

Palisade's Top Uranium Pick For 2017

GoviEx Uranium Inc. (CVE:GXU, OTCMKTS:GVXXF, FRA:7GU) The Billionaire Backed Junior Uranium Company



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Why do mining legends Rick Rule, Doug Casey, and Marin Katusa obsess over uranium when it is such a small component of the commodity market?

Billionaires Mark Cuban and Robert Friedland have their chips stacked in the trade. Even Hong Kong's richest man Li Ka-shing is making a bet that uranium prices are set for an epic comeback.

So what makes uranium so appealing? Let's break it down into five main points.

#1 – It Does Not Get More Contrarian

2016 has been a strong year for many commodities. The price of vanadium is up 88%, iron ore 86%, even zinc is up a whopping 61%! The Bloomberg Commodity Index, which measures a basket of indexes is up 11%.

Yet, uranium, which started the year at \$32/lb, fell to nearly \$18 per pound by November, 2016. This is despite the fact that demand for uranium is expected to increase dramatically over the next few years, with 60 reactors under construction and 160 in the planning stages.

As a contrarian investor, nothing is more exciting than buying something cheap that has every reason to go up. After all, the cure for low prices is low prices!

#2 – Scarcity

What happens when thousands of investors decide to rush into a trade? They must find a place to put their money.

When it comes to deploying capital in uranium stocks, investors are limited in options. In the precious metals arena, investors have hundreds of companies to

choose from. However, the uranium space is comprised of a select few, a situation further exacerbated by the destructive force of the bear market.

Mining is the most volatile sector in the public markets, and as a subset, uranium takes the crown. That is because uranium stocks are scarce – very, very scarce.

Currently, there are only about thirty companies for a North American investor to choose from when looking to get exposure to uranium. Cameco is the lone billion-dollar producer, followed by companies like Paladin, Energy Fuels, and Ur-Energy. Below the producers are the explorers, a truly volatile set of stocks that historically have risen by 100-fold and collapsed in value by 99% in the down-cycle!

So what happens when thousands of investors rush into a space that only contains about thirty names? Well, the entire sector will experience hundred percent returns in a very short time frame.

Just look at Energy Fuels, a company that went up by 45 times in 2006 alone! Imagine a \$10,000 investment being worth \$450,000 in just 12 months!

#3 – Price Sensitivity

The uranium stocks are a leveraged bet on uranium. From 2002-2007, the uranium spot prices rose from \$7 per pound to \$160 per pound, a 23-fold increase. Despite the rise, the cost of base load power generated by nuclear fuel did not markedly increase.

Uranium is truly a peculiar commodity. Imagine if the price of oil went up 23-fold! You would probably be riding a bike around town. Or what if coal went up twenty three times? The heat in your house would be turned off.

But not nuclear...

The cost of fuel for a nuclear power plant is infinitesimal. In fact, it is estimated to be just 2% of the cost of operating a nuclear reactor. Building a reactor takes nearly a decade and billions of dollars in upfront capital investment. Once it is constructed, the cost to fuel it is next to zero.

There is no other commodity on the planet that has such a lack of price sensitivity. For investors in the uranium stocks, that means the upside is almost unlimited.

#4 – Mines Don't Get Built Overnight

For mining investors, it is common knowledge that building a mine does not happen overnight. Permitting is a tedious task; governments are difficult to navigate; locals want their piece of the pie.

Uranium has a negative connotation surrounding it because of its use in nuclear bombs. Handled incorrectly, nuclear fuel could be put to nefarious use. Therefore permitting a uranium mine does not happen quickly.

In fact, the time from a production decision to production is almost a decade. Once uranium supply is in a deficit, production can take years to bring prices back down. That is why uranium bull markets last so long and never stop giving.

#5 – Uranium is #1!

But the number one reason that the top players are so heavily invested in uranium is because they have made so much money on it in the past!

When you ask any of the leading speculators about uranium, like clockwork, they will regale you with uranium war stories that include making a 1,225% return on International Uranium or seeing over a 10,000% return on Paladin Energy!

The reason why so many of the greatest mining investors love uranium is because they can attribute the majority of their wealth to it.

Follow the money...

There is a saying in the mining business that when in doubt, follow the smart money. The smart money is currently positioning into the best of the best uranium companies.

It is true that in a uranium bull market, all boats will rise. But how does a legendary speculator like Rick Rule make 10,000% on Paladin, when other market participants are stuck in the hundreds of percent? That takes proper selection – great assets, proper jurisdiction, and fantastic management. Luck should be added in there as well!

The train is leaving the station

On December 8, 2016, Palisade Research came out with a bold prediction – the bottom for uranium and uranium stocks was in. You can read about why here – <http://palisade-research.com/the-bottom-for-uranium-stocks-is-in/>

Since then, the spot price of uranium is up nearly 30% and the associated uranium stocks are on a tear! Many of the biggest names have already

experienced 100% moves. Sure enough, many industry newsletters have followed suit on our call, confirming the call for the bottom.

We believe that this is just the beginning of a multi-year bull market in uranium stocks. And the best part is that many of the small junior uranium stocks have not moved much yet.

Historically, these junior uranium companies are where mining titans like Rick Rule and Robert Friedland have made much of their fortunes! That is why we have scoured through all the publicly listed uranium companies to find the most compelling.

We have identified a company poised to be the darling of the upcoming uranium bull market.

GoviEx Uranium Inc.



We believe that GoviEx will excel in the months and years ahead.

In fact, Rick Rule himself just led a financing with the company that was wildly oversubscribed. Billionaire Lukas Lundin is a major shareholder. Robert Friedland's Ivanhoe group is one of the largest shareholders. In fact, Robert's son Govind Friedland is Executive Chairman and founder of the company!

Denison Mines, Canada's premier uranium development company has so much faith in management and its backers that they recently spun all of their African assets into the company and now own 21% of the company.

Cameco, the world's largest publicly listed producer of uranium maintains a 4% interest. Multinational technology conglomerate Toshiba Corp. holds 9% of the outstanding shares!

We are talking about GoviEx Uranium. The company was founded in 2007 by Govind Friedland with the goal of discovering and building Niger's next uranium mine.

In just a few short years, Govind and team were able to drill up over 100Mlbs of uranium and transition into development stage.

Uranium mining giant AREVA has been mining in the country of Niger for over 40 years, but reserves are running low. The country has an abundance of mining expertise and is eager to continue producing yellow cake. That is why they permitted GoviEx's Madaouela uranium mine in just under 6 months!

So let's break down the main drivers. GoviEx holds over 200Mlbs of uranium in the measured, indicated, and inferred categories across four assets in Africa. According to management, that makes the company the 5th largest holder of uranium out of any publicly listed company in the world! In mining, size is key.

Next, the company's flagship asset, Madaouela, is located adjacent to AREVA's Cominak and Somair mines, in north central Niger. The project already has 100Mlbs of uranium and as Executive Chairman Govind Friedland pointed out, the company stopped drilling to focus on developing a mine, but a lot more uranium likely exists.

We believe that GoviEx is just 3 years away from commercial production, which makes it one of the soonest companies to market.

But what excites us most about this opportunity are the players involved and in mining, players are everything!

Aside from the billionaire Friedland family at the company's helm, the Lundins are also major shareholders. Lukas Lundin runs an \$8B family office, representing one of the largest family mining fortunes in the world.

Denison Mines, led by David Cates, holds significant interest in GoviEx by way of their divestment in their African assets. And thanks to the recent financing led by Sprott Inc., Rick Rule and his clients own a significant stake in the company.

For a company valued under \$100M, it is hard to find a more compelling company poised to pop than GoviEx.

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