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# UxC Interview with Leigh Curyer, CEO of NexGen Energy Ltd.

Nick Carter, Executive Vice President, Uranium, UxC, recently had the opportunity to interview Leigh Curyer, Chief Executive Officer, NexGen Energy Ltd. Mr. Curyer provided UxC with the opportunity to discuss NexGen’s Rook I (Arrow) project located in Saskatchewan’s southwestern Athabasca Basin, which is one of the most promising uranium projects in development across the globe.

**Nick Carter:** What sets NexGen’s Rook I project (Arrow) apart from competitor projects (e.g., Phoenix and PLS) under development in Saskatchewan’s Athabasca Basin? Could you highlight the project’s advantages as well as potential risks?

**Leigh Curyer:** NexGen’s Rook I (Arrow) Project is unique with respect to two aspects. Its combination of size and grade makes it the largest uranium project globally currently under development and secondly, it is 100% contained in the crystalline basement rock commencing 100 to 920 meters



from surface with 0 - 10 meters of Athabasca sandstone atop. Two key advantages of the Arrow deposit being contained in the basement rock at this depth,

- is competent ground conditions for extraction which does not require ground freezing and,
- it has a comparatively very clean metallurgy, resulting in a more simplified processing circuit in the mill at surface.

As a result, the operating cost per pound will be materially lower than the global average cost curve whilst incorporating the most elite environmental performance.

**Carter:** Could you please provide some background on the project’s regulatory process and describe the key licenses needed and target dates to move the project into production?

**Curyer:** The Rook I Project Environmental Impact Study (“EIS”) is scheduled for completion in December 2021 at

Ux Price Indicators <a href="#">Click for Market Page</a>				
<b>Weekly Ux U<sub>3</sub>O<sub>8</sub> Price<sup>®</sup> (8/30/21)</b>		<b>\$33.75 (+\$0.50)</b>		
Ux 3-Yr U <sub>3</sub> O <sub>8</sub> Price \$35.75		Ux 5-Yr U <sub>3</sub> O <sub>8</sub> Price \$39.50		
Month-End (8/30/21) *Calculated values				
U <sub>3</sub> O <sub>8</sub>	Spot	<b>\$33.75</b>	NA Spot	<b>\$19.00</b>
	Spot MAP*	\$32.34	NA Term	<b>\$18.00</b>
	3-Yr Forward	\$35.75	EU Spot	<b>\$19.00</b>
	5-Yr Forward	\$39.50	EU Term	<b>\$18.00</b>
	Long-Term	<b>\$33.50</b>		
UF <sub>6</sub> Spot	NA Price	<b>\$107.00</b>	SWU Spot	<b>\$55.50</b>
	NA Value*	\$107.18	SWU Long-Term	<b>\$60.00</b>
	EU Value*	\$107.18	EUP NA Spot*	<b>\$1,441</b>
			EUP NA Term*	<b>\$1,452</b>

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which point the Federal and Provincial regulatory bodies involving the Canadian Nuclear Safety Commission and Ministry of Environment will review and conduct an Environmental Assessment (“EA”). The EIS is a culmination of over 8 years of engagement and detailed data collection and analysis incorporating all technical, environmental and community aspects. The EA process involves regulator and public review, and Commission Hearing prior to final approval. During this process, NexGen will advance preparatory site works prior to final construction commitment on receipt of Environmental Approval. Construction is estimated at 42 months inclusive of commissioning and full ramp up.

**Carter:** In February 2021, NexGen released the Rook I project (Arrow) Feasibility Study (FS) citing an OPEX of C\$7.58 (US\$5.69)/lb U<sub>3</sub>O<sub>8</sub> and CAPEX of C\$1.73 billion, with projected average annual production of 21.7 million pounds U<sub>3</sub>O<sub>8</sub> per year over a 10.7-year mine life. Now that the FS is

complete, what are the next steps for NexGen in the development process and does the company have a target date for initial production?

**Curyer:** Please note: Correction Capex is C\$1.3BN not C\$1.73BN. As per question 2, the focus is primarily on the EIS scheduled for completion in December 2021. The company has commenced the next phase of engineering design with geotechnical drilling for surface and underground infrastructure to support site preparation for construction and in parallel recommenced exploration with 2 rigs. Approximately 98% of Rook I is yet to be explored. The prospect of further Arrow like discoveries is, in our view, very high.

**Carter:** Based on the recent FS, production from Rook I (Arrow) ramps up quickly to 26 million pounds  $U_3O_8$  in Year 1 and 29 million pounds  $U_3O_8$  by Year 2. Today's largest operating uranium project, Cigar Lake, is producing at a rate of 18 million pounds  $U_3O_8$  per year, while McArthur River remains under care and maintenance, but could potentially add 18-21 million pounds  $U_3O_8$  per year after its restart. Has NexGen considered a more modular ramp-up of production to potentially avoid oversaturating the market as we exit a period of low prices due to past oversupply? If so, how might this impact the overall cost profile of the project?

**Curyer:** Given Arrow's scheduled timeline to production, NexGen estimates that the annual production profile of Arrow will be materially less than what is coming offline from current world producing mines between now through to the commencement of Arrow's production. Further, any potential restart of idled mines anywhere in the world requires a substantial increase in the uranium price from current levels given cost (operating and capital amortization) structures present at that time of their cessation. This is particularly relevant in the context of the current uranium price, as more than 75% of world production from uranium only mines is not profitable or sustainable over the mid-term at current prices. Uranium price is going up, but even at a doubling in the price from current levels – the world currently has very limited sustainable and profitable mine production available to replace that which is coming offline during Arrow's construction period. Long term sustainable and profitable production needs to incorporate amortization of responsible environmental management capex costs and future liabilities. A major strength of Arrow is that it can adjust production up or down without incurring material capex or change in the operating cost per pound, which based on the FS will be the lowest globally, incorporating elite environmental management for a mine of its production profile.

**Carter:** Could you provide an overview of NexGen's marketing strategy for potential utility customers as you bring Rook I (Arrow) toward production? Moreover, does NexGen expect the signing of long-term contracts with global utilities to be a prerequisite before proceeding with construction of the mine and processing plant?

**Curyer:** NexGen is currently focused on completion of the EIS, permitting, detailed engineering and construction over the next 4/5 years. Further, market conditions will be materially different in terms of pricing and the quantum of the industry's reliable primary production at the time NexGen enters into contracts. NexGen's philosophy is and will always be to optimize its production profile in light of market conditions taking into account all stakeholder interests. Our view is that uranium prices have to substantially increase from current levels for existing, idled and development mine supply to be responsibly sustainable over the mid to long term, which is in the interests of a healthy industry with such an important global responsibility with respect to decarbonization of the planet. NexGen is well positioned to become a responsible long-term supplier globally in a manner that encourages a strong diversity of supply from many uranium companies as opposed to only a couple as is the case today. The need for sustainable and reliable clean air energy is of vital worldwide importance now and forever. As an industry at the forefront of providing the only baseload source of the clean air energy fuel – NexGen will responsibly demonstrate leadership of this role.

**Carter:** Has NexGen entertained joint venture partners to reduce the financial burden on the company in further developing and operating the project? If not, what makes you confident that NexGen will be able to finance project development on your own?

**Curyer:** NexGen has attracted some of the world's leading financing institutions in the development of Rook I incorporating industry leading use of capital ratios and rates of return. We will continue to optimize this component of our objectives which is open to all potential future sources of financing. Given the elite environmental and stakeholder approach being undertaken, combined with the unparalleled strong economics and jurisdiction, there are multiple financing avenues available in the optimization of the Project.

**Carter:** There is much greater focus today on ESG compliance in all phases of the nuclear industry, particularly mining. As NexGen builds out the Rook I (Arrow) project, what steps has the company taken to ensure environmental sustainability and stewardship?

**Curyer:** Since prior to the very first exploration hole in 2013, NexGen initiated what is recognized by industry bodies as a leading approach to ESG. This encompasses many components including sustainable community enhancement programs, to elite environmental design through the designed Underground Tailings Management Facility, and to being a leading corporate citizen for the benefit of Canada and the world through the long term provision of reliable clean air energy fuel. The principles of NexGen's approach isn't dependent on the stage of our development – it's a daily focus at the forefront of all our decisions regarding the conduct of the organization.

**Carter:** *Some of NexGen's junior uranium mining competitors (e.g., Denison Mines, Boss Energy, Uranium Energy Corp., etc.) have recently purchased uranium off the spot market to support financing and future sales efforts. Has NexGen considered taking such a step? If not, why? How do you view this development in terms of shaping the future of junior miners in this space?*

**Curyer:** I think these companies have shown excellent strategic acumen in making these purchases in light of pending market conditions and their own development profiles. NexGen has been approached by various financing organizations in the past regarding strategic purchasing given our position in the market over the long term. NexGen will consider it at the appropriate time in light of our objectives. When that occurs, the proposed difference in our approach will be the financing of a strategic physical fund will be outside the NexGen share structure, but managed by NexGen providing economic exposure for both the fund and NexGen shareholders.

**Carter:** *Given your position as a leading new mine developer, please provide us with your views on the overall state of the nuclear power and uranium markets. Where do you see this industry in 10 or 20 years?*

**Curyer:** It is estimated greater than 75% of world production from uranium only mines is not sustainable or profitable at current prices. Uranium price is going up, but even at a doubling in the price from current levels – the world has very limited profitable mine production available to replace that which is coming offline during this decade. Profitability and production decisions need to incorporate amortization of responsible environmental management capex costs and future liabilities. There is broad commentary that idled production will easily re-start, which is simply FALSE – it is dependent on the uranium price at a minimum doubling from current levels. NexGen is well positioned to become a responsible long-term supplier globally in a responsible manner that encourages a strong diversity of supply from many uranium companies as opposed to only a couple as is the case today. The need for sustainable and reliable clean air energy is of vital worldwide importance now and forever. As an industry at the forefront of providing the only baseload source of the clean air energy fuel – NexGen will responsibly demonstrate leadership of this role. Where do I see this industry in 10 to 20 years from now? The best mines from 10 to 20 years ago are no longer in production today and didn't produce volumes as originally forecasted over that time. History has a habit of repeating itself. But today, we as an industry have a responsibility and opportunity to achieve such a positive outcome for the world. Responsible leadership and transparent collaboration between producers and utilities in realizing uranium prices that results in sustainable production levels in an environmentally and socially responsible manner is key to achieving such an important outcome for our current and future generations.

**Carter:** *Thank you very much for agreeing to this interview and taking the time to provide detailed responses to our questions. We look forward to hearing more about future developments regarding your company and the Arrow project.*