

Supply cuts a ‘step change’ for uranium price

By: *Mining.com*

2017-12-18

The announcement made by uranium giant Cameco in November that it’s suspending operations at its flagship McArthur River mine in northern Saskatchewan and surprisingly deep three-year cuts by Kazakhstan’s state-owned Kazatomprom provide a “step change” for uranium prices says a new report on the sector from Cantor Fitzgerald equity research.

Last month, the world largest producer of uranium, surprised the beleaguered market with a larger than expected cut to production of its own.

Kazakhstan’s state-owned Kazatomprom announced intentions to reduce its output of U₃O₈ by 20% or 11,000 tonnes (around 28.5m pounds) over the next three years beginning in January 2018. According to the company roughly 4,000 tonnes will be cut in 2018 alone “representing approximately 7.5% of global uranium production for 2018 as forecast by UxC.”

Cameco’s shuttering of McArthur River for ten months is expected to reduce production by 13.7m pounds in 2018 translating to a combined 42.3m pounds of expected production that has been removed from the market. In 2018 alone, the reduction will be about 24.1m pounds of U₃O₈ or about 15% of Cantor Fitzgerald’s prior forecast of 158.4m pounds of output.

Utilities have shored up what were once large shortages through spot purchases or short-term contracts.

Rob Chang Managing Director and Head of Metals & Mining at Cantor Fitzgerald, said Cameco and Kazatomprom have introduced a “supply shock” that will lift uranium prices that dipped below \$20 a pound in September.

We expect these events to ultimately push spot uranium prices to the mid-high US\$20/lb range and perhaps into US\$30/lb. However, as seen so far, the degree of movement may be muted at first due to fact that there are a limited number of qualified purchasers of uranium – making it a less efficient market. We estimate that less than 10% of total uranium demand for 2018 and 2019 are uncovered, as utilities have shored up what were once large shortages through spot purchases or short-term contracts. As such, there is less of an impetus for utilities to make purchases immediately. Inventory levels are also a concern as we estimate that there are 800-1,200M lbs of total above ground inventory of which about 700-800M lbs are held by utilities. We do not believe that all of it is available for sale as significant portions are held for strategic purposes and necessary utility needs. Moreover there is the possibility of sales from distressed utilities and by utilities with reactors that are being decommissioned. Nevertheless, we view the announcements by Cameco and Kazatomprom to be a positive supply shock that has produced a step change in the spot price of uranium at (and later above) the mid-US\$20/lb level.

Last week the nuclear fuel was pegged at \$23.75 a pound and Chang now views the mid-\$20s as a “floor price for spot U₃O₈ to move higher from.” In 2018 Cantor Fitzgerald predicts a price of \$31.25 a pound, a 25% upward adjustment to the researcher’s earlier view. Prices will gain in 2019 and by 2020 retake the \$40 level. Long term pricing of \$80 a pound remains unchanged.

UxC Consulting’s Spot Price

Dec 31, 2017 US \$ 23.88/lb U₃O₈

Nov 30, 2017 US \$ 23.12/lb U₃O₈

Change of +US \$0.76

UxC Consulting’s Long-Term Price

Dec 31, 2017 US \$ 31.00/lb U₃O₈

Nov 30, 2017 US \$ 31.00/lb U₃O₈

No change

Key Basin Announcements

2017-12-06 Skyharbour drills 9.3m of 2.23% U₃O₈ at Moore

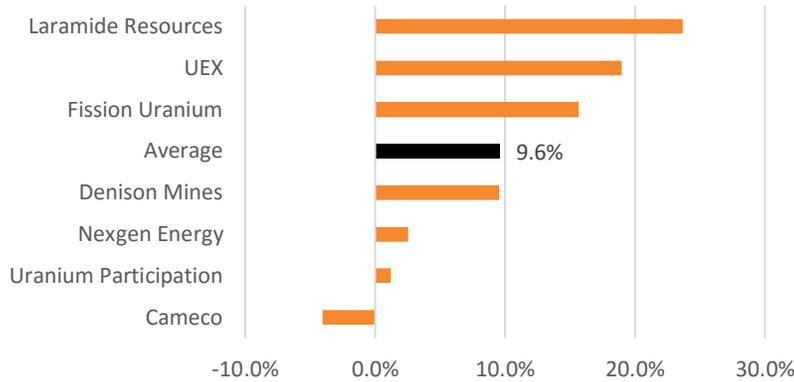
2017-12-07 UEX increases interest in Christie Lake to 45%

2017-12-11 NexGen drills 60 m of 3.7% U₃O₈ at Rook I

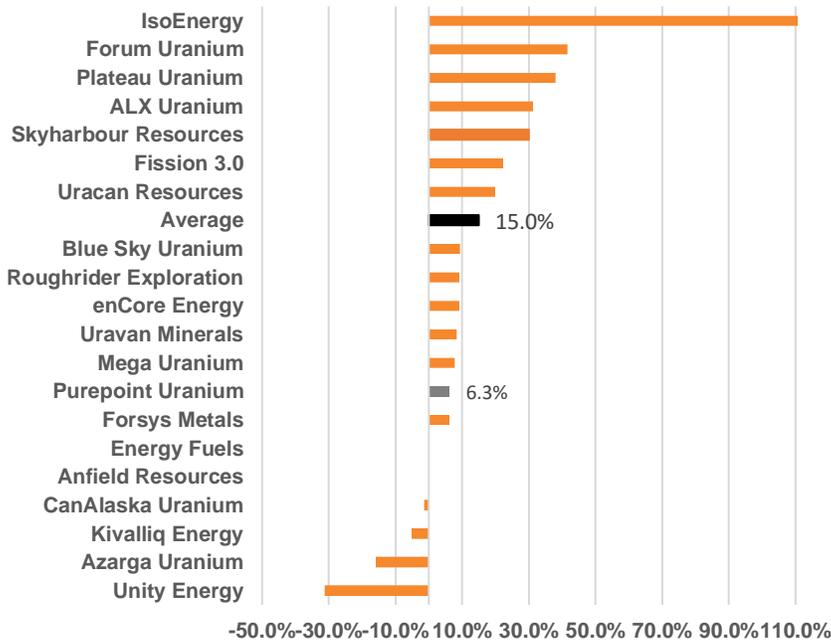
2017-12-19 ISO Energy identifies additional uranium drill targets at Thornburn Lake

December 2017 Monthly Uranium Stock Performance

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Monthly Athabasca Basin Update

Presented by *Purepoint Uranium Group Inc.* (TSX.V: PTU), the Monthly Athabasca Basin Update is a monthly newsletter that gathers information on what's happening with uranium exploration companies in the Athabasca Basin providing a monthly update on its stock performances as well as the spot- and long-term uranium price.

Purepoint Uranium

TSXV: PTU

Purepoint Uranium Group Inc. is a uranium exploration company focused on the precision exploration of its seven projects in the Canadian Athabasca Basin. Its flagship property is the Hook Lake, a joint venture with two of the largest uranium producers in the world, Cameco Corporation and AREVA Resources Canada Inc. Drilling is ongoing and its 2018 exploration budget is funded.

For more information, please visit www.purepoint.ca.

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Skyharbour drills 9.3 m of 2.23% U₃O₈ at Moore

Market Cap	Recent Price	52-Week Low	52-Week High
\$28.09M	\$0.49	\$0.31	\$0.70

2017-12-06

Skyharbour Resources Ltd. has released results from its 2017 summer/fall diamond drilling program at its flagship 35,705-hectare Moore uranium project, located approximately 15 kilometres east of Denison Mines' Wheeler River project and near regional infrastructure on the southeast side of the Athabasca basin, Saskatchewan. Drill hole ML17-10 intersected high-grade uranium mineralization on the eastern edge of the Main Maverick zone consisting of 7.4 per cent triuranium octoxide (U₃O₈) over 1.8 metres within 2.23 per cent U₃O₈ over 9.3 metres. This mineralization occurs in the sandstone from 265.7 to 275.0 metres with the unconformity depth at 273.9 metres. Also of note is hole ML17-09 which intersected uranium mineralization in the basement rock of the Main Maverick zone as well as exploratory drill hole ML17-04 which discovered uranium mineralization in narrow shears at the Venice target, a regional target nine km northeast of the known high-grade zones at Maverick.

Highlights:

- Hole ML17-10 at the Main Maverick zone returned 2.23 per cent U₃O₈ over 9.3 metres from 265.7 to 275.0 metres downhole including 7.4 per cent U₃O₈ over 1.8 metres just above the unconformity.
- Hole ML17-09 at the Main Maverick zone returned 0.344 per cent U₃O₈ over 7.5 metres from 277.5 to 285.0 metres including an interval of 1.41 per cent U₃O₈ over 1.5 metres; this mineralization occurs below the unconformity in the basement rocks illustrating the strong potential for high-grade uranium to be discovered in the relatively underexplored basement rocks at Moore.
- Holes ML17-07 and ML17-11 which tested the Maverick East zone returned strongly altered and structurally disrupted basement rocks enriched in uranium, boron, nickel, cobalt and vanadium.
- Only 1.5 kilometres of the total four-kilometre-long Maverick corridor have been systematically drill tested leaving robust discovery potential along strike as well as at depth in the underlying basement rocks which have seen limited drill testing historically.
- Regional drill hole ML17-04 tested the East Venice area, approximately nine km northeast from the Main Maverick zone, and intersected altered and sheared graphitic pelites that returned anomalous uranium and boron values as well as low-grade uranium mineralization in a previously untested target area.
- Given the success of the 2017 drilling programs at Moore, planning is currently under way for a minimum 4,000-metre winter diamond drilling program to commence in early February; additional news and details are forthcoming.

Jordan Trimble, president and chief executive officer of Skyharbour Resources, stated: "The recently completed summer/fall drill program at the Moore project has returned additional high-grade, shallow uranium drill results both above and below the unconformity at the Maverick corridor, as well as yielding a new regional discovery. We will be commencing a winter drill program soon to follow up on these results as we continue to value add the project using a systematic and proven exploration methodology. The project boasts strong discovery potential going forward as we are discovering new, high-grade mineralized lenses along the Maverick corridor and have now intersected higher-grade uranium in the underlying basement rock as well. In addition to the Maverick corridor, we are finding new zones of uranium mineralization at regional targets including the Venice area which will be followed up on in upcoming drill programs. With the impending winter drill program at our Moore project, as well as AREVA's planned drilling early in the new year at our Preston project, there will be ample news flow from the company during a time when recent significant production cuts from the largest uranium producers help drive a uranium market recovery."

UEX Increases Interest in Christie Lake to 45%

Market Cap	Recent Price	52-Week Low	52-Week High
\$112.19M	\$0.365	\$0.15	\$0.425

2017-12-07

UEX Corp. has increased its interest in the Christie Lake project to 45 per cent.

UEX has completed the required \$1-million property payment to JCU (Canada) Exploration Co. Ltd. and its 2017 exploration work commitments under the Christie Lake option agreement prior to the Jan. 1, 2018, deadline. UEX's ownership interest in the Christie Lake joint venture has increased from 30 per cent to 45 per cent effective Dec. 1, 2017. UEX has made cumulative property payments of \$5-million and conducted approximately \$7.8-million in exploration activities on the project as of Oct. 31, 2017.

UEX intends to continue growing its interest by meeting the next tranche of annual obligations outlined in the Christie Lake option agreement. UEX anticipates achieving a 60-per-cent ownership interest in the Christie Lake project by the end of 2018.

The company remains on track to earn its full 70-per-cent interest in the project.

About the Christie Lake project

UEX currently holds a 45-per-cent interest in the Christie Lake project and is working under an option agreement to earn up to a 70-per-cent interest. The project is located approximately nine km northeast and along strike of Cameco's McArthur River mine, the world's largest uranium producer. The P2 fault, the controlling structure for all of the McArthur River deposits, continues to the northeast beyond the mine. UEX believes that through a series of an echelon steps the northeast strike extension of the P2 fault not only crosses the project but also controls the three known uranium deposits on Christie Lake, the Orora, Paul Bay and Ken Pen deposits.

The Paul Bay and Ken Pen deposits are estimated to host a combined 20.87 million pounds of U₃O₈ at an average grade of 3.22 per cent triuranium octoxide and were discovered in 1989 and 1993 respectively. This is a historic resource estimation which does not use resource classifications consistent with National Instrument 43-101. The historical resource estimate was presented in an internal report titled Christie Lake project, geological resource estimate completed by PNC Tono Geoscience Center, Resource Analysis Group, dated Sept. 12, 1997. The historical resource was calculated using a 3-D block model using block sizes of two m by two m by two m, and block grades interpolated using the inverse distance squared method over a circular search radius of 25 m and one m height. Specific gravities for each deposit were averaged from specific gravity measures of individual samples collected for assay. UEX plans to complete additional infill drilling on the deposits during the option earn-in period to upgrade these historic resources to indicated and inferred. A qualified person has not done sufficient work to classify the historic estimate as current mineral resources or mineral reserves. UEX is not treating the historic estimate as current mineral reserves or mineral resources and the reader is advised not to rely upon this historical estimate as a resource estimate.

NexGen Energy Drills 60m of 3.7% U₃O₈ at Rook I

Market Cap	Recent Price	52-Week Low	52-Week High
\$1.08B	\$3.40	\$2.31	\$4.45

2017-12-11

NexGen Energy Ltd. has released assay results for 21 holes from Arrow as part of the recently concluded summer drilling program on its 100-per-cent-owned Rook I property in the Athabasca basin, Saskatchewan.

Arrow highlights: A3 infill drilling

- AR-17-147c3 intersected 60.0 metres at 3.70 per cent triuranium octoxide (597.5 to 657.5 m) including 33.0 m at 6.51 per cent U₃O₈ (607.0 to 640.0 m) and 6.0 m at 17.68 per cent U₃O₈ (634.0 to 640.0 m). This is the best assay to date at the Arrow deposit in the A3 shear.
- AR-17-155c2 intersected 18.5 m at 4.32 per cent U₃O₈ (560.5 to 579.0 m) including 7.0 m at 11.23 per cent U₃O₈ (562.0 to 569.0 m) in the A3 shear.
- AR-17-147c2 intersected 28.5 m at 1.74 per cent U₃O₈ (604.0 to 632.5 m) including 5.5 m at 8.56 per cent U₃O₈ (605.0 to 610.5 m) in the A3 shear.

Stepout drilling: Assays from stepout drilling in both the Southwest and Northeast gaps confirm mineralization is now known to be continuous in both of these resource expansion areas.

Southwest gap stepouts: AR-17-156c1 intersected 32.5 m at 1.04 per cent U₃O₈ (670.5 to 703.0 m) including 9.0 m at 2.72 per cent U₃O₈ (676.5 to 685.5 m) in the Southwest gap.

Northeast gap stepouts: AR-17-129c5 intersected 3.5 m at 3.37 per cent U₃O₈ (757.5 to 761.0 m) and 8.0 m at 1.54 per cent U₃O₈ (766.0 to 774.0 m) and 23.5 m at 0.97 per cent U₃O₈ (851.5 to 875.0 m) in the Northeast gap; AR-17-129c7 intersected 13.0 m at 1.63 per cent U₃O₈ (783.0 to 796.0 m) including 5.5 m at 3.80 per cent U₃O₈ (783.0 to 788.5 m) in the Northeast gap.

Development, activities and financial

- Assay results for 28 holes at the Arrow deposit and 31 holes from South Arrow remain pending.
- Multiple advanced-stage technical studies including geotechnical work, hydrogeological work and metallurgy continue in advance of the maiden prefeasibility study scheduled to be published in Q3 2018.
- Planning for winter 2018 development and exploration program is advanced.
- The company has cash on hand of approximately \$165-million.

Garrett Ainsworth, vice-president, exploration and development, commented: "These Arrow drill assays are impressive results for both the A3 high-grade domain infill and resource expansion areas in the Southwest and Northeast gaps. The A3 high-grade domain is developing very nicely and the continuation of mineralization along both strike directions continues to show significant drilling is required to determine the extent of the mineralized Arrow footprint."

Leigh Curyer, chief executive officer, commented: "Arrow's growth continues. Together, the project development studies are advancing for the release of a prefeasibility study scheduled for Q3 2018. The project development team has recently expanded with the appointment of high calibre industry professionals reflecting the nature of the Arrow project as a unique opportunity to contribute to this generational mineral resource. The company is well positioned to enter 2018 and looking forward to delivering the next stages of exploration growth and project development."

ISOEnergy survey finds drill target at Thorburn

Market Cap	Recent Price	52-Week Low	52-Week High
\$27.17	\$0.53	\$0.255	\$1.70

2017-12-14

IsoEnergy Ltd. has completed a program of ground geophysical surveying at its Thorburn Lake uranium property in the eastern Athabasca basin of Saskatchewan. Compilation and interpretation of the direct current resistivity geophysical data with previous surveys have resulted in the recognition of additional high-priority drill targets on the property.

Steve Blower, vice-president of exploration, commented, "The survey has successfully located new, high-priority drill targets on the unexplored western half of Thorburn Lake that add to an already strong inventory on the property."

Thorburn Lake

Thorburn Lake consists of two claims totalling 2,802 hectares and is located seven kilometres east of Cameco Corp.'s Cigar Lake uranium mine. An image on the company's website shows the location of Thorburn Lake relative to the Cigar Lake mine, other uranium occurrences, and key infrastructure in the area including a power line and the Cigar Lake to McClean Lake ore haul road which both traverse the western half of the property.

Despite the presence of several high-grade uranium mines and occurrences in the immediate area, only limited exploration has been completed on the property to date, most of which has focused on following up weak mineralization drilled in 2008 and 2011 along the eastern end of the southern property boundary. This mineralization includes 0.43 per cent triuranium octoxide over 0.6 metre in 2011 drill hole TBN-11-05a. Depth to the sub-Athabasca unconformity at Thorburn Lake ranges from 290 to 350 metres.

The survey

A program of 49.5 line kilometres of DC-resistivity geophysics on grid lines spaced 200 metres apart is now complete. An image the company's website shows the area that was surveyed, constituting a large portion of the western half of Thorburn Lake. The program extended geophysical coverage to the southwest of the area surveyed in 2016 and was designed to initiate exploration on the western half of the property and add drilling targets to the company's Thorburn Lake inventory for potential evaluation by drilling.

The entire western half of Thorburn Lake is essentially unexplored, due in part to the presence of a 138-kilovolt power line that supplies power to the entire Eastern Athabasca region. The power line effectively masks a large area of the property from electromagnetic geophysical surveying, a common tool for locating drill targets in the Athabasca basin. DC-resistivity surveying, however, is much less affected by power line noise and is at least equally capable of locating drill targets.

Compilation and interpretation of the data with prior geophysical surveys have resulted in the recognition of target areas that warrant evaluation by drilling. The target areas are discrete resistivity low anomalies in the basement that coincide with magnetic lineaments. These features may represent areas of hydrothermal alteration along major structures that could be related to basement-hosted uranium mineralization.

All of the Thorburn Lake target areas have been scored and ranked against all other IsoEnergy drill targets and will be evaluated in due course as priorities, market conditions and budgets permit, possibly as early as the second half of 2018.