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Why I Remain a Uranium Bull

Murdock Capital Partners, NYC Q2 2015

Michael S. (Mickey) Fulp, M.Sc., C.P.G.

A Six -Year Rearview

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

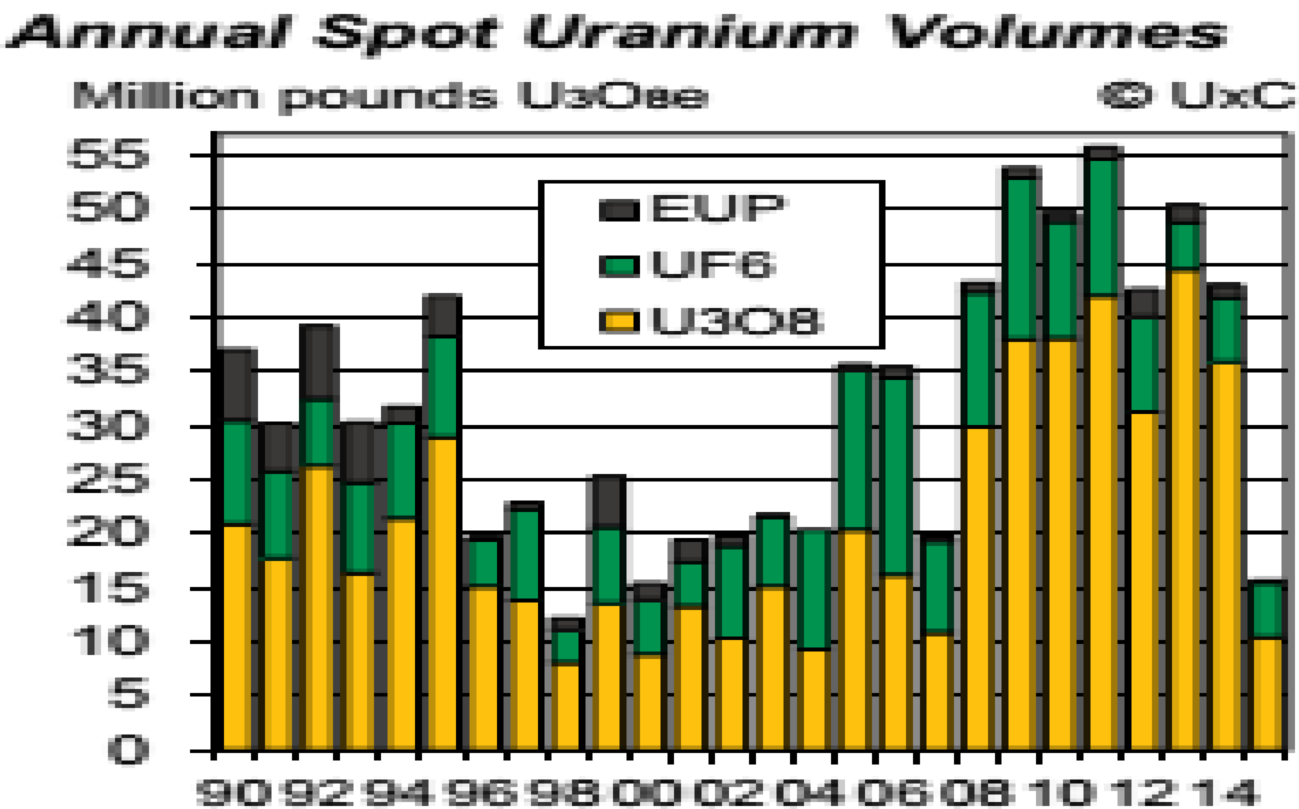
U_3O_8 Supply & Demand

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

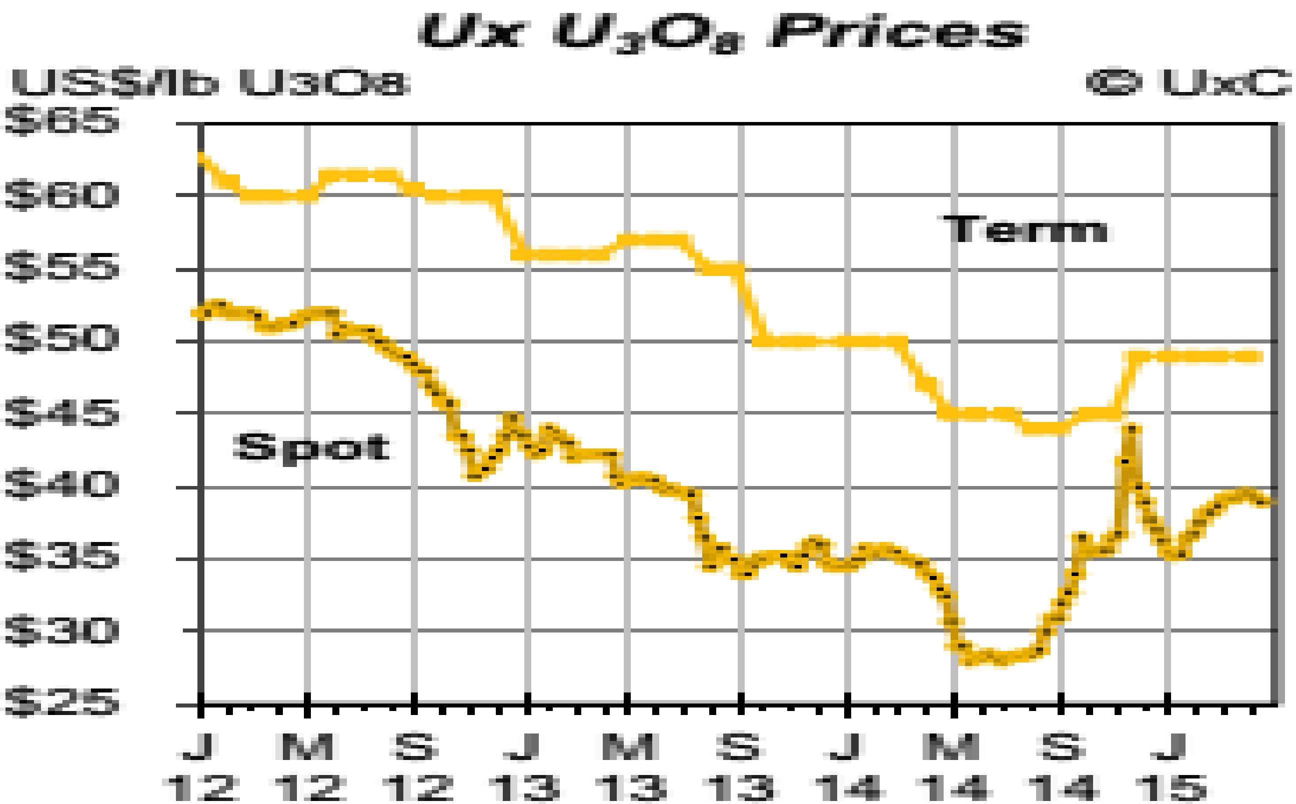
U_3O_8 Sales

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

Uranium Spot Sales



Ux Consulting Spot & Term Prices



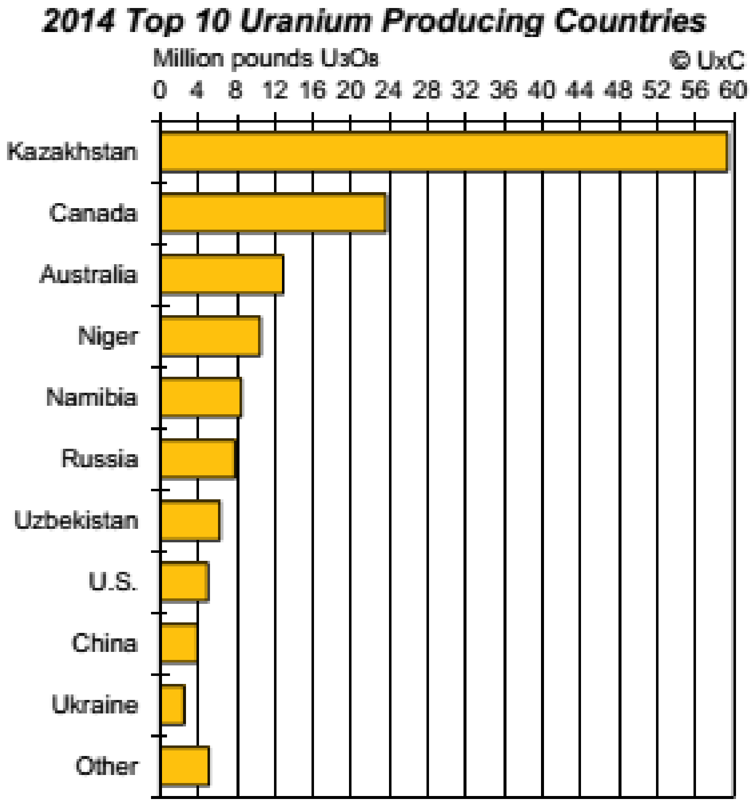
Uranium Prices & Supply - Demand Data

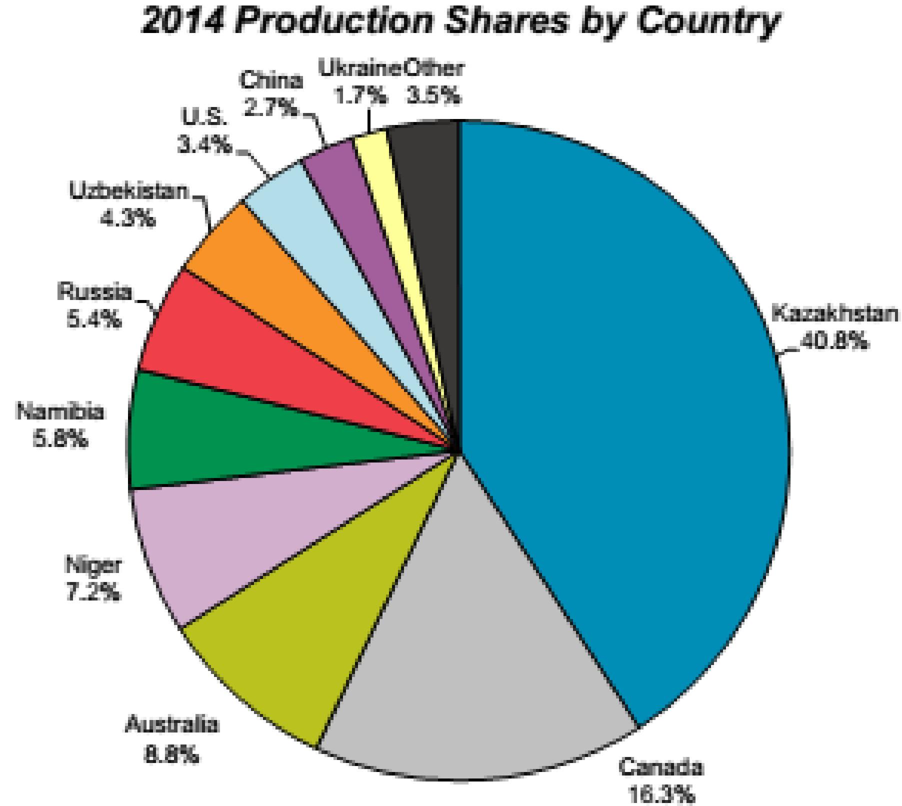
- My Sources : Ux Consulting & WNA
- Spot Price Drives the Stock Market
- Year Ago = $ 28 / lb ; Now = $37 / lb ; + 30 %
- Uranium Equities Have Lagged Behind

Uranium Spot Price Increases

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

2014 Uranium Mine Production





Uranium: Story Remains the Same

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

New Production

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

Uranium Stocks

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

Where is U_3O_8 Going to Come From?

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

New Uranium Mines

Kazakhstan ISR: Is Production Sustainable ?

Athabasca Basin UG: High-Cost / Long Lead Times

Niger UG: World - Class ; Geopolitical Situation

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

Western USA : ISR Small ; UG Long Lead Times

Australia Open - Pit : Aboriginals / Politics

Uncertainty of Western World Mine Supply

Unfriendly, Corrupt & / Or Unstable Governments

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

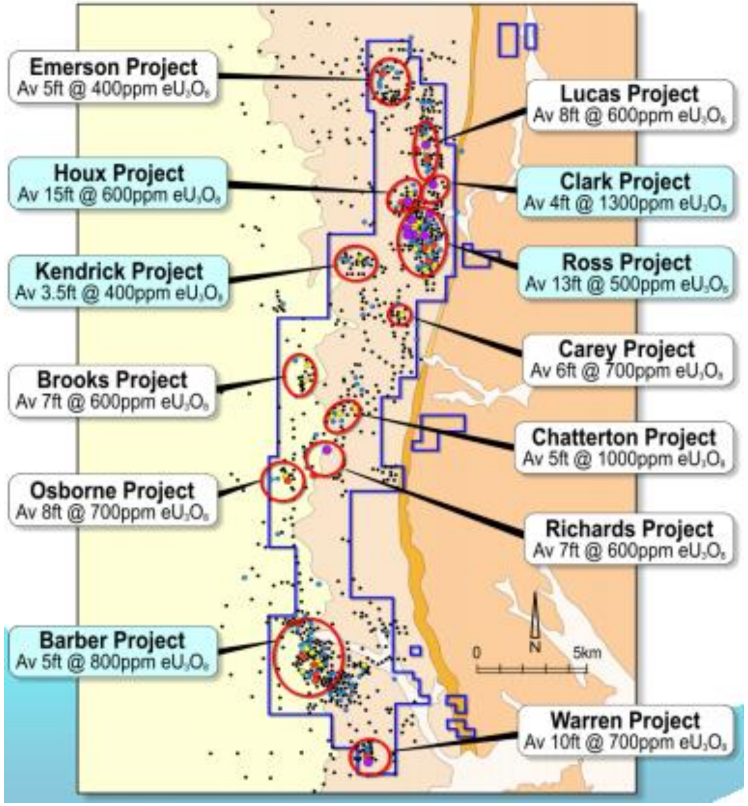
USA Future Production

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

Palangana, South Texas

Hobson ISR Plant, South Texas

Lance Project, Wyoming



White Mesa Mill, Utah

Pinenut, Arizona Strip Breccia Pipe

Nichols Ranch, Wyoming

Gas Hills, Wyoming Roll Front

Roca Honda, New Mexico Monitor Well Drilling Fall 2007

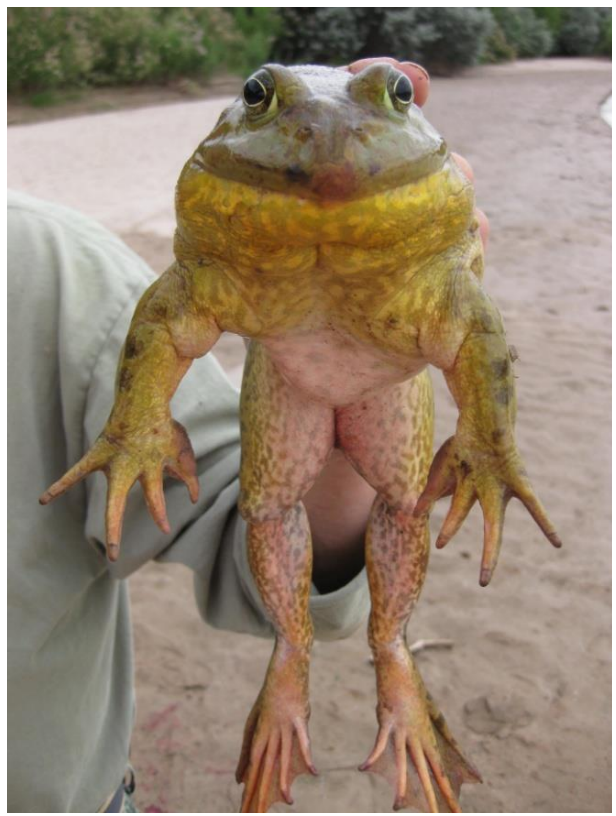
Why Do I Remain a Uranium Bull ?

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

Wild Cards in the Uranium Game

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

Beware of Frogs Masquerading as Princes



Monday Morning Musings from Mickey the Mercenary Geologist

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