



A Year in Review for Cameco Corporation

Description

Times have not been good for **Cameco Corporation** ([TSX:CCO](#))([NYSE:CCJ](#)). The uranium miner has been dealing with a weakened uranium market that it has been unable to get out of since the Fukushima disaster on March 12, 2011. Shares opened the year at \$19.43 per share and have proceeded to lose 12% of their value to the present day. Even the small \$0.40 dividend only cut into that loss a little bit.

Therefore, the year 2015 was not one where investors saw any real increase in value or a semblance of a return on investment. Yet despite that, I still believe that investors who bought shares of Cameco this year will wind up coming out ahead. While the year may not have been economically fruitful for investors, numerous events occurred that will set the stage for the company going forward.

Japan turned reactors on in 2015

While the CEO of Cameco admitted that it didn't have a material impact on the business, the fact that Japan restarted two of its nuclear facilities was a psychological win for the market. If Japan was going back to using nuclear power, perhaps others might look to do that as well.

While two reactors is not very many, there are another two that have received approval and should turn on in the first quarter of 2016. And there are still many more reactors across the country that will continue to gain approval. Like I said above, while this doesn't help Cameco move the needle, it gets the process started again, which is huge.

Deal with India

The big news in 2015, in my eyes, was the signed contract with India for Cameco to provide uranium to the country. In September 2013 Canada and India signed the Canada-India Nuclear Co-operation Agreement. This authorizes the sale of uranium to India, which the country needs as its population grows. India wants to generate more electricity in cleaner ways.

According to the deal, Cameco will provide 7.1 million pounds of uranium concentrate through 2020. This is big news and, if it goes well, could result in continued deals between the Department of Atomic

Energy of India and Cameco. India currently has 21 nuclear reactors providing 6,000 megawatts of power. India expects to have 45,000 megawatts of nuclear generation by 2032. If Cameco and India keep working well together, this will be a fruitful relationship.

Production growing

The good news is that, as demand does increase, Cameco will be in a position to support it. After many problems, Cameco was able to get operations started at its Cigar Lake project. It owns 50.025% of the project. In a very recent press release, the company announced that the mine had surpassed 10 million pounds of uranium concentrate, which Cameco gets half of.

This is big news because it achieved the year's target production in the third quarter, meaning that the company will be generating even more than expected in the fourth quarter. While those numbers have not been received, it is very good news for Cameco.

Legal problems

There was very little news about the tax battle between Cameco and the Canadian Revenue Agency. However, a date has been set for Cameco and the CRA to do battle in court. Proceedings will start on September 26, 2016 and it is expected that it could take up to four months for the case to go on. Once that has been accomplished, it could take anywhere from six to 18 months for a decision to be rendered.

All told, Cameco had a very lacklustre year from a ROI perspective for investors; however, it made good moves that should allow the company to shine going forward.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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Date

2025/07/28

Date Created

2015/12/23

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