June 19, 2025

THE LONG PULL: Is Uranium Back?

Remember when uranium was the next BIG commodity bull market? The “experts” said utilities would pay $100/lb, spot would go to $120/lb, and Sprott Uranium (U.UN) would trade at premiums to NAV as hedge funds and holding companies sucked every last drop of incremental supply from the market. Heck, Mike Alkin became a household name around FinTwit!

Uranium reached peak optimism in February 2024, when I wrote about “how to hedge our long uranium exposure.” I got DMs from uranium bulls saying, "I didn’t know the thesis,” and “have fun missing the entire move,” or my personal favorite, “we’re just getting started!! You’re an idiot for taking profits here!”

Here’s what I wrote then (emphasis added):

> “Hedging uranium was a thought experiment that I’ve been wrestling with for months. While I’m very bullish on the long-term fundamentals, **I can’t help but see the short-term overbought hysteria that’s all over Twitter/X.**
>
> Uranium guys doing victory laps, people shouting for $200-$300/lb spot prices. **Cramer talking about it on CNBC.** It got me worried.
>
> We’re up ~8R on our uranium (U.UN) position, with prices up almost 100% from our original entries. At some point – I can’t tell you when – **we will experience a significant drawdown in that position.**”

Sometimes, you get lucky. It turned out that February 21 was *right around* the top in “spot” uranium (via U.UN).

Uranium fell 40% to its April lows around $18/share, and everyone forgot about it. Maybe it's because gold, silver, copper, and other commodities got hot, and everyone chased those momentum trades. I mean, that's what we did.

But today? Radio silence from U308-Twit.

The best time to buy commodities is when a) nobody is talking about them and b) price action inflects higher.

Here's why you should care: **We've reached that point in uranium.**

Uranium is ~~again~~ now a Trifecta Lens Trade:

- ➢ **Fundamentals:** [More countries are adopting uranium] as an energy source to accelerate Electrification and bolster domestic energy supply.
- ➢ **Technicals:** Uranium miners, developers, and tracking ETFs (U/UN and YCA) bounce off long-term support and inflect higher.
- ➢ **Sentiment:** Every commodity trader is focused on gold, copper, or silver, not U.

Check out U.UN's monthly chart.

Price held long-term support around the 50D moving average. **This is our green light.**

We bought U.UN last month at CAD 22.11, risking 100bps of actual capital for a ~5% notional position at cost.

But I want more exposure, ideally around 10-12% notional. There are three main ways I can do that:

1. Buy more U.UN
2. Buy the major producers like CCJ or KAP
3. Buy a CAD 100M uranium developer trading at a 90%+ discount to peer comparables in a Tier-1 jurisdiction with $43B in in-situ uranium-equivalent pounds with a hard catalyst for value realization within 12 months.

That company is **District Metals (DMX.V),** and it's one of the cheapest uranium plays I've seen in the market. Let's get after it.

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District Metals (DMX.V): The Best Way To Play A Uranium Bull Market

District Metals Corp (TSXV: DMX) is a Canadian polymetallic exploration and development company focused on Sweden's prolific mining regions. The company controls a three-project portfolio spanning uranium and base metals opportunities in one of Europe's most established mining jurisdictions.

The crown jewel is the Viken Energy Metals Deposit, representing 100% ownership of what has been confirmed as **the world's second-largest undeveloped uranium deposit** (behind only Olympic Dam). This massive polymetallic system contains not just uranium but also significant vanadium, molybdenum, nickel, copper, and zinc resources.

DMX's base metals exposure comes through strategic partnerships with Boliden, one of Europe's leading mining companies, on the historic Tomtebo and Stollberg properties in Sweden's renowned Bergslagen Mining District. The cool part is that DMX doesn't spend money exploring/developing this resource. Boliden pays for exploration, and DMX receives a fee as the site operator.

You can [read the company's latest investor deck] for more specifics on each deposit/project.

I love this idea because the stock is so cheap, it's silly.

How cheap? I see a path towards a **5-20x from today's price** if we're even remotely right on the company's asset value, Swedish parliament's decisions around uranium, and comparable peer transactions.

DMX's Updated Mineral Resource

DMX released an [updated Mineral Resource Estimate] earlier this month (see below).

	Tonnes M	**U_3O_8** ppm	**V_2O_5** ppm	**Mo** ppm	**Ni** ppm	**Cu** ppm	**Zn** ppm	**P_2O_5** ppm	**Ce_2O_3** ppm	**Y_2O_3** ppm	**La_2O_3** ppm	**K_2O** %
Indicated	456	175	2,836	257	330	113	411	2,461	88	492	7	3.84
		Mlb						**Mt**				
	Contained Metal	176	2,851	258	332	114	413	1.12	0.04	0.22	0.00	17.53
	Tonnes M	**U_3O_8** ppm	**V_2O_5** ppm	**Mo** ppm	**Ni** ppm	**Cu** ppm	**Zn** ppm	**P_2O_5** ppm	**Ce_2O_3** ppm	**Y_2O_3** ppm	**La_2O_3** ppm	**K_2O** %
Inferred	4,333	161	2,543	240	321	118	417	2,541	88	528	7	3.70
		Mlb						**Mt**				
	Contained Metal	1,538	24,295	2,293	3,067	1,127	3,984	11.01	0.38	2.29	0.03	160.27

Let's focus only on the Indicated Category and assume a $0 value for Inferred (this is obviously conservative, but you'll see how cheap the stock is despite this handicap).

You get:

- ➢ Uranium: 176 million lbs
- ➢ Vanadium: 2,851 million lbs
- ➢ Molybdenum: 258 million lbs
- ➢ Nickel: 332 million lbs
- ➢ Copper: 114 million lbs
- ➢ Zinc: 413 million lbs

Assuming $70 uranium and the following polymetallic prices, you get an **in-situ value of $43B** (see below).

Resource	Pounds (Mlb)	Spot Price	In-Situ Value	EV/Resource
Uranium	176	$70.00	$12,320.00	$0.3977
Vanadium	2851	$8.00	$22,808.00	$0.0246
Moly	258	$15.00	$3,870.00	$0.2713
Nickel	332	$9.00	$2,988.00	$0.2108
Copper	114	$4.00	$456.00	$0.6140
Zinc	413	$1.20	$495.60	$0.1695
Total	**4,144.00**		**$42,937.60**	$0.0169
DMX MC	73			
(net cash)	-3			
DMX EV	70			
EV/Resource	$0.0169			

In other words, DMX is trading at $0.40/lb on its uranium alone if we assume all other metal values are worth $0.

We can also convert this to uranium-equivalent lbs to get a clearer picture of the resource's value (see below).

Call it 176Mlbs of uranium and 437Mlbs of U308-equivalent for 613Mlbs of uranium-equivalent resources. And remember, this only includes the company's Indicated Resources.

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U308 Equivalent	In-Situ
Vanadium	325.8285714
Moly	55.28571429
Nickel	42.68571429
Copper	6.514285714
Zinc	7.08
Total Polymetallic Lbs equival	**437.4**
In-Situ Value @ $70/lb	**$30,617.60**

All for a **$70M EV.**

Now I know what you're probably thinking … "I can do math, Brandon and this look cheap. But usually, things are cheap for a reason. What's the reason? Why are we endowed with this opportunity?"

There are five reasons why this stock is cheap:

1. DMX's uranium asset is low-grade and polymetallic.
2. Uranium has been in a bear market for over a year.
3. Nobody wants to buy European stocks, let alone European *uranium developer* stocks.
4. It's a CAD 100M stock. Most large energy funds/uranium-focused players can't buy it.
5. Investors view DMX as a bet on a binary outcome (i.e., the Swedish uranium moratorium).

I want to focus on points 1 and 5.

Low Grade Not Always Bad

I started my commodity/mining journey learning hard rock precious metals mining. In that world, grade is king. The higher the grade, the better the margin, the higher the profits, the higher the cash flow, etc.

So I avoided low-grade assets and deposits like the plague. And for hard-rock precious metals mining, that is usually good advice.

But uranium is different. It's a radioactive material that requires special handling, processing, and capabilities at specific grade levels. This makes intuitive sense.

Take our biology, for example. We have trace elements of copper in our bodies, and we use these trace elements to survive and perform cellular functions. But you'd be dead if you ate a 1-oz bar of copper for breakfast (I think … maybe Alex has already tried this lol).

Back to uranium mining … higher grades bring more complex extraction, processing, and refining challenges. You can't just "truck and muck" high-grade uranium like you can iron ore or zinc.

High-grade uranium also shrinks the available pool of buyers for your asset. There are only like two companies (CCJ and KAP) that can mine super high-grade uranium. Generalist mining companies won't touch it.

So, it's *good* that DMX has a *large, low-grade* uranium deposit. It attracts potential buyers, provides easier mining techniques, and allows companies to leverage scale economies across more tons.

Sweden's Potential Uranium Moratorium

Sweden's left-leaning government banned uranium mining in 2018. So it makes sense why no investor would touch Swedish uranium assets … unless you're DMX, which bought the Viken deposit from Continental Metals in 2018 for pennies on the dollar.

However, politics and uranium sentiment are rapidly changing in Sweden. The country now has a right-leaning, *pro-mining* government that wants to lift the uranium ban and expand uranium mining.

URANIUM & FUEL

As Sweden Looks To Nuclear, Inquiry Supports End To Uranium Ban

By David Dalton
2 January 2025

Gov't has announced ambitious plans for deployment of new power reactors

DMX's current valuation assumes the ban lift is worse than a coin flip. However, I view the odds of the ban passing at **85%**. There's too much evidence supporting the lift:

1. **Government Commitment:** The Swedish government has publicly and repeatedly announced its intention to lift the uranium mining ban, with a clear legislative roadmap targeting January 1, 2026, for implementation.

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2. **Political Support:** The current governing coalition (Moderates, Liberals, Christian Democrats, Sweden Democrats) has all expressed explicit support for lifting the ban, and the official government inquiry strongly recommends this action.
3. **Structured Legislative Process:** The process is well-defined: public consultation through March 2025, then a parliamentary vote in Q3/Q4 2025, with the ban's removal proposed to take effect at the start of 2026.
4. **Energy Security and Policy Drivers:** Sweden's ambitious nuclear expansion plans and the EU's push to reduce dependence on Russian uranium provide strong policy incentives to proceed.
5. **Analyst and Government Commentary:** Multiple sources, including government ministers and policy analysts, indicate little doubt that the ban will be rescinded on schedule, barring an unforeseen political crisis or snap election.

How much can we make if we're right? A lot.

A Potential 20x Return From Here

If Sweden lifts the ban, every CUSIP that remotely has an interest in Sweden-based assets will moon … all of them.

Add a uranium bull market and spot/term prices over $80; things could get silly. I have no idea how high prices will go. But we have historical context clues.

Continental, the prior owner of the Viken Deposit, hit a market cap of $330M during the 2014 uranium bull market. At that time, Viken only had 18Mlbs of uranium. So the **market valued Continental at ~$18/lb in EV.**

Recent takeover transactions have averaged **$9.90 per pound**, including Areva's acquisition of UraMin at $14.90 per pound, CGN's purchase of Extract Resources at $4.60 per pound, and ARMZ's acquisition of Mantra Resources at $10.10 per pound.

Let's assume the market (or a buyer) values DMX's uranium assets anywhere from $4/lb to $10/lb. Here are the returns (see below).

Valuation ($/lb)	DMX EV	Recovery Discount (62.5%)	Upside
4	$704.00	$440.00	528.57%
5	$880.00	$550.00	685.71%
6	$1,056.00	$660.00	842.86%
10	$1,760.00	$1,100.00	1471.43%

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This also assumes ~62.5% recovery rates (i.e., recovery discount factor). That's just for DMX's uranium assets.

What if we included the company's polymetallic resources and assumed a 50% haircut in valuation? Here's what we get.

Valuation ($/lb)	DMX EV	Recovery Discount (62.5%)	Upside
2	$874.79	$546.74	681.06%
2.5	$1,093.49	$683.43	876.33%
3	$1,312.18	$820.11	1071.59%
5	$2,186.97	$1,366.86	1852.65%

You can argue that DMX deserves the $4/lb - $10/lb valuation on **uranium-equivalent** pounds, but it doesn't matter.

The fact is, DMX is the cheapest uranium developer in the market in a Tier-1 jurisdiction with a value-creating catalyst with an 85% probability of success.

The company's CEO has already said **his main goal is to monetize this asset,** which he will do if/when Sweden lifts the ban. Given the jurisdiction, grade, geology, and commodity backdrop, I don't see how DMX sells this asset for less than $4/lb.

We even have downside protection in the company's polymetallic deposit. There's $30B in polymetallic in-situ value outside uranium. Yes, it would be more challenging to mine just the polymetals and push the uranium to the tailings. But that value is still worth multiples of the current market cap.

And that monthly chart completes the Trifecta Lens Trade.

COPYRIGHT 2025 MACRO OPS — ALL RIGHTS RESERVED // DO NOT DISTRIBUTE *Chop wood, carry water…*