Three Ways to Invest in Uranium Now, Before Prices "Go Nuclear"

An Investment U White Paper Report
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World leaders have pledged to more than double the current nuclear energy output within the next 20 years. With the global economy zooming along at breakneck pace – led by China with its 10% annual growth rate – and with the world's population poised to jump by 3 billion during that timeframe… Nuclear power is getting hotter by the minute.

But why are countries around the world suddenly turning to nuclear?

Just take a look at the alternatives…

- *Oil is too expensive...* Oil is up more than 100% over the past 3 years, and the International Energy Agency recently said that only enough fossil fuel reserves existed to meet demand through 2030.
- *Coal is too dirty…* Coal is the "dirtiest" fuel on the planet. Coal-fired power plants alone produce 10% of the world's greenhouse gases, while wasting more energy than they generate…
- *And "green-friendly technologies" just aren't ready…* Wind and solar power can't generate the 1,000-plus extra gigawatts of electricity that nuclear power can put out over the next few decades.

No wonder nuclear power – much cleaner and more efficient than oil or gas – is suddenly seen as the "non-greenhouse gas-emitting power source that can effectively replace fossil fuels and satisfy global demand," according to Greenpeace founder Patrick Moore.

But here's the problem…

The yellow stuff that drives almost every reactor in the world – uranium – has reached a supply gap that dwarfs the wildest dreams of the most successful oil or coal investors. In fact, worldwide uranium demand already exceeds supply by 139%, and it could take a decade or more before mines are able to crank up production.

No wonder prices have jumped almost 500% in five years, from just $7 a pound in 2000 to well over $40 today. But with demand, especially from China, outstripping supply by tens of millions of pounds a year with no end in sight, prices should continue to skyrocket.

So how can you invest in this burgeoning market? This report will show you three proven strategies for *investing in uranium* to maximize your profit potential.

Uranium Strategy #1: Follow The Money… From China…

China's amazing run of growth stands to explode the rapidly charging uranium market even more than the prolific gains in oil over the last few years.

A few savvy investors made truckloads of money when the Chinese demand to expand caused worldwide supply gaps in everything from oil and natural gas to concrete and Cuisinarts. A few other examples:

- China's insatiable demand for steel caused prices to double, and savvy investors made 553% on international Mittal Steel Company in just 13 months…
- China's copper requirements pushed Phelps-Dodge, the world's largest miner, up 253% in 16 months…
- China needed coal, and those who got ahead of the soaring demand made 268% on Fording Canadian Coal…
- China demanded aluminum to supply its soaring appliance and auto factories – and Empire Resources lit up 1,257%…

The Chinese boom hit the commodity market like an H-bomb, and yet the People's Republic recently committed $50 billion to build more than 30 new reactors. The project means China will enjoy 11% of the world's nuclear energy capacity – a 360% increase.

It still isn't nearly enough. Not by a long shot. *Wired* magazine reported that Chinese scientific advisers estimated the country's short-term nuclear power needs at "300 gigawatts, not much less than the 350 gigawatts produced worldwide today."

All these new reactors will have one thing in common: they need fuel. If you're wondering how big China's demand for uranium is growing, consider this:

Imports of this uranium to China are due to increase from 2.5 million pounds per year to 44 million pounds per year, according to the Australian Foreign Ministry, with whom China's been negotiating. That's an increase of 1,760% … and it equals nearly one-quarter of the world's fuel.

In bottom-line terms, the Chinese government spent $72 million on uranium in 2005 … and stands to spend $119 BILLION in the coming months.

The result: an exploding supply gap that has never before been seen in peacetime.

And for savvy investors, that means identifying

Why The Right Uranium Stocks Could Shoot Even Higher…

When it comes to commodities, the "law of leverage" applies in spades. As the commodity moves, so jumps the underlying stock. That means you could turn the shortage in uranium into huge profits by investing in the stocks that are best positioned to soar as uranium climbs in value.

Commodity prices have significant leverage power on stocks… and that's the case with uranium, too.

Although the cost to produce a commodity doesn't change, as the price spikes each ounce becomes exponentially more profitable – and companies line their pockets with profits for shareholders. For instance:

- In the gold market, during the three years ending March 2006 the price of gold popped 70%, yet Miramar Mining popped 200% in the same three-year timeframe… and Tan Range Exploration jumped a whopping 650%.
- Now look at oil… From January 2003 on, oil prices jumped 100%. Yet, industry leader Sunoco climbed 545% in three years… and Valero rocketed 645% in the same span.
- One more example: As the People's Republic gobbled up imports to make refrigerators and engine blocks, the price per pound shot up 70% in four years. Yet, Empire Resources in Fort Lee, NJ jumped 1,257%, making it one of the fastest growing stocks in the U.S. It leveraged out to nearly 17.9 times the gain of the underlying commodity. Investors got filthy rich…

Frankly, no analyst can know anything for sure in investing, or exactly how high the price of uranium will climb. Or whether the leverage factor will run 6, 10, 18 times or higher…

companies that are not only producing uranium… but that are optimally positioned to sell that uranium to China.

Uranium Investing Strategy #2: Look to the Mines, Because They'll Sell Everything They Produce

The main reason uranium investing could pay megabucks compared to already-proven oil runs is that the oil "shortage" is – for the time being – a shortage in name only… In a manner of speaking, the oil "shortage" pales when compared to the uranium shortage… And since supply and demand always drives prices for commodities… that could make uranium a far more lucrative play…

Consider…

While OPEC keeps the oil supply tight, reserves low, and prices high, the fact remains: there is enough oil to go around.

Says industry analyst Mark Whistler: "When the world demands more oil, OPEC simply drives the price up and then turns on the spigot. And non-OPEC oil producers follow suit."

In other words, when demand for oil reached an all-time high in 2005, totaling 83.7 million barrels a day, the world's supply jumped to 84.1 million barrels a day…

In 2006, according to the Energy Information Administration, oil demand will reach 85.3 million barrels a day. Supply will total 85.4 million barrels…

- 2007 Demand: 87.2 million barrels
- 2007 Supply: 87.3 million barrels

But uranium miners can't take the ore out of the ground nearly as fast as the demand has grown. In 2004, the world could only produce about half the uranium consumed.

Demand has outstripped supply by 139%, and it's growing by the day.

In fact, uranium production is near an all-time low. The reasons are simple: After the Cold War, nuclear arms production ground to a halt. There was enough uranium to feed existing reactors for many years. And, in 1993, the U.S. signed a deal with Russia to feed U.S. nuclear reactors from dismantled Russian warheads.

So uranium prices fell … It became economically unfeasible for companies to speculate on new mines or processing operations. The market just dried up…

But now ready-to-use uranium is at an all-time low, and uranium producers haven't moved nearly fast enough to take advantage of the soaring demand. The commercial reserves that were expected to fuel reactors for "many years" fell by more than 50% in less than 20 years, according to International Nuclear, Inc.

Unlike oil, there just isn't enough uranium to go around … and so the market forces that quintupled the price of uranium in the last five years show no signs of slowing down.

And the World Nuclear Association estimates that it will take eight years for a new mine to go "online" and produce quality uranium, assuming that the company can find a viable supply to mine. This puts an extra-high premium on the biggest and most efficient uranium mines that already have plenty of capacity in place.

Strategy #3: Keep An Eye On Alternative Nuclear Fuels…

As uranium prices push still higher, a new fuel for nuclear reactors sits on the horizon. Thorium, a close cousin of uranium, is cleaner and safer than current nuclear fuel, and more of it can be extracted from the ground.

In fact, according to the World Nuclear Association, the mineral has more potential to create electric power than any on Earth!

But… supporters, including the International Atomic Energy Agency, have stayed mum in public circles about the future of thorium use, which could get smart investors in on the ground floor of a nuclear revolution.

Thorium is to nuclear reactors as unleaded gas is to cars. Right now, most reactors use uranium, just like in the 1970s automobiles were fueled by leaded gasoline. Eventually, though, oil producers and car manufacturers figured out that unleaded gas was simply a cleaner and safer solution.

Because thorium is both more abundant and more usable than uranium – all thorium mined can be used in the nuclear process, compared to just 0.7% of natural uranium – scientists say the nuclear tide is turning. Some nuclear countries already are planning their new reactors around an eventual switch to thorium, United Press International has reported.

And, because the fuel makes far less toxic waste, such as plutonium, for power plants to throw away, thorium could soon become the cost-efficient option for nuclear power. That might explain why the U.S. and Russian governments have been collaborating in developing the fuel for mass use, in the process pouring tens of millions of dollars a year into the project.

Conclusion on Uranium: Triple Your Investing Returns with the "Next Great Commodity Boom"

Uranium is on a tear that could put the other commodities to shame. In essence, worldwide demand, starting with China, is creating the largest single fuel shortage of our lifetimes.

But the shortage is getting worse, with no spigot to turn on and no magic spell to extract the stuff out of the ground.

Even at modest estimates, investment returns on the right companies are likely to run into the triple and perhaps even quadruple digits in the coming months. And for investors who are interested in making those kinds of returns, the time to jump on the uranium bull is now.

Action to Take: For more information on the shortage in uranium, including the best ways to play it, read this free report from The Oxford Club.

Good investing,

Mike Gimignani and the Investment U Research Team

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