

FROM THE FOUNDER & CEO



Dear Reader,

By obtaining a copy of this report you've taken an important step in understanding the role nuclear energy plays in the world and, importantly, how the uranium fuel business critically contributes to sustaining the nuclear power source we all enjoy. This introduction letter is for potential, new, and existing uranium investors & speculators that have a positive, neutral or even negative view on the nuclear power and uranium mining industry. It provides a framework for understanding why we put together this report as a vehicle for best representing & expressing our view.

We are about to embark on a journey that will take years to complete. The path will test our patience, our endurance, our willpower, our certainty, and our capital on the way to success. People will say you're crazy and that you have it wrong. In fact, you may well be wrong for some time. What matters in this game is the finish and whether or not it pays well enough to be wrong for a time. We contend it does. It makes no difference whether or not you like the nuclear power industry or the uranium mining business. It doesn't matter if you think you can make money on the short side or the long side. It doesn't even matter if the uranium mining business loses money on every single pound of uranium that they sell from now until 2050. It doesn't matter if you think nuclear power is bad for people and the earth. The point is it doesn't matter what you think. It only matters what is going to happen...

You see, the nuclear power industry is a multi-trillion dollar business on a global scale. That's right, multi-trillion. It is not something that gets turned off in 10, 15, or even 20 years. It's just not going to happen anytime soon. Look at the hated coal power industry. After decades of government policies to kill the business, it still makes dirty power today so you can charge your electric car and your smartphone with it. At current pace, coal power will be with us for at least another decade. If coal can still survive, what do you think is likely to happen with nuclear? You can talk meltdown all you want but the reality is that humankind has an extensive tolerance for making sure power grids supply necessary power for the modern world. Only about 5 years later did Japan return to nuclear power generation. The reality of the global energy situation is much different than we are led to believe...especially if you are a student of the mainstream.

For those who are in the drunkenness of renewable power...it's time to sober up to the tough reality. While renewables like wind and solar have a place in modern energy, they will not become the sole source of power...unless

"Whether you take a bear or bull case in uranium, we all get a religious experience of witnessing who benefits when the time comes. Wisdom favors one side of that argument but more importantly, capital deployment confirms it. Do you have the willpower & agility to see it through?"

- Andrew Weekly

you're stupid. They aren't fully renewable because they require replacement parts. These parts come with a carbon footprint, just like everything else. Like residential waste, solar and wind have large waste implications. Because these sources have the uptime of about 1/3 on average as compared to a nuclear reactor, the capacity build out required to produce consistent reliable energy from these sources would take far too much capital and land mass to achieve. We're talking tens of trillions and multi-Texas like space footprints. In other words, it just isn't possible no matter how you cut it or how you spin it. As the race to the lowest cost per kilowatt hour ensues, so is the drive to see who can survive on the lowest possible margins. Margins attract capital...low margins attract less. Less capital means less innovation and improvement. Capital seeks better returns elsewhere.

So now that there is no argument about nuclear energy hanging around for the foreseeable future the next question is how they keep a steady fuel supply. Uranium remains to be that key fuel that is used in nearly all reactors worldwide. Now, there is no shortage of uranium mineral on this earth. In fact, there is a lot. The question is at what cost will it move from the ground, through the fuel cycle, and into a reactor? Who will do it? If there is no incentive to mine uranium, then how will the nuclear utilities get their fuel needs fulfilled? Do you believe that these folks will shut off a multi-billion dollar plant because there is no fuel? Prices dictate incentive. At some point in time the incentive to mine will return because there is no other option. None no matter how you hack it.

The negative uranium camp would have you believe that there is sufficient supply sitting around to power reactors for decades. They often forget how the real world works when it comes to supply, demand, stock and who holds it. I personally prefer to always fill my car with diesel anytime there is an opportunity. In fact, I prefer my car full of fuel, 100%, for at least 90% of the time. Doing so almost certainly ensures I have fuel for when I need it the most. We hope the station has fuel each time we need it. What do you think a nuclear utility would do when it comes to securing fuel, a cheap component of an overall multi-billion dollar power plant? They aren't stupid or naive...neither should you be. It's the same whether we are talking about keeping food in the pantry or water in the garage. The point is that smart people have a tendency to overstock to ensure supply for when it is needed most. When return on capital and power supply is needed we suspect there is just a bit more motivation to keep things operating. Margin attraction. Globally, we are on the cusp of a new refueling cycle where nuclear utilities will head to the grocery store to stock up on goods. Who will provide that new round of supply? There is no way it will be coming from existing governmental and existing utility stock. It won't come from HEU weapon dismantling either. It's not coming from seawater either.

Uranium prices have been in the dumpster for years. The longer prices stay low will result in more miners burying themselves. This is a classic setup that eventually is self correcting. No interest leads to supply decline. No supply eventually results in higher prices. Higher prices result in new supply coming online. Excessive prices lead to oversupply. You get the cycle. When you've already built a multi-billion dollar nuclear facility there is no further pain when you need to pay for the fuel. People don't stop going to work when the price of gasoline rises a

bit. The opportunity cost for that paycheck means too much to hesitate. Mining of uranium must continue. For that to happen, the price must go up and it will. The pain when the lights go out at your house is too great to bare.

Yet even the uranium bears have failed to realize that the time to short uranium has already passed. Yes, that time will come again but it is not before prices and production ability goes up substantially. This is besides the point that a true uranium bear must take a short position to put their money where their mouth is in the first place. You can't be a bear without something to risk. Rather, even during a poor uranium price environment there has been 3 distinct opportunities to make 2-3x your money, if not more, since 2016. Just take a look at the price action of uranium and most of the stocks since mid-2016 onward. You've just missed some fantastic trading setups that offered returns which rival many other sectors arguably in a shorter period of time. The time to

be a bear has passed for now. The final tools left here are a hope that the big broad markets suffer big declines or another nuclear accident occurs. Hoping

for the latter just to support a poorly conceived thesis is a shame. With commercial nuclear power operating for some 63 years, record of only notable 2 accidents, with the latest of those sadly occurring 8 years ago...we'll take those odds, with pleasure.



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Disruptive energy technology? It is entertaining to hear this common buzz word "disruptive" across the mainstream these days. Last we checked, there has been nothing disruptive about human needs, desires, protectiveness, and resistance to change, despite failed efforts to do so. Short of the end of life as we know it, there will be nothing disruptive overnight that will change how we generate electricity. Disruptively, nuclear power will endure for the foreseeable future until tens of trillions of dollars are deployed to replace its carbon-free generating capacity. Change remains to be painful and resisted. Human nature remains intact.

Just about everything is cyclical and the same is true for uranium or any other natural resource. The markets go through periods of leanness and excessiveness. No money to big money. Without a doubt we are near the beginnings of a cyclical uptrend for uranium coming from a longer period of leanness. Now that we are on the right side of the cycle...that is...bottom far left of a line chart with only room to move up and to the right...the final question is timing. Uranium or any other natural resource has characteristics that reward handsomely even if you got the timing wrong for a time. It speaks highly true for the small capitalization of the uranium mining business. We don't know exactly when uranium prices will rise but we can tell you that they will sometime in the next few years. Now, to some degree we've already seen some rise since 2016, from ~\$18 to ~\$29 in late 2018. Our hard charge to our uranium viewpoint came in May 2017. So far, we've been close on timing but remain to be wrong for now. For this specific sector, early has been better than waiting for some unknown confirmation or showing up late.

With that, it makes sense to take the view that we might still be waiting around for another 3 years. During this time, we might also see a sizable broad market decline that would most likely put the uranium business on sale. In our view, this is understandable, attractive, and welcomed because it provides more time and capital to accumulate assets in the sector. It also keeps capital dry for a few more years causing things to become even more dire in a must survive industry. Investors and speculators in this space will still need patience going forward. Furthermore, the ride is a one-way trip that must be carefully navigated before successfully exiting. While supporting such a key energy industry is honorable and commendable, any successful enterprise gets paid for their supporting capital investments. A return on capital is required before we can enjoy advancement. We expect this report will provide comprehensive guidance and understanding in this regard from start to finish. 2019 is the potential early stages of that journey.

All the best as this trend gets underway. Nuclear energy may not be perfect, but it is the closest thing to perfect we've got so far. Uranium will provide the fuel to that end. Here is to nuclear energy, the prevailing powerhouse that has a bright future whether we like it or not.

Regards,



Andrew Weekly
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