

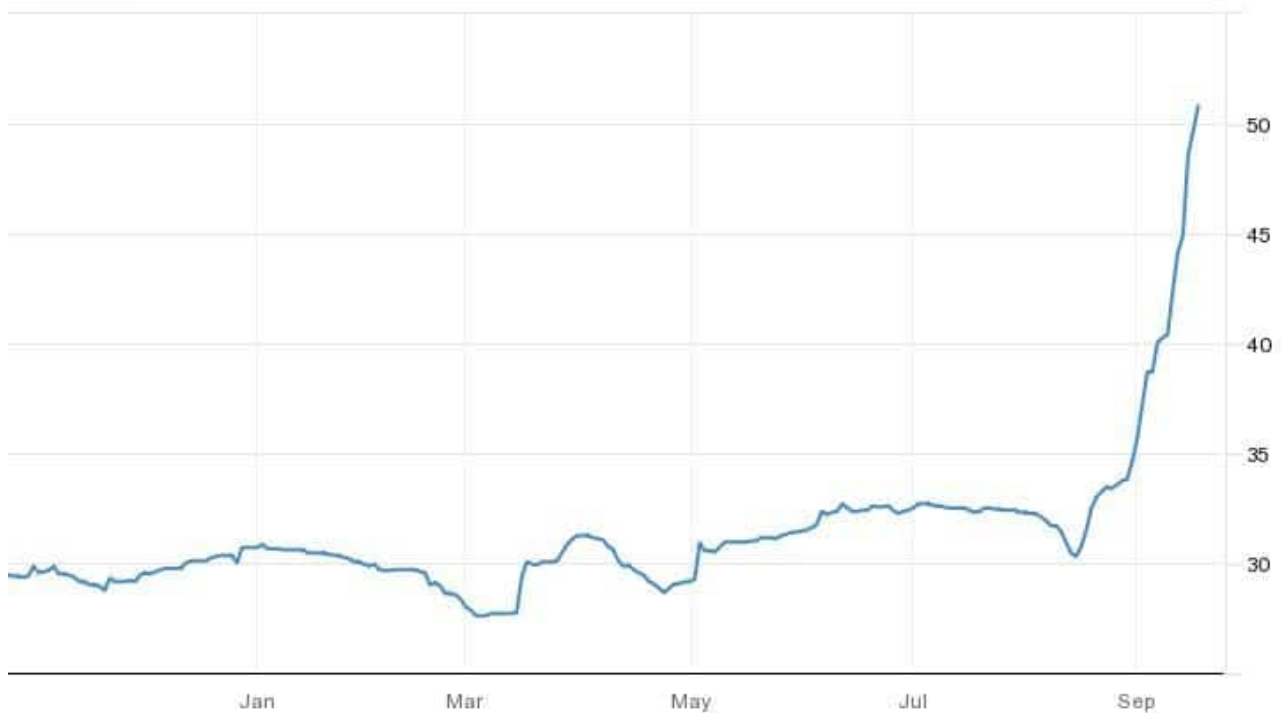
Critical Commodities with Jack Lifton: A Uranium Boom?

We're inaugurating a new feature this week. Every Monday morning InvestorIntel will bring you a brief commentary on what news' events drove critical commodity prices during the preceding week. Keep in mind that "news" in the mainstream media is not proof either of new resource discovery or of market demand. It does, however, often drive demand for shares in related mining ventures and in commodity metal exchange prices for the "metals of the week."

Uranium is the winner of the commodity news cycle for last week not because of any new discoveries or unusual rise in end-user demand, but because a credible, well-financed Canadian fund manager, Sprott, announced that it had raised more than a billion dollars for the purpose of acquiring physical uranium on the spot market. By mid-week, Sprott's Physical Uranium Trust, an ETF, (TSX: U.UN), reported that it held 27,000,000 lbs of uranium (in the form of "yellowcake," the oxide form of uranium produced by miners and traded in the markets). Many articles noted that the annual U.S. demand for uranium for its 100+ civilian power reactors is 43,000,000 lbs., and that essentially 100% of this is imported from just three countries, Canada, Kazakhstan, and Australia.

The quoted (reported) spot prices of uranium rapidly rose as the chart below shows:

Uranium



source: tradingeconomics.com

As these events, the rise in the price of uranium and a sharp increase and decrease in the share price of uranium producers/processors, such as Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR) unfolded. I reached out to InvestorIntel uranium expert and frequent contributor, Dean Bristow, with a question, “Is Sprott trying to corner the physical uranium market?” [A market “corner” is an operation that attempts to control so much of a commodity that the operator controls the price.] Dean responded:

“...I don’t think Sprott is trying to corner the market so much as opportunistically force the market’s hand. The majority of uranium is contracted long-term and very little transacts in the spot market. Apparently, China has a lot of 10-year contracts rolling over so they will be back in the market but if Sprott can crank up the spot price with a relatively small amount of cash (realistically totally screwing with the price dynamic for an entire commodity for \$2 billion is pretty inexpensive) then it should be good for all uranium producers across the board.

Not to say that Sprott is trying to be benevolent to the uranium industry. I'm sure their fund is making a pretty good return raising \$1.3 billion in a span of 2 months. But the big picture is that if the long-term contractors have to pay up then it could become a new higher threshold for uranium prices. Advantage Cameco and Kazatomprom who are the lowest-cost producers.

However, I'm still on the fence as to how high uranium prices can go given I have to think at some price threshold Kazatomprom (the national uranium company of Kazakhstan, the world's largest uranium producer), who pulled an OPEC move and shut-in 20% of its production, will start ramping things back up to protect market share. Likely just before the price reaches the point of others firing up their inactive mines. I'm not nearly as bullish as many of the talking heads on the financial networks but I wouldn't rule out another leg up in uranium stocks before the bloom comes off just like it has for lumber, iron ore, copper, aluminum, etc...."

As far as the effect of Sprott's operations on the share prices of uranium producers and juniors please look every day at Investorintels's daily Uranium Investorchannel for that day's closing prices and percentage valuation changes. I am singling out Sprott's Physical Uranium Trust as the prime mover in the current uranium boom(let), because it is an excellent example of how one actor can influence the price of a scarce commodity. It is estimated that in 2020 just 124,000,000 pounds of uranium (in the form of U308) was produced worldwide. By contrast, world coal production in 2019 was 17,000,000,000,000 pounds! Yes you read that correctly. Coal production was 10,000 times as large as uranium production. This should give you a feel for the relative energy content recoverable from uranium as compared to coal!

Note that share prices are influenced also by factors such as liquidity (How many shares are typically traded), short-term profit-taking, short selling, and on which exchange(s) the

shares are listed. Uranium related shares yo-yo'ed last week mainly for these reasons not just because of the posted price for uranium.

By the way, world demand for uranium in 2020 was estimated at 181,000,000 pounds. Imagine what could happen to the price of uranium if environmentalists ever figure out how much carbon dioxide emissions could be reduced by substituting nuclear for coal as the heat source for the steam needed to turn turbines in electricity generation plants.

Why are uranium stocks booming?

Uranium stocks have been rising since November 2020 and are now very clearly in a strong bull run. We asked some of our InvestorIntel team members and experts about what's their view as to why uranium stocks are booming.

If we look at the two leading US listed uranium miners their stock prices are both **up around 150% over the past 3 months** (see chart below). Some of the other uranium miners such as Western Uranium & Vanadium Corp. (CSE: WUC | OTCQX: WSTRF) and Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF) have seen impressive gains around 70% over the past 3 months.

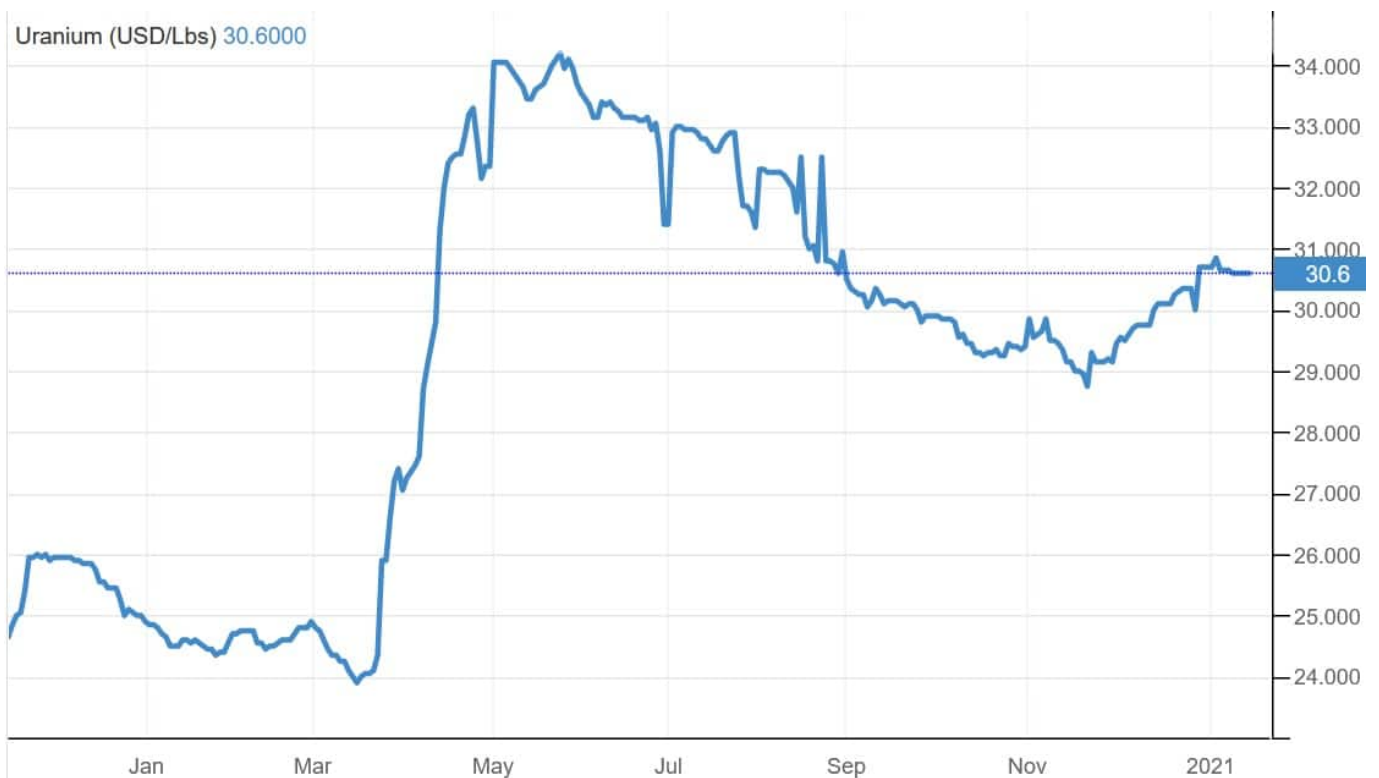
What is going on, asks InvestorIntel CEO Tracy Weslosky. This is extraordinarily. Something is up! The impeachment vote? War mongers? The Biden factor? What?

Leading US uranium miners Energy Fuels Inc. (NYSE American: UUUU) and Ur-Energy Inc. (NYSE American: URG) are up about 150% the past 3 months



Looking at the chart below we can see uranium prices have picked up a little but not enough to explain the uranium miners stock prices surging. So why?

Uranium spot price 1 year history – Uranium prices started a new uptrend back in mid Nov. 2020



Source: Trading economics

Here are a few experts views sought this week by InvestorIntel:

Jack Lifton, host of The Technology Metals Show – “The USA imports 95% of the uranium it needs to operate its 25% of the worlds civilian nuclear reactors that provide almost 30% of American baseload (available at any time) electricity needs and accounts for more than half of all carbon free power generation in the USA. It’s imperative therefore that America produce uranium domestically for its security of supply of carbon free electric power. The US Congress has recognized this need and recently funded a program to buy domestic uranium.”

Peter Clausi – InvestorIntel Host, CBLT Inc. (TSXV: CBLT) CEO – “No matter where you are on the political spectrum, utilities and a nuclear fleet need uranium.”

Industry insider Fission Uranium President & COO Ross McElroy stated back in August 2020 – **“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.”

Spot on Ross, you called it before most others.

Here is how investors can track the uranium miners

InvestorIntel readers can track the uranium sector at Uranium Watchlist”

InvestorChannel’s uranium Watchlist – January 14, 2021

InvestorChannel's Watchlist

- Mega Uranium Ltd. (MGA.TO) CAD 0.19 (15.63%)
- CanAlaska Uranium Ltd. (CVV.V) CAD 0.50 (13.64%)
- Fission Uranium Corp. (FCU.TO) CAD 0.43 (13.33%)
- Forum Energy Metals Corp. (FMC.V) CAD 0.27 (10.42%)
- GoviEx Uranium Inc. (GXU.V) CAD 0.27 (8.16%)
- Appia Energy Corp. (APAAF) USD 0.33 (8.07%)
- Denison Mines Corp. (DNN) USD 0.80 (8.07%)
- Plateau Energy Metals Inc. (PLU.V) CAD 0.45 (7.23%)
- Ur-Energy Inc. (URG) USD 1.19 (7.21%)
- Energy Fuels Inc. (UUUU) USD 4.22 (5.76%)
- Global Atomic Corporation (GLO.TO) CAD 1.65 (5.10%)
- Forsys Metals Corp. (FSY.TO) CAD 0.31 (5.08%)
- Uranium Energy Corp. (UEC) USD 1.85 (4.52%)
- Anfield Energy Inc. (AEC.V) CAD 0.12 (4.35%)

Source

Uranium stocks that we follow closely at InvestorIntel include:

- Appia Energy Corp. (CSE: API | OTCQB: APAAF)
- Energy Fuels Inc. (NYSE American: UUUU | TSX: EFR)
- Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF)
- Ur-Energy Inc. (NYSE American: URG | TSX: URE)
- Western Uranium & Vanadium Corp. (CSE: WUC | OTCQX: WSTRF)

Closing remarks

My view is that the uranium stocks are booming the past 2 1/2 months as a result of the Biden victory. The market thinks Biden will support nuclear energy as a way of reaching his 100% carbon-free electricity target by 2035. If Biden's US\$2 trillion green infrastructure and jobs plan gets passed through the Senate during the course of 2021, then it looks like the uranium miners will have a tremendous decade ahead.

In any event I also hear what insiders have been saying for

some time, and that is that uranium demand continues to grow as supply constricts. This is also a positive for the underlying fundamentals of the uranium bull market.

Happy to hear what InvestorIntel readers think in the comments section below. Also if you think the uranium miners bull run can be maintained.

Further reading

- Aug. 11, 2020 – Fission Uranium’s President on why the uranium bull market starts now

Fission’s Ross McElroy on how “we are in the early stages of a uranium bull market”

InvestorIntel’s Tracy Weslosky spoke with Ross McElroy, President & CEO of Fission Uranium Corp. (TSX: FCU | OTCQX: FCUUF), about the uranium market and the competitive advantages of Fission’s Triple R uranium deposit.

“We do think that we are in the early stages of a uranium bull market,” Ross said. “The longer we have increased demand, we will see restrictions in the supply, it will continue to drive the price of uranium up and there has been nothing but closures of uranium mines around the world.”

“The recognition is there that nuclear power is a clean energy,” Ross added. “Nuclear makes up over 15% of the United States’ electrical needs and I think that will continue.” He further commented, “Fission Uranium has the world’s best large, high-grade shallow deposit that is in Saskatchewan.

Saskatchewan is recognized as one of the top jurisdictions worldwide for mining investment.”

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

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

InvestorChannel's Uranium Watchlist Update for Thursday, May 28, 2020, 16:02 EST

InvestorChannel's Uranium Stocks Watchlist Update video includes the Top 5 Performers of the Day, and a performance review of 20 companies InvestorChannel is following in the sector. Source: AlphaVantage.

InvestorChannel's Uranium Watchlist Update for Wednesday, May 27, 2020,

16:30 EST

InvestorChannel's Uranium Stocks Watchlist Update video includes the Top 5 Performers of the Day, and a performance review of 20 companies InvestorChannel is following in the sector. Source: AlphaVantage.

InvestorChannel's Uranium Watchlist Update for Tuesday, May 26, 2020, 16:02 EST

InvestorChannel's Uranium Stocks Watchlist Update video includes the Top 5 Performers of the Day, and a performance review of 20 companies InvestorChannel is following in the sector. Source: AlphaVantage.

InvestorChannel's Uranium Watchlist Update for Monday, May 25, 2020, 16:02 EST

InvestorChannel's Uranium Stocks Watchlist Update video includes the Top 5 Performers of the Day, and a performance review of 20 companies InvestorChannel is following in the sector. Source: AlphaVantage.