



## News Release

March 10, 2017

Toronto, Ontario

### **Uranium One Announces 2016 Production of 12.7 Million Pounds at an Average Total Cash Cost of \$9 per Pound Sold**

Uranium One Inc. (“Uranium One” or the “Corporation”) today reported headline revenue of \$314.6 million for 2016. Attributable revenue was \$405.7 million for 2016 based on sales of 13.5 million pounds of produced material at an average realized sales price of \$27 per pound sold of produced material, with an average cash cost per pound sold of produced material at \$9 per pound. Attributable production for 2016 was 12.7 million pounds.

#### **2016 Highlights**

##### *Operational*

- Total attributable production during 2016 was 12.7 million pounds, compared with total attributable production of 12.5 million pounds during 2015.
- The average total cash cost per pound sold of produced material decreased to \$9 per pound during 2016, compared to \$11 per pound during 2015.

##### *Financial*

- Attributable sales volumes of produced material for 2016 were 13.5 million pounds sold from the Corporation’s operations and equity accounted investees compared to 12.3 million pounds sold during 2015.
- Headline revenue was \$314.6 million in 2016, compared to \$324.7 million in 2015.
- Attributable revenues consistent with the Corporation’s segment reporting, which includes revenues from its interests in equity accounted investees, amounted to \$405.7 million in 2016, compared to \$541.2 million in 2015.
- The average realized sales price of produced material during 2016 was \$27 per pound, compared to \$36 per pound in 2015. The average spot price in 2016 was \$26 per pound compared to \$37 per pound in 2015.
- Gross profit was \$41.9 million during 2016, compared to gross profit of \$4.4 million in 2015.
- Gross profit, including the Corporation’s share of gross profit from equity accounted investees, totaled \$132.5 million in 2016, a 35% decrease compared to \$204.5 million in 2015, mainly due to a decrease of 22% in the average realized sales price, partly offset by an increase of 10% in sales volume.



- Net earnings for 2016 were \$252.6 million or \$0.26 per share, compared to net earnings of \$70.7 million or \$0.07 per share for 2015.
- The adjusted net earnings for 2016 were \$54.7 million or \$0.06 per share after exclusion of a net gain received through business combination of \$198.3 million, Ruble Bonds non-hedged derivative gains of \$9.3 million, Ruble Bonds hedged derivative gains of \$59.1 million, loss due to inventory valuation adjustment of \$28.0 million, net foreign exchange losses of \$17.3 million, loss due to impairment of non-current assets of \$17.2 million, transfer pricing expenses of \$3.2 million, loss on disposal of certain non-material US mineral claims and leases of \$2.6 million and corporate development expense of \$0.5 million, compared to an adjusted net earnings of \$42.6 million or \$0.04 per share for 2015.

### *Corporate Matters*

- Since March 2014, the United States and Canadian governments and the European Union have implemented a number of orders, directives and regulations in response to the situation in Ukraine. These measures generally impose visa restrictions and asset freezes on certain designated individuals and entities considered to have contributed to the situation in Ukraine, restrict access by certain designated Russian institutions and entities to Western capital markets and prohibit the supply of equipment for use in Russian offshore deepwater, Arctic or shale exploration or production projects. The Corporation's operations have not been impacted by the foregoing orders, directives or regulations or any designations made thereunder and the Corporation continues to carry on business as usual.
- On June 29, 2016, the Corporation closed the tender offer for, and accepted for purchase, \$60.5 million principal amount of the Senior Secured Notes of its subsidiary, Uranium One Investments Inc., at a price of \$1,000 per \$1,000 of face value. The total amount of the transaction was \$60.8 million including \$0.3 million of accrued interest, as well as legal fees and transaction costs. The settlement of the tender offer was completed on July 7, 2016.
- On December 5, 2016, the Corporation redeemed RUB 2,499,957,000 aggregate principal amount of its Series 1 Ruble Bonds at their face value. RUB 43,000 aggregate principal amount of Series 1 Ruble Bonds remains outstanding, but such bonds ceased to bear interest after November 30, 2016. The redemption was partially funded by a loan from an affiliate.
- On December 13, 2016 the Corporation redeemed the balance of the outstanding Senior Secured Notes at a redemption price equal to 103.125% of the principal amount of the notes plus accrued and unpaid interest. The \$90.1 million aggregate principal amount of the Senior Secured Notes that the Corporation had purchased earlier were cancelled before the redemption. The redemption was partially funded by a loan from an affiliate.
- On December 30, 2016 Feroz Ashraf resigned as Chief Executive Officer of the Corporation and Eduards Smirnovs, formerly the Corporation's Manager, Corporate Projects, was appointed as Acting Chief Executive Officer. Feroz Ashraf continues as a member of the Board of Directors of the Corporation.



- The Board of Directors also decided that the Corporation will no longer prepare and publish quarterly unaudited financial statements and operating and financial reviews, as it is no longer legally or contractually obliged to do so. The Corporation will continue to prepare and publish audited consolidated annual financial statements, as well as the quarterly and annual reports required under Russian securities laws and the rules of the Moscow Exchange, where the Corporation's Ruble Bonds are listed for trading.

## 2016 Operations

During 2016, Uranium One achieved total attributable production of 12.7 million pounds, compared to 12.5 million pounds during 2015.

Operational results for Uranium One's assets for 2016 were:

Asset	2016 Attributable Production (millions lbs U <sub>3</sub> O <sub>8</sub> )	2016 Total Cash Costs (per lb sold U <sub>3</sub> O <sub>8</sub> )
Akdala	1.8	\$9
South Inkai	3.6	\$11
Karatau	2.7	\$4
Akbastau	2.3	\$5
Zarechnoye	1.1	\$12
Kharasan	1.1	\$9
Willow Creek	0.1	-
<b>Total</b>	<b>12.7</b>	<b>\$9</b>

The following table provides a summary of key financial results:

FINANCIAL	Q4 2016	Q4 2015	FY 2016	FY 2015
Attributable production (lbs U <sub>3</sub> O <sub>8</sub> ) <sup>(1)</sup>	3,336,700	3,164,100	12,687,500	12,450,000
Attributable sales (lbs) <sup>(1)</sup> – Produced material	4,565,800	4,471,800	13,515,800	12,256,400
Average realized sales price (\$ per lb) <sup>(2)</sup> – Produced material	21	34	27	36
Average total cash cost per pound sold (\$ per lb) <sup>(2)</sup> – Produced material	8	9	9	11
Revenues (\$ millions) – as reported on consolidated income statement	76.0	71.8	314.6	324.7
Attributable revenues (\$ millions) <sup>(2)</sup>	114.2	178.4	405.7	541.2
Gross (loss) profit (\$ millions) – as reported on consolidated income statement	(7.9)	3.1	41.9	4.4
Attributable gross profit (\$ millions) <sup>(2)</sup>	14.9	90.8	132.5	204.5
Net earnings (\$ millions)	43.1	60.8	252.6	70.7
Net earnings per share – basic and diluted (\$ per share)	0.05	0.06	0.26	0.07
Adjusted net earnings (\$ millions) <sup>(2)</sup>	(22.3)	40.3	54.7	42.6
Adjusted net earnings per share – basic (\$ per share) <sup>(2)</sup>	(0.02)	0.04	0.06	0.04

Notes:



- (1) Attributable production pounds and attributable sales pounds are from assets owned and from joint ventures in commercial production during the period. All figures are rounded to reflect appropriate levels of confidence. Columns may not add up correctly due to rounding. Commercial production excludes pilot uranium production from the Inkuduk horizon at the South Inkai mine.
- (2) The Corporation has included the following non-GAAP performance measures: average realized sales price per pound – produced material, average total cash cost per pound sold – produced material, attributable revenues, attributable gross profit, adjusted net earnings (loss) and adjusted net earnings (loss) per share. See the section on "Non-GAAP Measures" in the Corporation's Operating and Financial Review for the year ended December 31, 2016.

## **Non-GAAP Measures**

### **Adjusted Net Earnings (Loss)**

The Corporation has included the following non-GAAP performance measures throughout this news release: adjusted net earnings (loss) and adjusted net earnings (loss) per share. Adjusted net earnings (loss) and adjusted net earnings (loss) per share do not have any standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures reported by other companies. The Corporation believes that, in addition to conventional measures prepared in accordance with IFRS, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation, or as a substitute for, measures of performance prepared in accordance with IFRS. Please refer to the Operating and Financial Review for further details.

The financial statements, as well as the accompanying Operating and Financial Review, are available for review at [www.uranium1.com](http://www.uranium1.com) and should be read in conjunction with this news release. All figures are in U.S. dollars unless otherwise indicated. All references to pounds sold or pounds purchased are to pounds of U<sub>3</sub>O<sub>8</sub>.



## About Uranium One

Uranium One is one of the world's largest uranium producers, with a globally diversified portfolio of assets located in Kazakhstan, the United States and Tanzania. ROSATOM State Atomic Energy Corporation, through its affiliates, is the main shareholder of Uranium One.

For more precise information about Uranium One, please visit [www.uranium1.com](http://www.uranium1.com)

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## Cautionary Statements

*No stock exchange, securities commission or other regulatory authority has approved or disapproved the information contained herein.*

*This press release contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to, the price of uranium, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, market conditions, corporate plans, objectives and goals, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, the timing and potential effects of proposed transactions, title disputes or claims, limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the possibility of sanctions that may be imposed on the Corporation, its shareholders or affiliates or third parties with which the Corporation deals, that may have a material adverse effect on the Corporation's ability to carry on its business or perform its contractual obligations, the future steady state production and cash costs of Uranium One, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the completion of transactions, integration of acquisitions and the realization of synergies relating thereto, to international operations and to prices of uranium, as well as those factors referred to in the section entitled "Risk Factors" in Uranium One's Operating and Financial Review for the year ended December 31, 2016. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.*

*Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required under applicable securities laws.*

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