



## Nuclear Is the Future – Should You Buy Uranium?

### Description

This month, the European Union voted to make nuclear a part of its green energy mix. In a majority vote, MEPs decided to allow companies to label nuclear projects as green. Although this measure won't increase nuclear projects in Europe immediately, it could pave the way for it. With the EU giving nuclear the nod, Germany and other countries that abandoned nuclear power can cite EU policy should they decide to resume their programs.

The move by the EU is just the latest in a series of developments that look bullish for nuclear energy. Oil and gas supply is low, the UK is [ramping up](#) nuclear investments, and China is already heavily invested. Around the world, a consensus is growing that nuclear will be a vital part of the energy mix in the future.

For investors, the natural question is: *“Can we get a piece of the action?”* There are relatively few pure play nuclear power companies out there. The U.S.'s **Duke Energy** operates some power plants, but they are packaged in with oil and gas operations. Few pure plays exist.

Which is why many nuclear fans choose to invest in uranium mining stocks. 99% of the world's uranium goes toward developing nuclear power, which makes uranium more of a nuclear 'pure play' than a utility that is only partially nuclear. In this article I will explore the rise of nuclear energy and take a look at one Canadian nuclear stock that lets you get some exposure.

## Why Nuclear is gaining in popularity

Nuclear energy is becoming more popular this year because other energy sources are getting more expensive. Fossil fuels are going up in price, and renewable energy isn't producing enough electricity to make up the difference. Nuclear, which produces large amounts of energy from a highly abundant fuel source (uranium), is one possible solution to the problem. Nuclear plants are expensive to build, but the fuel is cheap. Additionally, nuclear energy releases no emissions, making it a green energy source. Its popularity took a hit after the Fukushima reactor incident in Japan, but it's making a comeback now due to the pressing need for more energy.

## One Canadian uranium stock to consider

If you're looking for stocks that give you exposure to nuclear energy, you could consider **Fission Uranium Corp (TSX:FCU)**. It's a company that mines for uranium in Alberta. Trading for \$0.60 on the TSX, it is a true [penny stock](#).

So far, Fission Uranium Corp. is in the exploration phase, and not profitable. However, its corporate [website](#) offers the following financial projections for full year 2022:

- \$9.57 billion in operating expenses (OPEX), the company's day-to-day expenses
- \$2.6 billion in after tax cash flow, or cash flow left after taxes are taken out
- \$1.5 billion in after tax net present value (NPV), which is the value of cash flows adjusting for interest rates.
- A 25% internal rate of return (IRR), meaning cash flows are covering the cost of capital by a healthy margin

FCU owns the Triple R deposit, a mine that is estimated to have 2.2 million tonnes of uranium. The company says that the project can be expanded to yield even greater amounts of uranium than that. FCU isn't generating any revenue yet, and is therefore an extraordinarily risky, speculative play. I certainly won't be investing in it, but its very existence proves that nuclear energy investments are out there, and can be bought on the TSX.

### CATEGORY

1. Energy Stocks
2. Investing

### TICKERS GLOBAL

1. TSX:FCU (Fission Uranium)

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