

BKY

AUD \$0.730

Spec.

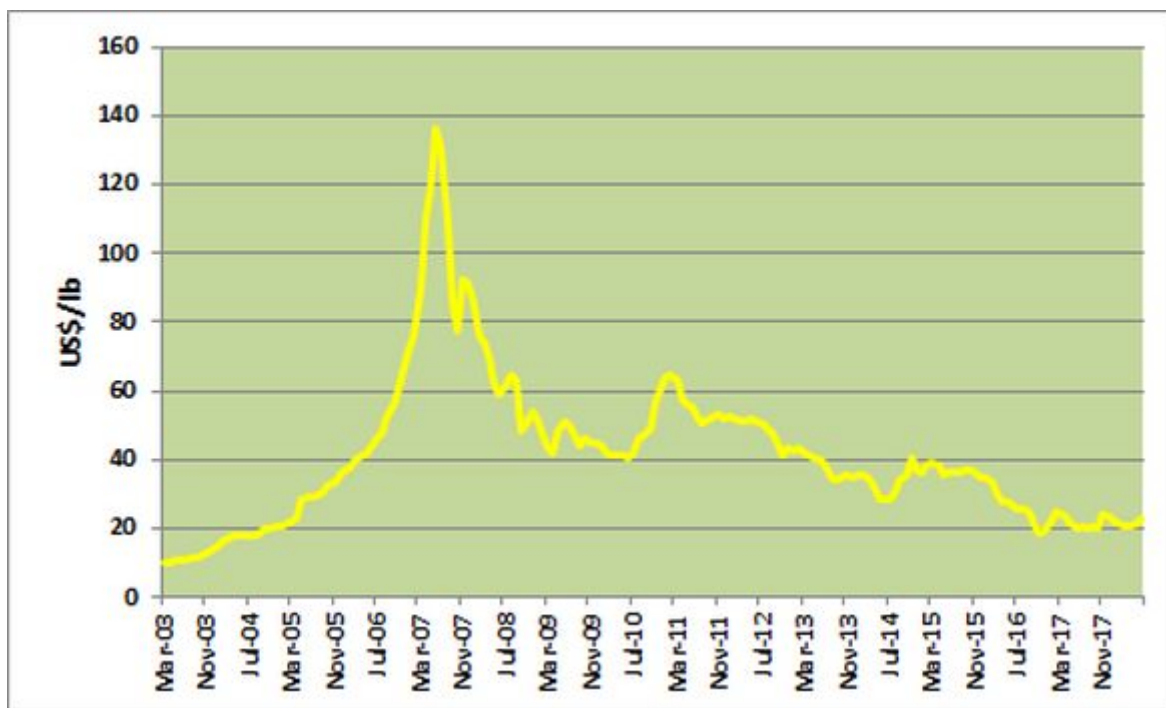
**HIGH**



### Moving on

We have followed Berkeley Energia as the company strived to develop its Salamanca uranium project in Spain, which in recent years has been in the face of a weak pricing environment for uranium. The company did persist and is now moving down the road of construction. Paramount now are capital costs and operating costs, to drive value, in such a pricing environment. With our subdued outlook for uranium prices going forward, we have decided to exit the stock.

The uranium industry has since 2011 faced an overwhelming sea-change in public perception. The following chart shows the uranium price:



Source: Index mundi

The industry had overcome the disastrous Chernobyl event of 1986 (April 26), when in 2011 (March 11) Fukushima hit the headlines. As Members can see from the above chart the uranium price has weakened and remained subdued since Fukushima.

Berkeley Energia Limited - BKY (ASX) - 1 Day CandleStick Chart - AUD



Our entry into Berkeley Energia in 2009 was before the galvanising of public opinion on nuclear energy resulting from the Fukushima event. This was exacerbated as alternative energy sources began to be explored. The long progression to producer from explorer means the uranium price become ever so critical. We note in the company's last announcement on 9 July 2018 that it was seeking out opportunities to optimise capital costs.

A recovery in the uranium price was the panacea we had been looking for as the company approached production. **Unfortunately, we cannot see a significant improvement in the uranium price going forward.** The advent of better and improving electricity storage, which is a developing story, and the step-up in natural gas usage has stifled, we believe, uranium demand. Throw in the events of 1986 and 2011, and the lack of price reaction in the future could be prolonged.

Berkeley Energia Limited - BKY (ASX) - 1 Month CandleStick Chart - AUD



We will use the advance of construction at Salamanca as an opportunity to exit the stock. **We recommend Members who hold Berkeley Energia sell their holding at the current market price.** Fat Prophets will cease coverage of Berkeley Energia immediately.

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## Snapshot BKY

### **Berkeley Energia**

The company is the premier uranium explorer and prospective developer on Europe 's Iberian peninsular. The company has holds a number of advanced uranium projects in Spain totalling approximately 280,000ha, covering all the main historic uranium mining and exploration areas in the country. The company has entered into an agreement with the country's national nuclear company to pursue development of its advanced projects with JORC-compliant resources and has just finalised funding to complete a feasibility study. Spain is a country with a substantial domestic uranium demand and a recent uranium mining history and is part of the wider European Union (EU). Access to the EU opens the company to the future nuclear power aspirations of member countries. The company has listings on both the Australian Stock Exchange and the AIM market of the London Stock Exchange.

**Market Capitalisation:\$188.58m**

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