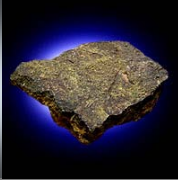


# Allocated Uranium

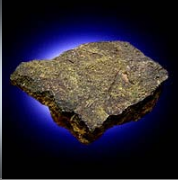
NEI International Uranium Fuel  
October 2011



# Agenda

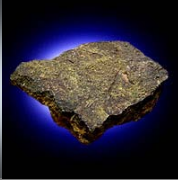
- Why ?
- When ?
- What ?
- For Whom ?
- Where ?
- Current Status





## Why ?

- Increasing interest in financial markets
  - Obtain direct exposure to uranium
- Need potential for physical delivery, like
  - Other energy products: oil, natural gas
  - Other metals: copper, gold, platinum
- Offer more services from ConverDyn
  - To increase customer base
  - To increase utilization of Metropolis infrastructure



## When ?

- 2007: Initial expression of interest for segregated storage of  $U_3O_8$
- 2009: Program to evaluate opportunity
- Some issues with  $U_3O_8$ -based project
  - No system for unique identification
  - Operational: storage, ore blends, etc
- 2010-2011: Alternative projects evaluated
  - Developed allocated unit of uranium concept

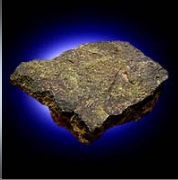




# What ?

- Allocated Uranium is:
  - Quantity of uranium in the form of  $UF_6$
  - $UF_6$  is stored in designated cylinders
  - Typical cylinder contains 8,200 kgU as  $UF_6$
  - Split quantity into 85 lots of 250 lbs of  $U_3O_8$  equiv or Segregated Unit of Uranium
- Characteristics:
  - $UF_6$  meets ASTM C787
  - Legal for use in USA
  - Stored in designated cylinder
  - Cylinder in segregated area of Metropolis plant





# Electronic Warehouse Receipt (EWR)

- Electronic Document of Title to 250 pounds  $U_3O_8$ 
  - Title to identifiable “slice” of  $U_3O_8$  contained in a  $UF_6$  cylinder
  - Negotiable (can be traded)
  - Regulated under UCC
- Stored in Electronic Depository
  - [www.allocatedmaterials.com](http://www.allocatedmaterials.com)
  - Owner has control of EWR

Repository Browser

Location: Repository > User Homes > TestUtilityHome > Receipts

EWR-1.pdf

76% Fullscreen Maximize

**Allocated Materials**  
Management Company LLC

**Negotiable Warehouse Receipt for Natural Uranium Contained in 250 lbs of U3O8**

1. **Warehouse Location for Stored Goods:**  
Section 00  
AMMC Pallet 1 Honeywell Cylinder No. AC1204 National Board No. 4150  
The AMMC Segregated Storage Area  
ConverDyn Metropolis Works  
Dove Summer Lane  
Metropolis, Illinois, 62880

2. **Issue Date of the Receipt:**  
August 10, 2011

3. **Consecutive Number of the Receipt:**  
000001

4. **Delivery Instruction for the Goods:**  
To the holder of the Receipt of the Delivery Points in the more recent of:  
AMMC Uranium Tariff August 1, 2011 or  
The currently posted AMMC Uranium Tariff on the AllocatedMaterials.com website

5. **Storage And Handling Rates:**  
The more recent of:  
AMMC Uranium Tariff August 1, 2011 or  
The currently posted AMMC Uranium Tariff on the AllocatedMaterials.com website

6. **Description of the Goods:**  
Natural Uranium equal to the amount held in 250 lbs of U3O8, or 95.6802 kgU of U3O8  
Produced from U3O8 meeting ASTM C987-08  
Stored as U3O8 meeting ASTM C906  
Stored in a 48Y Cylinder meeting ANSI N-15

7. **Warehouseman Signature (or Authorized Agent):**  
Signed Digitally  
Antonio Anselmi  
Chief Operating Officer  
The Allocated Materials Management Company LLC  
2005 Palmer Avenue 301  
Larchmont, NY 10533

8. **AMMC Ownership Percentage of these Goods:**  
None (0%)

9. **Liabilities and Advances by AMMC:**  
None

10. **Not a Federally Licensed Warehouse:**  
United States Warehouse Act (USWA) (50 USC 241 through 272) is Not Applicable for the Goods Stored

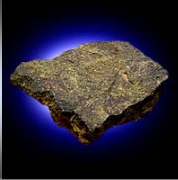
11. **Shipping Locations and End User Locations:**  
All Shipping Locations and End Users Outside the State of Illinois.

Goods described herein (the Description of Goods) to be delivered to bearer upon return of this receipt and the payment of all warehousing fees and charges applicable to the Goods which are due the undersigned The Allocated Materials Management Company LLC (AMMC) as warehouseman. AMMC claims a lien on the Goods represented by this receipt against the holder of this receipt for sales proceeds in the amount of all lawful charges for storage, conservation, transportation, insurance, labor or other charges present or future incurred in relation to the Goods at the rate of AMMC's tariff and for expenses necessary for its preservation or reasonably incurred in its title pursuant to law. By negotiation or transfer of this receipt all sellers and all buyers agree that the amount of all charges incurred which are due or become due to AMMC are payable to it as sale proceeds collected if the Goods are pledged to secure a loan with a bank.

A Warehouseman's lien is claimed by AMMC on the Goods for all warehouse service fees applicable under this tariff and pursuant to warehouse receipts for liens under sections 7-209(4) & (b) of UCC. The fees are payable to AMMC at its office in Larchmont, New York when delivery and related services are ordered. Shippers will be notified for fees as services are ordered. Payment is due at AMMC's wire account within one day from the date of each invoice. When payments for invoices are not received within two days, subsequent orders will not be delivered until warehouse fees are paid.

The party ordering Goods shipped is responsible for all fees for services. If it is necessary to turn over a bill to an attorney for collection, the attorney's fee will be added to the bill. Transportation restricted to Nuclear Regulatory Commission (NRC) Licensed Carriers required by NRC 10CFR § 40.51

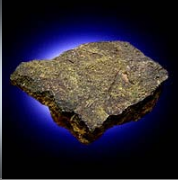
August 11, 2011  
Allocated Materials Management Company LLC  
Antonio Anselmi  
Chief Operating Officer  
Joseph McCourt  
Chief of Marketing and Sales



## For Whom ?

- Owners who want uranium in a form that is NOT in commingled & fungible inventory
- Benefits of segregated unit of uranium:
  - Easy to store, identify & audit
  - Easy to remove from Metropolis plant
- So what?
  - Easy to trade
  - Easy to finance
  - Eliminate credit risk
  - Hedge against market risk



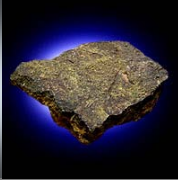


# Where ?

- At ConverDyn/Metropolis for:
  - Market confidence: Transactions w/o difficulty
  - Secure location: Only U.S. converter
  - Assurance of product quality:
    - ◆ Ore receipt, assay & conversion to  $UF_6$
    - ◆ Each 48Y cylinder holds 85 slices of 250 lbs  $U_3O_8$ eq (95.68 kgU)
  - Trusted source to facilitate physical trade
  - Well established book transfer mechanism for title transfer



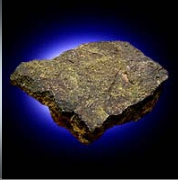
Metropolis



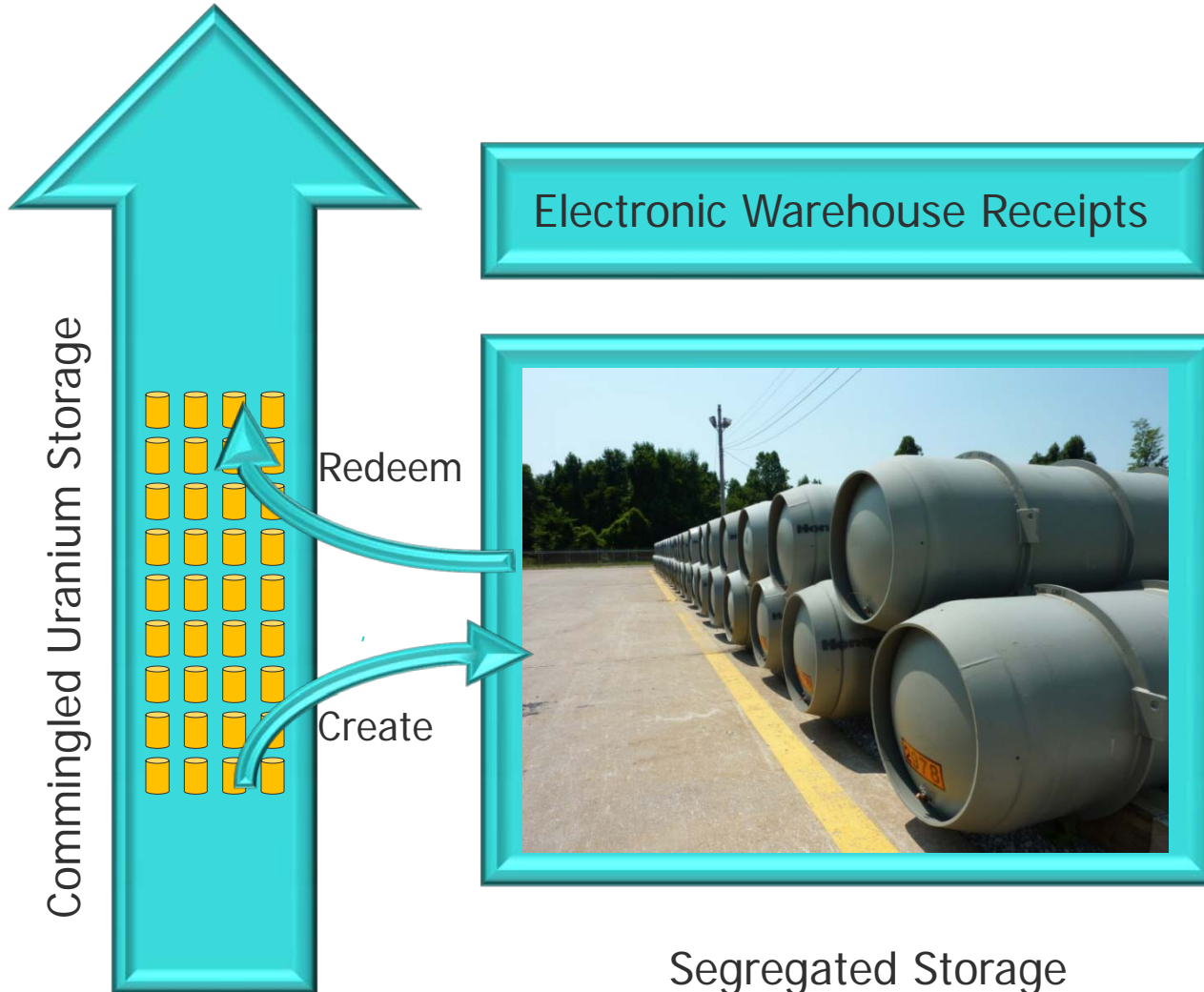
# Action Items Completed

- Storage pad for designated cylinders
- 50 full cylinders in segregated storage
  - 4,250 units of 250 lbs; or 1M lbs total
- Room for 25 more cylinders
  - 2,125 units of 250 lbs; or 531K lbs
- Documentation prepared
- First 'create' completed to verify systems

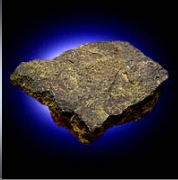




# Unitized Uranium Storage & Management System

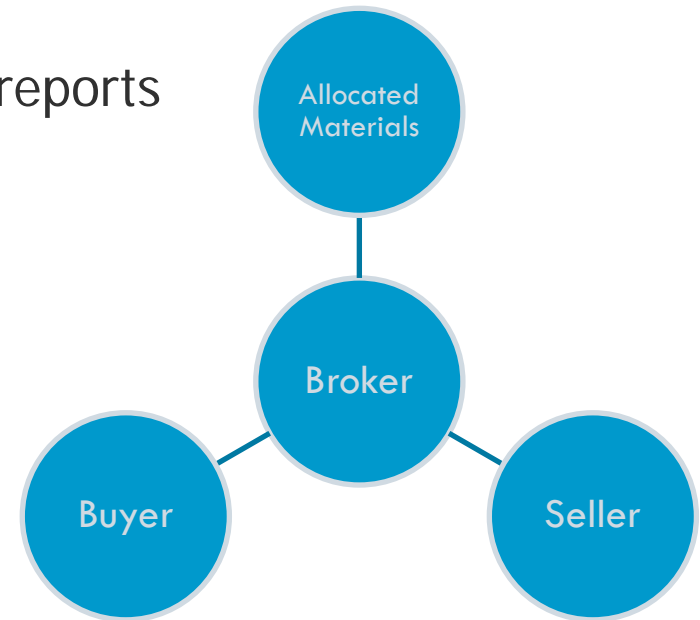


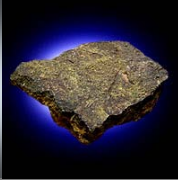
- Negotiable EWRs
- EWR backed by physical inventory
- Transfers between commingled and segregated storage



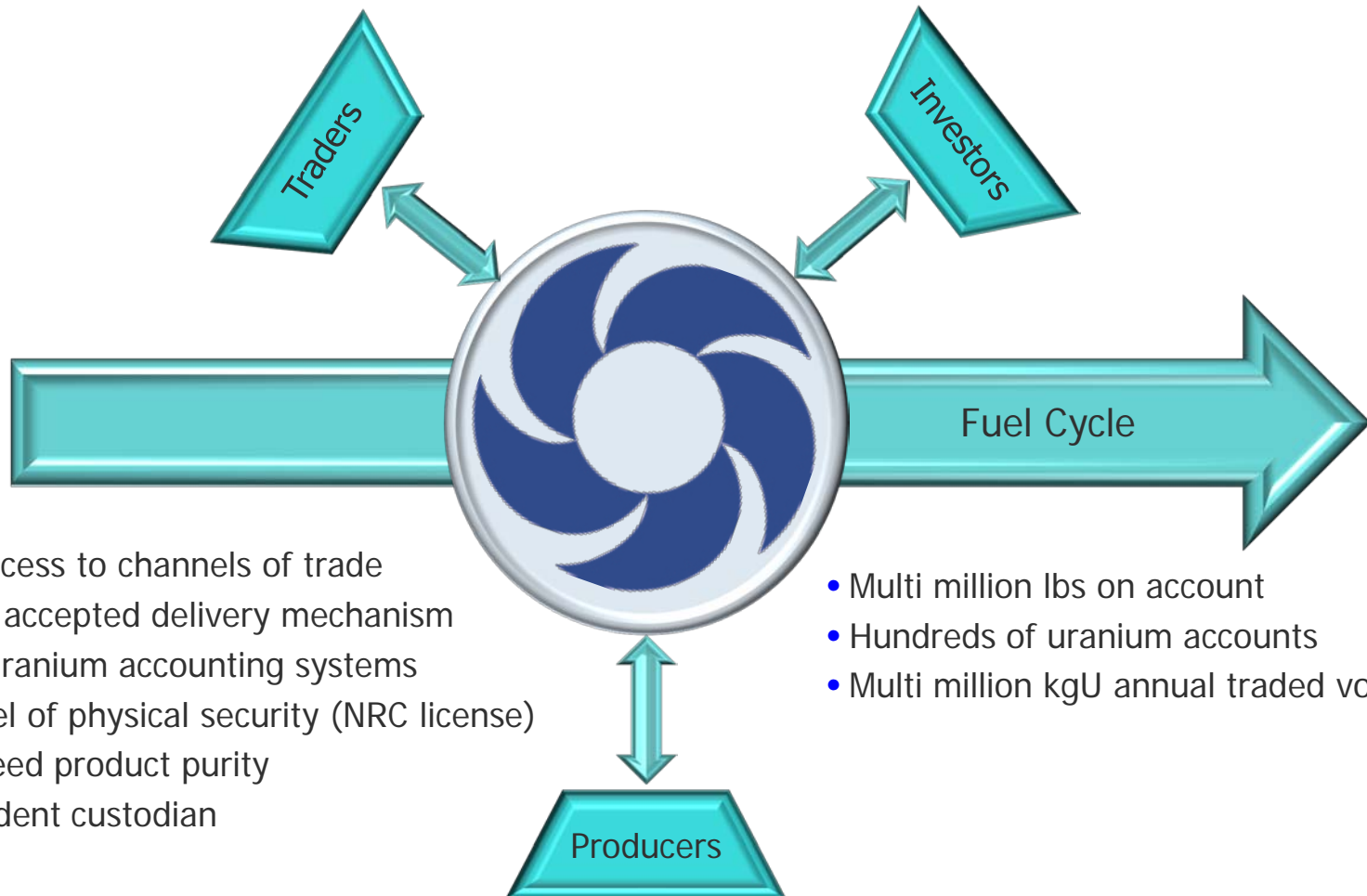
# Trading EWRs

- No ConverDyn notices needed
  - ConverDyn receives daily transaction reports
- Trading via Designated Brokers
  - Trained by Allocated Materials
  - Open customers' EWR accounts
  - Submit buy and sell tickets
- Change of ownership recorded in Electronic Depository



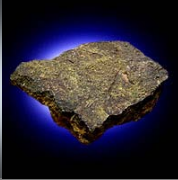


# ConverDyn Hub



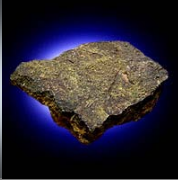
- Direct access to channels of trade
- Industry accepted delivery mechanism
- Robust uranium accounting systems
- High level of physical security (NRC license)
- Guaranteed product purity
- Independent custodian

- Multi million lbs on account
- Hundreds of uranium accounts
- Multi million kgU annual traded volume



# Advantages of Allocated Uranium

- Clear and secure interest
  - Title to identifiable “slice” of U<sub>3</sub>O<sub>8</sub> in UF<sub>6</sub> cylinder
  - Risk management benefits
- Ease of financing
  - Can use EWRs as collateral
  - Common in other commodities
- New market participants
  - Meets needs of financial community
  - Procurement diversification
  - Liquidity



# Current Status

- Solicitations of interest by
  - Allocated Materials
  - Designated Brokers
- How do I get involved?
  - Contact: Tony Anselmo, Malcolm Critchley or Joe McCourt
  - [antonio.anselmo@ammcllc.com](mailto:antonio.anselmo@ammcllc.com)
  - [malcolm.critchley@converdyn.com](mailto:malcolm.critchley@converdyn.com)
  - [joseph.mccourt@ammcllc.com](mailto:joseph.mccourt@ammcllc.com)