

# NexGen launches new drill campaign amid improving prospects for uranium prices

✘ NexGen Energy ('NexGen', TSXV: NXE) has started a new drill campaign (deploying three diamond rigs) campaign at the Arrow zone in its Rook I property – located within the boundaries of Saskatchewan's Athabasca Basin – as part of its winter 2015 program. NexGen intends to better gauge and identify the geometry of the high-grade uranium mineralization setting exploration targets in basement rocks, starting at about 100 meters below surface level. The Rook I property is open for potential expansion in all directions while the Rook I spans along the Athabasca Basin boundary, featuring several, and previously untested, mineralization targets. NexGen will use a third drill by mid-January to explore a 7km long strike area along the Patterson Conductor Corridor, located north-east and south-west from Arrow.

The British Columbia based NexGen has been most active developing uranium in the Athabasca Basin, where it has 100% holdings and controlling interests in various projects, one of which, the Radio Project, is immediately adjacent to Rio Tinto's Roughrider Deposit. Last fall, NexGen raised about CAD\$ 10 million in a private placement with Cormark Securities Inc. in order to fund additional exploration. NexGen is not just the latest uranium company scouring the Athabasca Basin, hoping to find an amazing deposit that 'ticks all the boxes'. NexGen's technical and management people are professionals, who have looked for the best possible uranium opportunities in most or all of the world's most prolific areas, having determined that the Athabasca Basin holds the best grades. After all, many of the big names in uranium mining are well represented in the region from Cameco/Areva's MacArthur River to Denison/KEPCO's Waterberry Lake.

Now, NexGen has managed to accumulate the largest land holding in the Basin's western side. In other words, NexGen's property has tremendous 'closeology' potential given that Fission Uranium JV has purchased the Patterson Lake South property and Alpha Minerals and itself. Fission could find itself wanting to diversify its risk profile by acquiring additional assets, especially NexGen's Arrow, which is located near PLS. Likewise, that same motivation could prompt the other big players in the Basin to start feeling an attraction for NexGen, including Cameco, Denison, KEPCO and Rio Tinto; NexGen simply has an exciting play and the new drill campaign will help generate additional interest. AS for the subject of interest, uranium prices have not yet recovered from the crash prompted by the Fukushima meltdown in 2011 following a devastating earthquake in Japan. However, in 2015, there are the conditions for uranium to reach or even exceed the USD\$ 50/lb. mark as suggested by Chris Ecclestone. Chris was right in predicting that uranium would pass the USD\$ 40/lb. ceiling in 2014 and the conditions that prompted the increased price and demand are still there.

The Japanese recovery, the Chinese nuclear program (and other ongoing programs, including India, South Africa, Slovakia and even the Republic of Ireland) could push up the price of uranium by 20% in 2015. Even if the Canadian mining industry in general could face more difficulties thanks to the slowdown in the Chinese economy, which will continue to weigh on the price of several metals from iron ore to copper and lead. Yet, the situation for uranium has a high probability of improving because of the firm mandate won by Prime Minister Shinzo Abe last December. Mr. Abe is keen to gradually restart almost all of Japan's nuclear reactors, which would support uranium prices in the medium or even the short term. Just before the Christmas break, Japan announced that two reactors would be approved for operation, adding to the two that were rekindled in 2012. The expectations are for several additional reactors to be gradually rekindled between 2015 and 2018. Moreover,

uranium's November rally was interrupted more by 'circumstance' than by fundamentals.

The market was hit by the confusion generated by the sanctions against Russia. Meanwhile, apart from the political mandate to restore the prominent role of nuclear power generation in Japan, a possible labor dispute at Cameco, the world's largest uranium supplier, could result in a loss of volume of uranium in the international market, prompting a rise in U308 prices. In the mid-term, China plans to build from six to eight reactors a year between 2016 and 2020, which could already start to have an effect on uranium spot prices. Nuclear power produces about 15% of electricity in the world. The increase in energy demand expected in the coming years is a challenge for companies worldwide which need to produce the energy required for economic growth and social development without degrading the environment. Nuclear power is ready to resume its place on center stage as a number of countries are reassessing their energy policies. Many opponents of nuclear energy slowly beginning to admit that it is essential as a transition energy ahead of a wider shift to other renewable sources from wind to solar.