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[Begin NBT - URANERZ ENERGY - 1]

*Tobin Smith:* Hey, this is Toby Smith, with the Next Big Thing Investors. Now if I was gonna ask you this question, where does most of the uranium that goes into nuclear power plants come from in the US, and you were gonna answer the USSR, you would be a smart person.

I'm here with Dennis Higgs. He's from Uranerz, which is the uranium mining company, although the first uranium mining company to open up a mine in how long in the United States?

*Dennis Higgs:* Probably 20 years for a new mine.

*Tobin Smith:* For a new mine, absolutely. Why do I wanna be in the uranium business now? The prices have been – after Fukushima taking a hit, the stock prices for uranium companies are down. Why would I wanna be in now?

*Dennis Higgs:* Well, uranium has taken a hit as you mentioned, and we expect over the next couple years, the uranium price to increase dramatically. You have several factor that will influence that. Probably the most dramatic factor expected to occur later this year will be the end of the, as you mentioned –

*Tobin Smith:* Yeah, the megaton

*Dennis Higgs:* Megatons to Megawatts Program, where you have highly enriched uranium coming out o Russia, accounts for about 24 million pounds a year. It's about 2 percent of the supply of uranium. So with that coming to an end at December, 2013, we expect uranium prices to act accordantly.

*Tobin Smith:* Right. And we get along so well with **Futon** and everything that I'm sure we're just gonna kiss and make up right?

*Dennis Higgs:* Right.

*Tobin Smith:* All right. So the issue here is that there's an X amount of consumption every year, and for the last couple years, we've had more production than – less consumption than production. We flip around next year where we have – because taking out 12 percent of this uranium population now says we're gonna have a supply imbalance, and always look for these sort of secular shifts where all of a sudden now we go to the point – how much in the world are we gonna consume let's say 2014?

*Dennis Higgs:* Somewhere in the range of about 185 million pounds of uranium.

*Tobin Smith:* And now much are we going to mine?

*Dennis Higgs:* About 150 to 1555 million pound. So there's that 30 to 40 million pound shortfall.

*Tobin Smith:* Structural. And every year – it's not going away because I guess's no like you just start up uranium.

*Dennis Higgs:* That's right.

*Tobin Smith:* How long have you guys been working at this

*Dennis Higgs:* About seven or eight years now.

*Tobin Smith:* Wow.

*Dennis Higgs:* It's taken at least six years to get through the permitting process.

*Tobin Smith:* So tell us in Wyoming where are you now? You're almost I can see you running to the finish line.

*Dennis Higgs:* Right, right. We're finishing with our permitting in the **Nichols Ranch Project**. We're developing it. We've been building our facility out there and putting in our well fields since August of 2011, and we will be starting up later this year.

*Tobin Smith:* Okay. As you can tell from his accent, he is Canadian, so don't hold that against him. Now in the –

*Dennis Higgs:* The company's American.

*Tobin Smith:* It's an American company. Extremely. So in the big picture, forget about 2013, let's assume you get some production in 2013, but in 2014, that's the year, you have contracts where you can sell to big companies, right?

*Dennis Higgs:* Yes.

*Tobin Smith:* And then you have the spot market. What do you think your mix is gonna be in 2014?

- Dennis Higgs:* 2014, about a third of our production will go to the two contracts we have /the largest nuclear operators in the US, at very good pricing.
- Tobin Smith:* Exxon, right?
- Dennis Higgs:* Exxon is one of them. They are the largest nuclear operator in the United States. And negotiated those contracts back when the long-term price was \$65.00 a pound, so those – we have two good contracts, and then we have two-thirds of our production will be sold into the small market.
- Tobin Smith:* So the small market? All right. So we've sort of bottomed here at the \$42.00-\$43.00 price of uranium.
- Dennis Higgs:* Yes.
- Tobin Smith:* Most of the projections that are out there by the experts, and we do a forecast, we're at like \$68.00 in two years simply because of the supply/demand and balance. Do you have a price in mind that you think that's reasonably fair?
- Dennis Higgs:* What we do is we follow the research analysts that follow – that do the research on uranium, and what we've seen is every one of the research analysts that do the uranium reports, they predict a very significant increase over the next piece years, going up to about \$75.00 a pound.
- Tobin Smith:* \$75.00. So for you guys, your cost in the ground for uranium –
- Dennis Higgs:* Is about \$35.00 all in.
- Tobin Smith:* All right. So –
- Dennis Higgs:* \$36.00 a **pop**
- Tobin Smith:* – that is sort of the – at \$42.00, that's a little tight. At \$70.00 or let's call it \$60.00, \$65.00, \$70.00, now all of a sudden, you're at a point where high margin and you can pull out how much in a year, do you think? You're gonna ramp up, right?
- Dennis Higgs:* We're gonna ramp up, initially about 600,000 to 800,000 pounds a year. And we'd like to grow that over a 1 million pounds into the future.

*Tobin Smith:* All right. Well, you know what Next Big Thing Investor, we love? We love resource plays of a very valuable resource that is in a supply/demand imbalance, and a new company that's coming, because, basically, you guys have the way we figure, something like a billion and a half dollars worth of uranium in this mine. It could be more. This is just the one big mine. You have another mine we're not talking about, right?

*Dennis Higgs:* Well, we have several project areas that we haven't explored yet. We have very large area in Wyoming, part river basin and \_\_\_\_\_.

*Tobin Smith:* So how much of your property have you guys actually done the full work on?

*Dennis Higgs:* We've got – these deposits occur on what's called a reduction oxidation boundary, and we have explored – we have about 100 miles of this **Redux** boundary on our property and we've explored less than half of it. So we have a lot of exploration \_\_\_\_\_ to do on the property.

*Tobin Smith:* All right. So the inflection point for the company I call it 2014. You'll have some production coming on here.

*Dennis Higgs:* Yes.

*Tobin Smith:* You're ramping up production cash flows, positive. You will \_\_\_\_\_ some money I assume to complete production, et cetera, on this site?

*Dennis Higgs:* Well, actually the State of Wyoming has an industrial revenue bond program where they're one of the few US states that's running a surplus.

*Tobin Smith:* Have a surplus, right.

*Dennis Higgs:* I think there's only three US states that are running surpluses, anyway, they've earmarked about –

*Tobin Smith:* Is that an anti-American slur right there/ okay.

*Dennis Higgs:* Not at all, not at all. I think there's a lot of countries that are not running surpluses.

*Tobin Smith:* That's true.

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*Dennis Higgs:* But Wyoming's earmarked about \$300 million for this program where they lend money to new companies or existing companies that want to expand. And so we made application for a \$20 million loan, and the terms are pretty reasonable. Four and a quarter percent interest rate, and –

*Tobin Smith:* That does not suck. All right, so –

*[Crosstalk]*

Here's the big deal. Cash flow's coming on, valuation at the low end of and of spectrum. We've talked about gold mining sort of being at the \_\_\_\_\_. Uranium is right at that bump. You wanna own your uranium mines when we're at the pricing. And when \_\_\_\_\_ \$75.00. \$80.00, maybe \$90.00, then maybe as a share hold maybe you wanna sell a few shares. But the anyway, the next big thing in uranium is right here.

*[End Begin NBT - URANERZ ENERGY - 1]*

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