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Uranium prices set to "explode" in 2018, according to Berkeley Energia executive



Uranium is used to create nuclear power

Wednesday 23 November 2016

Uranium prices are set to "explode" in two years as demand from Western utilities and China will give the heavy metal a major uplift, according to a London-listed mining executive.

Spot uranium prices, currently trading at around \$18.50 a pound, could be set to almost triple in 2018, Paul Atherley, managing director of Spain-based uranium miner Berkeley Energia, told City A.M.

And he also predicted a rally for another five years, driven by major European and US utilities needing to renegotiate five-year contracts from producers. Demand from China is also escalating.

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"We are about to see, in the next few years, the biggest ever deficit in the uranium market, because all the US and EU utilities will be recontracting and also competing with China's \$570bn worth of expenditure on 65 new nuclear reactors," Atherley said.

"The general consensus is for spot uranium prices to reach \$65 a pound, but generally I would expect prices to grow by at least three times their current rate."

Term-contract prices, used by utilities that supply nuclear-generated power, will also rise by around the same level, Atherley said. These prices usually trade at a higher rate, around \$15 a pound more, as utilities companies value security of supply over a five-year period more than a cheap spot rate.

In September, Berkeley Energia signed a contract to supply Interallloys with 1m pounds of uranium concentrate at a rate of \$41 per pound over a five-year period.

Many countries eager to move away from carbon-intensive forms of energy are upping their nuclear power portfolios, with the US and many European nations eyeing up a roughly 20 per cent slice of the overall energy mix coming from nuclear in the coming decades. In September, the UK inked a contract with French utility giant for the first new nuclear power station, Hinkley Point C, for a generation.

At the end of next year, Berkeley Energia's Salamanca project in Western Spain will come online and, when it reaches full production, will produce 4.4m pounds of uranium per year for around 20 years.

Much of the world's uranium comes from countries Kazakhstan, Australia and Niger, and Berkeley's project is the only major European mine for the metal under construction.