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Uranium Market Outlook

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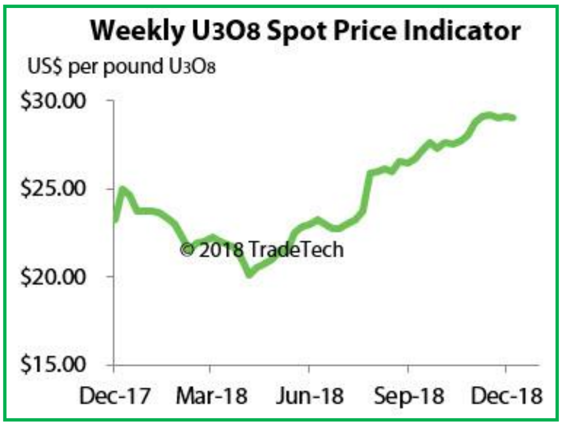

► Gap between spot and long-term U3O8 price almost closed at resistance level of $ 30/lb

► Open market under control of Kazakhstan

OVERVIEW of U3O8 PRICES

	Spot	Long-term		Spot	Long-term
► **2018**					
November 30	**29.10**	**31.25**	**Year-end 2016**	**20.25**	**30.00**
October 29	27.95	31.25	Year-end 2015	34.23	44.00
September 24	27.35	31.75	**May 31, 2015 (high)**	**39.50**	50.00
August 27	26.20	31.50	Year-end 2014	35.50	49.50
July 31	25.70	31.50	**May 14, 2014 (low)**	**28.25**	49.00
June 30	22.55	29.00	Year-end 2013	34.50	50.00
May 28	22.75	29.00	Year-end 2012	43.50	56.50
April 9	21.00	29.00	Year-end 2011	61.75	64.00
March 26	21.10	29.50			
February 26	21.25	30.00	Pre-Fukushima accident		
January 29	21.88	30.00	March 11, 2011	67.75	73.00
► **Year-end 2017**	**22.32**	**30.67**			
December 4 (high)	**26.50**	31.00			
September 27	20.25	31.50			
June 26	20.10	32.50			
May 29 (low)	**19.25**	32.50			
May 1	22.50	33.00			
► March 27	24.50	33.99			
February 28	22.25	32.50			
February 6 (high)	26.00	32.50			
► January 31	24.50	32.50			
Year-end 2016	20.25	30.00			
November 28	**18.00** *	33.00			
October 31	18.75	35.50			
September 26	23.75	38.00			
June 27	27.00	40.50			
March 28	29.15	43.50			

** 12- year low*   ***source: Cameco*** *calculations from the month-end prices published by* ***UxC*** *and* ***TradeTech***

After having said in my **Q3 2018** **Uranium Market Outlook** that despite the U3O8 spot price having recovered from a low of $ 18/lb on November 28, 2016 to $ 26/lb at the end of August 2018, optimism on structural continuation of the recovery should not be overstated, the effect of **Cameco**'s announcement on August 21, 2018 that it is seeking 500,000 pounds from uranium producers between the end of this year through March 21, 2019, has not succeeded to break the important resistance level of $ 30/lb to date.

This resistance level was addressed to by me since 2012 when there occurred a difference of more than $ 10/lb between the falling spot price and consolidation of the long-term price yet, which has blocked an earlier recovery of the spot price.

With the 500,000 pounds to be delivered by **Cameco** before March 21, 2019, the Company's total need to meet its contractual obligations is said to be 15 million pounds of uranium through the end of 2019.

Referring to my analysis of statistics on the top 10 countries of the world's uranium producers, as well as nuclear power reactors and uranium requirement, it is to be noticed that while the United States in 2017 had a deficit of 18,056 tonnes in supply, this deficit could be covered easily by Kazakhstan's supply of 23,391 tonnes. In addition, there is access to delivery from long-term agreements with other countries, of which Russia in particular.

This actually means that based on current global production and supply, almost all trading doesn't have to be generated by the open market, and as a result could halt a further recovery of the uranium spot price to required economically viable prices above $ 50/lb.

With existing long-term obligations to dry up in the next few years and to be replaced, it has to be noticed that utilities will be reluctant to offer a high premium for committed long-term deliveries of U3O8, like happened in the period up to year-end 2015, at which time the U3O8 price was $ 50/lb.

From this perspective, it is also to be considered that the need of uranium to feed the anticipated strong growth of new nuclear reactors in China, Russia and India, can be fully accommodated through secured bilateral agreements rather than through the non-transparent open market.

By **Kazakhstan** playing a dominant role producing 40% of total world uranium production, representing a surplus in supply of 24,575 tonnes and together with a **Canadian** surplus of 12,447 tonnes and **Australia** 6,315 tonnes in supply to provide global uranium demand, which now comes for account of the **United States**, showing a deficit of 24,575 tonnes.

Based on a new future energy strategy in the U.S., with the goal to be less dependent on foreign supply of uranium from percentage of around 7% only, this will result in decreasing imports and support higher local U.S. production.

Q4 2018 - Uranium Market Outlook

The full Uranium Market Outlook report - Q 4 2018 available by subscription only

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