

2014 Winter Uranium Survey: Sluggish Market Expectations

Last week, we reviewed the conversion and enrichment results from our latest nuclear fuel market survey, and, today, we turn our attention to the uranium market as well as reactor demand topics. As the discussion of the conversion and enrichment sectors highlighted, there is a general appreciation that the overall nuclear industry is in a difficult position these days. The results of our uranium and reactor questions reinforce this view and indicate a mood in the industry that little will change in the market in the near-term, especially with the departure of the investment banks as well as the very slow pace of Japanese restarts. Still, a few bright spots like China remain, and thus the longer term outlook remains slightly bullish.

Spot Price Expectations for 2014 – Beginning with the current state of the spot uranium market and expectations for the rest of this year, we can see from the chart on the bottom left of this page that there is general consensus across the industry. Clearly, the \$35-\$40 per pound U₃O₈ range is viewed as the most

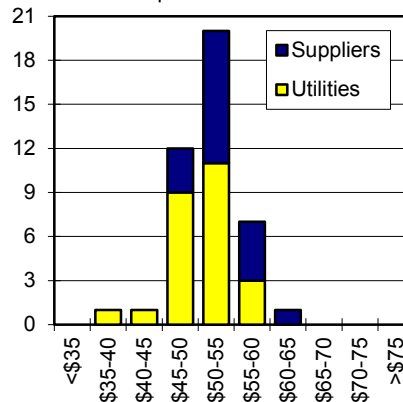
likely end point for spot price this year. The next higher range comes in second place compared to third place for those that expect prices to remain where they are today, namely in the \$30-\$35 range.

As usual, we received a variety of comments to this question. Although the chart does not show this, in the commentary, there was a clear split between utilities, who see prices remaining flat or lower, and suppliers, who are arguing that prices will rise this year. On the low price side, the main arguments we heard include the continued slow pace and uncertainty for Japanese reactor restarts, significant oversupplies given increased levels of enricher underfeeding, and a drop in spot market liquidity with the closure of the uranium trading desks at Deutsche Bank and Goldman Sachs. Those who suggest slightly higher prices by year-end mainly have a different read of the Japanese situation. The primary argument for why prices will begin to rise this year stems from a belief that once some reactors begin returning to service in Japan, this will put

Ux U₃O₈ Price: (4/7/14)
\$33.75 (-\$0.25)
Ux LT U₃O₈ Price: (3/31/14)
\$47.00

Where will the Long-Term U₃O₈ price be at year-end?

Number of Responses © UxC



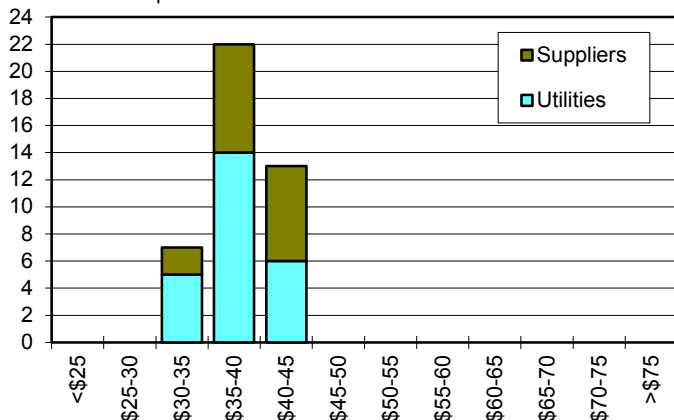
a floor under spot uranium prices leading to gradual increases over time.

Long-Term Price for Year-End 2014

– As for the long-term (LT) uranium price indicator, we can see from the graph above that there is again a narrow range of views on year-end expectations. The largest grouping sees LT price remaining pretty flat this year in the \$50-\$55 range, but the second biggest number views the lower \$45-\$50 range as more likely. As may be expected, suppliers are a bit more bullish than utilities. We should

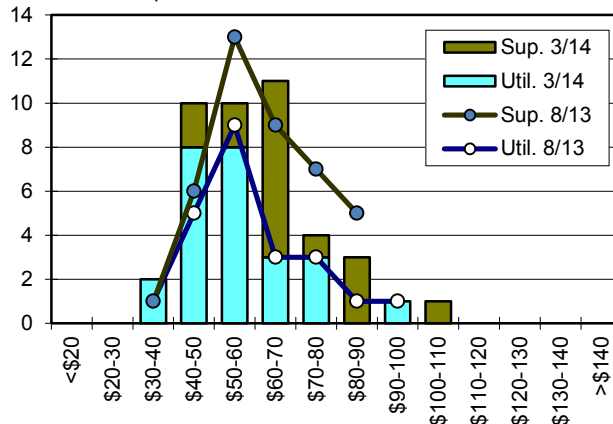
Where will the spot U₃O₈ price be at year-end?

Number of Responses © UxC



Where will the spot price be in 5 years (2019\$)?

Number of Responses © UxC



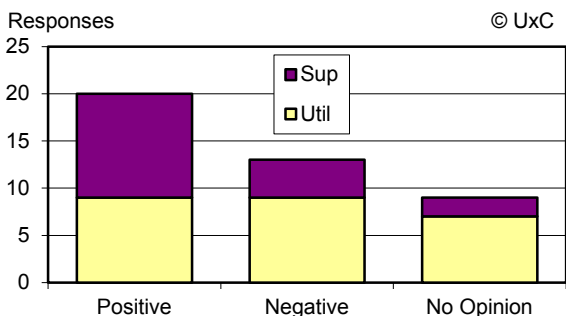
also note that the results for this survey were collected prior to the end of March, so they may not fully reflect the recent drop in UxC's LT Price Indicator to \$47 per pound as of March 31.

Commentary to this question varied as well, but some of the main arguments for lower or stagnant prices include the continued low spot price impacting term activity, a general lack of demand for LT contracts, ample inventories being placed into mid-term deals, and new mine projects coming online into an oversupplied market. On the other hand, those that see an upward trajectory later this year point to a number of factors, including Japanese restarts, stronger demand, increased contracting interest, and fewer mid-term deals due to the loss of the banks.

Spot Price in 2019 – Looking out five years, we see from the bottom right chart on page 1 that spot uranium price expectations are mixed in the longer term. Compared to our last survey done in August 2013, there is less of a consensus view, with nearly identical numbers for responses in three ranges from \$40 all the way up to \$70. The bias is a bit towards the higher end of this range, but not by all that much.

In the comments, we sensed a general agreement that spot prices will be higher in five years compared to today. The only variation comes in the extent of the price rise. We heard several people say that \$50 is a level that would be sufficient to incentivize additional production, which many, including utilities, view as necessary in the longer term. To get to \$50 or higher, the market will

How would you view the past participation of the investment banks in the uranium market?

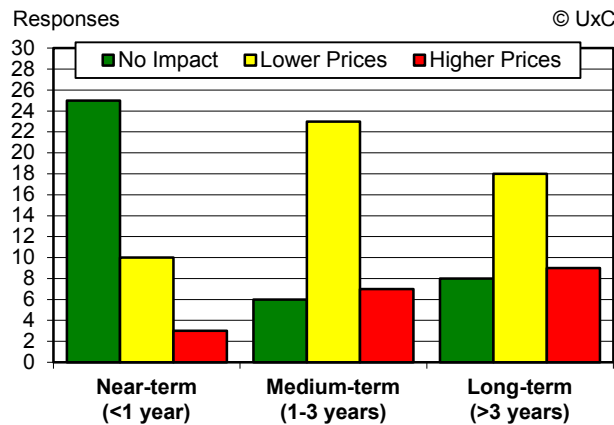


need to rebalance by having demand increase through such developments as Japanese restarts, additional Chinese reactors, as well as a large reduction of inventories. Suppliers, who naturally want much higher prices, specifically mentioned the fact that new mines will have higher production costs, which must be passed on to customers. Nevertheless, several commenters noted that five years is not a very long time in this industry, so prices may not change all that dramatically by 2019.

Participation of Investment Banks – As most of our readers know, the two investment banks – Deutsche Bank and Goldman Sachs – closed their uranium desks as part of a general move away from commodity trading in late 2013. We asked a series of questions on this topic, starting with whether market participants viewed the banks as having had a positive or negative impact on the market. The chart at the bottom left of this page shows that a plurality view the banks as positive, although negative views were also quite numerous.

In the comments to this question, we heard from both sides. The positive views highlighted the benefits the banks brought in terms of liquidity in the spot and mid-term uranium markets as well as in related financial instruments. Price transparency and market stability were other positives ascribed to the banks. On the negative side, several noted increased spot market volatility and speculative activity as unfavorable results. Utilities highlighted the faster speed of price swings as bad bank influences, whereas producers argued that the banks had

How do you think the exit of one or more investment banks from the uranium space might impact spot uranium prices over the following periods?



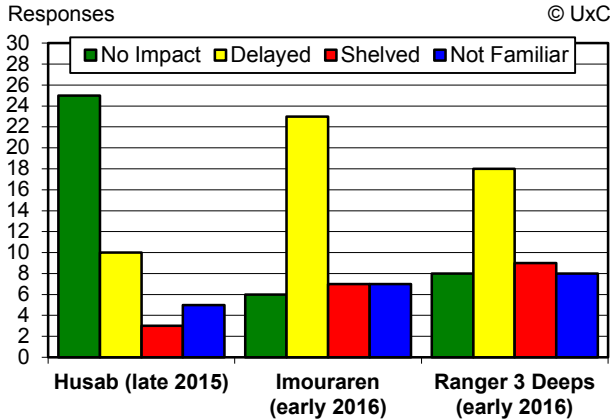
suppressed the forward price curve by selling cheap spot material into carry-trades with cheap financing.

Exit of Investment Banks – As a follow-on to the previous question, we asked what the likely future effects will be from the exit of the banks. As the above graph shows, few see a large impact in the near-term; however, lower prices are expected in the mid- and long-term. Still, higher prices in the long-term came in second place.

The comments here showed that there is very little agreement on this topic. Some view higher prices as likely to come about as a result of the end of “demand stealing” through low-cost mid-term deals. While there are arguments for why the banks’ exit would result in lower prices, these were not stated by survey respondents. Thus, whether prices will change much as a result of the banks’ departure is an open question, but there does seem to be strong agreement among all participants that the spot market will be less liquid and less volatile with the banks’ exit.

New Mine Projects – Since the spot price remains relatively low and shows little sign of a rapid increase, we wanted to gauge market sentiment about three large uranium mining projects that are still under development. As the chart on the top of page 3 shows, the Husab project in Namibia is viewed as relatively immune to market factors. Meanwhile, the Imouraren project in Niger and

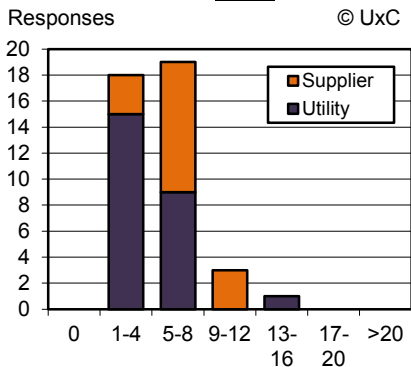
How do you think the current spot U₃O₈ price will impact the start-up dates of the following planned projects?



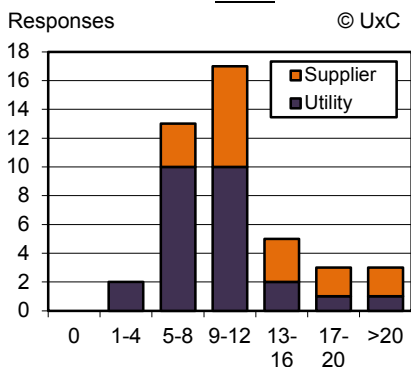
Ranger 3 Deeps in Australia are expected to be either delayed or shelved.

There is strong consensus that the Chinese-led Husab project is not driven by market conditions and is instead an issue of security of supply. Still, a delay for Husab is not ruled out given that large mining projects often encounter problems. AREVA's Imouraren project is also seen as likely to proceed, mainly because of the company's need to pla-

How many reactors do you think will be operating in Japan by the end of 2014?



How many reactors do you think will be operating in Japan by the end of 2015?



cate the Nigerian government. However, Rio Tinto is not viewed as having any specific prerogative to proceed with the Ranger 3 Deeps project, and thus there are quite a few who see the potential for a cancellation if the market fails to turn around anytime soon.

Japanese Reactors Restarts – Switching gears and looking at the reactor markets, it is no

secret that the question of Japanese restarts is on pretty much everyone's mind these days. We asked two questions on this topic, namely how many units people expect to see operating in Japan by the end of 2014 and 2015. The two charts on the bottom left of this page show that there is more agreement about this year than next. It is also rather notable that everyone expects at least one restart this year and many more in the next year.

Starting with 2014, we see that the range is tight – somewhere between one and eight units. Those on the more pessimistic side expect the Japanese Nuclear Regulatory Authority (NRA) to continue to be extremely slow and deliberate in its restart application reviews. For those who are a bit more optimistic, a number of 5-6 restarts was given as the most likely result this year, which still indicates slow NRA reviews and other challenges.

As for the two-year outlook, the majority expectation is that if 5-6 units are restarted in 2014, then the pace will pick up and lead to the 9-12 range by the end of 2015. Some, especially suppliers, are a bit more optimistic that the pace of restart approvals will quicken once the first ones go. However, in general, the commentary indicated an appreciation of the long road ahead for Japan's nuclear industry as it attempts to dig out of the very large hole created by the Fukushi-

ma accident and the negative public opinion in Japan towards nuclear power that has ensued.

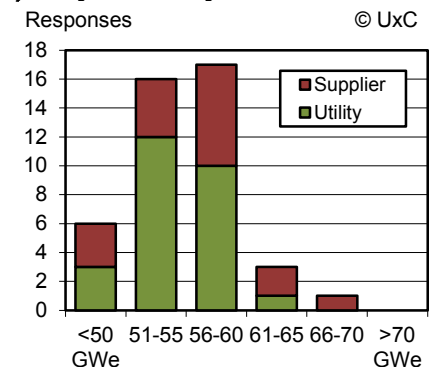
China's New Reactor Program –

Asia's other major nuclear story is of course China's new reactor program. To assess the market views on China, we asked what the 2020 reactor capacity will be. As the bottom right chart shows, the largest number of responses indicates that market participants expect China to reach its official target of 58 GWe by 2020. However, more than half of the total are skeptical and see China falling short of this target.

"The Chinese will do what they say," was a common refrain we heard from those that think that the 58 GWe target will be hit or exceeded. On the other hand, the skeptics highlighted recent news about challenges with the reactor supply chain, human resource training, and general construction issues as reasons why the 58 GWe target will not be fully met. Still, nearly everyone seems to agree that China will remain on track to become a very large nuclear user in the future; opinions just vary a bit as to the pace of this expansion. We all can agree that what China is accomplishing in terms of reactor construction is extremely impressive, and even some delays in the program do not take away from this tremendous achievement.

Conclusions – The survey found few that were willing to argue that the uranium market is in a positive state these days. Instead, there seems to be a general view that we are at an equilibri-

What do you believe China's operational nuclear generating capacity will be by the end of 2020?



um point from which it will be difficult to move away any time soon. The factors that could help change the situation are well understood, such as Japanese restarts, faster Chinese reactor growth, supply-side reductions, or increased spot market activity. Nevertheless, few believe that any of these trends will shift quickly, especially not in the near-term. With the exit of the investment banks, the spot market has lost two important counterparties who often acted as “market makers.” Whether you believe their presence was negative or positive, it is hard to deny that the banks’ departure will reduce overall liquidity in the spot and mid-term uranium markets. Meanwhile, some large uranium projects will continue despite the current low prices, and these will add millions of pounds of uranium to a market that is well-known to be oversupplied as it stands today.

On the reactor front, both the Japanese and Chinese situations remain front and center as key drivers. However, there appears to be a general expectation that rapid demand growth from these countries is not on the horizon in the immediate future. Still, the hope remains for a more positive picture to develop in the next few years, which carries over into the higher spot uranium price expectations seen in this survey.

News Briefs

NRC approves direct transfer of reactor licenses from Constellation to Exelon

In an April 1 press release, the U.S. Nuclear Regulatory Commission (NRC) announced that it granted approval for the transfer of operating licenses for five reactors and three spent fuel storage facilities. Licenses for Calvert Cliffs 1 and 2, Nine Mile Point 1 and 2, and R.E. Ginna will be transferred from Constellation Energy Nuclear Group to Exelon Generation. Exelon previously obtained NRC approval for an indirect transfer of the licenses in 2012 when Exelon acquired Constellation Energy and ob-

tained a 50.01% stake in Constellation Nuclear Energy Group. With the recent authorization for a direct transfer of operating licenses, Exelon will now be able to integrate the five reactors with its nuclear fleet. EDF will continue to own a 49.99% stake in Constellation Nuclear Energy Group.

With the license transfer, Exelon’s nuclear fleet expands to 23 reactors with a combined capacity of more than 22,000 megawatts. Exelon becomes the third largest nuclear operator in the world, with only EDF and Rosenergoatom having larger nuclear capacities.

Japanese regulators inspect Sendai 1 and 2 in preparation for restart

Inspectors with Japan’s Nuclear Regulation Authority evaluated Units 1 and 2 at Kyushu Electric Power’s Sendai nuclear power plant last week. The inspectors looked at protection measures in place for the reactors against earthquakes and tsunamis. Sendai 1 and 2 are likely to become the first reactors in Japan to obtain authorization to restart.

Ukraine in negotiations with Westinghouse for nuclear fuel

According to the *Wall Street Journal* and the *Kyiv Post*, Westinghouse is now negotiating to provide fuel fabrication for the Ukraine. The negotiations with Ukrainian nuclear utility Energoatom are progressing, and a contract could be signed this week. The agreement, which would be valid for five years through 2020, would help to lessen Ukraine’s dependence on Russia. Westinghouse’s fuel fabrication facility in Sweden is the only non-Russian plant that is able to fabricate the fuel needed by Russian-designed reactors.

Rosatom resubmits environmental report for Turkish nuclear power plant

Rosatom has submitted a revised environmental impact report for Turkey’s planned first nuclear power plant at the

Industry Calendar

- May 19-21, 2014
Nuclear Energy Assembly
NEI
<http://www.nei.org/newsandevents/>
The Westin Kierland
Scottsdale, AZ, USA
- May 28-29, 2014
5th Small Modular Reactors
Platts
<http://www.platts.com/>
Mandarin Oriental Hotel
Washington, D.C., USA
- May 29-30, 2014
China Nuclear Energy Congress
China Decision Makers
<http://www.cdmc.org.cn/2014/cnec/>
Beijing, China
- June 1-3, 2014
WNFM 41st Annual Meeting
World Nuclear Fuel Market
<http://www.wnfm.com/annualmeeting/>
Sheraton New York Times Square
New York, NY, USA
- June 10-11, 2014
AusIMM International Uranium Conference 2014
AusIMM
<http://www.uranium2014.ausimm.com.au/>
Novotel Perth Langley
Perth, Australia
- June 17-19, 2014
UxC Utility Nuclear Fuel Procurement Seminar
The Ux Consulting Company, LLC
<http://www.uxc.com/>
W Buckhead, Atlanta, GA, USA

Details are available at:
http://www.uxc.com/c/data-industry/uxc_calendar.aspx

Akkuyu site to Turkey’s Environment and Urban Planning Ministry. The Ministry rejected a previous environmental impact report for the project due to insufficient information. The new report contains additional information and could be approved next month. Construction on Unit 1 at Akkuyu is scheduled to begin in 2015. A total of four VVER-1200 reactors are planned for the Akkuyu site, with all four units scheduled to be operational by 2023.

Lithuania reaffirms commitment to new reactor

Leaders of all seven political parties in

Lithuania with representation in Parliament have reached an agreement to move forward with plans for a new nuclear power plant at the Visaginas site. The agreement to pursue the plant is part of a strategic document that sets various objectives for the nation through 2020. Prior to the recent agreement, nuclear power was less certain for Lithuania, as voters had rejected a previous agreement with GE Hitachi to build a 1,350 megawatt ABWR during a non-binding 2012 referendum.

First AP1000 control room now operational

On March 31, Westinghouse announced that the main control room for Unit 1 at the Sanmen nuclear power plant is now operational. The milestone marks the world's first operation for an AP1000 reactor control room. "The integration of key I&C systems and the operability of the main control room will now facilitate other key testing activities at the world's first AP1000 nuclear power plant," said Westinghouse Automation and Field Services senior vice president David Howell. Construction on Sanmen 1 began in 2009, and the reactor is expected to begin operation later this year. Three additional AP1000 reactors are also under construction in China.

Instrumentation & Control testing underway at Finnish EPR

On April 2, AREVA announced the start of testing for the Instrumentation & Control System for Unit 3 at the Olkiluoto nuclear power plant in Finland. After testing is completed, AREVA will then ship the I&C cabinets to Finland for installation so that the testing phase prior to commissioning may commence.

U.S. DOE halts nuclear energy cooperation with Russia

The U.S. Department of Energy (DOE) has decided to suspend cooperation with Russia related to several nuclear energy projects in response to the situation with Ukraine. According to an April 3 press release from Rosatom, the suspension

will impact several scheduled technical meetings.

DOE to take over management of ACP

U.S. Department of Energy (DOE) Secretary, Dr. Ernest Moniz, announced during testimony on April 2 before a House Appropriations subcommittee that the DOE will take over the management of the American Centrifuge Project (ACP) at Piketon, OH. The project had been managed by USEC. The research, development and demonstration (RD&D) program to determine certain of the ACP's technical capabilities that was successfully managed by USEC, came to an end on January 15, 2014. The ACP RD&D program was an 80%/20% funded effort between the DOE and USEC, respectively, and was initiated in June 2012. The RD&D program was extended through April 15, 2014 following an appropriation of \$62 million for the project in the Continuing Appropriations Act that funds the federal government for FY 2014.

The DOE, according to Sec. Moniz, is committed to continuing the maintenance of the ACP technology/intellectual property and to keeping the 120 or so ACP centrifuge machines built during the RD&D program operating for national security purposes. Moniz noted that USEC had been developing the ACP technology for commercial purposes but that the uranium enrichment market does not currently need a new enrichment plant given present market conditions of the enrichment market. "We need to focus on the national security obligations now as opposed to the commercial world," said Moniz. The current plan is to have the responsibility for managing the program novate to Oak Ridge, "where the technology originated," according to Moniz. He also stated that it is reasonable to speculate that USEC would participate in the Oak Ridge management of the ACP program utilizing its skilled workforce via a subcontracting arrangement of some sort,

yet to be determined. DOE is currently looking at reprogramming some activities in order to obtain the additional \$56.6 million appropriated by Congress in FY 2014 for the ACP program to achieve the goal of maintaining the technology.

USEC issued a statement in response to Secretary Moniz' statements made during the congressional hearing. The company noted that it was pleased that the DOE had "again confirmed the importance of maintaining a domestic uranium enrichment technology to support national security objectives." It also was appreciative of Secretary Moniz's recognition of the success of the ACP RD&D program that had met all of its technical milestones. USEC said that it "stands ready to support ORNL [Oak Ridge National Laboratory] in carrying out DOE's program to meet national security requirements, as requested."

Uranium One announces 2013 results

On March 31, Uranium One Inc. announced revenues of \$386.4 million for the full year 2013 at an average cash cost per pound sold of produced material of \$16. This total was based on attributable sales of 13.6 million pounds U₃O₈ at an average realized sales price of \$40 per pound. Adjusted earnings for 2013 were \$16.3 million or \$0.02 per share, compared to adjusted net earnings of \$65.1 million or \$0.07 per share in 2012.

Uranium One's attributable production in 2013 was 13.2 million pounds U₃O₈ in 2013, which is an 8% increase over attributable production of 12.2 million pounds U₃O₈ in 2012. At the Akdala in-situ recovery (ISR) project, Uranium One's 70% attributable production was 1,856,500 pounds U₃O₈ in 2013. The remaining 30% share is held by Kazatomprom and accounted for 795,642 pounds U₃O₈. Total production at Akdala was 2,652,142 pounds U₃O₈ in 2013 and the cash cost was \$14 per pound sold.

At the South Inkai project in Kazakh-

stan's Chu-Sarysu Basin, Uranium One's 70% interest returned attributable production of 3,694,300 pounds U₃O₈ and Kazatomprom's 30% interest returned 1,583,271 pounds U₃O₈ for 2013. Combined total production at South Inkai was 5,277,571 pounds U₃O₈ in 2013 with a reported total cash cost of \$18 per pound U₃O₈ sold.

Uranium One and Kazatomprom each hold a 50% interest in the Karatau ISR project at Budenovskoye 2. Attributable production for each company was 2,749,200 pounds U₃O₈ in 2013. Combined total production at Karatau was 5,498,400 pounds U₃O₈ in 2013. The company reported a cash cost of \$11 per pound U₃O₈ sold at Karatau in 2013.

The Akbastau uranium project encompassing Budenovskoye 1, 3, and 4 in Kazakhstan's Chu-Sarysu Basin returned total production of 3,897,000 pounds U₃O₈. Both Uranium One and Kazatomprom hold 50% shares in the project which yielded 1,948,500 pounds U₃O₈ for each company. Uranium One reported a cash cost of \$13 per pound U₃O₈ sold in 2013.

The Zarechnoye Joint Venture operates the Zarechnoye ISR mine in Kazakhstan's Syr-Darya Basin. Total production from the mine in 2013 was 2,419,569. Both Uranium One and Kazatomprom hold 49.67% shares in the project, which returned attributable production to each company totaling 1,201,800 pounds U₃O₈. An agent of the Kazakh government, Kara Balta, holds the remaining 0.66% share in Zarechnoye, which returned attributable production of 15,969 pounds U₃O₈ in 2013. Uranium One reported a total cash cost of \$25 per pound sold at Zarechnoye in 2013.

The Kharasan ISR project located in the Syr-Dara Basin realized total production of 1,955,667 pounds U₃O₈ in 2013. Uranium One and Kazatomprom hold 30% attributable shares in the project, which accounted for 586,700 pounds U₃O₈ for each company in 2013. The

remaining 40% stake in Kharasan is held by Energy Asia (BVI) Ltd., whose attributable production was 782,267 pounds U₃O₈ in 2013. Uranium One reported cash costs of \$21 per pound sold from Kharasan in 2013.

In the U.S., Uranium One's 100% owned Willow Creek ISR uranium project in the Powder River Basin, Wyoming, produced 940,000 pounds U₃O₈ in 2013. The company reported that total cash costs at Willow Creek were \$25 per pound sold in 2013.

At the Honeymoon ISR project in Australia, total production was 246,400 pounds U₃O₈ in 2013. Uranium One suspended production at Honeymoon during the fourth quarter of 2013 and subsequently placed the mine on care and maintenance. No cash costs were reported for the Honeymoon ISR project.

Uranium One expects total attributable production of 12.4 million pounds U₃O₈ in 2014. Furthermore, it expects the average cash cost per pound sold of produced material to be approximately \$18 per pound U₃O₈. Uranium One expects attributable sales to be approximately 12.4 million pounds in 2014 and expects to incur capital expenditures of \$65 million for wellfield development and \$8 million for plant and equipment.

Paladin freezes plans for expansion of Langer Heinrich

In an April 3 interview with *Bloomberg News*, Paladin Energy Ltd. said it has frozen plans to invest in a new processing plant as part of its Stage 4 Langer Heinrich expansion due to current uneconomic conditions in the market. "With current pricing, it's not economic to start new investments, we need at least a price of US\$70 a pound of uranium," said Langer Heinrich Managing Director Simon Solomons. The Stage 4 expansion would expand Langer Heinrich's capacity from about 5.2 million pounds U₃O₈ per annum to 8.5 million pounds U₃O₈ per annum.

Plans for the new processing plant

may be reconsidered in about two years, said Solomons. Banks are unwilling to bet on a recovery in uranium prices after they fell to about \$34 per pound following the Fukushima nuclear plant shut-down in Japan three years ago, he added. "The biggest strain on producers right now is not so much the current situation but the future movement of the price," Solomons said. "The expectation is that the price goes up but whether it goes up above \$70 nobody knows. The price is unlikely to turn around until Japan makes a firm commitment on how many reactors it's going to bring back."

Niger hopeful to sign new uranium deal with AREVA in coming days

In an exclusive April 6 interview with *Voice of America's* French to Africa service, Niger's President Mahamadou Issoufou said his country will sign a new uranium mining contract with AREVA within "a few days." Issoufou acknowledged past difficulties in his country's relationship with AREVA but assured "the new deal will be a win-win situation for everybody."

Denison reports Wheeler River drill result

On April 2, Denison Mines Corp. announced a result from follow-up drilling at the Gryphon Zone on the greater Wheeler River uranium project in the Athabasca Basin. Drill hole WR-560 targeted an up-dip extension of a drill hole completed earlier this month and intersected four discrete mineralized intervals, including: 1.3 meters grading 0.1% U₃O₈, 4.1 meters grading 0.1% U₃O₈, 2.6 meters grading 0.3% U₃O₈, and 4.2 meters grading 17.3% U₃O₈.

Denison contends that mineralization at the Gryphon Zone is approximately 200 meters below the sub-Athabasca unconformity and is open in both strike directions and at depth. No further drill holes will be completed at the Gryphon Zone until after the spring break-up in early June and a large portion of the

project's summer drilling campaign is expected to be allocated toward following-up these results. Denison is the operator of Wheeler River and holds a 60% interest in the project. Cameco holds a 30% interest in Wheeler River and JCU (Canada) Exploration Co., Ltd. holds the remaining 10% interest.

European Uranium to sell Slovakian projects to Forte

European Uranium Resources Ltd. announced on April 4 that it entered into a binding Heads of Agreement (HOA) for the sale of its Kuriskova and Novoveska Huta uranium projects in Slovakia to Forte Energy NL. The sale represents European Uranium's only mineral properties. Following the sale, European Uranium plans to use the funding to investigate other potential mineral projects to option or acquire in multiple commodities in the Europe.

The terms of the HOA stipulate Forte will issue 854,875,000 fully-paid shares with an approximate value of \$7.0 million; Forte will issue 61 million fully-paid shares to European Uranium with an approximate value of \$500,000; and Forte will pay \$1.0 million upon closing along with a 1% royalty over the projects. The sale price is equivalent to approximately \$8.5 million before signing value to the production royalty.

GoviEx files preliminary prospectus

GoviEx Uranium Inc. announced on April

2 that it filed and received a receipt for a preliminary prospectus for an initial public offering (IPO) with the Securities Commissions of Ontario and British Columbia. The IPO will be priced at C\$2.15 per Class A Common Share, expecting to raise a minimum of US\$1.5 million. GoviEx intends to use the net proceeds of the IPO to fund exploration drilling at its Madaouela uranium project in northern Niger.

A-Cap Resources to raise A\$5.8 million to complete feasibility work at Lethakane

A-Cap Resources Limited announced April 7 that the company's board of directors has resolved to raise A\$5.8 million by way of a placement to raise A\$1.32 million from institutional investors based in the United Kingdom and a subsequent non-renounceable, entitlement offer to shareholders of approximately 81,824,282 new shares on the basis of one new share in the company for every 3.5 shares held, at an issue price of 5.5 cents per share to raise approximately A\$4.5 million, which will be fully underwritten. Proceeds from the Capital Raising will be used to enable the company to complete further feasibility work necessary for a mining license application in the first half of 2015 at the company's Lethakane uranium project in Botswana.

Funds received from the placement will enable critical path drilling, process design and environmental work to commence immediately. They will also advance the company's coal projects following positive reports received from independent consultants on the development potential of these assets.

Uracan/UEX report Black Lake drill results

On April 2, Uracan Resources Ltd. and UEX Corp. reported initial results from the first six diamond drill holes completed

UxC Monthly Spot Market Data				
Month	Ux U3O8 Price	Volume Average		# of Trans
		(mill lbs U ₃ O ₈ e)	Leadtime Months	
Jan '13	\$44.00	4.74	2.9	32
Feb	\$42.00	5.26	4.7	29
Mar	\$42.25	6.03	1.7	25
Apr	\$40.50	2.69	2.3	22
May	\$40.50	3.47	3.3	24
Jun	\$39.65	4.10	2.8	26
Jul	\$34.50	4.68	3.0	30
Aug	\$35.00	4.12	4.0	29
Sep	\$35.00	4.02	3.2	26
Oct	\$34.75	4.06	2.4	27
Nov	\$36.25	5.22	2.1	30
Dec	\$34.50	2.00	3.7	18
Jan '14	\$35.50	3.22	2.3	25
Feb	\$35.50	2.76	3.3	24
Mar	\$34.70	3.76	3.5	24

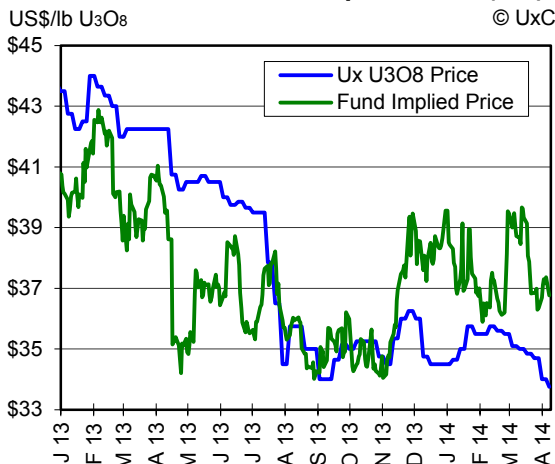
on the Black Lake project located on the Athabasca Basin's northern margin. In particular, drill hole BL-148 returned highlights including: 0.5 meters grading 0.131% U₃O₈, 0.5 meter grading 0.043% U₃O₈, and 1.0 meters grading 0.124% U₃O₈. The companies stated that the basement-hosted mineralization intersected below the footwall unconformity is significant as this type of mineralization has not been encountered previously in this area of the Black Lake property.

The Black Lake project covers 30,381 hectares within the Athabasca Basin. Uracan is currently earning a 60% interest in the project by incurring C\$10.0 million in exploration expenditures over a 10 year period. UEX is the operator of the property during the earn-in period.

CanAlaska sells Kasmere to East Resource Ltd.

CanAlaska Uranium Ltd. announced on April 1 that it entered into a binding agreement to sell its interest in the Kasmere South uranium project in north-western Manitoba to private company East Resource Ltd. The Kasmere South property is being sold for C\$1.8 million and CanAlaska will assist East Resource with property exploration and retain a Net Smelter Return (NSR) on any future production. The NSR will have a C\$20 million one-time pre-production purchase option.

Ux U₃O₈ Price vs. Fund Implied Price (FIP)



The Market

March Market Review

Spot activity was moderate during March, with volume increasing slightly over that posted in January and February but still well behind the pace reported last March. A total of 25 spot transactions were reported during the month, of which 22 were in the form of U₃O₈, two were as UF₆, and the remaining transaction as conversion services. There were no SWU or enriched uranium product (EUP) transactions. For uranium content, there were 24 transactions involving 3.8 million pounds U₃O₈ equivalent. Spot conversion content totaled almost 350,000 kgU as UF₆. Although total volumes are being withheld due to confidentiality, a total of five term contract awards were reported during March, three involving U₃O₈, and two for conversion services.

Uranium Spot Market

While spot volume totaled close to four million pounds last month, activity has been limited and demand continues to be very discretionary. Activity today has been very quiet as many participants are enjoying the sun at the WNFC meetings

in San Francisco. Over the past week, a variety of buyer types were active resulting in five reported transactions involving about half a million pounds U₃O₈, bringing annual totals to 78 spot transactions and breaking the ten million-pound mark. However, as noted over the past several weeks, a higher number of transactions were the result of sellers hitting the bid, and as a result, spot price has been on a downward trend. This trend has continued and based on recent activity as well as current bids and offers, the Ux U₃O₈ Price declines this week by \$0.25 to \$33.75 per pound. Location differentials also caused the bid/offer spread to cross over last week with bids at Comurhex higher than some offers at Cameco.

UxC Broker Average Price

The UxC Broker Average Price (BAP) began the week up \$0.44 to \$34.44 on Tuesday. However, the BAP began to show signs of deteriorating towards week's end and ultimately finished Friday down \$0.31 to \$33.88. Today's UxC BAP reverses the trend at \$33.94, up \$0.06 on the day but down \$0.06 from last Monday's \$34.00. The BA Bid is \$33.50, down from last Monday's \$33.75 and the BA Offer is \$34.38, up from last Monday's \$34.25.

Ux Price Indicators (€ Equiv**)			
Weekly (4/7/14)		1 US\$ = .72770€	
Ux U₃O₈ Price		\$33.75	€24.56
Mth-end (3/31/14)		1 US\$ = .72593€	
U ₃ O ₈	Spot	\$34.00	€24.68
	Long-Term	\$47.00	€34.12
Conversion	NA Spot	\$7.75	€5.63
	NA Term	\$16.00	€11.61
	EU Spot	\$8.00	€5.81
EU Term	EU Term	\$17.00	€12.34
	NA Price	\$96.25	€69.87
	NA Value*	\$96.59	€70.11
UF ₆ Spot	EU Value*	\$96.84	€70.29
SWU	Spot	\$95.00	€68.96
	Long-Term	\$99.00	€71.87
EUP	NA Spot**	\$1,579	€1,146
	NA Term**	\$2,023	€1,469

Fund Implied Price (FIP)

Fund Implied Prices (FIP) began the week on Tuesday up \$0.41 at \$37.10. By Friday, the FIP gained to \$37.37, up \$0.20 on the day. Today's FIP is \$36.77, down \$0.60 on the day but up \$0.08 from last Monday's \$36.69. The latest FIP information can be found in the chart on page 7.

U₃O₈ Futures Market

The CME Group futures market for uranium picked up 67 contracts (16,750 pounds U₃O₈) in the first week of April to

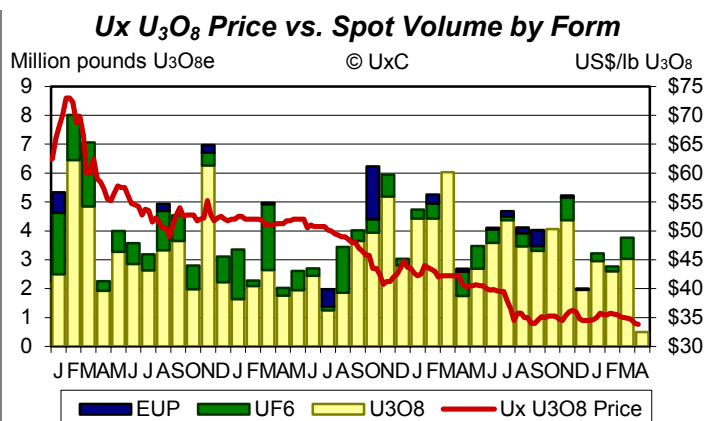
UxC Market Statistics				
Monthly (Mar)	Spot		Term	
	Volume	# Deals	Volume	# Deals
U ₃ O ₈ e (million lbs)	3.9	24	W	3
Conv. (thousand kgU)	W	3	W	2
SWU (thousand SWU)	0	0	0	0
2014 Y-T-D	Spot		Term	
	Volume	# Deals	Volume	# Deals
U ₃ O ₈ e (million lbs)	10.4	78	>3.5	9
Conv. (thousand kgU)	~500	7	~3,000	5
SWU (thousand SWU)	0	0	~2,000	4

Key: N/A – Not available. W – Withheld due to client confidentiality.

UxC Leading Price Indicators

Three-month forward looking price indicators, with publication delayed one month. Readings as of Mar 2014.

Uranium (Range: -17 to +17)	-7 [unchanged]
Conversion (Range: -16 to +16)	-6 [down 2 points]
Enrichment (Range: -18 to +18)	-8 [unchanged]
Platts Forward Uranium Indicator	\$33.75-34.75
A forward one-week outlook.	As of 4/4/14 (US\$/lb)



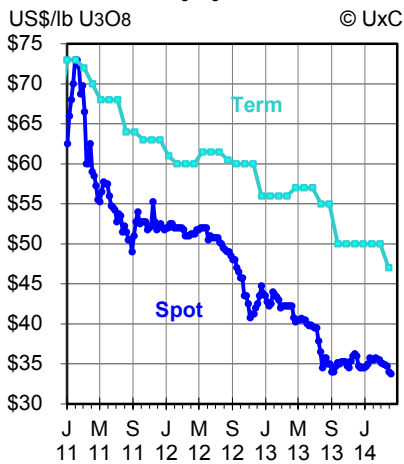
Hospital Bracelet

As I was admitted to the hospital prior to a procedure, the clerk asked for my wrist, saying, "I'm going to give you a bracelet."

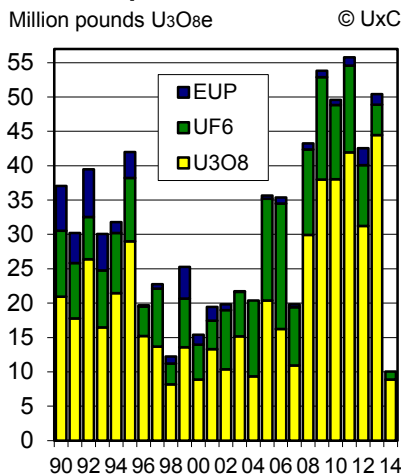
"Has it got rubies and diamonds?" I asked coyly.

"No," he said. "But it costs just as much."

Ux U₃O₈ Prices



Annual Spot Uranium Volumes



break a noted cycle of late month contracting in 2014. A total of 66 contracts were booked for the October 2014 futures month in two separate lots during the week with six contracts booked at \$35.65 and the remaining 60 contracts booked at \$35.00 amid declining prices on the strip. The remaining single contract was booked for the December 2015

futures month at \$38.35. Pricing on the strip pushed up early in the week, but ultimately turned over by week's end. For the latest futures market prices, please refer to the table on the next page. The week's increase in 67 contracts (16,750 pounds U₃O₈) represents the first activity for the month of April and increases the 2014 annum total to 819 contracts (204,750 pounds U₃O₈). Open interest also increased by 67 contracts (16,750 pounds U₃O₈) and currently stands at 6,671 contracts (1,667,750 pounds U₃O₈).

Uranium Term Market

This year's term uranium activity has thus far been limited with only a few utilities currently active evaluating offers, although moderate interest in mid-term delivery continues. As carry-trade pricing remains competitive, and these offers are now extending out further in time, several utilities are considering entering or pursuing unsolicited offers. A U.S. utility that was evaluating offers based on its request for between 500,000 and 2.5 million pounds U₃O₈ with two requested delivery periods of 2016-2018 and 2016-2020 has made its selection(s). A non-U.S. utility is seeking up to 900,000 pounds U₃O₈e per year as either UF₆ or EUP with delivery in the 2015 to 2020 time period.

Conversion & UF₆

Spot activity involving conversion and

UF₆ have remained limited over the past month. As noted above, only three transactions were reported last month, and no new demand or activity is reported over the past week. In the term market, activity remains low to moderate. A U.S. utility is now evaluating offers for up to 200,000 kgU of conversion services per year with delivery over the 2015-2019 period. A non-U.S. utility is finalizing its selection for either UF₆ or EUP for up to 350,000 kgU, with delivery starting in 2016. Another utility is also seeking conversion services with delivery also starting in 2016.

Enrichment & EUP

Enrichment activity remains limited with no new spot or term demand or transactions reported over the past week. Continued limited demand has resulted in a downward trend in prices (both spot and term). However, with this decline in pricing as well as concern for future supply given current geopolitical issues, a number of utilities are now evaluating entering the market, and several utilities are quietly evaluating unsolicited offers. In the term market, a U.S. utility is evaluating offers based on its request for between 2.1 to 3.5 million SWU over two delivery periods (2018-2020 and 2021-2030). A non-U.S. utility is finalizing its selection for about 260,000 SWU per year as EUP with delivery in 2015-2020. Another utility is seeking about half a million SWU.

Ux Price Indicator Definitions

The Ux Spot Prices indicate, subject to the terms listed, the most competitive offers available for the respective product or service of which The Ux Consulting Company, LLC (UxC) is aware, taking into consideration information on bid prices for these products and services and the timing of bids and offers as well. The Ux U₃O₈ Price (Spot) includes conditions for delivery timeframe (≤ 3 months), quantity (≥ 100,000 pounds), and origin considerations, and is published weekly. The Ux LT U₃O₈ Price (Long-Term) includes conditions for escalation (from current quarter), delivery timeframe (≥ 24 months), and quantity flexibility (up to ±10%) considerations. The Ux Conversion Prices consider offers for delivery up to twelve months forward (Spot) and base-escalated long-term offers (LT) for multi-annual deliveries with delivery in North America (NA) or Europe (EU). The Ux NA UF₆ Price includes conditions for delivery timeframe (6 months), quantity (50-150,000 kgU), and delivery considerations. *The Ux NA and EU UF₆ Values represent the sum of the component conversion and U₃O₈ (multiplied by 2.61285) spot prices as discussed above and, therefore, do not necessarily represent the most competitive UF₆ spot offers available. The Ux SWU Price (Spot) considers spot offers for deliveries up to twelve months forward for other than Russian-origin SWU. The Ux LT SWU Price (Long-Term) reflects base-escalated long-term offers for multi-annual deliveries. **The Ux Spot and Term EUP Values represent calculated prices per kgU of enriched uranium product based on a product assay of 4.50% and a tails assay of 0.30%, using spot and term Ux NA and appropriate spot and term price indicators and are provided for comparison purposes only. All prices, except for the weekly Ux U₃O₈ Price, are published the last Monday of each month. (Units: U₃O₈ = US\$ per pound, Conversion/UF₆: US\$ per kgU, SWU: US\$ per SWU, EUP: US\$ per kgU) The Ux Prices represent neither an offer to sell nor a bid to buy the products or services listed. **The Euro price equivalents are based on exchange rate estimates at the time of publication and are for comparison purposes only.

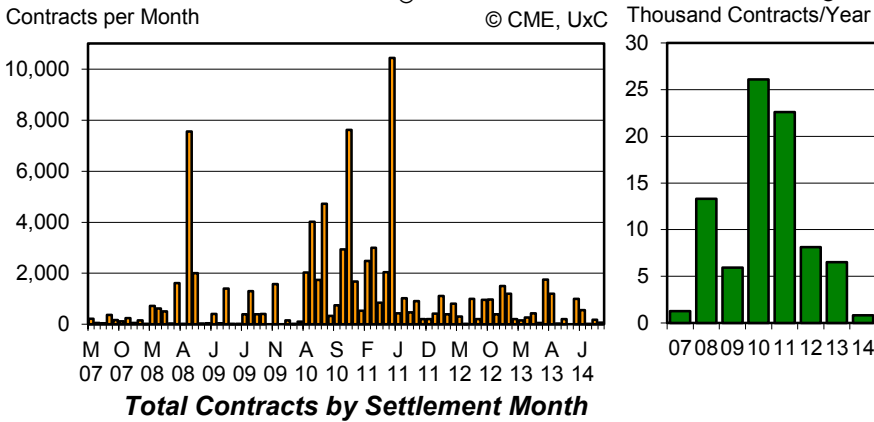
The Platts Forward Uranium Indicator price range belongs to Platts, a McGraw Hill Company, and is published with permission. Definitions of these prices are available from their original source.

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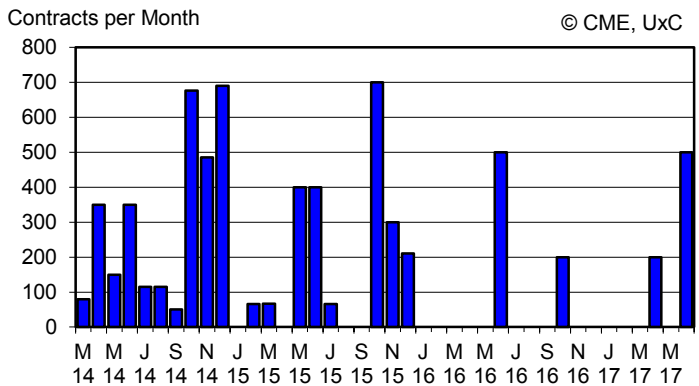
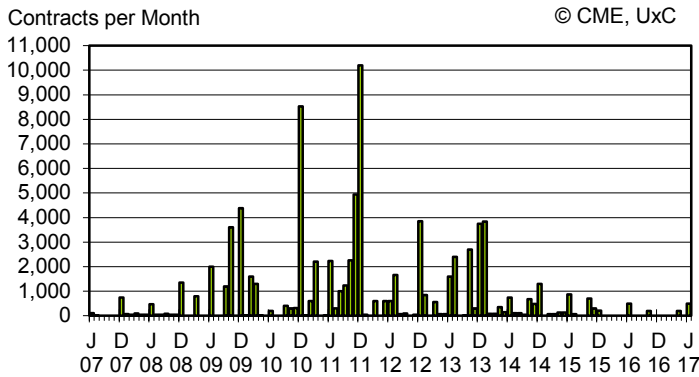
CME/NYMEX UX Futures Activity Total Contracts by Transaction Month, by Transaction Year



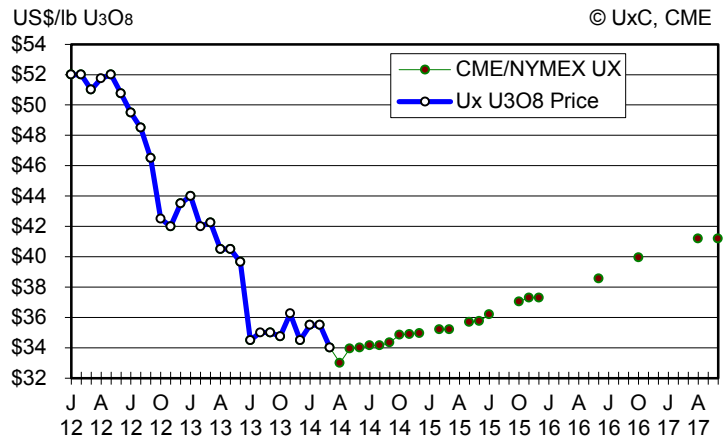
CME UxC Uranium U₃O₈ (UX) Futures

Activity as of April 4, 2014

Settlement	Price	Volume	Open
Nov 2013	N/A	300	N/A
Dec 2013	\$34.50	3,755	N/A
Jan 2014	\$35.50	3,839	N/A
Feb 2014	\$35.50	80	N/A
Mar 2014	\$34.00	80	80
Apr 2014	\$33.00	358	350
May 2014	\$33.95	150	150
Jun 2014	\$34.00	750	350
Jul 2014	\$34.15	115	115
Aug 2014	\$34.15	115	115
Sep 2014	\$34.35	50	50
Oct 2014	\$34.85	676	676
Nov 2014	\$34.90	485	485
Dec 2014	\$34.95	1,296	690
Feb 2015	\$35.20	66	66
Mar 2015	\$35.20	67	67
Apr 2015	N/A	132	0
May 2015	\$35.70	132	400
Jun 2015	\$35.75	870	400
Jul 2015	\$36.20	66	66
Oct 2015	\$37.05	700	700
Nov 2015	\$37.30	300	300
Dec 2015	\$37.30	215	211
Jun 2016	\$38.55	500	500
Oct 2016	\$39.95	200	200
Apr 2017	\$41.20	200	200
Jun 2017	\$41.20	500	500
From May 2007	Totals:	84,674	6,671



Ux U₃O₈ Price vs. CME/NYMEX Forward UX Price Curve



UxC Broker Average Price (BAP) Definition

The **UxC BAP** (Broker Average Price), subject to the terms listed, is a calculated average mid-point of bid and offer prices as supplied to UxC by participating brokers. The participating brokers are Evolution Markets and Numerco Limited (the "Brokers"). Data posted by the Brokers are kept confidential and will not be published or made available independently. The Broker data are subject to verification by The Ux Consulting Company, LLC (UxC), which compiles and reports the UxC BAP. In order to have a sufficient number of data points and to represent submissions by all of the Brokers, the UxC BAP includes the best bids and offers reported over a three-month forward period. This period is consistent with the three-month delivery period for offers considered in the determination of the **Ux U₃O₈ Price**. On a daily basis, the Brokers submit their best bids and offers over a forward three-month period through a secure system. From these postings, UxC separately calculates the UxC Broker Average (BA) Bid and the UxC Broker Average (BA) Offer prices. The UxC BAP is a simple mid-point average of the **UxC BA Bid** and **UxC BA Offer** prices. Other Broker data collected include lot volume on a per offer basis. The UxC BAP is published on a daily basis and is made available to subscribers through email updates and UxC's Subscriber Services website.

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