

ISR Re-Starts (EU & PENMF)

Where Are the Remaining Uranium Re-Starts Coming From ?

Event

Though we expect total uranium supply to grow by a mere ~1% from FY/2023 to FY/2024, we are forecasting healthy mine supply growth in that same timeframe, with global production expected to increase by +10%, largely due to projects coming on-stream in North America (mostly from Cameco's continuous ramp-up of McArthur River), and selectively in Africa. We examine the near term mine supply expected to come on-stream within the next 24 months - this involves a look at the various near-term re-start projects, all of which happen to be domiciled in North America or Africa.

Details

- **Mine Supply Growth Robust, Secondary Supplies Dwindling** – We forecast total mine supply to be ~145M lbs in FY/2024, with global demand amounting to ~180M lbs. Though secondary supplies still more than make up for the deficit, note that the 48M lbs from last year will likely decline to ~35M lbs in FY/2024. We further forecast secondary supplies to contribute within the low 20M lbs from 2027 and continue lower in the subsequent years after.
- **McArthur River Aside, US ISR Ramping Up Quickly** - In the US, the near term re-start options comprise the ISR projects of Alta Mesa (enCore Energy), Lance (Peninsula Energy) and Christensen Ranch & Burke Hollow (Uranium Energy Corp). Out of these projects, Alta Mesa should be the first to re-start production - an announcement is eagerly anticipated in the weeks ahead. At Lance, management has guided towards fully in-housed production commencing towards the end of 2024. Annually, both Alta Mesa and Lance will be 1.0M lb+ producing assets, with Lance specifically having the potential to become considerably larger.
- **Africa Ramping Up As Well** – Kayelekera (Lotus Resources) in Malawi along with Azelik (CNUC) in Niger have the potential to be the first projects up and running coming out of Africa. Though Niger continues to have its fair share of political turbulence, Dasa production (Global Atomic) seems to be a 2027 event at best. The needed financing has yet to close.
- **Somewhat Delayed, Kazatomprom Maintains a Strong Pipeline** – Kazatomprom has very likely by now depleted its highest grade ISR resource. Given the lower grade nature of the remaining resource coupled with planned production from new wellfields, the need for increasing volumes of sulfuric acid will be paramount to expand production (let alone maintain the current levels). Initial field acidification will be needed for Budenovskoye 6 & 7 along with the eventual tapping of Inkai no. 3

Conclusion

Contrary to the currently false narrative, plenty of new mine supply is still expected over the next 24 months. The only reason that total supply is expected to remain flat however is entirely due to sharp decreases expected in secondary supply. Given our \$120 per lb LT uranium price objective, we maintain our positive stance and price objectives for both enCore Energy and Peninsula Energy. Full details can be found [here](#):

Company Profile

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	enCore Energy
Ticker	EU

Current Price	\$4.45
12-Mth Price Objective	\$6.90
Potential Upside	+55.1%
Mkt Cap, Basic	\$827.1M
EV	\$847.4M

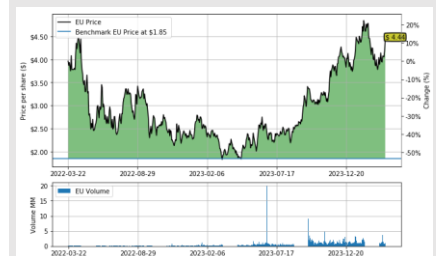
Shares O/S Basic (M)	180.8
1-Mth Return	+5.0%
3-Mth Return	+10.9%
YTD Return	+13.3%

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	Peninsula Energy
Ticker	PENMF

Current Price	\$0.08
12-Mth Price Objective	\$0.16
Potential Upside	+100.0%
Mkt Cap, Basic	\$167.5M
EV	\$148.2M

Shares O/S Basic (M)	2,124.0
1-Mth Return	+6.6%
3-Mth Return	+8.3%
YTD Return	+14.8%

2-Year Stock Chart – EU



2-Year Stock Chart - PENMF



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