A lack of value M&A in the uranium sector

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After oversupply from the past high uranium price environment and post Fukushima, the uranium mining sector has been undercapitalized and no meaningful value mergers and acquisitions have been successfully completed during lows in price and sentiment.

Like any other extractive sector, project assets that are obtained during poor price environments have the best value potential for companies who look to develop projects and/or build their project pipeline during price improvement. During the low price and low sentiment period from 2016 until recently, little to no M&A work has been completed. This concept has been nearly absent from sector participants, including majors Cameco and Kazatomprom, further to the junior sector too. For a company like Cameco, it is about replenishing mineable resources. For a new junior looking to build a company, it is about building a portfolio of projects with merit to grow the company and maximize total value. While attracting capital has been difficult, it has not been impossible. We can provide numerous examples to illustrate our point about value M&A, whether we talk about copper, gold, or uranium. On the uranium side, the most notable highlight was that of Paladin during the last cycle when it acquired what would become the Langer Heinrich uranium mine for a small sum of $15,000 AUD in August 2002. The record shows that Paladin later became a multi-billion dollar company with a value attributable to Langer Heinrich of at least $1 billion. This is an extraordinary example of acquiring assets when nobody wants them and executing on a value strategy during a time in the market where nobody is paying attention. So we challenge the real people in the uranium mining sector to pay attention, be prudent, and take a focused approach toward M&A to better the future of their company by executing on value mergers & acquisitions that will provide multiples of value in the coming years.