

► **SmithWeekly:** Welcome to SmithWeekly Discussions an occasional program for our readers and listeners of SmithWeekly Research, please note this program is a private discussion and everything contained herein is for entertainment and educational purposes only. With that, we hope you're in a comfortable position along with your favorite beverage to enjoy the discussion. We want to thank our audience for questions coming from Jay T., Levi B., Mo K., Eric H., Andrew C., Brent B., and Rob C. Today we have George Glasier on the line today. George is Director, President and Chief Executive Officer of Western Uranium & Vanadium. Western is listed on the Canadian Securities Exchange under the symbol WUC and on the U.S. OTC markets under the symbol WSTRF. George welcome.

► **George:** Thank you, Andrew.

► **SmithWeekly:** Give us your background doing back before you became involved with uranium business and then taking us all the way until today.

► **George:** Well that goes back a ways. Before I got into uranium business, that was back in the late seventies. Graduated licensed lawyer in Colorado. I went to work for a company that had a copper mine in Utah among other assets and then I got into the uranium industry with an individual who is setting up a private company and that company was Energy Fuels Nuclear. It became the largest uranium producer United States almost twice as big as any other company. That company was sold in 1991. Uranium prices dropped from the high of about \$43 dollars in some sense and it dropped consistently after Three Mile Island down to the range of \$10 or lower. So we sold the company for the value of the contracts. I put together all the properties I did and then I took over the marketing of Energy Fuels nuclear we had contracts throughout the world Asia Europe and of course throughout the U.S. We sold that company. I basically got out of the industry for a while because the prices were depressed. In 2005, I formed another company and I named it also Energy Fuels, took it public on the Toronto Stock Exchange in 2006. So that was my second go around with it. I stayed with that company until 2010 as President CEO and then I left that company. I'm still shareholder of Energy Fuels got out of the business for another period of time and then came back in as a private company purchasing certain assets from Energy Fuels. So that formed the basis of when we went public with Western Uranium. So that's basically Western Uranium. The second tranche of assets with Western came when we actually went public on the Canadian Stock Exchange by acquiring

George Glasier
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an Australian company called Black Range Minerals. Those assets today, the Black Range acquisition, and the original purchase from Energy Fuels comprise the assets, the resource assets of Western Uranium today.

▶ **SmithWeekly:** So for those who might not be familiar with the company give us a quick overview of the management team, the share structure, executive compensation, and the key projects at Western.

▶ **George:** Western is very tightly held but also is management. We've got of course our Chief Financial Officer, Rob Klein. He works out in New Jersey. Myself, I work out of Colorado close to the mines and we have a part-time operations guy who I hired from Energy Fuels. He works part-time taking care of the mines. Our share structure is pretty tight. We have a little over 25 million shares outstanding warrants and options add to that pretty tight structure. I own about 18 percent of the outstanding shares, management just a small amount beyond that. So we're fairly tightly held as far as our structure. You can look it up on the public records my compensation is \$15,000 a month. Rob Klein is \$10,000 a month and my part-time operation guy is \$5,000 a month. So that's the extent of our employees. To the extent we need other things done we hire contractors so we don't employ other people at this point. But actually we will of course is we've lined up additional people to come on board when we go into production.

▶ **SmithWeekly:** Ok and what about key projects?

▶ **George:** Well, of course, the key projects are part of the mines that we acquired from Energy Fuels which were permitted mine, the Sunday Mine Complex, a complex of five mines. It was operated as recently as 2009. It was operated by Denison before Energy Fuels acquired the property. So that's the project that will probably come on first simply because it's a very large project with five mines and that's the project, we announced recently, we intended to open early next year. We have two other properties that are permitted Mines, one is called the Van 4 and the other one is the Sage Mine complexes in Colorado. Van 4 is in Colorado and Sage is in Utah.

▶ **SmithWeekly:** So you've mentioned a possible reopen. What date did you have a date in mind of when you are going to open, I hear it might be somewhere between six and eight months from now? Is that a really a firm date at this point.

▶ **George:** Well to reopen the mine we expect to reopen the mine to go in and assess the very high-grade Vanadium resource. We expect to do that towards the end of the first quarter of 2019. So probably March maybe April we should have the mine open, you know, not to be producing because there's got to be a period of time where we go in and do an assessment. We are going to do some underground drilling to assess the high grade uranium-vanadium ore that is in the mine that is left from the very beginning when Union Carbide started the mine. Production would follow then obviously after a period of defining what's there and obtaining, you know, contract for two or three years to sell the product at a reasonable price and we want to start the mine with the expectation of getting \$20 from an at the market and then it falls to \$5. So obviously we will need to base load the mine with contracts for vanadium first.

▶ **SmithWeekly:** Sure and we'll get into that in a moment. There's some other questions related to that. So George as you probably know we've covered Western in our Nuclear Energy Report and as a result, we have a number in the audience who are very curious as to the current status of Western and your plan going forward with that. We're hoping the discussion will be a good place to come out and give

some updates and some information on a number of matters for the audience. So kind of switching gears for a moment regarding Piñon Ridge, what is the expected time frame to potentially resolve the licensing issue there and proceeding to possibly construction and processing materials out of that location?

▶ **George:** Well, if you look at the public announcements and which are available with the Colorado Department of Public Health and Environment that license was revoked earlier this year as a result of a lawsuit. Now that license, basically, you know, the judge in that lawsuit if you go back and look at the record, it came out after a lengthy period of time after we bought in, you know, there's reasons that it took so long for the judge but he finally ruled on it and he basically said there's some deficiencies in the license. Now remember Energy Fuels obtained the license and then sold the mill project to myself and some investors. The Piñon Ridge mill is not part of Western and never has been part of Western. It was sold after we acquired the first asset and I can explain why we didn't put the mill initially but the judge found that there were several deficiencies and the license could be revoked. So we went to the hearing and said yes let's have another hearing we can satisfy the deficiencies in the license with another hearing. Well the department refused to give us a hearing so they basically revoked the license and said start over so that's where it stands. So Western doesn't have any interest in and there's no reason to start over at this point. Now Energy Fuels spent a great deal of money, you know, obtaining the license in the first place now, do you want to start over in the same area and fight the same battles? I don't but maybe somebody does but quite frankly I don't think that Mill is going to be built in that site. I think there'll be another one built, but it won't be in Colorado. They're better states to build the uranium mill.

▶ **SmithWeekly:** That's right. So on that subject is there any looking right now as far as from Western is there another location and some potential other sites that you're looking at?

▶ **George:** Well, of course Western is always looking for alternatives and how to proceed with production over the long term and so we are definitely looking at sites but you know any company that would be into production for a number of years should be looking at producing at their own facilities. Now, there may be other alternatives in the short term and the long term you always make more money if you own your own processing facilities, certainly something that we, I'm sure other companies are looking at it too.

▶ **SmithWeekly:** Okay, so some other states probably a little more friendly for licensing purpose such as maybe Utah is probably a good idea.

▶ **George:** Yeah they're certainly and you can look at you know, the various stages and they've got to be within a reasonable distance. I don't want to be in, can't go to Alaska. It's too far away. But you know certainly Wyoming, Utah maybe another state or two would be, you know, certainly within the range where we could consider it.

▶ **SmithWeekly:** Okay, that sounds good. Related to you know, finding a mill location, what do you see as rough dollar estimate to build a suitable mill to meet Western needs for processing uranium and vanadium?

▶ **George:** Well, you know if you build first just a processing plant for vanadium that would be considerably easier to license than uranium. So you might just build a vanadium processing plant first. So again, it's the size that you build obviously that dictate the cost just

to give you an example. I don't know this is public information, but it's really not private, but the Piñon Ridge mill was designed for 500 tonnes a day and licensed for 500 tonnes day and the estimated cost by the engineers was about \$120 million dollars to build it. That was a uranium and vanadium processing plant. So, you know that cost estimate is probably still valid, items like steel and concrete, labor haven't gone up much since then so, you know again, I don't have a current estimate. Maybe we build something smaller because we don't need 500 tonnes a day. So you build something to meet your needs for your constraint on your production. You may expand later, but initially, I don't think we need that capacity. We could, you know, get by with considerably less capacity to start with if you build a fourth of the capacity, you're probably more than 1/4 of the cost, but you're certainly not half of the cost and these things will be considered by Western as we move down the road, but you know, there's a substantial capital cost with building anything.

► **SmithWeekly:** Right. It makes sense that you can you can step out and start small and work your way up as the environment, conditions, and contracts improve, then more certainty of a future road. I appreciate the information on that. Moving on, so as you know, Energy Fuels has explicitly stated that no agreements have been reached for toll milling at White Mesa. What is the relationship with Energy Fuels, what is needed to get to an agreement and how do you think that's going to be accomplished?

► **George:** When we first bought the properties in 2014 we had a toll mill agreement with Energy Fuels. It was a three-year agreement, but we didn't utilize that agreement because the uranium and vanadium prices were too low course, the mill wasn't operating and the low prices, you know, we did not elect to mill and they didn't elect to start it. So I mean we could have but we didn't. That contract terminated after three years. We've talked to Energy Fuels about arrangements at the White Mesa mill and we have not reached an agreement on whether we can. I don't know. I heard Mark Chalmers comments that he had with your interview saying they've got maybe other things they want to use the mill for. I understand that. The first company that I was with built that mill if you recall and the mill came into production in 1980 and I was with that company, we build it, and at that point we did toll milling for a number of companies including General Atomic had stockpiled and a number of other companies did and the reason we did that is the White Mesa mill is a 2,000 tonne a day mill. It's a big Mill and to fill the mill, you know, you can operate a lot more efficiently and operate that continually at 2,000 tons a day.

So again, whether they can produce from their own properties two thousand a day you have to ask Mark, you know, you take a look at what's permitted the mines that are permitted and developed. What is the production capacity of those mines and then he mentions also taking material from the Navajo reservation, good idea. I don't know how soon that happens. I don't know the quantities. So a lot of these things, you know, it's what they're doing to fill that Mill now, maybe they don't want to fill it but the original builder and operator felt that operating at capacity was better even if you took in other ore under toll milling. Many companies took it in through an a purchase agreement or from the small independent mines in the area and there were a lot of those because everybody that had a small mine started but they didn't have enough to enter into a tolling agreement requires a certain amount because under tolling arrangement, typically, what you do is you shut down the mill, clean the circuits out and then process the toll ore and then you clean out the circuits again and then move on with your purchase agreement where you simply purchase then you mix that in with your own ore so the small miners sold ore to the original Energy Fuels. That was a big source. Now, there's not nearly as many small miners around but there are some with permitted. Certainly if I was Energy Fuels filling that mill and making some money is better for a shareholder than leaving excess capacity.

Now over the next, you know, 10 years, I don't know what the time frame is, you can take a look at Energy Fuels what they published out there when additional mines can be permitted, developed and going into production. Then they can fill up the mill. They probably can fill it up with they're own ore and it is better. I will agree with Mark if you still fill the mill with your own ore you make more money, but an empty mill doesn't make any money. So I mean that's why, you know, it's a draw on cash requirements to keep a mill on standby for process. So again, you know, we're willing to enter into some kind of arrangement with Energy Fuels but we have not yet and I don't know whether it'll happen.

► **SmithWeekly:** Very well, and I know that there's processes for having some discussions related to that and I know there's a desire to use that facility and we hope for the sake of everybody involved that, you know, everybody can come to an arrangement that suits everybody to some degree and everybody is able to create value out of those agreements. So I hope there's a little bit of willingness to work together to some degree and if not, then there's other options that can be pursued as you know.

► **George:** Yeah. But then the other thing is of course under this 232 petition, you know, I don't know whether any relief is going to be granted, but I would think the Department of Commerce is certainly looking and they did tour the Energy Fuels mill and mines. I understand they did their own assessment of the capacity when the mills got a large capacity, you know, we were producing six million pounds a year. They've reported the capacity could be six to eight million pounds through that. Well, the mill capacity is not the issue, it's the mine capacity. So how do you fill the mill with 6, 7, 8 million pounds of uranium in the short term. I don't think Energy Fuels mines can do that. So the department is going to have to look and say if they give any, you know, if they recommend any relief it's going to have to be a reasonable amount of relief that could be produced. So again if Energy Fuels opened the mill to others that quantity is higher than it is without independent producers feeding either under purchased or a tolling agreement. That's another reason that I would think Energy Fuels, if the quota is high enough, you know, we can't produce it ourselves in the early term, you know in the next two or three years, maybe ten years down the road they could but certainly not now. If in fact you get anywhere near the 25 percent of U.S. consumption they're asking for that's 12 million pounds a year. Most of that production is going to have to come out of conventional production and conventional means uranium mills and the only one that's operational today is the White Mesa mill. So, you know, that's the other reason, you know, you would think that Energy Fuels would be looking at that and again, I haven't been in contact, we submitted comments, and we're certainly in favor of relief and protection of the U.S. industry. So Western submitted comments, we certainly support what Energy Fuels and Ur-Energy are doing there but I would think the Commerce Department would be asking the question, you know, what is the capacity of the U.S. To produce uranium.

► **SmithWeekly:** George, what's your thought on, you know, it's going to be really difficult to get to 8-10 million pounds production in the United States this quickly. So it would really require everybody kind of coordinate together and really go after it to be able to get that kind of capacity coming out of the gate post a positive section 232. What's your thoughts on that?

► **George:** Well absolutely if you look at the production capacity and there are two things, there's ones that they say they can produce and ones that they really can produce. The mill has a capacity like I say, six to eight million pounds, but the mines to feed that mill right now don't have the capacity unless you bring in all the independents including Western. We've got the capacity to take a look at our past production at the Sunday mine and the others were producing. We've got the capacity to fill several million pounds of that Energy Fuels

can probably hit with the mines that are permitted and developed and might be able to get up, maybe 3 million pounds, but beyond that it's going to take you know new mines. Now, there's some independents that can bring ore to the mill also, maybe that's another million pounds. The White Mesa mill is going to be the major source of production at least in the near term for any quota because the instant you can produce, you know, a couple million pounds a year. If you take a look at even UEC they talk about huge capacities, but in the short term, they don't have huge capacities maybe each of them can produce a million pounds and then there's of course Peninsula up in Wyoming who you know is trying to change their operation so they can produce. It's not working very well right now and if they can get their process changed, then they could probably be another million pounds. So again, it just takes time and not saying we don't have the resource in the ground, but from the ground to in the can, you know, that's a minimum of five years to permit it and to develop a mine. So again, I'm staying in the short term we don't have 12 million pounds of capacity, but we probably could get there fairly quickly if we utilize everybody that's got permitted developed mines

► **SmithWeekly:** Right. Ok so moving on to another topic. So you have a license agreement for use of ablation technology. For people who don't know, can you kind of give an outline of that license whether or not its exclusive or non-exclusive and the amount of time under that license?

► **George:** When we acquired Black Range, Black Range had entered into the agreement and acquired the rights under the license. So that was acquired by Black Range minerals and now Black Range minerals is a 100% owned subsidiary of Western Uranium. So the agreements with Black Range and the developers are for the technology and that goes on for about another 17 years. They're only good for 17 years from the time they were issued. That's an agreement to be able to use it ourselves and license it to other parties. So it's a pretty wide broad agreement. We don't own the patents. The patents are owned by, from what I understand, the certain individual that founded. We've talked to those people and but you know again they have the right I supposed to license it but interestingly we have the only prototype machine, the only production machine. So in addition to having right to use we have the machine to actually see how this works. I'm not saying you couldn't get there but Black Range spent a lot of money developing especially the commercial machine. Somebody could license that I suppose from who owns the patent today or they could license it from us if in fact that's what we decide to do. We haven't licensed to anybody but we've tested a number of different mines even in Africa and it works on all virtually all Sandstone hosted deposits in the United States which are almost all Sandstone. It's a patented process that basically takes some of the waste of material and leaves it at the mine rather than shipping it all to the mill and it's an environmentally friendly technology because you don't put nearly the amount through the mill and the mill of course is where you get into the toxic waste of the tailings, when you get to the mill and you add the chemicals and you have the tailings which are obviously have to be disposed of in a certain way. So the ablation process is very inexpensive to run and very environmentally useful for cutting down the amount of water that has to be hauled to a mill.

► **SmithWeekly:** So there's another technology I think it's coming out of Australia. There's a company in Australia that has a similar technology but I don't believe it's the same. I think they call it a u-upgrade or something like that. I don't know if you're familiar with this other one or not, but can you kind of explain the difference in the process if you are aware of that other one?

► **George:** I've read a little bit about it. It's a little bit different that ores intend to be used on are the very very low grades in Africa. Mark Chalmers told me that when he was with Paladin they actually put in an upgrade down there for their project and so there are technologies

out there. It's the cost of developing, you know, putting in the process and running it and I don't know much about this new technology, but what Mark commented on the technology, and you can ask Mark about it, he just told me about it so I'm just kind of repeating what he said. It was very capital-intensive to put it in, cost a lot of money, it costs a lot of money to run it. Apparently they're using it now, the new technology you're talking about from Australia. I'm not that familiar about what it takes and what it does. I know the ablation technology is very inexpensive to build the machines and very low cost to run based on the tests that we've done. So again, I'm not saying they're not other technologies out there, but it's just you know, it's all that you're running the most economic one that works the best certainly, you know, if you've got very low grade ore maybe ablation is not the way to go and especially if you have very large quantities, if you're a big open pit mining 3,000 tonnes a day out of a mine, you know, maybe ablation is not the way to go because you know, the machines that we've built you might need multiple machines to do like the mines at the Sunday Complex. But you know again, it's the quantity of rock you have to process, you know, we're looking at you know, each machine can produce, probably process, 200 tonnes a day, but it couldn't do 2,000 tonnes a day. You need ten machines to do that. I mean the size that we've built now you can upsize this thing and just put in bigger components but then cost goes up.

► **SmithWeekly:** So on the ablation technology, the equipment that you have, so from our understanding you've sought clarification from the NRC and are still in the process of getting full approval from the NRC and local authorities for commercial operation. When do you see that getting resolved and do you see the ablation technology playing a pretty big role in the near term?

► **George:** Well, with vanadium mining you don't have to go through that process because they don't have any authority over vanadium and people don't understand in these mines. There's a lot of vanadium that doesn't have any uranium in which was bypassed by Union Carbide years ago because it didn't have uranium. So if we start with vanadium, you know, the NRC doesn't have anything to do with licensing vanadium mines. So when we get into uranium, you know that's something we believe we can do it and I don't want to take exception with the state of Colorado. We think they made the wrong decision and we think the proper way is to go back to the NRC and have them clarify. We do not believe ablation is a milling process. I believe it's a mining process and again, we haven't pursued that actively because the uranium is still not economical. Now if you have vanadium it might be worth it but we're going to stress the vanadium to start with and start with the machines there rather than with uranium.

► **SmithWeekly:** Right. So switching gears just a little bit. Can you kind of give us, because I think this is an area of the market that people don't really think about, and you of course know very well with your experience, you know, being in Colorado dealing with the interstate issues whether it's a New Mexico, Arizona, Utah, Wyoming, tell us about the complexities and issues surrounding transporting uranium ore or specifically between state so like if you're hauling ore from Colorado to White Mesa mill Utah. Give us an overview of the federal and state licensing requirements and some of the hurdles that you have to kind of fight through

► **George:** Well, it's about the same hurdle if you're hauling gravel, you know, there aren't any licenses you mark the trucks, tarp it, then the issues, of course, relate to the weight of the trucks and what you can haul. Utah has a different weight allowance than Colorado does but that's the weight of the truck whether you're hauling cement whether you're hauling sand and gravel or any other. It's because of the different requirements and states for the use of the roads, but you know, there's no federal regulation on hauling ore between states. People come up with these things but they just don't research it.

- ▶ **SmithWeekly:** So just transporting uranium ore, that has uranium content, that does not qualify as a radioactive material transport.
- ▶ **George:** Not like if you're hauling yellowcake. The refined product has to be hauled by a company that possesses the right to possess yellowcake. That's where you have to have at least the source material license, which because that's the possession of the refined product and so the transporters of yellowcake have to have a special license. They do it in a special truck as they have to be licensed with the Department of Transportation because they're hauling and then they do have to have that right to possess it because they physically possess it for a period of time when it's in their truck. In the United States, the ore is of really low grades so the excavation of materials is no big deal nor the hauling. It's been done for years, you know, it's been hauled interstate for years. There's no big deal hauling ore at all.
- ▶ **SmithWeekly:** On another topic going back to vanadium just a little bit because I think this is kind of a hot topic right now for Western. So there's been some discussions that that you might potentially export ore and not process domestically. What does the logistics route look like for this and how will it impact your margins?
- ▶ **George:** Well, you know again one of the reasons we're opening up the Sunday mine is simply to take samples and ship it to a number of companies that have vanadium processing plants and the majority of these are certainly not in the United States but there are a number of these around the world including the one in Brazil, Largo, you know, they produce, you know, vanadium much the same as we would do it if we had a plant in the United States. So these people want to see what we have and see how it works in their processing plant simple as that. So samples, you know, that'll be one of the plans and that's what we announced in our press release will be taking samples. Once we open the Sunday mine and shipping samples to a number of companies around the world so they can take a look at how this is processed is in their existing plants and if satisfactory then potentially there will be an agreement signed. We don't have that yet, but that's the plan.
- ▶ **SmithWeekly:** So it is still in the cards that you guys are considering under a commercial production scenario shipping vanadium, not just samples, but ship commercially outside of the US for processing?
- ▶ **George:** Of course if there's a contract to do that, if we enter into contracts at suitable prices to justify starting the mine. Yeah, that's a possibility and you got to look at that if there's no plant in the United States that takes ore, if Energy Fuels doesn't take it, you know, then for us to go into production in the short term, you got to look at alternatives and that's what we're doing and we're looking at alternatives.
- ▶ **SmithWeekly:** What kind of price do you like for this type of scenario with the vanadium price? Like a \$20-25 a pound price, what kind of prices do you like?
- ▶ **George:** Since we haven't done any independent cost estimates of mine production. We really can't report our cost. So I can't report what price I would sell for, you know, obviously part of our program when we open the mine and go in there we will do some cost estimates and independent cost estimates then it would comply with the SEC rules and Canadian rules for reporting cost. Then from the cost that we

report, you know, obviously it'll be you know, it'll set the price, you know, but again, I can't tell you the price yet. I don't want to violate any of the rules talking about the cost of production.

► **SmithWeekly:** So moving on to contracting, what is the status of the uranium contract that has been mentioned regarding a U.S. utility? Can you give any information on what the volumes and the timing that we're talking about related to that contract?

► **George:** Well, I can give you what was reported already publicly because of the confidential nature of that contract, obviously, we can't disclose a lot of the terms of that contract. But what was disclosed I think it was a five-year contract. I think we disclosed that was with a U.S. utility. I don't think we put in the annual quantities, but you know it's a contract that starts in 2018, we weren't obligated deliver against it because you know the pricing scenario we don't have production. Obviously the contract is sitting there.

► **SmithWeekly:** Okay and how about on the Vanadium side? Is there any interest and these vanadium deals, are they going to look like a, you know, a short term one two three year contracts at a fixed price or is it kind of mark-to-market?

► **George:** You know that's the whole issue with vanadium buyers and I went to a ferroalloy conference in Orlando, Florida about a month ago to talk to the vanadium buyers and learn more about it. Vanadium is different than uranium virtually all traded on like I say forward 30-day, 60-day pricing. So that's what they've been buying typically. So now to change and the structure of contracts is going to be you know, they're going to have to accept something different if they want it from certain producers because the start of mine whether it's us or whether it's a Prophecy Development in Nevada, you're going to have to base load that you're not going to start a project expecting vanadium price and then turns out the Chinese turned back on and it goes to \$5. You have to have some certainty of price for a period of time now, whether that's two years or three years it probably doesn't have to be five years probably doesn't have to be certainly 10 years but depends on what you expect and to cover your cost starting this now if you've got a lot of capital cost with a new mine. We've got to justify starting the mine because the time you mine and ship enough for you know payment it could be three or four and five months. So, you know again the term of the contract doesn't have to be a long term but it can't be tied to just the spot price and it wouldn't be prudent to start a mine expecting a certain price and then not get that. We don't know but the conference, you know, there was experts on vanadium talking about this cycle is different. It's because a lot of vanadium is produced is from waste material if you're familiar with that and so they can turn on the waste stream when the price is high and when it's low they turn them off. Vanadium has gone up and down but the speaker said this one he thinks is different. Not that it's going to go up and down but it's not going to drop to the lows that we had before because the market is different and the production scenarios if China continues to cut off, you know, a lot of the production that they had got to make it up somewhere else and that's higher cost production the new projects that can come on around the around the world you got to have capital costs you got higher cost of production because the grades of the vanadium are lower. So it's not rocket science to say we need higher prices to put new production on what that price is, you know, it depends on where the project is and what price will eventually level out at to supply the world's demands for vanadium.

► **SmithWeekly:** Right and with the vanadium price where it is right now, how does that play into the cost inputs regarding to the battery technology going into the redox batteries and so forth. So it's interesting to see how the price will correspond with these inputs.

So you are certainly looking at potential maybe an off take structuring agreement may be to kind of get off the ground with vanadium. With the current price where it is and the sustainability of that price do you think that there would be interested clients who would look at an offer of a vanadium contract at severe discounts to market right now? So for example, a two-year contract at say, you know, \$18 a pound. Do you think clients would be interested to hear that from you?

► **George:** Of course, you know why we're going to ship samples and let's call these people, you know, we're going to ship your samples but we expect a contract at a level that justifies production. You know what that level is. We haven't discussed it with them. But you know, they all say fine, you know, they're willing to change the contract over the way they price under contracts especially because they need the material and on have six months something changes and big supplies come into the market. Maybe that changes but right now you can see that there's deficits in the supply of vanadium and of whether the redox battery adds significantly to that, you know, that's anybody's guess. It's the big promote, you know, battering the trail, but you know, they're building some of these but you know, is it going to be the technology that you know stores a lot of energy. I'm not an expert in this area if I listen to people and people have different opinions whether the vanadium battery is just going to be around but at what level we just don't know.

► **SmithWeekly:** Okay very well. We're going to switch gears just a moment to uranium but it's kind of intertwined here with vanadium as well. So assuming for uranium tell us what your price is if you were going to produce and sell uranium sustainable to produce at Western. Would you be looking also to sell to like trading houses and so forth at spot prices?

► **George:** If we are producing both uranium and vanadium, and of course in the Sunday mine you have the combination as well as you have vanadium stands alone. If you're producing both and you have a credit you're selling the vanadium for X dollars per pound and that's covering a lot of your cost then you can sell the uranium certainly because you're going to be pulling it out. You can sell it at a different price than maybe a long-term price that you would need if you had only a uranium production plant. So yeah, absolutely I think you know, it's a combination in that case. It's a combination of the value you get for the uranium vanadium.

If you get X for vanadium, you can take Y for uranium that's the way it is. Of course we're one of the few, Energy Fuels has got the same kind of mine. We're one of the few that have the combination in economical quantities. So the mines in what we call it, you know, Uravan mineral belt. Those are the mines that historically have had high grade uranium relatively high grade uranium and high grade vanadium in the same rock and so that's why those mines could be economical based one commodity and then simply sell the second commodity it would be below economic price for other producers that only produce that commodity and you know, it's no different if you've got a gold and a silver mine you got two products you produce, well, that's the same with uranium vanadium mines.

► **SmithWeekly:** Yeah understood so let's do a scenario here. So let's just speculate that vanadium goes back down to \$5 a pound and with that if vanadium was more or less a non-issue based on the scenario at what price would you be highly interested in starting to produce uranium?

▶ **George:** Okay, so that's you know, that's what other producers in the U.S. have talked about the pricing need for production in the U.S. and it probably starts somewhere in the \$50 and somewhere between \$50 and \$70, you know, that's not just Western but that's what everybody in the United States needs. If you're only producing uranium that's probably at the low range of that because of our grades in the mines and because they're small underground, you know, dry mines. Again certainly that big open pit mines, you know, that could be lower cost production, but they're not ready to go and they're not permitted. You know, we see some estimates for the Sheep Mountain project in Wyoming which is owned by Energy Fuels, they actually published what it would cost to start and then process so that's probably one of the lower cost but it's not ready to go. That was an independent analysis done some years ago, you know, they probably could produce at \$50 to \$60 a pound.

▶ **SmithWeekly:** So we already kind of covered the utility contract in place. Has Western obtained any letters of intent from any other customers for or purchases regarding vanadium.

▶ **George:** No, no if we had we would announce it.

▶ **SmithWeekly:** Okay that sounds good. So how about kind of moving back to the section 232 petition. What outcome do you believe will occur with section 232 and if there is a negative outcome, does that slow down your timeline?

▶ **George:** If there's a negative, if there's no relief under the 232, I think it slows everybody's timeline down because I think world uranium prices have been going up and I think they are going to go up to get the production the world needs. You take a look at all the analysts to cover this and have all the data they say okay that it's probably 2022-2023 when the world price recovers to a point where you can turn on for instance Paladin's mine in Africa. Where does Cameco turn back on? These are the prices that they basically said, there's got to be a higher price and you know what that is. They've never really said but you suspect that the world price is going to go up over a period of time so that new mines can come on and ones that are in standby can be turned on now. So that slows everybody down until you actually get the price. I don't know when that happens but it slows down everybody until that price comes and again the lowest cost producer is going to be the first in to a new contract but nobody's going to sign a \$30 contract because everybody expects the price to go up. So I think without 232 some relief under that I think the U.S. industry is in for two or three or four more years of depressed prices and of course one of the things that petition it says is maybe we can't even hold on that long these companies that have been in, you know, holding on since 2005-2006 have been losing money constantly just look at the balance sheets of the Ur-Energy and Energy Fuels and the way they've stayed in business. They've raised capital from the investors and haven't made any money because the prices have been too low. So how long can a company sustain losses and expect the capital market to keep funding them? That's what the petition basically says. We can't last, you know until the world price comes back and there won't be a U.S. industry unless you give us some relief now whether that's true or not that's what the petition seems to say. Well some will hold on if you can continue to raise money as these companies have done and then they can stick around but what if capital dries up? Take a look at the holding cost of some of these companies we've got relatively low holding cost. You know, you take Western which doesn't burn about a million dollars a year and we've had small capital raises to cover that but the other companies are burning substantially more money than we are and have had losses for years. So that's the issue how long can the company hold on unless they can get higher uranium prices in the short term.

► **SmithWeekly:** I'll make a few comments in that regard. Earlier you said you're taking \$15,000 a month which you know adds up to 180 per year if my math is right and so, you know, when you look at some of these other companies they, instead of mining uranium in the ground, they've mined the shareholders and the shareholders, investors, have more or less foot the bill for these companies to remain in their kind of reckless ways with regards to compensation. So I got to give you a little bit of credit for being along the lower quartile of those compensations related these companies because I can think of a number of other companies that have way overpaid themselves in bad times and it's sad, it's shameful and they should be ashamed of themselves.

Comments on 232, you know with the Trump administration in place, the department of energy status, the issues related to energy independence with other countries like Russia and so forth and some of these discussions about, even in Europe, Europe dependencies upon Russian energy sources and the fact that the United States has no fuel cycle infrastructure in place in the United States anymore. There's very little left, you know with the protectionist strategies of the current administration it would be highly unlikely that nothing comes out of 232. I do believe there will be some kind of positive response and we had talked to Walter Coles Jr. just a couple weeks ago about this and he's very optimistic related to how forceful the administration could become with relation to kind of rejuvenating the uranium business in the United States. So I think there's a number of people that increasingly believe that there will be a pretty positive outcome come out of this and really, quite honestly, there's no better guy in office right now in the department of energy and at the White House that would promote these types of actions. So it's going to be very interesting to see how the next six months plays out.

► **George:** I agree with you, totally. I think this is a crucial time for the industry and I think under this administration it's got a pretty good shot at surviving. That doesn't mean we're going to cut out the Canadians or the Australians but obviously it's got to come from somewhere and where does it come from maybe they're selective and maybe they cut out the Russians. I don't know but I agree with you with the industry that I think we need it and I think there is going to be relief coming. You know, I'm optimistic. I wouldn't be in this industry, you know to be a miner. You got to be optimistic and to be a uranium miner you really got to be optimistic.

► **SmithWeekly:** Right. So back to ablation, is there any revenue expected from licensing out, re-licensing of the ablation technology? Is there any royalties or licensing that you see in the near term or is this something that Western's going to hold on to internally?

► **George:** Well, you know again there's debate as to whether you have to license, you make a lot more money just like a mill by processing your own material. If we hold this technology very close potentially the value of Western is substantially higher especially if a big company decides to come in and buy this company if we've licensed it around the world for a number of producers and you don't have that somewhat advantage and at this point nobody's knocking our door down because what happens all the uranium producers they want to pay when they start producing. Nobody's producing so we wouldn't have any revenue anyway if we signed license agreements because virtually none of them are prepared to pay now and produce later. They pay a royalty or licensing fee against production. That's been the discussion so we're in no hurry. Now again, we're hearing some interesting things out there that make the rounds with investors about how we should develop ablation.

▶ **SmithWeekly:** Very well so moving back to compensation for just a moment. So obviously with the compensation that you guys are doing there it's quite low and you guys have done some different reward option incentives. So can you explain for the audience the recent option plan that was put in place and the kind of short-term six months vesting time?

▶ **George:** Well, the options were granted to my board of directors as you see in the press release. I didn't take any of those options, you know, I need to motivate and keep my people because they're not highly paid. So those options went to the board and to the two people involved in the operations. There's a vesting period as you say really relatively short vesting but the whole reason for options is to use them to motivate people and give them compensation for what they've done in the past. We don't have bonuses. Options are one way to recognize what your people are doing for you and that's the reason I wanted the options to be issued. We've only got two other board members other than myself they both got options and then we've got our two operating people then we have one consultant. I've got some options. So that was the purpose of the options. Options are something that companies issue, you know from time to time. So those were the last options we issued.

▶ **SmithWeekly:** Very well, appreciate the explanation. So related to contract miners, have you guys started the procurement process for contract mining folks to give you technical proposals on the work at Sunday mine or is that something that's maybe coming in the next six months to a year?

▶ **George:** We've already started this discussion. There's a number of contractors out there that are interested in it and so we certainly started the discussion because we're going to open the mine. Initially we'll do it ourselves. We're not in production, but when we open the Sunday mine it would be with a few employees. We may contract for those employees through a contracting service, but it will not be full contracting mining to go into production. Then you're probably better off using a contract. We don't have a great deal of mining equipment to gear up to mine. You would have to buy underground trucks and underground loaders, drills and all kinds of equipment and so the contractors already have this equipment and Sunday mine was operated by two contractors the last time they operated and so the contractors brought their equipment and moved in they charge you a bit more per ton to produce it, but that's a way to keep your capital cost low as use a contractor so we certainly know the contractors and we're talking to them but when we initially start probably will not be with contractors, but will be with a very limited number of people because we're going into exploration. We're going into define what's there you know just like Energy Fuels announced that's what they did at the La Sal complex. We're doing the same thing because the mines need the same kind of assessment. We won't use contractors for that and because typically the contractor works on a tonnage basis. I suppose you could do it on a time and material basis, but when their production oriented they do it on a tonne basis.

▶ **SmithWeekly:** Right. You mentioned a couple contractors that operated there before. Are those contractors to be part of the evaluation process to select mining contractor this time around?

▶ **George:** Certainly. Yes, as well as several others that were not involved. I've had calls from a number of them when the press release went out went to open the mine. So there's mining contractors that have the ability to start fairly quickly. These are not huge mines that require huge amounts of equipment for employees. They all seem to be interested in additional contracts.

▶ **SmithWeekly:** So George moving on, we're just about wrapped up here, I know you got better things to do. So you've been in the business a long time. We know you like your own company Western, but is there any other name out there or maybe two names in the uranium business globally that you like and respect at this point?

▶ **George:** You know, I respect virtually all the uranium companies out there that have been able to hold on and stay in business. When I started Energy Fuels in 2005 many uranium companies were around now virtually all of them are gone. So everybody that's been able to hold on I respect. Some of them are exploration some of them are developers, producers, well, I don't want to pick one or two or five because I respect all the companies that have been able to hold on and stay in the business waiting for the return. All of them basically that held on this long have got merit. So for investors, you need to take a look at you know each company and what their merits are. I wouldn't be you know in a position to say buy this one or that one because I think they all have merit in a different way.

▶ **SmithWeekly:** So what are your plans for 2019 and where do you see the uranium market going?

▶ **George:** Well, relief coming in 2019 from the 232 and I think that'll move a number of producers towards production or in production and we're no different than that. I think with the higher uranium prices we can move into production fairly quickly. Now if we don't get any relief from the 232 petition then I don't think the price goes up until maybe 2022. So we continue in a holding pattern. Our costs are relatively low as long as we can raise the capital to hold on. But what we're hoping for now, what we're planning for is some relief from the 232 and some recovery in the uranium price. With the opening of the mine for kind of an evaluation or an exploration phase moving then into a production phase assuming we do get higher uranium prices during 2019 or early 2020.

▶ **SmithWeekly:** Sounds great and of course you've got the vanadium as kind of a separate situation that you're working on and progressing on. So give the audience, you know on the vanadium side for 2019, what's the plan, open up the complex there at Sunday and take some samples. Then what else you going to do in 2019?

▶ **George:** We're going to ship samples to prospective customers. We're going to confirm the high-grade vanadium that we believe is in there. We have to do a complete assessment, mine plan, possibly have the cost estimate done by an independent, and confirm so that we can announce what the economics of the mine is so those are the goals for 2019. Open up the mine, design the mine plan for the uranium mining because assuming we have a contract at a reasonable price, we could move into production so that that's the 2019 plan. Maybe if everything works out, maybe, late 2019 moving into vanadium production with certain things being satisfied.

- ▶ **SmithWeekly:** So how can potential interested investors get more information and how can they contact Western?
- ▶ **George:** Well, certainly my contact information is on our website in our materials. I'm open always to talk to shareholders or prospective investors. I spend a lot of my time doing that and it doesn't make any difference whether you own 10 or 10 million shares. I have the same time for everyone and we don't have a separate IR person so that's falls on me and that's part of the thing that I do so they can certainly call me at anytime. They have got my email address, I'll be in contact and I'd be happy to talk with any of the current investors or prospective investors.
- ▶ **SmithWeekly:** Can you tell investors the website for Western?
- ▶ **George:** Yes, it's www.Western-Uranium.com
- ▶ **SmithWeekly:** Okay, great. Well, George, it has been fun, and we appreciate you coming on.
- ▶ **George:** Thank you.

For more information about George Glasier and Western Uranium, visit:

www.WESTERN-URANIUM.com



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