

# Uranium market heats up with Biden win, and Ross McElroy takes the Triple R Project reins

Yesterday the US uranium industry received some exciting news. The U.S. Senate Committee on Appropriations released drafts of FY 2021 funding measures and subcommittee allocations which included \$150M for the U.S. Uranium Reserve. If passed, this will enable the Department of Energy to begin the funding required to stimulate growth in the US domestic uranium mining industry. This has been long expected but looks to be finally happening. If passed, it will give a boost to the US uranium producers and lift sentiment generally across the uranium sector.

Meanwhile President elect Joe Biden plans regarding nuclear include developing small modular nuclear reactors; that are smaller, safer, and cost about half the construction cost of current reactors. It looks like safer and smaller nuclear is part of the future and for that we will continue to need uranium.

As the uranium price hovers around US\$30/lb, one company continues to advance their high grade uranium project in North America with a goal of reaching production. That company is Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF) ('Fission'). Fission is a resource company specializing in the strategic exploration and development of the Patterson Lake South (PLS) uranium property, located in Canada's Athabasca Basin, home to the world's richest uranium mines known for uranium grades 10-20 times the global average. The Project is currently in the stage of working on environmental permitting, overseen by Fission's Special Adviser Mark Wittrup.

Fission also has a new CEO, Ross McElroy, to take the Company to the next stage of development. Mr. McElroy is a professional geologist with over 30 years of experience in the mining industry. He is the winner of the PDAC 2014 Bill Dennis award for exploration success and the Northern Miner 'Mining Person of the Year 2013'. He has comprehensive experience with managing and advancing many types of mineral projects from grass roots exploration to feasibility and production.

Fission CEO, Ross McElroy stated: "We are excited to further progress the world-class Triple R uranium project towards production. We are committed to the efficient and effective development of this one-of-a-kind deposit so that it may help ease the upcoming global uranium supply deficit."

**Patterson Lake South Property (PLS) which includes the Triple R uranium deposit**



Source

The 31,039 hectare Patterson Lake South Property (PLS) project is 100% owned and operated by Fission. It is accessible by road with primary access from all-weather Highway 955. Within the PLS Project sits the high-grade, and near-surface Triple R

uranium deposit.

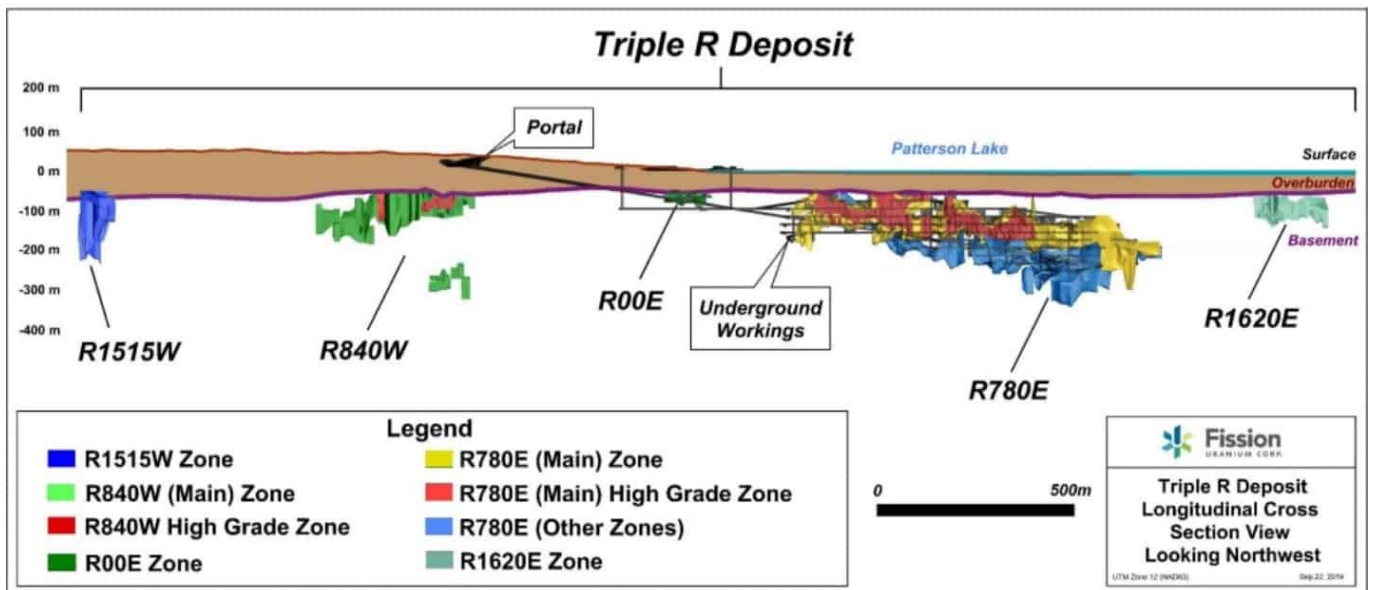
In 2019, the Company released results of two PFS studies. The underground option is looking more favorable than the hybrid open pit/underground option due to a lower CapEx (C\$320M less), 25% quicker construction time, 90% reduced surface footprint (potentially helps lessen the environmental impact), favored by locals, and has a lower OpEx and higher IRR.

The PFS was based on an Indicated Resource of 2.2 million pounds of contained uranium with an average grade of 2.2%.

The underground-only mine PFS resulted in a post-tax NPV8% of C\$702M, post-tax IRR of 25%, initial CapEx of C\$1,177M. Operating costs were estimated at C\$9.57/lb (US\$7.18) U<sub>3</sub>O<sub>8</sub> over a 7 year mine life. Usually a post-tax IRR of over 20% is seen as favorable.

**The Triple R Deposit, plus the underground only PFS Indicated and Inferred Resources**

### Triple R Deposit – Cross Section Looking NW



#### U<sub>3</sub>O<sub>8</sub> Resources

**U/G Only PFS – Indicated:**

102.4 Mlb U<sub>3</sub>O<sub>8</sub> at an average grade of 2.10% U<sub>3</sub>O<sub>8</sub>  
 2.22 million tonnes

**U/G Only PFS – Inferred:**

32.8 Mlb U<sub>3</sub>O<sub>8</sub> at an average grade of 1.22% U<sub>3</sub>O<sub>8</sub>  
 1.22 million tonnes

**U/G Only OPEX:**

US\$7.18/lb U<sub>3</sub>O<sub>8</sub>

## Source

In recent news, Fission announced a C\$15M bought deal offering which is backed by the underwriters. The Offering is expected to close on or about November 17, 2020. Fission state that “the net proceeds of the Offering will be used to fund the further development of the Triple R deposit in Saskatchewan, to repay certain amounts owing under the credit facility among the Company, Sprott Resources Lending Corp. and Sprott Private Resource Lending II (Collector), LP, and for working capital and general corporate purposes.”

## Fission’s timeline and catalysts summary



## Source

## Closing remarks

The US Uranium Reserve appropriations bill (if passed) and a US/Biden strategy of developing small modular nuclear reactors for base load power is a positive for the uranium sector.

Fission Uranium continues to advance their high grade Triple R Project in Canada. A recent C\$15M raise will help the Company to progress to the next stage of development including starting work on environmental permitting and the Feasibility Study.

The current market cap of Fission Uranium is C\$129M.

## Further viewing

- Fission's Ross McElroy on how "we are in the early stages of a uranium bull market" (video)
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# **Fission Uranium's President on why the uranium bull market starts now**

## **"Demand continues to grow as supply constricts"**

Uranium prices continue to recover in 2020 leading to renewed hope for the uranium sector after some very tough years. The US appears to be close to finalizing a US uranium reserve and the associated \$150m a year funding as well as perhaps taking a tougher stance on overseas subsidized uranium from Russia and Kazakhstan. Should these trends continue, many are wondering are we in the start of a uranium bull market.

In an exclusive interview with InvestorIntel, Fission Uranium President & COO Ross McElroy said, **"I think we are in the start of a bull market right now.** That's happened because there's been so many production shutdowns globally. All the major mines, even all the production in Canada has been shutdown. So, 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."

**Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF)**

Fission Uranium Corp. ("Fission") is 100% owner of the Patterson Lake South (PLS) property, located in Canada's

Athabasca Basin, home to the world's richest uranium mines. The PLS Property comprises 17 mineral claims totaling 31,039 ha located on the southwest margin of the Athabasca Basin. The Project is host to the award winning Triple R deposit – 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.

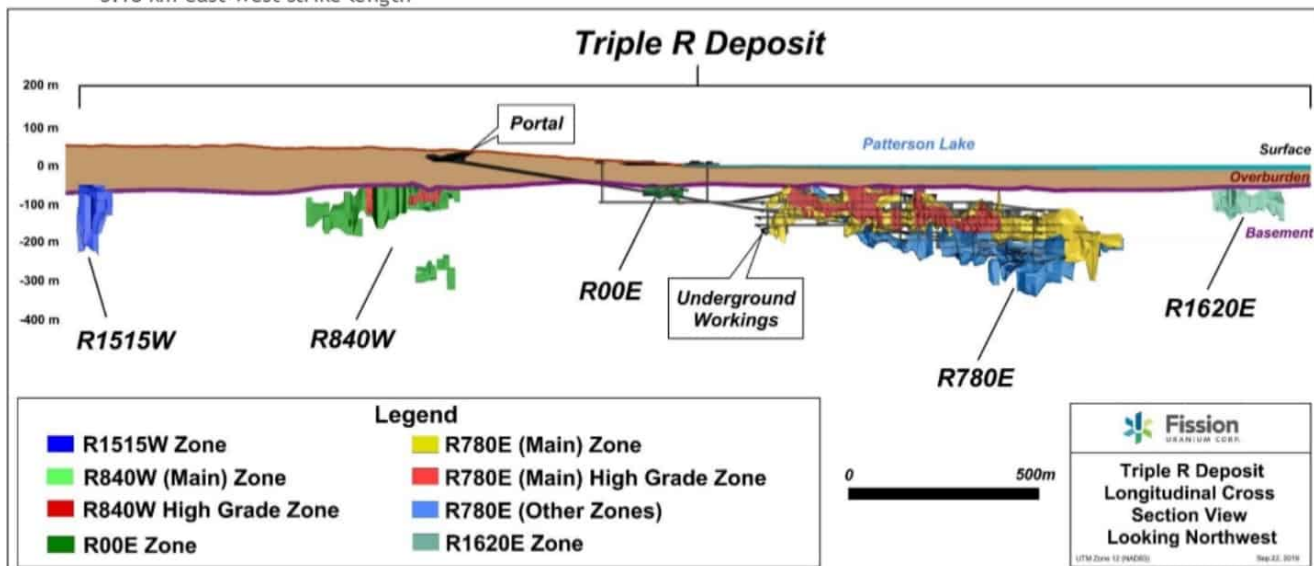
The Triple R Deposit has 102,360,000 lbs. U<sub>3</sub>O<sub>8</sub> Indicated Mineral Resource @2.10% U<sub>3</sub>O<sub>8</sub> and 32,810,000 lbs. U<sub>3</sub>O<sub>8</sub> Inferred Mineral Resource @1.22% U<sub>3</sub>O<sub>8</sub>.

**The Triple R deposit longitudinal cross section showing the resource starting 50m underground**

~50 m starting depth of high-grade deposits

Total strike length is well beyond that of Cigar Lake (1.95 km) or McArthur River (1.70 km)

**Triple R Deposit Longitudinal Cross Section View Looking Northwest**  
3.18 km east-west strike length



Source: Company presentation

The Triple R deposit remains open, and the PLS property has excellent exploration potential as ~80% of the property has yet to be explored. The deposit has substantial high-grade

mineralization starting just 50m from surface.

The 2019 PFS had two scenarios. For the underground-only mine PFS scenario, the post-tax NPV<sub>8%</sub> was C\$702m, post-tax IRR was 25%, and the initial CapEx was C\$1,177m. Operating costs were estimated at a very low C\$9.57/lb U<sub>3</sub>O<sub>8</sub> (US\$7.18) over a 7 year mine life.

Given the current uranium price of US\$32.25 that would make the Triple R Project very profitable once established. Of course, further drilling will be required to build up the level of uranium reserves and extend the mine life. Given the success to date and the 80% yet unexplored, the odds favour of Fission achieving this over time. A higher uranium price and longer mine life could certainly help boost the Project's NPV.

### **Fission Uranium's Triple R Project PFS summary shows very low uranium costs of production in both scenarios**

#### APRIL 2019 PFS (OP/UG) AND SEPT 2019 PFS (UG ONLY)

	Units	OP/UG (PFS Case)	UG Only (PFS Case)
Mine Type		6 years OP 2 years UG	7.3 years UG
Mine Life	Years	8.2	7.0
Construction Period	Years	4 years	3 years
Ore Mined	M tonnes	2.9	2.3
LOM Avg. Head Grade	% U <sub>3</sub> O <sub>8</sub>	1.42	1.61
LOM Production	M lbs U <sub>3</sub> O <sub>8</sub>	90.5	81.4
Avg. LOM Annual Production	M lbs U <sub>3</sub> O <sub>8</sub>	11.0	11.3
 Operating Costs	C\$/tonne	\$274	\$328
	C\$/lb U <sub>3</sub> O <sub>8</sub>	\$9.03 (US\$6.77)	\$9.57 (US\$7.18)
Initial Capital	C\$M	\$1,499	\$1,177
LOM Sustaining Capital Cost	C\$M	\$137	\$209
Project Economics at US\$50/lb U <sub>3</sub> O <sub>8</sub> and C\$1.00:US\$0.75			
Pre-Tax Cash Flow	C\$M	\$2,910	\$2,656
After-Tax Cash Flow	C\$M	\$1,759	\$1,568
After-Tax NPV <sub>8%</sub>	C\$M	\$693	\$702
After-Tax IRR		21%	25%

Source: Company presentation

Fission Uranium is now working on permitting, EIS, and a Feasibility Study. The company is well funded to achieve the above next steps after a recent raise.

Fission Uranium is backed by China's CGN Mining, which has invested over \$82m in Fission to date. More recently legendary mining investor Eric Sprott provided Fission with a US\$10 million senior secured Credit Facility at 10% pa for 4 years. This shows that Sprott has confidence in the value of the resource and/or the Company's ability to service and pay back the Facility. In connection with the Facility, Fission has agreed to issue 20,666,667 common share purchase warrants to Sprott and its affiliates.

### **Closing remarks**

With a uranium bull market possibly in the early stages, Fission Uranium looks well placed to continue to attract funding and grow their resource, thereby boosting their NPV in subsequent Feasibility Studies. The high CapEx remains a challenge to be funded but given the pedigree of past funding, and the very high quality resource, it should ultimately be achievable. Certainly the Western world is now looking much closer to home to secure their supply chains of critical materials such as uranium.

Fission Uranium is currently trading on a market cap of C\$190m. Investors will need some patience but should benefit from a tailwind or positive news flow in the uranium sector led by US developments that are expected to unfold in the near term.

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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 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.

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

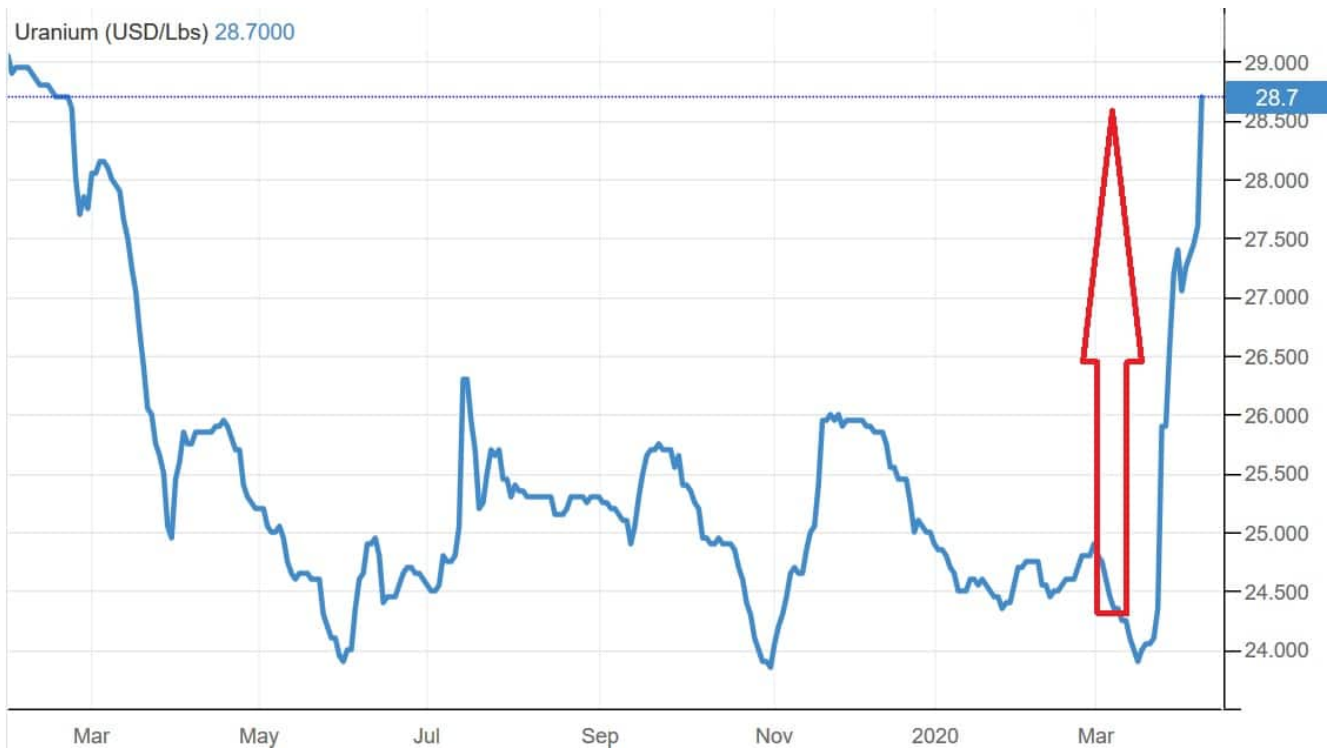
**Disclaimer:** Fission Uranium Corp. is an advertorial member of InvestorIntel Corp.

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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



### U<sub>3</sub>O<sub>8</sub> Resources

#### U/G Only PFS – Indicated:

102.4 Mlb U<sub>3</sub>O<sub>8</sub> at an average grade of 2.10% U<sub>3</sub>O<sub>8</sub>

2.22 million tonnes

#### U/G Only PFS – Inferred:

32.8 Mlb U<sub>3</sub>O<sub>8</sub> at an average grade of 1.22% U<sub>3</sub>O<sub>8</sub>

1.22 million tonnes

#### U/G Only OPEX:

US\$7.18/lb U<sub>3</sub>O<sub>8</sub>

## The Triple R Resource estimate

The Triple R Resource estimate is as follows:

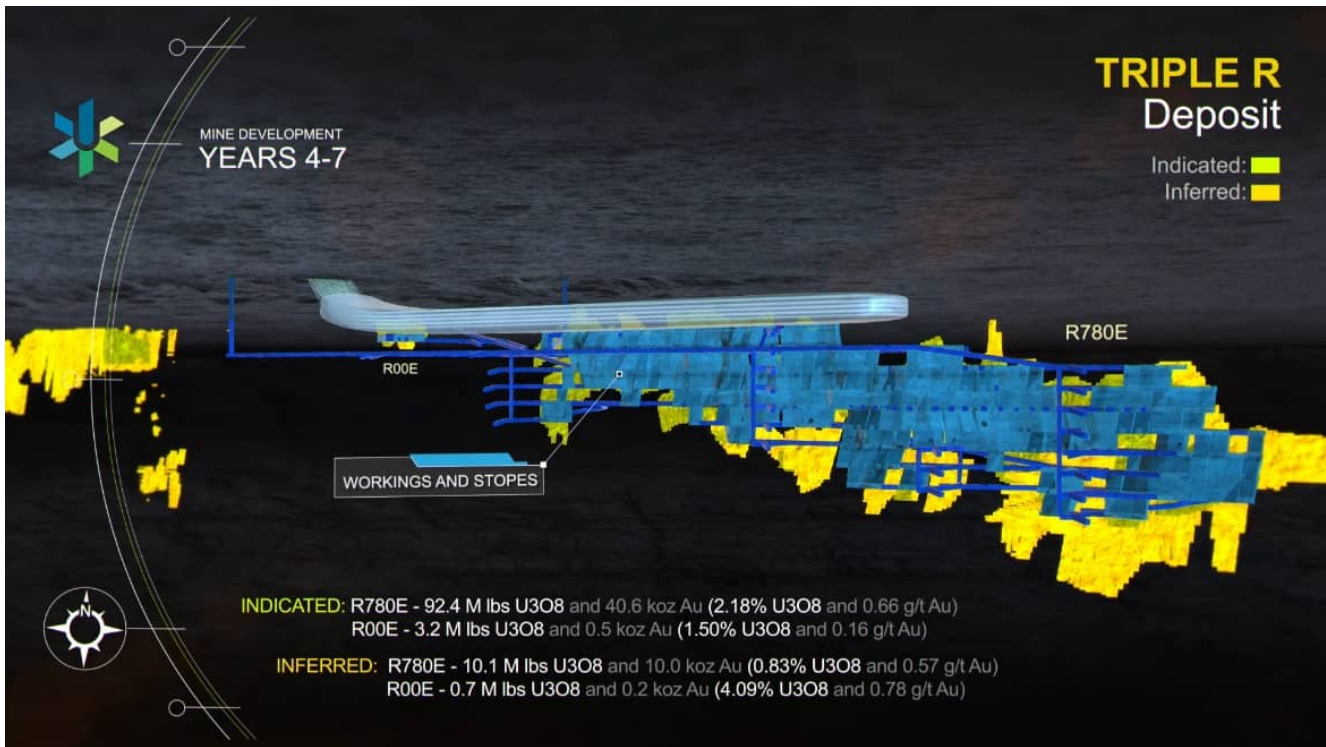
- 102,360,000 lbs. U<sub>3</sub>O<sub>8</sub> Indicated Mineral Resource, based on 2,216,000 tonnes at an average grade of 2.10% U<sub>3</sub>O<sub>8</sub>.
- 32,810,000 lbs. U<sub>3</sub>O<sub>8</sub> Inferred Mineral Resource, based on 1,221,000 tonnes at an average grade of 1.22% U<sub>3</sub>O<sub>8</sub>.

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 NPV8% 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 U<sub>3</sub>O<sub>8</sub> over an 8.2 year mine life.
- Underground-only mine PFS – Post-tax NPV8% 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 U<sub>3</sub>O<sub>8</sub> 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.