2 Radioactive Stocks to Help Your Portfolio Glow

Description

Uranium is not the first thing that comes to mind when someone says commodity. It might not even be among the top five. Many people are not even sure whether it *is* a commodity or not, but it is a highly coveted one. Its rarity, and the complications and restrictions surrounding its trade make it a relatively difficult commodity to trade and almost impossible for individuals to invest in.

However, a good way to gain exposure to this radioactive commodity is via uranium companies. As Canada is one of the uranium-rich countries in the world, it has a decent number of uranium businesses. Some of them are publicly traded so you can invest in them.

A development-stage uranium company

NexGen Energy (TSX:NXE) is a Vancouver-based uranium company that's currently working on the largest development-stage uranium mine in the country – Rook I in Saskatchewan. The current projected mine life is expected to be a bit over a decade, and the mine will produce about 28.8 million pounds of ore per year (on average) in the first five years.

Another strong point in NexGen Energy's favour (apart from its massive production capacity) is the grade of the uranium ore, which is well above average.

The company has the potential to develop one of the richest high-grade uranium mines in the world, and if the demand rises to the occasion, NexGen could become huge. The stock is already riding the massive post-crash growth wave, which has pushed it up 720% in a little over two years. So if you are planning to buy this radioactive grower, it would be a good idea to wait for the correction phase and buy low.

A mineral exploration company

Fission Uranium (TSX:FCU) is standing a step back from NexGen and is currently working on project feasibility. The development would be the next step. Its flagship project is also in Saskatchewan and focuses on shallow uranium reserves.

According to the company's initial exploration reports, this uranium mine has the potential to become one of the lowest-cost (if not *the* lowest), high-grade uranium mines in the world.

While the management of the company is local and over 62% of the ownership is public, a sizeable portion of the company is owned by financial institutions (22.9%) and China General Nuclear Power (14.3%), which may indicate the strong potential of the company's growth.

A major milestone that the investors have to look out for is the completion of the feasibility study, which will happen by the end of this year. If the feasibility matches or exceeds its current projections and institutional investors start increasing their stake instead of pulling out, you might consider buying and forgetting this company. The latter is important since the earliest construction estimate is for 2026.

Foolish takeaway

Uranium is a tricky asset class for ESG investors. While many believe it to be the ultimate stepping stone to a greener future, others consider it a danger to humanity, as evident by diminishing nuclear power plants in some parts of the world.

CATEGORY

1. Investing
2. Metals and Mining Stocks

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