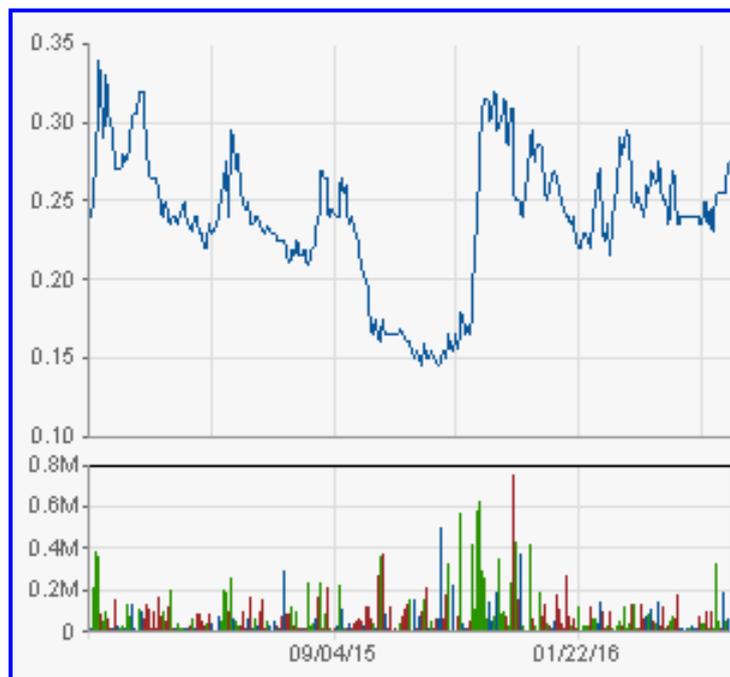


# Uraniumletter INTERNATIONAL

the international independent information and advice bulletin for uranium resource investments

INVESTMENT ALERT – April 22, 2016

www.laramide.com



## Laramide Resources Ltd. (Cdn\$ 0.34)

TSX and ASX : LAM  
OTCBB : LMRXF

H+L prices (12 months) : Cdn\$ 0.35 – 0.145

Issued shares : 84.7 million  
Fully diluted : 96.6 million

Market capitalization : Cdn\$ 25.4 million  
(US\$ 20.0 million)

**12-month price target: Cdn\$ 0.70**

## INVESTMENT ALERT

### Updated Preliminary Economic Assessment for **Westmoreland Uranium Project** demonstrates the Project to be one of the best in Australia with attractive economics

On April 21, 2016, **Laramide** announced the results from the Company's updated preliminary Economic Assessment ("PEA") for its **Westmoreland Uranium Project**, located in the North West Queensland Province, Australia. The independent study was completed by Lycopodium Minerals.

Key highlights of the PEA calculated at a life of mine price of US\$ 65/lb U<sub>3</sub>O<sub>8</sub> are:

- Initial capital expenditures ("CAPEX") of **US\$268M** plus US\$49M contingency are estimated to construct the mine and a 2M tonne per annum (tpa) mill with a nameplate capacity of **4Mlb U<sub>3</sub>O<sub>8</sub>** per annum.
- Total sustaining capital of **US\$58M** over the Life of Mine ("LOM").
- Cash operating cost to average **US\$21.00/lb U<sub>3</sub>O<sub>8</sub>** for the first five years of operation and **US\$ 23.20/lb U<sub>3</sub>O<sub>8</sub>** LOM over the Life of Mine.
- Net Present Value ("NPV") at a 10% discount rate of **US\$598M** pre-tax and **US\$400M** post tax.
- Internal Rate of Return ("IRR") of **45.4%** pre-tax and **35.8%** post tax with a capital payback estimated at 2.5 years post-tax.
- Low 2.3:1 strip ratio for the first 5 years of operation and 4:1 LOM. Simple, open cut mining operation.

The PEA has highlighted the low technical risk and robust nature of the Project and multiple opportunities to further improve the Westmoreland Project through its process optimization and additional resource drilling.

### ► Key production and Financial parameters

The PEA contemplates a conventional open pit mining operation with a processing facility operating over a 13- year life at a throughput of 5,500 tonnes per day. The planned processing route consists of milling followed by conventional agitated tank leach with sulphuric acid with Continuous Ion Exchange (“CIX”) employed for uranium recovery from the leach solution as represented in the simplified overall treatment flow sheet below:

<b>Key Production and Financial Parameters</b>		
Mine life	<b>13 years</b>	
Average annual throughput	2 million tonnes	
Processing methodology	Tank Leach – CIX	
Overall process recovery	95%	
Open pit strip ratio (LOM)	4.0:1	
<b>Average diluted feed grade</b>	<b>840 ppm U<sub>3</sub>O<sub>8</sub></b>	
<b>Average annual production</b>	<b>3.52 million lbs U<sub>3</sub>O<sub>8</sub></b>	
<b>Total uranium recovered (LOM)</b>	<b>45.8 million lbs U<sub>3</sub>O<sub>8</sub></b>	
<b>Financial Parameters</b>		
Uranium price	<b>US\$65 / lb U<sub>3</sub>O<sub>8</sub></b>	
USD:AUD exchange rate	<b>0.70</b>	
Average operating cost	<b>US\$23.30 / lb U<sub>3</sub>O<sub>8</sub></b>	
Initial CAPEX (including contingency)	<b>US\$316 million</b>	
Sustaining CAPEX (LOM)	<b>US\$58 million</b>	
Corporate tax rate	30%	
Royalties		
Qld State Government	5%	
IRC	1% (capped at \$10m indexed)	
Inflation	Not included	
	Pre-tax	Post-tax
<b>NPV (10% discount Rate)</b>	<b>US\$598 M</b>	<b>US\$400 M</b>
<b>IRR</b>	<b>45.4%</b>	<b>35.8%</b>
<b>Payback period</b>		<b>2.5 years</b>

### ► Mineral Resource estimate

The May 2009 Mineral Resource estimate for **Westmoreland** has been reviews to ensure compliance with JORC 2012 and is restated as the **2016 Mineral Resource estimate**.

The LOM production targets are based on approximately 70% Indicated resources and 30% Inferred resources. No reserves for Westmoreland project have been stated at the time.

<b>Indicated category</b> (cut-off 0.02%)			
Deposit	Tonnes (mln)	Grade % (U3O8)	Million pounds (U3O8)
Redtree (Garee)	12.86	0.09	25.5
Huarabagoo	1.46	0.08	2.7
Junnagunna	<u>4.36</u>	0.08	<u>7.8</u>
<b>Total</b>	<b>18.68</b>	<b>0.09</b>	<b>36.0</b>

<b>Inferred category</b> (cut-off 0.02%)			
Deposit	Tonnes (mln)	Grade % (U3O8)	Million pounds (U3O8)
Redtree (Garee)	4.47	0.07	6.5
Huarabagoo	2.40	0.11	5.8
Junnagunna	<u>2.15</u>	0.08	<u>3.6</u>
<b>Total</b>	<b>9.02</b>	<b>0.08</b>	<b>15.9</b>

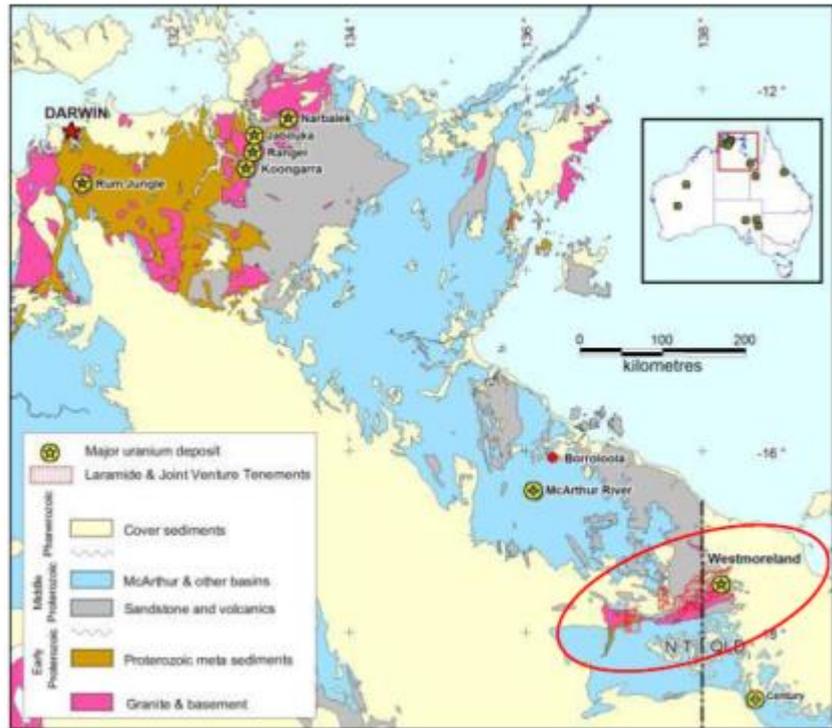
## Westmoreland: A Premier Asset in a Tier-1 Location

### Geological Setting

- Proterozoic uranium province covers Darwin to Mt Isa
- Sandstone hosted
- Resource along 7km strike length
- Mineralisation predominantly uraninite

### Location

- Westmoreland Project located 200km north of Century Zinc
- ✓ Grid Power
- ✓ Skilled workforce
- ✓ Nearby ports
- Strong local support for uranium development



## Investment recommendation:

Referring to my **Special Report** on the Company published earlier this week ([http://www.metalcommodities-ip.com/wp-content/uploads/2015/10/LARAMIDE\\_SPU\\_April2016Update.pdf](http://www.metalcommodities-ip.com/wp-content/uploads/2015/10/LARAMIDE_SPU_April2016Update.pdf)), I already concluded in my **Investment recommendation** that **Laramide** is one of my top uranium investment opportunities of choice and is included in my **2016 Shortlist of uranium investment recommendations**

I specifically referred to the Company's **definitive share purchase agreement** with **Uranium Resources ("URI")** pursuant to which **Laramide** acquired 100% of URI's advanced-stage portfolio of high-quality ISR projects located in the heart of the **Grant Mining District in New Mexico**, one of the most historically uranium-producing districts of the **United States**, for a consideration of US\$ 12.5 million.

Considering **Queensland State** failing to provide clarity on its uranium mining policy framework, having resulted in a significant negative impact on **Laramide's** market valuation, the publication of an updated PEA for the **Westmoreland Project** demonstrating the Project to be one of the best in **Australia** with attractive economics, comes as a surprise and may function as an eye opener to the Queensland State to stimulate its uranium mining like in **Western Australia, Northern Territory and South Australia**, all having created mining industries that offer a significant contribution to their economic wealth.

From this consideration, it is good to see that the attractive economics of the updated PEA resulted in the Company's share price to increase 26% from Cdn\$ 0.27 to Cdn\$ 0.34.

My 12-month price target remains Cdn\$ 0.70.

