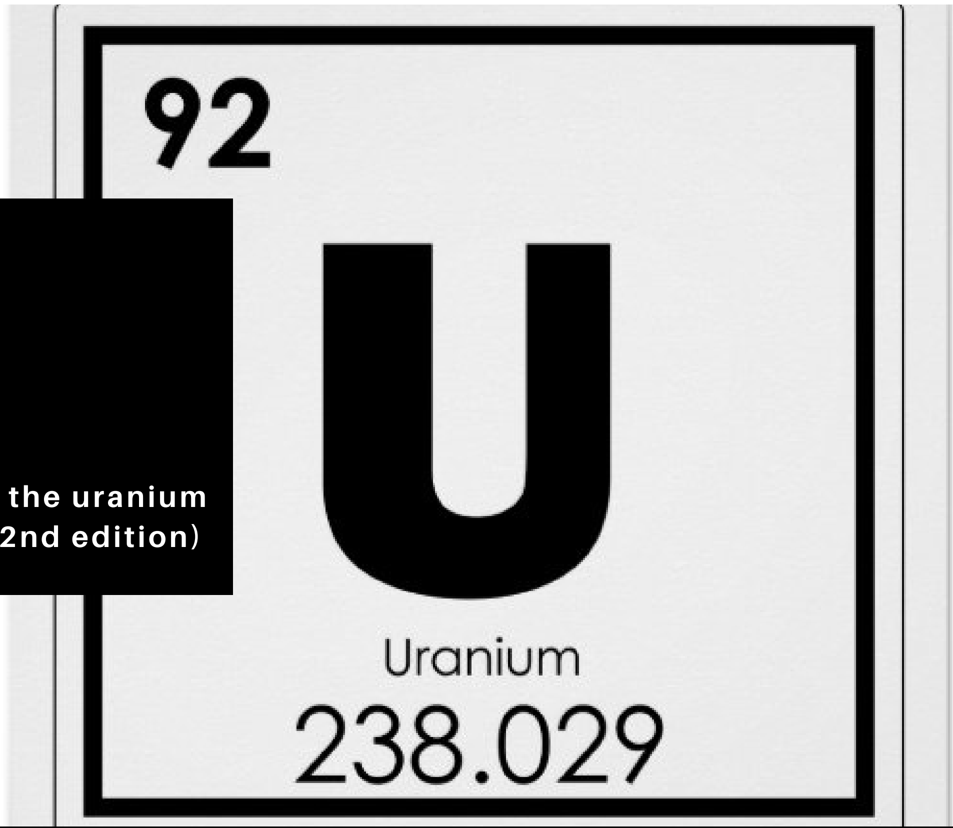
URANIUM CODEX

The biweekly newsletter for all the uranium news and updates (September 2nd edition)



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THE BIGGEST CATALYST OF RECENT TIMES IS HERE

That’s right, we are taking a deep dive into the Sprott physical uranium trust this week. I have been grinding through the paperwork, discussing with various people and reaching out to Sprott in order to try and put this bullish puzzle together. Now that I have, I want to share it with you in the hopes that it helps get a better understanding over what this catalyst means for the sector, what it could achieve and why it is capable of being an absolute game changer for the uranium sector.

I also had to leave out a few pages that I was not fully happy with, for example the write-up on CGN and another analysis that needs some more polishing. When I write something to share it with all of you, I want to make sure it is correct and worth the read, so I will work on those for the next newsletter.

Lastly before we jump in, I received a few questions regarding shifting of potential timelines in the uranium sector, given the speed at which we have been moving over the past few weeks. To that I would say it is in my opinion more likely that this is a 2023 story rather than a 2024/2025 one. A lot will depend on the moves that the nuclear utilities make in the market in the coming years, but Sprott may just pull timelines forward for this bull market.

It is dependent on a variety of circumstances and I cannot yet put a definitive timeline on it, but I think that the upwards trajectory could be violent and fast. Let’s take it one step at the time though, which will first be traversing the coming months. There will be a lot more that will be published on the Codex soon, including an updated 32 stock uranium sample portfolio and two seperate 8 stock sample portfolio's regarding oil and PM's, so stay tuned for those!

A CLOSER LOOK INTO THE SPROTT PHYSICAL URANIUM TRUST

It has only been a few weeks since Sprott entered to the market and it has been quite the burst out of the gates for them. There are still some questions that people have regarding this vehicle and I have been in contact with Sprott to try and get some answers. I will combine this with what was released by Smith Weekly in the interview with Sprott CEO John Ciampaglia with my own research as well, in order to bring you a comprehensive write up on what is potentially the biggest single catalyst this sector has seen to date. Sprott has mentioned that they are still busy improving the vehicle and are currently getting trading volumes to pick up, as many of the broker dealers have made the conversion on the records to the Sprott uranium trust, opening the door for new investments to come in soon.

It appears that Sprott sees the uranium trust as the perfect addition at this time to add to their other physical metals funds, with John mentioning that the trust is very well timed for the emerging new bull market in uranium. The shareholder response to the takeover of Uranium Participation Corp was of course overwhelmingly positive as some of you may remember, with a 99.2% vote in the favor of this transition. I can only imagine that the remaining 0.8% was the result of a misclick. Not only that, but other market participants are also clearly very excited about the entrance of Sprott, especially given their reputation and capabilities in the natural resource markets.

The sheer amount of interest across the board is a great sign for this vehicle going forward, as investors from all corners of the market and with various background around the world are showing interest in what this uranium trust can accomplish in this sector. This includes precious metals investors as well, which opens up another gate of potential capital entering the uranium sector. Before we see Sprott have its full effect on the market however, there is always the overhang of a broad equities market correction that could put a temporary halt on the advancement of the uranium market and the trust as well. As I have mentioned before, I believe that a correction is close at hand and will occur somewhere within the coming 3-6 months. This will sadly likely hit the uranium sector as well, although my believe is that it will bounce back before general equities do. The problem during that correction however is that the vehicle will likely start trading at a discount to NAV, making it unable to consistently raise capital via the ATM and buy physical uranium. It is very much a case of 'only time will tell', but over the longer term (say 2-4 years from this point onwards) I expect this trust to have quite the impact on the market.

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John adds to this that the uranium story has seemingly never had better fundamentals than now with headwinds turning into tailwinds, saying he has spoken to several very knowledgeable institutions and family offices who have been attracted to uranium for the last few years. This is not very surprising, as large parts of the markets are trading at record highs and there are few things undervalued, which has been the case for some time now but seemingly never as apparent as right now.

These institutions and family offices find value in uranium, because the value proposition to the upside is so apparent. I have often mentioned that the NYSE listing will open the gates to a lot of institutional capital, which will allow the trust to really ramp up the purchases of physical uranium. The fact that large amounts of capital are already interested, with some perhaps waiting on the sidelines for a liquid vehicle to play this market, is an incredible thing to look forward to for early next year if the NYSE goes through.

For now however, Sprott is focused on making the vehicle as large and as liquid as possible. This should be expected, as they have every incentive to do so. Why? Because they get fees and compensations that are directly tied to how big this vehicle is. The larger it gets, the more profitable it will be for Sprott and thus their goals of growing this trust are very much aligned with investors in the sector, who of course want to see an increase in the price of uranium to go with this growth.

As a quick note regarding the increase in liquidity that compliments this growth, the more liquidity there is the more capital could potentially flow in. This could cause a self-fulfilling prophecy of sorts, where more capital means more liquidity and more liquidity means potentially more capital. That is an oversimplification of course, but the potential is there for it to take hold. The subsequent ATM (and potentially larger ATM that could come with the NYSE listing) will then make sure that this additional capital is put to good and near immediate use, allowing for the purchasing of additional pounds of uranium. The potential that this has is obviously incredible, but the more I research what it could mean for the physical uranium market, the more of a game changer I believe it to be for the entire sector.

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Sprott currently does not have any specific targets in mind for how much they would want to acquire, but John mentions that they want to grow the trust by multiples of where it is today. It is still relatively small compared to other commodity stockpiling funds and that is a sign of where we are in the cycle, still early. In the last 6 months more investors are getting involved into the market and we have of course seen equities respond in kind, with a big run since late last year across the board in this sector. Even with this run behind us however, we have still not entered phase 3 in my 6 phase stadium model. To save you the trouble of going back and finding that model, I will post a copy below as well. Just keep in mind that timelines can shift and especially with Sprott entering the market things could pick up fast, so something like phase 6 could come sooner than 2025. If it appears to do so, the model will be adjusted accordingly of course.

Phase 1, constructing the stadium (2016-2020):
- The early/smart money, the first time we come out of a prolonged bear market. Equities may not have really moved yet, but it is finally starting to look brighter. After the price of uranium bottomed several years ago, it has crept up slowly but surely, but without proper reaction of the underlying equities. We have just come out of this phase.

Phase 2, getting on the bus (2021):
-Once share prices finally move (as we have seen between November and February of this year, it is time for the smart money to come in. Those who see that we have finally come out of a bear market and that the busses are slowly being loaded. Price movement will justify the narrative and sharp minds accounting for both retail capital as well as institutional capital will start to position themselves for what is to come. This is the point where we are currently at, waiting for a significant catalyst for the next move up.

Phase 3, arriving at the stadium (2021-2022):
-Word is spreading of a new investment opportunity and this will likely be marked by the price per pound of uranium going over the 40 dollar mark. As was mentioned above, price movement justifies the narrative and 40 dollar is the first ‘line in the sand’ where we will see increased interest from institutional capital wanting to position themselves for this bull market.

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Phase 4, the game begins (2022-2024) (with Sprott could be 2022-2023):
-This is where the bulk of investors will come in. While we are not early anymore, we are well into this bull market and it still has some legs left. Some people might start taking profits here and leave before the game ends. This can be a smart plan, as scaling out into strength will save you from being hit by phase 6 once it rolls around. In this phase it is clear we are in a full fledged bull market and it will become more and more regularly discussed by investment communities. Institutional money will be well positioned at this point and will look for a possible exit.

Phase 5, the final minutes (2024-2025) - (with Sprott could be 2023):
-As with every highly cyclical bull market, all good things most come to and end. Just like with a game that is all tied a few minutes before the final whistle, emotions are running high and you will see people scrambling to get a glance at the game. This is when general media such as CNBC and investors on social media will be talking about uranium as being “the next big thing”. This is a massive red flag. Yes, you might want to watch this game till the end, but it is much better to try and get out before the mass euphoria reaches its peak. When you see that uranium is as broadly discussed as things like EV’s and solar are right now and spot price severely overshooting the long term price, there is no reason to not take out most of your profits and watch this game go into phase 6.

Phase 6, the game ends (2025) - (with Sprott could be mid 2023/early 2024) :
-As I said before, all cyclical bull markets must eventually come to an end and this one will be no different. While the timing of this, which I think will be somewhere around 2025, is nothing more than a calculated bet (it could be longer, but also shorter, depending on prevailing market specific but also broad equity market circumstances), fact remains that the final blow off peak we saw in phase 5 in the final minutes of the game will be just as steep to the downside. This will leave a lot of people holding the bag and it will be a rough wake up call.

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Conclusion of the model:
When a game is exciting, you want to stay till the end to make sure you don't miss anything, this is very understandable as it is human nature to want to get the most out of something. However, the risk associated with trying to time the whistle to the minute is not worth it in my opinion. This doesn't mean you should sell before the bus even arrives at the stadium, but perhaps it is smart to consider scaling out every few minutes and leave only a very small position (or non at all of course) to watch the final minutes of this game. I will work very hard to combine several ways to get the most out of this market, including my own psychology models and sentiment analysis where possible.

As I mentioned above, Sprott entering the market could drastically push timelines forward and the likelihood of a price spike rather than a steady uptrend increase substantially. The broad timeframe of 2-4 years from this point onwards remains the same, although I think that it is more likely we will see this spike in late 2023 or early 2024 rather than later at the rate things are developing now. This is however slightly dependent on the securing of a NYSE listing by Sprott next year, because if they secure that it will really unlock the potential to put this market into overdrive. The reason I say if, is because there are many steps that need to be taken before that listing can be granted. Corporate issuers can normally not apply for a NYSE listing to be a commodity stockpiling fund, only investment funds can. This restructuring to an investment fund structure (more on that on the next page) aids in making sure the road is clear for Sprott to pursue the work needed for the NYSE listing. They will also be paying all the legal fees and other required costs related to this application, as they are very committed to making this work.

There are still hurdles to overcome of course over the coming months and it will likely take 6 months or more from this point onwards, putting us firmly in the Q1/Q2 of next year in terms of a timeline. Sprott has gone through this application process on 5 separate occasions and they have the right people to get through every step. It remains a 'novel' listing, meaning that the SEC has not previously approved a specific vehicle like this. We have seen these before, in for example copper trusts, but they usually take longer than the standard ~4 months for more standard listings.

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It is clear from reading the paperwork on Sprott and seeing them execute upon this recently, that they intend to put the capital that flows into the fund to work as quickly as they can, hence the overdrive part. Their primary goal is to be invested for 90% all of the time, but John has mentioned that their true goal is closer to 100% irrespective of where the price of uranium is at any given point, which shows their ambition to really get the most out of this vehicle.

This is clear when you look at what their incentive is and why they want to be so aggressive with the purchasing of physical uranium. As I alluded to earlier, the larger this fund grows the more Sprott can collect in management fees and the higher their return on capital invested is. It won't be another UPC or Yellowcake, this is an entirely different level of playing field that Sprott can enter in terms of aggression.

The management team also further elaborates on this, mentioning that the investment structure itself is not the corporate structure that it was before. It has been reorganized into an investment trust and that is important because the investment fund structure is the likely most prominent investment structure for every investment type in the world. It has become the "go to vehicle in today's transparency and liquidity". There are a lot of basic shareholder protections within the trust and that is shareholder friendly, which makes it a more attractive vehicle to participate in.

The daily disclosures of all of their holdings and the valuation of said holdings further aids in this transparency that investors like to see. It is important to stress that this can help a great deal in getting more investors to put capital to work in this fund, further helping the growth and really allowing that 'self-fulfilling prophecy' I spoke about earlier to take shape. Allowing people to purchase in USD as well as CAD and having the reports be expressed in USD also adds some value, especially as many of the investors interested in the Sprott vehicle are US based.

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So, now that we have taken a closer look at the nuts and bolts of this vehicle and how I think they will operate over the coming years, there are still a few things that are worth taking a closer look at. Let’s start with their relationship with the end user, which is a hard to dissect one. After all, Sprott will play a major role in taking supply off of the market and ramp up the price, especially if they get that NYSE listing done and dusted.

This is where I think utilities will try to step in and fight against said listing, potentially using the ‘security of power generation’ argument that comes with not being able to secure the fuel they need to keep in operation, at least that is likely to be one of the things brought up for discussion in the process that comes with the submission. Will it be enough to throw the proverbial wrench in the works for Sprott? My guess it isn’t, but this is one of the ‘unknowns’ that make this entire catalyst perhaps not as set in stone as some would like you to believe.

So, how might utilities respond in the years ahead and is Sprott planning to initiate any form of relationship with the utilities? Given that utilities are already positioned in a relatively unsustainable way, Sprott may see no reason to establish some sort of relationship with them, as they are focused on collecting pounds. John also mentions this on the interview as well, where he calls the Sprott physical uranium trust “really another utility in terms of a buyer in the market for material”, with the difference of course being that a utility consumes the uranium, while Sprott won’t and also won’t sell it into the market place as it currently stands.

Sprott expects to keep competing with other interested parties, amongst which are the utilities, in the coming years as pounds become harder and harder to come by at ‘low prices’. Utilities also sign longer term contracts, or at least they likely will do so in greater volume as the price moves up, while Sprott is focused on front curve delivery of closer to a few months (they strive for 3) per purchase. In recent updates I have shared the importance of this front month delivery, as it makes sure that there is a consistent bid in the market. If Sprott would be taking delivery further up the curve, we wouldn't be seeing the price action we are seeing right now, so they got the right strategy going in that regard, which is promising to see.

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Another thing that I saw come up, was the fact that Sprott bought some pounds off of CGN, which would seem odd as they are holders of a strategic reserve that wouldn’t normally be for sale, especially not at these prices. I did a deep dive into this and those uranium pounds may be from their trading arm, CGN Global Uranium in London. Originally, those pounds are earlier purchased spot rather than the products from their mines.

Regarding why they chose to sell those now, it appears to be purely a commercial decision made by the management of CGN. It is too detailed for them to disclose the rationale behind it. This is understandable and it is good to see that those pounds were not part of the strategic reserve, but rather from the trading side of things.

On the interview there was also an interesting topic that was raised regarding the potential for utilities, trader or other parties to use the vehicle to hedge against rising uranium prices. John mentions that it remain to be seen what role the vehicle will play in that regard, especially as it becomes more liquid. He does think it could play a potential role for different market participants, as there isn’t a liquid futures market and not a lot of ways to gain direct exposure to the underlying commodity.

There is hope that the trust can potentially facilitate that. There have of course also been other market participants who have been buying physical pounds and storing those as well, but Sprott may just offer a competitive alternative to this option. What will this do? You guessed it, open the door for even more capital to flow into the trust and continue that cycle of purchasing pounds and pushing up the price. It presents a liquid and easy to invest in vehicle for bigger participants and there seems to be no reason why they wouldn’t want to participate.

As Nick mentioned in our most recent chat, it is probably one of the best risk/reward propositions out there and to quote him, I think “MOAR” will pretty much be the goal the larger this fund grows and additional capital comes into this market.

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Now, after all is said and done, what could be the end game for this vehicle. After all, we know that uranium is a cyclical industry and there will always be a time to sell. This is very true for the equities, but as the cycle turns so will the impact come for Sprott to act upon the turning of the cycle, whether they would like to do so or not. That is simply how markets work, so it is good to prepare accordingly for when the time comes. As of right now, which is likely obvious from what I wrote on the previous 9 pages, their intention is not to sell pounds into the market even during times of weakness.

They want to keep the fund scaled and liquid and will look to use the cash in the fund to pay the expenses. It bears reminding that they rarely sell any metal out of their other trusts and it does not look like that will be different here, especially given that uranium is a bit more difficult to take delivery off as a retail investor as opposed to a bar of silver. This closed end fund structure is what will allow for more efficient growth in my opinion, which is what we want to see.

Because they don’t have a redemption option at this point, at least not according to the paperwork they released, Sprott will have to go about and really plan to make sure this doesn’t become an issue. One way to go about this is to adjust by volume, which is put in a great way by Andrew. Sprott can decide on any given moment whether they would like to engage in the market or not, which gives them the flexibility that is needed to really get that operational efficiency that I mentioned above. With so much experience doing exactly that and with the same sort of structures, I think we can rest easy knowing Sprott can handle what comes their way with the team they have in place.

All in all, I couldn’t be more enthusiastic about the proposition that Sprott brings to this market. They appear to have arrived at the right place at the right time and offer something this market has not seen before. They have already bought around 2.7 million pounds within the first 2 weeks, still have cash reserves and are trading at a multi digit premium to NAV at the time of writing. There is much more on the way and while there are still some question marks here and there, those too will probably be resolved in time and I hope this write up has helped paint a clear picture of this game changing vehicle. Now, onto a few other topics that require coverage as well and I promise they won’t be as long as this one.

KAZATOMPROM LOOKING TO PURCHASE ADDITIONAL MATERIAL

Sprott isn't the only player in the spot market. The biggest uranium miner in the world is quoted to have been looking to purchase additional pounds of uranium in the spot market as well, as to make sure that its inventories are at adequate levels to meet sales commitment moving forward. This will likely add to the pressure on the spot price that is already being put there by Sprott and Cameco, as well as others that are buying physical pounds further up the curve. This pressure has seen spot prices put in a healthy rally over the past few weeks and I wouldn’t at all be surprised to see Spot reach at least 40-45 dollars before Q4 is over. That may have been a ‘hot take’ just a month ago, but given recent development it certainly doesn’t feel like it now, but it will be very positive for the equities as we move forward.

As for Kazatomprom’s role in this in particular, as per the WNN, Kazatomprom's uranium production for the first half of 2021 was 10,451 tU on a 100% basis (5864 tU attributable), comparable to the same period of 2020. However, inventories have fallen year-on-year: the consolidated group inventory of finished U_3O_8 products as of 30 June 2021 was 8864 tonnes, 20% lower than at 30 June 2020, while at the company level, the inventory of finished products was 6773 tonnes, 26% lower than June 2020.

This decrease in inventory was mainly related to a higher sales volume in the first half of 2021, and a lower inventory level at the beginning of 2021, the company said, but added that inventory could fall below its targeted level of about six to seven months of annual attributable production in 2021 and 2022, due to COVID-related production shortfall. "Several transactions to purchase material in the spot market were carried out, and the company may buy additional material in the spot market during the second half of the year in order to keep its inventories within the targeted range and to meet sales commitments for the rest of 2021," it said.

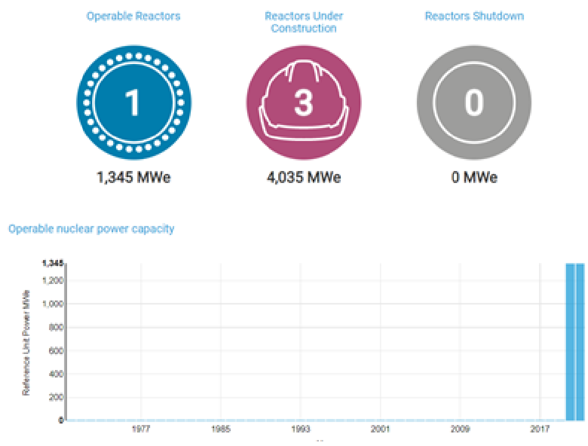
As a quick addition to this as well, Mazhit Sharipov, who is currently Kazatomprom's Chief Nuclear Fuel Cycle Officer, is to be appointed as acting CEO on Pirmatov's departure from the role on 2 September, the company said today. Pirmatov, who has been CEO since August 2017, is leaving to pursue another opportunity, the company said.

ANOTHER REACTOR IS STARTED UP IN THE UAE

The UAE's nuclear power plant has started up its second unit, just four months after commercial operations began using the first reactor. Emirates Nuclear Energy Corporation and its operating subsidiary, Nawah Energy Company, said on Friday the second unit at Barakah had been switched on successfully. "This highlights the significant progress being made in bringing the four units of the Barakah Plant online, in a safe and timely manner, to quickly decarbonise the UAE's energy sector," a news release read. Start-up is the first time the unit produces heat through nuclear fission. The heat is used to create steam, turning a turbine to generate electricity.

Its power generation will significantly reduce the country's use of gas-fired power stations to generate electricity. Once fully up and running, the four reactors will meet about 25 percent of the country's energy needs. "We have reached another major milestone in the delivery of the UAE's peaceful nuclear energy programme today, as part of our journey to power the UAE with clean, abundant 24/7 electricity," said Mohamed Al Hammadi, chief executive of Enec. "The Barakah plant supports the sustainable growth and prosperity of the nation. With the start-up of Unit 2, we are now almost halfway to achieving our goal of supplying up to a quarter of our nation's electricity needs and enabling sustainable growth and, in parallel, achieving UAE climate change targets."

As you can see below, once all reactors finish construction and come into operation, they will provide a significant amount of nuclear power to the grid. They will also consume roughly 2.6 million pounds of uranium per year, with an initial fuel load of over 5 million pounds needed for the initial startup. This is no insignificant amount of pounds and will be added to the demand side models, further widening the projected supply/demand gap in the years ahead.



GHANA PROJECTED TO START PRODUCING NUCLEAR POWER BY 2030

In one of the previous newsletters I had stated that African countries with a quickly growing and developing population, such as Egypt, Nigeria and South-Africa, could be large consumers of uranium in the future due to an adaptation of nuclear power as a reliable energy source for the population in said countries. Ghana is another one of those countries that is exploring the option of nuclear power in its near future, as was described by a local news outlet. Before I go over what they spoke about, I will mention that it needs to be taken with a grain of salt, as timelines can often shift and usually take longer than first projected when it comes to maiden nuclear power projects (which is recognized by the Nuclear Power Ghana group as well). Having said that, it is good that it is discussed in a positive manner and that action is taken in the right direction.

Executive director of Nuclear Power Ghana (NPG), Dr. Stephen Yamoah, has indicated that the country will start producing nuclear energy by 2030, to add to the existing baseload options. He said the NPG, which is the owner and operator of Ghana’s first proposed nuclear plant, has already completed the first phase of the three-stage project, which entails planning and preparation to have a better appreciation and understanding of what it takes to develop a nuclear project.

“We did further studies and planning and in-depth analysis of the various studies, by the end of phase two we hope to have identified the vender, we hope to have settled on the site where we will put the power plant and if we have not concluded with the contract arrangement, almost ready to complete it,” he noted. Mr. Yamoah said per the road map the NPG is working with, phase two is expected to be completed around 2024-2025 for the phase three, which is the project phase involving the construction of the power plant to be ushered in.

Mr. Yamoah said the country has been dependent on hydro energy for its base load options for long, indicating that with the industrialisation and the economic growth policies of the government, it is important to ensure that its energy is stable and reliable and, “that is what nuclear brings to our energy sector to ensure security, reliability, sustainability and affordable tariffs. With nuclear energy, once you are in operation it will take between 18 to 24 months to run maintenance so that it provides stability for industries to expand and produce more to employ people to generate income for the overall benefit of the economy".

SUPPORT FOR INTERIM STORAGE FACILITY IN SWEDEN

Nuclear power is a big part of the Swedish energy grid and currently represents approximately 40% of the national power supply. In total their reactor fleet has an operating capacity of almost 7 GW and that means it consumes roughly 3 million pounds of uranium every year, which is about the same as what Sprott have been buying over the past couple of weeks. Now how is that for a bit of context. Enough about that one though, because these reactors have been running into some storage related trouble recently according to nucnet. However, a solution appears to have been found as it currently stands.

Sweden's government has approved plans to expand capacity at the central interim storage facility for spent nuclear fuel (Clab) in Oskarshamn, heading off the risk that the country's commercial power reactors would have to be shut down in 2024. Utilities Vattenfall, Uniper and Fortum, which operate the reactors, warned this month that Clab would soon be full and Sweden's six reactors at three nuclear stations – Forsmark, Oskarshamn and Ringhals – might have to shut down as a result.

"The government decided today to allow an expansion of capacity at Clab," news agency TT reported environment minister Per Bolund saying. Johan Dasht, chief executive officer of nuclear fuel management company SKB, operator of Clab, said the company found it difficult to understand why the government has approved the expansion of Clab without making a decision on a final repository and the "entire disposal system". He said: "This means increased risks of Clab becoming full before we get all the permits in place".

He said Clab is part of a coherent system and warned that the government is getting ahead of Oskarshamn municipality, which has opposed increasing capacity at Clab without a decision on a final repository. SKB has said key organisations, including regulator SSM, want the applications to be considered together. Sweden has still to decide on long-term storage of nuclear waste. SKB filed an application for a permit to build the repository in 2011 after a site at Forsmark – close to the Forsmark nuclear power station and about 140 km north of Stockholm – was chosen in 2009. The application also includes plans for an encapsulation plant in Oskarshamn. In 1980, Swedes voted to phase out nuclear power, but increased demand for energy and the need to address climate change led to a change of tack and in 2010 parliament agreed to the continued operation of existing reactors as well as leaving open the option of their eventual replacement. Let's hope that this is the start of a step in the right direction for a renewed and increased focus on nuclear power in Sweden.

GLOBAL ATOMIC CONFIRMS 90% OWNERSHIP OF DASA PROJECT

When searching for the most promising juniors in the uranium sector, you will land yourself at a few names that immediately spring to the forefront. Global Atomic is most definitely one of them and they have now become even more of an attractive proposition with the confirmation that it now owns a 90% equity interest in their flagship Dasa project. The other 10% equity interest, as is decreed under the mining code, will be held by the Republic of Niger. The Dasa project is projected to be a low AISC per pound asset with a quick road to projection in the years ahead, with a real possibility that it may be brought into production within the realms of the uranium cycle we find ourselves in should it move into the 2024 time period. For those looking to add to their position in Global Atomic, or establish a new position, I really like this company around the 3-3.10 CAD mark and waiting a few weeks for a bit more weakness could prove to be a prudent strategy.

As per their news release, Minister Yacouba also expressed the Government's confidence in Global Atomic to bring the mine successfully into production and deliver direct benefits to the Republic through taxes, royalties and their 10% ownership interest and, indirect benefits through employment of mine workers and in country procurement of mine supplies and services. The Minister also noted the Company's exemplary record on Environmental, Social and Governance issues and pledged the Government's full support for the Dasa Project.

Stephen G. Roman, President and CEO commented, "This confirms our decision to enter Niger in 2005 in search of uranium deposits. We appreciate Niger's proactive support for mining and uranium mining in particular, which has been a significant part of the country's economy for 50 years. The Niger Government has supported our extensive exploration programs over the past 16 years, encouraged our development plans, and at the end of 2020 granted our mining permit in less than three months after we submitted our application. We look forward to having the Government as our partners in the high-grade long-life Dasa Project. We plan to bring the 12-year Phase I of the Dasa Project into full production by the end of 2024 and add subsequent Phases to extend the life of the mine for many decades."

It is looking very positive for the company and they are poised to take up a substantial part of the prospect portfolio that I will be sharing on the Codex soon as well, after which I will try to provide more recurring updates on the companies that are on that list.

BROAD MARKET OVERVIEW

At the time of writing, we have seen some massive moves in the uranium equities space and since the update where I mentioned the uranium equities being a “great buying opportunity” they are up 20-50% across the board and there is more fuel in this tank for higher highs, so look out above. I hope that some of you were able to take advantage of this correction and for those who would like to scale in further, I think there may just be another good opportunity on the horizon before the end of the year. In that update and the newsletter that came after, I discussed the possibility of macro headwinds in the coming months that could stop this rally, or perhaps even reverse it depending on the severity. With the dollar (in my view) poised for a rise to higher highs around 96-97 later this year and potentially more macro headwinds, a reversal could be on the cards at some point. This of course doesn’t mean you should sell out and try to buy the dip, as the equities could well run another 30-50% before the next significant correction and that wouldn't be surprising. However, I think that amidst the excitement and great prospect of the coming years (I have never been so bullish on the sector and it pains me to even try and be cautious at this point to be fair), it may be good to be prepared for any weakness if it occurs. If and when it does, I will likely also be buying more and alert everyone of any new moves that are being made.

As was discussed above, the general equities markets may endure a big hit in the coming months, but that will likely be met with massive stimulus from the FED to prop up the market and supercharge everything for a final run upwards. My guess for a bigger correction is still around Q2 of next year and we will prepare accordingly for it here on the Codex, so stay tuned for updates regarding that. Gold and silver will also likely be prime beneficiaries of this upwards momentum, but not before what I feel like will be a final washout low, akin to a June 10th-June 18th scenario of this year. If gold and silver clear 1870 and 28 respectively and close above, the risk of that washout happening decreases substantially. I am holding on to my precious metals equities regardless of the path this takes, so no change of strategy in that regard as of right now. With regards to oil, we may experience some weakness in that department as well if we see the macro headwinds mentioned above. Oil equities may show some more weakness before the next leg higher and the only one that I am considering adding to during this weakness, is Pantheon Resources if it stays under 60 GBX.

That marks the end of this week’s newsletter, I hope you enjoyed reading it and you can count on a lot more insight in the coming months when I visit the WNA conference and I have more interviews planned with some great folks. Thanks for reading and I hope you have a good and healthy weekend, cheers!

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