

THE URANIUM REPORT

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A **FutureMoneyTrends.com** Special Report

CAUTION! Unconventional investment strategies ahead!

Uranium.

We know that it powers our cities, provides jobs for our workers, and that somewhere in the fictional town of Springfield lies perhaps the most famous nuclear power plant of them all. Yet uranium as an *investment*? To many, it sounds obscure, perhaps even dangerous. For all the positives that uranium provides within the energy sector, there are many negatives: fallouts, meltdowns, half-life, Fukushima, Chernobyl. Some of the fears are very much real, and some are perceived or exaggerated.

Regardless of personal perspective, the one point of agreement within the uranium discourse is its controversial nature. Like gun control, the debate over nuclear energy can quickly become heated, leading to dichotomous factions in a never-ending battle. Still, another point comes to mind that, despite the wrangling that has occurred in this industry in recent times, is irrefutable: Uranium is here to stay!

From a pure economic standpoint, no other terrestrial resource provides the power and compactness of uranium. This is the main reason why nations both endowed with plentiful resources and those that lack continue to acquire uranium in heavy amounts. Yes, there are other energy alternatives, but many sacrifice either cost or space, and nothing comes close to the nuclear returns of the kilowatt to dollar ratio.

Not many people understand or appreciate that uranium is currently in a supply-deficit and that this condition will only get worse. Uranium is often times more difficult to mine than other metals and demand is increasing annually.

Globally, we are in a severe recession and debt-laden countries will look for the cheapest energy solution. Therefore, uranium and nuclear power will be at the forefront of economic discourse.

Energy Solutions for a Global Economy

Love it or hate it, uranium is here to stay with us for the long run.

Why? One simple word: demand!

Because of the insatiable thirst for energy that would only grow as societies become more advanced, China, Russia, India, South Korea, and the United States have implemented grand scale plans to build more nuclear power plants. Even Japan, while understandably reeling from the Fukushima disaster, will be forced into going nuclear. Currently, no other terrestrial resource provides the power and compactness of nuclear energy and this bodes well for future investment growth.

PRECIOUS METAL

In all fairness, uranium should be considered the "fifth" precious metal: it's infinitely more useful than gold, it's in a potentially explosive bull market like silver, and it is far more difficult to mine than either platinum or palladium.

Digging for Yellowcake: A Cautionary Tale

Uranium in its natural form is safe to the touch and can be handled without fear of growing unwanted appendages.

Yet despite this seemingly innocuous behavior, the actual process of mining uranium is anything but.

The element is often found in areas that are geologically fragile, which poses significant risks for companies attempting to extract it.

Risk is, of course, synonymous with the mining industry as a whole, but uranium stands out even amongst this dangerous sector.

Consider the Cigar Lake incident of 2006, where flooding due to geological instability shut down production of a mine that is believed to hold the world's largest deposit of undeveloped commercial grade uranium.

Other large-scale disruptions have occurred all over the globe, including Australia, which produces the most uranium out of any other nation.

Therefore, the supply demand picture can change very rapidly!



Going Nuclear: The Supply Side Dynamics of Uranium

We explore the unique context of the earth's uranium supply and how this could be a catalyst for the next great bull market!

According to information provided by the World Nuclear Association, uranium "is a relatively common metal, found in rocks and seawater. Economic concentrations of it are not uncommon." The WNA goes on to state that quantities of mineral resources are greater than what is usually perceived and that uranium is approximately as common as tin or zinc.

To put the supply picture in greater perspective, uranium can be found nearly anywhere in rock, soil, rivers, and oceans. According to Cameco, one of the mining companies that we will be reviewing later, it is 40 times more common than silver and 500 times more common than gold.

So what gives?

Although uranium as an element is readily available, the challenge (and the opportunity) is finding it in areas where the concentration of ore deposits are adequate enough for profitable extraction.

In this context, uranium could be considered quite rare. According to the known recoverable resources of the "other yellow metal," Australia owns a majority of global

supply at 1.6M tons or 31%. The next major player is Kazakhstan, coming in at 629K tons (12%). In comparison, the United States has 207K tons, or 4% of global supply.

As energy resources are the lifeblood of any technologically advanced society, we can be assured that there will be a steady stream of demand. Rising costs of energy alternatives combined with the politics of "going-green" implies that nuclear sustainability will be a top priority.

Despite many disappointments last year in the uranium market, as well as the overall commodities sector, industry experts remain bullish for 2013. Many see a robust, long-term outlook for demand, considering that nuclear power expansion projects are being developed across several nations, including new players like the United Arab Emirates. Data from the WNA reveals that 62 reactors will be under construction worldwide this year, with another 484 either planned or proposed.

Certainly, this is not a sector for the risk intolerant, but potentially great rewards lie in wait for the daring!

The U308 Market: A Short History

During the early 1970's, America was facing both an economic and political crisis. It was the height of the Vietnam War, with rampant civil unrest and images of dead bodies transmitted across the nation. For the everyday working American, their wallets were particularly hit hard: the U.S. had hit peak oil and fuel costs were surging. The need for alternative energy solutions became rapidly apparent.

Tepid and often times incompetent government actions led to lower standards of living and higher costs. This was reflected most notably by rising gold prices. Once fixed at \$35, gold immediately broke \$50, then \$100, then \$200...by the late 1970's, gold would be challenging \$400 and beyond, a truly astounding number!

Meanwhile, the other yellow metal that went by the strange name of U308 was enjoying a bull run of its own: uranium's spot price went from \$7 a pound in 1972 to just over \$40 by 1979, a 470% profit.

However, movies like "China Syndrome" and incidents such as Three Mile Island quickly turned public sentiment sour and thus ended one of the most unheralded bull markets in modern investment history.



U308 Yellowcake: The Politics of the Uranium Industry

We explore some of the political drivers of the uranium sector...

the good, the bad, the profitable!

The uncomfortable truth about uranium is its Jekyll and Hyde nature. A particular grade of uranium (U₃₀₈) can easily meet the energy needs of a bustling city, yet a different composition can just as effortlessly destroy it. With a half-life of several million to a billion years, the effects of uranium's dark side can devastate human generations for a millennia.

However, it is the productive side of uranium that is the apple of the developed nation's eye: the power, the size, and the clean air. Even countries that are proposing a reduction in nuclear usage are running into a steep hurdle. Germany, for instance, derived roughly a quarter of their energy production from nuclear sources and their attempt at providing 35% of its nation's power needs through less reliable solutions is deemed greatly unrealistic.

Yet nothing the uranium industry has done has completely erased the "bad boy" image of nuclear energy, whether propagated through media or pop-culture. International news in the Middle East is often centered on Iran's nuclear program, which is purported to be for peaceful measures; however, Israel and the United States obviously take a dim

view towards Iran's claims. Last year, a controversial movie entitled "Chernobyl Dairies" was released, which was panned by many critics as being exploitative disaster porn. Regardless of one's opinion towards these matters, uranium has a dichotomous image and it would be intellectually dishonest not to acknowledge this.

What it comes down to, though, is this: when people flip a switch, they expect...*light!* And governments want to provide that light at the cheapest rate possible. For the future trend minded investor, nothing could be more bullish as uranium is currently in supply deficit. According to Mark Lackey, investment strategist for Pope & Co., he forecasted a uranium spot price of \$100 in 2013 based on mining disruptions (both geological and political drivers) and the fact that a US-Russia treaty involving the export of uranium from old Soviet warheads will likely cease due to current political tensions. Further, a political change of guard in Japan is pro-nuclear and will potentially invigorate a market in flux. This, on top of increasing global demand suggests that uranium has a very bright, and profitable, future!

Company Profile

UraniumEnergy.com

Uranium Energy Corp (NYSE MKT: UEC) is a U.S. based uranium production, development and exploration company operating North America's newest emerging uranium mine.

The Company's operations are managed by professionals with a recognized profile for excellence in their industry, a profile based on many decades of hands-on experience in the key facets of uranium exploration, development and mining.

The Company controls one of the largest databases of historic uranium exploration and development in the country. Using this knowledge base, the Company has acquired and is advancing exploration properties of merit throughout the southwestern U.S.

The Company's fully licensed and permitted Hobson processing facility is central to all of its projects in South Texas, including the Palangana in-situ recovery mine, which is ramping up to full production, and the Goliad in-situ recovery project which is fully permitted for production and is in the initial stages of mine construction.



Uranium Energy Corporation

Uranium Energy Corp, or ticker symbol UEC, is Future Money Trend's **top pick** of the uranium sector!



Ideally, we would like to see UEC cross into \$2.60 and higher, where the 50% and the 62% Fibos reside

This is the neutral zone: price can swing either way, depending on how far to the green or red zone it lies

Recently, UEC dropped below the rising support line, which may be a good buying opportunity as current momentum is strong

Being in the red doesn't necessarily spell doom, given the bullish fundamentals, but be careful and look for a bottom around \$1.70

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With UEC being the top pick of Future Money Trend's chief strategist, there are many high hopes of profitable returns for this stock. One of the key "selling" points of UEC is that over the last 3 years, a strong level of support has been built around the \$2.50 level, with a few months within 2012 being the rare exception when price dipped below \$2-even. With an all-time high of over \$7/share, the risk reward balance is in favor of the bulls.

Going forward, one of the key technical indicators to watch is the Fibonacci retracement levels of the April 2012 peak and the subsequent June bottom: a rising support line from this bottom point has intersected with the 38.2% retracement and UEC will need to move higher than \$2.45 to confirm bullish intent. On the bearish side, continued dips below \$2.40 would suggest negative fundamentals are pressuring this sector and if the price cannot at least get back into the "neutral zone," consider holding off until a bottom is reached.

While uranium investing can seem intimidating, UEC is one of the most stable companies within this sector. Ever since its IPO, its price action has been decidedly bullish. Use technical analysis to buy at ideal entry points and strong profits can be yours!



Cameco Corporation

Cameco Corp, or ticker symbol CCJ, is the stalwart of the uranium sector and is THE player to watch!

Company Profile

Cameco.com

Cameco is one of the world's largest uranium producers accounting for about 16% of the world's production from its mines in Canada and the US. Our leading position is backed by about 435 million pounds of proven and probable reserves and extensive resources. Cameco holds premier land positions in the world's most promising areas for new uranium discoveries in Canada and Australia as part of an intensive global exploration program.

Cameco is also a leading provider of processing services required to produce fuel for nuclear power plants, and generates 1,000 MW of clean electricity through a partnership in North America's largest nuclear generating station located in Ontario, Canada.



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No discussion on uranium investment would be complete without considering Cameco, or ticker symbol CCJ. The company was formed in 1988 through the merger of two corporations: Saskatchewan Mining Development and Eldorado Nuclear Limited. Since then, it has become one of the leading mining companies of uranium and is responsible for a significant portion of global production.

Technically, there is a lot to like about CCJ: while its been in an overall downtrend for the past four years, it appears to have found a bottom support level at \$17 and bullish energy in late 2012 took shares flying well above the 61.8% Fibonacci retracement off August's peak price.

That being said, the current price at \$21.74 is sitting right at the 61.8% Fiboratio level off February 2012's peak price and in order to confirm further bullish intent, CCJ needs to make strong headway. Otherwise, a drop into the Fiboratio ratios of August would be considered more bearish than neutral, again due to the fact that for several years, CCJ has been charting a series of lower highs. However, if the fundamentals turn positive (and they very well could), look for some strong gains with Cameco, especially at current valuations.



Uranium One Incorporated

Uranium One, or ticker symbol UUU.TO, is an up-and-coming Canadian company that is poised to make headlines!

Company Profile

GlobalXFunds.com

Uranium One Inc. is a Canadian-based company and is one of the world's largest publicly traded uranium producers with a primary listing on the Toronto Stock Exchange and a secondary listing on the Johannesburg Stock Exchange. The Company has a globally diversified portfolio of assets located in Kazakhstan, the United States, Australia and is operator of , and a minority stakeholder in, the Mkuju River Project in Tanzania. With a 51% ownership stake, Uranium One's major shareholder is JSC Atomredmetzoloto (ARMZ) which is a wholly owned subsidiary of Rosatom, the Russian State Corporation for Nuclear Energy.

In Kazakhstan, Uranium One has a 70% interest in the Betpak Dala joint venture which owns the Akdala Mine and the South Inkai Mine. The Corporation also owns a 50% interest in the Karatau joint venture, which owns the Karatau Mine, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project. In December 2010, Uranium One acquired a 50% interest in the Akbastau joint venture, which owns the Akbastau Mine, as well as a 49.67% interest in the Zarechnoye joint venture which owns the Zarechnoye Mine and the South Zarechnoye Project.

In the United States, the Corporation owns 100% of the Willow Creek Project and has a number of development projects in the Powder River and Great Divide Basins in Wyoming. In Australia, the Corporation owns a 100% interest in the Honeymoon Uranium Project.



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Uranium One, or ticker symbol UUU, represents both a long-term investment prospect as well as a short-term trading opportunity. With a price that reached \$7 per share prior to the Fukushima disaster, there is plenty of room for extensive growth. Also, there is a historical level of support at \$2-even, so massively profitable trades are available provided that you get in at ideal entry points.

Since its IPO, UUU has been relatively stable, usually trading within a range between \$2 at the low and \$3 at the high, with a parabolic move in early 2011. The current price action sits above the 61.8% Fibonacci retracement off the February 2012 peak, which of course is bullish, but further confirmation is necessary. Recently, the trading sessions have been hesitant, so it wouldn't be surprising to see UUU get knocked off the green zone and into the yellow, where the "meaty" part of the Fibonacci ratios reside.

Ultimately, we would need to see a strong challenge of the \$3 level to initiate a true bullish trajectory. The fact that much of 2012's trades were headed towards the 38.2% Fibo level is a risk factor, although it was a rough year overall for the entire uranium industry.

Company Profile

GlobalXFunds.com

Global X Funds is an innovative provider of exchange-traded funds that facilitates access to investment opportunities across the global markets and is supported by a leading team.

The Global X Uranium ETF offers exposure to uranium mining companies worldwide, with the vast majority of mined uranium being used in the nuclear energy industry. While the nuclear industry faces uncertainty in the near term, it remains a critical base-load energy source that utility companies draw upon to meet the energy needs of their customers. Unlike solar and wind energy, nuclear power is not reliant upon weather conditions and government subsidies. Nuclear power also benefits from input efficiency – one pound of uranium can generate as much energy as 100,000 pounds of coal, and leaves behind a fraction of the carbon footprint. These qualities give nuclear energy the ability to overcome near term difficulties and become a more reliable long-term energy source worldwide.



Global X Uranium ETF

Global X Uranium, or ticker symbol URA, is an ETF that tracks the Solactive Global Uranium Index



In order to confirm a bullish reversal, the price action of URA must continue rising along this dotted trend line; otherwise, technical bearishness is likely

If URA is in neutral zone, risk reward balance is more bearish

For the life of this ETF, URA has been on a decided downtrend so watch this red zone area carefully!

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Let me be blunt: uranium exchange traded funds are trading instruments and the quicker you accept that, the more richer you will be, whether from a financial standpoint or an intellectual one. That is not to say that ETF's like URA cannot be profitable financial instruments, but the main issue at hand is that this particular fund has been on a downtrend since its inception. That means use technical analysis, ignore rambling conspiracy theories, make a quick profit, and RUN!

Be advised that this fund tracks the mining industry and not the underlying asset itself. The miners can under- or over- perform against the spot market of uranium so the ins and outs of daily transactions can create unexpected performance results.

Nevertheless, there are positive trading patterns or tendencies to potentially profit from: the \$7.00 mark represents strong support and is an area that could be bought with a relative degree of confidence that the price will move higher. Keep an eye on the Fibonacci ratios: ideally, we'd like to see URA develop some baseline at the 50% retracement and drive higher from there. *And remember, if you're in the profit, book it!*

About the Company

FutureMoneyTrends.com



Future Money Trends is a leader in the study of macro economics and current events for the purposes of forecasting profitable investment and trading opportunities.

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