



My Take

Special Report

My Take on 15 Uranium Companies Today

*There's a unique and potentially urgent speculative investment opportunity available... **today***

...but only for contrarian investors brave enough to take it.

Uranium as nuclear fuel for essential base-load power in many countries around the world simply cannot be substituted in less than decades.

Donald Trump's Nuclear Fuel Working Group (NFWG) is late in reporting its recommendations to the president and it should do so any day now. Or it may be that has, without a press release. Everyone in this market is waiting on pins and needles to see what the president does.

Either way, a market-defining event for uranium should occur within days.

I'm not the only one anticipating positive news. As I type, spot uranium offers have ticked up to from near \$24 to \$26 per pound. Mr. Market is telling us something.

With this in mind, I've decided to pull together and update my takes on the uranium companies I've covered. This way you'll have the latest key info at your fingertips when Trump announces his decision.

... a market-defining event for uranium should occur within days.

But before we get to my takes on specific equities, here's a refresher on the essentials of this speculative opportunity for new readers.

Base Case

As a reminder, the setting is this:

- **Uranium as nuclear fuel for essential base-load power in many countries around the world simply cannot be substituted in less than decades.**
- Only a handful of uranium mines in the world can make any money at current prices.
- That's nowhere near enough to meet annual consumption.
- The global average cost of production remains around \$40 per pound.
- The "incentive price" to build new mines remains north of \$60 per pound.
- Huge stockpiles hit the market after the Fukushima accident, sending prices all the way down to \$18 per pound in 2016.
- The world's biggest and most profitable producers, in Canada and Kazakhstan, have been shutting down uranium mines in response to the low prices.
- Prices have started recovering. Japan is restarting dozens of its reactors, and utilities there have apparently stopped selling. China and other BRIC countries are building and have plans to build many more reactors than are

being retired around the world.

- Long-term contracts have allowed some miners to survive during this time of low prices, but many of those contracts have ended or are ending soon.
- When power utilities come back to miners to secure new supply contracts, they will not find any miners willing to sell at anywhere near current price levels.
- Barring another major nuclear accident, uranium prices moving quickly higher at some point is as close to a sure thing as exists in commodities speculation. I can't say exactly when, but I don't think it's more than a year off—and I'd be very surprised if it were more than two.

I can't promise that the NFWG and Trump will deliver a big boost to US uranium plays, but that card is in the deck—and it could turn over any time now.

Section 232

On top of the base-case scenario, there's the Section 232 saga, which goes like this:

- Facing dire consequences if uranium prices remained below the cost of production too much longer, several US producers petitioned the US Department of Commerce (DoC) for help, making a national security appeal under what's called Section 232.
- The DoC had until April 15 to submit a report to the president. I alerted readers to the possibility that this process could trigger higher uranium prices. But I warned that nothing was likely to happen on April 15 itself, as there was no obligation for the DoC to release its findings to the public, and Trump had 90 days to make a decision. Several related stocks rose before April 15, and then drifted lower when nothing happened at that time.
- However, the DoC did find that the US relies on nuclear power for about 20% of its electricity and imports some 93% of the uranium needed to keep the lights on. That made for a legitimate national security interest in supporting US uranium producers. Trump had until July 15 to make a decision on the DoC's findings.
- Expectations ran high again, and related stocks rose as the deadline approached—some quite sharply. But with most of the imported uranium coming from close allies Canada and Australia, Trump decided not to impose tariffs or quotas. Instead, he established the NFWG to come up with more ideas. Share prices in high-flying uranium plays tanked. Some of the US producers dropped 30–40% the day before the White House issued its press release, the news having leaked.
- The NFWG was supposed to report back by October 14. However, while the Section 232 petition had legal requirements for steps to be concluded by

specific times, the NFWG did not. The previous deadline was delayed by one month and the report now seems to be late again. But the fact that it has not been officially put off tells me the report is either done or so close to being done, there's no point in announcing an official delay.

- Key point: US utilities have policies on how much nuclear fuel they must keep on hand, but they would be foolish to enter into any new purchase contracts if the US government is on the brink of changing the rules. I believe this uncertainty has kept many buyers off the market all year. This is why prices have stagnated, despite major producers around the world shutting down mines. One way or another, this situation cannot last.

Where We Are

This brings us to today, with Trump's decision overdue and expected any day now. With the president being impeached, I can't say I'm surprised by the delay. On the other hand, I could see Trump deciding that a controversial "America First" decision on the uranium front might be a distraction at this time.

... there is no law that compels Trump to take action within any specific amount of time after the NFWG reports.

I can't promise that the NFWG and Trump will deliver a big boost to US uranium plays, but that card is in the deck—and it could turn over any time now.

The NFWG could even put domestic purchasing quotas back on the table. More likely, they'll recommend executive actions that wouldn't directly harm US power utilities while helping uranium miners. Ordering the US military to increase its uranium stockpiles and buy from domestic sources would be an example. Some GOP politicians have asked the EPA to reduce the regulatory burden on uranium exploration in the US—that's something Trump could easily encourage. He could also offer new subsidies and tax breaks.

What I think is unlikely is that the NFWG will recommend taking no action. It's extremely rare for any government body to be asked to "do something" and decide not to do nothing and let the market take care of things. I can't see Trump bothering to set up the NFWG if he didn't want to take some sort of action.

But remember: **there is no law that compels Trump to take action within any specific amount of time after the NFWG reports.**

So it's a speculation on my part, to be sure, but I do think the odds favor Trump taking action to boost US uranium production. That may or may not happen right away, but I think it will happen soon.

What if I'm wrong?

Well, remember the base case presented above...

Suppose the NFWG recommends no action. As an advocate for free markets, I wouldn't complain. It still dispels the uncertainty about what the US may require of its utilities, which would bring their buyers back to the negotiation table with producers.

Even a negative recommendation from the NFWG would still bring about the end of a major source of uncertainty holding the global uranium market back today. Uranium would be free to resume its march toward higher prices.

***...buyers have to come back to the table—
and the ask from the miners is likely to be at
least 100% above current spot...***

Or suppose the NFWG drags on forever, and Trump never makes a decision. Even in this worst-case outcome, utilities will still have to start buying again at some point. Their spreadsheet guys will tell them their inventories are unacceptably low, and they will buy at whatever price is required to secure reliable supply.

Sooner or later, buyers have to come back to the table—and the ask from the miners is likely to be at least 100% above current spot.

What to Do

One size does not fit all. Say you're tired of uranium prices refusing to go where uranium bulls have been saying they would for years, and have given up hope. You may want to use any bump we see in share prices before Trump announces his decision as an exit.

If you're bullish on uranium but skeptical the US will do anything to help US producers, you should consider buying the best uranium picks around the world while they're still cheap. They should do well in time, whatever Trump does.

Since I do think the US will do something to support US production and since the relevant US plays were so brutally smacked down in July, I've put my own money into what I see as the best of them. I hope to bag some big wins in the near term with these stocks. But even if not, I expect them to deliver in time, due to the base case I've outlined above.

If you'd like to know which specific stocks I think offer the most leverage, please subscribe to ***The Independent Speculator***, where you'll find more in-depth analysis of each.

But whether you're a bull or a bear, you now have my takes on the uranium stocks people ask about most often in this special edition. This guidance can be applied to similar stories as well.

As always, *caveat emptor*,

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Uranium Takes

This article offers my take on uranium companies that are making headlines or are noteworthy for other reasons.

There are, of course, many more uranium companies than I cover in this special edition. **I plan to do a comprehensive review of every uranium company I can find, once upward uranium trend is clearly back on track.** Until then, these companies can be considered as case studies that apply to others. My view of low-grade deposits in Africa, for example, is much the same regardless of which company is working on them.

And as always, please remember that **I am *not* making recommendations regarding any of these stocks.** These analytical takes are for informative purposes.

Azarga Uranium (AZZ.TO, AZZUF)

The Story

Azarga is an advanced-stage uranium explorer looking to become a developer as soon as uranium prices justify the move to production. The company has a large, well-defined deposit amenable to low-cost in situ recovery (ISR) called Dewey Burdock, in South Dakota. At 0.11% U₃O₈ in the Measured and Indicated categories, these 17 million pounds are relatively high grade, for an ISR project.

How did this little junior get hold of a large, known, high-grade deposit that was well drilled by the Tennessee Valley Authority back in the 1970s? South Dakota isn't Wyoming, and there have been serious permitting issues. Most of those are now resolved, which could unlock a great deal of value here.

See my *In The Pit* interview with CEO Blake Steele for more color on all of this.

The Pros

Dewey Burdock is big, with excellent potential to get much larger. It's relatively high grade. The project has an NRC license. If it can be put into production when uranium prices rise, it should be a cash cow.

Azarga just sold its non-core Kyzyl Ompul project in Kyrgyzstan for a \$250,000 in cash and a royalty. That adds a bit of future upside with no risk, should that project ever become a mine.

The Cons

There is political risk here. A group of Oglala Sioux are still contesting one issue regarding the Dewey Burdock NRC license that has not been settled by the courts. The company is optimistic that this will be resolved soon, but the Sioux have been fighting this since 2014. It's reasonable to ask what other actions they might take if they lose on this final issue in the courts.

The company has little money. If the uranium market were already in a rampant bull stage, that would be no problem, not with an asset like Dewey Burdock. But while uranium is only appealing to contrarian speculators, it could be hard for Azarga to raise the money needed to be ready to benefit when uranium prices do rise. It seems to me that the company will either have to dilute the heck out of existing shareholders (if it can find willing funders), or it won't be ready to benefit when uranium prices rise.

I may not make any new friends saying this, but I was quite taken aback by the CEO's incorrect statement that one cannot do a full feasibility study on an ISR project. We discussed it later, and he chalked it up to it being a technical issue and him not being a geologist. But this wasn't just a slip of the tongue; it was an incorrect understanding he had of an important issue regarding his business.

My Take

Azarga has a great deposit, but I'm concerned about the political risk, even if the regulatory process hands the company a complete victory soon. Add to this the lack of funds and my focus on the producers already waiting in the wings, and this isn't a stock for me at this time.

Bannerman Resources (BNNLF, BMN.ASX)

The Story

Bannerman Resources Limited is an ASX-listed exploration and development company with uranium projects in Namibia. I don't know any of the key people, but a search yielded no red flags.

Bannerman's flagship project is its 95%-owned Etango project, not far from several well-known uranium mines in Namibia. An updated feasibility study is in the works, driven by a large-scale heap-leach demonstration program from 2015 to 2017. The previous study assumes a \$75 per pound uranium price, yielding a 15% after-tax internal rate of return (IRR) of \$793 million in pre-production capital and a net present value at an 8% discount rate (NPV-8) of \$419 million. Life of mine (LOM) cash costs were estimated at \$38 per pound. The heap-leach test work is hoped to shave \$3 per pound off the operating cost. Satellite deposits may add to the story.

The Pros

It's big. Management is working to lower costs and add value.

The Cons

Etango is very low grade. Even at uranium prices almost double the average global cost of production, the projected return is marginal. With ever-increasing costs, it's likely to take a billion dollars to build this mine. That's a job for a much larger company—but bigger companies working in the area, like Paladin, are shutting similar mines down. The most likely path to a big win here is a takeover, but I don't see that happening without uranium prices tripling and staying that high.

My Take

The project needs much lower costs or it will never fly. The \$38 cash-cost figure looks fatal to me. It remains to be seen if management can deliver. Until then, I'm not interested.

Blue Sky Uranium (BSK.V)

The Story

Blue Sky is working to advance a potentially high-margin uranium-vanadium deposit called Ivana in Rio Negro province, Argentina. Ivana currently has 22.7 million Inferred pounds of uranium grading 0.037% U_3O_8 and 11.5 million pounds of vanadium, grading 0.019% V_2O_5 . Ivana is one of several zones on the Amarillo Grande project. The company has other projects as well, but Ivana is the focus.

The Pros

The mineralization at Ivana starts at surface, and mining would be largely a gravel-washing operation. That means it would be a low-cost mine with a relatively benign impact on the environment, making it easier to finance and permit. A February, 2018 preliminary economic assessment (PEA) based on a \$50/lb. U_3O_8 price assumption yielded an after-tax, 8% discounted net present value (NPV-8) of US\$135.2 million, and an IRR of 29.3%. This really is a cut above most low-grade uranium deposits in the world that are not in-situ recovery (ISR, i.e., mining via solutions pumped through the ground) projects.

Vanadium prices spiked in 2018. Unfortunately—but as I warned—they've gone back down again. But the reason for the spike—increased use in China—remains on the table, so this could add to Blue Sky's upside in the future.

The Cons

Argentina just elected a populist-socialist president. It remains to be seen whether his administration will be hostile to mining—or paranoid about uranium—but even if

not, it could be so anti-business that Argentina won't be safe for investors for years to come.

While Ivana looks like it would be a relatively low-cost operation, it still needs much higher uranium prices to work. The \$50 price assumption in the PEA is lower than the \$60 to \$70 used by many other would-be uranium developers, but it's still a nonstarter at current prices—or even twice the current spot price.

My Take

I like the technical people and the deposit. In the right price environment, Blue Sky could have a potential cash cow on its hands. But it would still be in Argentina. That's a no-fly zone for me until we see what the reality of the new government will be. Maybe we'll have than answer by the time uranium is trading for \$50 a pound. For now, this is one remains on my watch list.

Cameco (CCJ, CCO.TO)

The Story

Cameco is mostly known as a miner that's operating some of the world's highest-grade uranium mines in Canada's famous Athabasca Basin, as well as a low-cost ISR production JV in Kazakhstan.

The Pros

Cameco has some of the richest uranium mines in the world. It's the first and most obvious destination for investment dollars when uranium attracts broader investment attention again.

Cameco also has a fuel-services business:

“Cameco is a prominent supplier of uranium processing services required to produce fuel for the generation of clean electricity. We operate the world's largest commercial refinery in Blind River, control about 25% of the world UF₆ primary conversion capacity in Port Hope, and are a leading manufacturer of fuel assemblies and reactor components for CANDU reactors at our facilities in Port Hope and Cobourg.”

As with other companies in this space, I don't expect higher uranium prices—or even a dramatic increase in the number of new reactors being built—to cause a spike in profit from Cameco's fuels business. But it sure won't hurt, and that's good to keep in mind.

The Cons

Despite longer-term contracts enabling Cameco to sell uranium at much higher prices than current spot, the company is losing money.

It's also notable that the company suffered a financial setback (not a legal one), when a buyer that tried to get out of a long-term contract was ordered to pay only \$40 million out of the \$700 million at issue. If this happens again, Cameco's losses could deepen.

My Take

Cameco is a great company. It's troubled now, because of the market, but it's doing the right things and I have no doubt that it will survive and eventually thrive. It's also a larger company than I normally speculate on. But it's the go-to name in the uranium space for most North American investors. So, when uranium heads back north again in a serious way, Cameco's shares will likely take off, almost like a junior's. If offered a chance to buy at stupid cheap prices this Tax Loss Season—say, below US\$7 or C\$8—I could be tempted.

CanAlaska Uranium (CVV.V)

The Story

This is a junior explorer working on a high-grade target in the world's best place to look for huge, high-grade uranium deposits: Canada's prolific Athabasca Basin. I just interviewed CanAlaska CEO Peter Dasler, for more details on how that's going.

The Pros

This stock is so cheap, it should deliver a high multiple if the company makes the discovery it's looking for. They have some cash, they have assets they can monetize for more without diluting shareholders, and they have an admirably tight share structure. I was impressed that Dasler bought his shares on the open market—and just added to his position a couple weeks ago.

The Cons

CanAlaska does not have a deposit yet. This is still relatively early stage exploration.

My Take

As all but our newest readers know, I'm not generally interested in pre-discovery exploration at this time. That said, CanAlaska's valuation is so tiny, even if uranium prices take years longer to recover than I expect, this stock could deliver a high multiple if they hit on the next drill campaign. For those interested in swinging for the bleachers, this isn't a bad bet.

Deep Yellow (DYL.ASX, DYLLF)

The Story

Deep Yellow calls itself a specialist uranium company implementing a strategy of growing existing uranium resources in Namibia. But really, this is basically a John

Borshoff play—John being the driving force behind Paladin Energy, the famous 100-bagger of the last great uranium bull market. Paladin's Langer Heinrich uranium mine is also in Namibia.

The Pros

John is the real deal. He knows what he's doing, and he's succeeded at very nearly the same thing in the same place before.

The company has a lot of uranium. The combined total in all resource categories for the main projects tallies over 155.5 million pounds of uranium (mostly in the Reptile projects). Recent drill results and an updated resource estimate for Reptile show that the team keeps finding more.

The stock does track uranium prices, making it a reasonable way to gain leverage to higher uranium prices, whenever that happens.

The Cons

The deposits are low grade. The average is actually similar to that of many bulk-tonnage projects around the world, so I'm not knocking the projects. But at a time when producers in the industry are shutting down their highest-margin mines, it's hard to see any of Deep Yellow's projects going very far. That makes the company a land bank play, a sort of call option of a large amount of uranium that may be more valuable in the future. That's not a bad thing in itself, but if it takes many years before these projects make it into the supply chain, the market may have changed by then. Remember that uranium is not rare, and there are very high-grade deposits in mining-friendly Canada waiting to be built.

Namibia is stable, but it's still in Africa, and one never knows when a long-stable country there will suddenly go up in flames. I'm not predicting this, just saying that it's a risk to be aware of.

My Take

Out of respect for John, I would not bet against this company. But I just don't see why I would want to buy low-grade uranium plays in Africa when I can buy high-grade uranium plays in Canada, or ready-to-go ISR uranium plays in the US. I know a lot of readers like this company, and I'd love to see John succeed again, but I'm happy to watch from the sidelines.

Denison Mines (DNN, DML.TO)

The Story

Denison is a uranium exploration and development company advancing several projects in the Athabasca Basin, Saskatchewan, Canada. That's the home of the world's highest-grade uranium deposits, and Denison is no exception. The Wheeler

River project's Phoenix zone alone has 59.7 million pounds of uranium at an average grade of 19.1% U₃O₈. Denison also owns 22.5% the McClean Lake Joint Venture (MLJV) with Orano Canada, which includes the McClean Lake uranium mill. The mill is processing ore from the Cigar Lake mine under a toll milling agreement.

The Pros

After Cameco, I see this as the biggest and most stable uranium play in Canada. They've got the high-grade pounds in the ground and the production know-how to turn them into a lot of money whenever uranium prices rise to a level that justifies going back into production. The key people in this company have done it all before. I have full confidence in this company's ability to deliver in the next uranium bull.

The Cons

Denison does have the mill, but a lot of its pounds in the ground are deeper than those that Fission and NexGen have on the other side of the Athabasca Basin. Investment might flow to those companies before it does to this one.

The company is has revenue from the mill, but it's still losing money on a quarterly basis and has been forced back to the market to raise funds.

My Take

I have a soft spot in my heart for Denison, as it's what's became of International Uranium Corp., a company that delivered in spades for my readers back in my early days at Casey Research. But that's no reason to buy a stock. The great people still with the company are, however. I could see buying shares in this company if they got cheap enough, but for now, it's one I'm happy to watch from the sidelines.

Energy Fuels (UUUU, EFR.TO)

The Story

Energy Fuels is a US uranium and vanadium producer. It's an obvious beneficiary should President Trump light a fire under US uranium plays. The company has the only operating hard rock uranium ore-processing mill in the US. It also has several existing in-situ recovery (ISR) uranium mines waiting on higher uranium prices. Some of the company's hard rock uranium deposits have a lot of vanadium in them, but current vanadium production is coming from reprocessing of old tailings (waste) at the mill, which is very low cost.

The Pros

Energy Fuels gets paid to process material from superfund cleanup sites at its White Mesa mill—and it gets to keep and sell any uranium recovered. It can also get paid for processing uranium ore for third parties.

The vanadium is almost a freebie, just sitting there in solution in the White Mesa tailings ponds.

This company will be one of the first to ramp up production as soon as uranium prices justify it.

The Cons

Energy Fuels faces substantial costs keeping its mines on care and maintenance, and is losing money.

Vanadium prices have dropped down again and are so low, the company isn't bothering to sell what it's producing.

My Take

I see this as a company with high survivability if uranium prices take longer than expected to recover. I like it a lot.

Fission Uranium (FCU.TO)

The Story

Fission is working to advance one of the world's largest, highest-grade, and near-surface uranium deposits—the PLS project in mine-friendly Saskatchewan, Canada. Once a market darling, the stock has underperformed since a failed merger attempt with Denison Mines in 2015.

The Pros

PLS is a world-class deposit, with 87.76 million Indicated pounds of uranium, averaging 1.82% U_3O_8 . This includes a higher-grade core of 48.2 million pounds averaging 18.39% U_3O_8 . There's another 52.85 million Inferred pounds at 1.8% U_3O_8 , including 14.7 million pounds at 20.85% U_3O_8 . You can count deposits like this on one hand and have fingers left over. And yet, it's still open for expansion.

The stock is relatively cheap.

The Cons

Fission had \$6.8 million in cash left at the end of September, which is a lot for most junior exploration companies. However, exploration at PLS is expensive, so that won't last long. With the uranium market still down and the company already having almost half a billion shares issued and outstanding, dilution is a serious issue for shareholders.

As a general portfolio strategy, I'm not interested in any uranium exploration plays at this time. When prices start rising, I expect that to benefit the low-cost producers—and those could quickly become low-cost producers—first. The rising tide may not lift

all ships at once. And with several good picks in the low-cost production space, that's where I'm focused.

My Take

PLS is a great deposit that I think will become a highly profitable mine someday. Fission is on sale and the stock should deliver well for shareholders when uranium prices break out again.

Fission 3.0 (FUU.V)

The Story

Fission 3.0 Corp. is, as the name implies, the earlier-stage exploration version of Fission Uranium (FCU.TO). CEO Dev Randhawa is the driving force behind both. COO Ross McElroy is another familiar face from FCU. The company describes itself as a prospect generator and a land bank play, with more than a dozen projects in Saskatchewan's Athabasca Basin, home of the world's highest-grade uranium deposits. There's also a lithium deposit in Peru.

The Pros

It's cheap. This has become a penny stock, despite management keeping up their exploration efforts through the downturn in the uranium space.

The team has delivered before, and they're looking in the best place in the world to make high-grade uranium discoveries.

The Cons

This is very early stage—and it has been for years. There is no substantial uranium discovery in hand yet, no flagship project.

I'm not bullish on lithium, which is a sideline for this company anyway, so the Peruvian project seems more like a distraction than an asset. Maybe that's why the company just made a deal to sell 80% of it. Unfortunately, the cash component of the sale was only \$100,000.

The company has cash, but not a lot. Even when uranium prices do rise enough to interest investors in early-stage uranium exploration, I see a lot of dilution for shareholders ahead.

My Take

Fission 3.0 has people who've done it before working in the right place, but I'm just not interested in early-stage exploration for uranium. There's a lot of well-defined, high-margin uranium in multiple deposits around the world. When the uranium market heats up, I see money flowing to those known deposits first... and it may

never flow any further. So I wish them luck, but until they have a flagship project I can get excited about, this is not a speculation for me.

GoviEx Uranium (GXU.V)

The Story

GoviEx is a mineral resource company exploring for uranium in Africa. The primary assets are the Madaouela project in Niger, Mutanga in Zambia, and Falea in Mali. The company says its objective is to become a uranium producer. A big part of this story is that the chairman of the board is Govind Friedland, and the Friedland name attracts a lot of attention.

The Pros

The company already has significant resources in the ground, with a combined 229.5 million pounds of U_3O_8 in all resource categories on its projects. Of this, 143.5 million pounds are in the higher-confidence Measured and Indicated categories.

Madaouela and Mutanga are already permitted for mining. African countries hungry for tax revenue can make for shorter and easier mine-building projects.

Apart from the Friedland name, the company has some excellent talent with strong track records on board.

There's plenty of exploration potential.

The Cons

These are bulk-grade projects in Africa. They can be dangerous places to work for many reasons. As with my take on Deep Yellow, I think the market will see value in higher-grade projects in safer jurisdictions before it supports projects like GoviEx's.

My Take

I'm not totally against ever investing in Africa, but when low prices like those gripping the uranium market have even the richest deposits in the safest jurisdictions on sale, I see no reason to take the added risks.

NexGen Energy (NXE.TO)

The Story

NexGen is another advanced-stage, super-high-grade uranium plan in the Athabasca Basin. NexGen's Arrow deposit has 179.5 million Indicated pounds of U_3O_8 grading 6.88% U_3O_8 , including a high-grade core of 164.9 million pounds at 18.84% U_3O_8 , plus 122.1 million Inferred pounds at 1.30% U_3O_8 .

The Pros

NexGen keeps delivering exceptionally rich drill results, recently including 36.0 meters of 11.36% U₃O₈ (including 12.0 m at 33.78% U₃O₈), making their projects bigger and better.

With \$72 million in the bank as of September 30, this company is well cashed up and able to advance, regardless of near-term weakness in the uranium market.

The Cons

Frankly, not much to say here... other than that this is not as cheap as some of the other Athabasca Basin exploration plays.

My Take

This is a great company with a terrific asset. My thinking on this is much the same as with Fission: share prices are down almost 50% from a year ago, and tax-loss season could take them even lower.

Ur-Energy (URG, URE.TO)

The Story

Ur-Energy is a US producer with long-term contracts that enable it to buy uranium on the open market at low prices and sell it at higher prices. The company's own operations are low-cost ISR mines throttled down to a trickle, waiting for uranium prices to rise again.

The Pros

Ur-Energy is an obvious beneficiary should Trump announce new policies to support US uranium production.

With mines standing by, the company should be one of the first to benefit once uranium prices rise—with or without any help from Trump.

The Cons

Ur-Energy's long-term contracts are almost done. After 2019, it will be in the same unhappy boat as other producers, if uranium prices don't rise fast enough. There is serious risk of shareholder dilution ahead, if uranium prices don't rise in 2020.

My Take

I'm not worried about this company going bankrupt, but the potential for dilution does concern me. At the same time, as a Section 232 petitioner, there's clear and imminent upside if Trump helps US producers out. I like that near-term potential.

Uranium Energy Corp (UEC)

The Story

UEC is something between a uranium producer and a uranium exploration and development company. That's because it owns the mothballed Hobson processing plant and the Palagana in situ recovery (ISR) uranium mine in Texas, which UEC had put into production not that long ago. The company is advancing the Burke Hollow ISR project nearby, and has other projects in Texas that could potentially feed the same plant. There are more projects in several US states, Canada, and Paraguay. But it's the Texas operation that's expected to make UEC a profitable producer again when uranium prices rise above \$40–\$45 per pound again.

The Pros

UEC is not a story of theories or hopes. Management has shown it can deliver and is ready to do so again—with a lot more pounds in hand. I expect this to be one of a few companies that will be among the first to benefit from the higher uranium prices I expect within a year.

There's huge upside in this play without the company having to make any new discoveries. The pipeline of existing projects in Wyoming, Colorado, New Mexico, and Arizona are could be moved forward rapidly as soon as the Hobson plant is cranking out cash again. Exploration at Burke Hollow has already expanded the mineralized footprint, so we know there's a lot more uranium there than in the official 43-101 tally.

The Cons

In order to be ready to go back into production ASAP after prices justify it and to be ready to expand output as well, the company has continued spending to maintain and advance its assets during the decade-long downturn in uranium prices. If prices rise soon, this will have been a brilliant move. If prices take longer than I think to rise, UEC will have to dilute existing shareholders in order to keep going.

My Take

There's risk in all exploration and development efforts, but UEC can be among the first to make money when prices rise—which I do expect. I like it.

Uranium Royalty Corp (URC*)

*Not trading yet.

Summary

Given the success of the royalty business model in the resource sector and the dearth of competition in the uranium space, the idea of a uranium royalty company makes sense. The shares aren't trading yet, but after long delays, the company announced

filing a preliminary prospectus for the IPO on October 28, 2019. This includes 13.34 million units at C\$1.50, with each unit comprised of a share and a five-year warrant to purchase another share for C\$2.00. Without any overallotment, this would start the company out with a \$20 million cash infusion.

The Pros

Good royalty companies rock. They offer investors leverage over the underlying commodity without all the risk associated with actually exploring for or trying to mine anything profitably.

Market sentiment about uranium is so negative, URC should be able to buy some great royalty assets cheap.

The Cons

I like royalty plays, but uranium is so hated as a commodity right now, I'm not sure this one will fly.

No one can buy this stock yet, so there's no price discovery.

My Take

This may all work out well, but there's no rush to buy in as soon as this stock starts trading—not with uranium still in the doldrums. If I could get in on the IPO, that five-year warrant sure would be tempting. Otherwise, I'd rather watch this to see if it gains traction before buying in.

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