

# Uranium Participation Corp. Reports Financial Results for the Quarter Ended May 31, 2019

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TORONTO, June 26, 2019 - [Uranium Participation Corp.](#) ('UPC' or the 'Corporation') today filed its Financial Statements and Management's Discussion & Analysis ('MD&A') for the period ended May 31, 2019. Both documents can be found on the Company's website ([www.uraniumparticipation.com](http://www.uraniumparticipation.com)) or on SEDAR ([www.sedar.com](http://www.sedar.com)). The highlights provided below are derived from these documents and should be read in conjunction with them. All amounts are in Canadian dollars, unless otherwise noted. View PDF version.

Selected financial information:

	May 31,	February 28,	November 30,	August 31,
	2019	2019	2018	2018
Net asset value (in thousands)	\$ 587,731	\$ 655,778	\$ 687,949	\$ 609,302
Net asset value per common share	\$ 4.26	\$ 4.75	\$ 4.98	\$ 4.41
U <sub>3</sub> O <sub>8</sub> spot price <sup>(1)</sup> (US\$)	\$ 24.10	\$ 28.00	\$ 29.10	\$ 26.20
UF <sub>6</sub> spot price <sup>(1)</sup> (US\$)	\$ 80.50	\$ 87.00	\$ 89.25	\$ 79.85
Foreign exchange rate (US\$ to CAD\$)	1.3527	1.3169	1.3301	1.3055

(1) Spot prices as published by Ux Consulting Company, LLC ('UxC').

## Overall Performance

The net loss for the three months ended May 31, 2019 was mainly driven by unrealized net losses on the revaluation of investments in uranium of \$66,848,000, and operating expenses of \$1,350,000.

Unrealized net losses on investments in uranium during the three months ended May 31, 2019 were mainly due to the decrease in the spot price for uranium. The spot price decreased during the quarter from US\$28.00 per pound U<sub>3</sub>O<sub>8</sub> and US\$87.00 per KgU as UF<sub>6</sub> at February 28, 2019, to US\$24.10 per pound U<sub>3</sub>O<sub>8</sub> and US\$80.50 per KgU as UF<sub>6</sub> at May 31, 2019. The unrealized net loss on investments in uranium was partly offset by the 3% increase in the U.S. dollar to Canadian dollar foreign exchange rate in the quarter.

UPC's NAV per share decreased to \$4.26 at May 31, 2019, from \$4.75 at February 28, 2019. Total equity decreased to \$587,731,000 at May 31, 2019, from \$655,778,000 at February 28, 2019.

## Current Market Conditions

During the three-months ending May 31, 2019, the spot price declined from US\$28.00 per pound U<sub>3</sub>O<sub>8</sub> to US\$24.10 per pound U<sub>3</sub>O<sub>8</sub>, as a result of very limited demand in the market during the period. Industry consensus is that most utilities, particularly those in the United States ('US'), remain reluctant to make significant purchase decisions prior to learning the outcome of the ongoing Section 232 trade petition in that country.

The process associated with the Section 232 trade petition advanced during the quarter, with the US Department of Commerce ('DOC') submitting the results of its investigation to the White House on April 11, 2019. From the date of the receipt of the report from the DOC, the US President has 90 days to evaluate the findings and make a decision on whether uranium imports are detrimental to US national security and if a trade related remedy should be implemented. In mid-May 2019, however, additional uncertainty regarding the timing of a decision was introduced when it was announced that President Trump would delay a decision regarding tariffs on auto imports &ndash; another case that is being reviewed under Section 232 &ndash; by 180 days. The decision on uranium could similarly be delayed, which could extend the state of uncertainty that has dominated the uranium market in recent months.

On the uranium demand front, a number of positive indicators continue to emerge. At a recent nuclear conference, the Chairman of India's Atomic Energy Commission and Secretary of the Department of Atomic Energy ('DAE') reinforced that country's aggressive pursuit of new nuclear power plants in order to improve the reliability of the country's power supply for both industrial and residential users.

In Taiwan, sentiment toward the nuclear power industry has also taken a positive turn. In May 2019, the country passed an amendment to eliminate the 'Nuclear Free Homeland 2025' mandate that was imposed by the anti-nuclear Democratic Progressive Party in early 2017. This amendment has opened the door for positive future decisions to be made regarding extending the lives of existing nuclear power plants in the country, as well as the possible completion of the Lungmen nuclear power plant, where construction was halted in 2014.

Also in the quarter, South Korea's Korea Hydro & Nuclear Power ('KHNP') announced the successful start-up of its Shin Kori 4 nuclear power plant. Initial criticality was reached on April 11, 2019, and the unit was connected to the grid on April 22, 2019. The Shin Kori 4 unit is a 1,400 MWe APR-1400, which is the same design as those currently under construction in the UAE at the Barakah nuclear power plant. It will begin supplying electricity in January 2020.

Another source of positive news came from Xcel Energy Inc. ('Xcel'), a nuclear utility in the US. In May 2019, Xcel announced it would retire its last two coal plants in the US Upper Midwest a decade earlier than scheduled, and at the same time extend the life of its Monticello nuclear plant by another decade to 2040.

In Germany, the government has received escalating calls from several of the country's most prominent business leaders to delay the country's plans to implement a full-scale nuclear phase-out by the end of 2022. Volkswagen CEO Herbert Diess was among those who have emphasized the importance of nuclear power, highlighting that Germany needs to run its nuclear power plants longer if climate protection really matters to the country.

Not all the nuclear utility news during the quarter was positive. Exelon Generation, a US reactor operator and subsidiary of Exelon Corp., announced in May 2019 that Unit 1 at its Three Mile Island nuclear power plant in Pennsylvania will definitely shut down by September 30, 2019. The company had disclosed previously that it would shut down the reactor prematurely as it was unable to compete with the low price of natural gas and subsidized renewable energy. Exelon Generation had petitioned, unsuccessfully, to receive state subsidies to recognize the environmental benefits of nuclear energy.

Additionally, news emerged from Japan that could lead to the temporary closure of some or all of the nine nuclear reactors that have been restarted to date. The country's Nuclear Regulation Authority ('NRA') previously set out rules whereby nuclear reactor operators were given five years from the date of the approval of the initial reactor restart plan to complete anti-terrorism protection work on each reactor's emergency facilities. Each of the three utilities currently operating units in Japan &ndash; Kansai, Kyushu and Shikoku &ndash; have said they require between one to two and a half additional years to complete the work; however, the NRA has indicated that it will not extend the deadline. Accordingly, if these utilities are unable to shorten their timelines, and the NRA is unwilling to reconsider its position, temporary closures could follow.

On the uranium supply front, news of further production shutdowns has surfaced again. Niger's Ministry of Mines has confirmed operations at the Cominak mine could close soon as a result of the current low uranium price environment. Cominak produced 2.9 million lbs of U<sub>3</sub>O<sub>8</sub> in 2018, down from 3.5 million lbs U<sub>3</sub>O<sub>8</sub> in 2017. Further, in Namibia, Rio Tinto PLC has indicated that its Rössing Uranium Mine could close by June

2020 if the operation's sale to China National Uranium Corp. is not completed.

In an interesting market development, a new financial interest in the nuclear industry emerged during the period, when the Horizons Global Uranium Index ETF was launched in May 2019 by Horizons ETF Management (Canada). The new uranium ETF trades on the TSX (HURA) and includes a basket of global uranium industry issuers, including the Corporation.

#### Outstanding Share Data

At June 26, 2019, there were 138,060,713 common shares issued and outstanding. There are no stock options or other equity instruments issued and outstanding.

#### About Uranium Participation Corporation

[Uranium Participation Corp.](#) is a company that invests substantially all of its assets in uranium oxide in concentrates ('U<sub>3</sub>O<sub>8</sub>') and uranium hexafluoride ('UF<sub>6</sub>') (collectively 'uranium'), with the primary investment objective of achieving appreciation in the value of its uranium holdings through increases in the uranium price. Additional information about Uranium Participation Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on [Uranium Participation Corp.](http://www.uraniumparticipation.com)'s website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com).

#### Cautionary Statement Regarding Forward-Looking Statements

Certain information contained in this press release constitutes forward looking statements or forward looking information. These statements can be identified by the use of forward looking terminology such as 'may', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'should', 'believe' or 'continue' or the negative thereof or variations thereon or similar terminology. In particular, this press release contains forward-looking information pertaining to the value of the Corporation's investments and expectations regarding uranium spot prices and uranium market factors, including expectations regarding uranium production levels, reactor restarts, levels of uncommitted utility reactor requirements, anticipated market supply and demand, the development of new nuclear power projects, the potential impact of international trade actions, and other statements regarding the outlook for the uranium industry and market.

By their very nature, forward looking statements involve numerous factors, assumptions and estimates. A variety of factors, many of which are beyond the control of UPC, may cause actual results to differ materially from the expectations expressed in the forward looking statements. For a list of the principal risks of an investment in UPC, please refer to the 'RISK FACTORS' section in the Corporation's Annual Information Form dated May 6, 2019 available under UPC's profile at [www.sedar.com](http://www.sedar.com). These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward looking statements. Although management reviews the reasonableness of its assumptions and estimates, unusual and unanticipated events may occur which render them inaccurate. Under such circumstances, future performance may differ materially from those expressed or implied by the forward looking statements. Except where required under applicable securities legislation, UPC does not undertake to update any forward looking information.

SOURCE [Uranium Participation Corp.](#)

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