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Uranium Market Outlook

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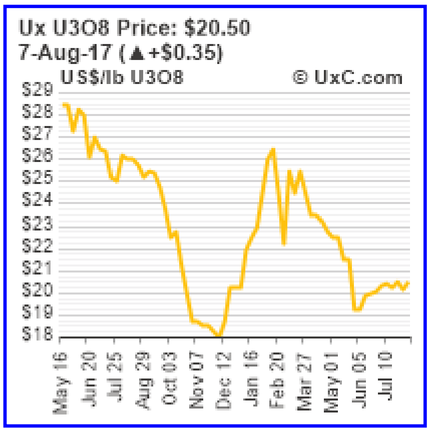

► Only NexGen and Fission of Athabasca Basin-focused exploration companies distinguish themselves positively since Fukushima disaster in March 2011

Since **Cameco**'s world-class uranium discovery of Cigar Lake in 1981, the discovery of **Fission Uranium**'s Triple R Deposit in 2012 and **NexGen Energy**'s Arrow Deposit in 2014 are new world-class deposits.

Despite continuing bad market conditions since the Fukushima disaster in March 2011, both deposits are being developed, successfully supported by significant outside capital injections.

OVERVIEW of U3O8 PRICES

	Spot	Long-term		Spot	Long-term
2017					
August 7	20.50	32.00	**Year-end 2016**	**20.25**	**30.00**
July 31	20.15	32.00	Year-end 2015	34.25	44.00
June 26	20.10	32.50	**May 31, 2015 (year high)**	**39.50**	50.00
May 29	19.25	32.50	Year-end 2014	35.50	49.00
May 1	22.50	33.00	**May 14, 2014 (year low)**	**28.25**	49.00
March 27	24.50	33.99	Year-end 2013	34.50	50.00
February 28	22.25	32.50	Year-end 2012	43.50	56.50
February 6 (high)	**26.00**	32.50	Year-end 2011	61.75	64.00
January 31	24.50	32.50			
January 9	22.00	30.00	Pre-Fukushima accident		
2016			March 11, 2011	67.75	73.00
December 26	20.25	30.00			
December 14	18.75	30.00			
November 28	**18.00** *	33.00			
October 31	18.75	35.50			
September 26	23.75	38.00			
August 29	25.25	38.00			
July 25	25.00	40.50			
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*

In this respect, it is striking to see that the pre-Fukushima generation of major uranium companies, including **Cameco**, the world's largest uranium producer, operating the McArthur River/Key Lake and Cigar Lake mines, as well as advanced development companies **Denison Mines** and **UEX**, were hardly successful on their road to production. This as a result of a wait-and-see strategy in regards to development of their flagship properties curtailed under depressed market conditions.

Cameco even suspended production on its Rabbit Lake mine and curtailed its US operations and in addition lost its major ownership in the Inka joint venture with Kazatomprom, Kazakhstan (from 60% to 40%).

Having spent C$ 85 million and C$ 97 million on exploration and development in 2011 and 2012, respectively, Cameco's expenditures will drop to a level below C$ 40 million this year.

Considering **Cameco**'s remaining confidence in a significant recovery of the U3O8 price, by following a wait-and-see strategy rather than to benefit from the current depressed price level, showing a fall of 70% since the Fukushima disaster more than 7 years ago, this not only means a lack of professional insight in the uranium market, but also in the merits the current market is offering at a current U3O8 price of around $ 20/lb.

NexGen Energy (TSX.V – NXE) owns a portfolio of prospective uranium exploration assets in the Athabasca Basin, Saskatchewan, Canada, including a 100%-owned Rook 1, location of the Arrow discovery in February 2014 and Bow discovery in March 2015 and the Harpoon discovery in August 2016.

On June 10, 2016, **NexGen** closed a private placement of US$ 60 million in aggregate amounts of unsecured debentures to CEF Holdings, owned 50% by CK Hutchison Holdings, the publicly listed flagship company of the CK Hutchinson Group of Hong Kong, with a combined market cap in excess of $ 100 billion, and 50% by CIBC., a leading Canada-based global financial institution. The debentures are convertible at the holder's option into common shares of the Company at a conversion price of UA$ 2.33 per share, representing a 30% premium to the 20-day VWAP prior to the announcement of the Offering.

On October 7, 2016, **NexGen** spun-off its early-stage mineral properties in the Athabasca Basin to new listed Iso Energy (TSX.V – ISO), in which it holds a 72% controlling interest.

On July 31, 2017, **NexGen** announced the completion of the maiden Preliminary Economic Assessment ("PEA") of the Arrow Deposit by Roscoe Postle. The PEA is based on the mineral resource estimate with an effective date of December 20, 2016 that comprises an Indicated Mineral resource of **179.5 million pounds of U3O8** contained in 1.18 million tonnes grading 6.87% U3O8, and an Inferred Mineral resource of 122.1 million pounds of U3O8 contained in 4.25 million tonnes grading 1.30% U3O8.

The highlights of the Arrow Deposit PEA are:

- **After-tax Net Present Value (NPV) C$ 3.49 billion (8% discount rate)**
- After-tax Internal Rate of Return (IRR) 56.7%
- After-tax cash payback 1.1 years
- Pre-production capital costs (CAPEX) C$ 1.19 billion
- **Average annual production 18.5 million pounds U3O8 (14.4 years of mine life)**
- Average unit operating costs (years 1-5) C$ 5.53/lb (US$ 4.42/lb U3O8)
- **Average unit operating costs (life of mine) C$ 8.37/lb U3O8 (US$ 6.70/lb U3O8)**
- **Uranium price assumption US$ 50/lb U3O8**
- Saskatchewan royalties (life of mine) C$ 2.98 billion
- Exchange rate C$ 1 = US$ 0.80

Summary breakdown of capital cost estimates are (C$ million):

(in C$ million)	**initial**	**sustaining**	**total**
Mine	324	205	529
Process plant, infrastructure, indiret costs	627	199	826
Decommissioning	-	64	64
Contingency	237	-	237
Total capital costs	**1,188**	**468**	**1,656**

Unit operating cost estimates are (C$/U3O8/lb):

(in C$ / U3O8/lb)	
Mining	3.61
Mining processing	3.03
General and administrative	1.73
Total operating costs	8.37

Fission Uranium's **(TSX – FCU)** primary asset is the Patterson Lake South ("PLS") Project, discovered in November 2012 and referred to as the Triple R Uranium Deposit. PLS is the second largest discovery in the Athabasca Basin, next to NexGen Energy's Arrow discovery in February 2014.
PLS comprises 15 contiguous claims totalling 31,029 kilometres and is located in the southwest margin of the Athabasca Basin.

On September 15, 2015, **Fission** filed its NI 43-101 Technical Report on the Preliminary Economic Assessment of the Patterson Lake Property. The PEA was conducted for the Triple R Deposit by geological and engineering consulting group RPA of Toronto. The Study presents figures outlining the potential economics of taking the Triple R Deposit into production.

The highlights of the Triple R Deposit are:

- **Mine life of 14 years producing an estimated 100.8 million pounds of U3O8; an average of 13 million pounds U3O8 per** year for 6 years, at a metallurgical recovery of 95% with 7.5 million pounds of U3O8 recovered in the first 6 years of production;
- **Gross revenue of C$ 7.7 billion, less Saskatchewan gross revenue royalties of C$ 556 million**
- **Net revenue of C$ 7.12 billion**
- **After-tax Net Present Value ("NPV") C$ 1.01 billion (10% discount rate)**
- After-tax net cash flow over the proposed mine life of C$ 2.53 billion
- After-tax internal rate of return ("IRR") 34.2%
- After-tax estimated at 1.7 years
- Estimated initial capital costs of C$ 1.1 billion; and
- Average operating costs ("OPEX") of US$ 14.20/lb over the life of the mine

(**Uranium price assumption** US$ 65/lb U3O8 and an exchange rate of US$ 0.85: C$ 0.85).

The PEA Study considers the PLS Prospect as a stand-alone mine and mill operation, which includes development and extraction of the ROOE and R780E zones (Triple R Deposit). Due to the early stage of drill definition, the PEA does not include the recently discovered R600W zone.

On August 14, 2017, **Fission** announced the completion of the summer 2017 portion of the Pre-Feasibility Study ("PFS") drilling, including 3 large diameter holes for metallurgical sample collection and 3 geotechnical core holes, to generate rock quality date including strength testing, related to the proposed open-pit and underground mining areas of the Triple R Deposit.
Of particular note is hole PLS17-NET-c (line 660E), which intersected 153.5 metres total composite mineralization, including 61.09 total composite >10,000 cps.

The summer 2017 geotechnical rock drilling program, under the direction and supervision of BGC Engineering, targeted the onshore portion of the open-pit and underground mine. The program is designed to provide sufficient information for PFS level design recommendations for open-pit and underground excavations proposed in the PEA Study for the west end of the R780E and ROOE zones.

PLS mineralized trend within the Patterson Lake Conductive Corridor has been traced by core drilling approximately 3.18 km of east-west strike length in 5 separate mineralization zones. From west to east, these zones are: ROOE, R780E and R1620E.
Thus far, only the ROOE and R780E have been included in the Triple R Deposit resource estimate, while the other 3 zones fall outside of the current estimate window.

The Triple R Deposit consists of the ROOE zone on the western side and the much larger R780E zone further on strike to the east. Within the deposit, the ROOE and R780E zones have an overall combined strike length validated by a resource estimate of approximately 1.05 km with the ROOE measuring approximately 105 m in strike length and the R780E measuring approximately 945 m in strike length.

Overview of uranium companies focused on the Athabasca Basin, Saskatchewan

15 August 2017	***Trade symbol***		***Share price Current 2017***	***Share price Year-end 2016***	***Change in %***	***12 months H***	***12 months L***	***Shares total million***	***Market cap. million***
Producers (2)	Euronext Paris		***Euro***	***Euro***		***Euro***	***Euro***		***Euro***
AREVA 1)	FR0011027143		4.500	4.300	5	6.990	3.910	383.2	431
			C$	***C$***		***C$***	***C$***		***C$***
Cameco	TSX	CCO	12.250	14.040	-13	17.650	9.880	395.8	4,849
Exploration / Development (22)			***C$***	***C$***		***C$***	***C$***		***C$***
NexGen Energy	TSX	NXE	2.700	2.330	16	4.450	1.420	338.3	913.4
Fission Uranium 2)	TSX	FCU	0.650	0.640	2	0.920	0.490	484.6	315.0
Denison Mines 3)	TSX	DML	0.560	0.700	-20	1.100	0.490	559.1	313.1
UEX	TSX	UEX	0.195	0.245	-20	0.425	0.150	319.2	62.2
Skyharbour Resources 4)	TSX.V	SYH	0.430	0.330	30	0.700	0.240	53.7	23.1
IsoEnergy 5)	TSX.V	ISO	0.700	0.900	-22	1.700	0.630	23.0	16.1
Fission 3.0	TSX.V	FUU	0.070	0.065	8	0.125	0.050	219.9	15.4
Purepoint Uranium Group	TSX.V	PTU	0.070	0.130	-46	0.185	0.060	189.2	13.2
CanAlaska Uranium	TSX.V	CVV	0.375	0.485	-23	1.540	0.325	27.3	10.2
ALX Uranium 6)	TSX.V	AL	0.085	0.080	6	0.155	0.060	75.9	6.5
Forum Uranium	TSX.V	FDC	0.055	0.100	-45	0.170	0.050	75.3	4.1
Rojo Resources 7)	TSX.V	RJ	0.450	0.350	29	0.650	0.300	4.9	2.2
Uravan Minerals	TSX.V	UVN	0.050	0.085	-41	0.410	0.050	42.3	2.1
Roughrider Exploration	TSX.V	REL	0.055	0.060	-8	0.115	0.050	36.6	2.0
Azincourt Uranium	TSX.V	AAZ	0.055	0.060	-8	0.280	0.040	32.6	1.8
Northern Uranium	TSX.V	UNO	0.010	0.015	-33	0.030	0.005	162.4	1.6
Makena Resources 8)	TSX.V	MKNA	0.120	0.300	-60	0.205	0.105	7.2	0.9
Declan Resources	CNSX	LAN	0.130	0.150	-13	0.300	0.060	5.9	0.8
Atom Energy	TSX.V	AGY.H	0.090	0.280	-68	0.650	0.080	2.2	0.2

1) fully integrated uranium company (share of Areva Resources estimated at 25% equal to € 409 million or US$ 445 million

2) acquired Alpha Minerals' 50% interest in PLS joint venture for a total 100% holding; completed in December 2013; acquired 12% interest in Fission 3.0

3) sold all U.S. uranium mining assets to Energy Fuels; announced combination with Fission Uranium on July 5, 2015; terminated on October 13, 2015; announced to sell African assets in Zambia, Mali and Namibia to GoviEx, originally focused on Niger for consideration of 25% of GoviEx' shares; transaction completed on June 13, 2016

4) 50% partner in Western Athabasca Syndicate; 1 for 4 share consolidation as at July 20, 2016

5) listed as at October 19, 2016; 75.6 % owned by NexGen Energy from spin-off

6) formerly Lakeland Resources

7) formerly Lucky Strike Resources; stock split 1 for 8

8) share consolidation 1 for 20 effected March 27, 2017; symbol change to MKNA

More than 6 years after the Fukushima accident, it is striking to see that of the 19 exploration/development companies included in the overview, which represent a total market valuation of C$ 1,698 million as at August 15, 2017, the only 4 advanced exploration companies at a combined, market valuation of C$ 1,603.7 million, which represents 94.4% of the total market valuation.
The remaining 15 exploration companies exploration companies with a combined market valuation of C$ 94.8 million represent a share of 5.6% only.

Determined by ongoing access to funding, these small capitalised exploration companies are highly speculative from an investment consideration.

While based on their high market valuations only NexGen Energy, Fission Uranium, Denison Mines, and to a lesser extent, UEX have a quality investment rating, the exploration successes, in my view, have accounted for an excessive market valuation of C$ 900 million plus for NexGen.
As a result, not only the market risks of a correction, but also in a remaining scenario of good news, the investment leverage potential of NexGen looks very limited in comparison to Fission Uranium, Denison Mines and in particular UEX.

► Trump administration pursues a vision of US energy dominance

A forecast by PIRA Energy suggest that the US will quadruple its crude oil exports to volumes greater than those of most OPEC members, as Texas producers seek customers for seemingly unstoppable supplies.

By 2020, exports of US crude oil would reach 2.25 million barrels a day, according to PIRA Energy. By comparison, in 2010 Kuwait exported 2.1 million b/d, Nigeria 1.7 million b/d and the US 520,000 b/d.

The forecast suggests that the OPEC cartel faces a draw-out struggle as it tries to raise crude prices by curtailing output in the face of a prolific US share industry, which has roared back to life in 2017 as oil prices have recovered from a low of $ 27 a barrel on January 21, 2016 to nearly $ 50 a barrel.

US Crude production is likely to hit 9.3 million b/d this year, up from 8.9 million b/d in 2016 and is expected to rise to 9.9 million b/d in 2018, according to an estimate of the US Energy Administration on 11 July 2017.
With the US to become one of the top 10 exporters in the world, OPEC is losing control over production in an effort to keep prices up.

The US prohibited its exports of crude oil until late 2015, when Barack Obama signed legislation overturning the 40-year ban. Since then, American barrels have flowed to markets such as Europe and China and the Trump administration has embraced the trend as it pursues a vision of “energy dominance”.

► Brent crude oil price back to $ 50 a barrel

The Brent crude oil price rose briefly above $ 50 a barrel for the first time in six weeks on 20 July, boosted by a report that showed further reduction of US oil stocks. The oil market fears that a break above $ 50 will feed concerns that rising output will offset supply curbs put in place by OPEC and other big producers.

The Energy Information Administration reported on 17 July that total US commercial crude oil and fuel stock had declined from 10 million barrels the week before to 1.32 million barrels and were almost 30 million barrels below last week’s level.

In an effort to reduce a global supply, Saudi Arabia, OPEC’s largest exporter and de facto leader, has been sending less crude oil to the US, one of the few markets where timely government data on stocks are available.

However, with its production rising sharply as the share industry has roared back to life, the US has become self-supporting in its oil needs. The country’s output is expected to average 9.3 million barrels a day this year, up 500,000 b/d from 2016 according to the EIA.

This will have an impact on the supply deal with Saudi Arabia, which was extended in May for nine months and has led to efforts, in alliance with Russia, to remove 1.8 million b/d from the market in an attempt to draw down bloated inventories.