America's Energy Metal Secret

By Jeff D. Opdyke

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The world is on the cusp of its greatest energy crisis in generations. Two trends are converging to create this situation.

First, Western governments are rushing into renewable energy… despite the clear and irrefutable evidence that this technology is not ready for prime time.

While technologies like wind and solar power have long-term potential, at present these energy sources simply don't have the capacity to provide "baseload power"—the always-on electricity that's necessary so that when consumers and businesses flip a switch at any time of day or night, the lights come on.

Second, we're about to confront the consequences of dramatic, multi-year underinvestment in oil and gas exploration. When oil demand plunged during COVID, oversupply built up, storage tanks filled to capacity, and companies were loath to invest billions to poke exploratory holes in the ground when they had nowhere to put the oil.

In 2021, new oil discoveries fell to their lowest levels in 75 years.

Even today, investment in exploration has not recovered to pre-pandemic levels. Yet, global oil demand is expected to soar to new record highs.

So, soaring demand is poised to run headlong into a lack of new supply… and renewables won't be ready to make up the difference.

This will leave countries with one, and only one, way to bridge the gap from the fossil fuel-based electricity infrastructure of today to the renewable energy future—an energy metal that can save America and the world.

There's nothing else like this metal in nature. No other mineral possesses such incredible power in its natural state.

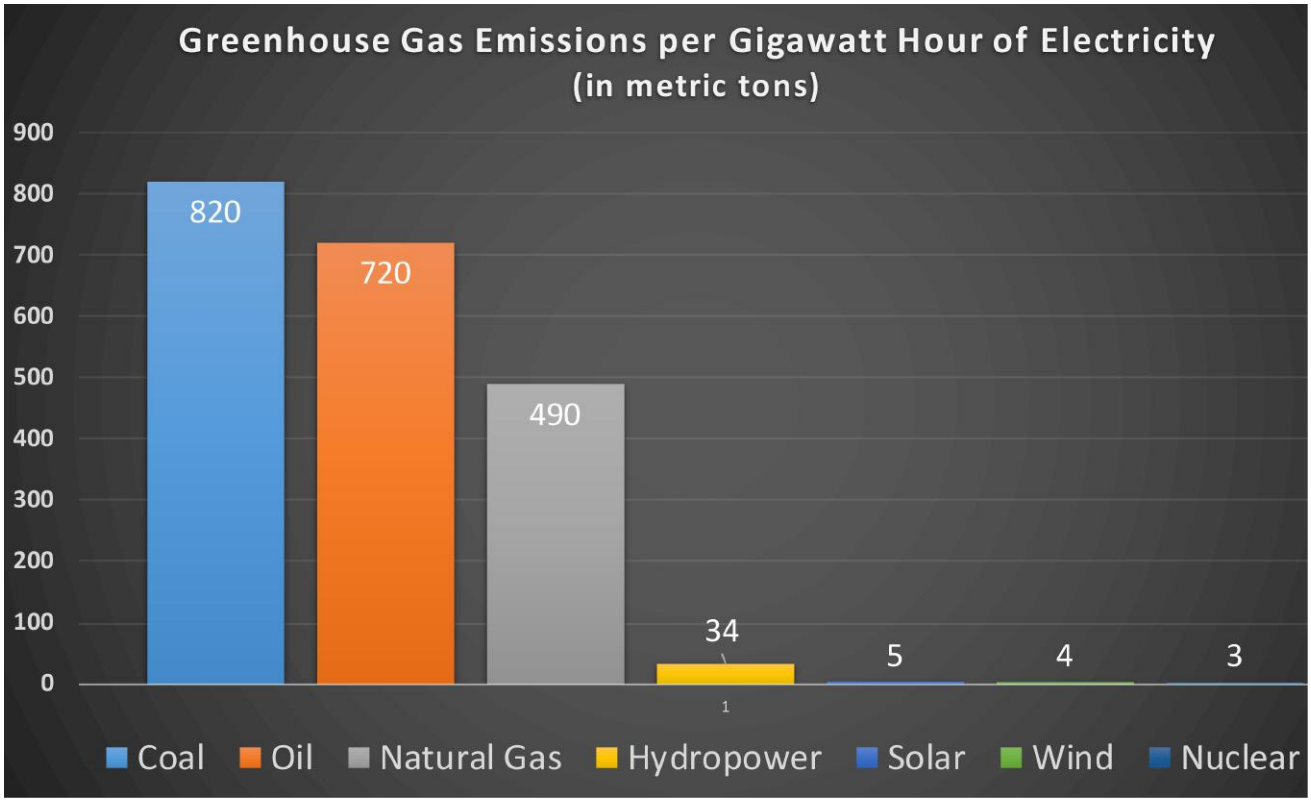
This silvery-white metal is so effective at creating energy that a single kilogram can generate 20 terajoules of electricity… equivalent to the energy produced by 15,000 tons of coal.

That metal is uranium.

Uranium is the essential fuel for nuclear power, the most efficient form of electricity generation in the world.

Nuclear produces maximum power on average 92.5% of the time. That makes it almost twice as efficient as natural gas (54%) and coal (49%), and roughly two to three times more efficient than wind (34%) and solar (25%).

It also produces lower greenhouse gas emissions than any other energy source, even wind and solar, since nuclear power requires far less land area.



Nuclear is a cleaner source of electricity than even solar and wind.

Of course, the haters of nuclear power have long responded to this by pointing to three events: Three Mile Island in the US in 1979… Chernobyl in the former Soviet Union, now Ukraine, in 1985… and Fukushima in Japan in 2011.

While the number of deaths from these incidents is small (zero people died because of Three Mile Island and estimates for the other two combined are as low as 79), the environmental movement has been loud and fear-mongering in its condemnation of nuclear power… causing politicians to turn away from a proven form of clean energy.

But now, as a global energy crisis takes shape, governments around the world are starting to realize that nuclear is the only way to meet climate emissions targets while providing adequate power to their economies. And new investment is starting to flow in…

From the US to the U.K., from France to Japan (the poster child of anti-nuclear sentiment)… Western countries are pledging trillions of dollars to build new nuclear plants and extend the lifespans of older ones.

In short, we are in the early stages of a renaissance in nuclear power, one that's likely to last for decades to come. Which makes this a moment of opportunity for those who see what this means for the global energy industry and nuclear-related investments.

That said, I want to be clear here at the outset: To take advantage of this opportunity, you have to be an investor who truly understands and accepts that nuclear power will always represent a risk, given the potential for shifting public perception or another disaster like Chernobyl.

However, with the Western world having painted itself into a corner on energy, this is the time to own exposure to nuclear and the energy metal that powers this industry.

That's why I am sharing with you my rationale for owning one particular uranium stock—one of the uranium stocks I currently have in my personal portfolio—that will benefit as the world once again embraces nuclear power.

Why Uranium Is Poised for a Renaissance

Talk of a nuclear renaissance is often met with skepticism, and for understandable reasons. It seems like every few years the nuclear industry claims it's on the cusp of a revival, only to disappoint. Indeed, as recently as 2008, nuclear was supposedly set for a major comeback.

Back then, presidential candidate Barack Obama expressed an eagerness to embrace nuclear energy as part of the government's efforts to lower carbon emissions.

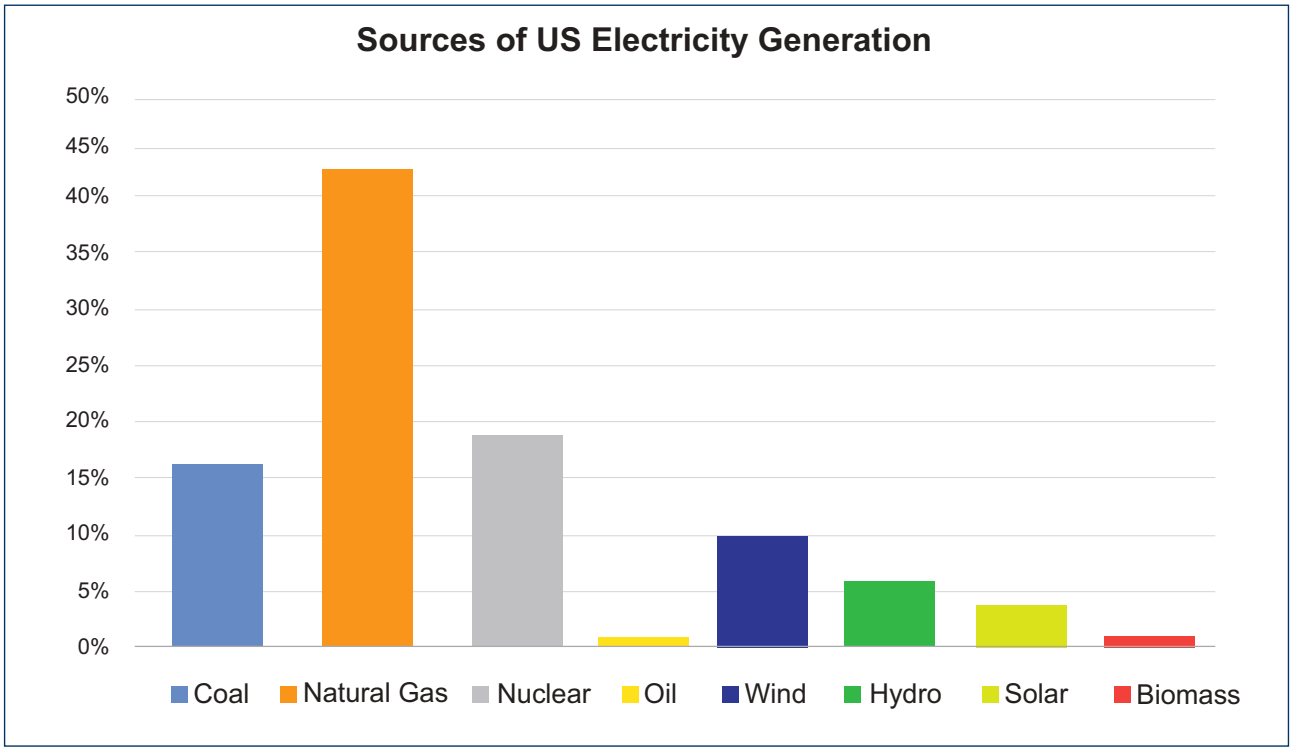
Decades had passed since the Chernobyl accident. In all that time, more than 100 reactors in the US had been operating without incident. With the fear of nuclear energy having subsided among the public, the nuclear industry was abuzz as Obama swept to power. The Nuclear Regulatory Commission received applications for 30 new reactors.

Then came Fukushima…

On March 11, 2011, a massive magnitude-9 earthquake and tsunami struck the Fukushima Daiichi nuclear plant on the coast of Japan, causing meltdowns at all three of its reactors. The global reaction was immediate.

Governments and environmentalists started to swear off nuclear energy. In the US, Germany, Belgium, Switzerland, Japan, and elsewhere, nuclear power plants were decommissioned and plans for new plants were mothballed. In all, roughly 60 plants were shuttered globally in the decade after Fukushima.

Politicians were convinced by environmentalists that renewable technologies could step up and replace the power lost by mothballing nuclear. And to a small extent, they were right. Solar and wind in particular have all ramped up their productive capacity.



Nuclear power supplies 19% of the electricity in the US, according to the most recent data from the US Energy Information Agency.

However, fossil fuels still account for 60% of power generated in the US and globally.

The hard truth is that renewable energy is still several decades away, at least, from being able to sate the world's energy needs.

Nuclear energy, however, is a long-proven technology with a carbon footprint on par with green energy technologies. As such, nuclear has found itself back in the spotlight around the globe.

In the US, the Biden administration's Inflation Reduction Act had a number of measures aimed specifically at jump-starting America's fairly moribund nuclear power industry. These measures include an electricity production tax credit for existing nuclear energy units—similar to the ones received by wind and solar farms. This essentially puts nuclear on the same playing field as renewable energy.

In Europe, the U.K. has invested $40 billion into just one nuclear project and has plans for more.

France plans to invest over $500 billion on this energy source between now and 2050.

Even Japan expects to raise a staggering $150 trillion yen ($1.16 trillion) in the next decade to invest in nuclear and other alternative energy sources. Moreover, the Japanese government has begun recommissioning the nuclear plants it mothballed after Fukushima… and it's doing so with the approval of the majority of Japanese citizens, who realize nuclear is the best and only real option for an island nation solely dependent on fossil fuel imports.

The World Nuclear Association reports that 60 reactors are currently under construction around the world.

So, a renaissance in nuclear power has been gathering pace for some time. But now it is taking on renewed urgency for one reason: Russia's calamitous invasion of Ukraine.

A Matter of National Security

Governments from South Korea to Canada have grappled with the realization that the energy environment is a risk to national security.

Nowhere is that trend clearer than in Europe…

Prior to the invasion of Ukraine, Russia was Europe's energy sugar-daddy—the largest supplier of both natural gas and petro-products of all manner. Russia accounted for more than 40% of the continent's natural gas demand and 30% of its oil needs.

However, Europe has now limited or cut off entirely the amount of oil and gas it buys from Russia, in an effort to pinch Putin's war-financing efforts. This means European countries have had to race to replace the missing Russian energy.

Norway, one of the world's top natural gas producers, has stepped up and is running as much extra gas as it can into Europe. And Europe is buying every last bit of US gas that it can find.

However, Europe only survived the first winter after the start of the Ukraine war because the weather was unusually mild and energy demand was lower than is typical.

Hoping for warm winters is a not a viable strategy long term. The only real long-term solution is nuclear energy.

France, the nuclear powerhouse of Europe, raced to restart all of its reactors.

Belgium voted to extend the life of two nuclear reactors for at least another decade. Finland also wants to extend nuclear power production for at least another 10 years. The Netherlands and the Czech Republic, meanwhile, are now talking about building more nuclear plants.

And so, too, is Japan.

In the wake of Fukushima, Japan moved most of its electricity production to coal and natural gas, but the energy aftershocks from Russian aggression have shown how dangerous it is to rely so heavily on imports of both commodities.

As such, Prime Minister Fumio Kishida announced that Japan would restart idled nuclear plants. Moreover, it will go one step further and look to develop new, next-generation reactors.

Russia's attack has all but undone the psychological damage of Fukushima in Japan. Now, concerns about economic destruction and limited electrical power have replaced the fear of one day maybe being impacted by a highly unlikely nuclear plant radiation leak.

I mean, only three notable accidents have occurred since nuclear power was invented in the 1950s. And the deaths from those events actually pale in comparison to the deaths tied to natural gas explosions, coal-mining accidents, oil fires, and other fossil-fuel-related episodes over the same period.

Plus, nuclear power plants built today are not the same as the plants built decades ago. They are far more advanced technologically. Most now have passive cooling systems that would manage a catastrophic failure like Fukushima, even if all power supplies are severed.

All of this means that nuclear is a major focus of energy policy from Washington to Paris to Tokyo, and as such the world is going to require a lot more uranium…

Little-Known Facts About Nuclear Energy

- **There are 440 nuclear reactors operating today in 33 countries. Another 60 are under construction across 15 countries.**
- **About 19% of electricity in the US today is produced using nuclear power. Globally, the figure is about 9%, according to the Energy Institute's 2024 Statistical Review of World Energy.**
- **Nuclear is the second-safest energy source, behind only solar. Coal is the most dangerous, causing 24.6 deaths per terawatt hour of electricity generated. Oil is second at a rate of 18.4. By comparison, nuclear stands at 0.03. (One terawatt hour is enough electricity for roughly 150,000 people for a year.)**

Uranium: A Vital Commodity in Short Supply

Uranium, the fuel for nuclear reactors, endured a tough time over the past decade.

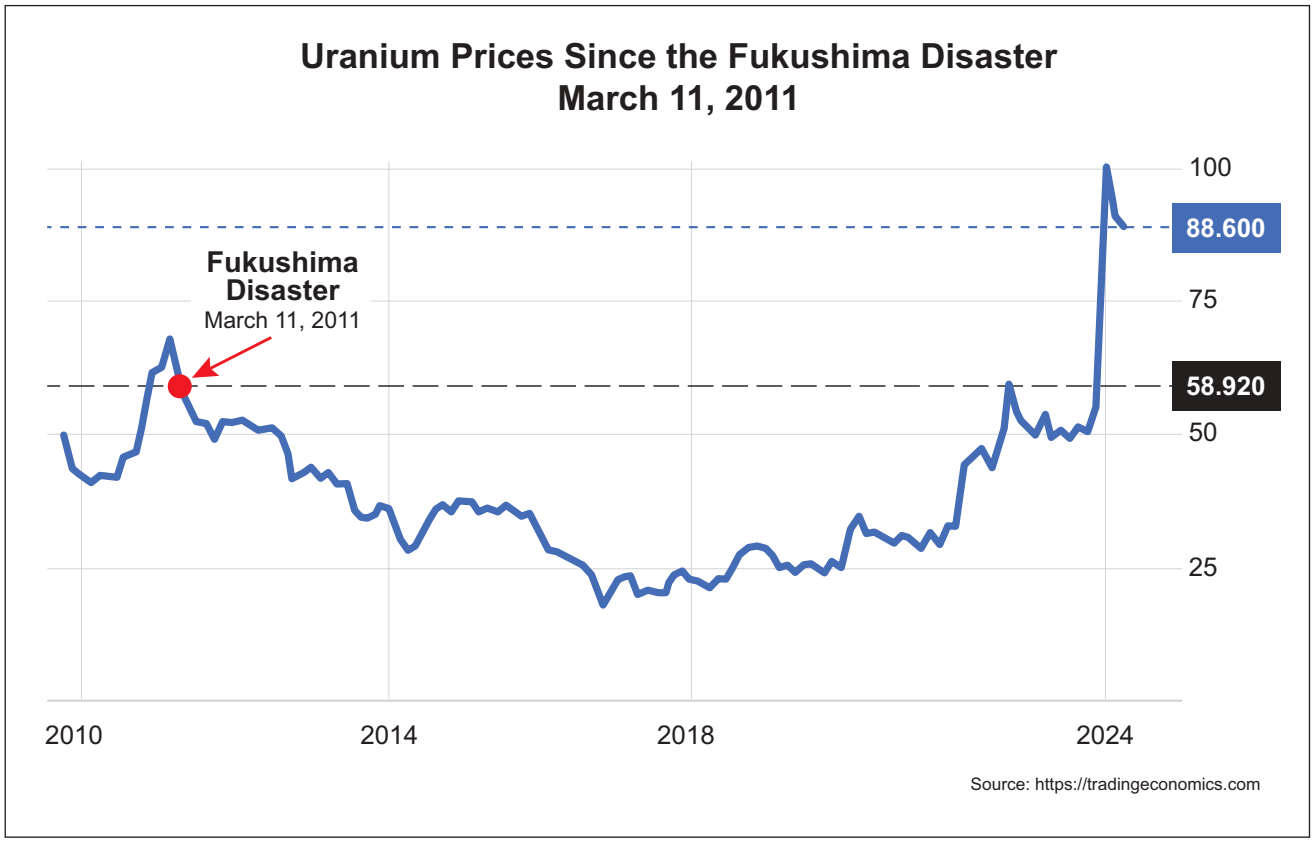
Prices that were north of $70 per pound before Fukushima at one point plunged to the high-teens. They spent most of the last decade under $40 per pound… making the mining of uranium unprofitable. Most producers need prices closer to $70 to profitably mine.

More recently, however, prices have been rising again. In 2024, uranium prices were again north of $70 per pound. This was driven by the emerging nuclear renaissance and constrained supply.

The unique trait of nuclear plants is that their annual uranium demand is calculable.

Today, the world's nuclear plants gobble up about 190 million pounds of enriched uranium annually. Yet, global mine production each year amounts to about 130 million pounds. Making up the deficit is above-ground inventories that have built up over many years, and down-blending weapons-grade uranium into commercial uranium.

That inventory, along with the dour sentiment toward nuclear energy, worked to keep prices depressed.



Uranium prices collapsed in the wake of Fukushima, but have bounced back.

However, that inventory is now dwindling. And the fact that various countries are looking to extend the lifespan of numerous nuclear plants, while Japan is looking to restart its plants, will take a big bite out of the remaining above-ground supply.

As prices rise, the viability of uranium mining improves and increased profits accrue to uranium mining and processing companies.

The flip side, of course, is that production that was halted because prices were too low will become economically viable, and that will see an increased amount of uranium come to market, which would be a moderating force on prices.

Mining companies, however, recognize this risk. They've lived through a price crash before and they don't want to do so again.

So, as an industry, they've begun pursuing a supply-side approach to mining.

Instead of rushing to mine as much as they can to reap the higher prices for a short period of time, they've committed to increasing production capacity only to the degree that it allows them to meet contracted requirements from the world's existing nuclear plants, and whatever increased demand arises from the 60 new nuclear plants that are currently under construction globally.

The industry's supply-focused approach should allow uranium prices to naturally stairstep higher over time.

That puts a company called **Energy Fuels** in a great position.

Energy Fuels is a relatively small miner—just $1.01 billion in market cap—that explores for, processes, and mines what's known as "yellowcake uranium," the precursor to enriched uranium consumed by the world's 440 nuclear power plants. Energy Fuels is actually the current largest Uranium provider in the US.

The company is focused on processing uranium at its White Mesa Mill in Utah.

Fortunes could change for Energy Fuels and the industry as a whole… not just because of the nuclear energy renaissance but because Putin has turned uranium into a national security concern for the US.

The New US Uranium Reserve

Russia is one of the leading suppliers of uranium globally. At the outbreak of the Ukraine conflict, Russia and its allies Kazakhstan and Uzbekistan were responsible for about 50% of US uranium supply.

Russia has also been the global leader in uranium enrichment, the process that turns raw uranium ore into the uranium that nuclear plants rely on. Before the war, its refining facilities represented 40% of the global enrichment capacity.

Just as Russia has cut off gas to Europe, concerns are that Russia could ban exports of enriched uranium globally—or to the US specifically—sparking a power crisis in the States, where 19% of electricity comes from nuclear.

Because of that risk, the US government and C-suite nuclear plant executives are now focused on the security of uranium supply like they haven't been in decades. President Biden in fact acted to stop the import of uranium mined and enriched in Russia entirely.

For the first time in half a century, the US Department of Energy launched a strategic uranium reserve to ensure the US nuclear fleet has the resources necessary to continue producing power in a crisis.

The DOE has already made plans to work with Energy Fuels on building this reserve.

This backing would result in "significant revenues from uranium sales," company president and CEO, Mark Chalmers, told Wall Street analysts.

At the nuclear plant level, meanwhile, electricity producers have begun locking in long-term supply. To that end, Energy Fuels announced that it has signed contracts with three electricity producers to supply uranium up until 2030. The contracts are initially for 3 million pounds of uranium, but could total as much as 4.2 million pounds, if various option clauses are exercised.

On the low end, that's an average of about 375,000 pounds of uranium per year for a company that has been processing only about 100,000 to 120,000 pounds of existing above-ground supply annually. So, the contracts will see Uranium Fuel's sales surge by at least 340%.

Those contracts are also indexed to commodity inflation, giving Energy Fuels exposure to rising uranium prices. Chalmers told Wall Street to expect revenue and cash flow to ramp up and that he sees "tailwinds that are really starting to push things along here with US utilities at sustainable pricing."

Translation: Utility companies are chasing long-term uranium supply, and at prices that will allow miners to get back to the business of mining uranium profitably. More such contracts are quite likely as nuclear power plant operators begin a new cycle of locking in supply.

Which is why I recommend owning Energy Fuels.

My Recommendation: Buy Energy Fuels Inc. (symbol: UUUU) at prices up to $7.24.

Risk Profile: **Higher Risk (What does this mean? Before you act, read a full breakdown of my five-level risk assessment scale by clicking here.)**

Stop/Exit: **55% Trailing Stop-Loss.**

Energy Fuels trades on the New York Stock Exchange, so you will not have any problem buying these shares through any US-based brokerage firm.

This is nuclear, so it has a Higher Risk profile. Societal whims play a huge role in this industry, and opinions can change fast. But given the energy crisis facing Europe and the world, attitudes toward nuclear are more positive than they've been in decades.

I want to reiterate here that I am coming at this from a partisan perspective. I own Energy Fuels, and have since 2013. My pledge to you is that I have no plans to sell this position, and I will not sell this position without informing you and giving you a fair chance to exit first.

Energy Fuels is a near-permanent part of my portfolio because I am so bullish on uranium's long-term future. As I write this, its share price is around $5. Back in uranium's last heyday, in 2007, the stock touched $186 per share when uranium had spiked to nearly $140 per pound.

I am not predicting it will return to that level. But the tailwinds now steering this industry tell me that we could see Energy Fuels at least 4X from here into the mid-$20s.

We also have another player driving prices as well: investment funds that are stockpiling uranium. Just like the gold exchange-traded funds (ETFs) that buy and store gold bars, investment

funds such as the Sprott Physical Uranium Trust, which was launched in July 2021, hold raw uranium as a bet on higher prices for the commodity going forward. That has taken some of the supply out of the market.

The US acting to halt Russian imports and pumping money into rebuilding America's uranium mining industry is a boon to miners such as Energy Fuels.

The company is restarting a few shuttered mines with an annual production capacity of between 1.1 million and 1.4 million pounds. And it will begin production at three new mines, bringing another 5 million pounds online over the next couple of years.

Of particular interest, to me, is that Energy Fuels is known as a "near-term" producer, meaning it has the capacity to ramp up production quickly at already-approved and operable mines as uranium prices strengthen. Most other US producers are not in that situation. They own significant uranium assets, but their mines have not been approved or the mines have not yet been fitted out to produce and processes uranium ore.

Overall, with Energy Fuels, we're picking a leading player in US uranium production, an industry set to swiftly rise in the coming years.

The reality is that countries are now desperate to achieve some form of energy independence, while also reducing their carbon emissions. For now, and for the next decade or three, nuclear power is pretty much the only solution.