Royalty, Executive Vice President of Uranium Energy and Ex-Advisor to the CEO of Kazatomprom



Scott Melbye is a 37-year veteran of the nuclear energy industry having held leadership positions in major uranium mining companies as well as industry-wide organizations. Through to June 2014, Melbye was Executive Vice President, Marketing, for Uranium One, responsible for global uranium sales activities. Prior to this, Melbye spent 22 years with the Cameco Group of companies, both in the Saskatoon head office and with their U.S. subsidiaries. He had last served as President of Cameco Inc., the subsidiary responsible for marketing and trading activities with annual sales exceeding 30 million pounds U<sub>3</sub>O<sub>8</sub>. Melbye was formerly the Chair of the Board of Governors of the World Nuclear Fuel Market and President of the Uranium Producers of America. He also currently serves as Executive Vice President of Uranium Energy, was VP-Commercial for Uranium Participation Corporation and was Advisor to the CEO of Kazatomprom, the world's largest uranium producer in Kazakhstan. Melbye received a Bachelor of Science in Business Administration with specialization in International Business from Arizona State University in 1984.

*You have been in the uranium and nuclear energy business for 38 years now. Can you share with our readers your path to get here and observations on how this time compares with other periods in the uranium market history?*

It has truly been a pleasure to be engaged in this incredible industry throughout all these years. The mid-1980's had me trading uranium commodities with the German company, Nukem Inc. in New York, followed by my time as a nuclear fuel buyer for the Palo Verde Nuclear Power Station in Arizona. The next two decades were devoted to Cameco, from the time of their merger out of Canadian Federal and Provincial Crown corporations, to becoming the largest publicly listed uranium miner, operating the world's leading operations in Saskatchewan and selling over 34 million pounds of uranium annually to all of the world's nuclear utilities. Among many amazing experiences at Cameco, important new markets in China and India were opened up during this time. The early part of the last decade had me leading the marketing efforts of Uranium One, the global uranium production subsidiary of Russia's Rosatom with extensive experience in Kazakhstan, the United Arab Emirates, and China. Finally, I embarked on my current leadership positions at Uranium Energy Corp. and Uranium Royalty Corp. Mixed in there were consulting roles with the management of uranium activities at Sprott Physical Uranium Trust-forerunner, Uranium Participation Corp. and as Advisor to the CEO of Kazatomprom, assisting in their transition from state-owned-entity to publicly traded company.

With all these experiences behind me, including all the highs, and some very challenging times for our industry, I can say that I have never been more optimistic about the prospects for nuclear energy and uranium in the coming months and years.

*Uranium Prices have recently been trading around \$50 per pound but reaching as high as \$63 earlier this year. This is up significantly from the bear cycle lows of \$17.70 per pound in November 2017. What is behind this bull market move in uranium prices?*

Uranium prices have indeed been on a dramatic recovery which can be attributed to a number of basic supply and demand fundamentals, in combination with a mix of global mega-trends and geopolitical developments.

Firstly, we have been talking about the rebalancing of supply and demand factors for some time, and recent events have only accelerated that development. Following a period of uranium over-supply brought on by the impacts of Fukushima, global uranium producers began to take steps to rationalize their production plans around the time long term contract hedges were beginning to roll out of supplier portfolios. Despite falling prices throughout the decade, global production had increased and peaked in 2016. From 2017 onward, however, we finally began to see supplier discipline translate into reduced production levels and the shut-in of mines around the world. In fact, over the past 6 years, global production has lagged global uranium consumption by roughly 40-60 million pounds per year. This has had the impact of drawing down global secondary supplies to help bring the market more into balance. Some producers, like Cameco, not only shut-in production, but entered the market as buyers to backfill their substantial long term contract commitments.

A couple of major developments came along to throw gasoline on the fire. The COVID-19 pandemic, for one, impacted roughly 50% of global uranium production at its peak, yet fortunately spared the nuclear power plant, uranium-consumers who operated reliably as essential services throughout

this time. As such, uranium demand was unimpacted while major mining operations, like those in Kazakhstan and Cigar Lake in Saskatchewan, Canada, saw their output decreased, even beyond the discretionary mine cutbacks. Additionally on the production side, the uranium market is experiencing the end-of-mine-life of a number of key operations including the Ranger mine in Australia (which ceased operations in 2021), the Akdala mine in Kazakhstan, and the Cominak mine in Niger. Additionally, the decade of low uranium prices did very little to incentivize the pipeline of new projects or encourage the restart of idled mines. This will dramatically impact the production response in this emerging supply squeeze as mines are not permitted, licensed or developed overnight, and in fact, can take 6-10 years to accomplish (with no guarantee of success). Market observers should also not ignore the impacts of global inflation on the price thresholds of mine restarts and development. There may be a general misperception of the level at which uranium prices will incentivize new mines.

*With this sort of production/consumption gap prevailing for so long, have we finally made a dent towards drawing down the over-hang of global inventories?*

Yes, most definitely. These voluntary and involuntary reductions in global mine production provided the opportunity for the market to fully draw on, and deplete, the over-hang of inventories which built up from the effects of Fukushima and, frankly, over-production throughout the first half of the decade. This has been dramatically accelerated through the purchasing activities of non-traditional uranium buyers. Such category of buyers would include producers, like Cameco, backfilling contract commitments from the open market, junior producers, like UEC and others, opportunistically establishing low-cost inventories at near the bottom of the cycle, and pure spe-

culative purchasers. These speculative, or financial, buyers have included Uranium Royalty Corp., Yellow Cake Plc., and Sprott Physical Uranium Trust (SPUT) who are accumulating holdings of physical uranium on behalf of their shareholders who are seeking price exposure to the underlying commodity. Similarly, we have seen hedge funds make direct purchases of spot uranium in which they hold to realize capital appreciation of the assets. Collectively, these categories of buyers have had a profound impact on the rebalancing of the uranium market having purchased almost 90 million pounds in the past two years. SPUT has been the major player in all this having raised \$1.7 billion from its at-the-market financing vehicle since August 2021. While I am reluctant to describe these developments as "catalysts", preferring to reserve that term to the major underlying supply and demand fundamentals, I would clearly describe these events as a major tipping point in the market re-balancing. Our rather thinly traded and inefficient uranium market was already heading from over to under-supply from both traditional supply and demand trends, however, the magnitude of spot buying has perhaps accelerated forward the market recovery by a couple years. The significance being that the uranium market is transitioning from being inventory-driven, to one more reliant on the cost and timing of production from new and restarted mines.

*What impact has society's desire to decarbonize our economy had in terms of nuclear growth on the demand side for uranium?*

Just as the global uranium industry was focusing on the rationalization of production in light of low market prices that were below global extraction costs, we have seen an unprecedented embrace of nuclear power for the role it can play in a lower-carbon future. For the first time in the modern history



of nuclear energy, we are seeing broad support for nuclear power from the political Right and Left, the investment community, and both environmentalists and industrialists. Whether one values the clean energy benefits of this leading green-energy technology, or it is a prioritization of the reliability and affordability of 24/7, baseload power, nuclear energy delivers both. It is as carbon-free and safe as wind and solar yet runs 95% of the time versus 30% for intermittent renewables. Moreover, its energy-dense uranium fuel serves as a price hedge against volatile fuel costs compared to fossil-fired generation. It is not surprising then that in the past 9 years the world has seen 64 large, modern nuclear power plants connected to the global electric grid and 54 more commence construction. Furthermore, we are now seeing very exciting developments in the deployment of small modular, or advanced, reactors (SMR's). These are not the 1500-megawatt massive power stations that we have become accustomed to, but rather smaller 50–300-megawatt units that can be constructed in a factory with lower up-front capital, shipped on site and built in a scalable, modular manner. Once these innovative plants can get past the first-build hurdles, they promise to be affordable and flexible clean energy sources that can adapt well to large grids already burdened with substantial intermittent renewables, present viable alternatives to retiring coal fired power plants, or serve as a main source of power to remote communities, or for uses in industrial or mining applications. Whether it is GE Hitachi in Canada, Rolls Royce in the United Kingdom, or X-Energy, TerraPower or NuScale in the United States, these SMR's and advanced designs are receiving substantial commercial interest and boosted by strong government support in terms of their initial deployment. In a significant announcement last year, the U.S. state of Wyoming will see a Bill Gates, TerraPower, Natrium reactor constructed on the site of a retiring coal-fired power station (Warren Buffett's Pacific

Corp. utility being the buyer). Not only can this advanced reactor make a clean energy transition, but it can also connect into existing grid infrastructure, and jobs can be preserved in the impacted fossil fuel sector. Central Europe is proving to be a promising market for this technology as these countries are facing a number of energy challenges. While historically dependent on coal-fired power generation, they are being pushed towards lower carbon alternatives by the European Commission. At the same time, they want to avoid the dangerous reliance on Russian natural gas. Large western reactors and SMR's are proving to be the desired fit between these competing objectives.

*In that regard, how is the Russian invasion of the Ukraine impacting the global uranium market?*

If the supply and demand rebalancing, COVID-19 impacts, and non-traditional uranium buying was not enough, the appalling and unprovoked invasion of sovereign Ukraine by Russia may prove to permanently reshape the uranium market in a number of ways going forward. The Rosatom uranium enrichment complex represents 45% of global installed capacity, and closely aligned Kazakhstan has become the world's largest uranium producer. In the United States for example, 20-25% of the enriched uranium comes from Russia and close to 50% of natural uranium supplies are sourced from Russia, Kazakhstan, and Uzbekistan. These Russian fuel purchases amount to close to US\$1.3 billion in hard currency per year towards Putin's war efforts. Western Europe would have similar levels of reliance. We would be correct in pointing out the risk management folly of putting that many eggs in Putin's basket, but the reality faced today is not whether to move away from Russian fuel reliance, but how quickly can this be achieved without harm to the nuclear power plant consumers. Not only

***„The humanitarian catastrophe caused by the Russian invasion in Ukraine will affect society in many ways in the years ahead. Perhaps the most lasting impact on global energy supply will be the renewed and pronounced awareness of energy independence and security.“***

are these supplies potentially subject to sanctions (the U.S. Congress has proposed a complete ban on varying timelines), they could also be subject to a Kremlin export embargo knowing how strategic these energy supplies are to the West. Yet other companies have remained true to their moral and ethical values and have voluntarily ceased Russian purchases (Swedish Vattenfall having made this decision on the first day of the invasion). Other utilities will face mounting pressure to act from shareholders and customers, like the protests we have seen at EDF's headquarters in Paris. Central European utilities face a more daunting task in refueling their Russian designed VVER reactors with western fuel, including the fabricated fuel designs now being manufactured by Westinghouse for the Ukrainians and Czechs. Having said that they, and other neighboring countries, are fully committed to the transition given the first-hand perspective of Russia's carnage and the exodus of refugees. From a supply and demand perspective, we have to assume perhaps a permanent shift away from Russian uranium fuel reliance. While this may have dramatic on uranium prices in the near term, it should signal a strategic shift towards more geopolitically stable suppliers that are not under the influence of Russia or China.

*How has this Russia/Ukraine conflict impacted nuclear power in global national energy policies?*

The humanitarian catastrophe that is the Russian invasion of Ukraine will impact society in many ways for years to come. Perhaps the most lasting impact on global energy will be the renewed and keen awareness towards energy independence and security. Energy Ministers from around the world are reassessing how their energy is produced and from where it is coming from. No longer will it be acceptable to outsource strategic energy supplies (and other critical

***„As we have been saying for some time, the market fundamentals were ripe for a significant and sustained recovery in uranium prices. We are now seeing this is coming together in a big way, supported by the megatrend towards decarbonization of energy supplies and by supply shocks triggered by a global pandemic and an apocalyptic invasion of Central Europe.“***

minerals, goods and services) to countries that do not have shared values and interests. Multinational cooperation will still exist, but a much greater emphasis will be placed on domestic control of strategic resources. Nuclear energy has a very important role to play in this societal shift. Nowhere has this become more evident than with the failed energy policies of Germany over the past 15 years. The Merkel approach of “Energiewende” promised abundant clean and affordable electricity though billions of Euros invested in green energy renewables, and a very deliberate and unequivocal phase out of nuclear energy. The result has been quite the opposite. Germany has instead “succeeded” in achieving electricity prices 60% higher than neighboring nuclear

France, while making very little progress in its carbon reduction goals, losing their largest source of carbon-free energy (nuclear) and instead increasing reliance on dirty lignite coal. However, the most disturbing result of this policy has been the overwhelming reliance on Russian natural gas from the Nord-Stream pipelines. The latter causing not only supply shocks to the German economy but conflicting the German Government in taking stronger ethical geopolitical positions during this profound humanitarian crisis. The recent acts of sabotage in the Baltic Sea further escalate the stakes in this “energy war”.

In Europe alone, we are seeing the reversal of phaseouts of nuclear power in countries

like Belgium and a renewed commitment to nuclear energy like we are seeing in the United Kingdom and France. The European Commission’s taxonomy debate conclusions yielded to the pronuclear member arguments and deemed nuclear energy a green and sustainable energy source for the Community’s energy needs (albeit transitional and with conditions). Nowhere is this more abundantly clear than in Central Europe where the threat of Russian aggression and energy weaponization is not a new concept. Countries such as Poland, Romania, Czech Republic, Slovenia, and Slovakia are not only placing increased value on their existing fleet (switching fabricated fuel suppliers from Russia’s Rosatom to Westinghouse) but are engaging in new build of large western reactor designs and fully embracing the benefits of small modular and advanced reactors. Put simply, the EU (and society at-large) is encouraging their shift away from the current heavy reliance on coal, and Russian gas is not an option. Renewables can contribute up to point but cannot be a baseload 24/7 source of uninterruptable electricity.

***What does this all mean for uranium investors?***

As we have been saying for some time, the market fundamentals have been ripe for a significant and sustained recovery in uranium prices. We are now seeing this come together in a very big way assisted by the mega-trend towards energy decarbonization and supply shocks that have been brought on by a global pandemic and an apocalyptic invasion in Central Europe. We should remember that the last bull market in uranium began from a place of moribund demand for uranium, little to no investment in uranium exploration and development, and flat uranium prices below global costs of production. The resumption of new reactor builds in the nuclear renaissance combined with supply shocks at major produc-

tion centers (floods and fires in Canada and Australia), resulted in a period of uranium prices trading in the \$70 to \$137 per pound range. I can’t help but draw the comparisons to today where even stronger, broad-based support of nuclear energy has emerged, fuel buyer complacency is again being met with supply shocks and uranium speculators have entered into the game in historic proportions.

Early investors in this cycle are now being rewarded for their patience and foresight, and new investors are finding the nuclear energy and uranium story to be an extremely compelling sector in which to focus their capital for growth in the coming years. Given that we have only recently emerged from a period where the name of the game for uranium producers was to simply “leave it in the ground”, to one of needed uranium expansion and growth, we are still in the very early stages of this cycle. Investors will be wise to focus on the companies that have positioned themselves through an extremely challenging time of survival to be ready to seize on these significant opportunities going forward. Indeed, very exciting times for uranium as the promise of clean, reliable, and resilient nuclear energy becomes more widely appreciated in a lower-carbon world.



# Anfield Energy

## One of only a few uranium companies with a mining opportunity in the U.S.

Anfield Energy is a Canadian uranium-vanadium development company that aims to become one of the leading uranium and vanadium producers in the USA. Its main focus is the consolidation of the Uravan Mineral Belt in the states of Utah, Colorado and Arizona, which has been achieved by means of a swap deal between Anfield Energy and Uranium Energy. Anfield Energy's biggest asset is its own Shootaring Canyon Mill processing facility in Utah, one of only a handful of permitted conventional processing facilities in the US. With it, the company aims to quickly establish uranium production of at least 1 million pounds per year.

### Shootaring Canyon Mill

The Shootaring Canyon Mill is located approximately 77 kilometers south of Hanksville in the U.S. state of Utah and is one of only three conventional processing facilities fully licensed for production in the United States. It is a conventional acid leaching plant with a licensed capacity of 750 tons per day. In the vicinity of the plant, which was in operation for only a short period of time, are stockpiles that still hold approximately 370,000 pounds of  $U_3O_8$ . Further, the company is evaluating the possibility of adding a vanadium circuit to the Shootaring Canyon Mill. Anfield Energy anticipates that upgrading the plant will cost between US\$25 million and US\$30 million.

### Slick Rock Project

Slick Rock is located in San Miguel County, Colorado, approximately 24 miles north of the town of Dove Creek. The project hosts a high-caliber deposit containing a historic inferred resource of 11.6 million pounds of  $U_3O_8$  and 69.6 million pounds of  $V_2O_5$  (2.549 million tons at an average grade of 0.228%  $U_3O_8$  and 1.37%  $V_2O_5$ ).

Uranium and vanadium were mined on the property from 1957 to 1983. The project site has extensive infrastructure including existing shafts, portals with road and power connections and is in close proximity to an existing mill.

Anfield Energy acquired Slick Rock during 2022 through a swap deal with Uranium Energy. Slick Rock is located adjacent to the Company's West Slope Project in the Uravan Mineral Belt of Colorado, consolidating properties in a prolific and historic uranium mining region. In exchange for Slick Rock, Uranium Energy received Anfield's in-situ recovery (ISR) rights to uranium properties in Wyoming.

Anfield Energy became debt free in one fell swoop and received Uranium Energy as an anchor shareholder holding approximately 15.4% of all outstanding shares (26.7% in the event that all warrants are exchanged for shares). Furthermore, the ISR projects were divested in exchange for the Slick Rock project, which not only already has a high resource base, but is also close to the existing West Slope project and thus within reach of the company's own processing plant. Corresponding synergy effects included.

Anfield Energy initially plans to update the resource estimate and/or advance to PEA by reviewing historical data.

### Velvet wood mine

The Velvet-Wood Mine, which Anfield Energy acquired from Uranium One in 2015 just like the Shootaring Canyon Mill and which the company owns 100%, is also located in Utah. It covers approximately 2,425 acres and has a current resource of about 5.2 million pounds of  $U_3O_8$ . An initial economic feasibility study from 2016 confirmed a strong 41% pre-tax IRR for the project. The Velvet-Wood mine has



*Shootaring Canyon Mill is one of only three conventional processing plants fully licensed for production in the U.S.  
(Source: Anfield Energy)*

previously produced 4 million pounds of uranium and 5 million pounds of vanadium. It was possible to publish an exploration target report back in 2017, stating that Velvet-Wood has an exploration target of between 6.3 and 9.7 million pounds of vanadium at average grades of 0.40 to 0.61%. Velvet-Wood has access to paved roads, power and water supplies and is located approximately 125 miles from Anfield's Shootaring Canyon Mill.

The Company is currently working to update the operating plans and environmental studies commissioned to continue the advanced permitting and licensing work previously undertaken by Uranium One.

### West Slope Project

The West Slope project hosts nine historic uranium and vanadium mines. An updated resource estimate revealed 5.4 million pounds of  $U_3O_8$  in the indicated category plus 26.9 million pounds of  $V_2O_5$  in the in-

ferred category. In addition, there are historical resources with an additional 3.9 million pounds of  $U_3O_8$  and 20.0 million pounds of  $V_2O_5$ . West Slope covers about 6,900 acres and produced about 1.3 million pounds of uranium and 6.6 million pounds of  $V_2O_5$  from 1977 to 2006. The project site has historic adits, underground workings, open pit mines, and associated infrastructure such as access to roads and the power supply.

Anfield plans to quickly prepare a PEA for the four deposit areas and an updated resource estimate. In addition, prospective areas for further exploration work are to be identified by reviewing historical data.

### Other projects/royalties

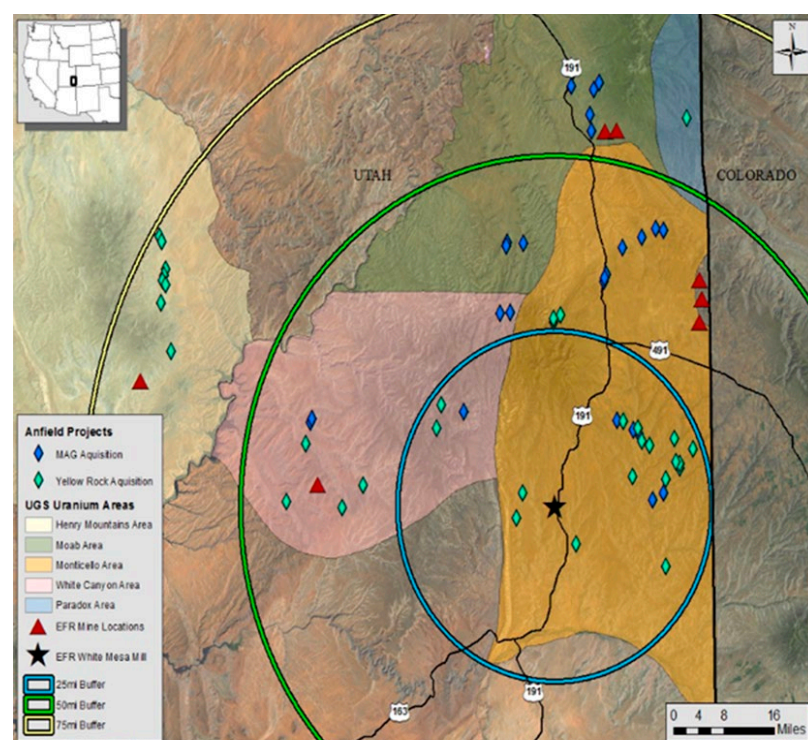
In addition, Anfield Energy has other conventional projects in the U.S. states of Arizona, Colorado and Utah, such as Frank M (2.3 million pounds of  $U_3O_8$ ), Findlay Tank (954,000 pounds of  $U_3O_8$ ) and Henry



Mountains. Furthermore, the Company owns some stockpiles in Utah from which significant cash flow can be generated in the short term. All of these assets are located within a radius of only 125 miles of the Shootaring Canyon Mill. The Company also holds royalties in a total of four projects of listed uranium companies in the U.S. states of Utah, Colorado and South Dakota.

### One-million-pound annual production possible by 2024

Anfield Energy's initial focus is now on upgrading, expanding and restarting its conventional processing capabilities, most notably the Shootaring Canyon Mill and the Velvet-Wood Mine. The estimated cost is about \$35 million, a paltry amount considering that it is expected to produce one million pounds of U<sub>3</sub>O<sub>8</sub> per year.



(Source: Anfield Energy)

### Short- to medium-term catalysts

In parallel, Anfield Energy will prepare a full suite of resource estimates for the Utah, Colorado and Arizona assets in the coming months. Furthermore, important milestones will be reached in the permitting process. In addition, results are pending on evaluations of a vanadium mining operation at Velvet-Wood and related processing at the Shootaring Canyon Mine. In addition, the Company is looking for further acquisition opportunities of conventional assets.

### Summary: Well equipped for the coming months by means of financing

Anfield Energy is in the right place at the right time with its projects. Anfield Energy is one of at most a handful of companies that will be able to set up significant new uranium production within 2 or 3 years. This is made possible by a conventional plant and various options for supplying it with sufficient material. This flexibility as well as rapid production possibilities make Anfield Energy an absolute top pick in the entire uranium and vanadium sector at the current share price level.

Above all, because various further resource estimates are pending in the short to medium term, which will continuously increase Anfield Energy's resource base and thus increase the company's value.

The company executed a financing in June 2022 that brought in CA\$15 million in fresh funds, which will be more than sufficient for the work ahead. New momentum should also come from new Chairman Kenneth Mushinski, who brings many years of experience in the nuclear sector.

## Exclusive interview with Corey Dias, CEO of Anfield Energy

### What have you and your company achieved in the past 12 months?

Anfield has removed approximately US\$18M of debt obligations to become debt-free and has underlined its commitment to conventional uranium and vanadium production through the exchange of its ISR properties for conventional assets. Anfield has also raised approximately \$15M to both facilitate the removal of debt obligations and advance its assets.

### What are the most important catalysts for the next 6 to 12 months?

Anfield is working with the state of Utah to convert its Shootaring Mill license from its current standby status to operational status in order to facilitate production. Anfield is also aiming to confirm economics for its core projects – Velvet-Wood, West Slope and Slick Rock – as part of its hub-and-spoke production strategy underpinned by Shootaring.



Shootaring Canyon Mill in Utah (Source: Anfield Energy)

### How do you see the current situation on the market for uranium?

The market is quite positive for uranium: the Russia-Ukraine conflict could result in sanctions on Russian energy sources, including uranium, along with conversion and

enrichment services. China has sought to strengthen ties with Kazakhstan in order to secure uranium supply as China builds out 10 nuclear reactors per year. Japan is planning to restart reactors, while Germany is planning to extend the life of two operating reactors. The US is seeking ways to restart some of its recently shuttered reactors, while recent research has stated that some coal plants could be converted to host SMRs. So, there is plenty of demand; however, supply is still quite limited due to the current price of uranium. This should lead to upward pressure in the price of uranium in order to incentivize new production to come online.



Corey Dias, CEO

**Anfield Energy Inc.**

**ISIN:** CA03464C1068  
**WKN:** A2JSG9  
**FRA:** OAD  
**TSX-V:** AEC

Fully diluted shares: 1.068 billion

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# Blue Sky Uranium

## Profitable Surface Mining in Argentina with Low Capital Expenditure

Blue Sky Uranium is a Canadian uranium development company and owns several large uranium licenses in the Argentine provinces of Rio Negro and Chubut, which can be exploited relatively easily in surface operations. This gives the company an enormous cost advantage, promising not only faster mining but also high margins. The goal is to supply Argentina's nuclear power plants with uranium from the country. Blue Sky Uranium has already been able to present a large resource and a positive economic analysis for one of three subprojects.

### Amarillo Grande Uranium-Vanadium Project: Location and Resources

Blue Sky Uranium's flagship project is called Amarillo Grande and consists of the three sub-projects Anit, Ivana and Santa Barbara. The three license areas cover a total of approximately 261,000 hectares and are located in Argentina's Rio Negro province. Anit, Ivana and Santa Barbara lie within a 145-kilometer trend that hosts several known uranium occurrences. In addition to near-surface uranium mineralization

on, Amarillo Grande also hosts significant vanadium resources. The uranium and vanadium-bearing rocks range in depth from 0 to 25 meters, and the deposits can extend for several kilometers. The overburden consists of only slightly compacted sand, which results in not only favorable mining costs, but also extremely favorable drilling costs. Mining is usually carried out by means of a so-called scraper, which removes the rock layers and loads them directly onto a truck driving alongside by means of a conveyor belt. There is no need for drilling or blasting, which drastically reduces mining costs. In addition, most of the excavators normally required are not needed. The rock material can be processed in a plant centrally located between the three subprojects using leaching, which is also cost-effective. All these advantages make it possible to exploit even low-grade deposits. The additional presence of vanadium as a by-product strongly contributes to an improvement of the economic efficiency.

### Amarillo Grande Uranium-Vanadium Project: Ivana

The largest subproject by area and the southernmost is Ivana. It covers about 118,000 hectares and hosts an anomaly more than 25 kilometers long. Sampling and drilling there encountered high-grade mineralization that was consistent with previous radiometric surveys. Up to 1.81%  $U_3O_8$  was detected over 0.75 meters. This sample was only 2 meters below surface. The majority of the known resource is located very near surface to a maximum depth of 25 meters.

Drilling has intersected several high-grade intervals including 3,136ppm  $U_3O_8$  over 1 metre, 2,182ppm  $U_3O_8$  and 1,285ppm  $V_2O_5$  over 2 metres and 2,087ppm  $U_3O_8$  and 1,892ppm  $V_2O_5$  over 1 metre, all within significant uranium and vanadium mineraliza-

tion up to 20 metres thick. All of these drill results were from depths up to 23 meters. Additional drilling also returned additional high-grade results including 10,517ppm  $U_3O_8$  over 1 metre and 8,618ppm  $U_3O_8$  also over 1 metre, each within 8 metre intervals of over 2,200 and 2,800ppm  $U_3O_8$  respectively. In 2018, the Company encountered over 20,000ppm  $U_3O_8$  (equivalent to over 2%  $U_3O_8$ ) over 1 meter, among others. This successfully confirmed the initial grades of over 1%  $U_3O_8$ ! In September 2022, Blue Sky Uranium launched another exploration program which will focus on the Cateo Cuatro Sector. In addition, a drilling program is planned for both Cateo Cuatro and Ivana East.

### Ivana: resource estimation and positive economic analysis

A 2019 resource estimate returned an inferred resource of 22.7 million pounds of  $U_3O_8$  and 11.5 million pounds of  $V_2O_5$  for Ivana.

Based on the exploration work and resource estimate presented, a preliminary economic assessment (PEA) for Ivana was prepared in 2019. Based on a uranium price of US\$50 per pound  $U_3O_8$  and a vanadium price of US\$15 per pound  $V_2O_5$ , the PEA calculated a net present value (NPV, discounted at 8%) of US\$135.2 million and an internal rate of return (IRR) of a very good 29.3% after tax. Based on a daily mining volume of 13,000 tonnes (including overburden) and a daily processing volume of 6,400 tonnes, this results in an annual production of 1.35 million pounds of  $U_3O_8$  and a total production of 17.5 million pounds of  $U_3O_8$  over a life of 13 years. The initial capital cost was estimated at US\$128 million and the all-in sustaining cost at US\$18.27 per pound of  $U_3O_8$ . This results in a pay-back period of 2.4 years. This would place Ivana in the lower quartile globally for operating costs.

### Amarillo Grande Uranium-Vanadium project: Anit

The second subproject, Anit, covers approximately 24,000 hectares and is centered between Ivana and Santa Barbara. Anit lies on a 15-kilometer trend of near surface uranium mineralization. Historical exploration work has averaged grades of 0.03%  $U_3O_8$  and 0.075%  $V_2O_5$  over 2.6 meters for 81 drill holes. In the western and central zones, 103 pits with uranium grades greater than 50ppm were encountered, averaging 1.97 meters of 0.04%  $U_3O_8$  and 0.11%  $V_2O_5$ . One drilling campaign detected uranium grades up to 1,114ppm  $U_3O_8$  and up to 3,411ppm  $V_2O_5$ . In particular, the very high-grade vanadium resource encountered attracted management interest.

Test work also showed that a large part of the existing uranium and vanadium resources can be significantly improved by so-called wet screening, since coarse gravels in particular have hardly any uranium content. This would reduce transportation and processing costs and allow simultaneous extraction from several satellite projects.

### Amarillo Grande Uranium-Vanadium Project: Santa Barbara

The third subproject, Santa Barbara, is located northwest of Anit and is still in its infancy. Blue Sky Uranium has already identified several anomalies there and intends to make a new discovery soon.

### Grosso Group as an important back-up

Blue Sky Uranium is part of the Grosso Group of companies. The Grosso Group is a management company that has been in existence since 1993, specializing in South America, particularly Argentina, and during

(Source: Blue Sky Uranium)



this time has made 3 multi-million-ounce precious metal discoveries in Argentina alone. In addition, partnerships with commodity giants such as Barrick, Areva, Rio Tinto, Teck and Yamana have been established. Company CEO Joe Grosso was named Argentina's Mining Man of the Year in 2005. Grosso Group has an extensive network of industry and political contacts in Argentina. Grosso has been a director and chairman of Blue Sky Uranium since October 2017.

**Summary: Widely oversubscribed financing shows leap of faith**

Blue Sky Uranium has a real production opportunity in Argentina, as the Chinese state-owned company China National Nuclear Corporation (CNNC) and the Argentine state-owned company Nucleoeléctrica Argentina have just signed an EPC (Engineering Purchase and Construc-

tion) contract in February 2022 for the supply of a Chinese HPR-1000 turnkey nuclear power plant, the construction of which is scheduled to start this year. The Company has already made significant exploration and development progress on its three advanced projects within Amarillo Grande. In addition to uranium, the rocks at Ivana and Anit contain significant vanadium resources that are expected to be exploitable via surface mining. Both together also promise a very good chance of early production due to several existing high-grade intersections and, above all, low-cost production that also requires only a fraction of the capital costs of similar conventional mines. The Company's objective is to supply its own uranium to Argentina's currently 3 operating nuclear reactors, the reactor under construction and the planned reactor. Using an oversubscribed financing of CA\$2.1 million (instead of a planned CA\$1.05 million) in mid-2022, the upcoming activities are adequately funded.

database includes samples from 838 RC holes sampled every metre. The aim of a new resource estimation is to upgrade a portion of the current inferred mineral resources into indicated mineral resources for the purposes of supporting a future prefeasibility study (PFS).

**What are the most important catalysts for the next 6 to 12 months?**

The Company's 100% owned Amarillo Grande Uranium-Vanadium Project in Rio Negro Province, Argentina is a new uranium district controlled by Blue Sky. The Ivana deposit is the cornerstone of the Project and the first part of the district for which both a Mineral Resource Estimate and a Preliminary Economic Assessment have been completed. Mineralization at the Ivana deposit has characteristics of sandstone-type and surficial-type uranium-vanadium deposits. The sandstone-type mineralization is related to a braided fluvial system and indicates the potential for a district-size system. In the surficial-type deposits, mineralization coats loosely consolidated pebbles, and is amenable to leaching and simple upgrading.

The Project includes several other target areas over a regional trend, at or near surface. The area is flat-lying, semi-arid and accessible year-round, with nearby rail, power and port access. The Company's strategy includes delineating resources at multiple areas and advancing the entire project to prefeasibility level in the coming year

**How do you see the current situation on the market for uranium?**

The uranium market is looking very strong in the coming years with a new recognition that uranium has to be part of the green agenda and governments around the world understand this and are re-rating nuclear power as a green energy.

Once reactors are built, it is very cost-effective to keep them running, and for utilities to make any adjustments energy sources by cutting back on fossil fuel use. Demand forecasts for uranium depend mostly on operable capacity, regardless of economic fluctuations. Looking ten years ahead, the market is expected to grow. The Reference Scenario of the 2021 edition of the World Nuclear Association's Nuclear Fuel Report shows a 27% increase in uranium demand over 2021-30. Demand thereafter will depend on new plants being built and the rate at which older plant is retired – the Reference Scenario of the 2021 Nuclear Fuel Report has a 38% increase in uranium demand for the decade 2031-2040. However, with electricity demand by 2040 increasing by about 50% from that of 2019 (based on the International Energy Agency's World Energy Outlook 2020 report), there is plenty of growth in nuclear capacity in a world concerned with limiting carbon emissions.



Nikolaos Cacos, CEO

## Exclusive interview with Nikolaos Cacos, CEO of Blue Sky Uranium

**What have you and your company achieved in the past 12 months?**

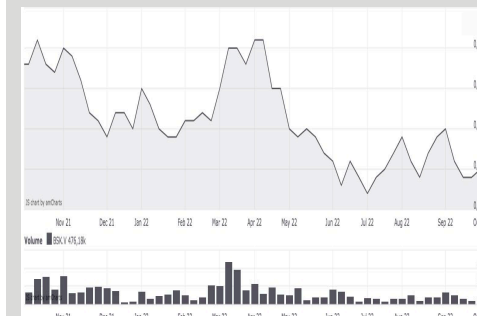
Blue Sky Uranium announced assay results from the third and last tranche of the recently completed reverse circulation drilling program at the Ivana Deposit within its wholly owned Amarillo Grande Uranium-Vanadium Project in Rio Negro Province, Argentina. This tranche of drilling returned 2,042 samples from 209 holes averaging 9.3m depth that tested areas of lower drill hole density at the margins of, and within, the western portion of the Ivana deposit, as well as testing the potential expansion of the deposit to the west. These results will be included in a future mineral resource estimate update for the Ivana deposit.

These results complete a very successful program, once again hitting significant uranium and vanadium mineralization both at our infill and expansion targets. We look forward to updating our resource estimate and moving the Ivana deposit closer to a prefeasibility stage in the future."

The assay results from drilling in the step-out zone, to the west of the current Ivana mineral resource, have confirmed the presence of uranium and vanadium mineralization near surface.

The entire program collected 3,136 samples from 350 new holes, totaling 3,346 metres drilled. This new data set will be included in a future mineral resource estimate. The new

**Blue Sky Uranium Corp.**



**ISIN:** CA0960495079  
**WKN:** A12GAR  
**FRA:** MAL2  
**TSX-V:** BSK

Fully diluted shares: 330.5 million

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# Consolidated Uranium

## Rapid start of production in the USA + further options worldwide

Consolidated Uranium is a Canadian exploration and development company focused on diversified project consolidation of prospective uranium projects worldwide. The company acquires potentially high-caliber projects based on a strict set of criteria. These include geographic location, stage of development and deposit type. In particular, it focuses on projects that each have significant past expenditures and attractive characteristics for development. In addition, these must meet attractive development characteristics as well as staged and build-up acquisition conditions. As a result, we were able to assemble a portfolio of several high-potential projects within a short period of time. These include a deal for three mines from Energy Fuels, which can be brought back on stream as soon as possible.

### Tony M + Daneros + Rim – Utah/USA

The former producing mines are primarily the Tony M Mine, a large, fully developed and permitted underground mine that was last operated in 2008 and has 10.9 million pounds of  $U_3O_8$ . Tony M is located approximately 200 kilometers from Energy Fuels

White Mesa Mill and has high exploration potential. A surface drilling program at Tony M, using rotary and core drilling, began in the second quarter of 2022 and covered 2,000 meters.

The Daneros Mine, a fully developed and permitted underground mine that was last in production in 2013 and is located approximately 113 kilometers from the White Mesa Mill, hosts only about 200,000 pounds of  $U_3O_8$  but has infinitely greater resource potential. There is the potential for additional resources as demonstrated by the historical mineral resources at Lark and Royal. A surface drilling program at Daneros with rotary and core drilling will commence in the second quarter of 2022 with a scope of 2,400 meters.

The third mine, named Rim, a fully developed and permitted underground mine that last operated in 2009, has 0.4 million pounds of  $U_3O_8$  and 3.5 million pounds of  $V_2O_5$  and is located 100 road miles from the White Mesa Mill. A surface drilling program at Rim, involving core and rotary drilling, commenced in the second quarter of 2022 with a scope of 3,300 meters.

Furthermore, the Company still has the Sage Plain project, which is located only about 87 kilometers from the White Mesa Mill and hosts 800,000 pounds of  $U_3O_8$  and 6.7 million pounds of  $V_2O_5$ . Consolidated Uranium thus entered into a strategic alliance with Energy Fuels, the leading uranium producer in the U.S., including an agreement to be finalized for toll milling at the White Mesa Mill for production from the projects.

### Matoush – Quebec/Canada

The Matoush Project has historical Indicated Mineral Resources of 12.329 million pounds  $U_3O_8$  and Inferred Mineral Resources of 16.44 million pounds  $U_3O_8$ . It is at an advanced stage, with an updated preliminary economic assessment of the property released back in April 2010, which included access via a down-dip ramp and mining using long-hole methods followed by cemented rock backfill. Matoush has good exploration potential as many of the zones of mineralization within the historic mineral resources are open along strike and to depth.

### Ben Lomond/Georgetown – Queensland/Australia

The two projects, Ben Lomond and Georgetown, are located in northeastern Australia, about 50 and 350 kilometers from Townsville, respectively. Both projects have close, paved road access.

Ben Lomond has historical resources of 10.7 million pounds of  $U_3O_8$ , with the deposit open to the east over a strike length of at least 1.05 kilometers.

Georgetown hosts the visible Maureen uranium deposit, which was discovered during an airborne magnetic radiometric survey in 1971. In 2006 to 2007, Mega Uranium drilled



Ongoing drilling on three key uranium projects in the U.S.  
(Source: Consolidated Uranium)

led 94 RC/diamond core holes to validate and expand the historic Maureen resource, to search for resource extensions, and to discover additional resources in the immediate area. This ultimately resulted in a resource of 6.3 million pounds of  $U_3O_8$ . Of note, Ben Lomond and Georgetown have relatively high average grades of over 2,100 and over 1,000ppm respectively.

### Milo – Queensland/Australia

The Milo Project consists of approximately 34 square kilometers and is located in the Mt Isa Inlier approximately 40 kilometers west of Cloncurry in northwest Queensland. The Milo deposit is a large IOCG breccia system where base and precious metal mineralization occurs. Drilling has delineated continuous uranium, copper and rare earth mineralization over a strike length of 1 kilometer and a width of up to 200 meters. A 2012 drill program intersected some high-grade copper mineralization, including 2 meters at 6.19% copper in one of the southernmost holes drilled.



Significant Infrastructure at the Past Producing Tony M Mine, Utah  
(Source: Consolidated Uranium)

### Other Australian projects

In September 2022, Consolidated Uranium announced that it had acquired an undivided 100% interest in the West Newcastle Range, Teddy Mountain and Ardmere East projects. All three projects are located near Ben Lomond, Georgetown and Milo and host known uranium deposits and untested exploration opportunities. Both West Newcastle Range and Teddy Mountain have the potential for discovery of high-grade, near-surface uranium mineralization with historical results including 12 meters grading 0.57% U<sub>3</sub>O<sub>8</sub> over 23 meters and 10 meters grading 0.59% U<sub>3</sub>O<sub>8</sub> at West Newcastle Range and 10 meters grading 0.63% U<sub>3</sub>O<sub>8</sub>, including 2 meters grading 1.8% U<sub>3</sub>O<sub>8</sub> at Teddy Mountain. Ardmere East includes exploration stage prospects with uranium and vanadium mineralization and anomalous REE signatures.

### Mountain Lake – Nunavut/Canada

The Mountain Lake project covers 5,625 hectares and is located in the western part of the Canadian province of Nunavut, not far from the border with the Northwest Territories. The known uranium mineralization is hosted in sandstone and dips shallowly from the top of bedrock to a depth of approximately 180 meters. There have been 220 holes drilled by previous operators identifying potential for higher grades (up to 5.18%, but never followed up). Mountain Lake has a historical resource of 8.2 million pounds of U<sub>3</sub>O<sub>8</sub>, with average grades reported at 2,300ppm.

### Laguna Salada – Argentina

The Laguna Salada uranium and vanadium project is located in the Chubut Province in southern Argentina. Former owner U<sub>3</sub>O<sub>8</sub> Corp. has already invested over \$15 million in the project. An initial resource estimate was released in May 2011. This showed that Laguna Salada has 10.2 million pounds

of U<sub>3</sub>O<sub>8</sub> and 83.9 million pounds of V<sub>2</sub>O<sub>5</sub>. However, the project has further significant resource growth potential. A preliminary economic assessment was released in September 2014. This showed that Laguna Salada has straightforward geology and mining opportunities. The near-surface, flat-lying mineralization in soft gravels makes for easy processing by screening followed by alkaline leaching. Mining is by simple mechanical stripping.

### Dieter Lake – Quebec/Canada

The Dieter Lake project covers 8,105 hectares and is located in the northeast of the Canadian province of Quebec. Dieter Lake was previously owned by Uranerz Exploration and Mining, Strathmore Minerals Corporation, Fission Energy Corp. and Denison Mines Corp. The project hosts a known historical resource of 24.4 million pounds of U<sub>3</sub>O<sub>8</sub> in the inferred category.

### Summary: Very well financed with several promising footholds

Consolidated Uranium's acquisition strategy has a clear objective: to buy up underexplored uranium projects with attractive, historic resources, high potential and good locations as cheaply as possible and to sell them again as expensively as possible in a coming uranium boom. The big breakthrough came with the acquisition of the Energy Fuels mine package, which can quickly turn the company into a U.S. uranium producer. Add to that an excellent management team and founders who have already made a splash at NexGen Energy and Mega Uranium. In 2021, the company was able to generate over CA\$50 million in fresh capital, which provides the company with sufficient funding.

## Exclusive interview with Philip Williams, CEO of Consolidated Uranium

### What have you and your company achieved in the past 12 months?

- Advancing key U.S. Projects toward a production ready state  
Since our last interview, we have commenced drilling on our three key projects in the U.S. Commencement of these drill programs represents an important step in demonstrating what we believe to be the tremendous inherent value and upside potential of our U.S. uranium project portfolio. By verifying the historic mineral resource at Tony M and testing areas outside of the historic mineral resources at Daneros and Rim, we hope to position the Company to make a production decision in the second half of the year, subject to market conditions. All three projects have had substantial past exploration, historic production and include significant infrastructure.
- Continued to build the deal pipeline  
We have also expanded our Australian project portfolio with three additional uranium, vanadium and rare earths projects in Queensland. This latest acquisition has established a critical mass of seven projects in two important uranium districts in close proximity to one another. Not only do these Projects have compelling historic uranium drill results, but they also boast exploration potential and show evidence of vanadium and rare earth mineralization, which is becoming increasingly strategic in Australia, as well as globally, and could play an important role in our future development plans in the state.

### What are the most important catalysts for the next 6 to 12 months?

Investors should look for the following catalysts from CUR over the next 6 to 12 months:

- Results from our drill programs in the U.S. including an updated 43-101 technical report on the large scale past producing Tony M mine in Utah.

- Commencement of work programs and subsequent results on our Argentina and Australia Projects.
- Potential additional M&A activity which could potentially include new project acquisitions or divestitures/spin-out of existing projects.

### How do you see the current situation on the market for uranium?

The market for uranium is poised for a major break-out. Public acceptance for nuclear power is on the rise which will drive uranium demand over the near and long term. At the same time underinvestment in uranium exploration and development means that the supply side will not be able to catch up to demand without a significant increase in spot and long-term prices. When utility buyers realize that secondary supplies have effectively dried up, they will bring long-term contracting in earnest driving prices higher. We expect this to happen in the next 6 to 12 months.



Philip Williams, CEO

**Consolidated Uranium**

**ISIN:** CA45935R1055  
**WKN:** A2QEEZ  
**FRA:** 1WM1  
**TSX-V:** CUR

Fully diluted shares: 97.1 million

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# GoviEx Uranium

## New feasibility study takes big steps toward production start-up

GoviEx Uranium is a Canadian mining development company focused on the exploration and development of uranium projects in Africa. The company has proven resources of more than 200 million pounds of  $U_3O_8$ . GoviEx already holds valid mining licenses for the two most advanced projects. The company recently published a feasibility study for the most advanced Madaouela project, which is expected to be brought into production from 2025. The second major Mutanga project could then follow in 2027.

### Madaouela – Location, infrastructure, resource

Madaouela, which is 80% owned by GoviEx, is located in the north of Niger, about 10 kilometers from Arlit and the Cominak and Somair mines, in which ORANO has a stake. GoviEx benefits from a fairly well-developed infrastructure, with roads passable all year round, sufficient groundwater and a good energy supply. Madaouela has reserves of 60.54 million pounds of  $U_3O_8$ . The resources total approximately 138 million pounds of  $U_3O_8$ . In January 2016, GoviEx received the final mining permit for Madaouela 1, i.e. for one of seven license areas (consisting of Madaouela 1 to 4 as well as Agal, Eral and Anou Melle).

### Madaouela – Deposits

The most significant deposit, currently known as Marianne-Marilyn, is located within the Madaouela 1 concession and is a so-called sandstone deposit located at a very shallow depth of approximately 30 to 120 meters. The second major deposit is MSNE and is located about four kilometers to the south. The third deposit, Maryvonne, is located between these two. A fourth deposit, Miriam, is located in the far south of the Madaouela 1 concession. Unlike the first three deposits, Miriam can be mined

by open pit. In addition, this deposit has a  $U_3O_8$  content of over 1% in some areas, which contributes to an enormous cost reduction in the planned total production.

### Madaouela – Feasibility study

In September 2022, GoviEx submitted a feasibility study that again proved that mining was economically feasible and improved on the previous study's figures. Based on an annual average production of 2.67 million pounds of  $U_3O_8$  over the entire mine life of 19 years, this study showed an after-tax internal rate of return (IRR) of 13% and a net present value (NPV) of US\$140 million, discounted at 8%. The initial capital cost was estimated at US\$343 million. Mining is to be carried out in a dedicated plant, largely using renewable energy sources. GoviEx Uranium has thus been able to take a lot of risk off the project and can now turn its attention to project financing and offtake agreements.

### Madaouela – Development Strategy

GoviEx is working feverishly on a development strategy for Madaouela to bring the project into construction as early as 2023 and into production from 2025 if possible. Particular focus is being placed on loan financing, project optimization and the completion of detailed technical work, as well as the conclusion of corresponding long-term purchase agreements and self-financing through the issue of shares.

### Madaouela – Exploration Potential

Madaouela is likely to have far more resources than previously known. For example, although more than 600,000 meters have already been drilled, Anou Melle offers high „blue sky“ potential as this license area is located on the same geological

structure as Cominak and Somair. In 2019, GoviEx received a new 9-year exploration permit for approximately 1,547 km<sup>2</sup> of exploration area.

### Mutanga – Location, resource, infrastructure

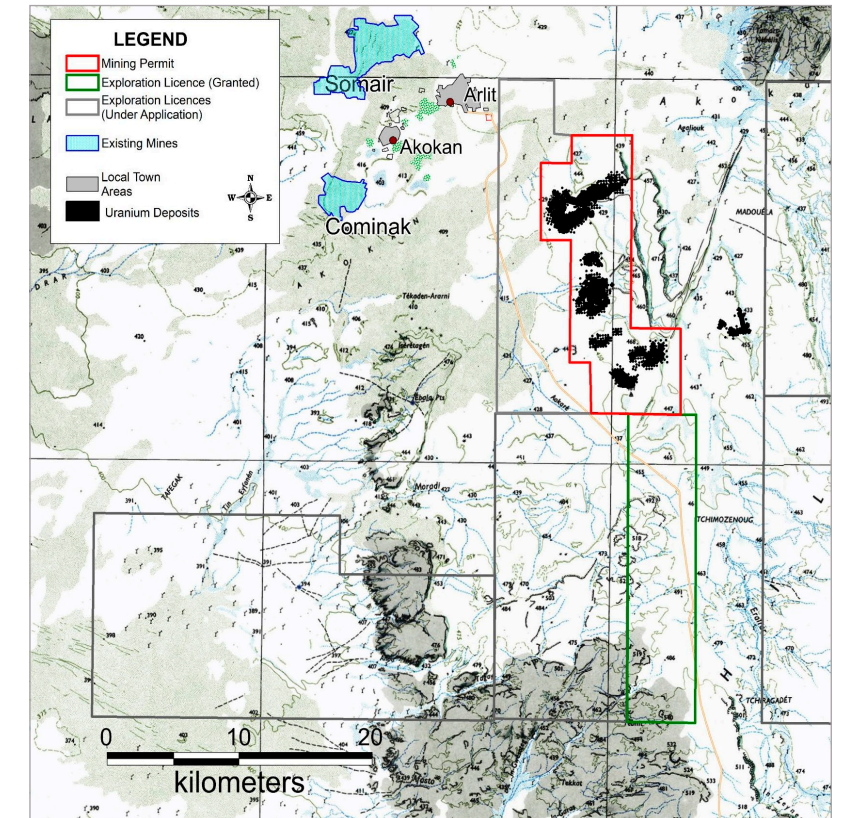
Mutanga, 100 percent owned by GoviEx, is located about 200 kilometers south of the Zambian capital Lusaka, just north of Lake Kariba. The project currently has 60 million pounds of  $U_3O_8$  spread across the Mutanga, Dibwe, Dibwe East, Gwabe and Njame deposits discovered to date. GoviEx holds a 25-year mining license for three of the five concessions, allowing open pit and heap leach mining.

### Mutanga – Positive PEA

In November 2017, GoviEx presented its first profitability estimate (PEA) for Mutanga. The PEA is based on 11 years of production with an average annual production of 2.6 million pounds of  $U_3O_8$ . Initial capital costs were estimated at only \$123 million. Operating cash costs are approximately \$31.10 per pound  $U_3O_8$  and absolute costs over the life of mine are approximately \$37.90 per pound  $U_3O_8$ . Assuming a long-term uranium price of US\$58 per pound  $U_3O_8$ , this results in an IRR of 25%. The company is currently working on an extended feasibility study for Mutanga. Several factors should lead to an improvement in the above figures, including a lower royalty rate of 5% instead of 9% and an increased uranium spot price.

### Mutanga – Exploration Potential and Exploration Campaigns 2022

Mineralization starts directly at surface and is open along strike. Although the resource appears to be high, not all areas of the con-



(Source: GoviEx Uranium)

cessions have been explored for potential uranium occurrences. In particular, the respective endpoints, i.e. the areas near the western and eastern boundaries of the concessions, offer high potential for additional significant uranium occurrences. The 2022 field program includes 15,500 meters of infill drilling with the objective of upgrading the Dibwe East resource from the Indicated to the Inferred category. GoviEx has also commissioned 9,000 meters of diamond drilling to obtain core samples for uranium assays that will be used to determine uranium imbalance factors for Mutanga Dibwe East and the Dibwe deposits. As another part of the field program, a hydrogeological study is being conducted to identify a reliable source of water for the plant and to conduct dewatering studies for the open pits.

## Falea

Falea, which is 100% owned by GoviEx, is located in Mali, West Africa. It consists of three exploration licenses, Bala, Madini and Falea. To date, a resource base of 30.8 million pounds of  $U_3O_8$ , 63 million pounds of copper and 21 million ounces of silver has been identified. This represents a total resource of 38.1 million pounds  $U_3O_8$  equivalent. The presence of gold was also proven in July 2020. As it turned out, the geophysical program was a complete success. Among other things, a large chargeable body was encountered, extending over 2 kilometers in length and 500 meters in width. It is important to note that to date only 5% of the total 225 square kilometers of license area has been surveyed for such deposits. In addition, the majority of known occurrences have not yet been fully delineated.

## Summary: Feasibility study as a game changer

With a resource base of over 200 million pounds of  $U_3O_8$ , GoviEx is undoubtedly one of the heavyweights in the uranium industry. Madaouela, by far the largest project, is virtually ready for production. In addition, the possibility of economic production has also been demonstrated for Mutanga, GoviEx's second major project. Feasibility studies have been initiated for both projects, so that as things stand at present, they could be brought into production by 2025 and 2027 respectively. A recent sharp increase in the price of uranium and improved framework conditions have taken a lot of risk off the projects. The recent feasibility study has taken a lot of risk off Madaouela and should bring investors on board soon. In addition, GoviEx has a very experienced and successful management team and strong major shareholders (Denison Mines, Friedland, Ivanhoe Industries, Cameco), which should ensure that GoviEx becomes a real success story.

ject, and we are looking forward to developing it further.

Our second project, Mutanga, in Zambia, is also mine permitted and we continued to progress its development, which is roughly two years behind Madaouela. We have also progressed with a drilling programme at Falea, our earlier stage exploration project in Mali.

## What are the most important catalysts for the next 6 to 12 months?

The next twelve months will be very busy and exciting for GoviEx. The completion of the feasibility study at Madaouela means that we are on an even clearer path to becoming a producer in 2025, subject to project financing.

The next steps for us are to accelerate off-take discussions and project financing, and we have been working with Endeavour Financial since last year to support us on debt advisory, offtake finance and technical and environmental guidance.

We have a very experienced uranium marketing professional who is currently exploring our offtake possibilities and we have already received several inquiries from utilities. Our goal is to position GoviEx as favorably as possible this cycle to take full advantage of increasing uranium prices. Drilling campaigns at our two other projects will see our second mine permitted project, Mutanga, progress towards its feasibility study. Falea, in Mali, will concentrate on new exploration targets.

## How do you see the current situation on the market for uranium?

The investment case for uranium is very strong. Spot uranium prices have been increasing since the beginning of the year, with the war in Ukraine contributing to this rally.

Whilst the political landscape is certainly impacting spot prices, the fundamentals that move the market are still the same. Every year, 120 million pounds of uranium are produced, and 180 million pounds are consumed. The difference, which is currently supplied by the secondary market, is getting smaller every year.

We are in the midst of a worldwide energy crisis, and we are seeing an upward pressure on the demand side as many countries are now considering nuclear power generation as part of their clean energy mix and extending the life of their existing reactors. Whilst there is great speculation on the SPOT prices, our main focus is on solid, long-term fundamentals, which is what we are getting here at the moment.



Daniel Major, CEO

## Exclusive interview with Daniel Major, CEO of GoviEx Uranium

### What have you and your company achieved in the past 12 months?

Over the last twelve months we have been gearing up towards becoming a uranium producer, with a target to produce uranium in 2025, subject to project financing. This is around the time when, according to forecasts, the world's uranium demand will far outweigh its supply, which means we will be well placed to benefit from a likely rising market.

This year we have completed an important milestone towards achieving our future goals, having published the feasibility study for our Madaouela project, in Niger. This is our main project, which is already mine permitted, and it has one of the largest uranium resources in the world. The Project has an after tax NPV 8% of USD 140 million and an IRR of 13.3% and is going to produce 50.8 million pounds of  $U_3O_8$  over 19 years, averaging 2.67 million pounds  $U_3O_8$  per annum. So, it is an exciting pro-

**GoviEx Uranium**

**ISIN:** CA3837981057  
**WKN:** A12BL3  
**FRA:** 7GU  
**TSX-V:** GXU

Fully diluted shares: 707.6 million

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# Labrador Uranium

## New uranium mining district delivers first results

Labrador Uranium is a Canadian mining development company focused on the exploration and development of uranium projects in Labrador, Canada. The Company has acquired the Moran Lake and CMB projects and the Notakwanon project in northern Labrador. Both the Moran Lake project, which hosts historic uranium mineral resources, and the CMB project, which is adjacent to Paladin Energy's Michelin uranium deposit, have had extensive past exploration work that has discovered numerous targets of uranium, copper and IOCG style mineralization. The Notakwanon project has not yet been adequately explored but is ready for drilling. All projects have been and will be the focus of an aggressive exploration program in the current year 2022.

### Central Mineral Belt

The Central Mineral Belt is an approximately 260 kilometer by 75 kilometer resource belt considered to be very rich in copper and uranium mineralization. Countless exploration campaigns have historically identified hundreds of copper, uranium, silver, gold, rare earth, iron and molybdenum deposits. The abundance of different commodities can be explained by the fact that the Central Mineral Belt lies over the intersection of four major geological provinces within which significant magmatic and orogenic events occurred. Initially, exploration companies focused primarily on the copper potential, although the entire region appears to be much more interesting for uranium.

### CMB Project

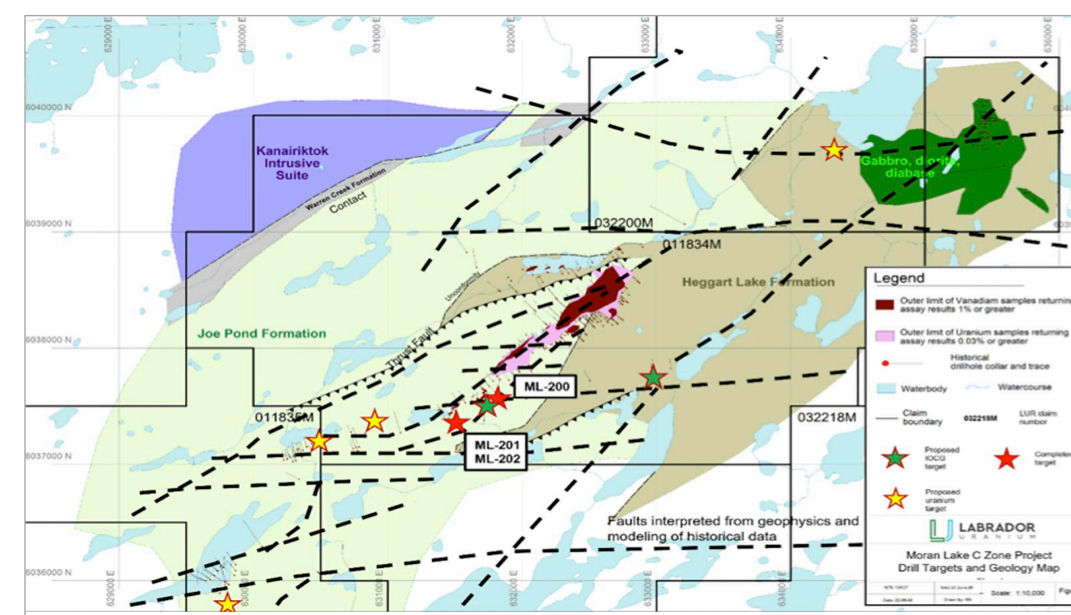
Labrador Uranium's CMB project including the Moran Lake project and the Mustang Lake project covers approximately 139,000 hectares. It hosts several known uranium occurrences and over 140 identified tar-

gets of interest for further exploration. In addition, Labrador Uranium has acquired 307 claims covering 7,675 hectares in four staked licenses covering important mineralization locations.

CMB hosts numerous copper, gold, silver, uranium and iron occurrences with a strong correlation between copper and gold occurrences and magnetite content. The uranium present is associated with alteration in breccias and shear zones. Part of the vast project area has undergone significant exploration by several private and public companies in the past, resulting in a large database of geological data. The Company is thus embarking in 2022 on a search for overlooked, potentially large mineral systems that are, or have been, unidentifiable by standard, field and remote sensing techniques for a variety of reasons including extensive overburden or lack of drilling. This will involve Labrador Uranium's experienced geological team taking a closer look at stratigraphy, alteration, fault and fracture systems as well as folding and intrusive contacts, among others. Analysis of mineral occurrences and exploration data will help compile training data sets on which to train machine learning (ML) algorithms.

### Moran Lake Project

The Moran Lake uranium and vanadium project is located in the western area of the CMB project, approximately 140 kilometers northeast of Happy Valley-Goose Bay. Historical exploration work worth more than CA\$25 million has been carried out on the project area. Uranium mineralization in this area is structurally controlled, typically within fracture systems and to a lesser extent within shear zones. Moran Lake hosts the C zone, which was the subject of significant Exploration activities between 2006 and 2013 and united two distinct zones known as Upper C and Lower C. The Upper C zone also contains



(Source: Labrador Uranium)

vanadium mineralization. In March 2011, a previous operator released a combined uranium and vanadium resource estimate in accordance with Canadian Resource Calculation Standard NI43-101, which indicates that Moran Lake has 9.6 million pounds of  $U_3O_8$  and 136.4 million pounds of  $V_2O_5$ . Vanadium is often associated with uranium and has attractive fundamentals that are also related to clean energy. The project and area are also prospective for iron-oxide-copper-gold (IOCG) mineralization similar in style to BHP's Olympic Dam mine in Australia. Labrador Uranium is currently working on a resource estimate update. Initial drilling was started in July 2022 for this purpose. A total of CA\$5.5 million is initially planned to be spent on the exploration campaign. The inaugural program includes a drilling campaign and bedrock mapping program along the 20+ kilometer Moran Lake Trend. The current drill program includes exploration of the extent of known historical uranium occurrences/resources and delineation of conceptual uranium and IOCG (iron oxide copper gold) targets inferred from the ML.

### Mustang Lake Project

Current exploration work in the CMB area includes preparatory work for ground geophysics in the Mustang Lake area, where the objective is to find uranium mineralization similar to Paladin Energy's Michelin deposit. The Mustang Lake project comprises 256 claims covering 6,400 hectares, is located in the eastern area of CMB, only about 10 kilometers northeast of Paladin Energy's Michelin deposit (approximately 127 million pounds of  $U_3O_8$ ) and hosts multiple uranium occurrences consisting of numerous radioactive rocks and lower mineralized outcrops. The mineralization is hosted in felsic to intermediate volcanic rocks, with the felsic rocks resembling those of the mineralization in the Michelin deposit. The more intermediate rocks, on the other hand, have similarities to the rocks of mineralization in the Jacques Lake deposit. Mustang Lake hosts three main deposits: Mustang Lake, Irving Zone and Mustang Lake North. The project also hosts potential IOCG style mineralization. Historical diamond drilling has intersected uranium values of 0.12%  $U_3O_8$  over 9.11 meters.

### Notakwanon Project

The Notakwanon Project is located in northern Labrador, approximately 60 kilometers from the coast and is currently accessible only by air. Former owner Altius Minerals completed a baseline exploration program in 2006 that led to the discovery of a uranium mineralization type unique to Labrador. Previous exploration work identified a cluster of uranium deposits with more than 20 occurrences. Radiometric surveys by Altius Minerals indicated broad, elevated responses around the occurrences. Three main zones of trace high-grade uranium mineralization were identified, including Rumble, where grab samples returned values up to 3.49% U<sub>3</sub>O<sub>8</sub> and saw-cut samples up to 0.48% U<sub>3</sub>O<sub>8</sub> over 2.5 meters. The Oldschool area had grab samples up to 2.08% U<sub>3</sub>O<sub>8</sub> and Notak-1 grab samples up to 1.81% U<sub>3</sub>O<sub>8</sub>. Overall, the Notakwanon project is an untested, drill-ready project with multiple targets.

### Top management team

Labrador Uranium has a highly experienced and successful management team. CEO Stephen Keith is a seasoned engineer, investment banker and executive with over 20 years of experience in the natural resources industry. He has worked on projects, financings, mergers and acquisitions in more than 20 countries totaling over US\$2 billion. Among others, he founded Rio Verde Minerals, which was sold in 2013 to one of the largest Brazilian private equity firms. Executive Chairman Philip Williams has over 20 years of experience in the mining and financial industries and is currently President, CEO and Chairman of Consolidated Uranium. He has extensive experience in corporate development, as a sell-side research analyst, in fund management and most recently as a Managing Director in investment banking with a focus on the metals and mining sectors.

CFO Greg Duras is a senior executive with over 23 years of experience in the natural resources sector in corporate development, financial management and cost control. He has served as CFO for several publicly traded companies, including Savary Gold Corp, Nordic Gold Corp and Avion Gold Corp, and has led large corporate financings. He is currently CFO of Emerita Resources Ltd. and Red Pine Exploration Inc. Director Richard Patricio is currently President and CEO of Mega Uranium Ltd. and was previously Executive VP at Mega Uranium. He sits on the board of several successful companies including NexGen Energy Ltd, Toro Energy Ltd and ISO Energy Ltd.

### Summary: First exploration campaign could result in reassessment

Labrador Uranium, as a spin-off from Consolidated Uranium, has been able to assemble a portfolio of excellent uranium projects in one of the most exciting future uranium districts in the world. A lot is planned there in the coming months. There have been 146 uranium +/- IOCG targets generated to date, 70% of which have been rated „high to medium“. The Company will now conduct helicopter-based field surveys and sampling to prioritize future progress. Furthermore, an updated NI 43-101 report for the Moran Lake C Zone is pending. In parallel, the Company is evaluating all existing historical uranium resources to determine the potential for expansion. Also on the agenda is the development of a machine learning and artificial intelligence program using the data collected to generate targets. Initial drill testing on priority targets could lead to a re-rating of the stock in the process. In April 2022, Labrador Uranium raised CA\$10 million through an oversubscribed financing that will fund upcoming exploration activities and provide increased newsflow.

## Exclusive interview with Stephen Keith, CEO of Labrador Uranium

### What have you and your company achieved in the past 12 months?

It has been a busy 12 months for Labrador Uranium. Not only have we acquired a significant land package of highly prospective uranium targets totaling over 139,000 ha in Labrador which contains historical resources, but also, we raised approximately C\$20 million and took the Company public on the CSE.

Today, we are listed on the OTC in the United States (LURAF) and in Germany (FRA:E11), are well capitalized and conducting our inaugural exploration program.

### What are the most important catalysts for the next 6 to 12 months?

Our inaugural field season is progressing well, with drilling and bedrock mapping along the 20+ kilometer-long Moran Lake Trend. We have also started preparing to revive exploration at Mustang Lake, which we believe is located along strike from Paladin Energy's Michelin deposit.

The goal of current drilling is two-fold: 1) to test the extent of the known historical uranium deposits/resources; and 2) to zero-in on conceptual Uranium and IOCG (Iron Oxide Copper-Gold) targets derived from the Machine Learning Program.

We have already generated new targets from the Machine Learning work and continue to add targets to our original 2022 exploration plans.

With a strong balance sheet, we are fully funded for exploration into next year and we are excited to generate new projects within the CMB and to hopefully be in a position to delineate mineral resources in the ground. We are taking a methodical and modern approach to understanding 50 years of exploration data across the extensive mineral belt.

### How do you see the current situation on the market for uranium?


This is an incredibly exciting time in our sector. With the drive towards a carbon neutral economy, the only reasonable base load energy solution is nuclear. Industry and cities require base load energy that is available 100% of the time.

Additionally, governments and regulatory authorities around the world are moving to support nuclear – from new policies and incentives in the USA, to declaring nuclear a green energy in the EU, to Japan and other nations moving back to building nuclear plants. I believe that we are very early into a sustained uranium future.



Stephen Keith, CEO

### Labrador Uranium



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**CSE:** LUR

Fully diluted shares: 58.1 million

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# Skyharbour Resources

## High-profile project and numerous partners with multiple hits



Skyharbour Resources is a uranium exploration company with projects in the prolific Athabasca Basin. The Company has acquired world-class exploration projects at attractive valuations totaling over 400,000 hectares throughout the Athabasca Basin. Skyharbour owns 100% of the Moore uranium project, which hosts the high-grade Maverick zone. While focusing on its core strategy as a discovery-driven exploration company, the Company is also primarily applying the prospecting model to drive and fund exploration at its other projects in the Basin and has brought on board several strategic partners (including Orano Canada, Azincourt Energy, Valor Resources, Basin Uranium and Medaro Mining) that have recently provided increased, positive news-flow.

### Moore Lake Uranium Project – Best Location

Skyharbour Resources' flagship Moore Lake project is located in the southeast region of the Athabasca Basin, approximately 15 kilometers east of Denison Mines' Wheeler River development project and midway between the Key Lake Mill and McArthur River Mine. The high-grade Moore Lake project consists of 12 contiguous claims totaling 35,705 hectares and was acquired by Skyharbour from its largest strategic shareholder, Denison.

### Moore Lake Uranium Project – Exploration Successes to Date

Skyharbour Resources has already demonstrated high-grade uranium mineralization with the first two drill programs, and notable new discoveries have been made specifically in the Main and Maverick East zones. Highlights of the drill programs included 20.8%  $U_3O_8$  over 1.5 meters within a 5.9-meter interval at 6.0%  $U_3O_8$ , 5.6%  $U_3O_8$  over 1.8 meters within a 10.7 meter interval at 1.4%  $U_3O_8$ , 2.25%  $U_3O_8$  over 3.0 meters and 4.17%  $U_3O_8$  over 4.5 meters in-

cluding 9.12%  $U_3O_8$  over 1.4 meters in the Maverick East zone. Continued drilling returned additional high-grade intercepts including 3.11%  $U_3O_8$  over 1.8 meters and 1.33%  $U_3O_8$  over 7.8 meters. In 2019, the Company successfully intersected high-grade mineralization in the potential underground feeder zones, including 2.5 metres of 2.31%  $U_3O_8$ . The 2021 drill program was rapidly expanded by Skyharbour Resources from 3,500 to 5,000 meters and returned 2.54%  $U_3O_8$  over 6.0 meters and 6.80%  $U_3O_8$  over 2.0 meters, among other results. In February 2022, high-grade uranium mineralization of 0.54%  $U_3O_8$  was again encountered over 19.5 metres, including 4.0 metres of 2.07%  $U_3O_8$ .

### Preston Uranium Project – Location and Exploration

The Preston uranium project is located in the southwest quadrant, just outside the Athabasca Basin in the Patterson Lake region. The Preston Project, which covers approximately 70,000 hectares, is located near the high-profile discoveries of NexGen (Arrow) and Fission Uranium (Patterson Lake South).

### Preston Uranium Project – Joint Venture with Orano Canada

In March 2021, Orano received a 51% interest in Preston (western portion) and formed a joint venture together with Skyharbour Resources and Dixie Gold. Preston has a total area of 50,000 hectares and is currently being explored for high-grade targets.

### East Preston Uranium Project – Option agreement with Azincourt Energy

The East Preston Project comprises the eastern portion of the Preston Project and covers an area of approximately 20,000 hectares. Azincourt Uranium has earned a

70% interest in the East Preston uranium project through February 2021. Following several preliminary surveys, Azincourt commenced a drilling program in 2021 which returned anomalous and elevated uranium values in three of the five completed drill holes. In addition, an airborne radiometric study was conducted. A further drilling campaign was initiated in January 2022. This intersected extensive alteration and indications of east-west crossing structures. Drilling in the K Zone intersected extensive hydrothermal hematite alteration in all holes, indicating that this alteration zone is at least 1,200 meters long. In addition, uranium enrichment was recognized in the alteration zones, indicating that uranium-bearing fluids were present in the alteration system. A drill hole sample returned 14.6 ppm uranium and a uranium/thorium ratio of 1.5, five times the expected values. Azincourt is now planning an extensive drilling program for the fall and winter of 2022-2023. The planned program will include approximately 6,000 meters of drilling in more than 20 diamond drill holes.

### Hook Lake Project – Option Agreement with Valor Resources

Skyharbour's Hook Lake project is located 60 kilometers east of the Key Lake uranium mine and covers approximately 26,000 hectares. Optionee Valor Resources encountered 9.2%  $U_3O_8$ , 499g/t Ag, 5.05% TREO (total rare earth oxides), 14.4% Pb, 57.4%  $U_3O_8$ , 507 g/t Ag, 3.68% TREO, 14.5% Pb, and 46.1%  $U_3O_8$ , 435 g/t Ag, 2.88% TREO, 8.8% Pb, among others, in float and rock chip samples. Construction of an exploration camp and an initial drilling campaign commenced in January 2022. Three of the drill holes in the S zone showed elevated radioactivity and associated alteration of varying widths. One drill hole intersected a zone of elevated radioactivity and alteration at a depth of 104.3 to 108.0 meters. During 2022, the Company identified a total of 11 additional uranium targets.

### Yurchison Project – Option Agreement with Medaro Mining

The 55,934-hectare Yurchison project was optioned to Medaro Mining Corp. in November 2021. Historical trenching near old trenches returned significant uranium (between 0.09% and 0.30%  $U_3O_8$ ) and molybdenum mineralization (between 2,500 ppm and 6,400 ppm Mo). Two historic drill holes below the trenches returned strongly anomalous molybdenum values up to 3,750 ppm and anomalous uranium values up to 240 ppm. The property has high discovery potential for both bedrock uranium mineralization and copper, zinc and molybdenum mineralization. Medaro has recently completed an initial 7,117-kilometer airborne geophysical survey.

### Russell Lake Project

2022 Skyharbour Resources initially secured a 51% interest in Rio Tinto's Russell Lake project. Russell Lake comprises a total of 26 claims covering 73,294 hectares and is an advanced stage exploration property where numerous prospective targets and several high-grade uranium occurrences and drill hole intercepts have been identified. The property is centrally located between Cameco's Key Lake mill to the south and the McArthur River Mine to the north. Russell Lake is also located only about 5 kilometers from Denison Mines Phoenix Project. Through various payments and exploration expenditures, Skyharbour Resources may increase its interest in Russell Lake up to 100%.

### Mann Lake Project – Option Agreement with Basin Uranium

The Mann Lake project is adjacent to the joint venture project of the same name between Cameco, Denison and Orano. It is strategically located approximately 25 ki-

lometers southwest of Cameco's McArthur River Mine and 15 kilometers northeast of Cameco's Millennium uranium deposit. In April 2022, partner Basin Uranium, which holds an earn-in option to acquire 75%, launched an initial exploration campaign at Mann Lake, including 3,000 meters of drilling. Among other things, the Company encountered 323 ppm U<sub>3</sub>O<sub>8</sub> over 0.5 meters intersected 30 meters below the unconformity within a broader 7.2-meter interval of anomalous uranium and graphite mineralization. In addition, significant traces of rare earth elements were encountered, including a peak of 5,028 ppm over 0.5 meters within a wider 50-meter interval of anomalous mineralization that began 20 meters below the unconformity. Basin Uranium Corp. recently announced the completion of a ground-based gravity survey and an airborne mobile electromagnetic and magnetic MT survey, as well as the start of a new drilling campaign.

### Summary: Constant news to be expected in the coming months

Skyharbour Resources, with its world-class portfolio of high-grade uranium projects in the Athabasca Basin, is very well positioned to benefit from a rising uranium price. On the one hand, the company continues to advance its high-grade Moore Lake uranium project, while more and more partner companies are financing the exploration and development of the other projects, in some cases adding significant value. Several companies have shone recently with real bull's-eyes that have yielded not only uranium but also rare earths. Skyharbour's main objective is to maximize shareholder value through new mineral discoveries, committed long-term partnerships and the advancement of exploration projects in geopolitically favorable jurisdictions. The Company has received a total of more than CA\$3 million in fresh funds through the exercise of warrants since June 2021 and a further CA\$4 million through the issuance of shares, making it excellently funded.

Energy, Valor Resources, Basin Uranium and Medaro Mining continued advancing the Preston, East Preston, Hook Lake, Mann Lake and Yurchison Projects, respectively.

### What are the most important catalysts for the next 6 to 12 months?

The primary upcoming catalysts for Skyharbour will be the initial, fully funded drilling at its newly acquired Russell Lake Project, additional drilling at the Moore Project as well as exploration and drilling at the partner-funded projects. The next twelve months are expected to be the largest combined drilling campaign ever carried out by the company and its partner companies.

Skyharbour's partner Azincourt is drilling another 6,000m at East Preston with plans for continued fieldwork through 2023. Valor Resources is also planning additional drilling at Hook Lake and Basin Uranium has commenced a 4,000m phase two drill program at Mann Lake. Medaro is planning an initial drill program at Yurchison having refined drill targets in 2022. All of this exploration and drilling throughout 2023 will generate ample news flow and catalysts for Skyharbour.

Finally, Skyharbour will continue to execute on its prospect generator model by acquiring projects at attractive valuations and bringing in partner companies to advance these secondary projects. The company is looking to bolster its current uranium project portfolio with additional assets this year.

### How do you see the current situation on the market for uranium?

The uranium market has been trending higher with increasing uranium prices and improving sentiment. Supply chain concerns, geopolitical conflict, nuclear utilities facing expiring contracts, and new financial entities like SPUT buying physical material in the spot market, are adding to an already strained supply side. On the demand side,

many countries are trying to achieve carbon reduction objectives that will rely on nuclear energy as the only source of clean, baseload electricity. These strong underlying fundamentals should underpin a continued resurgence in the sector in 2023.

### Notable Recent Developments:

- EU includes nuclear in Sustainable Finance Taxonomy
- Energy crises globally are forcing countries to revisit energy policies with nuclear as a solution
- South Korea's new government push to have nuclear power overtake coal
- Japan looks to restart idled reactors and extend the lifespan of existing reactors as energy costs soar
- The U.S. passes the Inflation Reduction Act of 2022 which reinforces nuclear power's role in clean energy
- SMRs gain more traction and get financial backing from private/public sectors



Jordan Trimble, CEO


## Exclusive interview with Jordan Trimble, CEO of Skyharbour Resources

### What have you and your company achieved in the past 12 months?

Skyharbour had a transformational last year which included closing a major transaction with Rio Tinto whereby Skyharbour can acquire up to 100% of the Russell Lake Uranium Project and bringing Rio in as a strategic shareholder. Russell Lake is a premier exploration property adjacent to the company's Moore Uranium Project and strategically located between the McArthur River Mine and the Key Lake Mill. The large property hosts high-grade uranium in historical drill holes and boasts numerous proper-

ty-wide targets with the potential to generate new discoveries. Additionally, Skyharbour and its partner companies advanced the company's uranium project portfolio in the Athabasca Basin which was increased to over 450,000 hectares in 2022. At the 100% owned flagship Moore Uranium Project, Skyharbour completed several drill programs with continued success and high-grade drill results. As a part of its prospect generator business, Skyharbour's partners Orano, Azincourt

**Skyharbour Resources Ltd.**



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Fully diluted shares: 182 million

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# Uranium Energy

## Two hub-and-spoke operations in the U.S. ready for operation at once

Uranium Energy Corp is a uranium mining and exploration company based in the USA. In South Texas and in Wyoming, Uranium Energy has hub-and-spoke operations that guarantee uranium production within a few months.

In addition, the company controls a pipeline of uranium projects in Canada (through its recent acquisition of UEX Corp.) and Paraguay, and one of the world's highest-grade and largest undeveloped ferrotitanium deposits, located in Paraguay.

### Hub-and-spoke operation in Texas

Uranium Energy owns several uranium projects and a processing plant in South Texas. The Palangana In-situ Recovery (ISR) project is fully licensed and has a measured and indicated resource of 1.1 million pounds and an inferred resource of 1.2 million pounds of  $U_3O_8$ . Historically, production cash costs have been less than US\$22 per pound of uranium.

The Goliad ISR project is also fully licensed for production and, like Palangana, is located near the Hobson processing plant in South Texas. It has a NI 43-101 compliant resource of 5.5 million pounds of measured and indicated  $U_3O_8$  and 1.5 million pounds in the inferred category.

UEC's largest ISR project in South Texas is Burke Hollow and covers approximately 20,000 acres. Burke Hollow has an inferred resource of 7.09 million pounds of  $U_3O_8$  and is located approximately 50 miles from Hobson. Since 2019, Uranium Energy has conducted several drilling campaigns at Burke Hollow that included delineation drilling and installation of monitoring wells to advance the project toward uranium recovery.

The Hobson production facility in South Texas is a fully licensed processing plant with a capacity of 2 million pounds of  $U_3O_8$

per year. The facility has been fully renovated and is state of the art. UEC has submitted an application to amend the license to increase the licensed capacity to 4 million pounds of  $U_3O_8$  per year. Hobson serves as a hub in the company's hub-and-spoke strategy, processing uranium from the various low-cost ISR mines in South Texas. In total, Uranium Energy has about 19 million pounds of  $U_3O_8$  in Texas.

### Hub-and-spoke operation in Wyoming

Uranium Energy created another hub-and-spoke operation with the acquisition of Uranium One Americas. The Irigaray processing plant is located approximately 45 miles from the main Reno Creek project and has a licensed capacity of 2.5 million pounds of  $U_3O_8$  per year. Reno Creek has a large NI 43-101 resource of 26 million pounds of  $U_3O_8$  in the M&I category. A 2014 pre-feasibility study confirmed that Reno Creek is a highly economic project with low capital and operating costs. In total, Uranium Energy paid less than \$25 million for this fully licensed ISR project with a resource of approximately 27.5 million pounds of  $U_3O_8$ , plus the now fully integrated Reno Creek North project acquired in November 2017. In addition, the project has much higher exploration potential.

In addition, the Christensen Ranch ISR project, with four fully installed wells and six additional ISR satellite projects permitted or under development, can be integrated and combined with the Reno Creek project. Christensen Ranch and the other newly acquired projects host approximately 37.6 million pounds of  $U_3O_8$  in historically estimated measured and indicated resources and 4.3 million pounds of  $U_3O_8$  in historically estimated inferred resources with significant growth potential.

In 2022, Uranium Energy could also acquire



*The Hobson production facility has been completely renovated and is state of the art.*  
(Source: Uranium Energy)

re 25 additional ISR projects from Anfield Energy to serve as an additional project pipeline in Wyoming. In total, Uranium Energy has approximately 81 million pounds of  $U_3O_8$  in Wyoming.

### Canadian projects

The acquisition of UEX Corp. gave Uranium Energy 2022 access to several high-profile projects in Canada. The Canadian portfolio consists of 29 uranium projects covering key areas in the producing east and developing west of the prolific Athabasca Basin. 5 of the 29 projects are at advanced resource stage and are already involved in strong joint venture partnerships with established uranium mining companies. These project interests include a 49.1% interest in Shea Creek, currently one of the largest undeveloped deposits in the Athabasca Ba-

sin, which contains 67.6 million lbs.  $U_3O_8$  of indicated resources and 28.1 million pounds of  $U_3O_8$  of inferred resources. Further, a 100% interest in Horseshoe-Raven, an open pit project located just 4 kilometers from Cameco's Rabbit Lake Mill that has 37.4 million pounds of  $U_3O_8$  in indicated resources. As well as an 82.8% interest in Christie Lake, a resource-stage asset in the Athabasca Basin that hosts 20.4 million pounds of  $U_3O_8$  in inferred resources and from which 68.7%  $eU_3O_8$  over 2.1 meters was recently reported. The 30th Canadian project already owned by Uranium Energy is the Diabase project, located on the southern edge of the uranium district in the Athabasca Basin. The project covers 21,949 hectares of land and overlays a highly prospective regional corridor less than 75 kilometers from Cameco's Key Lake operation. Uranium Energy paid a total of only about \$500,000 for the

acquisition, a bargain price considering that more than \$20 million has been invested in exploration on the property in the past, including over 21,000 meters of diamond drilling, geophysical surveys and surface sampling data.

### Titanium Project Alto Paraná

In July 2017, Uranium Energy acquired CIC Resources (Paraguay) Inc., consolidating more than 70,000 hectares of land comprising the project area in Paraguay where the Alto Parana titanium project and its pilot plant are located. Prior to the acquisition, CIC Resources and former joint venture partner Tronox had invested approximately \$25 million in the project. The Alto Parana Titanium Project is an advanced exploration project located in eastern Paraguay in the departments of Alto Parana and Canindeyú. The property covers an area of 70,498 hectares with five mining permits.

In September 2017, Uranium Energy was able to publish its own resource estimate for Alto Paraná. The total inferred resource was estimated at 4.94 billion tonnes grading 7.41% titanium oxide („TiO<sub>2</sub>“) and 23.6% iron oxide („Fe<sub>2</sub>O<sub>3</sub>“) at a 6% TiO<sub>2</sub> cut-off, making Alto Paraná one of the largest known and highest-grade ferrotitanium deposits in the world. Uranium Energy plans to monetize the project at some point in the future. As the titanium market will soon face a supply deficit, it is expected that large producers will be interested in the project.

### Further potential top projects in the pipeline

In addition to the projects listed above, Uranium Energy has a number of other excellent projects. For example, the Anderson project in Arizona, which hosts at least 32 million pounds of U<sub>3</sub>O<sub>8</sub> and could have an average production of more than one million pounds per year, with total production of 16 million pounds of uranium over a

14-year mine life and direct operating costs of \$30.68 per contained pound of U<sub>3</sub>O<sub>8</sub>. Uranium Energy also has two promising ISR uranium projects in Paraguay with geology very similar to that in South Texas. The Yuty project has resources of 11.1 million lbs. U<sub>3</sub>O<sub>8</sub>. The Oviedo project has an exploration target of 23 to 56 million pounds of U<sub>3</sub>O<sub>8</sub> under NI 43-101 criteria.

### Purchase of physical uranium and interest in uranium royalty

In order to be able to make up for a possible demand gap until the restart of its own production, Uranium Energy has purchased a total of around 5 million pounds of U.S. uranium since March 2021 at a price of around \$38 per pound. In addition, Uranium Energy owns 15 million shares in Uranium Royalty, which were purchased at an average price of \$1.09.

### Summary: Perfectly prepared for the coming uranium production in the USA

With the recent acquisition, Uranium Energy now has two fully licensed, low-cost ISR hub-and-spoke operations in South Texas and Wyoming with a current capacity of 6.5 million pounds of U<sub>3</sub>O<sub>8</sub> per year. With its low-cost ISR projects in Texas and Wyoming, Uranium Energy is thus ideally positioned to supply the U.S. government's announced 10-year uranium reserve program, which has a total budget of \$1.5 billion for the purchase of domestically mined uranium. A bid has already been submitted for this during 2022. Until the actual resumption of production, future demand can be met by the recently secured stockpiles. Since January 2022, Uranium Energy has been debt-free, has over US\$120 million in cash and cash equivalents, and is well positioned to resume uranium production in the USA shortly and to benefit from rising uranium prices.

## Exclusive interview with Amir Adnani, President, CEO and Founder of Uranium Energy

### What have you and your company achieved in the past 12 months?

Fiscal 2022 was a truly transformative year for UEC. We invested close to \$400 million in growing our Company with two accretive acquisitions, expansion of our Physical Portfolio and development of new ISR production capability. Our balance sheet is debt free with \$175 million in cash and liquid assets, providing the financial strength to advance projects towards production and support further accretive acquisitions. UEC's strategic objective is to continue building and growing the Company to become a leading supplier of low-cost uranium, a green energy fuel, from proven, politically stable and mining friendly jurisdictions. UEC has created a unique two-pronged approach: 1) near term U.S. ISR production; and 2) Canadian high-grade conventional exploration and development pipeline. Our U.S. ISR portfolio is built around two hub-and-spoke production platforms in Wyoming and Texas, containing America's largest resource base of fully permitted projects and two fully built and operational processing plants. Wyoming and Texas ISR projects now have over 75 million pounds of Measured and Indicated resources and 25 million pounds of Inferred resources. Our Canadian high-grade conventional business is comprised of 29 projects, 5 of which are advanced resource-stage and already in strong joint-venture partnerships. The projects in Canada's Athabasca Basin are among the highest grades globally for conventional mining.

### What are the most important catalysts for the next 6 to 12 months?

Key catalysts for uranium and nuclear energy are playing out before our very eyes. Both the failed green energy transition and the Russian invasion of Ukraine have reinforced the acceptance, and outright need, for safe, reliable and carbon-free nuclear energy in global energy policies. Nuclear power can also provide the energy inde-

pendence to move away from reliance on countries, like Russia and China, that put our energy security at risk. Also, in line with global trends, we plan to launch UEC's inaugural sustainability report which will highlight the Company's Environmental, Social and Governance ("ESG") program, and the successful initiatives undertaken in 2023.

### How do you see the current situation on the market for uranium?

The global mega-trends of electrification and decarbonization, energy security and independence, and rapidly rebalanced, supply and demand fundamentals, all point to the best outlook for nuclear energy, and the uranium market in decades. UEC's unrelenting vision, and strategic contrarian investments throughout the prolonged bear market have positioned its investors with a generational opportunity to profit from these seismic shifts in global energy policy and geopolitics.



Amir Adnani, CEO

**Uranium Energy Corp.**

**ISIN:** US9168961038  
**WKN:** A0JDRR  
**FRA:** U6Z  
**NYSE:** UEC  
 Fully diluted shares: 300.7 million

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# Uranium Royalty

## Uranium royalty company with top portfolio

Uranium Royalty Corp. is a Canadian company focused on participating in rising uranium prices through strategic investments in uranium interests, including royalties, streams, debt and equity in uranium companies, as well as through physical uranium transactions. Uranium Royalty is the first company to apply the successful royalty and streaming business model exclusively to the uranium sector. The portfolio includes interests in more than 15 development, advanced, permitted and producing uranium projects in multiple jurisdictions. The portfolio also includes a large inventory of physical uranium that could be monetized immediately.

### Athabasca Basin Royalties

In the Athabasca Basin, Uranium Royalty holds 5 prospective royalties.

#### McArthur River

The McArthur Ricer Mine is considered the highest-grade uranium mine in the world and is currently owned by a joint venture between Cameco (69.805%) and Orano (30.195%). Together with the Key Lake Mill, which is licensed to produce 25 million pounds per year, it is currently in care and maintenance mode. McArthur River has nearly 400 million pounds of  $U_3O_8$  in reserves and is expected to come back online once the uranium spot price continues to move upward. Uranium Royalty holds a 1% Gross Overriding Royalty on a 9% interest.

#### Cigar Lake/Waterbury/Dawn Lake

The partners in the Cigar Lake joint venture are currently Cameco (50.025%), Orano Canada Inc. (37.1%), Idemitsu Canada Resources Ltd. (7.875%), and TEPCO Resources Inc. (5%). Cigar Lake holds a license to produce 18 million pounds of

$U_3O_8$  per year and reserves of approximately 160 million pounds of  $U_3O_8$ . Uranium Royalty holds a 20% Net Present Interest on a 3.75% interest.

In addition, an option was secured to earn a 20% net profit interest on a 7.5% share of total uranium production from the Dawn Lake project area. The royalty rate will be adjusted to 10% in the future once production of 200 million pounds from the combined Dawn Lake and Waterbury/Cigar project license areas is achieved (93 million pounds have been produced to date, according to Cameco's data).

#### Roughrider

Roughrider is a highly developed underground deposit owned by Rio Tinto Canada. It has approximately 58 million pounds of  $U_3O_8$  in reserves. Uranium Royalty holds a 1.97% net smelter royalty in Roughrider.

#### Russell Lake

Russell Lake is an exploration project being developed by Skyharbour Resources. It consists of the Russell Lake and Russell South projects and is located between 15 and 60 kilometers from the Key Lake Mill. Russell Lake covers approximately 72,000 hectares of license area on highly prospective ground. Uranium Royalty holds a 1.97% net smelter royalty in Russell Lake.

#### Diabase

Diabase is an early-stage exploration project being developed by Uranium Energy. It lies over a highly prospective regional corridor, similar to the Patterson Lake corridor, which hosts the Arrow and Triple R deposits. It covers approximately 22,000 hectares of license area on highly prospective ground. Uranium Royalty holds a 3% gross revenue royalty interest in Diabase.

## US ISR Royalties

In the USA, Uranium Royalty holds 4 royalties on ISR projects

#### Reno Creek

Reno Creek is owned by Uranium Energy and located in Wyoming. The project is fully permitted, has resources of 26 million pounds of  $U_3O_8$  and is ready for construction. In August 2019, Uranium Energy stated that an independent PFS study has been initiated to expedite a construction decision. Uranium Royalty holds a 0.5% net present interest in Reno Creek.

#### Church Rock

Church Rock is located in New Mexico and is owned by Laramide Resources. Several permits have been received for the project, which is currently undergoing additional field work and studies that will result in an updated PEA report. Church Rock has inferred resources of approximately 50 million pounds of  $U_3O_8$ . Uranium Royalty holds a 4% net smelter royalty in Church Rock.

#### Dewey-Burdock

Dewey-Burdock is located in South Dakota and is being developed by enCore Energy Corp. The latest PEA estimates an after-tax NPV at an 8% discount of US\$147.5 million at a constant price of US\$55 per pound. Accordingly, direct operating costs are only US\$10.46 per pound produced, excluding royalties, severance and conservation taxes. Dewey-Burdock has approximately 17 million pounds of  $U_3O_8$ . Uranium Royalty holds a 30% net present interest in Dewey-Burdock.

#### Lance

Lance is located in Wyoming and operated by Peninsula Energy. The project hosts over 53 million pounds of  $U_3O_8$ . Uranium

Royalty's 5% Gross Revenue Royalty covers a portion of the Kendrick and Barber concessions. Production is currently suspended as the project is being converted to a new mining method. A test phase is currently underway. In addition, a positive feasibility study for Lance was submitted in August 2022.

## US Royalties – Conventional projects

In addition to the royalties on ISR projects, Uranium Royalty owns 4 other royalties on conventional projects in the USA.

#### Anderson

Anderson is located in Arizona and is owned by Uranium Energy. The project, in which Uranium Royalty holds a 1% net smelter royalty, hosts 29 million pounds of  $U_3O_8$  resources. A preliminary economic assessment indicated an after-tax net present value (discounted at 10%) of US\$101.1 million at a fixed uranium price of US\$65 per pound. Average operating costs over the life of the mine were estimated at US\$30.68 per contained pound.

#### Slick Rock

Slick-Rock is located in Colorado and will be developed in the future by Anfield Energy. The project, in which Uranium Royalty holds a 1% net smelter royalty, hosts approximately 11 million pounds of  $U_3O_8$  resources. A preliminary economic valuation resulted in an after-tax net present value (discounted at 10%) of US\$31.9 million using a model with a fixed uranium price of US\$60 per pound.

#### Workman Creek

Workman Creek is located in Arizona and is owned by Uranium Energy. The property

has extensive historical data consisting of 400 exploration and development drill holes, geological mapping, regional and detailed geochemical, petrographic, mineralogical-paragenetic and metallurgical studies. To date, 5.5 million pounds of resources have been proven. Uranium Royalty holds a 1% net smelter royalty.

**Roca Honda**

Roca Honda is owned by Energy Fuels and is located in New Mexico. Uranium Royalty holds a 4% gross revenue royalty. The Section 17 area has a partially developed vertical mine shaft and haul road. Energy Fuels plans to include the Section 17 area covered by the royalty in the Company’s permitting efforts.

**Langer Heinrich**

Langer Heinrich is a former producing uranium mine in Namibia. Operator Paladin Energy announced in late 2021 that restarting the Langer Heinrich mine would only be considered if additional long-term contracts of sufficient duration and value were signed. Two offtake agreements that have since been signed, along with US\$200 million in financing, helped ensure that Langer Heinrich will be brought back into production in the foreseeable future. Langer Heinrich hosts approximately 120 million pounds of U<sub>3</sub>O<sub>8</sub> resources. Uranium Royalty receives AU\$0.12 as a production royalty for each kilogram of U<sub>3</sub>O<sub>8</sub> produced.

**Michelin**

Michelin is an advanced stage uranium project located in the Canadian province of Labrador. Operator Paladin Energy acquired Michelin in 2011 for CA\$260.9 million. Michelin is a low technical risk project in a prime uranium area. The project hosts approximately 127 million pounds of U<sub>3</sub>O<sub>8</sub> resources. Uranium Royalty holds a 2% gross revenue royalty in Michelin.

**Participation in Yellow Cake plc and physical uranium purchases**

In addition to the above interests in uranium projects, Uranium Royalty also owns 7.5 million shares in Yellow Cake plc. Uranium Royalty has an option to acquire up to US\$31.25 million worth of uranium from Yellow Cake between January 2019 and January 2028, of which it has already acquired US\$10 million worth of uranium. Uranium Royalty also has an option to participate in all future uranium royalty and stream transactions pursued by Yellow Cake on a 50:50 basis. Currently, Uranium Royalty has contracted for the delivery of more than 1.548 million pounds of physical uranium at an average purchase price of US\$42.31 per pound.

**Summary:  
First royalty payments expected soon + high assets**

Uranium Royalty is a company that has positioned itself early for the coming uranium boom and has secured several high-profile royalties, with first payments expected shortly. The second pillar, physical uranium, will allow the company to benefit immediately from rising uranium prices. A recent agreement to supply uranium to Cameco via CGN shows that the physical uranium market is starting to take off and Uranium Royalty will benefit from this. Uranium Royalty was added to the prestigious Global X Uranium ETF in August 2021. As of July 31, 2022, the Company had cash, marketable securities and physical uranium holdings of approximately CA\$133 million.

**Exclusive interview with Scott Melbye,  
President, CEO of Uranium Royalty**

**What have you and your company achieved in the past 12 months?**

URC continues to seek out global opportunities to expand our royalty and streaming portfolio, whether that be through the acquisition of existing interests, or creation of new project financings. Our newest addition being a 1% Gross Revenue Royalty on the entirety of Peninsula Energy’s Lance Project in Wyoming. The Lance ISR operations are expected to be among the earliest movers in the American uranium industry’s revitalization and builds on our existing smaller interest on the project. In recent months we have also added to our physical uranium holdings through opportune market purchases and the signing of an offtake agreement to buy 500,000 pounds of U<sub>3</sub>O<sub>8</sub> in 2023-2025 from China’s CGN Global Uranium at an average cost of US\$47.71.

**What are the most important catalysts for the next 6 to 12 months?**

The most important catalyst for our industry is the continued growing acceptance, and use, of nuclear energy as a clean and safe, 24/7 reliable, source of energy that will allow global economies to achieve, simultaneously, carbon emission reductions, and economic growth. The Russian invasion of Ukraine has also highlighted the risk of relying on energy supplies and critical minerals from countries that do not share our values or interests. This has caused a greater focus on jurisdictional risk in terms of new mine development. This clearly places a premium on places like resource-friendly Canada and the United States where many of URC’s royalty interests are located. This robust growth will require a new generation of uranium mines to be permitted, licensed and developed in every major uranium district globally. URC is ideally situated as a capital provider (through streams and royalties) to assist in their development while providing additional uranium exposure to our investors. Aggressively pursuing this pipeline of new opportunities continues to be the number one focus of URC in the coming year.

**How do you see the current situation on the market for uranium?**

Whether it is nuclear energy’s key role in securing energy independence, or the global decarbonization megatrend, URC’s management team continues to become more bullish about the prospects for higher uranium prices than ever before. This optimism is based on the profound fundamental rebalancing we have witnessed in the uranium market. Demand for “green-energy” uranium is growing at a rate of 3-4% per year, while global uranium production is lagging consumption by over 60-70 million pounds per year. This drawdown on secondary supplies and inventories was well underway, and only accelerated over the past year with the financial, and non-traditional buying like that of the Sprott Physical Uranium Trust, Yellow Cake, hedge funds and others. The future for nuclear energy and uranium could not be brighter.



Scott Melbye, CEO

**Uranium Royalty Corp.**

**ISIN:** CA91702V1013  
**WKN:** A2PV0Z  
**FRA:** 59U  
**NASDAQ:** UROY  
**TSX-V:** URC  
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