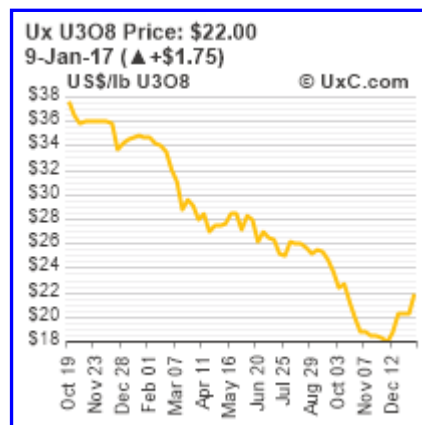


February 2017

Uranium Market Outlook



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► Booming uranium price meets my prospective market outlook for 2017

► Shortlist of 2017 investment recommendations shows amazing gain of 41% in January, following an unrivalled performance of 30.5% in 2016

The continuing recovery of the U3O8 spot price to a current level of \$ 26.00, after having touched a 12-year low of US\$ 18.00 by the end of November 2016, has set the uranium equity markets on fire. This is reflected by the market performance of my **2017 shortlist of investment recommendations** which showed an amazing gain of 41% in January, following an unrivalled performance of 30.5% in 2016 under challenging market conditions.

OVERVIEW OF U3O8 PRICES					
	Spot	Long-term		Spot	Long-term
2017					
February 6	26.00	32.50	Year-end 2016	20.25	30.00
January 31	24.50	32.50	Year-end 2015	34.25	44.00
January 9	22.00	30.00	May 31, 2015 (year high)	39.50	50.00
2016			Year-end 2014	35.50	49.00
December 26	20.25	30.00	May 14, 2014 (year low)	28.25	49.00
December 14	18.75	30.00	Year-end 2013	34.50	50.00
November 28	18.00 *	33.00	Year-end 2012	43.50	56.50
October 31	18.75	35.50	Year-end 2011	61.75	64.00
September 26	23.75	38.00			
August 29	25.25	38.00	Pre-Fukushima accident		
July 25	25.00	40.50	March 11, 2011	67.75	73.00
June 27	27.00	40.50			
June 20	26.15	41.00			
May 30	27.25	41.00			
April 25	27.50	43.50			
March 28	29.15	43.50			
February 29	33.50	44.00			
January 31	34.75	44.00			

* spot price 12-year low

The recovery of the U3O8 spot price by 14.4%, including the increase of \$ 1.50 in the first week of February, comes in particular for account of the new US administration committing itself to making America energy independent.

Rick Perry, former Governor of Texas, as US Secretary of Energy, in contrast to his belief when he ran for the US Presidency in 2012, has now said that climate changing is not only naturally incurring, but some of it also caused by manmade activity.

Consequently, with approximately 19% of US electricity provided by nuclear energy and 95% of its uranium needs and related uranium industry being imported, the new administrations' interests in developing clean pro-active measures will be focused on securing the im-

portant position of America's nuclear power industry.

In this respect, I refer to my January 2017 **Uranium Market Outlook** (http://www.metalcommodities-ip.com/wp-content/uploads/2015/10/URANIUM_MARKETOUTLOOK_Jan2017.pdf), in which I paid specific attention to this issue.

Now, one month later, I am not surprised that the shares of US uranium producers, including Peninsula Energy (+53%), Ur-Energy (+45%), Uranium Energy (+44%) and Energy Fuels (+40%) showed impressive gains in January.

Being a catalyst for the strong uranium market performance, **Kazatomprom**, Kazakhstan's national uranium company that produces 40% of the world's annual supply, announced a 10% reduction in uranium production. This action alone will reduce global output by approximately 4%. in addition to previous production cutbacks announced by Cameco and other uranium producers in 2016.

Referring to the uranium companies focused on **Canada's Athabasca Basin**, including Cameco, as the country's only producer, and Denison Mines, UEX, NexGen Energy and Fission Uranium as future producers, it is noteworthy that **NexGen Energy**, thanks to again of 51% in US\$ in January it reached a market valuation of more than US\$ 800 million.

Notwithstanding its unrivalled exploration successes in the last two years, I maintain my view however, that **NexGen** is overvalued, not only compared to **Fission Uranium**, which was the market's investment favourite in the foregoing two years, but also compared to the current still depressed market valuation of US uranium producers, which will directly benefit from improving market conditions.

Despite meeting its ambitious development targets, which were funded at a price of C\$ 1.50, **Fission Uranium's** share price, suffering from a significant dilution of issued shares, collapsed to a low of C\$ 0.53 in 2015. Although having recovered to a current level of C\$ 0.84, at a market valuation of just above US\$ 300 million, this equals a discount of more than 60% compared to NexGen's valuation. Consequently, I believe **Fission Uranium** is significantly undervalued.

Both companies have planned to make major steps in the development of their world-class Athabasca projects; **NexGen Energy** for its Rook I project and **Fission Uranium** for its PLS project. To the investment merits of these two projects I'll pay specific attention to in a separate update on the Athabasca Basin to be published next week.

In regards to my **2017 Shortlist of uranium investment recommendations**, not only traditional countries, including the US and Canada showed an impressive market performance in January, but also Australia, represented by its only listed producer **ERA** (68% owned by Rio Tinto), which showed a gain of 45%.

Laramide Resources focused on Australia and the US, benefitted from completing the acquisition of a substantial portfolio of ISR projects in New Mexico from Uranium Resources.

In addition, **Bannerman Resources** (+128% in US\$) and **Forsys Metals** (+71% in US\$), both companies focused on Namibia and **GoviEx** (+80%), focused on Niger, outperformed the market significantly.

Mega Uranium as a Special Situation benefitted from its equity positions in NexGen Energy (8.69%) and Toro Energy (28%), which is Australia's highest valued development company.

2017 SHORTLIST OF URANIUM INVESTMENT RECOMMENDATIONS as at 31 January 2017

Company	Focus	Trading symbol		Share price		Change in %		Market capitalization		Change in % 2017/2016
				31 Jan. 2017	Year-end 2016	local	US\$	31/1/2017	31/12/2016	
Producers (4)				C\$	C\$			US\$ mln.	US\$ mln.	
Cameco	Canada	ABX	TSX	16.570	14.040	18	17	4,984	4,112	21
				US\$	US\$					
Ur-Energy	United States	URG	NYSE	0.770	0.530	45	45	111	76	46
Peninsula Energy 1)	United States	PEN	NYSE	0.580	0.580 1)	0	0	115	115 1)	0
				A\$	A\$					
Paladin Energy	Namibia	PDN	ASX	0.130	0.090	44	43	169	111	52
Energy Resources of Australia	Australia	ERA	ASX	0.690	0.440	57	55	271	164	65
Advanced development companies (5)				C\$	C\$					
Denison Mines	Canada	DML	TSX	0.970	0.700	39	37	393	276 1)	42
UEX	Canada	UEX	TSX	0.320	0.245	31	30	72	54	33
				A\$	A\$					
Berkeley Energia	Spain	BKY	ASX	1.160	0.900	29	28	224	165	36
Vimy Resources	Australia	VMY	ASX	0.240	0.250	-4	-4	58	50	16
A-Cap Resources	Botswana	ACB	ASX	0.080	0.080	0	0	53	50	6
Exploration/development companies (10)				C\$	C\$					
Laramide Resources	Australia/US	LAM	TSX	0.520	0.290	79	77	44	20	120
GovEx	Niger	GXJ	CNSX	0.270	0.150	80	78	65	36	81
Forsys Metals	Namibia	FSY	TSX	0.190	0.110	73	71	21	12	75
CanAlaska Uranium	Canada	CVV	TSX.V	0.640	0.485	32	31	13	10	30
Purepoint Uranium	Canada	PTU	TSX.V	0.165	0.130	27	26	24	18	33
				A\$	A\$					
Boss Resources	Australia/US	BOE	ASX	0.070	0.060	17	16	53	39	36
Cauldron Energy	Australia/US	CXJ	ASX	0.080	0.050	60	58	20	12	66
Deep Yellow	Namibia	DYL	ASX	0.020	0.020	0	0	39	37	5
Bannerman Resources	Namibia	BMN	ASX	0.070	0.030	133	128	44	18	144
Others - special situations(2)				C\$	C\$					
Mega Uranium	Australia	MGA	TSX	0.260	0.140	86	83	56	29	93
Viginia Energy 1)	United States	VUI	TSX.V	0.215	0.215 1)	0	0	12	12 1)	0
1) to be included as at February 1, 2017										
Market performance 2017 (in US\$) as at 31/01/2017:				41.0%						
Market performance 2016 (in US\$):				30.5%						
Market capitalization increase 2017 (in US\$) as at 31/01/2017:				44.6%						
Market capitalization increase 2016 (in US\$):				101.3%						
		31/1/2017	31/12/2016							
U308 spot price		24.50	20.25							
U308 long-term price		32.50	30.00							