Uranium Report 2021

Everything you need to know about uranium!

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Charts 11/25/2021
by JS Charts by amCharts

Preface

Dear Readers,

With this second update of the Uranium Report 2021 we are already in the fifth year of this special report series. Uranium has recently shown relative strength again, which can be attributed to the large imbalance of falling supply and simultaneously rising demand. First and foremost, the relatively new uranium ETF Sprott Physical Uranium Trust ensured that the uranium spot market was swept clean, the spot price rose to over US$50 per pound and also caused the shares of many uranium stocks to soar. In addition to creating an opportunity for investors to profit directly from the uranium price, the primary objective is to take uranium off the spot market and to force demand-driven utilities into negotiations on new long-term contracts.

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_2-free as possible. Countries such as China, Russia, France and Poland have long recognized this and have decided to expand their nuclear power fleets. 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 since recognised that solar and wind power cannot be used for base load as long as no adequately large storage facilities for electricity from renewable energy sources are created and have provided the corresponding funds for research into and the construction of SMRs. France now wants to be the first country to start series production as soon as possible.

This report is intended to give the interested reader an overview of the uranium industry and the real facts, as well as the world‘s energy supply from nuclear power.

The closure of many large uranium mines in recent years could be the ignition point for rising uranium prices in the future. Supply is still falling, and demand is rising.

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.

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My team and I hope you enjoy reading the Special Report Uranium and we hope to provide you with lots of new information, impressions and ideas.

Yours, Jochen Staiger

Jochen Staiger is founder and CEO of Swiss Resource Capital AG, located in Herisau, Switzerland. As chief-editor and founder of the first two resource IP-TV-channels Commodity-TV and its German counterpart Rohstoff-TV, he reports about companies, experts, fund managers and various themes around the international mining business and the correspondent metals.

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, Rohstoffraketen, the publications Wahrer Wohlstand and First Mover. He owns an enormous commodity expertise and a wide-spread network within the whole resource sector.

The uranium sector is coming back in a big way:
a high supply deficit, new big players and the prospect of SMRs being established in the near future form a highly explosive mix

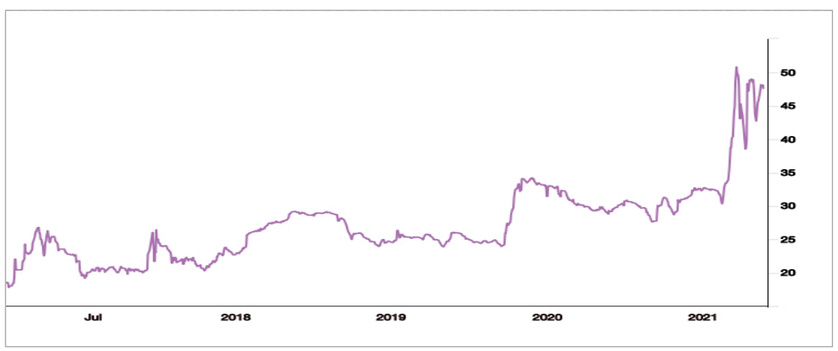
57 million pounds of U_3O_8, or the equivalent of about 32.5% of total annual demand, global uranium production fell short of demand in 2020, and for 2021, our top interview expert Scott Melbye projects as much as 63 million pounds. This means that the uranium sector will have a supply deficit of around 120 million pounds of U_3O_8 for 2020 and 2021 alone. This is mainly because after years of inefficient overproduction, the major uranium producers have finally come to an agreement and drastically cut back their production. First and foremost, the two big players Cameco and Kazatomprom cut their production or even closed some mines entirely.

In addition, more recently there have been financial big players, such as the two uranium funds Yellowcake plc and the Sprott Physical Uranium Trust, which together have soaked more than 40 million pounds of U_3O_8 from the (spot) market in recent months, thus further fuelling the existing supply deficit.

In addition to this, the development of so-called „Small Modular Reactors“ (SMR) is progressing rapidly. These are nuclear fission reactors that are smaller than conventional reactors, can be manufactured in a factory and then moved to an assembly site. Among others, a company owned by Microsoft founder Bill Gates is also working on implementing such reactors, one of which is already in use in ship form in northern Russia. This should create a huge surge in demand for uranium in the future, as there is no way around nuclear power as the only base-load capable, emission-free energy source in the coming decades if the climate targets set around the globe are to be achieved.

All three major points together (supply cut, demand increase by physically deposited funds and other players, announcement of a rapid development and establishment of SMRs in the context of the COP26 world climate conference in Glasgow) caused the uranium spot price to rise noticeably to a level of just under US$50 per pound of U_3O_8.

The fact that this has not already gone completely through the roof is probably due to two main points. Firstly, the still existing stocks, which have been built up since the Fukushima disaster of 10 years ago and have not yet been completely used up again. And secondly, because of the main uranium demanders, the global power plant operators, who have been trying to secure their supply at the cheap spot price in the short term in recent years. However, in the face of an exuberant supply deficit, they are likely to return to the negotiating table shortly and renegotiate expiring contracts (about 75% of total demand will soon be out of contract). The first signs of this are already evident. Until then, producers, future producers as well as uranium funds are buying the spot market dry and thus increasing the pressure on the utilities.



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

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.
Photovoltaic and wind power plants are not base-load capable due to their often highly fluctuating generation and thus feed-in.

Nuclear energy is currently the only base-load capable energy source that can manage the balancing act between an enormously increasing demand for electricity and clean energy production! Uranium is irreplaceable for this!

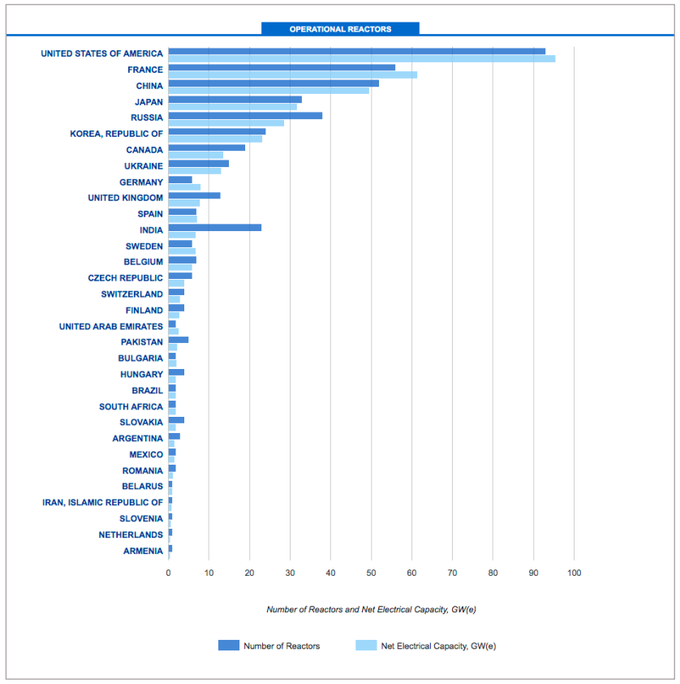
Global energy demand has multiplied since the late 1980s. About 10% of the world‘s total energy demand is currently met by nuclear power. However, fossil fuels such as coal and crude oil are still mainly burned to generate energy. The increasing demand for a reduction of CO_2-emissions and the more and more noticeable phenomenon of „global warming“ cause especially energy-guzzling industrial nations and emerging countries to increase their energy efficiency and to improve their CO_2-budget. The second important point is the ongoing electric revolution, which will not only allow us to travel almost 100% electrically in a few years, but at the same time will also bring an enormous, additional surge in demand for clean energy. It is estimated that the demand for electricity will increase by 200% compared to 2020.

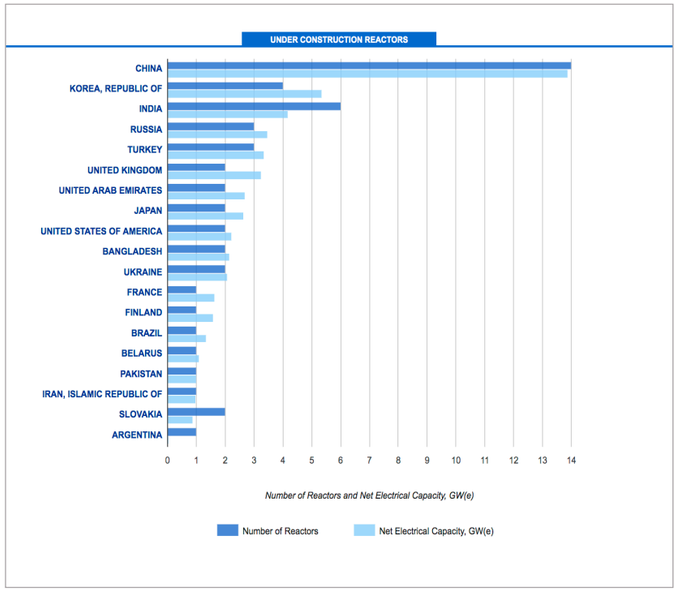
Both cannot be achieved at the same time by burning coal and oil. The alternative is renewable energies, which, however, require an enormous amount of time and money and, in addition, are not even close to base load capability without larger electricity storage facilities, or nuclear power, which can provide a great deal of energy in a CO^2-neutral manner. This possibility of fast and almost clean energy production has long been recognized not only by climate protectors such as Bill Gates or Greta Thunberg, but also by many countries worldwide, who are now pushing the construction of new nuclear power plants.

The number of nuclear power reactors worldwide continues to rise

Despite the fact that nuclear power has been opposed at least since the Chernobyl disaster and even more so after the events surrounding the nuclear plants in Fukushima, Japan, the number of plants worldwide is already at a record high. 33 countries currently (as of the end of October 2021) operate 442 reactors with a total net electrical capacity of about 394.5 gigawatts. Five more reactors have been added since the beginning of 2021 alone, and construction has started on four more.

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





With 93 reactors in operation, the USA is currently the leading nuclear power nation. However, emerging countries such as China 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 51 additional nuclear reactors with a total net electrical output of around 53.9 gigawatts are currently under construction – 14 of them in China alone. Planning has already been completed for around 120 additional ones, and more than 300 others are in the pipeline.

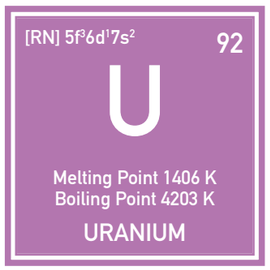
Overview of reactors currently under construction (blue) and the corresponding net electrical capacity (light blue) per country Source: www.iaea.org/PRIS.

Uranium basic knowledge

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% of the isotope 238U and 0.7% of 235U.

The uranium isotope 235U can be fissioned by thermal neutrons and is therefore, apart from the extremely rare plutonium isotope 239Pu, 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% U_3O_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 underground 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 in opencast mining. This enables the use of cost-effective large-scale technology. Modern opencast mines can be from a few metres to over 1,000 metres deep and several kilometres in diameter. Opencast mining often produces large quantities of overburden. As in deep mining, large quantities of water may have to be lifted for an open pit mine, although ventilation is less of a problem.

(Source: Blue Sky Uranium)

ISR Production

In the ISR method, water and small amounts of CO_2 and oxygen are injected into the sandstone layers with the aid of so-called injection wells, the uranium is dissolved out and pumped back to the surface for further processing with the aid of so-called recovery wells. The whole 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 spoil heaps or drainage basins for heavy metals and cyanides. Only the wells are visible 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 whole process can be carried out with a minimum of manpower, which also drastically reduces operational costs. According to a study by the World Nuclear Association, 25% of the uranium mined outside Kazakhstan recently came from ISR mines.

The current demand situation:

Total demand for U_3O_8 was about 175 million pounds in 2020, and will be about 190 million pounds in 2021

The USA strengthens the nuclear power sector by means of the „Green New Deal“

With 93 reactors, the USA has by far the largest active nuclear power plant fleet in the world. Nevertheless, the US 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. And Americans‘ hunger for energy is growing. Many of the coal-fired power plants that date back to the 1950s and 1960s are operating inefficiently and uneconomically. They will have to be taken off the grid sooner rather than later. Electricity consumption, on the other hand, continues to rise. So, the US 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 towards CO_2 neutrality. In addition to the expansion of wind and solar energy, nuclear power is the top priority.

In recent years, more than 60 US 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. So far, however, only 2 plants are under construction, while another 20 are in the concrete planning phase.

China sets the tone and will soon overtake France

For several years now, it has been the giant country of China that has been setting the pace in the construction of nuclear power plants. 52 reactors with a total net electrical output of 49.6 gigawatts are operated by the Middle Kingdom, which until now has mainly used coal to generate electricity. Of these, 13 new reactors alone have come online since the start of 2018. So nuclear power expansion in China is enormous and happening at a breathtaking pace! It is expected that the Middle Kingdom will replace France (56 reactors) as the current number two in nuclear power in just a few years.

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, by which time the USA will have been replaced as the current leader. A total of 14 nuclear reactors are currently under construction, more than in any other country.

India massively expands nuclear programme

India is following a similar path. The second most populous country in the world is planning to expand its nuclear energy capacity by 70 gigawatts.

Currently, a total of 23 Indian nuclear reactors are running at full load (6.9 gigawatts). One of them was recently connected to the grid.

Currently, 6 nuclear reactors are under construction in India, with 40 more to follow by 2050.

Russia with increasing nuclear capacity

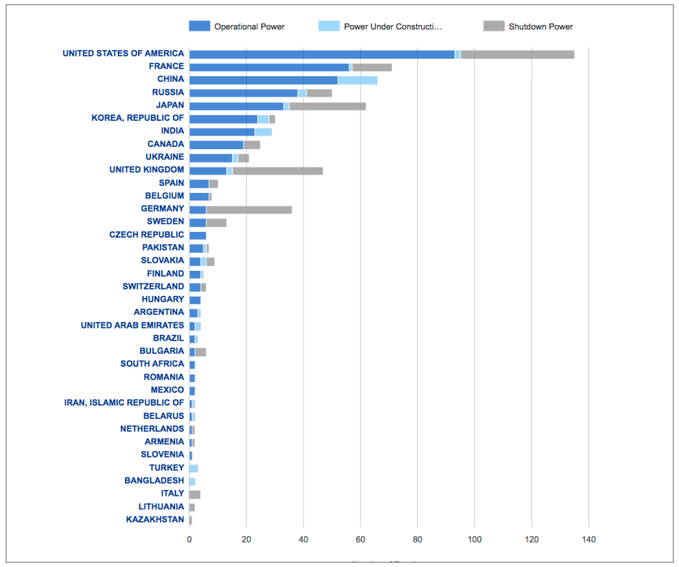
Russia has also announced a massive expansion of its nuclear power plants. The country currently operates 38 nuclear reactors with around 28.6 gigawatts. 3 plants are in the construction phase. In addition, Russia is planning to build over 40 more nuclear power plants, which should increase the share of nuclear energy in the Russian energy mix from the current 15% to over 20%.

Increasing global expansion of nuclear energy

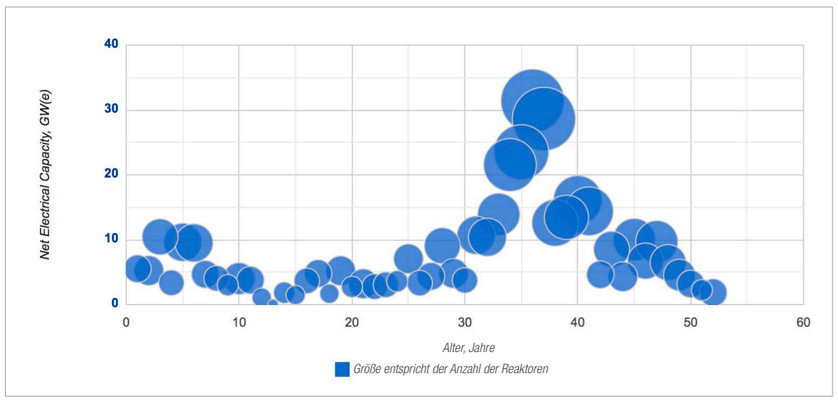
In addition to the 33 nations (including Taiwan) that already have nuclear reactors on the grid, 19 countries are planning to install nuclear power plants. These include Egypt, Jordan, Turkey and Indonesia. In addition to the United Arab Emirates, South Korea, Turkey, Bangladesh, Ukraine and Slovakia currently have several reactors under construction.

Many long-term supply contracts expire shortly and cannot be covered by spot market purchases

The previous cycle of contracting, which was dominated by the uranium price peaks of 2007 and 2010, has led to plant operators entering 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, the plant operators have not yet looked for a replacement for these supply volumes. As a result, the forward contracts of the plant operators are declining sharply, and thus the demand quantities 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_3O_8 over the next 10 years. At the same time, more than 75% of expected reactor demand through 2025 is not contractually secured. 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. There are therefore now increasing signals from international plant operators towards more buying activity.



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



Overview of the age of the 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:
Uranium production in sharp decline

In 2020, about 118 million pounds of U_3O_8 were produced as primary uranium from global mines. This was significantly less than at the peak in 2016, when 162 million pounds of U_3O_8 were produced. For 2021, leading experts expect uranium production of about 128 million pounds of U_3O_8.

The supply side is in a state of upheaval, especially in the uranium sector. Secondary supply from Russia‘s disarmed nuclear stockpiles is becoming less and less important. Whereas in 2006 37% of demand was still covered by disarmed nuclear weapons, this figure is now only around 3%.

Deposits are stable – At higher uranium prices there is an acceptable range

Based on a market price of US$40 per pound of uranium, experts estimate that there are just under 715,000 tonnes of economically recoverable uranium. With an annual consumption of currently about 70,000 tons of uranium, these deposits would be sufficient for just 10 years, provided that the market price remained constant at at least US$40 during this period and demand also remained constant. However, this 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 tonnes 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 Niger were already having problems expanding their production before the Corona crisis. All four countries together produced just under 15,925 tonnes of uranium in 2020. In 2009, the figure was 28,000 tonnes of uranium. In some cases, mines were shut down due to the weak uranium spot price or due to the lack of further reserves (as was recently the case at the Cominak and Ranger mines).

US uranium production no longer exists

The US uranium industry is but a shadow of days gone by. Over the past 45 years, virtually nothing has been invested in developing new deposits, and nearly 95% of the uranium needed has been extracted from the disarmament programs. US nuclear reactors already consume about 21,000 tons of uranium annually. Accordingly, an increase in capacity would also require an increase in the amount of uranium needed. The World Nuclear Association (WNA) estimates that by 2035, about 40,000 tons of uranium will be needed annually in the U.S. alone. Even at the peak of US uranium production in the 1960s and 1970s, it would not have been possible to produce such a quantity from our own facilities. U.S. uranium production reached its peak in 1980, when about 29,000 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 US uranium requirements. This led to a decline in U.S. uranium production to less than 10 tons of uranium annually at last count. As a direct result, much of the infrastructure and licensed production facilities were simply closed or completely dismantled. Currently, there are only a few mines left in Texas, Arizona and Wyoming, most of which have been shut down.

Uranium superpower Kazakhstan

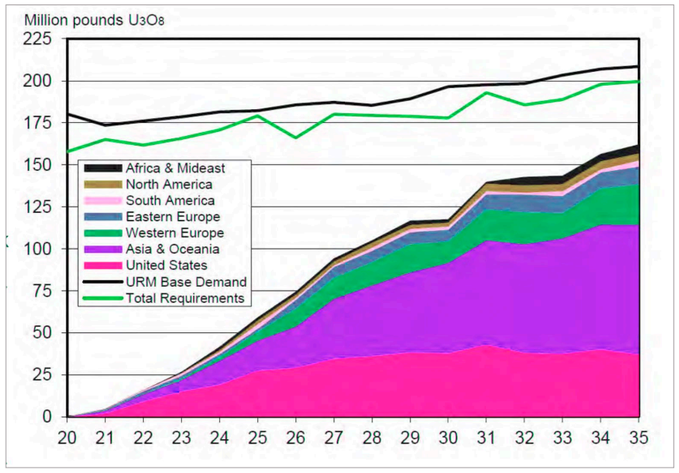
While almost all established uranium producers are having difficulties rebuilding or expanding their uranium production, one region has now moved past all other countries to the top of uranium production: Central Asia. There, Kazakhstan in particular has been able to multiply its uranium production in the last ten years. From 2000 to 2019, uranium production in the former Soviet republic rose from 1,870 to over 22,808 tonnes. As a result, Kazakhstan also passed the previous leader Canada in 2009 and is now responsible for about 40.8% of total global uranium production. In 2020, due to production cuts caused by low prices and the effects of the Corona pandemic, production fell below 20,000 tonnes, to 19,477 tonnes to be exact.

Massive production cuts to stabilize prices

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, for example, 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 top ten uranium mines in the world. McArthur River was the mine with the second highest uranium production and grades in the world. The temporary closure took 10% of the world‘s total production off 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%. Furthermore, Cameco closed its Cigar Lake mine in March 2020 for one year due to corona, reopened it and had to close it again after too many corona cases. Currently, the mine is back in the ramp-up phase. Additionally, Orano‘s McClean Lake processing plant had to close as well. In addition, Moab Khotseng in South Africa and the Chinese-owned mines Husab and Rössing in Namibia, to name only the most important ones, had to close. The spot market, whose supply is mainly composed of uranium, which is extracted as a by-product in other mines, has recently also recorded a decline in supply due to various mine closures.



Unmet need for supply(Graphic: own representation)

Huge supply gap was already there before Corona

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 is just under one-third of global annual demand. So, 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 442 nuclear reactors worldwide at about 191 million pounds of U_3O_8, of which only about 128 million pounds can be met by global uranium production in 2021.

A look into the future

Future supply deficit almost inevitable at current spot price

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. A supply gap of 63 million pounds of U_3O_8 is estimated for 2021.

The fact is that the apparently cheapest and only base-load capable CO_2-free type of electricity generation 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 with it, of course, those investors who have recognized this trend early enough.

High proportion of demand remains unmet to date

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. There are therefore already increasing signs among international plant operators of increased buying activity.

The future is modular

A future, huge growth market for uranium is currently emerging through modular small reactors, so-called SMRs. These are small 5–300-megawatt units that can be built in a factory in a modular fashion and transported 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. Individual SMR units are under 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 been made in the UK, Canada and the United States towards government support for these innovative, carbon-free energy sources, with several projects and designs moving forward in 2021.

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 around 400,000 households.

Already in 2019, the Akademik Lomonosov was commissioned as a floating power plant. (Source:TuomoS, CC BY-SA 4.0 via Wikimedia Commons)

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 see uranium demand soar in the future.

US builds strategic reserve ...

The USA is also working on the implementation of SMR technology. To date, the US Department of Energy has funded over US$160 million of projects under its new Advanced Reactor Demonstration Program.
Furthermore, the country is trying to become less dependent on the immensely high uranium imports, primarily from the successor states of the former Soviet Union. To this end, the US Congress approved a budget that will provide US$150 million annually over the next 10 years for the creation of a strategic uranium reserve. This reserve is to come entirely from uranium from US mines.

The U.S. government is thus accommodating domestic mine operators to some extent and is thus trying to stimulate domestic production again. It is expected that US producers will need an average uranium price of at least US$50 to 60 per pound in order to be able to produce sustainably. Currently, only Energy Fuels, Uranium Energy, Ur-Energy, Consolidated Uranium (through tolling together with Energy Fuels) and Cameco are able to (re) start their mining projects, although Cameco has already announced that this is not currently in the company‘s interest.

... and reduces uranium imports from Russia

In addition to these measures, in September 2020, former US President Trump signed an amendment to the agreement suspending the US Department of Commerce‘s anti-dumping investigation of uranium from the Russian Federation, reducing America‘s reliance on Russian natural uranium concentrations by up to 75% from previous levels. The agreement was set to expire at the end of 2020 and allowed the import of about 20% of the USA‘s low-enriched uranium needs from Russia. The U.S. Department of Commerce noted that the natural uranium and conversion components will be about 7% of U.S. enrichment needs and no more than 5% starting in 2026. This represents a reduction in Russian natural uranium imports of up to 75% from previous limits.

Uranium funds and uranium companies cause spot price to explode + Sprott gets in on the action

Only recently have several other strong market players joined in, who are now securing U_3O_8 on the spot market at a low price, mostly from mines where uranium is a by-product. In addition to Cameco, which is now a buyer, Uranium Participation Corp. (now acquired by the Sprott Physical Uranium Trust) and Yellow Cake Plc. have also been able to buy larger quantities of uranium. Sprott Physical Uranium Trust alone took nearly 40 million pounds of U_3O_8 from the spot market in 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 fulfil supply contracts in the event of an early production start-up.

The best uranium stocks promise multiplication potential!

We have taken the current situation of a uranium spot price that remains too low and does not reflect reality, plus the massive supply deficit that continues to exist, as an opportunity to provide you with a compact summary of promising uranium stocks. 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.

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.

Dr. Schärer, the uranium sector has performed very well this year. Uranium shares in particular have made dynamic gains. What are the reasons for this pleasing market development?

I see the significantly improved investor sentiment, the recent rise in uranium spot prices and the sector-specific market structure as the main drivers behind the good performance of uranium stocks. Energy stocks have generally benefited from portfolio shifts due to the improved economy and rising energy prices. This has also helped stocks in the uranium sector. In addition, the perception of nuclear power has changed as part of the global climate debate. According to the goals of the Paris Climate Agreement, energy supply in the future should be based less on fossil fuels. Alternative energies (wind, solar, hydropower) are to be expanded accordingly. In order to compensate for the unavoidable fluctuations in the production of alternative energy sources and to stabilise the electricity grids, reliable electricity generation (7/24) from non-fossil sources will also be needed in the future. Against this background, nuclear power is increasingly seen as a valid source that provides the base load for the electricity grid. Because nuclear power is produced with low CO_2 emissions, nuclear power plants are a possible component of the „New Green Deal“ for the Biden administration. In addition, an EU expert report recently gave nuclear power a green label. Accordingly, the acceptance of the investment topic „uranium“ is increasing among investors. Last but not least, the current market structures have ensured that this interest has fallen on „fertile ground“. Despite the recent price rises, the aggregate market capitalisation of shares in the uranium sector remains modest. This is illustrated by the following comparison: Tesla‘s market capitalisation recently crossed the USD 1 trillion threshold. However, the market value of the largest uranium share (Cameco) is only around USD 10 billion. This corresponds to around 1% of Tesla‘s market capitalisation. Against this backdrop, even small capital allocations by institutional investors leave clear traces in the price performance of uranium shares. Accordingly, the medium-term outlook remains positive in view of the further improvement in fundamental data.

The physical uranium market developed rather cautiously until the middle of the year. Since then, however, the development of the uranium spot price has gained significant momentum. What are the reasons for this market recovery?

With the recent price increase, the uranium market has definitely completed the phase of multi-year bottoming. For this turnaround to succeed, 2 conditions had to be met. On the one hand, the market had to find a new equilibrium after a lengthy and painful adjustment. On the other hand, a new impulse was needed to set a sustainable price increase in motion on this adjusted basis.

First, let‘s look in the rear-view mirror. We recall that the uranium sector went through a lean period for five years after the Fukushima nuclear accident. This ended with the temporary low of the uranium spot price at the end of 2016. After that, however, the uranium spot price has been sluggish. Why did the market shakeout take so long?

It is indeed worth taking a closer look at the market development since the reactor accident in Fukushima. Only in this way can we understand how the uranium market has moved into the current attractive starting position as part of a shakeout process that has lasted several years. For the uranium sector, the Fukushima nuclear accident was a game-changing event that unbalanced the market. At the time, Japan had 54 reactors online, produced nearly 30 percent of its electricity from nuclear power plants, and generated about 1/8th of the world‘s demand for uranium. In addition, power plant operators had significant uranium stockpiles to guarantee security of supply. Following the incident, the entire fleet of reactors was taken offline. About ¼ of these reactors were permanently shut down. The remaining plants were subjected to a tough safety check, and some had to be retrofitted at great expense. Accordingly, the restart of the Japanese reactor fleet is taking significantly longer and has brought fewer reactors back online than originally expected. As a consequence, demand for uranium was significantly lower.

Against this background, it would be expected that uranium production would be significantly reduced due to the slump in demand and that the market would thus be brought back into balance. But this has not happened. On the contrary. Production has even increased under the leadership of the two sector heavyweights „Kazatomprom“ and „Cameco“. From the economic point of view, 3 factors have supported this behavior. On the one hand, „Kazatomprom“ has consistently exploited its relative cost advantages due to the „in-situ production method“ and the production location of Kazakhstan. With its low-cost base behind it, the company has become the market leader (40% market share) in global uranium production. On the other hand, thanks to their full order books with long-term supply contracts at good conditions, the other producers were able to largely escape the price pressure of the market in the first few years. The market imbalances therefore did not diminish in the period from 2011 to 2016, but actually increased. The need for adjustment was all the greater as a result.

In this context, it is also important to understand that the demand for uranium by power plant operators is hardly price sensitive. This is because the total production costs of nuclear electricity are only marginally dependent on the level of fuel costs (uranium price). The most important cost block in the operation of a nuclear power plant are the capital costs (capitalised construction costs, which are depreciated over the entire operating life). Thus, the cost structure of a nuclear power plant differs significantly from that of a fossil-fired power plant (high share of fuel costs in total production costs). This cost structure shapes the inventory cycle or the purchasing behaviour of the nuclear power plant operators. It is not the absolute level of the uranium price that primarily drives uranium demand, but considerations of security of supply. Anyone who invests billions in the construction of a nuclear power plant also wants to be able to operate it! Seen in this light, the behaviour of power plant operators is not surprising: good availability and low prices for uranium do not lead to an increase in stockpiles, but to them being reduced. This put additional pressure on the market.

In 2016, the turnaround on the uranium market was triggered by the realisation that economic realities can be ignored but never permanently overridden. The full order books of the uranium producers with their guaranteed purchase quantities and prices fixed at a high level had been worked off to a large extent in the meantime. Continuing to produce and sell uranium on the spot market at prices that did not cover costs was not an economically viable prospect in the long term. From a business perspective, it made more sense to leave the uranium unmined in the ground and wait for better times. Accordingly, obligations under existing supply contracts were increasingly covered by purchases on the spot market. In addition, Kazakhstan also realised that its dominant market position did not bring in enough on the bottom line due to the low prices realised. This laid the foundation for a shakeout on the supply side. The uranium price was able to enter a bottoming-out phase due to initial production cuts after years of price correction.

Since 2017, several major uranium producers have closed mines, reducing supply. The Corona pandemic has again led to mine closures or reduced production, especially in mines where uranium is a by-product and ends up on the spot market. To what extent has this tightening of supply improved the current situation in the uranium sector?

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 stabilisation of the market. However, these capacities will sooner or later find their way back into the market, as the example of Cameco's „Cigar Lake" mine has recently shown. This also applies in particular to producers where uranium is a by-product of the production process.

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 with significant production cuts over the past four years. We are seeing previously unknown supply side discipline in the market. As a result, global mine production is likely to have been 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 mine operators' point of view, 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 realised on the spot and forward markets, then uranium production makes no sense from a strategic point of view.

Let us now talk about the recent market development. What impulse has now freed the uranium market from its lethargy of several years and triggered the current market revival?

The uranium price recently surpassed the USD 47 per pound mark, reaching its highest level since 2014. Since mid-August, the uranium price has risen by around 50%. The most important reason for the rapid price increase is a new type of market participant that has established itself on the uranium spot market. The financial investors.

In the spring, the Canadian asset manager „Sprott", which focuses on precious metals and real asset investment strategies, acquired the „Uranium Participation Corporation" and subsequently converted it into an investment vehicle backed by physical uranium. The „Sprott Physical Uranium Trust" is traded on the Canadian Stock Exchange and is listed in both CAD and USD. As of mid-August, the Trust has established an At The Market (ATM) facility in the amount of USD 300 million, which has since been increased to USD 1.3 billion. This allows the Trust to raise capital on demand on an ongoing basis. The capital provided by the investors is then used to purchase physical uranium on the spot market.

In the past 3 months „Sprott" has established itself as a professional and aggressive participant in the uranium spot market. Of the USD 1.3 billion „ATM" facility available, a good USD 700 million has already been utilized. Currently, the Trust holds around 35 million pounds of physical uranium in its portfolio. Against the background of last year's mine production (approx. 125 million pounds) and the transaction volume realised on the spot market last year (92.2 million pounds), these are impressive figures. Moreover, „Sprott" is not the only financial investor operating in the uranium spot market. Recently, „Yellow Cake plc." and „Uranium Royalty Corp." have significantly increased the holdings of physical uranium in their portfolios. These successes, along with rising prices, are attracting other players. The largest uranium producer, Kazatomprom, recently announced the establishment of its own investment vehicle backed by physical uranium. The aim is to raise a further USD 500 million from investors and then invest it in the physical uranium market.

With their aggressive market approach, these financial investors will significantly reduce the existing stocks on the uranium market and provoke a shortage on the spot market in the foreseeable future. In doing so, they will create the preconditions for further increases in uranium prices.

Dr Schärer, you assume that the supply gap on the uranium market will be closed in the medium term by further increases in uranium prices. To what extent have the recent increases in uranium spot prices already changed the economic reality for uranium producers?

Despite the recent increase in uranium prices, the economic reality for uranium producers remains fundamentally unchanged: Global demand amounts to about 180 million pounds per year. Total production last year is likely to have been around 125 million pounds. It will not be possible to increase production significantly in the current year. Accordingly, the market is in deficit and the resulting supply shortfall is being met from non-strategic inventories as well as from secondary sources. This is a development that does not appear to be sustainable in view of the declining stocks and is likely to be accentuated in the coming years due to the economic realities (ASIC or production costs) on the part of the mine operators. Despite the increased prices, a not insignificant part of the current production is still not cost covering from an economic point of view and thus not sustainable! Consequently, the accentuating supply gap can only be closed by significantly higher uranium prices. Prices of at least USD 50 per pound are needed to bring production capacities that have already been shut down (in care and maintenance status) back into operation. For the realization of new mining projects, uranium prices need to be established sustainably above the USD 60 mark. It should be borne in mind that even capacity that has „only" been shut down will not be available again at the push of a button. Recommissioning takes time and costs money. Not to speak of the realisation time of new mining projects...

Until now, we have focused our discussion exclusively on the supply side of the uranium market, which is under pressure. But the demand side is also on the move. What factors are currently influencing the behaviour of power plant operators?

It is worth noting that despite the decision to phase out nuclear power in German-speaking countries (Germany, Switzerland), global electricity production from nuclear power plants has once again exceeded the old highs from the period before the events in Fukushima. In particular, the expansion of reactor fleets in China, India, the Middle East and Russia is leading to a net increase in demand of around +2.5% p.a., despite various reactor shutdowns in the western industrialised countries. As already mentioned in the introduction, this expansion of nuclear power is being driven by the steadily rising demand for low-CO_2 base load in the electricity grids. Nuclear power plants produce in a 7/24 rhythm and help to balance the large production fluctuations of wind and solar plants and thus stabilize the power grids. In addition, nuclear power is a welcome trump card in the fight against air pollution as well as import dependence in fossil fuels. What also strikes me as remarkable is the fact that this growth is characterised by high visibility. Nuclear power plants do not appear or disappear overnight. Planning and construction cost a lot and take a long time. But once a reactor is up and running, operators aim for high utilization of production capacity over its entire life of more than 40 years, if possible. This transparency of demand development clearly distinguishes the uranium market from the cyclically sensitive commodity markets in the base metals or energy sectors.

In summary, with a view to the current constellation on the uranium market, we note that, on balance, a further expanding supply gap is emerging. A not insignificant part of the current uranium production is not sustainable from an economic point of view. At the same time, the demand side is growing at around 2.5% p.a. The supply gap (demand > mine production) will consequently widen. So far, the deficit has been covered by reducing

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non-strategic stock positions and from secondary sources. However, destocking is likely to soon reach its limits in view of the security of supply sought by power plant operators. The conclusion from my point of view is clear: the risk on the uranium market is about to shift from the supply to the demand side. With the start of the new storage cycle, the demand side will become the catalyst for a significant price increase. This is the only way to close the growing supply gap.

The US in particular is working to get its uranium industry going again. How do they plan to achieve this?

The background to the various initiatives and proposals to support domestic uranium producers is the fact that US nuclear power plants provide around 20% of the nation's electricity production. However, due to low uranium prices, uranium production from domestic mines has collapsed in recent years and almost all of the uranium required for production has to be imported. However, a good 40% of these imports come from countries that are considered politically untrustworthy from the US perspective or lie outside the US sphere of influence. This brings the issue of security of supply into focus. Accordingly, the US Department of Commerce has developed various recommendations for action on the basis of an investigation into supply security. What they all have in common is the intention to incentivise and support uranium production from domestic sources.

The US government is planning to build up a strategic uranium reserve. Up to USD 1.5 billion is to be made available for this over the next 10 years. However, much is still unclear with regard to implementation. For example, the price at which the uranium is to be purchased has not yet been defined. At a fixed price that covers production costs. Or at the current spot price? Depending on the definition of the purchase price, there are different volumes that could be acquired with the USD 1.5 billion in question. It also remains unclear from whom the purchase should be made. However, the non-existent domestic production capacity is precisely the origin of the initiative. So much is not yet fully thought out. But the impetus has been set.

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

An investment in our fund is a focused bet on the widening supply gap in the uranium market. Despite the recent price rises, investors with a medium-term investment horizon can expect an attractive potential return, although this is also subject to corresponding risk. The fund is therefore suitable as a supplementary component in a diversified portfolio and not as a basic investment. The Uranium Resources Fund holds around 30 positions in the portfolio. This diversification makes sense given the current state of the uranium market.

What selection criteria do you apply when choosing fund stocks, and which are your current top performers?

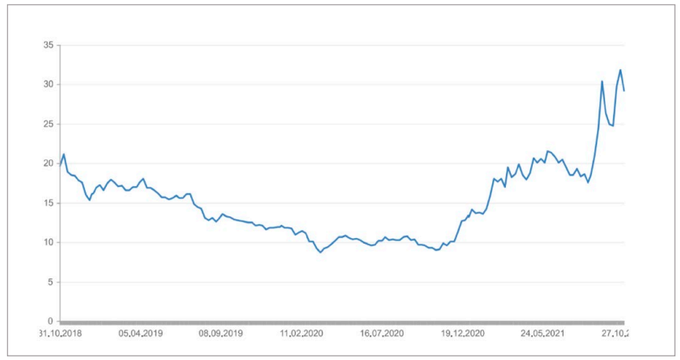
The uranium market has made a sustained upward turn in the current year. The bottom has definitely been reached. In view of the growing supply gap and the further improving fundamental data, there are good prospects for a continuation of the bull market. However, intermittent setbacks and high volatility remain a feature of this tight market. We intend to consistently exploit the profit opportunities that present themselves, while accepting controlled risks!

Against this backdrop, our portfolio stands on four pillars. As our first pillar, we maintain a 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 of the uranium spot price. Without higher uranium prices, a sustainable recovery of uranium producers is difficult to imagine. That is why two investment companies that have invested most of their funds in physical uranium form the 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 accordingly be the first and most immediate beneficiaries of this price recovery. We have added to this group with a position in Uranium Royalty Corp. The company is adapting the „streaming and royalties“ business model, which has been successful primarily in the precious metals environment, to the uranium market. The company finances uranium mines and in return secures a share of the current or future production. However, without taking on the risks associated with the operation of a mine.

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 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 „Kazatomprom“. Both companies have a broad portfolio of first-class production facilities. Despite the challenging environment, both companies are cash flow positive and pay a decent dividend. This group is complemented by investments in companies to which we would give the status of „standby producer“. These are companies that have a portfolio of approved production facilities and processing capacity. Production could be launched within a foreseeable timeframe as soon as the economic conditions (i.e. a higher uranium price) are met. We include „Uranium Energy“ or „Energy Fuels“ in this group, for example.

In the fourth pillar, we focus on explorers and developers who are advancing world-class development and mining projects. These are



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

particularly interesting if they can start production in the time window of the expected supply gap. They will then be able to benefit from correspondingly attractive sales prices. Moreover, these assets should have the necessary size to also qualify as takeover targets. Indeed, we expect a wave of consolidation to take place in the uranium market once the price turnaround has occurred, with mining companies from outside the sector possibly also looking 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 „Denison Mines“ or „Boss Resources“ can be assigned to this group.

What is your advice to investors interested in investing in the uranium sector?

The prospects of promising uranium stocks are promising, as discussed. On the other hand, the volatility of these shares is extraordinarily high due to their comparatively low market liquidity and the implicit project risks. Anyone who puts all their eggs in one basket in this speculative constellation is therefore playing a high poker game – possibly even too high. The use of a fund that invests in a diversified manner within the investment theme seems correspondingly sensible to us. We also recommend staggering the build-up of positions.

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 35-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_3O_8. 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.

Mr. Melbye, you have held and continue to hold senior positions with a variety of uranium companies and are considered one of the world's most respected uranium experts. Can you give our readers a brief overview of your career to date?

Thank you, it is a pleasure to share my observations and insights into the global uranium market with your readers. I have been fortunate to spend my entire 37-year career in the uranium and nuclear energy industries. Starting out as a nuclear fuel broker with Nukem in New York in 1984, and later being responsible for uranium fuel procurement at the three-unit Palo Verde Nuclear Generating Station in Arizona, really prepared me for the bulk of my career in uranium mining. In addition to 23 years with leading producer, Cameco, most recently as President of their global uranium marketing subsidiary, I also held leadership roles at Russian-owned, Uranium One and Kazakhstan's State uranium company, Kazatomprom. I have also had the opportunity to manage the physical uranium activities of Uranium Participation Corp. (now Sprott Physical Uranium Trust). Since 2014, I have served as Executive Vice President of U.S. uranium developer and producer, Uranium Energy Corp., and more recently assumed the CEO role at Uranium Royalty Corp. which launched as a public company in December 2019.

Following a long bearish phase, the uranium spot price has recently rallied, reaching a nine-year high. What has caused it to increase over 150% from its November 2016 low to currently trade in the $40 to $50/lb range, and why has it taken this long?

This long-awaited recovery in uranium prices can be attributed to the rebalancing of the supply and demand fundamentals that have only accelerated since global uranium production peaked in 2016. Uranium demand, measured by global nuclear electricity generation has now surpassed pre-Fukushima levels, while current global uranium mine production (128 million pounds) lags global reactor consumption (191 million pounds) by 63 million pounds, much has it done for the past four years. A contributing factor in this recovery, and likely the tipping point, has been the emergence of non-traditional uranium demand which has rapidly depleted secondary inventories at a time when utility fuel buying was set to pick up steam. The largest such buyer has been the Sprott Physical Uranium Trust ("SPUT"), the successor to Uranium Participation Corp., whose mandate is to buy physical uranium and warehouse it on behalf of investors. SPUT, backed by a US$1.3 billion at-the-market ("ATM") financing to fund substantial market purchases, has provided badly needed liquidity and price transparency to the spot market. This has not, however, been the only non-traditional demand rebalancing the market. Ux Consulting concludes that, even prior to SPUT's big entry, over 60 million pounds of uranium had been bought by financial players, hedge funds, junior miners and the London-listed alternative to SPUT, Yellow Cake Plc., since the beginning of 2018.

With the benefit of hindsight, we can now see that 2016 was a pivotal year for uranium fundamentals. As a result of Fukushima market impacts, the uranium price fell from a ten-year high of US$70 per pound in early 2011 to a cycle low of US$17.75 per pound in November 2016. Today, uranium prices have been trading between $40 to $50 per pound. In the face of falling prices over the past decade, global uranium production counter-intuitively grew, year-over-year, and finally peaked in 2016 at 162 million pounds. This speaks to the relative inefficient nature of the uranium market compared to other mineral commodities like copper, gold or silver. In those commodities, price signals usually manifest in adjustments to supply much more rapidly, in real time, as selling prices are more reliant on spot price indexing. In the case of uranium, the prevalence of hedged, long-term contracts at higher-priced, base-escalated terms insulated many producers from the lower spot prices. However, by the end of 2016 we began to see the rapid drop off of that long-term contractual coverage that was secured in the previous cycle, hence (finally) exposing producers to the depressed market conditions. The uranium market has, as a result, seen a steady drop in global uranium production from 2017 to the present. This has been a key supply development as it finally allowed the critical drawdown of excess inventories over-hanging the market.

With regards to the demand side during this period we also witnessed the closure of Japanese reactors (both temporary and permanent), and the gradual phase-out of German reactors in response to Fukushima. However, after a period of safety re-assessments and plant upgrades, we experienced a resumption of nuclear plant construction globally which remarkably returned global nuclear generation to pre-Fukushima levels in 2019. This growth has also been helped by changing attitudes towards nuclear power, particularly in the climate change community where it is increasingly being seen as an important contributor towards a lower-carbon energy future.

So, this begs the question why the post-2016 recovery has taken so long to materialize? The main reason rests in a key catalyst which has only recently begun to re-emerge. Namely, the procurement activities of the world's nuclear utilities. Just as long-term contractual coverage has been rolling off for uranium producers in recent years, this has logically also been the case for their counterparty customers, the utilities. However, rather than rush back into new long-term contracts with producers, the utilities had been content to focus on spot and near-term procurement with prices that reflected the near term over-supplied market (spot prices had been fluctuating in the $20-$31 per pound range). This was especially compelling considering the utilities had been paying $40-$60 per pound, or higher, under older legacy contracts signed in the previous bull-market (the most famous example being the Cameco/Tokyo Electric Power contract at $100 per pound). The most appealing option for these short-term focused buyers had been the "carry-trade" facilitated by trading companies that buy spot material, carry it at historic low cost-of-money levels, and deliver two to three years out at fixed prices, which were at or below, $35 per pound. While this myopic view of future uranium supplies has had a very positive impact on the fuel costs of nuclear power plants, it has not provided the level of long-term incentive pricing for uranium producers to sustain or start up new production. In a uranium market that consumes 191 million pounds of uranium annually (and heading towards 200 million), the forward contracting levels of utilities should be at or near those levels each year to avoid falling behind on future needs. To the contrary, UxC Consulting reported long-term contracting levels in the years 2013 to 2020 averaged about 67 million pounds per year (well below normal levels).

Fortunately, a shift in utility buyer behavior has begun to emerge, partially due to the realization that supply fundamentals are tightening, and further motivated by rapidly increasing spot prices. While utilities could rely to some degree on these shorter-term strategies as a temporary measure (and have done so), the appeal breaks down in a rising market, and the return to more strategic buying is kicking off a whole new round of long term contracting, both off-market with specific targeted suppliers and competitively though public bid processes. Recent geopolitical developments with the U.S., China, Iran and Russia, as well as a completely idled uranium production industry in North America for much of last year, have only reinforced this need. This long-awaited interaction between buyers and primary producers should support price formation in both the spot and long-term markets which tend to interplay off of each other. Already, we are seeing long term published prices having risen to $45 per

pound (escalated by GDP indices). Of course, as the pool of cheap spot material has been depleted by spot purchasing, including non-traditional buying, and carry trade activities, the spot price has risen (hence putting upward pressure on long-term prices). Market observers had speculated on how deep the pool of spot supplies might be having effectively met the gap between production and consumption for many years. Record spot market volumes in excess of 100 million pounds year-to-date have certainly tested those supplies and not surprisingly, the spot price is responding accordingly.

Over the past three years, several of the leading uranium producers – in particular Cameco and Kazatomprom – have announced production cutbacks, some of them substantial. Has this discipline finally begun to pay off and how quickly will these mines return to full production?

Although there were some earlier exceptions, global production cuts really began to kick in during 2017 and are still a somewhat recent development. However, the magnitude of these supply cuts has reached significant levels, taking some 40-60 million pounds from the market each year over the past few years with a cumulative impact on the drawdown of excess inventories. While this production discipline is quite widespread, affecting mines in the United States, Africa and Australia, the most profound impact has been seen in Canada. After shuttering their Rabbit Lake Mine in 2016, Cameco took their world-class McArthur River Mine offline in 2018. To put this into perspective, the McArthur River operation is the world's richest uranium mine with ore grades 100 times the world's average. Production had been approaching 21 million pounds annually. Cameco made the difficult, but logical decision, to suspend this production and instead meet their very substantial long-term contract book from spot market purchases. Not only does this move reduce fresh supplies to the market, it also accelerates the drawdown of excess inventories through their purchasing activities. It also preserves valuable geological resources in the ground until they can be mined at financial returns commensurate to their discovery, and development value.

As long as prevailing market prices remain below incentive levels, additional production will be removed from the supply equation. While all of these cuts add to the needed economic "supply destruction", the keys still remain in the hands of world leader, Kazakhstan. Their State-producer, Kazatomprom, has also announced cuts from "planned production" in recent years, but many market observers assert that more could be done to help rebalance the market more quickly. These moves have currently capped their output at about 59 million pounds annually, which represents 40% of global supply. Incidentally, this growing reliance on a single country, under Russian (and Chinese) influence and in a volatile part of the world, has security of supply implications, and has begun to cause some utilities to rethink nuclear fuel diversification objectives. The recent acquisition of 49% of Kazatomproms's Ortalyk project by China's CGN Mining should put an exclamation point on the concern for western utilities. As uranium prices continue to increase it is safe to assume that mine operators will eventually return to full production once they see sufficient financial returns that justify their investments in these assets. Even with a restart decision however, the full ramp to full production can be a lengthy process, perhaps lasting as much as two years. More importantly, most analyst forecasts going forward already assume world class mines in Canada and Kazakhstan will be producing at their full production rates, however, the supply deficit still exists and is growing quite rapidly. This gap will require the restart, or start up, of several (perhaps 8-10) additional mines around the world in the coming five years and with current supply chain, workforce and inflationary pressures, we should not assume any of these will be quick or easy accomplishments.


(Source: rawpixel)

The Coronavirus Pandemic has had profound impacts on the global economy, and we have now seen this affect major uranium operations around the world. Has this contributed to the recent dramatic increase in uranium prices?

Yes, it has contributed significantly to the production shortfall at a time demand (reactor operations) were only minimally impacted by the pandemic. Very substantial production cuts occurred as a result of the Coronavirus precautions taken to protect the health and safety of uranium miners, support staff and impacted communities. In the Spring and Summer of 2020, these announced mine shutdowns affected approximately 50% of worldwide monthly uranium output. Production cutbacks from Canada's Cigar Lake, Kazakhstan's operations, Moab Khotseng in South Africa and the Chinese-owned Husab and Rossing mines in Namibia, removed as much as 6-7 million pounds from the uranium market in the months these measures were in place. Most of these mines have since resumed development and mining activity, but the ramp up back to planned volumes has been slow and gradual, and past lost volumes cannot be made up. In fact, the Cigar Lake Mine in Canada restarted production, only to have to shut back down when COVID-19 cases spiked in the province. They have again returned to production but the ramp up to full output will not occur overnight. In Kazakhstan, the biggest impact to production volumes occurred in 2021 due to the nature of In-Situ Recovery (ISR) mine development. The total reduction in global production from COVID-19 related causes is expected to have been about 19 million pounds, dropping annual production in 2020 to about 124 million pounds. In answer to your question, while this provided a tipping-point catalyst for uranium prices early in the 2020s, the real driver has been the rebalancing of global supply and demand fundamentals over the past 5 years. Put another way, this Coronavirus "black swan" event served to accelerate fundamentals that were already significantly improved going into 2021.

In the later days of the Trump Administration, a comprehensive policy document on nuclear energy was produced, including support for existing and new reactors, and an initiative to invest a total of US$1.5 billion over the next 10 years in a national domestic uranium reserve. Has the Biden Administration continued through on these policies, especially in light of American carbon-reduction commitments?

In 2018, the U.S. Commerce Department initiated a Section-232 investigation into whether the extreme levels of foreign uranium imports (now effectively 100%) were posing a national security threat to the United States. The Trump Administration had recently invoked tariffs on steel and aluminum imports under a similar 232 investigation. While the Trump Administration decided against tariffs or duties on foreign uranium imports in July of 2019, the President did conclude that

a threat to national security existed. As a result, Trump formed the U.S. Nuclear Fuel Working Group comprised of his Senior Cabinet Secretaries and Administrative Agency Heads. Their objective was to recommend policies to the President to revitalize and expand the domestic nuclear fuel cycle, including uranium. It should also be noted that in addition to the uranium requirements of the electric utility companies (nuclear is 20% of US electricity supply), the U.S. Defense Department requires U.S. origin uranium for the Navy fleet of 83 aircraft carriers and submarines. The report titled "Restoring America's Competitive Nuclear Energy Advantage – A strategy to assure U.S. national security" was released by the U.S. Department of Energy in April 2020 and provided the strongest policy support for nuclear energy since the Eisenhower Administration in the 1950's. A significant element of the plan was previously announced as part of the President's proposed FY 2021 Budget. In the budget, President Trump called for a 10-year program to establish a domestic uranium reserve funded at a rate of US$150 million per year. Through bipartisan support in the Congressional appropriations process, the program was officially funded for FY2021, albeit at a reduced $75 million level. While the program awaits implementation by the new Administration and has slipped into FY2022, it is under development at the Energy Department and still viewed as a very welcome stimulus measure providing supplemental demand for U.S. mined uranium, in addition to the broader market requirements of the nuclear utility companies. The domestic industry continues to lobby for the program to continue in FY2023 and beyond. The Nuclear Fuel Working Group Policy also highlighted the national security risks of America's over-reliance on imported uranium, particularly from State-owned suppliers such as Russia. It urged the continued limits on Russian nuclear fuel supplies through the U.S. Department of Commerce agreement suspending the Russian anti-dumping investigation (so-called Russian Suspension Agreement, or "RSA"). The RSA had limited the import of Russian nuclear fuel supplies (uranium, conversion and enrichment) to no more than 20% of American uranium requirements, however, these limits were set to expire in December 2020. Since the U.S. Department of Commerce had indicated that the resumption of Russian dumping would likely occur in absence of restrictions, the conditions for a negotiated extension of the RSA were possible. This agreement has now been concluded between the U.S. and Russian Federation, extending restrictions for an additional 20 years. Furthermore, in line with the Nuclear Fuel Working Group recommendations, the number of imports will decline over time (with the natural uranium component of Russian low-enriched uranium being significantly reduced from 20% of U.S. requirements, down to 7% over the period).

With the Biden Administration approaching its first full year in power, it has become clear that nuclear is to continue to play an important role in American energy policy going forward, in very much a bipartisan fashion. Although different than the Republican commitment to nuclear as a key element of an "all-of-the above" energy strategy, Democrats see nuclear as an important base-load source of clean energy that can effectively back up intermittent renewables and contribute substantially to carbon reduction goals. The 93 reactors operating in the United States provide 20% of American electricity while supplying over 50% of U.S. carbon-free power (currently twice the contribution of wind and solar combined). The Biden Energy Department also sees a key role for nuclear to produce hydrogen in support of clean fuel transportation aspirations, and demonstration facilities are advancing at U.S. nuclear power plants. The Administration's clear and unequivocal aversion to fossil-fuelled energy sources also reinforces the importance of 24/7 reliable nuclear power.

At the time of writing, both the U.S. House and Senate have passed a US$1.2 trillion Infrastructure Bill, sending it to President Biden for signature. The bill contains strong support for the existing reactor fleet and continued funding of Department of Energy Advanced Reactor program and was applauded by the Nuclear Energy Institute.

Do you see large new mines starting production in the next few years? What (spot) price will most companies need to push the development of new mines and bring their projects into production?

This is the key question facing the uranium market in the coming years. While new production has not been needed recently, we do not have to go very far into the future to see that restarts of idled capacity, and new mine start-ups, are required to meet robust and growing demand for uranium. However, in a "Catch-22" very similar to the previous bull market, the market price incentives have simply not been present in the recent sub-$30's spot market (and while the depressed longer-term market has been impacted by lower-priced carry trades). With each year that these conditions persisted, and significant long-term utility uncommitted needs have increased, the likelihood of a supply crunch increases. The lead-times to permit, license and construct new uranium mines can be 6-10 years in duration and no level of uranium price can shorten those development times.

This, of course, begs the question of what price levels are needed to incentivize the additional supply going forward. Speaking very generally, the incentive price to return idled capacity into production, or advance the start-up of the most competitive new mine developments, is likely somewhere in a sustained $45-$50 per pound level. By sustained, we should assume price levels consistently trading above these levels, not reaching them briefly, only to fall back. The most competitive new mine developments that can advance in this range are likely restarts of idled mines (limited in number) or ISR operations, and those who are fully permitted and licensed (with smaller capital requirements) have an important first-mover advantage. For conventional mines requiring long permitting, licensing and development lead-times and large capital investment, they will likely require sustained prices in the $60+ per pound range. Again, for all of these price thresholds, the more recent impacts of labor shortages, supply chain challenges and price inflation have not yet been fully factored into future production plans.

What does the current demand situation look like? What could be the driving force behind the continued revival of the uranium price in the future?

For the first time in many years, reliable and resilient, carbon-free, nuclear energy is gaining broad-based acceptance among policy makers, environmentalists, the investment community and the general public. The need for safe, reliable, pollution free electricity continues to rise as the world's population grows to new record levels. It is not surprising then those 58 new reactors have come on line around the world in the past eight years and 56 more are under construction.

The world's population of 7.9 billion in 2021 is projected to increase over 1% per year to near 8.5 billion by 2030. The related need for more electricity, and efforts to reach global climate change goals with clean energy sources are important drivers for the projected long-term increase in nuclear power and uranium demand. The world's current operating fleet of nuclear power plants, in addition to the global growth in new reactors under construction and those planned, is testimony to the confidence in nuclear power to provide safe, highly reliable, economic and carbon free electricity as part of an overall energy supply mix.

The International Energy Agency ("IEA") reported "global electricity demand fell about 1% in 2020 due to the impacts of the COVID virus but expect 2021 to grow near 5% and 2022 by another 4%". The International Atomic Energy Agency ("IAEA") reported "Throughout 2020, nuclear power reactors supplied 2553.2 TWh of low-emission and dispatchable electricity, which accounted for about 10% of total global electricity generation and nearly a third of the world's low-carbon electricity generation".

As of November 2021, the World Nuclear Association ("WNA") data showed a total of 441

nuclear reactors operable in 32 countries plus Taiwan with a combined capacity of about 395 GWe. Their data also showed 56 new reactors under construction, 101 reactors planned or on order and another 325 proposed. In the WNA's Emerging Nuclear Energy Countries report they noted "about 30 countries are considering, planning or starting nuclear power programs, and a further 20 or so countries have at some point expressed an interest." While most of the growth in Nuclear Power is coming from countries like China and Russia, there is also notable growth in other countries, including India and the United Arab Emirates.

Some of these countries have embarked on sovereign-backed uranium acquisition programs, building inventory stockpiles for their future requirements. This also includes substantial long-term contracting with western suppliers and taking controlling interests in individual mines, like China has done with the large Husab mine in Namibia. In addition, Russia, China and South Korea are aggressively pursuing programs to sell their reactors around the globe. In many cases the sales agreements contain turnkey provisions, including uranium supply as a component of the reactor package that will require far more uranium than they currently produce. As such, they will need to carve out large supply sources in the coming years.

Many countries are now embracing Small Modular Reactors or "SMR's" to meet their growing clean-energy needs. What can you tell us about this trending development?

Indeed, another growth market for uranium is emerging from Small Modular Reactors ("SMR's"), and Advanced Reactors. These are not the 1,600 Mwe large reactors with large capital costs and long construction times, but rather the small 5-300 Mwe units that can be constructed in a factory and shipped on site. These scalable units can provide carbon-free benefits while competing on cost with cheap natural gas and can co-exist with grid-heavy renewables due to their load-following characteristics. Some designs are very similar to the compact reactors that have powered aircraft carriers and submarines safely since the 1950's, and can be ideally marketed to smaller grids, island nations, or remote locations (including mining operations and military bases). Very significant advances in government support of these innovative, carbon-free, energy sources have occurred in the U.K., Europe, Canada and United States, with multiple projects and designs advancing in 2021. One such example is the Natrium Advanced Reactor which has been developed by Bill Gates' TerraPower. This innovative design has been selected by Warren Buffett's electric utility company, Pacific Corp., to replace a retiring coal-fired power station in one of four very-willing host communities in the U.S. state of Wyoming. Rolls-Royce are advancing a 16-unit SMR proposal with government and private funding which will complement the larger nuclear reactor build-out in the UK. Canada's Ontario Power, are conducting a process to determine which SMR provider will built on a dedicated site next to their existing Darlington Candu reactors. And in Romania, Nuclearelectrica are moving ahead with NuScale on a six unit, 462 MWe SMR program. This announcement made on the sidelines of the COP26 conference could be a blueprint for SMR deployment across central Europe. In another such application, a Russian gold mine recently announced that they will be powered going forward by a micro reactor which will provide reliable energy to their far-Western Siberian operations, while lifting their clean, ESG, carbon-reduction credentials.

We have seen increasing voices in support of nuclear energy in Europe recently, whether part of the EU Taxonomy Negotiations around sustainable energy investments or the COP26 Climate Change Conference. Are we seeing a change in public opinion, and why now?

Most importantly for current and future growth, we have begun to see public attitudes toward nuclear energy turn decidedly more positive in recent years. Former opponents of nuclear energy have softened their positions, or even spoken out in support of this safe, large baseload source of carbon-free electricity. At recent climate change meetings such as the COP 26 in Glasgow, there has been an almost panicked realization that despite billions of dollars and euros spent on renewables in the past 26 years, very little progress has been achieved in global carbon reductions. Nowhere is this more evident than in Germany where the Energiewende commitment to renewables (without nuclear) has only resulted in electricity rates 50% higher than that of nuclear neighbor, France (who produce 1/10 the carbon emissions per capita). In the process, Germany has grown increasingly dependent on Russian natural gas, and ironically, French nuclear-generated electricity imports. None of this particularly comforting for Europe's leading economy which is based on energy-intensive manufacturing exports. This point is not to single out Germany's energy policy, but to highlight the difficulty, if not impossibility to achieve meaningful carbon reductions without a significant component of nuclear power in the energy mix. In the United States (California in particular), and in South Australia, we have begun to see serious electricity reliability issues as a result of an over-reliance on intermittent renewables. Note that these are all leading global economies, and not emerging markets where electricity shortages and blackouts might be more expected. More recently we have seen volatility of natural gas prices affect the affordability of electricity in Europe and in the U.S. state of Texas.

In summary, what do you expect for the uranium sector in the next two to three years?

In summary, continue to expect very good things from the uranium market going into 2022. This optimism is grounded in the most fundamental factors of supply and demand. Uranium has suffered a long, severe, bear market, but appears to have turned the corner. Any economist will tell you that no commodity will stay down, nor go up forever. Our uranium market is no exception, and its unique and inefficient nature has caused market forces to manifest more slowly into higher prices. This prolonged, but very fundamental rebalancing, is already driving substantial appreciation in uranium equities. The continued growth in global nuclear energy, production discipline by existing producers and underinvestment by new producers, will continue to test the market fundamentals in the coming months. As global utilities return to more normal procurement levels, more upward pressure on uranium prices should develop. The Coronavirus crisis has shocked economic markets in ways few imagined and certainly grabbed the headlines during 2020 but has now been replaced by the growing realization of nuclear energy's role in a lower carbon future. In the meantime, however, a very compelling supply and demand narrative for uranium has emerged and should not be overlooked by resource investors seeking out-sized gains though this very safe, clean, green energy commodity. Opportunities exist with the well-run uranium companies that are positioned with quality assets and management teams that can capitalize on this story. Recent global mine cutbacks coupled with the green-energy mega-trend towards nuclear, may well be proving to be the long-awaited catalysts in a market poised for significant recovery.

Blue Sky Uranium

Argentina‘s uranium future!

Nikolaos Cacos, CEO

The Canadian development company Blue Sky Uranium owns several huge uranium licenses in Argentina, which, after reviewing the initial drilling results, should very likely be exploitable in open pit, i.e. surface, operation. This is a huge cost advantage that promises not only faster mining but also high margins. The aim is to supply Argentina‘s nuclear power plants with uranium from the country itself.

Amarillo Grande Uranium-Vanadium Project: Location, Resources and Mining Opportunities

Blue Sky Uranium‘s flagship project is called Amarillo Grande and consists of three sub-projects, Anit, Ivana and Santa Barbara. In 2010, Blue Sky Uranium was granted exclusive rights to conduct airborne geophysical surveys over an area of 2.265 million hectares. After a thorough investigation, the decision was made to acquire the exploration rights to Anit, Ivana and Santa Barbara as they encountered several significant anomalies. These three license areas total approximately 261,000 hectares and are located in the Rio Negro Province of Argentina. Anit, Ivana and Santa Barbara lie within a 145-kilometre trend that hosts several known uranium occurrences. In addition to near-surface uranium mineralization, Amarillo Grande also hosts significant vanadium resources. The uranium and vanadium-bearing rocks range in depth from 0 to 25 metres, and the deposits can extend for several kilometres. The overburden consists of only slightly compacted sand, which results in not only favourable mining costs, but also extremely favourable 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 the mining costs. In addition, most of the excavators normally required are no longer needed. The rock material can be processed in a plant centrally located between the three subprojects by means of leaching, which is also cost-effective. All these advantages make it possible to exploit low-grade deposits. An example of such a mine is Langer Heinrich in Namibia. It should be noted that Blue Sky Uranium has the added advantage of additional vanadium resources.

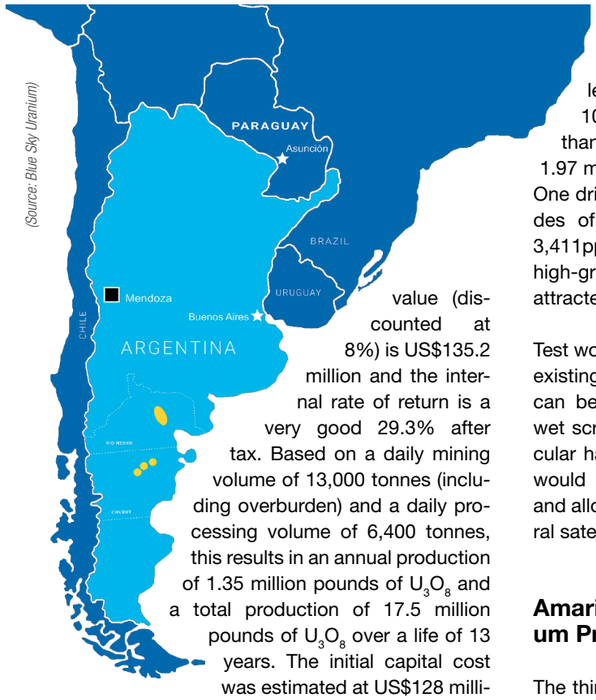
Amarillo Grande Uranium-Vanadium Project: Ivana

The largest and southernmost subproject is Ivana. It covers approximately 118,000 hectares and hosts an anomaly approximately 25 kilometres long. Within a 4,500 metre by 1,500 metre corridor, sampling and drilling encountered high-grade mineralization consistent with previous radiometric surveys. Initial sampling detected up to 1.81% U_3O_8 over 0.75 metres. This sample was only 2 metres below surface.

Subsequent drilling has intersected 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 mineralization up to 20 metres thick. All of these drill results were from depths up to 23 metres! Additional drilling has 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%) over 1 metre, amongst others. This successfully confirmed the initial grades of over 1% U_3O_8!

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 this resource estimate, an initial economic estimate for Ivana was also 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 net present value (discounted at 8%) is US$135.2 million and the internal rate of return is 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 payback period of 2.4 years. This would place Ivana in the lower quartile for operating costs.



(Source: Blue Sky Uranium)

In mid-2021, Blue Sky Uranium successfully commenced a 40-hole drilling campaign, which was rapidly expanded. As a result, by mid-October 2021, a total of 46 holes comprising 1,870 metres had been drilled. Several of the holes revealed anomalous uranium grades, including 120ppm uranium over 1 metre.

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-kilometre 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 metres for 81 drill holes. In the Western and Central Zones, 103 pits with uranium grades greater than 50ppm were encountered, averaging 1.97 metres at 0.04% U_3O_8 and 0.11% V_2O_5. One drilling campaign detected uranium grades of 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 transport and process 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 in terms of exploration. Blue Sky Uranium has already identified several anomalies there and intends to make a new discovery soon.

Amarillo Grande Uranium-Vanadium Project: Exploration Potential and Current Work

Currently, the company is concentrating primarily on Ivana. Several anomalies have been identified in the central and northern areas of the project area. In the central area, a 6-kilometre IP survey was carried out, which was extended to over 7 kilometres due to an open chargeability anomaly in the western part. In the northern area, a 5-kilometre chargeability anomaly was seen from surface to 30 metres depth along an 8-kilometre IP survey line correlating with airborne and ground based radiometric anomalies. Systematic sampling is underway. Previous results included 1.40% U_3O_8 over 1.10 metres, including 2.74% U_3O_8 over 0.5 metres.

The current focus of work is on target areas with significant uranium-vanadium anomalies. To this end, a 4,500-metre reverse circulation drilling program commenced in February 2021 at Ivana Central & Ivana North. Work continues on permitting and project planning for exploration at the Ivana East & Cuatro targets and engineering & process test work to support advanced technical studies of the Ivana deposit.

Grosso Group: The game changer

Blue Sky Uranium is part of the Grosso Group of companies. The Grosso Group is a management company that has been in business since 1993, specializing in South America, particularly Argentina, and 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: Three projects, two elements, prospect of low-cost funding and a local buyer.

Blue Sky Uranium is a true early-stage opportunity in a nascent uranium boom market. Although the company has already made significant exploration and development progress on its three advanced projects within the Amarillo Grande, two things seem objectively clear: first, the rocks at Ivana and Anit contain significant vanadium resources in addition to uranium, and second, the existing deposits are likely to be exploitable via surface mining. Taken together, these two factors 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. With the Grosso Group, which has an excellent network in Argentina, the company‘s own production should therefore be well within the realm of possibility. The aim is to supply Argentina‘s 3 current nuclear reactors and the reactor under construction with its own uranium. With an oversubscribed financing of CA$ 5.5 million at the beginning of the year and a further financing of about CA$ 2.1 million in the middle of the year, the upcoming activities are sufficiently financed.

Exclusive interview with Nikolaos Cacos, CEO of Blue Sky Uranium

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

The 3,500-metre reverse circulation (“RC”) resource advancement drilling program at the Ivana deposit (September 28, 2021, News Release) is now underway with 50 holes totaling 293 metres completed to date. With this, we aim to both upgrade our flagship deposit as well as potentially add additional resources through our step-out drilling activity. Additionally, permits have been received to complete the initial drilling program at the Ivana Central target, which is the second tranche of a separate exploration drilling program at the Company’s wholly owned Amarillo Grande Uranium-Vanadium Project in Rio Negro Province, Argentina.

Our goal of expanding the Amarillo Grande project into a multi-deposit uranium district requires a two-pronged approach to both identify new deposits through exploration along the 145 kilometer project trend and to further develop our cornerstone Ivana deposit. We believe that this additional drilling at Ivana has the potential to expand and enhance the current mineral resources.

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

The Company’s Amarillo Grande Project covers the district with three major properties, including the Ivana near-surface uranium deposit which hosts the largest NI 43-101 uranium resource in the country; Ivana also has potentially significant vanadium credits. Other exploration targets for uranium and vanadium mineralization are also present within the project area. The close proximity of the properties & targets provides the potential for an integrated, low-cost uranium-vanadium producing operation, making Amarillo Grande an excellent candidate to be the first near-term uranium producer in Argentina. We will work on the feasibility study this coming year.

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

There is a growing realization among many policymakers and environmentalists that the adverse effects of global climate change cannot be solved without nuclear power. Efforts such as carbon capture technologies, improved energy efficiency, reforestation and the rollout of renewable energy have demonstrated progress, but even these efforts combined will not reduce carbon emissions enough to fully address the existential crisis of climate change.

The case for rising prices of uranium is strong. According to the World Nuclear Organization, as of August 2021, about 445 nuclear power reactors are currently operating in 32 countries. Approximately 50 plants are under active construction, with 300 additional being proposed or in various stages of organization. Most of this activity is in the Asia region; China alone has gone from just three nuclear power stations a few decades ago to now having over 45 in operation as of the beginning of 2021.

While demand for the uranium to fuel these plants is likely growing, just six mines around the world produce two-thirds of the world’s supply and in total just 10 countries control almost 100% of worldwide production. Worldwide demand for uranium sits at approximately 85,000 tonnes. The real question, in our opinion, is how quickly the demand will increase.

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

Shares outstanding: 185.4 million
Options: 16.4 million
Warrants: 95.3 m
Fully diluted: 297.1 million

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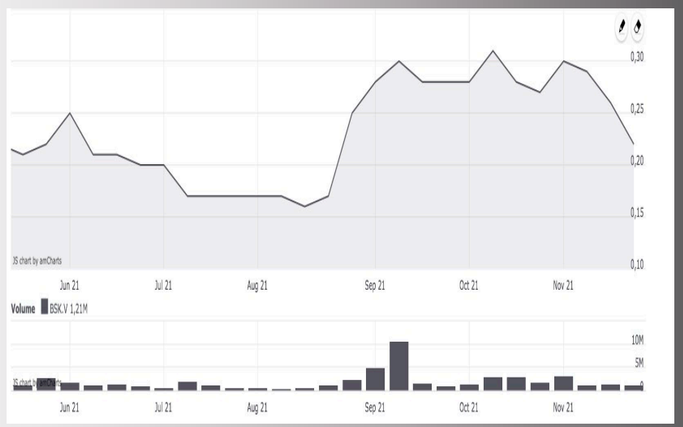


Consolidated Uranium

From 2022, the mineral bank could produce uranium itself

Philip Williams, CEO

Consolidated Uranium is a Canadian exploration and development company focused on early-stage uranium projects worldwide. The company, formed by the team around NexGen Energy and Mega Uranium, acquires potentially high-calibre projects according to a strict set of criteria. These include geographic location, stage of development and type of deposit. Particular focus is placed on projects that have a history of significant exploration work and already have a baseline resource. In addition, these must meet attractive development characteristics as well as staged and build-up acquisition conditions. As a result, the company was able to assemble a portfolio of several high potential projects within a short period of time. Among them is a deal on three (former) mines of Energy Fuels, which can be brought back on stream from 2022.

Strategic deal with Energy Fuels makes Consolidated Uranium a potential upcoming uranium producer

In July 2021, Consolidated Uranium announced that it had entered into a definitive agreement with affiliates of Energy Fuels to acquire a portfolio of conventional uranium projects in Utah and Colorado. In conjunction with the closing of the transaction, the companies have also agreed to enter into toll milling and operating agreements with respect to the projects, positioning Consolidated Uranium as a potential near-term U.S. uranium producer. Consolidated Uranium thus acquired three mines from Energy Fuels, whereby the company can have mined rock processed at Energy Fuels' White Mesa Mill near Blanding, Utah. The former producing mines are the Tony M Mine, a large, fully developed and permitted underground mine last operated in 2008, the Daneros Mine, a fully developed and permitted underground mine last in production in 2013 and the Rim Mine, a fully developed and permitted underground mine last in operation in 2009. Consolidated Uranium thus entered into a strategic alliance with Energy Fuels, the leading uranium producer in the U.S., including a toll milling agreement to be finalized for production from the projects.

Matoush – Quebec/Canada

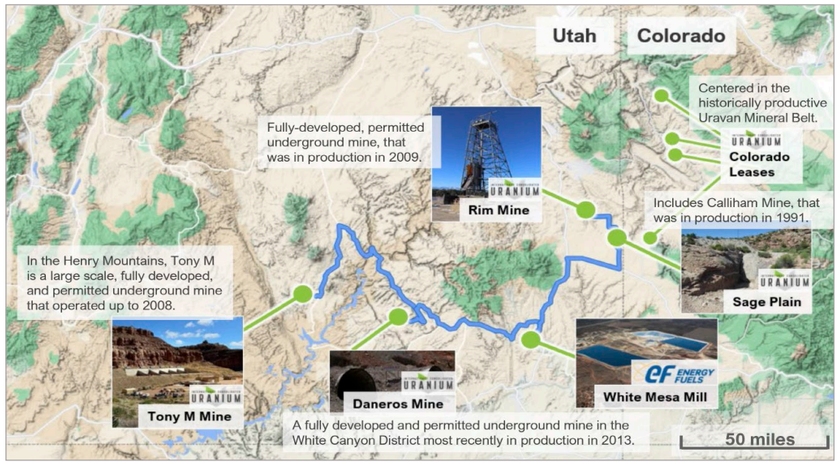
In August 2021, Consolidated Uranium announced the completion of the acquisition of the high-grade Matoush uranium project in the province of Quebec, Canada. The project has historical indicated mineral resources of 12.329 million pounds of U_3O_8 and inferred mineral resources of 16.44 million pounds of U_3O_8. The project is at an advanced stage, back in April 2010 an updated preliminary economic assessment of the property was released, 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 Ben Lomond and Georgetown projects are located in northeastern Australia, approximately 50 and 350 kilometers from Townsville, respectively. Both projects have close, paved road access.

A bankable feasibility study for Ben Lomond was completed as early as 1982. Similarly, an environmental impact study was accepted by the relevant federal and state authorities in 1984, but in 1985 the planned mine development was halted by the imposition of „the Three Uranium Mines Policy" by the then Australian Federal Labor Government. 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 kilometres.

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 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



Permitted, Past-Producing Mines Well Positioned for Rapid Restart (Source: Consolidated Uranium)

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

In November 2021, Consolidated Uranium announced the acquisition of a 100% interest in the Milo uranium, copper, gold and rare earths project. The project consists of approximately 34 square kilometres and is located in the Mt Isa Inlier approximately 40 kilometres 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 kilometre and widths of up to 200 metres. A 2012 drill program intersected some high-grade copper mineralization, including 2 metres at 6.19% copper in one of the southernmost holes drilled.

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. Mountain Lake was staked by IsoEnergy in 2017. The known uranium mineralization is hosted in sandstone and dips shallowly from the top of bedrock to a depth of approximately 180 metres. 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_3O_8, with average grades reported at 2,300ppm. Among other things, the company is now planning gravity surveys, a new core sampling and subsequent drilling.

Laguna Salada – Argentina

The Laguna Salada uranium and vanadium project is located in the Chubut Province in southern Argentina. The former owner U_3O_8 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_3O_8 and 83.9 million pounds of V2O5. 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 northeastern part of the Canadian province of Quebec. Consolidated Uranium acquired the project in January 2021 by staking and therefore no major acquisition costs were incurred. 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_3O_8 in the inferred category.

Moran Lake – Labrador/Canada – Spin-off to Labrador Uranium Inc.

The Moran Lake uranium and vanadium project is located in the eastern part of the Canadian province of Labrador, approximately 160 kilometres northeast of Goose Bay. 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 (average grades between 330 and 340ppm) and 136.4 million pounds of V2O5 (average grades between 1,500 and 1,600ppm).
Vanadium is often associated with uranium and has attractive fundamentals that are also linked to clean energy. The project and area are also prospective for IOCG (iron-oxide-copper-gold) mineralization, similar in style to BHP's Olympic Dam mine in Australia. Consolidated Uranium plans to spin off Moran Lake into a new company called Labrador Uranium Inc, with Consolidated Uranium shareholders receiving shares in the new company accordingly. A vote to this effect is planned for the first quarter of 2022.

Summary: With breathtaking speed to a new, serious uranium player

Consolidated Uranium's acquisition strategy has one clear objective: to buy up nearly forgotten uranium projects with attractive, historic resources, high potential and good locations as cheaply as possible and to sell them as expensively as possible in a coming uranium boom. In this way, it has already been possible to buy up a historic resource base for very little money, with blue sky potential in each individual project that can drive up the value even further. The big breakthrough came with the acquisition of the Energy Fuels mining package, which can quickly turn the company into a US 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 could generate over CA$30 million in fresh capital (plus CA$8 million for Labrador Uranium), providing 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?

2021 has been a year of significant growth for CUR with multiple project acquisitions completed, including:

- Entering the strategic US uranium market with the completion of the transformational acquisition and alliance with Energy Fuels. Through this transaction we have acquired a portfolio of past producing, permitted mines in Utah and Colorado well positioned for a rapid restart as uranium market conditions continue to improve.
- Acquiring the high grade Matoush Project in Quebec, Canada. Matoush has historic indicated and inferred resources of 12.3m and 16.4m pounds of U_3O_8 respectively and ranks as one of the highest-grade uranium projects in the world, outside of the Athabasca Basin. The project was the subject of a significant amount of historic work and boasts strong exploration potential.
- Announcing the proposed spin-out of Labrador Uranium Inc. (LUR) which will include as its cornerstone asset CUR's Moran Lake Project and will benefit our shareholders through pro-rata distribution of shares. LUR is expected to control a dominant land position in the Central Mineral Belt (CMB) in Labrador, a prolific multi commodity mineral belt in a mining friendly jurisdiction.
- Strengthening our Board with the appointment of Mark Chalmers, the CEO of Energy Fuels.
- Significantly bolstering our balance sheet to over $35m after accounting for a recently announced financing.

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

Our most important catalyst will be to initiate restart programs on our U.S. projects. We are currently working on plans to advance these past producing mines toward production next year. Our view there is significant potential for spot uranium prices to spike again next year and as such we want to be production ready, if not already in production when that happens.
Given what we believe will be very low capex and short time to production, we think we are one of the few developers that can achieve direct exposure to the spot market in the near term.
Other catalysts include preliminary work programs at several of our other projects, and additional potential M&A activity.

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

The current set up for the uranium market has never been better. Increasingly, the role of nuclear power in combating climate change is being understood around the world and supporting the existing reactor fleet and growth in the sector. The supply side continues to be constrained as even with higher spot prices of late, the price is still not high enough to support requirements. We are still just in the beginning stages of a coming bull market.

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

Shares outstanding: 68.9 million
Options: 3.5 million
Warrants: 17.4 million
Fully diluted: 89.7 million

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Consolidated Uranium

GoviEx Uranium

Huge Resource Base and Double Chance for an Economic Uranium Mine

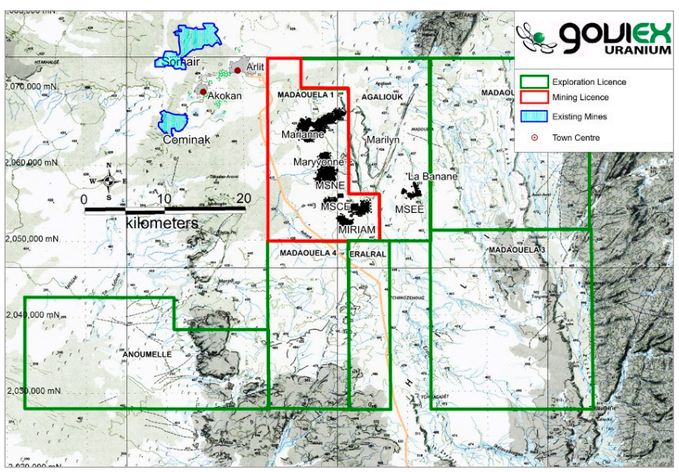
Daniel Major, CEO

GoviEx Uranium is a Canadian mining development company focused on the exploration and development of uranium projects in Africa. To date, the company has proven resources of over 200 million pounds of U_3O_8. GoviEx already holds valid mining licenses for the two most advanced projects. The Company's current objective is to reduce estimated production and capital costs while developing the most advanced Madaouela project, in parallel with the rising uranium spot price towards 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 kilometres from Arlit and the Cominak and Somair mines, in which ORANO has a stake. The Cominak mine, in operation since 1978, was closed in March 2021. GoviEx benefits from a fairly well-developed infrastructure, with year-round passable roads, 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, which is one of seven license areas (consisting of Madaouela 1 to 4 plus Agal, Eral and Anou Melle). In July 2019, GoviEx signed definitive agreements with the Republic of Niger resulting in the establishment of local mining companies in which Niger holds a 20% interest. As part of this agreement, GoviEx settled all outstanding tax claims and historical costs related to the acquisition of the Madaouela 1 mining concession and Niger agreed to defer the payment of future local taxes for up to three years from the date of incorporation of the local operating company.

(Source: GoviEx Uranium)



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 metres. The second major deposit is MSNE and is located approximately four kilometres to the south. The third deposit, Maryvonne, is located in the middle. 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 methods. In addition, this deposit has a U_3O_8 content of more than 1 % in some areas, which contributes to an enormous cost reduction in the planned total production.

Madaouela – pre-feasibility and feasibility study

In February 2021, GoviEx submitted an updated pre-feasibility study that again demonstrated that mining is economically feasible and improved on the previous study's figures. Based on a long-term uranium price of US$70, this study produced an IRR of 23.1% and a net present value (NPV) of US$336 million, discounted at 8%. Initial capital costs were estimated at US$347 million and operating cash costs at US$22.18 per pound of U_3O_8. Annual production of 2.69 million pounds of U_3O_8 was assumed over a total mine life of 21 years. This reduced capital costs by 15% and operating costs by 20% compared to the previous pre-feasibility study. It also showed that water savings of 66% could be expected.

In September 2018, GoviEx appointed SRK Consulting and SGS Bateman as consultants to complete a feasibility study for Madaouela, to be completed before the end of 2021. This includes identifying options that have significant potential to improve the feasibility of the Madaouela project.

Madaouela – Exploration potential

Madaouela is likely to have far more resources than previously known. For example, although more than 600,000 metres have already been drilled, Anou Melle offers high „blue sky" potential as this licence area is located on the same geological structure as Cominak and Somair. In 2019, GoviEx was awarded a new 9-year exploration permit covering approximately 1,547 km2 of exploration acreage. In 2021, the company plans to conduct another drilling campaign covering at least 13,000 metres. This is to be carried out in the Miriam area, with holes to be drilled to an average depth of 100 metres.

Madaouela – Development strategy

GoviEx is currently working on a four-pronged development strategy for Madaouela. The first pillar, credit financing, involves the participation of several international export credit bureaus. The second pillar consists of project optimisation and the completion of detailed technical work. The third pillar consists of the conclusion of corresponding long-term purchase agreements. Fourthly, work is being done in parallel on self-financing through the issue of shares.

Mutanga – location, resource, infrastructure

Mutanga, wholly owned by GoviEx, is located approximately 200 kilometres 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 deposits discovered to date: Mutanga, Dibwe, Dibwe East, Gwabe and Njame. GoviEx holds a 25-year mining license for three of the five concessions, which allows for open pit and heap leach mining.

Mutanga – Positive PEA

In November 2017, GoviEx provided a preliminary economic assessment (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 have been estimated at only $123 million. Operating cash costs are approximately US$31.10 per pound of U_3O_8 and absolute costs over the life of mine are approximately US$37.90 per pound of U_3O_8. Assuming a long-term uranium price of US$58 per pound U_3O_8, this results in an IRR of 25%.

Mutanga – Exploration potential

Mineralization begins directly at surface and is open along strike. Although the resource appears to be high, not all areas of the concessions 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. This was also demonstrated by the results of 2021 drilling to the east of Dibwe East. This confirmed that the mineralisation is consistent from drill hole to drill hole

and from intercept to intercept, showing a very close correlation with the current limits of the Inferred Resource. The average reported grade was 330 ppm eU_3O_8, which underlined the continuity of the deposit.

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 of U_3O_8. The gold resource was also proven in July 2020. As a result, GoviEx initiated a diamond drill core survey program in October 2020 to explore both the gold and polymetallic potential of the project. This encountered up to 3.98g/t of gold at shallow depths of less than 50 metres, among others. Further, GoviEx commissioned Terratec Geophysical Services, which completed five high-resolution IP lines and 66 line-kilometres of dipole-dipole resistivity and IP gradient surveys over the Falea deposit. The objective of this survey was to elucidate the structural controls on the existing polymetallic mineralization and gold in the deeper Birimian sequence. These techniques have revealed chargeable bodies in the area that will become drill targets in future drill programs. As it turned out, the geophysical program was a complete success. Among other things, a large chargeable body was encountered that extends over 2 kilometres in length and 500 metres in width. It is important to note that to date only 5% of the total 225 square kilometres of licence area has been explored for such deposits. Furthermore, the majority of known occurrences have not yet been fully delineated. Overall, Falea and Bala are highly prospective for unconformity-bonded polymetallic uranium, copper and Copper-silver deposits.

Summary: Things are moving forward!

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. Moreover, the possibility of economic production has also been demonstrated for Mutanga, GoviEx's second major project. What's missing now is a reasonable uranium price, which would take GoviEx to unprecedented price levels, especially given this large resource size. Moreover, GoviEx has a very experienced and successful management team and strong major shareholders (Denison Mines, Friedland, Ivanhoe Industries, Cameco) that should ensure that GoviEx becomes a real success story. In January 2021, the company was able to generate CA$8 million in fresh funding through a financing. Additional momentum should come from its inclusion in the Global X Uranium ETF, which took place in February 2021.

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 to becoming a uranium producer. We are currently on track to complete the feasibility study on our flagship mine permitted project in Niger, Madaouela, by the middle of next year and potentially be in a position to start production in 2025, subject to project financing. We have recently appointed Endeavor Financial to support us on debt advisory, offtake finance and technical and environmental guidance. We are currently undergoing a company wide review to widen our ESG strategy, which we consider a crucial element for successful operations now and going forward. In September, we completed an initial infill drilling campaign at our Mutanga project in Zambia and the results are very positive. Finally, we have engaged a uranium marketing professional to explore our offtake possibilities and we have already received several inquiries from utilities. Our goal is to position GoviEx as favourably as possible this cycle to take full advantage of increasing uranium prices.

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 a feasibility study on our Madaouela project in the first half of next year is key and will set us on a path to target potential operations in 2025. Drilling campaigns at our two other projects will see our second mine permitted project, Mutanga, in Zambia, progress towards a feasibility study, and Falea, in Mali, will concentrate on new exploration targets below the known uranium deposits. We will continue to update the market on those developments.

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

Independently of what is happening in the secondary market, the fundamentals that move the uranium price are still here. It is simple maths: 120 million pounds of uranium are produced every year and 180 million pounds are consumed. The difference, which is currently supplied by the secondary market, is getting smaller every year. Additionally, we are seeing an upward pressure on the demand side as many countries are now considering the reliable and clean base-load energy production afforded by nuclear power generation as part of their clean energy mix. A good indicator is that the UN's International Atomic Energy Commission recently increased its projections for nuclear power use over the next few decades. Whilst there is great speculation on the SPOT prices, our main focus is on solid, long-term fundamentals, and that is what drives us as a company.

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

Shares outstanding: 542.7 million
Options/warrants: 174.0 million
Fully diluted: 716.7 million

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GoviEx Uranium

Skyharbour Resources

The company continues to make finds and the partners are landing real bull‘s-eyes

Jordan Trimble, CEO

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, culminating in six uranium properties totaling approximately 240,000 hectares throughout the Athabasca Basin. Skyharbour owns 100% of its flagship property, the Moore Lake uranium project, which hosts the high-grade Maverick zone. While Skyharbour is focused on its core strategy as a discovery-driven exploration company, it is also 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, and Valor Resources) that have recently scored real bull‘s-eyes.

Moore Lake Uranium Project – Best Location

Skyharbour Resources‘ flagship Moore Lake project is located in the southeast region of the Athabasca Basin, approximately 15 kilometres 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 totalling 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 its first two drill programs in 2017, with notable new discoveries in the Main and Maverick East zones in particular. Highlights from the drill programs included 20.8% U_3O_8 over 1.5 metres within a 5.9 metre interval at 6.0% U_3O_8, 5.6% U_3O_8 over 1.8 metres within a 10.7 metre interval at 1.4% U_3O_8, 2.25% U_3O_8 over 3.0 metres and 4.17% U_3O_8 over 4.5 metres including 9.12% U_3O_8 over 1.4 metres in the Maverick East zone. Continued drilling returned additional high-grade intercepts including 3.11% U_3O_8 over 1.8 metres and 1.33% U_3O_8 over 7.8 metres. 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. In the fall of 2020, Skyharbour conducted a drill program testing unconformity and deeper targets along the high-grade Maverick structural corridor. During this campaign, the Company quickly achieved positive results. These included encountering 0.72% U_3O_8 over 17.5 metres, including 1.00% U_3O_8 over 10.0 metres, as well as trace copper at grades up to 2.3%. The 2021 drill program was rapidly expanded by Skyharbour Resources from 3,500 to 5,000 metres and returned 2.54% U_3O_8 over 6.0 metres and 6.80% U_3O_8 over 2.0 metres, among others.

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. It is bordered to the north by the Fission 3.0 and NexGen project areas, among others. The Preston Project, which covers approximately 70,000 hectares and in which Skyharbour Resources holds a 50% interest (the remaining 50% is owned by partner Dixie Gold), is located near NexGen‘s (Arrow) and Fission Uranium‘s (Patterson Lake South) high profile discoveries. In the past, CA$5 million has been spent on exploration and reconnaissance drilling which has helped identify 15 areas with similar indicators to Patterson Lake South and Arrow. Several other additional drill targets also offer robust exploration upside potential.

Preston Uranium Project – Option Agreement and Joint Venture with Orano Canada

In March 2017, Skyharbour entered into an option agreement with industry leader and France‘s largest uranium mining and nuclear fuel cycle company, Orano (formerly AREVA). Under the terms of the agreement, Orano can earn up to a 70% interest in the western portion of the 50,000-hectare Preston uranium project by investing CA$7.3 million in exploration over a 6-year period and making an additional CA$700,000 in cash payments. In March 2021, Orano received a 51% interest in Preston and formed a joint venture together with Skyharbour Resources and Dixie Gold.

East Preston Uranium Project – Option Agreement with Azincourt Energy

In addition, in March 2017, Skyharbour entered into a second option agreement with Azincourt Energy for the East Preston uranium project. This project covers 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 by issuing shares to Skyharbour, making cash payments totaling CA$1 million and investing over CA$2.5 million in exploration of the project. In early 2018, gravity geophysical studies enabled Azincourt to identify several significant targets for further exploration, and a VTEM survey was conducted in 2019 to identify seven new targets. An initial drilling campaign also confirmed the prospectivity of the East Preston project, as the subsurface lithologies and graphitic structures intersected at East Preston show similarities to the Patterson Lake South, Arrow and Hook Lake/Spitfire uranium deposits. In February 2020, a second drill program was completed that encountered radioactivity and traces of rare earths and other indicator elements. A ground geophysical program was also conducted in the summer of 2020 to support future drill programs based on existing interpretation available across the property, and the results of the heli-supported VTEM survey helped identify numerous untested graphite conductor corridors to be tested in future drilling. In February 2021, Azincourt commenced a drill program that identified anomalous and elevated uranium values in three of the five completed drill holes. In addition, an airborne radiometric survey was completed. The primary target area for the 2021-2022 program continues to be the conductive corridor from the A Zone to the G Zone.

Hook Lake Project – Option agreement with Valor Resources brings real hits

Skyharbour‘s Hook Lake project is located 60 kilometres east of the Key Lake uranium mine and covers approximately 26,000 hectares. Skyharbour announced in December 2020 that it had entered into a definitive agreement with ASX-listed Valor Resources to grant Valor an earn-in option to acquire an 80% interest in the Hook Lake uranium project. To complete the earn-in option, Valor has issued shares in Skyharbour and will contribute cash and exploration expenditure totalling CA$3,925,000 over a three-year period. By April 2021, Valor completed an airborne VLF-EM study that confirmed extensive NE-SW trending structural features as well as N-S trending structures. This showed that known uranium occurrences are located where these structural features overlap and are closely associated with shallow VLF-EM conductors. The N-S structures may represent the influence of the Tabbernor Fault system, an important structure associated with known uranium occurrences in the eastern Athabasca Basin. A follow-up sampling program yielded some real bull‘s-eyes. In suspended and rock chip samples, the Company encountered 9.2% U_3O_8, 499g/t Ag, 5.05% TREO (total rare earth oxides) (11,797ppm Nd_2O_3 + Pr_6O_{11} and 1.825ppm Dy_2O_3), 14.4% Pb, 57.4% U308, 507 g/t Ag, 3.68% TREO (8,562 ppm Nd_2O_3 + Pr_6O_{11} and 1,676 ppm Dy_2O_3), 14.5% Pb and 46.1% U_3O_8, 435 g/t Ag, 2.88% TREO (7,054 ppm Nd_2O_3 + Pr_6O_{11} and 1,139 ppm Dy_2O_3), 8.8% Pb. Valor Resources plans to drill a total of 2,500 metres of diamond drilling starting in December 2021 to confirm the sample results collected.

Further uranium projects in the Athabasca Basin

In addition to Moore Lake, Preston and Hook Lake, Skyharbour owns 100% in several other highly prospective exploration projects in the Basin. These include the South Falcon project, which covers 79,000 hectares and is located approximately 55 kilometres east of the Key Lake mine. In 2015, Skyharbour reported a near-surface NI 43-101 inferred mineral resource estimate totaling 7.0 million pounds at an average grade of 0.03% U_3O_8 and 5.3 million pounds at an average grade of 0.023% ThO2 in the Fraser Lakes Zone B deposit area, which is open along strike and at depth. The project has geological and geochemical similarities to some of the best projects in the Athabasca Basin such as Eagle Point, Millennium, P-Patch and Roughrider. The Company also owns the Mann Lake project (Black Shield Metals Corp. recently signed an earn-in option to acquire up to a 75% interest), which is adjacent to the joint venture project of the same name between Cameco, Denison and Orano. Mann Lake is strategically located approximately 25 kilometres southwest of Cameco‘s McArthur River Mine and 15 kilometres northeast of Cameco‘s Millennium uranium deposit.

Summary: Something is really brewing!

Skyharbour Resources, with its world-class portfolio of high-grade uranium projects in the Athabasca Basin, is well positioned to benefit from a rising uranium price. The company is advancing its Moore Lake high-grade uranium project on the one hand, while more and more partner companies are funding the exploration and development of the other projects. In return Skyharbour receives cash payments and shares from the partners. Valor Resources, in particular, recently caused a sensation with a real bull‘s eye that yielded not only uranium but also rare earths. The company is led by a strong management and geological team who are major shareholders with extensive capital markets experience as well as concentrated experience in uranium exploration in the Athabasca Basin. Skyharbour‘s objective is to maximize shareholder value through new mineral discoveries, committed long-term partnerships and advancing exploration projects in geopolitically favourable jurisdictions. The Company has received a total of over CA$3 million in fresh funds through the exercise of warrants since June 2021.

Exclusive interview with Jordan Trimble, CEO of Skyharbour Resources

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

This year Skyharbour has raised over CA$ 6M to fund its 2022 exploration programs, completed over 7,000m of drilling in 19 holes at it’s flagship Moore Uranium Project and successfully signed two option agreements with Valor Resources and Basin Uranium Corp, providing them earn-in options to acquire up to 80% and 75% interests in the Hook Lake and Mann Lake Uranium Projects respectively.

Skyharbour’s other partner companies Azincourt Energy and industry leader Orano completed their respective earn-ins of a 70% interest in the East Preston Uranium Project and 51% of the Preston Uranium Project respectively. These partner companies were actively advancing these projects throughout the year.

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

The recent and pending drill results from the summer/fall 2021 drill program at the flagship Moore Uranium Project as well as a planned winter 2022 drill program at the project to commence in the new year. Skyharbour will continue testing targets identified by prior modelling down plunge of the Maverick East zone as well as drill testing other targets at the 4.7 km long Maverick Corridor and at regional targets on the property.

Skyharbour has positioned itself as an Athabasca Basin prospect generator having amassed over 250,000 hectares of uranium projects. The Company’s partner companies Orano, Azincourt, Valor and Basin Uranium have plans for future exploration and drill programs at the Preston, East Preston, Hook Lake and Mann Lake projects, respectively. The bulk of this exploration will be funded by the partner companies and will generate additional news flow for Skyharbour.

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

There are 444 operable nuclear reactors and 51 new reactors under construction globally with hundreds more planned in the pipeline. China and India continue to be at the forefront of demand growth and have the largest reactor pipelines making up a significant portion of the global growth. More recently, an important emerging market for nuclear and uranium demand in small modular reactors has gained notable positive press and momentum. As the global push for decreasing carbon emissions continues, nuclear energy will play a vital role in providing baseload, carbon emissions-free, low-cost electricity generation.

On the supply-side, mine closures and production curtailment continue to dominate headlines which was exacerbated by the pandemic clearly illustrating the risks to global primary mine supply. Major production cuts and depleting mine reserves appear to be working their way into the uranium market and driving prices higher. The two largest producers, Cameco and Kazatomprom, have announced large supply cuts over the last several years and have been actively buying uranium directly in the spot market to fulfill their contract deliveries as their production profiles have decreased. Furthermore, new financial entities like the Sprott Physical Uranium Trust have sequestered millions of pounds of supply recently, further tightening the market.

ISIN: CA8308166096
WKN: A2AJ7J
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Ausstehende Aktien: 129,9 Millionen
Optionen: 4,5 Mio.
Warrants: 28,4 Millionen
Vollständig verwässert: 162,8 Millionen

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Skyharbour Resources Ltd.

Uranium Energy
Smart acquisition creates a second hub-and-spoke operation

Amir Adnani, CEO

Uranium Energy Corp is a US-based production-ready uranium mining and exploration company with a US production profile of 6.5 million pounds of U_3O_8 per year. In South Texas, the Company's hub-and-spoke operations are anchored by the fully licensed Hobson processing plant, which is central to the fully licensed low-cost Palangana, Burke Hollow and Goliad ISR projects. In Wyoming, Uranium Energy controls the Reno Creek project, which is the largest licensed ISR uranium project in the U.S. prior to construction. The Company received an additional boost from its recent acquisition of Uranium One Americas, Inc, which provided not only additional resources, but also additional production capacity, enabling Uranium Energy to establish a hub-and-spoke operation in Wyoming as well.

In addition, the Company controls a pipeline of uranium projects in Arizona, New Mexico and Paraguay, a uranium/vanadium project in Colorado and one of the highest-grade and largest undeveloped ferrotitanium deposits in the world located in Paraguay. Just recently secured over 4.1 million pounds of U_3O_8 at low cost to meet future government-backed demand for U.S. uranium prior to actual production start-up.

Palangana Project

The Palangana In-situ Recovery (ISR) Project is fully licensed and commenced production in December 2010. Due to a weak uranium market, the project has reduced its production to a standby status until 2014. The Palangana Project has a Measured and Indicated (M&I) resource of 1.1 million pounds and an Inferred resource of 1.2 million pounds of U_3O_8. Internally, it is estimated that approximately US$1 to US$2 million is required to bring Palangana back on stream, which would take less than 6 months. Historically, the cash cost of production has been less than US$22 per pound of uranium.

Goliad project fully licensed

The Goliad ISR project is also fully licensed for production. Like Palangana, the Goliad project 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 U308 and 1.5 million pounds in the inferred category. The uranium mineralization, as currently defined by historical drilling, remains laterally open in all directions, providing excellent potential targets for further drilling and expansion of the resource.

Burke Hollow Project

UEC's largest ISR project in South Texas is known as Burke Hollow and covers approximately 20,000 acres. The project holds all four major licenses required for uranium mining. Burke Hollow has an inferred resource of 7.09 million pounds of U_3O_8 and is located approximately 50 miles from Hobson. A total of six independent uranium trends have been identified, with approximately half of the project area already explored. In 2019, Uranium Energy conducted a drilling campaign at Burke Hollow that included 57 delineation holes and the installation of 76 monitoring holes to advance the project further towards uranium recovery. Since January 2021, an additional 126 resource delineation holes and 43 additional monitoring holes have been drilled in the initial production area of the Burke Hollow project. Several intersections were encountered with grade thicknesses above the 0.3 cut-off, with the best intersections having grade thicknesses of up to 4.48.

Hobson processing plant

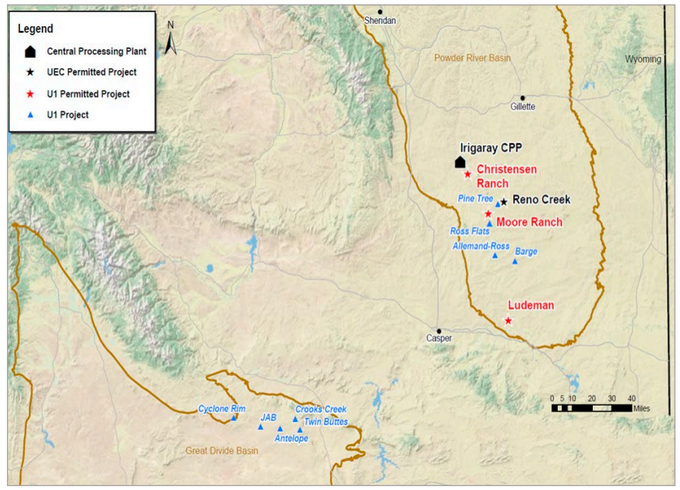
The Hobson production facility in South Texas is a fully licensed processing plant with a capacity of 2 million pounds of U_3O_8 per year. The facility has been fully renovated and is state of the art. UEC has filed an application to amend the license to increase the licensed capacity to 4 million pounds 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.

Reno Creek Project

In May 2017, Uranium Energy announced the acquisition of Reno Creek Holdings Inc. and 100% of its fully licensed Reno Creek ISR uranium project in Wyoming. The project is ready for construction of ISR wellfields and a central processing plant. The project is licensed to extract and process up to 2 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. In addition, Reno Creek has an additional 1.49 million pounds of U_3O_8 in the inferred category. A pre-feasibility study conducted in 2014 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.

Acquisition of Uranium One Americas, Inc. and creation of another hub-and-spoke operation

In early November 2021, Uranium Energy announced that it is acquiring Uranium One Americas, Inc. for a total purchase price of approximately US$130 million. This also creates a hub-and-spoke operation for Uranium Energy in Wyoming, made possible by the Irigaray facility included in the package. Irigaray is located approximately 45 miles from Reno Creek and has a licensed capacity of 2.5 million pounds of U_3O_8 per year. In addition, the Christensen Ranch ISR project, with four fully installed wells and six other approved or under development ISR satellite projects, can be tied-in 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.



Uranium Energy's newly acquired Wyoming plant and projects are ideally suited to combine with the Reno Creek project to form a new hub-and-spoke operation. (Source: Uranium Energy)

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 Titan 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 Titan 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. Work on the project included an extensive program of trenching and auger dril-

ling, development of a small test mine, construction of a pilot plant to evaluate the proposed ore processing flow sheet, laboratory scale smelting tests, production of approximately 110 tonnes of concentrate for extensive smelting tests, and related engineering, marketing, logistics and environmental work.

In September 2017, Uranium Energy was able to release its own resource estimate for Alto Paraná. The total inferred resource was estimated at 4.94 billion tonnes grading 7.41% titanium oxide („TiO2“) and 23.6% iron oxide („Fe2O3“) at a 6% TiO2 cut-off, making Alto Paranà one of the largest known and highest-grade ferrotitanium deposits in the world. In 2020, the Company announced the completion of a 49-hole drilling campaign at Alto Paraná, which is expected to result in a revised resource estimate and is the first phase of a preliminary economic assessment (PEA). Uranium Energy plans to monetize the project at some point in the future. With the titanium market expected to experience a supply shortfall in the near future, it is expected that large producers will be interested in the project.

Diabase Project

In February 2018, Uranium Energy acquired 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 kilometres 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 metres of diamond drilling, geophysical surveys and surface sampling data.

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 will have an average production of more than one million pounds per year, with a total production of 16 million pounds of uranium over a 14-year mine life and a direct operating cost of $30.68 per contained pound of U_3O_8.

The Slick Rock project in Colorado has 11.6 million pounds of U_3O_8 in the inferred category and 69.6 million pounds of vanadium.

Uranium Energy also has two prospective ISR uranium projects in Paraguay with geology very similar to South Texas. The Yuty project has resources of 8.9 million lbs. U_3O_8 M&I and 2.2 million lbs. U_3O_8 inferred. The Oviedo project has an exploration target of 23 to 56 million pounds of U_3O_8 under NI 43-101 criteria.

Purchase of physical uranium and interest in Uranium Royalty

In order to cover a possible demand gap until the restart of its own production, Uranium Energy has purchased a total of approximately 4.1 million pounds of U.S. uranium since March 2021 at a price of approximately US$32 per pound. This was financed up to a share price of US$3.30. In addition, Uranium Energy owns 15 million shares in Uranium Royalty, which were purchased at an average price of $1.09.

Summary: Several plants ready to start and enough uranium in stock

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_3O_8 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. Until the actual resumption of production, future demand can be met by the recently secured inventories.

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

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

Over the past year we have continued to work on implementing and expanding our previous strategies to position UEC as the largest and fastest growing uranium producer in the U.S. As of our very recent November 9th press release, this became more obvious to the world when we announced our acquisition of Uranium One Americas, Inc. (U1A), becoming the largest uranium mining company in the U.S. This is a highly accretive transaction for UEC and represents great value to our shareholders. The purchase price is equal to only 12% of our current enterprise value, yet the acquisition doubles the size of our production capacity in three key categories: total number of permitted U.S. ISR projects, resources, and processing infrastructure.

In the implementation of our strategy leading up to the acquisition, we established one of the leading balance sheets in the uranium sector with $235.4 million in cash, equity and physical inventory holdings as of October 26, 2021, to support our growth initiatives, including the U1A acquisition.

In March of this year, we instituted a U.S. warehoused physical uranium program that currently holds 4.1 million pounds at a volume weighted average price of $32 per pound with various delivery dates through December 2025. We launched the program to purchase drummed U_3O_8 at spot prices below many producers‘ full production costs. The strategy supports three objectives: 1) strengthens our balance sheet as uranium prices appreciate; 2) provides strategic inventory to support future marketing efforts with utilities that could complement production and accelerate cashflows; and 3) increases the availability of our Texas and Wyoming production capacity to pursue specific opportunities for uranium of U.S. origin, which may command premium pricing for the U.S. Government’s Uranium Reserve (UR) and U.S. utilities, depending on legislation under consideration. With a spot price of $47.25 per pound (UxC Oct. 26, 2021, ConverDyn price), UEC’s Physical Portfolio has increased in value by $62 million from its cost basis.

UEC installed an at-the-market (ATM) equity program, that improved our financial flexibility and also enabled us to acquire an additional 1,000,000 shares of Uranium Royalty Corp. (TSXV: URC, Nasdaq: UROY) at a price of C$4.10 per share. UEC now owns 15 million shares of URC at an average cost base of C$1.09 per share and a total market value of C$101.7 million at the October 26, 2021, close of $C6.78/share. This represents a $C85 million (~US$68.9M) increase in equity value to UEC’s balance sheet. In addition, the ATM also allowed us the flexibility to reduce our long-term debt from $18 million to $10 million under the Company’s current credit facility.

At our South Texas operations, we have completed 126 resource delineation holes and 43 additional monitor wells at Burke Hollow Project’s initial Production Area, the newest and largest in-situ recovery (ISR) wellfield being developed in the U.S. Drilling will continue with additional resource delineation test holes, followed by installation of approximately 43 additional exterior monitoring wells to complement the 76 monitor wells previously installed for Production Area 1. We are continuing to advance and expand Burke Hollow’s low-cost resources in anticipation of being a supplier for the U.S. strategic UR as well as the U.S. and global utility industry.

We also launched formal development of an Environmental, Social and Governance (“ESG”) program that incorporates the Company‘s robust safety, health, and environmental protection methodologies along existing sustainability practices while identifying new initiatives for enhancement.

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

For the overall nuclear fuel industry, the most important catalysts remain embedded in the global need for the safe, highly reliable, carbon free energy that nuclear power provides. Nuclear Energy is the safest form of energy on the planet, provides the lowest levelized cost of electricity of any other power source, has virtually no carbon emissions and is a vi-

tal component of a reliable carbon free energy mix. The COP 26 Climate Change Conference has potential to be a further catalyst as global leaders grapple with how to reduce carbon emissions. Environmentalist and politicians are becoming increasingly aware of the value Nuclear Energy holds and are realizing there is no way to obtain net zero and climate change goals without a robust nuclear energy program. All of this simply translates into increasing demand for uranium over at least the next 30 years.

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

From a uranium market perspective, we expect to see more utility demand emerge to replace legacy contracts that are expiring in their longer-term supply portfolios. In the U.S., the implementation of the UR is an important demand driver for freshly mined U.S. uranium, as is pending legislation that will reward U.S. utilities for acquiring domestic uranium. Other catalysts that have been more recent, include increasing purchases from a variety of financial companies and producers that are pulling excess uranium inventories off the market. This is resulting in an acceleration of global inventory contraction and secondary market sources that have depressed prices over the past decade. We see a substantial gap between production and utility requirements that will necessitate higher prices for new production. In 2021 this gap is about 63M lbs, and over the next 10 years this gap averages almost 50M lbs. a year. While secondary market sources, including inventory have been filling the gap, that supply is finite and not a sustainable source for long term supply needs. The World Nuclear Association recent 2021 Nuclear Fuel Report summed up the long-term market well: "regardless of the particular scenario (Reference, Upper or Lower) in the long term, the industry needs at least to double its development pipeline of new projects by 2040."

Uranium Energy Corp.

ISIN: US9168961038
WKN: A0JDRR
FRA: U6Z
NYSE: UEC

Shares outstanding: 258.9 million
Options: 9.3 million
Warrants/RSUs/PSUs: 7.1 million
Fully diluted: 275.5 million

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Uranium Royalty

First pure uranium royalty company with top investments

Scott Melbye, CEO

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, and physical uranium transactions. The Company's strategy is to acquire appropriate uranium interests counter-cyclically during bear markets and to receive ongoing payments and/or deliveries during bull markets. Uranium Royalty is thus the first company to apply its successful royalty and streaming business model exclusively to the uranium sector. Although the company has only been listed since late 2019, its portfolio already includes interests in 15 development, advanced, permitted and producing uranium projects in multiple jurisdictions. These are outlined in more detail below.

Athabasca Basin Royalties

Uranium Royalty holds 5 prospective royalties in the Athabasca Basin.

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%). Along with the Key Lake Mill, which is licensed to produce 25 million pounds per year, it is currently in maintenance and conservation 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 higher. 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.

It also secured an option 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 reaches 200 million pounds from the combined Dawn Lake and Waterbury/Cigar project royalty areas (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 Rio Tinto. It consists of the Russell Lake and Russell South projects and is located between 15 and 60 kilometres 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 is located over a highly prospective regional corridor similar to the Patterson Lake corridor that 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 in Diabase.

Uranium Royalty's royalty and streaming deals are primarily in North America (Source: Uranium Royalty Corp.)

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 Azarga Uranium. 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 50 million pounds of U_3O_8. Uranium Royalty's 4% Gross Revenue Royalty covers a portion of the Kendrick and Barber concessions. Production is currently suspended as the project is transitioning to a new mining method.

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 life-of-mine operating costs were estimated at US$30.68 per contained pound.

Slick Rock

Slick-Rock is located in Colorado and is being developed by Uranium 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 evaluation 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 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. The operator, Paladin Energy, is currently conducting an operational review to evaluate process optimization, cost reduction, production capacity and life-of-mine alternatives. Langer Heinrich hosts approximately 120 million pounds of U_3O_8 resources. Uranium Royalty will receive AU$0.12 as a production royalty for each kilogram of U_3O_8 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 world-class uranium district. The project hosts approximately 127 million pounds of U_3O_8 resources. Uranium Royalty holds a 2% gross revenue royalty in Michelin.

Participation in Yellow Cake plc and physical uranium purchases

In addition to the aforementioned interests in uranium projects, Uranium Royalty also owns 7.5 million shares in Yellow Cake plc. Yellow Cake has entered into a long-term supply agreement with Kazatomprom, the world's largest uranium producer. The supply agreement allows Yellow Cake to purchase up to US$1.07 billion worth of uranium from Kazatomprom over a 10-year period. Uranium Royalty has the option to purchase up to US$31.25 million worth of uranium from Yellow Cake between January 2019 and January 2028, of which it has already

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purchased 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 contracts for the delivery of more than 1.048 million pounds of physical uranium.

Summary: Perfectly positioned

Uranium Royalty is the first company ever to occupy a niche that is considered to be previously unoccupied and at the same time extremely lucrative in the future. While many royalty companies are already profiting from profitable mines in the precious metals sector, but also in the base metals sector, with Uranium Royalty there is now finally a company that has positioned itself early for the coming uranium boom and has secured several high-profile royalties. The company's second leg, physical uranium, will allow it to benefit immediately from rising uranium prices. A total CA$37 million financing completed in May 2021 is expected to be deployed shortly for further high-profile acquisitions and/or physical uranium purchases. Uranium Royalty was added to the prestigious Global X Uranium ETF in August 2021.

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

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

Despite societies broader challenges in dealing with the global pandemic, 2021 should be viewed as a year of strong performance and results for URC. In May, we successfully closed our acquisition of royalty interests in two of the world's largest and highest-grade mines, Cigar Lake and McArthur River in Saskatchewan, Canada. While these interests are on the French nuclear energy company, Orano's share of these world class assets, they were acquired from Albuquerque, New Mexico based, Reserve Oil and Minerals, a privately held company actively involved in the exploration and discovery of these deposits in the early 1980's. Cigar Lake has returned to operation following COVID related shutdowns and McArthur River, while voluntarily shut-in awaiting higher uranium prices, remains one of the world's most competitive mines on the cost curve.

Another major milestone was URC's listing on the Nasdaq exchange under the ticker symbol "UROY". Not only did this development increase our trading liquidity by 400% over our TSX-V volumes, but as the only pure uranium listed name on the Nasdaq, it has also raised awareness around our company in the world's largest, American equities market. In terms of share price performance year-to-date, Uranium Royalty has been the 3rd best performing global uranium equity with gains of +340% (as of November 3, 2021). URC's tradeable warrants, offered through the December 2019 IPO units have shown an even larger year-to-date gain of 1260%- the best performing uranium security in the world.

Additionally in 2021, URC significantly expanded its holdings of physical uranium inventory as a vehicle to provide shareholders direct exposure to a commodity coming off multi-year lows on strong fundamentals. URC's initial step was the exercise of purchase options under our strategic arrangement with Yellow Cake Plc and their long-term contract with Kazatomprom (world's largest uranium producer based in Kazakhstan). This, and subsequent spot market purchases have now resulted in UROY's uranium holdings exceeding 1 million pounds of U_3O_8 at an average cost of ~US$37 per pound U_3O_8.

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 World Nuclear Association forecasts this reactor growth to increase at a 2.5% to 3% annual rate over the coming decades even before we factor in the new emerging wave of small modular and advanced reactors that are being considered, and deployed, around the world. 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 will be the number one focus of URC in the coming year.

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

From the perspective of decades devoted in the uranium and nuclear energy industries, URC's management team is more bullish about the prospects for higher uranium prices than we have ever been. This optimism is based on the pure fundamentals underlying the uranium market. Demand for "green-energy" uranium has surpassed pre-Fukushima levels, and is growing, while global uranium production is lagging consumption by over 60 million pounds per year. This drawdown on secondary supplies and inventories was well underway until the recent financial, non-traditional, buying like that of the Sprott Physical Uranium Trust, Yellow Cake and others, have accelerated this rebalancing. The future for nuclear energy and uranium could not be brighter.

Uranium Royalty Corp.

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

Shares outstanding: 83.2 million
Warrants: 23.6 m
Options: 0.8 million
Fully diluted: 107.6 million

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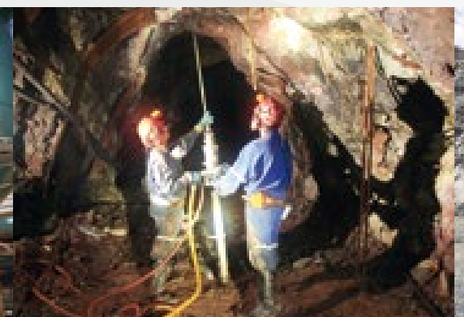

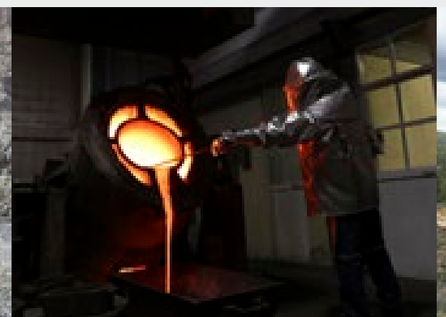


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