

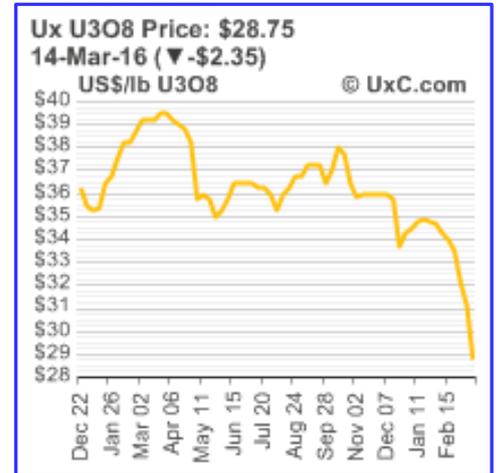
March 2016

Uranium Market Outlook



Marino G. Pieterse, publisher and editor

► Unexpected weakened U3O8 spot price jeopardizes economic viability of producing and advanced-stage development projects



With the uranium sentiment having improved from a low of the U3O8 spot price of \$ 28.25 on May 14, 2014, thanks to the total of existing uranium production, as well as planned production insufficient to meet uranium demand, the recent weakening of the U3O8 spot price to a price of \$ 28.75 on March 16, 2016, after having consolidated around a level of \$ 36 in the period of June – November 2015, came as a negative surprise.

From my consideration this can only be connecting onto an acceleration of the fall of oil and gas prices, which has made the use of nuclear energy less competitive for electricity generation, which in particular applies to the use of liquid natural gas.

This will not be at the expense of the increase in the nuclear energy share of electricity generating from emerging countries led by China, India and Russia, however, which currently have a very low share of electricity generating from nuclear energy that will increase significantly in concert with a strong growth of the share of renewable wind and solar energy sources.

A direct impact on the worsened uranium sentiment is that exactly 5 years after the Fukushima accident, due to extreme tightening of safety and environmental regulations, the planned restart of approximately 20 reactor plants in Japan takes longer than expected. A recent court decision against the operation of units 3 and 4 of the Fukushima nuclear plant in Japan's Fukui prefecture also has contributed to the negative impact on the worsened investment sentiment.

At the time of writing this Market Outlook, the good news is that the European Commission is planning to call on European utility companies to make major investments in nuclear energy on which it is set to release a report on the state of the nuclear industry in the European Union in the coming weeks,

The Commission estimates that to secure energy supply across the 28-nation block, investments of between € 450 billion and € 500 billion are needed in nuclear energy by 2050.

In this respect, it has to be observed that against the use of nuclear energy in emerging countries growing significantly, the share in Europe will decline, as a result of Germany having phased-out nuclear energy with a total of 17 reactors to be shut down by 2025, and France to decrease its current share of approximately 77% (58 reactors operable) to 40-50% by 2025.

Of other major countries, only the United Kingdom with the Hinkley Point project under construction and another 3 reactors planned, recognizing its economic importance, is committed to nuclear energy.

There are no reactors in other EU countries under construction; 15 reactors are planned, of which 6 in Poland, 2 in the Czech Republic, Romania and Hungary and one each in Finland, Lithuania and Bulgaria.

OVERVIEW OF U3O8 PRICES					
	Spot	Long-term		Spot	Long-term
2016					
March 15	28.75	44.00	Year-end 2015	34.25	44.00
February 29	33.50	44.00	Year-end 2014	35.50	49.00
January 31	34.75	44.00	May 14, 2014 (low)	28.25	49.00
2015			Year-end 2013	34.50	50.00
December 31	34.25	44.00	Year-end 2012	43.50	56.50
November 30	36.00	44.00	Year-end 2011	61.75	64.00
October 26	36.50	44.00			
September 28	36.50	45.00	Pre-Fukushima accident		
August 31	36.00	45.00	March 11, 2011	67.75	73.00
July 31	36.50	45.00			
June 30	36.50	45.00			
May 29	35.00	49.00			
April 30	38.25	49.00			
March 31	39.50	50.00			
February 28	38.75	49.00			
January 30	36.75	49.00			

No material impact from Fukushima disaster in March 2011 on future nuclear power demand							
Country	Nuclear generating 2014 (billion kWh)	in % total consumption	Operable reactors	Under construction	Planned	Proposed	Uranium required 2015 (in tonnes U)
January 1, 2016							
China	123.8	2.4	30	24	40	136	8.161
India	33.2	3.5	21	6	24	35	1.579
Russia	169.1	18.6	35	8	25	23	4.206
USA	798.6	19.5	99	5	5	17	18.692
European Union	807.4	NA	125	2	9	11	19.223
<i>of which 71% applies to:</i>							
<i>France</i>	<i>418.0</i>	<i>76.9</i>	<i>58</i>	<i>1</i>	<i>-</i>	<i>1</i>	<i>9.230</i>
<i>UK</i>	<i>57.9</i>	<i>17.2</i>	<i>15</i>	<i>-</i>	<i>4</i>	<i>9</i>	<i>1.738</i>
<i>Germany</i>	<i>91.8</i>	<i>15.8</i>	<i>8</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1.889</i>
Subtotal	1.932.1		310	45	103	222	51.861
World total	2.411.0	11.5e	439	66	158	330	66.883
Top-5 in % world total :	80		70	68	68	67	78
<i>source: WNA</i>							



British Petroleum expects nuclear power to grow by 50% in the period between 2014 and 2035

In the 2016 edition of its Energy Outlook **BP** expects global energy demand to grow by 34% between 2014 and 2035, with nuclear power's share of primary energy to grow 50% in total over the same period. Coal's share of global primary energy production is expected to drop from 30% in 2014 to 25% in 2035, its lowest share since the industrial revolution, according to BP.

In the base case of the Energy Outlook **BP** says world energy consumption will grow by 34% between 2014 and 2035, from 12,928 million tonnes oil equivalent (toe) to 17,307 million toe. Some 95% of this growth will come from non-OECD countries.

Fossil fuels will remain the dominant factor of energy providing some 60% of the additional energy and accounting for 80% of total energy supplies in 2035, the study says. They accounted for 86% of energy supply in 2014.

By 2035, non-fossil fuels will make up 21% of global primary energy compared with the current 14%. Mining non-fossil fuels, renewables (including bio fuels) are forecast to grow 6.6% per year, taking their share of primary energy from around 3% today to 9% by 2025.

More than half of the growth in global energy consumption is used for power generation “as the long-run trend towards global electrification continues”. The share of energy used for power generation is expected to increase from 42% today to 45% by 2035, BP said.

In the same period, the share of coal in power generation drops from 43% in 2014 to around one-third in 2035.

The **global use of nuclear energy** is forecast to grow by 1.9% per year from 574.0 million tonne in 2014 to 859.2 million toe in 2035, which is an overall increase of 50%.

Nuclear output in the European Union and North America is expected to decline 29% and 13%, respectively, as ageing reactors are gradually retired and “the economic and political challenges of nuclear energy stunt new investments”. However, output in China is forecast to increase 11.2% annually.

BP says Japan's nuclear output will reach 60% of its 2010 level by 2020 as reactors restart over the next 5 years.

The rate of growth of carbon emissions between 2014 and 2035 is expected to more than half relative to the past 20 years, reflecting gains in energy efficiency and the changing fuel mix. BP CEO Bob Dudley said “Despite this, carbon emissions are likely to continue to increase, indicating the need for further policy action”.



US uranium production at lowest level since 2015

US uranium production in the fourth quarter of 2015 was at its lowest level since 2002 and total 2015 production was the lowest since 2005, according to figures released by the US Energy Information Administration (EIS).

Production of uranium concentrate in the fourth quarter of the year, at 585.04 pounds U3O8 (25 tU), was down 24% from the third quarter and down 46% from the fourth quarter of 2014.

The EA says that the 49% fall in production from the first quarter of 2015 – when over 1.15 million pounds U3O8 (442 tU) were produced, to the fourth quarter “may be attributed to the low market price of uranium”.

All of the fourth quarter's production came from four in-situ leach operations: Crow Butte (Cameco) in Nebraska, and Lost Creek (Ur-Energy), Nichols Ranch (Energy Fuels) and South Ranch-Highland (Cameco), all located in Wyoming.

This was three fewer facilities than had produced uranium in the third quarter: **Energy Fuel's** White Mesa conventional uranium mill in Utah, **Uranium Energy's** Hobson and La Palangana joint project in Texas, and **Uranium One's (ARMZ)** Willow Creek project in Wyoming did not produce in the fourth quarter of the year.

Strata Energy's processing plant in Wyoming under construction since 2014, became operational but did not produce during the fourth quarter.

The EIA's figure for total 2015 production of 3,303,977 pounds U3O8 (1,271 tU) is 32% lower than 2014's production of 4,891,332 million pounds U3O8 (1,881 tU) and the lowest US annual production since 2005.

According to the EIA, 2015's production represents 7% of the anticipated uranium market requirements of the USA's nuclear power reactors for the year.

Overview of listed US uranium producers and special situations						
	Trade symbol		Share price		Change	Market
			March 21	year-end	in %	valuation
			2016	2015		US\$
Producers:						
Peninsula Energy	PEN	ASX	0.94	1.10	-15	125.9
Energy Fuels	UUUU	NYSE MKT	2.37	2.95	-20	111.2
Uranium Energy	UEC	AMEX	0.81	1.06	-24	93.8
Ur-Energy	URG	NYSE MKT	0.54	1.06	-49	77.8
Special situations:						
Laramide Resources	LAM	TSX	0.25	0.29	-14	17.6
Uranium Resources	URRE	NASDAQ	3.01	6.24	-52	15.5



Peninsula Energy (PEN – ASX)

Following completion of the pre-operational inspection and formal approval of the United States Nuclear Regulatory Commission (NRC), received on November 30, 2015, and the Wyoming Department of Environmental Quality (WDEQ), received on December 2, 2015, **Peninsula Energy's** wholly-owned subsidiary Strata Energy began in-situ uranium recovery operations from the Ross Permit Area at the **Lance Projects** in Wyoming, USA during the Q4, 2015..

Since the initial inspection of O2 and CO2 at the first header house until on December 2, 2015, production well flow-rates are exceeding expectations and confirming permeability of the ore body. The second header house came on line on January 26, 2016.

Stage One full production will see up to seven header houses in operation.

Construction of the Central Processing Plant ("CPP"), including connection to the first header house in Mine Unit 1 for the first well field and the installation of final pipework and control system within the CPP were completed, tested and commissioned during Q4, 2015, prior to the NRC pre-operational inspection.

On February 6, 2016, the NRC notified Strata Energy that it has accepted Strata's application to amend Source Materials Licence to include the Kendrick Expansion Area at the Lance Projects. Kendrick is adjacent to the Ross Permit Area and under the current life of mine plant is scheduled to come online during 2019 to supply uranium to the central processing plant.

On January 4, 2016, **Peninsula** completed its first U3O8 sale under Strata's 2011 sale and purchase agreement with a United States utility. Proceeds from the first sale are expected in early February 2016.

The Company currently has significant long-term uranium concentrate sale and purchase agreements in place for a major position of production over the first 5 years of operation. These committed sales contracts substantially increase revenue certainty while allowing a significant amount of planned production to be free for future contracting in what is expected to be in an environment of increasing prices.

On March 12, 2016, **Peninsula** announced that it had added its fifth long-term uranium concentrate and sale and purchase contracts to its supply agreement for delivery of 4.0 million pounds of U3O8 over a 10-year period commencing at the end of 2020.

This agreement also contemplates increasing the quantity to 50% of annual production from 2026 onwards. Terms relating to the increased quantities are to be negotiated in 2022 when prevailing market conditions are forecast to be more favourable for producers.

Peninsula has 7.9 million pounds of U3O8 under contract for delivery to major utilities located in the United States and Europe. Projected revenue under these long-term contracts now exceeds US\$ 440 million.

These contracts provide a substantial earnings stream, to the Company whilst allowing it to retain significant quantities of planned U3O8 production for future contracting during periods of anticipated improvement in uranium prices.

The weighted average delivery price for the future contracts over the next 10 years is US\$ 56/lb U3O8. This compares well to the US\$ 45/lb weighted average delivery price achieved over the past decade by the four largest publicly traded uranium mining companies.

During the period 2016-2020 approximately 75% of stage 1 production is committed to long-term contracts and under the existing sale agreements 54% of annual stage 2 production is committed during the next 10 years. This supports the expanding at the Lance Projects, yet still leaved sufficient planned production available for additional contracts to be entered into when pricing is predicted to be stronger.

► **Non-dilutive capital expenditure funding**

In addition to conventional debt and equity funding **Peninsula** is investigating income streaming as a means to finance the Company's future expansion plans.

Income streaming is a non-dilutive mechanism that sees a proportion of future sales exchanged for a finite time period being exchanged for a one-off upfront cash payment that is to be used for additional capital expenditure.

Typically this would involve less than 5% of the produced material over the specific time period and would be structured to afford a commercial return to the provider but also to minimize the cash flow impact on the Company.

During Q4, 2015, **Peninsula** entered into an agreement with Investec Bank for a US\$ 15 million inventory finance facility.

During Q4, 2015 Peninsula received notification from the NYSE MKT that it meets the listing eligibility criteria and can proceed to the final stage of filing the listing application form to list on the NYSE MKT. The listing application was preceded by a consolidation of the Company's shares on a 1 for 40 bases, which was completed on October 1, 2015.

In **South Africa**, **Peninsula** has a 74% interest in a total of 40 prospecting rights covering 7,774 km² of the main uranium-molybdenum bearing sandstone channels in the Karoo Basin in South Africa The residual 26% interest remains with BEE partners as required by South African law.



In 2015, **Energy Fuels (EFR – TSX)** produced 468,000 pounds of U3O8 compared with 942,632 pounds in 2014. 1,025,000 pounds of sales were pursuant to long-term contracts at an average price of \$ 57.39 per pound and 50,000 pounds of sales were from a spot sale price of \$ 37.35 per pound.

Total revenues amounted to \$ 61.36 million, representing an increase of 33% over 2014. Gross profit of \$ 23.73 million from recovery operations represented an increase of 45% over 2014 results.

A net loss of \$ 82.22 million was primarily the result of a recognised \$ 58.72 million impairment of goodwill property. Plant and equipment and one-time costs of \$ 6.89 million associated with the **Energy Fuels'** acquisition of Uranerz.

Cash and cash equivalents as per December 31, 2015 are \$ 13.8 million. Inventories represented a value of \$ 30.7 million. Mineral properties are valued at \$ 91.0 million and plant and equipment are valued at \$ 29.1 million. Total liabilities are \$ 52.8 million of which \$ 14.1 million applies to current liabilities. Total shareholder's value amounts to \$ 135.1 million as at December 31, 2015.

The Company resumed shaft sinking operations on its **Canyon Project** in September 2015. The shaft, which is expected to be constructed to a total depth of 1,470 feet, is at a depth of approximately 640 feet as of March 7, 2016. Underground drilling to further evaluate the Canyon Deposit is expected to occur in mid-2016, as the Company reaches the mineralised zones.

Energy Fuels completed construction and licencing of the elution circuit at the **Nichols Ranch Project** in February 2016. The Company has 100% self-contained ISR processing capabilities, which it expected to significantly lower its future costs of production on per pound basis by avoiding third-party toll processing fees.

On March 7, 2016, **Energy Fuels** announced that it has entered into a Definitive Agreement to acquire Mesteña Uranium, a closely-held uranium supplier that operates the Alta Mesa ISR Project in south Texas. Under the terms of the agreement the Company will issue approximately 4.55 million of its common shares at a current share price of Cdn\$ 3.10 (US\$ 2.38) to the current owners of Mesteña. The closing of the transaction is expected to occur on or around May 4, 2016.

On March 4, 2016, **Energy Fuels** announced that it had entered into a non-binding Letter of Intent with Sumitomo Corporation to acquire its 40% interest in the **Roca Honda Project** for \$ 1 million in cash; a number of common shares of the Company equal to \$ 1.5 million; and once commercial mineral extraction is first commenced at the Roca Honda Project, an additional \$ 4.5 million of cash payable at that time. Closing of the transaction is expected to occur in April 2016.

Upon completion of the transaction **Energy Fuels** will own 100% of the Roca Honda Project, which is one of the largest and highest-grade uranium projects in the US and in an advanced-stage of permitting. Once constructed, the Project is expected to produce an average of 27 million pounds of uranium over a 9-year mine life, all of which can be processed at the Company's 100%-owned White Mesa Mill. Furthermore, the acquisition will significantly increase **Energy Fuel's** Measured, Indicated and Inferred Mineral Resource totals.

On March 14, 2016, **Energy Fuels** closed an equity financing under which it raised net proceeds of \$ 10.88 million through the issuance of approximately 5.03 million units at a price of US\$ 2.40 per unit.

2016 Outlook

In 2016, **Energy Fuels** forecasts sales under its long-term contracts to total approximately 550,000 pounds of U3O8. The prices under the existing long-term contracts are either fixed or at floors and are expected to be higher in 2016 than in 2015.

For 2017, the Company expects to have existing inventory or expected production to meet all of its commitments to sell 620,000 pounds of U3O8 under its long-term contracts at average sale prices higher than 2015 levels.



Uranium Energy (UEC – TSX) is developing a regional hub-and-spoke production strategy in the 270 mile long south Texas Uranium Belt with the fully operational 100%-owned Hobson ISR Processing Plant, which has a physical capacity to process uranium-loaded resins up to a total of 2 million pounds of U3O8 annually and is licenced to process up to 1 million pounds U3O8 annually and 6 ISR projects (**Palangana, Goliad, Burke Hollow, Nichols, Salvo and Longhorn**).

In addition, the Company controls a pipeline of advanced-stage projects in Arizona, Colorado and Paraguay.

UEC's Palangana ISR Mine was the first which came on line in the United States. Since the start of production in November 2010, cumulative production in the period of November 2010 to July 31, 2013 has been 571,000 pounds of U3O8, of which 490,000 pounds were sold, resulting in a finished goods inventory balance of 81,000 pounds U3O8.

Production was reduced to a break-even level during Fiscal 2013 due to the weakness in the uranium market as a result of a challenging post-Fukushima environment.

In Fiscal 2014, UEC initiated a strategy plan for reduced operations with uranium extraction at PNA-1, 2 and 3 of the **Palangana Mine** having been combined to operate at a reduced pace. As a result, U3O8 pounds extracted from the Palangana Mine and processed at the Hobson Processing Facility decreased significantly.

During the six months ended January 31, 2015, the Palangana Mine extracted 11,000 pounds of U3O8 compared with 27,000 pounds during the same period in fiscal 2014. In the six months ended January 31, 2016 there was no extraction left.

During both periods, as well as in the six months ended January 31, 2016, no revenue from sales of U3O8 was generated. The total value of inventories was \$ 251.999.

as at January 31 (in million US\$)	Mineral rights and property		Mineral property	
	exploration costs		expenditures	
	2016		2016	2015
United States:				
Palangana	6.56		0.75	1.12
Goliad	8.69		0.04	0.05
Burke Hollow	1.50		0.93	1.14
Longhorn	0.12		-	0.03
Salvo	0.01		0.02	0.02
Anderson	9.15		0.17	0.12
Workman Creek	1.47		0.03	0.03
Slick Rock	0.62		0.05	0.05
Subtotal	28.12		1.99	2.56
Argentina:				
Los Cualoros	0.26		-	-
Yutu	11.95		0.20	0.30
Coronel Oviedo	1.13		0.29	0.30
Subtotal	13.34		0.49	0.60
Other Mineral properties:				
Re-valuation of asset retirement obligations				
Accumulated depletion	-3.93		-0.18	0
	37.77			
Data bases	0.14			
Land use agreements	0.15			
Total	38.06		2.68	3.55

For the six months ended January 31, 2016, UEC recorded a net operational loss of \$ 9.9 million.

Costs and expenses totalled \$ 8.3 million, composed of mineral property expenditures of \$ 2.7 million, general and administrative expenditures of \$ 5.1 million, depreciation, amortization and accretion of \$ 0.48 million, and an impairment loss of \$ 0.09 million.

Cash and cash equivalent decreased from \$ 10.1 million as per July 31, 2015 to \$ 2.4 million as per January 31, 2016. Current assets per the same period decreased from \$ 10.8 million to \$ 3.3 million.

Current liabilities over the same period increased from \$ 4.6 million to \$ 13.6 million, and the current portion of long-term debt increased from \$ 1.7 million to \$ 11.7 million.

Shareholders' equity amounted to US\$ 23.94 million as at January 31, 2016.

Working capital turned from \$ 6.2 million positive into a deficiency of \$ 10.3 million, which has caused substantial doubt whether UEC, having no operational cash flow in the foreseeable future, would be able to continue its operations for the next 12 months.

The Company has been bailed out however, for the time being by a \$ 10.51 million financing with a group of institutional investors through the sale of approximately 12.36 million units of the Company at a price of \$ 0.85 composed of one common share and half of one share purchase warrant, with each whole warrant exercisable at a price of \$ 1.20 to purchase one common share for a 3-year period. The offering closed on March 10, 2016.

A few days earlier, on March 7, 2016, **UEC** announced that it had entered into definitive agreements with its lenders, Sprott Resources Lending Partnership and CEF Capital Markets to extend the previously announced \$ 20 million secured 8% credit facility by deferring required payments to February 1, 2019 and by extending the maturity date of the Credit Facility to January 2020.

UEC will pay an extension fee to the Lenders in the form of common shares equal to less than 1% dilution of the total shares outstanding, which is approximately 959,163 shares.

The exercise price under the existing warrants previously issued to the Lenders has been lowered from \$ 2.50 to \$ 1.35 with a new expiry date of January 30, 2020 to match the new maturity date of the Credit Facility.



Ur-Energy (URG – NYSE MKT) is operating the **Lost Creek in-situ recovery (ISR) uranium facility** in south-central Wyoming. The Lost Creek processing facility has a 2 million pounds per year nameplate design capacity.

Shirley Basin, the Company's newest project, is one of the Pathfinder Mines assets acquired in 2013. Ur-Energy has begun to submit applications for permits and licences to operate Shirley Basin.

During 2015, 783,547 pounds of U3O8 were captured within the Lost Creek Plant. Of these pounds, 727,245 were packaged in drums and 717,125 pounds of the drummed inventory were shipped to the conversion facility where 925,000 pounds were sold to utility customers, including 200,000 pounds of purchased U3O8 for an amount of \$ 7.88 million and cash costs of \$ 39.39 per pounds U3O8.

The cash cost per pound and non-cash cost per pound drummed were \$ 9.92 and \$ 2.74, respectively.

Ur-Energy recognised a gross profit of \$ 12.6 million on sales of \$ 41.8 million, which represents a gross profit margin of approximately 30%. The Company realised an average price per pound sold U3O8 of \$ 45.20 as compared to \$ 51.22 in 2014. The decrease was primarily due to spot pricing as the Company's average contract price during 2015 was \$ 49.42.

From produced U3O8, Ur-Energy's cash cost per pound sold for the year was \$ 16.27, while the Company's total cost per pound sold was \$ 29.53. This compares to \$ 19.73 and \$ 34.49, respectively in 2014.

Ur-Energy had an operating loss in 2015 of \$ 1.9 million after deducting total operating expenses of \$ 14.4 million, which includes exploration and evaluation expenses, development and general and administrative expenses. After recording interest and other expenses, the loss before income tax for the year was \$ 4.1 million, as compared to \$ 8.7 million in 2014. During 2015, the Company recorded a \$ 3.3 million tax credit, as a result of which the final loss for the year was \$ 0.8 million. There was no tax credit recorded in 2014.

At the end of 2015, **Ur-Energy** had approximately 63,776 pounds of U3O8 at the conversion facility at an average cost per pound of \$ 25.23 and based on a contractual sales price of \$ 47.61 per pound in 2016 representing a value of approximately \$ 3 million.

As at December 31, 2015, **Ur-Energy** had a working capital deficiency of \$ 7.5 million. Total assets amounted to \$ 95.7 million of which \$ 5.7 million current assets. Current liabilities and long-term liabilities were \$ 13.2 million and \$ 50.0 million, respectively.

Shareholders' equity amounted to \$ 32.5 million.

In February 2016, **Ur-Energy** raised \$ 5.9 million (net of \$ 500,000 costs) from the placement of 12.9 million shares priced at \$ 0.50 per share.

As at February 25, 2016, **Ur-Energy's** unrestricted cash position was \$ 6.8 million. Given the Company's current cash resource, contracted sales positions and low cash costs per pound, the Company does not anticipate the needs for additional funding in 2016, unless it is advantageous to do so.

► Continuing guidance for 2016

As a result of the continuing low spot price environment, **Ur-Energy** will once again maintain production at levels that will be consistent with the Company's contractual sales obligations which are 662,000 pounds of U3O8 at an average realizable price of \$ 47.61 per pound.

The Company has ten off-take sales agreements with various U.S. utilities which were completed for delivery between 2016 and 2021.

Ur-Energy's production target for 2016 is to maintain an average production rate of approximately 60,000 pounds per month. Currently, the Company expects to produce (dry and drum) between 650,000 and 750,000 pounds of U3O8 in 2016. This production rate may be adjusted based on operational refinements, and indicators in the market, including uranium spot and term pricing, and other factors.

Compared with the gross margin per pound sold for uranium of \$ 25.79, or approximately 57%, the Company expects similar margins in 2016 depending on the number and price of by spot sales made.

During January 60,643 pounds of U3O8 were captured within the Lost Creek plant and 65,099 pounds were packaged in drums.



Uranium Resources (URRE – NASDAQ) has changed its focus from the United States to Turkey as a result of which the Company on November 9, 2015 completed the acquisition of Anatolia Energy, whose main asset is the **Temrezli ISR** uranium project located in central Turkey and also on November 9, 2015 entered into a binding Letter of Intent with Laramide Resources for the sale of its **Churchrock** and **Crownpoint** properties in New

Mexico to Laramide.

In exchange for the ownership of these projects, **URI** will receive from Laramide at closing \$ 5.5 million in cash and a \$ 7.25 million promissory note payable to URI in three equal instalments over the next three years.

The first principal payment and interest (5%) per annum due on the first anniversary in 2017 in their entirety only, can be paid in common shares, at URI's option.

The closing of the transaction is anticipated to take place in the second quarter of 2016.

URI has an option to acquire Laramide's **La Sal Project** in Utah for \$ 4 million, which would reduce the amount owed of the promissory note.

Earlier, on July 28, 2015, **URI** completed the sale of its remaining **Roca Honda** project assets to Energy Fuels for \$ 2.5 million in cash and \$ 375,000 in Energy Fuels common shares, as well as other non-cash considerations.

During 2015 **URI** raised net proceeds of \$ 6.4 million through financings.

In February 2015, a Pre-Feasibility Study was completed on the **Temrezli ISR Project** which shows an average annual production of 800,000 pounds of U3O8 over 12 years at average cash operating costs of US\$ 16.89/lb U3O8 and a cash flow of over US\$ 345 million calculated over life of mine.

Upon closing of the acquisition with Anatolia, **URI** immediately moved to commence a Pre-Feasibility Optimization Study which is targeted to be completed for Q4, 2016.

URI reported a net loss of \$ 15.1 million in 2015 compared with a net loss of \$ 10.7 million in 2014. Both years included large, one-time items that elevated the year-over-year increase, but which the Company's believes are not reflective of URI's operational performance on an on-going basis.

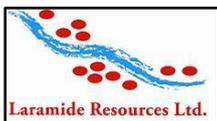
Both years benefitted from gains on the disposal of assets, which amounted to \$ 4.3 million in 2015 and \$ 2.3 million in 2014.

In 2015, net cash used in operations amounted to \$ 12.0 million in both 2015 and 2014. Net property expenses were \$ 4.47 million and \$ 3.5 million, respectively. Acquisition related expenses were \$ 3.0 million in 2015 (in 2014: nil).

Cash and cash equivalents were \$ 0.865 million at year-end 2015 and approximately \$ 8.0 million at the closing of the registered direct offering on February 4, 2016, whereby the Company sold 296.687 shares of common stock at a price of \$ 2.82 per share, offering net proceeds of \$ 0.8 million.

On March 7, 2016, **URI** effected a 1 for 12 reverse stock split of its common stock.

In the first quarter of 2016, the Company and Aspire Capital completed a registered direct offering and entered into an option agreement by which **URI** has the right to require Aspire to enter into up to two stock purchase agreements up to \$ 10 million in aggregate of URI's common stock over the next two years, for a price determined at that time by agreed-upon terms.



Laramide Resources (LAM – TSX) is engaged in the exploration and development of high-quality uranium assets based in Australia and the United States. The Company's flagship asset is the **Westmoreland Uranium Project** in Queensland, Australia.

Westmoreland is ranked as one of the largest uranium deposits in Australia with an NI 43-101 compliant resource of 51.9 million pounds U₃O₈ of which an Indicated resource of 36 million pounds U₃O₈ grading 0.089%.

However, with the Queensland State failing to provide clarity on a uranium mining policy frame work, since the State decided in August 2014 that mine permits could be submitted, it is feared that the ALP opposition towards uranium mining will be re-implemented.

As a result, **Laramide** has adjusted its geopolitical strategy by changing its focus from Australia to the United States, where the Company's assets include the **La Sal Property**, which has a non NI 43-101 compliant historic resource of 2.7 million pounds of U₃O₈, and is located 5 miles from Energy Fuel's White Mesa Mill in Utah.

At **La Jara Mesa** in Grants, New Mexico, an NI 43-101 compliant resource evaluation identified 10.5 million pounds of U₃O₈.

On November 10, 2015, **Laramide** and Uranium Resources ("URI") announced that they had entered into a binding Letter of Intent, pursuant to which Laramide will acquire 100% of an advanced-stage portfolio of high-quality ISR projects located in the heart of the Grand Mining district in New Mexico, one of the most historically uranium-producing districts of the U.S which comprises the **Churchrock** and **Crownpoint** properties,

The total consideration by **Laramide** paid to URI is US\$ 12.5 million with an option for URI to acquire Laramide's La Sal Project for a consideration of US\$ 4 million.

Collectively, historical estimates of uranium mineral resources (non NI-43-101 compliant) have been completed on 4 properties, including **Churchrock** (18.6 million pounds U₃O₈ of Measured and Indicated resources); **Manrock** (11.3 million pounds U₃O₈ of Indicated resources); **Crownpoint** (15.3 million pounds U₃O₈ of Indicated resources) and **Strathmore/Churchrock** (11.8 million pounds U₃O₈ of Measured and Indicated resources).

The aggregate historical resource estimate is a non NI 43-101 compliant Measured and Indicated resource of 57 million pounds U₃O₈ and an Inferred resource of 3.5 million pounds U₃O₈.

With the completion of the transaction originally set to be in Q1, 2016, this has been postponed to Q2, 2016.

From my consideration the postponement is connected to **Laramide** having to wait for the right moment to sell its equity interest of 4.5 million shares in Khan Resources. Khan will receive US\$ 70 million from the Mongolian government after a seven-year dispute over lost mining licences, to be paid on or before May 15, 2016, with Laramide's 6.6% equity interest representing a gross value of US\$ 4.6 million.