

URANIUM MINING IN QUEBEC: FOUR CONCLUSIONS

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FOUR CONCLUSIONS:

1. LASTING SURPLUS OF U₃O₈
2. SMALL SCALE PROJECTS ARE NOT COMPETITIVE WITH “MEGA-PROJECTS” IN SASKATCHEWAN, AUSTRALIA AND NAMIBIA
3. ENVIRONMENTAL CONSEQUENCES CAN BE EXTREME AND DIFFICULT TO FORECAST
4. ACTIVE SURVEILLANCE IS A NECESSITY

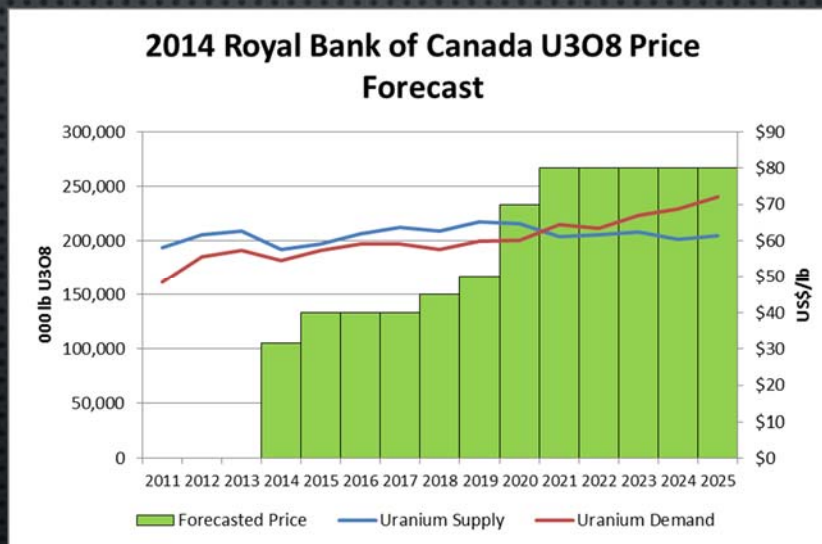
LASTING SURPLUS OF U3O8

- POLICY CHANGES IN JAPAN, GERMANY, AND FRANCE HAVE DIMINISHED THE FUTURE DEMAND FOR U3O8
- THE AGING FLEET OF NUCLEAR REACTORS IN THE U.S. AND CANADA HAS INCREASED PLANT RETIREMENTS
- THE FALLING PRICE OF FOSSIL FUELS IN THE U.S. HAS MADE MANY NUCLEAR PLANTS NON-ECONOMIC

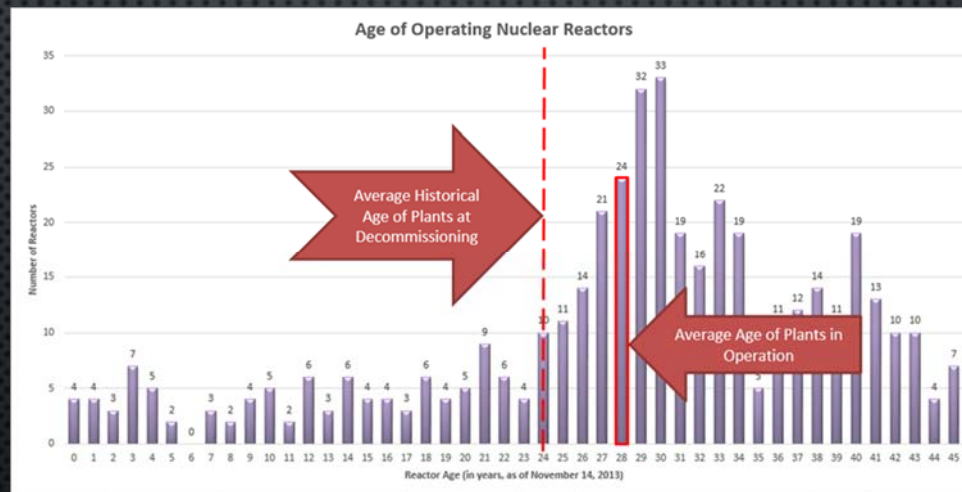
U3O8 PRICES HAVE FALLEN FROM PREVIOUS HIGHS



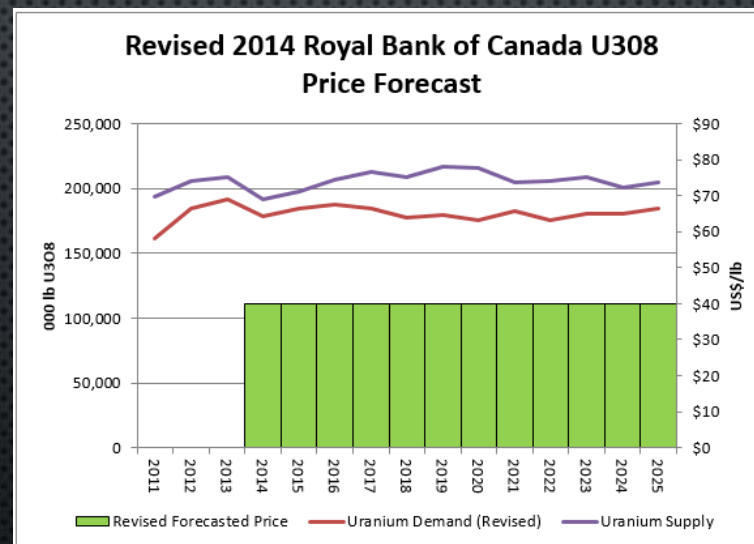
FALLING PRICE FORECASTS



ACTUAL PLANT LIFETIMES



REVISED FORECAST



SMALL SCALE PROJECTS ARE NOT COMPETITIVE

- HUSAB IN NAMIBIA IS ABOUT TO BEGIN AT \$32/LB
- COMPARABLE PROJECTS IN QUEBEC ARE AT \$51/LB BREAKEVEN

IMPOSSIBLE ECONOMICS AT CURRENT PRICES

PRE-TAX CASH FLOW		000C\$	(\$17,571)	(\$343,236)	\$4,009	(\$9,415)	\$14,432	\$30,237	\$35,768	\$10,423	\$15,082	(\$38,723)
Annual												
Cumulative			(\$14,836)	(\$292,830)	(\$166,152)	(\$63,461)	\$86,184	\$266,026	\$453,597	\$588,704	\$728,528	\$698,528
INTERNAL RATE OF RETURN		%	None									
NET PRESENT VALUE (NPV)	5.00%	C\$million	\$475.55	(\$280.05)								
	8.00%	C\$million	\$377.64	(\$269.29)								
	10.00%	C\$million	\$323.53	(\$262.35)								
	15.00%	C\$million	\$218.07	(\$245.75)								

Table 4 – Matoush Financials (projected)

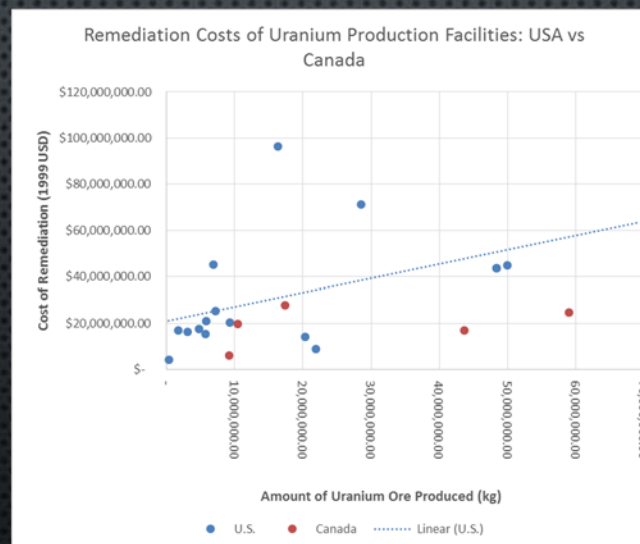
ENVIRONMENTAL CONSEQUENCES CAN BE EXTREME

- URANIUM MINING HAS PROVED CHALLENGING IN BOTH THE U.S. AND CANADA
- SASKATCHEWAN AND U.S. LAW HAS RECOGNIZED THIS, ALTHOUGH U.S. LAW REMAINS MORE VIGILANT ON POTENTIAL OUTCOMES

RIVERTON, WYOMING

- 1958 A SMALL MILL OPERATED NEAR ABORIGINAL LANDS IN RIVERTON
- 1963 PLANT IS CLOSED AND TAILINGS ARE COVERED
- 1975 RADIOLOGICAL SURVEY SHOWS EXTENSIVE CONTAMINATION
- 1988 REMEDIATION COMMENCES
- 1992 SURFACE REMEDIATION CONCLUDES
- 1995 GROUNDWATER REMEDIATION COMMENCES
- 2010 FLOOD RAISES RADIATION LEVELS BY A FACTOR OF TEN
- 2089 GROUNDWATER REMEDIATION COMPLETED

U.S. AND CANADIAN REMEDIATION EXPENSES



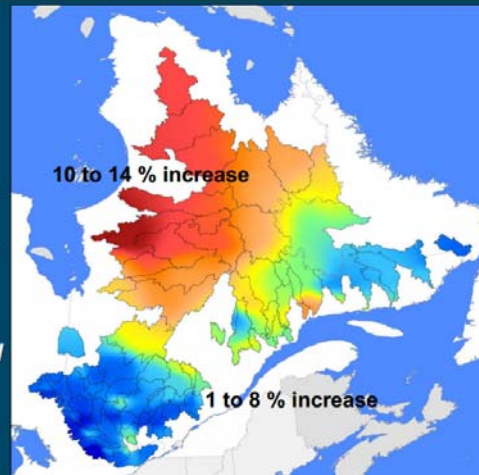
ACTIVE SURVEILLANCE IS A NECESSITY

- U.S. LAW INDICATES 200 YEARS OF ACTIVE SURVEILLANCE IS NECESSARY
- THE RIVERTON CASE STUDY IS ONLY IN ITS 51ST YEAR AND HAS 75 YEARS YET TO GO BEFORE FULL GROUNDWATER REMEDIATION
- GLOBAL WARMING HAS PLAYED HAVOC WITH EXISTING MODELS AND FORECASTS
- OURANOS FORECASTS SIMILAR CHANGES FOR QUEBEC

QUEBEC INFLOWS EXPECTED TO INCREASE 10% TO 14% NORTH OF THE LAURENTIANS

Spatial Variability of Inflow Changes (horizon 2050)

- *All inflow changes are positive*
- *Significant regional differences*
- *Greater in the North than in the South*
- *Most of HQ's installations are in the North*
- *The flexible Hydro Québec system will facilitate identification and application of adaptive approaches*



IN CONCLUSION:

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