

McElroy on the start of a uranium bull market

“We are at the start of a bull market right now. That has happened because there is so much production shutdowns globally. All the major mines, even all the production in Canada has been shutdown. We know the demand is there and it continues to grow, supply is constricting and these are the things that are making the bottom of the bull market happen. I think we are actually in it. It hasn't been reflected yet in the price of the commodity, but it is coming and we think our share price will follow the price of the commodity upwards.” States Ross McElroy, President, COO and Chief Geologist of Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF), in an interview with InvestorIntel's Tracy Weslosky.

Ross went on to say that Fission Uranium is well financed and stated that 2020-2021 will be significant years for the company as it advances its uranium project. Ross also commented on Fission's strong management team which has a great success record. The team has made two major discoveries, the most significant of which is the Triple R deposit on the company's PLS property in Canada's Athabasca Basin. The Triple R deposit is a world leading high-grade uranium deposit.

To access the complete interview, [click here](#)

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Dev Randhawa on the uranium market and Fission's US\$10 million credit facility with Sprott

"The spot price has shot up and reason the spot price has shot up is that for too long utilities have been counting on the short term market for their supply of uranium and suddenly with closures at Cigar Lake, in Africa, and we might see more, 54% of world's supply disappeared overnight." States Dev Randhawa, Chairman and CEO of Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF), in an interview with InvestorIntel's Tracy Weslosky.

Dev went on to provide an update on Fission's US\$10 million credit facility with Sprott. Dev said, "We are very excited to have Sprott onside. Not will it just give us a bigger runway to see what happens with spot price but also have support of the likes of Rick Rule in the open market to the wisdom of Peter Grosskopf...This is very smart money, very intelligent money who have all sorts of arms to help you move forward in your corporate plans."

Fission's Triple R Project is located in the Athabasca Basin region in Saskatchewan, which is one the best jurisdictions in the world to have a mining project. Dev said, "You cannot put a price on jurisdiction. Just ask some people who had their mines taken...All of Canada's uranium comes from one spot which is the Athabasca. They have got 60 years of mining experience...They want the industry so they work with you."

To access the complete interview, [click here](#)

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Dev Randhawa on the 'significant increase' in the uranium spot price and Fission's world class Triple R Project

"Triple R (uranium deposit) ticks the boxes that no other deposit does. It is in the right place, Canada, more importantly we are in Saskatchewan (Athabasca Basin region) where they are pro-mining and pro-business. So we are in the right jurisdiction. It is a shallow deposit, just 50m from surface, it is high grade with over 100 million pounds...and now that the risk of funding is out of the way, I think that is why the stock has performed well." States Dev Randhawa, Chairman and CEO of Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF), in an interview with InvestorIntel's Peter Clausi.

Dev went on to say that the western utility companies rely heavily on foreign sources and the spot market for their uranium supply. He considers it to be very short term and a poor strategy. He said that roughly 50% of the uranium transactions are on the spot market. Now with mines closing down in Kazakhstan and elsewhere and because of the coronavirus pandemic about 54% of the monthly uranium supply has been taken out. This has caused the spot price of uranium to go up significantly. He continued by saying that uranium will emerge a winner from this coronavirus outbreak.

Dev also said that the world needs energy and uranium plays is

a big part to have clean energy available. It is the only energy source which can provide base load without leaving a footprint. If we want a cleaner energy source uranium has to be a part of it.

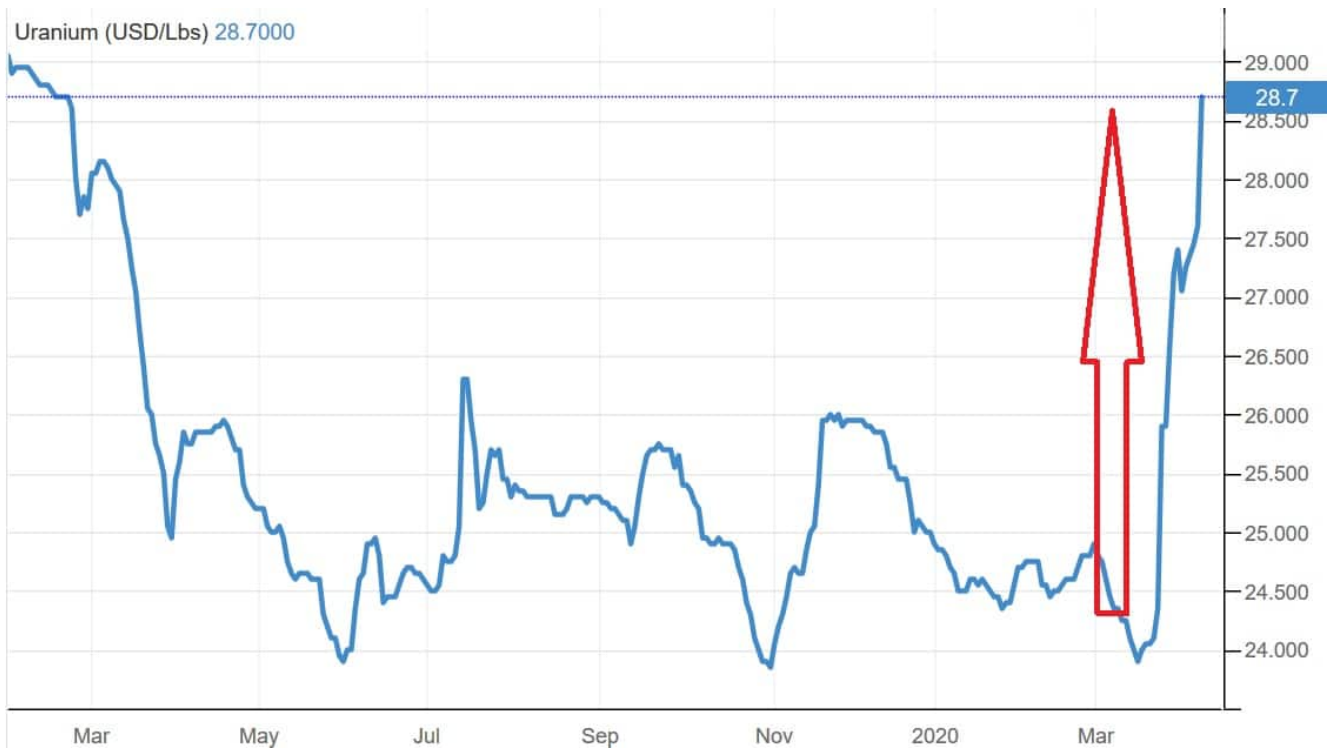
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Fission Uranium stock climbs 78% as uranium prices skyrocket the past 3 weeks

With all the media attention focused on COVID-19 (coronavirus), it is easy to have missed what has happened to uranium. The uranium price has skyrocketed the past 3 weeks up about 20% from the mid-March lows, Dev Randhawa commented that perhaps we may credit the interest to the fact that 54% of the U.S. monthly uranium supply has gone off line due to the COVID-19 crisis.

Uranium prices have skyrocketed higher the past 3 weeks – Uranium – US\$ 28.70/lb



Source

One uranium miner that has spiked ~78% higher the past two weeks is Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF). Fission is a Canadian company with an exciting uranium project in the Athabasca Basin of Saskatchewan, Canada.

The Athabasca Basin is a region in the Canadian Shield of northern Saskatchewan and Alberta Canada. It is best known as the world's leading source of high-grade uranium and currently supplies about 20% of the world's uranium.

Fission Uranium Corp.

Fission Uranium Corp. owns the award winning, high-grade, and near-surface Triple R uranium deposit on its 100% owned Patterson Lake South (PLS) property, located in Canada's Athabasca Basin, home to the world's richest uranium mines.

The Company has the strategic backing of China's CGN Mining, which has invested over \$82 million in Fission, at a substantial premium, in early 2016.

Patterson Lake South (PLS) property

The PLS property comprises 17 mineral claims totaling 31,039 ha located on the southwest margin of the Athabasca Basin. The property is accessible by all-weather Highway 955 which runs right through the middle of the property.

The Patterson Lake South (PLS) property is situated in the high uranium grade Athabasca Basin region in Canada



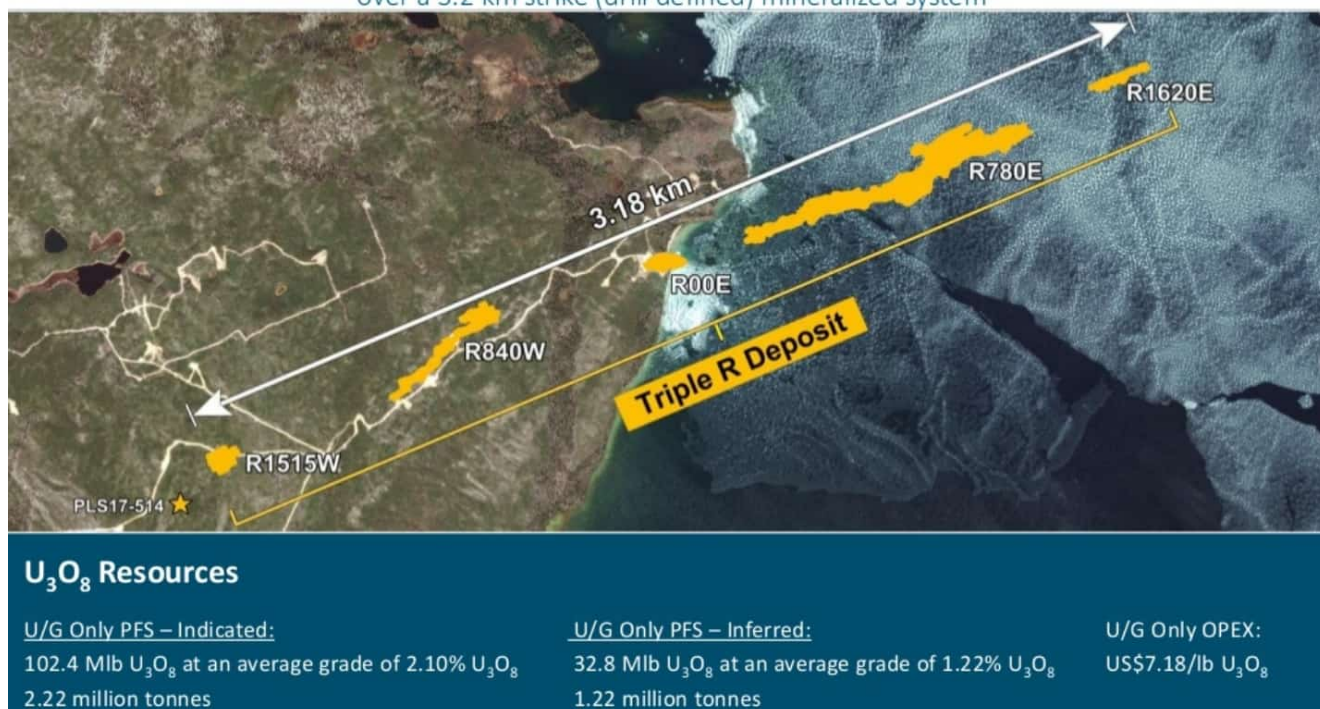
The Triple R Deposit (the main deposit so far discovered on the PLS property)

The Triple R deposit is the most significant high-grade, near-surface project in the region. Fission has also discovered two other major, high-grade zones and has outlined the largest mineralized trend in the region.

Actually the Triple R Deposit is made up of not 3, but 5, mineralized uranium deposits.

Fission Uranium's Triple R Deposit and uranium Resource estimate

Five separate mineralized zones (R1515W, R840W, R00E, R780E and R1620E)
over a 3.2 km strike (drill defined) mineralized system



The Triple R Resource estimate

The Triple R Resource estimate is as follows:

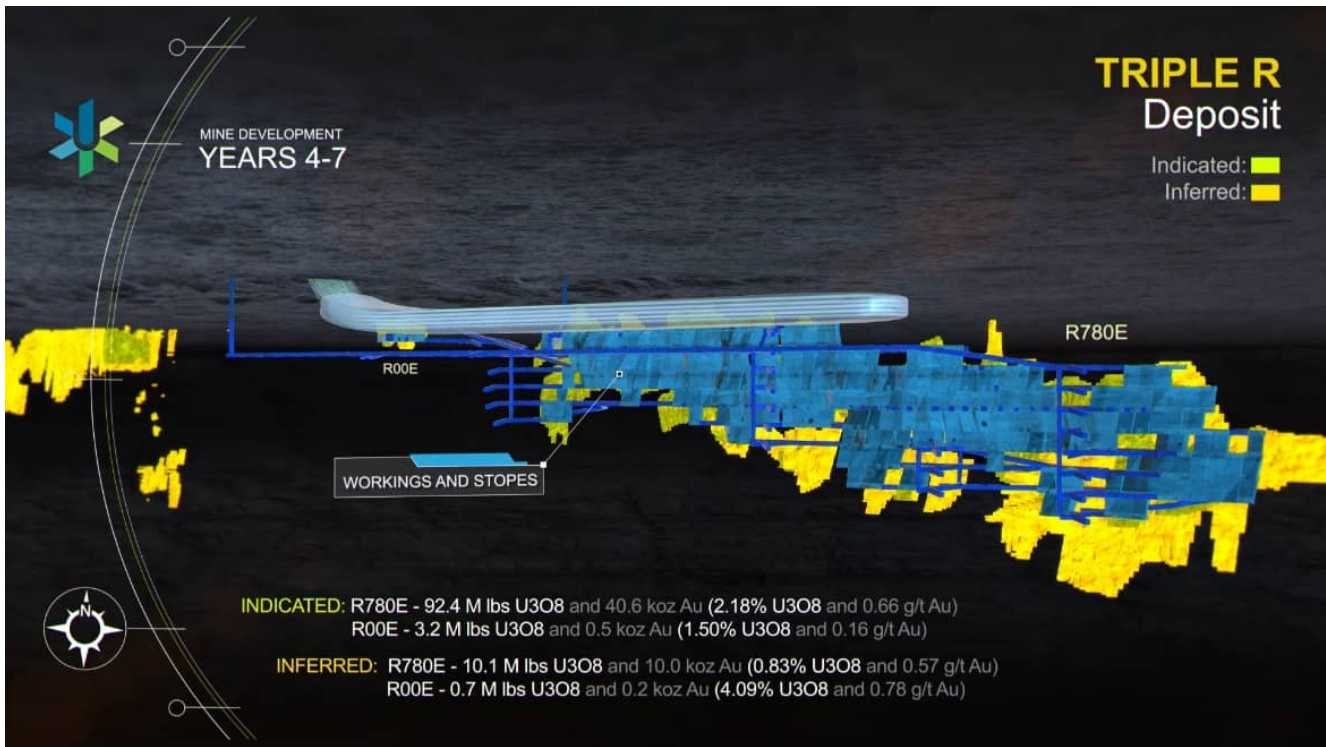
- 102,360,000 lbs. U₃O₈ Indicated Mineral Resource, based on 2,216,000 tonnes at an average grade of 2.10% U₃O₈.
- 32,810,000 lbs. U₃O₈ Inferred Mineral Resource, based on 1,221,000 tonnes at an average grade of 1.22% U₃O₈.

The Triple R deposit remains open, and the PLS property has untapped exploration potential as ~80% of the property is yet to be explored.

The Company states:

“The Triple R deposit is the only high-grade deposit in the entire Athabasca Basin region with substantial high-grade mineralization starting just 50m from surface. The deposit, which is part of a 3.18km mineralized trend at PLS, remains open in several directions.”

The Triple R Deposit, underground mine plan



Source

The Triple R Pre-Feasibility Study (PFS) results

In 2019, the Company released results of two PFS studies. The results are highlighted below.

- Hybrid approach (Open pit & underground) PFS – Post-tax NPV_{8%} of **C\$693 million**, post-tax IRR of **21%**, initial CapEx of **C\$1,499 million**. Operating costs were estimated at C\$9.03/lb U₃O₈ over an 8.2 year mine life.
- Underground-only mine PFS – Post-tax NPV_{8%} of **C\$702 million**, post-tax IRR of **25%**, initial CapEx of **C\$1,177 million**. Operating costs were estimated at C\$9.57/lb U₃O₈ over a 7 year mine life.

The Company stated:

“Both studies presented strong results, including low OpEx, fast payback and strong IRR, which highlight the potential for highly economic production at PLS. While both options remain viable, the upcoming Feasibility Study will focus on the best option, most likely the underground only scenario.”

My view is that if the Company can successfully grow the resource further which appears highly likely; then the NPV can substantially improve as the mine life would be extended out towards 20 years plus. In that case, the large upfront CapEx will become less of an obstacle towards project funding.

Latest News

- Fission announces the closing of a US\$10 million credit facility with **Sprott**. Fission will use the proceeds from the Facility to fund development of the Patterson Lake South uranium project (the "Project") and for general working capital purposes. In connection with the Facility, Fission has agreed to issue 20,666,667 common share purchase warrants ("Warrants") to Sprott and its affiliates at an exercise price equivalent to C\$0.17. The credit facility is US\$10 million at 10% for 4 years.

Next steps

Fission will soon begin work on the Environmental Assessment ("EA") phase for its' PLS property, as well as a Feasibility Study as discussed above.

Closing remarks

Fission Uranium has a high grade, shallow, and large uranium resource at the Triple R deposit on its PLS property in Northern Canada. The Indicated Resource is 102,360,000 lbs. of U_3O_8 at 2.10% U_3O_8 , plus 32,810,000 lbs. of U_3O_8 Inferred at 1.22% U_3O_8 . This alone is impressive; however represents less than ~80% of the property which is yet to be explored. Meaning there is very significant exploration upside.

The 2019 PFS results were solid, but a higher NPV and a lower CapEx would make the project more appealing. Usually this is achieved as mining companies further grow their resource and progress towards funding.

Fission's Dev Randhawa on the uranium market and the competitive advantages of location

"I believe there are only two places where you can make money. You got to be in Kazakhstan ISL which is working well or be in Canada because Canada has got jurisdiction and the Athabasca produces about 14% of the world's production because they have grades 10 to 20 times global average. So you have to be in Canada but you need to be large...the thing that sets us apart is that our deposit is 50 meters from the surface. It is big, it is in Canada (Athabasca Basin region), has high grades making it easier to produce." States Dev Randhawa, Chairman and CEO of Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF), in an interview with InvestorIntel's Peter Clausi at PDAC 2020.

Dev went on to say that utilities are running short on inventories which is a global issue. Even defense no longer has as much uranium they used to have and is running the risk of submarines running out of energy in the middle of the ocean. The Trump Administration has decided to set aside \$150 million a year for 10 years for establishing U.S. uranium reserve. Dev continued, "When there is a turn in the uranium industry it happens very quickly." About 20% of Fission Uranium is owned by CGN Mining which Dev said, "is the mothership of our industry."

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Uranium Round-Up – Like Herding Sheep

I almost regret the idea of doing a round-up of the uranium names out there. It is a sure sign that a mining sub-space has been through the wringer when the online “lists” of uranium companies include companies that have long since either gone bust, been taken over or gone into the recycling hopper and emerged reborn as Rare Earth or some other specialty metal seeker. One very slick interactive site (updated prices/moves and hi-los) with a listing of the “space” did not have Fission Uranium (TSX: FCU) amongst its players in the space despite its near \$400mn market cap. It would seem that the online sources make the sector look more moribund than it really is. They also had Ucore listed in their seventeen “surviving” uranium stocks.

Therefore it does the space no good that the “shop-windows” for the Uranium department store look like the space has closed down (and not just for refurbishment).



Gathering information on which companies are still in the land of the living and which are actually focused on uranium is somewhat like herding sheep.

The space, of course, burgeoned at least twice in the last ten years and both of these blooms were followed by mass die-back. The Uranium sub-space became in many ways the densest populated sub-space, after gold/silver, in the Canadian exchanges in particular, with Australia a substantial distance behind (but with companies that were larger on average and more mid-tier) while the London market fielded a mere handful of juniors. The crash of 2008 proved to be severely weakening for most and then the Fukushima debacle was another deadly blow. The REE (rare earth elements) and Graphite booms provided an escape hatch that proved there was life after death for a uranium junior, though some might have wished they had never made the change to Rare Earths, in particular.

Those that have tended to survive have done so because they were more advanced when the hammer-blows fell. Those with

moose (literally) pasture have not survived at all. Considering how stubbornly the uranium price has stayed at or near its lows there has been a flow of notable deals. Notable amongst these were the Dennison move on Fission Energy (from which the aforementioned Fission Uranium was the newco spin-out) and then just last week there was further consolidation with Energy Fuels move on Uranerz.

The uranium space has quite a few feisty players that show up the rather static non-movers and non-shakers in the rest of the mining space. The year 2013 was particularly lively with sharp elbows flailing away at each other. In the case of Fission Uranium it went on, rather smartly after its spinout, to absorb Alpha Minerals in a bulking up exercise that cost around \$180mn.

Energy Fuels is also a serial deal doer having previously acquired Strathmore Minerals, one of our favoured stocks in the third quarter of 2013. The company also showed it was not afraid of market conditions when it had taken over Titan Uranium in a \$25mn deal in late 2011, just a few months after the Fukushima event.

Dennison, around the same time as Fission moved on Alpha, had thwarted Mega Uranium's move on Rockgate Capital, by over-bidding Mega's offer.

The latest deal

The uranium year got off to an auspicious start with the aforementioned acquisition by Energy Fuels of Uranerz Energy Corp. in an all-stock deal valued at more than \$150 million. Under the proposal, each Uranerz share will be exchanged for 0.255 common share of Energy Fuels. Let's hope this is a trend that will continue to bubble along.

The combined company will be the largest uranium miner in the U.S. and has long-term sales contracts with U.S. nuclear reactors.

Clearly the deal size is creeping up for Energy Fuels.

Off on a Tangent

Then there is the situation at Anfield Resources (TSXV: ARY) where the very interesting purchase of the Shootaring mill in Utah had the potential to lift them to another league but has been bogged down in prolonged and torturous financing issues. With the company having to agree a financing with a “debt” group we have never heard of, we suspect that either the mill deal will revert back to original owner Uranium One (something that happened before when ASX-listed Black Range Minerals could not close their acquisition of it) or Anfield ends up in a “pound of flesh” deal (hopefully not like that which was the downfall of Maudore Minerals).

Shootaring is an interesting chess piece in the uranium vertical integration game in the US, so watch for it becoming available again.

Conclusion

Consolidation is the name of the game. In other mining sub-spaces it is given lip-service... while in the uranium space actions speak louder than words. The fog of post-Fukushima confusion and despair is lifting and now targets are becoming clearer for majors and mid-tiers who view the surviving juniors as a wolf-pack views a sheep herd. We could conjure with a few names and definitely NexGen Energy (TSXV: NXE), that we wrote of a while back, with its proximity to some of Fission's assets looks a tasty leg of lamb. Ucore is not a uranium target per se but has embedded within it some very sexy uranium assets that the market has long overlooked due to the company's focus being different for so long now. These could yet be a money-spinner through disposal or demerger.

With the energy space coming under the microscope in the wake of the oil price collapse, uranium is starting to look like the better end of the space after years in the doghouse. With

any luck it too can be a double beneficiary of rotation into mining AND rotation into alternative energy sources. On top of this we have the slow return to normality in Japan and the ever-present threat that Russia's sales of its remaining ex-warhead material might be disrupted in some tit-for-tat action against the US.

All in all, these are the bluest skies uranium has seen for years now and consolidation looks set to continue while there are so many bargain companies lying around, with reported resources which could only be replaced with exploration work at a cost that is multiples of the levels the current juniors are valued at by the markets.