

Return of Nuclear Power to Japan Pushes Uranium Stocks Higher

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VANCOUVER, British Columbia, March 11, 2014 (GLOBE NEWSWIRE) -- A cynic might attribute Japan's recent announcement that it will bring the country's 48 commercial reactors (and possibly build more) back online to the fact that importing oil and gas as a replacement for lost nuclear power generation resulted in a \$200 billion trade deficit. As well, individual power bills shot up 50% since March 2011. Frankly, cynicism aside, not sure what other choice would work, both short and long-term.

Be that as it may, for business, Japanese PM Shinzo Abe's 'Basic Energy Plan' announcement begins to lift the pall that has swamped the uranium market since Fukushima and while not a slam dunk just yet for U308 miners, the news did drive global uranium proxy Cameco to flirt with it's 52-week high of \$24.50.

Interesting to note that George Soros upped his stake in Cameco last quarter to hold \$55.4 million worth of the Canadian global uranium behemoth.

"Argentina is not a name that immediately comes to mind, as yet, in the global uranium market," stated Sean Hurd, President and CEO of [Blue Sky Uranium Corp.](#) (TSX-V:BSK) in an exclusive interview with [Financial Press](#). "Our large 500,000 hectare (1.1 million acre) property portfolio in the Patagonia region of the country makes us, through successful exploration, both a potential supplier to Argentina's 3 current reactors as well as a viable global player. We are confident that investors will choose the Company due to our properties' potential and our low capex—compared to Canada's Athabasca and other regions-- as well as the burgeoning uranium price renaissance."

While capex issues are important, Athabasca also has some great juniors, including Fission, Skyharbour, Next Gen and Alpha Exploration.

With the spot price still idling at a low of \$35.50, the levels last seen in 2005, analysts are constructive on the price direction. Two years after that previous low, uranium hit a record \$140 in 2007. The looming supply deficit, forecast to hit in earnest by 2019 and beyond, is likely still valid as demand is obviously picking up quickly. New deposits would likely be welcomed as Asia builds out along with Pakistan et al.

And with U308 at these prices, a favourable—read low-- capex is also something investors want to watch for.

Argentina is a very interesting story. The country has three reactors, but currently imports all of its uranium, as it has no domestic supply. Yet. In that country alone, demand is expected to double to 220 tonnes a year by 2025. A supportive government, excellent infrastructure, skilled labour and minimal environmental risk makes the area a true up and comer at a time when new supply—particularly low cost-- is critical.

Enter Blue Sky Uranium.

Sean Hurd leads a management team that is entering its 3rd decade of South American and particularly Argentina exploration experience. The Company recently signed an MOU (Memo of Understanding) with Areva, the second largest uranium producer in the world to explore for uranium. Throughout 2012 and 2013 all exploration conducted by Blue Sky Uranium has been funded by Paris based AREVA Mines.

Funding of up to two projects by AREVA will earn the global giant 51% interest in those choices. The levels are \$3 million for one project, \$4 million for two. Blue Sky retains 100% interest in all other projects.

China's Yangjiang nuclear site in Guangdong began construction on the sixth reactor in December. The first two on the site are close to start-up. This project was also delayed by Fukushima, but appears on track after that hiatus. On February 27th, The Government of Pakistan announced it would be building 32 reactors on 9 sites around the country. The goal is to generate up to 25% of that country's power needs. These are big projects. These and others will need a lot of uranium.

Independent nuclear industry analyst Canon Bryan stated: "A number of new nuclear builds recently announced were not among those that were tabulated in the official projections. As with Pakistan and India, these announcements simply came as a surprise, and I believe more large and substantive announcements will materialize in the years to come, and cause the macroeconomics of the uranium market to be sharply recalibrated."

Even with the potential of rising prices, it is important to consider cost factors in case that \$35 lingers for a while. As noted in Dundee Wealth's February 3rd Uranium Sector Note:

"We do expect prices to rise, and relatively quickly when they do. But for now, uranium prices are not only too low to incentivize new builds, but has gone the extra step and forced companies to preserve cash, defer expansions, shut down mines and even cancel projects. The list of examples is long and that is the driving force for the mid to long-term strength in uranium prices that we expect. In the meantime, nuclear build remains robust in China, Russia, United Arab Emirates, and elsewhere, while slowing in the US."

Investing 101: While it's important to play the uranium sector for potential price rises, it is equally important for investors to position in situations that will do well at these price levels too. Blue Sky fits that scenario.

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