

Uraniumletter INTERNATIONAL

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- ▶ **After the spot price of U3O8 having remained above \$ 35/lb in the first half of 2015, light on green for strong recovery**
- ▶ **Strong investment leverage potential for depressed valued advanced uranium producers and development companies**



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With all of Japan's 43 operable reactors having been idled after the Fukushima disaster on March 11, 2011 and the majority not having operated over 3 years, the restart of the Sendai 1 reactor and also considering nuclear energy to supply 20-22% under the country's future electricity mix to reduce the share of fossil fuels (coal, gas, oil) from 88% at present to 55-58% by 2030, it is to be expected that the challenging market conditions for uranium will come to an end and will result in a strong recovery of the U3O8 price, which has already stabilized in the first half of 2015 at a level above \$ 35/lb for the spot price and the long-term price currently set at \$ 44/lb.

It speaks for itself that higher uranium prices will have a positive impact on the valuation of uranium, albeit on a significantly higher selective basis, with nowadays less than 10 companies, based on a market valuation of at least US\$ 100 million, having an investment rated status

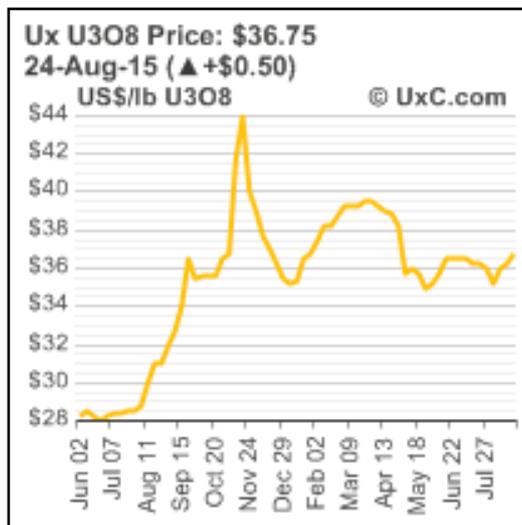
Referring to my monthly updated overviews of worldwide uranium companies, geographically five of these companies are focused on **Canada**, but include Fission Uranium and NexGen Energy as exploration/development companies focused on the Athabasca Basin, which are not expected to reach a production status before 2020.

As a result of the announced combination of Denison Mines and Fission Uranium, only four uranium companies will be left.

In contrast to Canada, representing the generation of future uranium producers focused on the **United States** have been able to realize their production targets in the last few years, including Uranium Energy, Ur-Energy and Uranerz, with the latter company recently acquired by Energy Fuels.

Peninsula Energy is expected to commence production in the fourth quarter of this year.

Focused on **Australia**, besides Energy Resources of Australia (ERA) as the only "old" generation producer and Alliance Resources' 25% interest in the Four Mile Project to be taken over by Quasar to acquire a 100% interest, Toro Energy and Vimy Resources are the only advanced development companies having the potential to emerge to production in the next few years, but both companies valued below US\$ 100 million.



Besides the restart of Japanese reactors coming on stream in the next few years, and nuclear energy in the **United States**, according to the final Power Plan rule unveiled on August 3, 2015 to play an important role supported by operating at least the current number of 99-reactors, to cut the country's CO2 emission by 32% from 2005 levels by 2030.

Last but not least, the World Nuclear Association's latest data on **China** show that the country is operating 26 reactors by August 2015, netting 23,144 MWe. The country has 25 reactors under construction to provide an estimated 27,3939 MWe gross and 43 planned reactors to provide an estimated 49,970 MWe gross, representing 39% and 27% of total worldwide reactors under construction and planned, respectively.

Uranium required by China in 2015 is estimated at 8,161 tonnes and is expected to fourfold to approximately 32,000 tonnes by 2030, which represents approximately 50% of the total of 66,883 worldwide tonnes required in 2015.

From now until 2030, China will start building 5 to 6 nuclear power units every year. That needs spending of more than 100 billion Yuan (approximately \$ 16 billion), according to Mr. Xu Yuming, deputy secretary-general of the China Nuclear Energy Association.

He predicts the country will then build another 6 to 8 nuclear power units every year, or an aggregate of more than 100 units until 2030. This number is comparable with the currently installed number of reactors in the United States and will bring China's gross installed nuclear power capacity to 200,000 MWe gross. This is the likely to account for more than 10% of China's total power needs.