



Nexgen Energy Ltd.: Excellent Management Will Translate to Big Payout for Investors

Description

Nexgen Energy Ltd. ([TSX:NXE](#)) continues to be one of Canada's best-managed companies, and the recent announcement of management additions have re-ignited a buying frenzy which began at the beginning of last year.

Nexgen's stock price has been on a dramatic climb since being added to the TSX in July last year. The company's stock price is up nearly 70% since then, and the upside for this company doesn't seem to be fully captured based on market sentiment. Analysts have continued to report rising target prices for this billion-dollar uranium-exploration company; today's stock price far exceeds the stock's consensus target price.

The stock has blown by analyst target prices and is now trading at a substantial premium, and the company is not yet cash flow positive. The company has a number of impressive properties, but there's uncertainty as to what will become of the undeveloped assets.

Current situation

Nexgen has produced impressive results at its Arrow deposit (the largest confirmed undeveloped uranium deposit in Canada) and its Harpoon deposit.

The company has found high-grade deposits of uranium in both properties, noting that the uranium is largely vertically placed and located in the "crystalline basement" formation below the surface, rather than in the sandstone basin. This means the uranium is not only relatively close the surface at particular points, but it can be mined without freezing the sediment (a common and expensive mining practice), making these deposits potentially very profitable at the extraction stage.

Given the fact that significant uranium deposits have been found, are favourably located, and are potentially very lucrative to extract, the company is wondering how to proceed.

The recent announcement that new talent has been brought on to the team has indicated that the company may be moving forward with a feasibility study to mine the project internally.

Recent talent acquisitions

Nexgen has reported that it has brought three new members to the management team, including two senior project managers and one senior geologist. New hires are not uncommon, but given the company's situation and the expertise these new hires bring to the Nexgen team, it appears more and more likely that the company may move forward with plans for extraction at some point in the future.

Of note, a senior geologist, formally working for **Cameco Corp.**, has been brought on to the team. Gathering expertise from management within the industry to better the company's negotiating position is a very smart move; personally, I believe Nexgen's CEO deserves a raise.

Regardless of whether Nexgen decides to mine its properties or not, the fact is that bringing on talent with experience in moving projects forward means that Nexgen's properties just got more expensive for potential bidders, as did the potential royalties should the properties be sold.

In either case, it appears that Nexgen shareholders have a lot to look forward to in the medium to long term.

Stay Foolish, my friends.

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