

Minjng Journal

Ground broken on Salamanca

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Construction has started at the Salamanca uranium project.

The future of Berkeley Energia's (LN:BKY) mine was secure even as uranium battled through decade-long price lows in 2016, but the company sees a more comfortable operating environment as it looks to its 2018 production date.

The construction announcement comes after a US\$30 million capital raising and five-year offtake agreement for 1 million pounds per annum of U_3O_8 annually with Interallloys Trading in recent months.

Annual output is expected to be 4.4Mlbpa for an initial 10 years at an all-in cash cost of \$15.06/lb.

The offtake supply was agreed at \$41/lb, double the price towards the end of December.

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The company said uranium was already recovering from its woes in 2016 and forecast higher demand to come.

“Sentiment regarding the uranium market was turning towards the end of last year and is likely to remain on the up as we head into 2017,” Berkeley said.

The company said an incoming supply deficit of uranium was forecast to be “the greatest the world has ever experienced”.

In a July interview with *Mining Journal* Berkeley managing director Paul Atherley said he saw 2018 as the crunch time.

“What we’re anticipating is that from 2018-2024, US utilities become 82% uncovered [in terms of long-term uranium supply contracts],” he said.

“Our argument is that when they move into the spot market in that kind of volume, they will be doing so at the same time the Chinese are increasingly looking for material for their new reactor builds, at the same time as primary supply is coming off stream. We think those three ingredients could be a catalyst to a price boom,” he said.

US president-elect Donald Trump’s positive statements on nuclear power have also boosted confidence within the Berkeley offices.