Fuel Cycle Week©

The Business of Nuclear

Vol. 15 • No. 686 • December 1, 2016

Nuclear Buzz

Not Too Dangerous to Hope. For A Change

By Andrea Jennetta, Publisher

Hope is a dangerous things, especially if you work in the stupid nuclear industry.

But today there is good reason for a little optimism. Besides the Swiss finding their minds last week and voting to allow each of the country's 5 reactors to operate for 60 years, Exelon yesterday announced it reached an agreement with Illinois Gov. Bruce Rauner on the Future Energy Jobs Bill, a measure that would keep Clinton and Quad Cities alive.

The amendment limits the rate hikes for the average Commonwealth Edison household customer to 25 cents per month but imposes a 1.3% increase for businesses based on their 2015 rates.

Exelon said the revision has gained support from members of the Clean Jobs Coalition, a group of mostly nuclear haters like the Natural Resources Defense Council, Sierra Club and Environmental Defense Fund.

But Crain's Chicago Business reported that a number of business groups, including the Illinois Manufacturers Association, remain opposed.

In addition, $250 million in ratepayer money for new "microgrids" requested by Exelon-owned Commonwealth Edison will be struck from the bill, sources said. Money for new solar development in Illinois will be pared as well.

ANNUAL MINES AND MONEY

Berkeley Now Courting Chinese Investors, After Interalloys Doubles Down on Offtake Agreement

By Roger Murray, Global Correspondent

In a stunning endorsement of the prospects for a rebound in the global uranium market, Berkeley Energia (AIM/ASX:BKY) has concluded an agreement to sell first production uranium from its soon to be built, 100% owned Salamanca mine for double the volume previously inked in.

Berkeley announced the conversion of a previous letter of intent to a binding agreement with commodity trader Interalloys Trading on Nov. 28 on the day that the three-day annual Mines and Money conference began in London, where prospects for a market upturn were widely discussed.

Under the finalized agreement, annual contracted volumes have been raised from 1 million pounds (454 tonnes) U3O8 to 2 million pounds (907 tonnes) over five years.

The developer added that "potential exists" to increase the annual volume further as well as to extend the five-year contract to a total 3 million pounds (1,361 tonnes).

But the blinder was the averaged fixed price of $43.78 per pound U3O8 agreed between Berkeley and Interalloys, more than double the current spot market price of just over $18 per pound. This covers both contracted and optional, additional volumes of yellowcake offtake.

One uranium industry source in London told *FCW* it can only be assumed that Interalloys believes by the time Salamanca enters production, scheduled for 2018, or soon after, the uranium price will have recovered to above the contracted price, enabling the trader to turn a profit on the deal.

Berkeley's view is that while uranium prices may remain flat in the near term, from 2018 "the market is expected to be dominated by U.S. utilities looking

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to recontract who will at the same time be competing with Chinese new reactor demand, which may lead to higher spot and term contract prices."

The firm is discussing contracts on terms similar to those of the Interalloys agreement with other potential off-takers.

These would reflect "pricing at or around long term benchmark levels for term contracts."

Berkeley added that sales contracts will be concluded "in the ordinary course of business as the company progressively builds its sales book with high quality offtakers."

Berkeley managing director Paul Atherley commented that the fixed pricing at $43.78 for the Interalloys contract "would give us a very strong margin above our steady state (production) cash cost of around $15 per pound."

He added: "With initial construction well underway and as we move closer to production we are receiving growing interest from major utilities who are looking to diversify their offtake from a low cost producer in Europe. We intend to build our uranium sales book by entering into long term offtake contracts from now until the commencement of production."

China National in the Mix

In a ten minute mining spotlight presentation on Nov. 29 at Mines and Money, Atherley disclosed Berkeley is looking to bring in a major partner, such as China National Nuclear, "to develop the asset."

Presumably the Chinese utility would come in as a joint venture equity investor, as at Paladin Energy's Langer Heinrich mine.

He highlighted that opex for yellowcake sourced from the higher grade Zona 7 deposit would be some $9.90 per pound. This meant that cash costs would be half the present, decade-low yellowcake price.

Atherley added that Berkeley's aim is to ensure Salamanca will be "a reliable, steady state producer at some 4.5 million pounds U3O8 per year," with continuing exploration, into which mining-generated revenue would be re-invested. The mine would generate strong free cash flow independent of the uranium price.

Work on the plant crushing circuit is expected to start next March; Berkeley holds $40 million in cash all told and 60% of its stock is now held by large financial institutions, mainly through its AIM share register.

Last month, it raised some $30 million via a placement of 53.6 million shares with institutional and other investors priced at £0.45 ($0.56) on London's Alternative Investment Market to accelerate Saamanca's development.

The share price has risen by over 90% since the start of this year,

Triple R Resource to Be Expanded in Early 2017

By Roger Murray

In the new Fission Uranium (TSX:FCU) investor update presented at Mines and Money on Nov. 29, president and CEO Ross McElroy listed the 2016/17 exploration goals as:

- Expanding the Triple R deposit with a resource update due in early 2017;
- Expanding new high grade discoveries;
- Follow up on exploration hotspots and testing gaps between zones; and
- Exploration "wildcat" drilling.

Describing it as "early days" at Patterson Lake South, McElroy noted that Triple R was the Athabasca Basin's largest undeveloped deposit backed by a preliminary economic assessment completed last year.

The total east-west strike length of the current PLS mineralized trend is 2.6 kilometers, stretching from the 840W Zone through the Triple R's R00E and R780E Zones to the R1620E Zone.

Exploration upside is provided by a large number of electromagnetic conductors along with radioactive and/or geochem anomalies mainly to the south and east of the Patterson Lake corridor.

McElroy noted the projected average opex for a PLS mine of only $14.02 per pound U3O8 compares to an average of $18.15 per pound for Uranium One's Kazakhstan ISR mines and $19.23 per pound for Cameco's McArthur River.