

► **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. Before we get into our discussion today we want to say thanks for the questions coming from our audience at SmithWeekly including Joe S, Paul M, Chris T, Mike G, @uranium insider, Peter B, John Q, @eric101 and @feedsexplores. So today we are talking with James Sykes, Vice President Exploration and Development of Appia Energy, a uranium and rare earth explorer focused in Canada and the Athabasca Basin. The company is listed on the Canadian Securities Exchange under the symbol API and also on the U.S. OTC Markets under the symbol APAAF. James, thanks for coming on.

► **James:** Thanks for having me Andrew. It's a pleasure to be here.

► **SmithWeekly:** So James, give us your background overview first and then I want to kind of proceed in sequence leading up to where you are with Appia today. So go ahead and just give us your background and then we'll kind of move up the timeline.

► **James:** For sure. So basically I'm a geologist by trade. I've been up in the Athabasca Basin for the past 12 years, which is in Northern Saskatchewan. Prior to that I lived in Elliot Lake, born, raised and grew up there. My dad was a miner at the uranium mines in Elliot Lake so I kind of have uranium running through my blood quite literally and so when I moved out to Saskatchewan, I had a job with Denison Mines and was part of the exploration team that led to the discovery of Phoenix and also Griffin, we prioritized those targets and then those discoveries were made after I left. Well, then I kind of moved on to Forum Uranium to go learn from one of the best geologist uranium geologists in the world, Boen Tan. So working with them we're having a good time but then obviously it was 2008 and so the world crashed and they got me on to Hathor Exploration which luckily had made a discovery that year and so working with Hathor I was just doing a lot of core logging which I was used to come up with a geological model that ended up predicting where the flow of geological controls the structures end predicted where the next two zones would be which didn't pan out as we got bought out by Rio Tinto. So I jumped over to Rio didn't couple years there and felt that I just wasn't growing at the pace that I needed to so I found Nexgen and decided to go there. I liked the properties that they had which was part of the decision to go there. Obviously we made the Arrow discovery there so

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that was a nice big find and then following up on Arrow and Nexgen eventually led my way into Appia, which I've been here for the last couple years now since 2016, almost three years.

▶ **SmithWeekly:** Okay, so I want to talk a little bit about Nexgen before we get into Appia. Well before we get to Nexgen actually, what things worked out well for you during your experiences with these other companies and kind of what did you find didn't work and what failures and maybe things that fell apart throughout your experience?

▶ **James:** It's a good question. So what works really well was, just again, because I was a young geologist at the time. I had the ability to learn from people who you know experienced and seasoned geologists and not specifically just on the uranium side, but you know, I worked with a lot of gold guys who came over to the uranium side and they brought some of their own flavors to through exploration. So yeah, I had a lot of good mentors, I would like to say some of whom actually, Irvine Annesley, who's on the board of directors with Appia, well, not the board would he's advisory to the board and he was one of my first mentors and the guy's brilliant. So having being fortunate enough to learn from a guy like that was great. What didn't work so well, I honestly can't say because a lot of these companies, you know, it was always good times there. I just kind of like to grow and learn and so if I felt like I wasn't moving forward at the set level I wanted to do then I would just find something else and find somewhere else with new people that I can learn from. It was always a learning curve always trying to better myself.

▶ **SmithWeekly:** Okay, so Nexgen, what people in your view were instrumental in bringing that deposit to where it is today? There have been some folks that have departed the company including yourself, you know, since discovery. What was your role there what key folks in your view were instrumental in bringing that discovery to where it is today?

▶ **James:** So my main role there I was the head geologist and so I came up with targets also brought on the exploration crew. I hired all those guys. So basically there were three main people really involved in that discovery. That was myself, Matt Schwab, and then our VP of Exploration, Andrew Browne. We were the guys who were up in the field. We were the technical guys, we came up with the targets to drill and we prioritize them. The one that was Arrow was our main target. We've always wanted to get there since day one. So, yeah, those three people were the main credits to the discovery at Arrow.

▶ **SmithWeekly:** Okay, and so there's another gentleman, Garrett Ainsworth, that used to be at Nexgen as well and he's since left to go do some other things. He's trying to get something going with Standard Uranium and poolco MK2 Ventures. What was Garrett's role at Nexgen?

▶ **James:** Garrett came on after the discovery, well, I guess he came on that second summer. So we had made the discovery, but when he came on he basically replaced Andrew Brown who was our VP so Garrett then became VP of Exploration.

▶ **SmithWeekly:** On the type of discovery, you know, Nexgen has a lot of credit for the type of discovery. Deep down in a place that folks really never thought was really possible because of all the other historical discoveries in the area, the popularity surrounding the other discoveries. Who was kind of the guy who thought about the concept finding these basement hosted discoveries that Nexgen has?

▶ **James:** If you look at uranium exploration between 2006 and 2008 they were outside of the basin. The model was looking for these routes to these unconformity deposits. If you do some more work, you'll notice that most of the deposits out there. They're all more based on hosted deposits. Then there are unconformity hosted so it's just been a misnomer of the exploration or the geological model that we see in the Athabasca, you know, everyone calls them unconformity hosted uranium deposits and it's not technically correct if there's a good technical term used for, it actually is structurally controlled uranium deposits. So where do all the structures really emanate from is from the basement. These are the main structures that control everything. I learned all this being at Hathor, again, that was another basement hosted deposit. It was close to the unconformity, but it wouldn't be a classical unconformity. It was controlled by this major structure coming through there and some cross structures. So seeing that and learning I had these models come into play into Nexgen so our target there, and it wasn't typically just looking for the classic unconformity style, we're looking for a uranium deposit knowing that structures played an integral part. That's what we used our geophysics to find our hosting structures and that's what we use to target.

▶ **SmithWeekly:** At what point did you end up teaming up with Tom Drivas?

▶ **James:** Back in 2016. So I got in touch with Tom pretty early on in the year and we just kept some dialogue going back and forth. So between Nexgen and Appia I didn't have much going for myself. I was taking some time off. I've got a young family so I decided to spend time with my family and you know, just help out around the house and I've had these properties in mind for quite some time even that kind of goes back to Hathor days. So I felt it was time to really get back into the swing of exploration. I brought these properties to Tom and he really liked what I could bring to the company. He liked the properties that I was proposing and so again, yeah, we just got this dialogue going and eventually we started working together.

▶ **SmithWeekly:** Okay, so now moving on to Appia, and we'll get to the projects in a moment, but give us a snapshot of the company in terms of the management team, the compensation of management, the share structure, and who are the major shareholders?

▶ **James:** All right. So basically management there are, well, Tom Drivas, he's the founder CEO and President he formed Appia back in about 2006 when uranium prices were getting hot. He had staked a large property in the Elliot Lake historic uranium jurisdiction. So Elliot Lake at one point was uranium capital of the world, my hometown. So I'm quite familiar with it, which was one of the reasons why I kind of focus on that because anybody who would go back in my hometown I had a lot of respect for so Tom went in there. They did some work between 2008 to 2013 now have inferred and indicated resource of about 55 million pounds uranium. So a quite a sizable historic resource on the property has at least 200 million pounds uranium non 43-101 compliant. Tom had that property staked. The other members of the corporate team, there's Frank van de Water, he's our CFO also the secretary and then myself who's the VP Exploration. On the board of director side, we've got some very experienced people in there, Thomas Skimming who's had a wonderful career in gold exploration, Doug Underhill who's also had a very long career in uranium and also in rare earths on the commercial side of things as well as working with the IAEA Brian Robertson again, who's had a long career in the industry. He's now the president of Mexican Gold Corp, which has a quite significant find on their hands. We also have Nick Bontis and Bill Johnstone.

► **SmithWeekly:** On the compensation side for folks who don't know. What's the average compensation for the management team or how are you guys approaching it. Is it just cash based or is it options or give us a kind of overview of the compensation structure?

► **James:** We're all paid. The three main core members of Appia, Frank, Tom, and myself we're all paid on a per diem basis. Tom I think is actually been rolling back some of his some of his expenses just to get the company going. Tom really firmly believes in this company. We all have options. So we've all got that stake. Tom basically owns more than 50 percent of the outstanding shares. So again Tom is very heavily into this company. He's firm believer in both uranium side of things and the rare earths. He really likes what Appia is doing and so he's got a lot of skin in this game. As for your other question about how many shares we actually have outstanding we're still closing the financing. So while we should be closing that next week we'll have it updated then but as of now we have just over 60 million shares outstanding.

► **SmithWeekly:** Okay, that sounds good. So moving on to another question a number of investors are interested in Appia. They're looking for some better exchange options. As you know, some are having difficulties with the Canadian Securities Exchange getting access with the company progressing at this point. Are there any near term plans to get listed on the Toronto Venture Exchange and perhaps upgrade the OTC listing to a QX status?

► **James:** We just recently actually got onto the QB status for the OTC. That was last year, January. Right now we're still trying to focus on the exploration side of things and we're hoping that with some of the properties that we have especially with Alces Lake where that is shaping up to start looking like it's going to be a bona fide world-class deposit. Once we start getting those moving forward then we will have a much better look at going on to the Venture or to the QX. But right now we're now just because we're simple exploration. It's just more of a strategic and even economic priority but just makes sense for us to stay on these lower tier markets.

► **SmithWeekly:** Right. Yeah. The CSE is certainly a little bit more cost effective than the TSXV so I can see why you guys are hanging out there. So it'll be interesting to see how you guys kind of advance that and of course even beyond that in the future as sentiment improves in the sector and the company continues to progress. So the recent the more recent high-grade discoveries in the Athabasca Basin have been kind of in the southwest. Do you see the northeast or eastern side as kind of being a better place to be working at this point and between the two regions which one do you like better?

► **James:** I actually like the whole Basin as an entire entity itself. I don't think there is one area better than the other. I still think when you look at where most of the exploration and discoveries have been made on the east side of the basin. I still see a lot of open ground there you look at what's been discovered in there since 2000 even like less than 20 years and there's been a number of major high-grade discoveries that just were never thought of five or ten years earlier. So there's a lot of under exploration and under explored areas. I still think the central part of the basin and although it's much deeper, I think there's a lot of potential out there. We had actually staked the property that was one of the properties I brought forth to Tom was what we had called, The Other Side property, a lot of the geophysics there kind of mimicked what I was looking at with Arrow. I thought it had great legs to actually make a discovery. Unfortunately again it is deep and you have to drill quite a ways to get to the to the basement rocks, but that whole central part of the basin's completely under explored even the north end of the basin's under explored and there's quite a ways to work.

▶ **SmithWeekly:** Do you do you think the east side has kind of more infrastructure at this point given the given the developments in the in the mines are really place there?

▶ **James:** Absolutely.

▶ **SmithWeekly:** Yeah, I kind of figured the same thing just kind of taking a look at it and considering the locations. So along the lines of the other question is the Athabasca Basin region your favorite jurisdiction for uranium and do you believe other jurisdictions compete in other ways in the context of timing, less red tape, and speed to market?

▶ **James:** Yeah, again, every jurisdiction has their own pros and cons. I do love the Athabasca. I think it is the primary area. I believe that grade is king, one of those types of people. Before I actually went on to you know to starting my career in uranium, I've worked as a summer student over at Red Lake so I got to see some of their high grade gold and so I seem to have been around high grade commodities for quite some time throughout my whole career, but seeing that gold there at Red Lake really put a lot of things into perspective for me. Like they're, you know, the average grade in that area is around two ounces per ton whereas you look at the average grade of gold it's one gram per ton. So these guys their margins were a lot lower than what you do for a 1 gram per ton operation. So very early on in my career. I kind of saw that as being you know, that's the way to get, in mind, going you need something that's high grade something that can move forward rather quickly. And yeah, the basin again that's world class uranium grades. Nothing else compares to it. I do like some of the other areas, yes, I like the African projects, I like some of the African areas. They aren't as high grade, although some of them some of them are pretty feasible, but there's a lot at surface but they also have some of these areas have some jurisdictions or some governments that really work well with them and so they have they have a lot of things going for them. I'm also a fan of the U.S. operations, especially with those uranium vanadium plays in the sandstone. I think those are those are some nice deposits as well. With some of the technologies that have come out, recent advancements such as ablation it's definitely a good way to go about extracting uranium and vanadium from the origins much more cost effective in that regard.

▶ **SmithWeekly:** Well, I appreciate your comments on the other jurisdictions and so forth and so speaking to uranium properties, when are you planning to progress new work on some of the uranium properties and can folks expect news on these properties in 2019. Where is the focus going to be in terms of project priority?

▶ **James:** In 2019, like I mentioned earlier, we are just currently trying to close on a raise and so with the funds that we raise from that we will be looking at, you know, spreading over some of our properties on the uranium side of things but also back onto Alces Lake. On the uranium side of things we're in the planning stages of it right now to go and do a drill program over at Loranger which is I guess one of our main uranium targets we drilled back there in 2017 and we had six out of seven drill holes hit, you know, it's very encouraging. We've got a lot of targets that we'd like to go chasing and see what's down there again geophysical targets that really mimic other high-grade discoveries. So and we think we've got some guts that's very exciting targets that need testing with a drill hole. So we will be planning on that and hopefully we'll get to that. There's also another project, North Wollaston, that we have that we'd like to advance through some airborne geophysics. So there are boulders and outcrops on surface there that do have high grade uranium and so a nice radiometric

survey would help with that but also EM and magnetics to put a little bit more of the basement geology into context. We've greatly advanced that project so we'll be looking at that as well the remainder of the focus and the big part of the focus for the summer will be back onto Alces Lake which is our high grade rare earth project again, we've got a number of showings at surface. We've got the potential for more showings both at surface and below the surface. So we really want to get that project much further into much more advanced stage. So we'll be spending a lot of time focusing on drill efforts for that project trying to get to a resource to calculation or maybe even a PEA to PFS type of document as well.

▶ **SmithWeekly:** Okay, so I want to pick on the uranium stuff for just a little bit longer before we go on to Alces Lake. So do you see the potential for Loranger or Wollaston to possess a near surface high grade discovery? What do you see as the most likely deposit characteristics?

▶ **James:** They're all absolutely, I believe, there's a good potential for a uranium deposit there. Wouldn't be there otherwise. Again I have a very simplistic approach to exploring for uranium and you know, a lot of that is based on just geological models but also backed up with the geophysics. So what I see on Loranger, I see a number of targets there that do mimic what I saw at Hathor, what we used to discover Arrow, what I've seen on other deposits so I, you know, I have firmly believed that the right conditions have to exist there and we could be sitting at a nice uranium deposit. There again, we'll never know until we drill it but that's you know, that's the sad thing about exploration. There's never an 100% answer until you actually drill, but we've done enough work to justify going there and actually to drill it. With North Wollaston, this is an area that I've had on my eyes on since 2008. It's on trend with the Eagle River system. If you look at the regional geophysics, it's on this nice elongated gravity signal which you follow that and there's a number of deposits on that same feature. So I think this is another type of area which you have to start looking at the structural plays. You have to start looking at the structural controls that host these deposits and from what I'm seeing in geophysics based on the historic geophysics and regional, I see a lot of these potentials that exist. So we just need to follow some more recent geophysics, especially with gravity survey and we'll have a much better idea but as it stands now the potential is very high for having a deposit there.

▶ **SmithWeekly:** So I want to move on to Elliot Lake. So give us your thoughts on Elliot Lake in general, which I think I already have a good idea what those are but at what uranium prices do you see Elliot Lake becoming a focus for Appia. When do you plan on doing some work there and when might Appia be in the works there bringing some of the historic resources back into compliance?

▶ **James:** I do think Elliot Lake is a great jurisdiction. It used to be uranium capital of the world. So, you know before the Athabasca really got going Elliott Lake was it. There's still quite a number of pounds in the ground and I honestly can't say how much there is but I can guess that there's enough to make it again one of the largest uranium jurisdictions in the world for higher prices. If somebody goes and reads our NI 43-101 that was done in 2013, you'll see that the price used to come up with a resource uses \$70 dollars a pound uranium. So again, these are kind of the prices that we would be looking at that would have to be sustained for Elliott Lake to go forward. To get it going again we would monitor the uranium side of things and see how that market actually starts progressing especially with what's just happened recently with the production shutdowns but the uranium market does have to come back, at what price, I don't think anybody can give an honest answer. Right now with the work that was done in 2011-2013 that was enough to keep that property in good standing for quite a while. So it's still in good standing for at least another five years so we're not in any big rush to get that project going.

► **SmithWeekly:** Right and it's in a spot there that there's lots of infrastructure already in place and it's kind of an optionality type situation. Of course when you guys did those studies on that the uranium price was much higher at that time. So it'll be interesting to see what happens of course with the market and sentiment going forward but it is a nice kind of card in your back pocket there. So Jim we get the production question often and we have readers always asking about this in the audience, it's kind of a hypothetical question for you. If there was an economic asset in the Appia group of assets in a rising price uranium price environment and a decision to maybe go towards the development when do you see an operation commencing? Can you give just for the audience maybe a rough time frame realistically to bring an asset in? Any uranium asset?

► **James:** Okay. Well completely hypothetical again Elliot Lake does depend on the price. So if the prices we saw the prices continuously rise and stay stable above \$70 per pound then yes, we would look at moving Elliot Lake because the infrastructure is already there and we've got a good understanding of the zones already, the geology is good, and some are shallow enough, we're looking at about 250 meters, So again, it's not very deep operation. So something like that would be able to go forward on but I'm not too familiar with the whole permitting side of things. So I don't know what would be involved in that and I don't know how long some of those would actually take. If we focus on the Athabasca again, we're looking at somewhat different scenario there. We're looking at making discovery that's near surface. Something that we can open pit and because of where we are we're close to the infrastructure that is in place there. So we have mills already there. Even the Rabbit Lake Mill which is currently on hiatus, Cameco just housing, care and maintenance, we would be looking at perhaps toll milling out of there. So in that regard if we can make a discovery on Loranger or North Wollaston prior to 2025 permitting side of that should be rather simplistic because it's just a mining operation and toll mill deal through Cameco or even Orano, Mclean Lake. Those are some of the possibilities that we would investigate. They already have their permits in they've got all the jurisdiction boxes checked and everything is good to go for them. It's just a straight-up mining operation. So to get going by 2025 if we can make a discovery this year I see that's actually being a possibility.

► **SmithWeekly:** How confident are you working some kind of a milling arrangement with either a Cameco or Orano?

► **James:** Oh I would see that as actually being pretty confident, personally. I wouldn't see any of them having a problem especially the Cameco mill. I think that would actually be a good operation and a good cooperative agreement for both companies.

► **SmithWeekly:** Okay, let's move on to the Alces Lake project. Tell us about the rare earth opportunity there. What is the status of sampling, permitting, and logistics plan for processing samples there? How is the access and is there something economical at this point and if so, what are the scenarios being considered?

► **James:** We're still very early stage. I would even still call it a grassroots exploration stage. We know we've got at least seven zones, high grade zones, at the surface and these zones host grades that are world class and they're rich in the critical rare earths, especially neodymium, praseodymium and dysprosium which are used in permanent magnets. So we know we've got value there already it's just a matter of how much and that's where some of this work we're looking at doing this the summer comes into play. The permitting stage is side of things we are we're permitted to do the work, it's again exploration. We're not pulling anything out of the ground yet. On the

sampling side of things again it's just a matter of doing some additional exploration. We do have some samples that we will be sending into the lab for some preliminary metallurgy work. So we're going to look at starting off with a tabling study to see how they can handle the ore that we potentially have there, all the ore is basically the same up there. It's rather unique. It's almost simplistic in a way which is which is great. We just need to do some additional work on it just to see how much we actually have. Unfortunately we've only just focused on a little area but now there is so much there that it has kept us busy for quite some time. There are quite a number of other showings in just around that area in itself but also with the potential for finding more of these zones beneath the surface. We've again identified that we have a lot of work to get done. A lot of that is going to be drilling. So we need to reduce our focusing on that. We need to actually find out how much we have there to really get the ball rolling on that even right now. We could just go up there with pickaxes, shovels, and just start taking away some of the samples and shipping them down to SRC because they're so high grade. The potential margin of those is actually quite high that we could we could do a quick little standalone operation and have some sort of revenue coming.

► **SmithWeekly:** Well that's interesting information. Looking out a little bit further big picture. How do you like the rare earth market at this point? What's your what's your thoughts? Is it pretty stable going forward give us kind of your thoughts at this point for demand and how you feel about pricing.

► **James:** Personally, I see the pricing everything continuously growing. I don't see the rare earth side of things really slipping away. The main driver with today's rare earths are electric vehicles and wind turbines. So green energy applications. The whole world is even going this way China has recently, you know, they've kind of mandated their car manufacturers need to start producing more electric vehicles. They're going to actually stop some companies from producing gas and diesel vehicles. So they're really pushing this whole electrical thing, you know, they've committed to having clean air and so they're really pushing forward. The service industry in itself again right now is being pushed as well. If you look at it through time though it kind of jumps from element to element. I don't see the permanent magnet thing going away anytime soon. I don't even see it going away in the long term. I think this is a market that will continuously grow. I don't see any reason for it not to grow, will it be exponential, and I am not an economist and I can't really say that I can just kind of see what I see happening now and it looks like everything is going to continuously grow. There are the rumors and numbers coming out showing that China is now importing more rare earths because their own demand can't even meet with their own internal supply. So again, we're looking at a type of situation where if they continue on that trend then you will need to get more of these global deposits up and running. So this is where we see that Alces Lake potentially being something that can fit into this global picture more specifically we'd like to see something happen in North America because right now China really dominates on this end. It is a supply issue for North America and other regions. This is where North America really has to get their act together and start taking some part of that. So we could be a direct supplier from the mine side to the end product stage all within North America. We just think that actually as more of a long-term strategy that could potentially work.

► **SmithWeekly:** For the audience who doesn't really know much about it, how does the contracting work with rare earths? Is it kind of mark-to-market or is it longer term supply agreements or how does that work?

► **James:** In China it seems like they're all on a spot market. Suppliers will wait until they can get a better price for their commodity and users will also wait until they can get a better price. So there's a little bit of that. As far as long-term I actually don't know too much about the market in that regard to long-term supply. I understand Tesla signed what a three-year deal with a Chinese company to be supplied with permanent magnets. They've got off take supplies to feed China as well as Japan. So those have got to be a bit more long-term. It seems to be a mixture of both, I guess long-term and on the spot.

► **SmithWeekly:** Right. So we all know that Appia has both uranium and rare earth prospects. Do you see that uranium potential on the current environment for uranium is the bigger piece for Appia at this point or do you see both of these opportunities as kind of a 50/50?

► **James:** We see it as a 50/50 for sure. We see uranium coming back so that's why we're going to focus on some of our uranium properties. The last couple of years it was just so depressed. I've told people this story when I first joined Appia and uranium was actually, you know, it was coming down but it was still doing better than it was back in 2017-2018. So we go out, raise money and nobody wanted to hear the rare earth side of the story everyone just wanted to hear the uranium story. In 2016 nobody wanted to hear the uranium side of the story they all wanted to hear the rare earth side of the story. So it's kind of a, it's a nice mixture of both and we're happy that we're focused on both. We're firm believers in both the rare earth and the uranium markets. Now uranium, personally, I think it is the energy source of the future. I don't think we should shy away from it at all. It's a great energy source, efficient, it's green, safe really, it's just a wonderful source of energy. There's no doubt right now.

► **SmithWeekly:** I agree and I think people will start warming up to that fact and there's no doubt that there's a good situation going forward and looking outside of the U.S. looking at other countries in the rollout of nuclear construction projects and the supply-demand fundamentals and the fact that it is a very clean form of energy, very robust, very base load, obviously and quite honestly, probably, you know, everybody seems to forget it's very safe as well. How many people fall off a roof installing solar panels or these wind turbine accidents and then let's not even talk about the space usage and the fact that they're not 24/7 base load power either. So there's a lot of things that are looking quite good and certainly the supply-demand picture is probably the biggest key for the audience and most people really like that. But with that we also get the upside of participating in an industry that is going to provide really good power going forward. So I think it's a great opportunity. So on the uranium side, are there any businesses outside of Appia that you like that are in the uranium space at this point?

► **James:** Obviously, I think we are number one. There is no doubt about that. I think we've got the best the best properties to actually make a discovery. With Elliot Lake at the right price, like you said, it's a back pocket play. Appia is certainly my favorite company for sure. But if I had to go pick some others, I do like Energy Fuels. They do have that uranium vanadium, that uravan play, and just recently they announced that they were starting to process some of their vanadium. So now I think they've got some great assets. I also really like Plateau Uranium. I think that property has, I think, it has the right makings and a jurisdiction to actually start moving forward as well. Again even some of these African deposits they look like they have the makings of being able to move forward but in the end it all really matters to me is the grade and you're just not going to find that anywhere else except for in the Athabasca Basin. So if you picture something like an Arrow being right at surface, that's a huge moneymaker.

► **SmithWeekly:** Right. Certainly grade is king when you have a team that can bring it out of the ground, go through all of the steps, you know, from contracting to the geology, all of the parts and pieces to make the machine work. So on that subject, Jim, what do you say to investors who see where uranium is going but maybe find the developers, the producers, in a better position to capitalize in the short term. Why should they look at explorers like Appia?

► **James:** Explorers are historically where most of the money has been made. If you look at the Lasso Curve from exploration to production a junior has relatively low share value. So again, you can probably get more shares for your dollar in that sense then with a discovery then your share price spikes through the roof. So there's that incentive, it is a little bit riskier because nobody knows if you're going to actually make a discovery. The potential payoff is much better than being with a producer. Yes on the short term to play it safe producers are obviously the way to go and that's you know with any commodity, that's typically the situation. So it's not wrong for people to want to do that as well but now for those who have no adverse side effects to being riskier and to playing a little bit more of the market, again, it's junior exploration the way to really make some high returns.

► **SmithWeekly:** Yeah, I agree and if you can put together the right sequence, get the timing right a little bit, come to a discovery in a rising uranium price environment to where sentiment is improving, etc. I think that you can really do well and I think on the other side of that I think a good example, recent example, would be Nexgen. They did a discovery in a bear market for uranium and I think that as a result their share price, you weren't able to experience that full upside in a discovery type environment that you would otherwise experience in a rising bull market. That got cut short and that's too bad. But you know, you can't always get the timing right, but certainly right now that the fundamentals are lining up for these explorers, especially the good ones, that can really enjoy a impressive move higher. So I appreciate you clarifying that for the folks who you know, maybe have not considered that. Why should investors be taking a stake in Appia today? What would you say to potential investors about the Appia proposition?

► **James:** It's what we have, the upside potential for making a uranium discovery that in itself would warrant a, you know, a price peak in spot price and in our share price. So there's potential money to be made in that we're an explorer in uranium. It's kind of funny if the price of uranium goes up most of the people who are in that commodity also go up. We know this happened back in 2008. It's happened to all, that I've noticed, since I've started in the business, companies follow the spot price if it goes up they go up. It's goes down. They all go down. So there's the potential that uranium spot price will continue to go up as I do believe then the explorers will also go up in that regards and therefore Appia will go up in discovery and at Elliot Lake if the uranium spot price keeps rising too. Even at \$40 then Elliot Lake now starts look much more attractive. That's our back pocket play. It has a potential to move forward one day. So there's that but then we've also got Alces lake. So it's not just the uranium side of things but on the rare earth side of things that we could actually move. There's that potential for not just having a world class rare earth deposit but also starting to be a potential producer on a global scale bringing in some sort of income for the company. I'm pretty sure we'll go a long way. So Alces Lake has a lot of upside potential and that's where we see a lot of value for any shareholder getting into the company, especially at this early stage.

► **SmithWeekly:** I appreciate the information on that and it certainly is a good situation for potential investors to be considering. So what, on the catalyst side for uranium prices, what do you see in the near term as maybe some catalysts that we need to kind of experience and pass through in order for the uranium price to continue its upward momentum. What global events are you looking at going forward that will help to get this off the ground?

► **James:** I think a lot of it has already been put in play especially with Cameco and the Kazakhs really cutting their production. I think that was probably the major catalyst that could of happened to start turning around this industry. If they start signing long-term contracts again that will breathe more life into the uranium space. So those contracts need to start being filled out and you know, from what I've read, we're getting to that stage where this has to happen. With the builds in China that are planned with those continuing and even in more developing countries again they are planning for nuclear builds. So there are a lot of catalysts that should be happening. So again, it's just a matter of time.

► **SmithWeekly:** Yeah, I think so. I think getting 232 off the desk is important so we can move on to the main event of long-term contracts and I think that's key and obviously the construction, the commissioning, and the restarting of plants worldwide whether you talk in Japan or you're talking about China, India new builds, or others, you know projects are going on throughout the world. Those are steadily coming online and I think 2019 certainly has a an estimate of at least 10 plus reactors coming on whether they're a mix of restarts or new build commissions. So there are certainly a number of things that are moving the ball forward. So James, how can investors reach out to the company for more information?

► **James:** They can call the company directly. They can talk to Frank or Tom at the company office. They're based out of Toronto, myself, I'm based in Saskatoon. If you actually look at the news releases, my phone number is on there as is the company number and our emails are on there. So I'm accessible at any time. I can always be reached and so if somebody just wants to give a call or send an email, which is more preferable, we'll always be happy to answer. www.appiaenergy.ca

Before we go though, something else that was playing around in my mind here as far as where the uranium market can go. You know, this is this is a personal opinion of mine, but I really do think that small modular reactors have a place in the future market and I think that will actually really help grow just the whole uranium downstream processing and just user capabilities and more applications for uranium. So I think what the uranium industry needs is for everything that we talked about to come online, but I think we also need just some sort of little new innovation to bring out more applications. That's why I think these SMRs have their place in the future.

► **SmithWeekly:** Yes, I agree and we had a discussion with Nuscale Power which is out of Oregon. That seems to be at least in the NRC world as the most advanced application process for SMRs in the United States. Of course if you can get the NRC stamp of approval you can pretty much walk to any other country and get stuff moving quite quickly and so I agree with you a hundred percent. The SMR space is quite impressive, the capital, and the backers in that space is only increasing and it's quite impressive the safety improvements already an impeccable safety record that already exists in the industry, in my view, but even better making it even more foolproof, quite impressive. I think in these advanced nations that you know, maybe like the U.S. or even a Canada who are maybe not building new conventional reactors, I think SMRs will be the new conventional reactor going forward. I appreciate your comments on that. So Jim, I appreciate you coming on and good luck over there at Appia Energy.

► **James:** Thank you very much Andrew and I hope we get to do another commentary later on.

For more information about James Sykes and Appia Energy, visit:

www.APPIAENERGY.ca



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