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# Uranium : Bull or Bear ?

## Why & When

Mines & Money New York May 9, 2018



## A Nine - Year Rearview

- January 2009 : Bullish on Uranium
- August 2010 : The New Green Metal
- November 2010 : The Next Big Thing
- March 2011 : Fukushima =  $U_3O_8$  & TSXV Crash
- June 2015 : Why I Remain a Uranium Bull
- June 2017 : Bull or Bear / Why & When ?



## Uranium Supply & Demand (UEC.AM)

- 2017 Demand: 189.3 M lbs
- 2017 Mined: 151.1 M lbs (80 %)
- Secondary Supplies: 44.7 M lbs
- 2017: **6.4 M** lb Surplus    2010: **2.0 M** lb Deficit
- Mine, Conversion, & Enrichment Supply Increase
- DOE Stockpile Sales: **4.7 M** lbs / yr



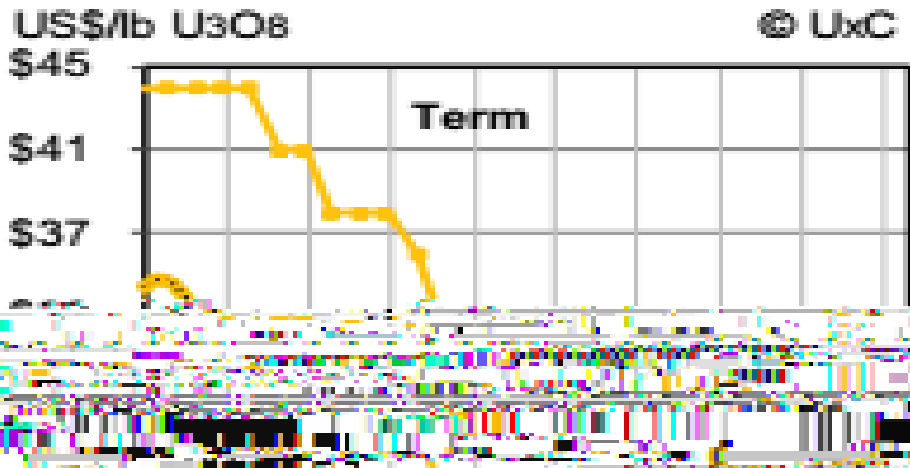
## Annual $U_3O_8$ Sales

- Long - Term Contracts : 70 - 85 %
- Short - Term Trades : 15 - 30%
- Off - take Contract Price : \$ 30 / lb
- Spot Market Price : \$ 20 - \$21 / lb

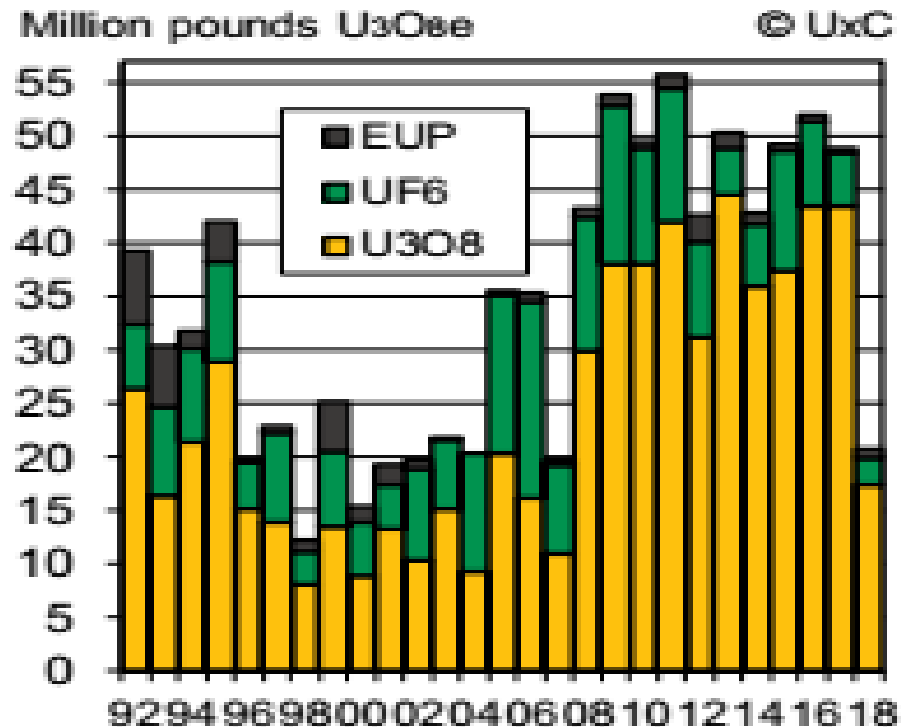


# Uranium Prices & Spot Sales

**Ux U<sub>3</sub>O<sub>8</sub> Prices**



**Annual Spot Uranium Volumes**











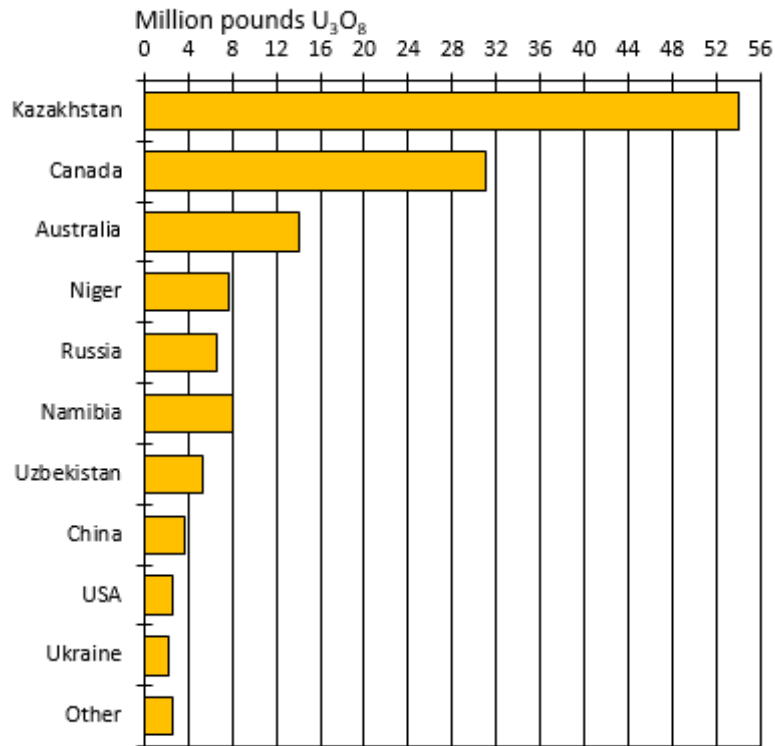
## Uranium Spot Price Increases

- Buyers > Sellers
- Traders & Speculators
- Chinese Stockpiling
- Japanese Restarts
- Supply Delays, Disruptions, Destruction

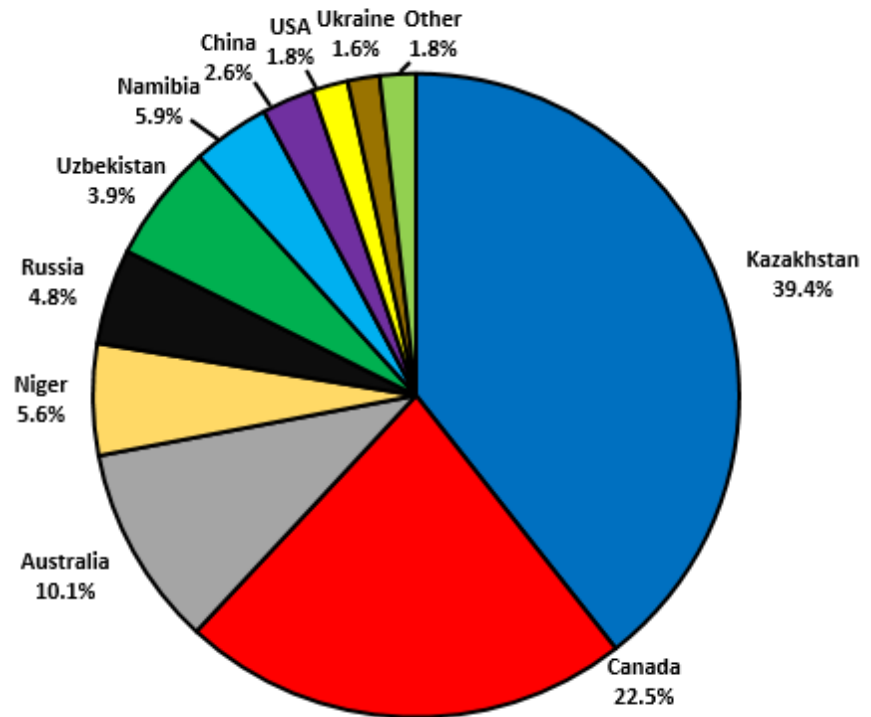


# 2016 Uranium Mine Production

**2016 Top Uranium Producing Countries**



**2016 Production Shares by Country**





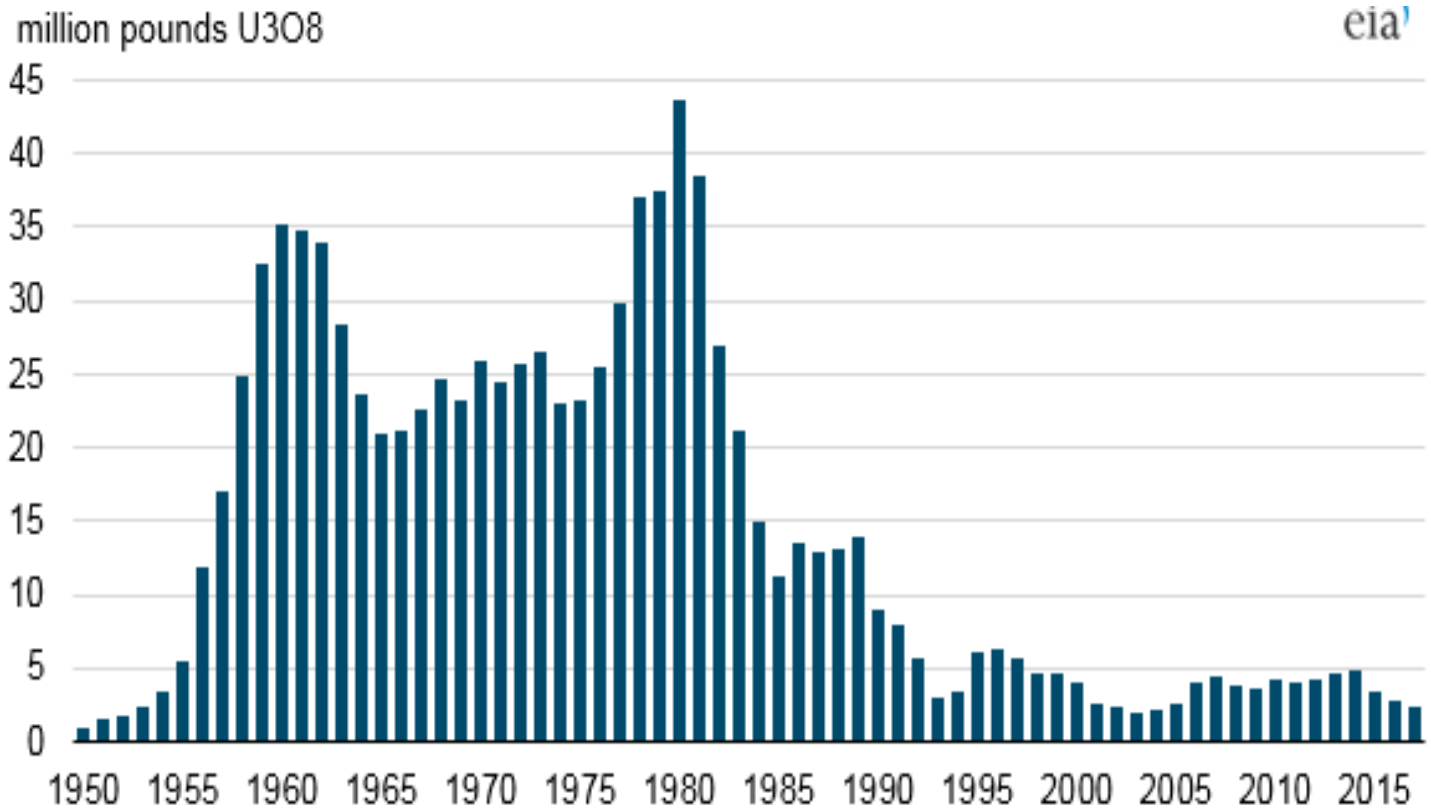
# Uncertainty of Western World Mine Supply

## Unfriendly, Corrupt, & / Or Unstable Governments

- 6 of 10 Top Producers: **58 %** of World Production
- Kazakhstan: # 1 = **39 %**
- Others: Niger, Russia, Uzbek, China, Ukraine
- USA: 2.9 M lbs Mined / 50.6 M lbs Used = **< 6 %**
- Imports from KZT, RUS, UZB = **19.4 M lbs** or **38%**



# US $U_3O_8$ Production 1950 - 2017





## Uranium: Story Remains the Same

- Nuclear Energy = 10.6% Electricity Worldwide
- USA = 20 % Electricity from 99 Reactors
- 449 Nuclear Power Plants **Operable**
- 57 Under Construction / 157 Ordered or Planned
- Increased Demand for Yellowcake
- 3 - 4 % Projected Growth Year over Year



## Where is $U_3O_8$ Going to Come From?

- Major Mines & Projects Shelved
- Sovereign Stockpiles Dwindling
- Russia - US : 2013 - 2022 = 50% of 1993 - 2013
- Recycling / Reprocessing Increasing
- Enrichment Underfeeding is Limited
- New Mines Must Come On Stream



## New Mine Production

- Conventional Underground = High Cost Mines
- Higher Prices Required (\$65 - \$80 per pound)
- ISR (now 48 %) & Open - Pit Heap Leach Mines
- All Mines Losing \$\$ at Current Spot Prices
- Low - Cost Mines Needed !





## New Uranium Mines

- Kazakhstan ISR: Production Not Sustainable
- Athabasca Basin UG: High-Capex / Long Lead Times
- Niger UG: World - Class; Geopolitics Uncertain
- Namibia Open - Pit: Very Low - Grade / Water ?
- Western USA: ISR Small; UG Long Lead Times
- Australia Open - Pit: Gov't & Aboriginal Issues



## USA Future Production

- Wyoming, S. Texas, S. Dakota ISR
- Arizona, Utah, Colorado UG
- Gas Hills - Sheep Mountain, Wyoming OP - HL
- Grants Mineral Belt, NM: UG & ISR (?)



## Uranium Bull or Bear ? Why & When

- Supply & Demand Fundamentals
- 20 - 30 % Yearly Mine Supply Deficit
- 57 Reactors under Construction
- 157 Ordered / Planned & 351 Proposed
- Contrarian Speculating / Investing Philosophy



## Wild Cards in the Uranium Game

- DOE Spot Sales : Trump Cutting but ...
- Japanese Restarts : ?
- Recycling & Reprocessing : Growing
- Enrichment Underfeeding : Peaked
- Fast Breeders, SMRs, & Thorium : 10 - 20 Years
- Bomb Dismantling : On Hold
- Another Black Swan Event : ??

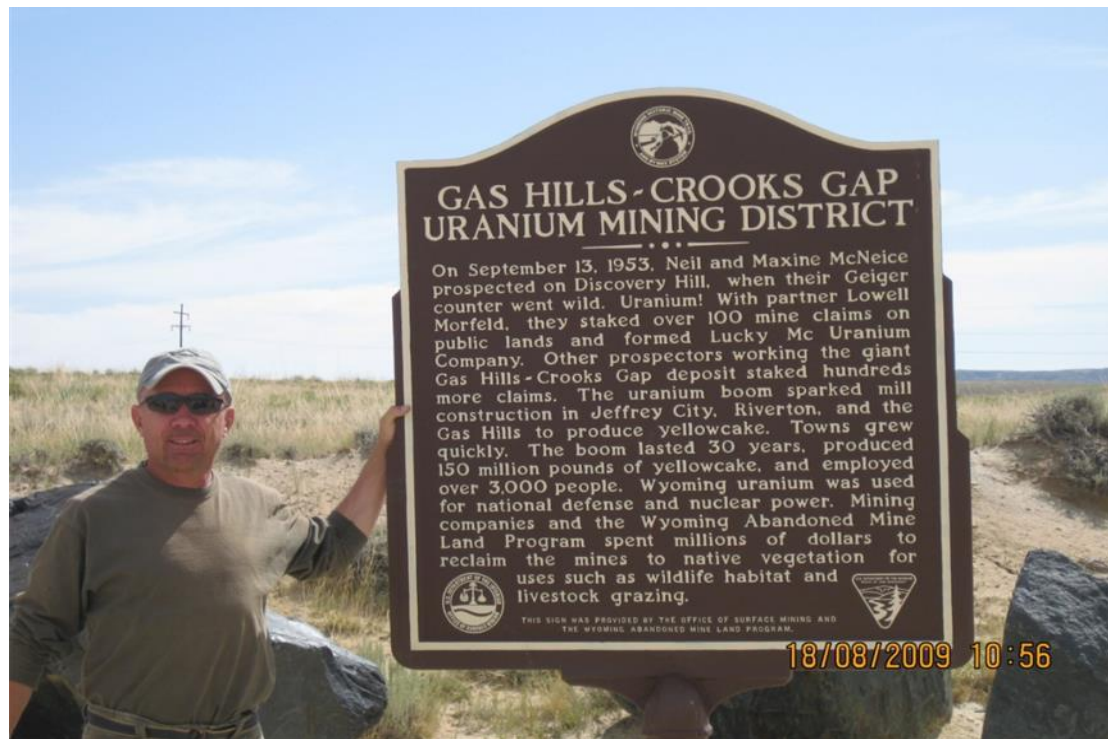


## Uranium Stocks

- 2000 - 2004 Bust
- H2 2005 - H1 2007 Boom
- H2 2007 - 2008 Bust
- 2009 - H1 2010 Flat & Out of Favor
- H2 2010 - Q1 2011 Next Big Thing
- Q2 2011 - Present Bust
- What is the Future ?



# The Future's So Bright, I Gotta Wear Shades (Timbuk 3 , 1986)





## Long Time Gone (Crosby, Stills, & Nash, 1969)

It's been a long time comin'  
It's goin' to be a long time gone

And it appears to be a long

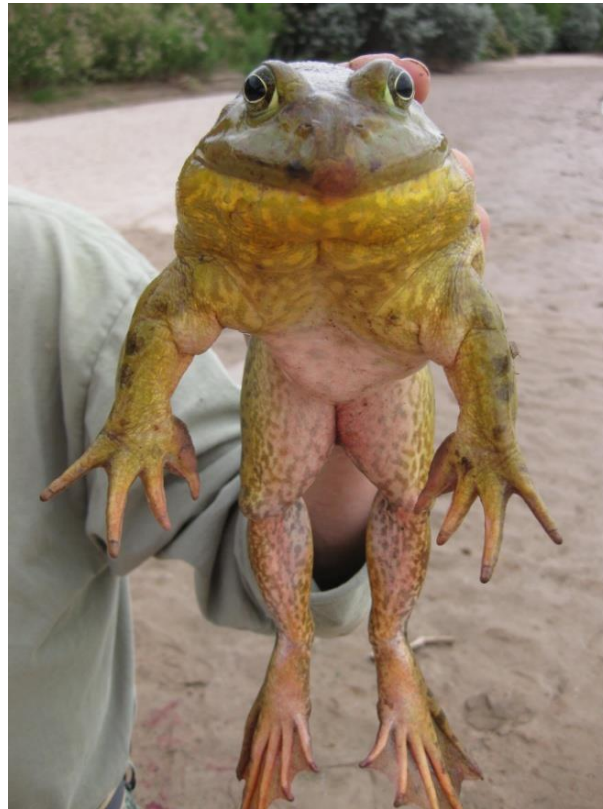
Appears to be a long

Appears to be a long time

Yes, a long, long, long, long time before the dawn



# Beware of Frogs Masquerading as Princes







# Monday Morning Musings from Mickey the Mercenary Geologist





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