

## Commodity Watch Radio – 20 February 2007

### James Dines & the Uranium Bull Part I

Discussing the commodities markets, what's happening and why. We talk to the experts, the traders the investors and the companies they're investing in.

You're listening to Commodity Watch Radio with Dominic Frisby.

**Dominic** Hello and welcome to the latest Commodity Watch Radio. Now, in more ways than one it is THE hot metal and without wishing to boast, this ladies and gentleman is THE hottest radio show on the subject. The mother of all uranium programmes. I say this without having researched the matter at all but I defy anyone to find a podcast or radio show which examines uranium to the same extent that we do now. Three hours of interviews with the experts on uranium. This programme is positively nuclear. Sorry! I couldn't resist that.

Jim Dines, the original uranium bug, talks for an hour on the subject. We talk to four uranium miners - Laramide, UPC, Vane Minerals and Summit Resources. And we talk to the managers of two UK- based uranium funds – Geiger Counter and Yellowcake. And expert trader Dr Bubb gives us his opinion. He also tells us why he feels the US indices might be topping soon. Now for the disclaimer – guests on this show express strong opinions but nothing you hear constitutes advice to buy or sell anything. Load up your iPods here we go.

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**Dominic** The Dines Letter was one of the top, if not the top performing, newsletter last year. The advice of which, if followed to the letter, would have netted you as much as 300per cent return on your investment last year and that is largely because of Jim Dines' continued belief in a commodity that was recently vilified, unpopular and misunderstood. People certainly weren't putting their money into it, but it's become THE hot commodity. I'm talking, of course, about uranium.

**Dominic** So, Jim Dines, thank you very much for coming onto Commodity Watch Radio. Why don't we start by saying "why uranium?"

**Jim** Uranium is..., why don't we back up? The way to make a fortune in the stock market is to identify a new major trend before everybody else. And it's the kind of thing we get at the internet in the mad 1990s before most people didn't even know what the internet was and we made a killing. And we sold out in 2000 because everybody wanted into the internet and then we went into uranium which was at that time the single most hated commodity in the world, and it took a lot of nerve to even mention it, but I even went further and said that it would wind up as, being recommended even by the environmentalists, because we are now in a multi-century shift - from burning things to mineral energy and the reason for that is: Number 1 – global warming and burning anything is not going to work, whether it is ethanol or anything else. And second of all, our oil reserves are running low. You

can read Matt Symonds' book and get a clear idea of how dangerously low some of these oil fields are that were found in the 1940s. They are 60 years old and have been pumping day and night since, and at some point these are going to run dry. And that's open to debate, but in fact the amount of oil being produced is going to run out this century, without a doubt, and the argument is – when? And third - there could be a terrorist cut off of energy; some kind of geo-political upheaval, war in the Middle East, and we need to go into uranium, which is the only solution that they are going to have to come to. So, what we did was, in 2000 we got into a range of uranium and mining shares and they have done spectacularly well. We have the only uranium average in the world, that is called Diurania, the Dines Uranium Average, and the reason most people are unaware of the uranium bull market is two-fold. One is of course the haunting of Chernobyl and Three Mile Island. And second there's no average. People are simply not aware of it and the press has been totally asleep on the subject. But the Dines Uranium Average is up 1121 per cent the last 5 years – there's no other average that comes near it. And that includes the internets, the Dow, the Footsie, all the rest of them, none of them come anywhere near that performance. Diurania was up 126per cent last year alone. And the individual uranium mining shares have done even better. There's one star called Laramide that has gone up from 10 cents to 11 dollars. And that's had a phenomenal run, it's a gain of, I don't know, 20000per cent - whatever it is. So there are fortunes being made in uranium-mining shares and very few people are aware of it yet but the insiders are making absolute killings, and I think we are just in the early stages.

**Dominic** I spoke to my broker. This is just the guy that answers the phones at an internet brokers; it's not a kind of bespoke broker. And he said at the moment he's getting more enquiries about uranium stocks than anything else. Do you think that's a sign that the market is a little overheated?

**Jim** No. It's a sign of the beginning. I'd say the internet bull, which we tracked very closely, because we had all of our money in it, I'd say we're 1997 or 1998. We're nowhere near the top and... ..Uranium is an orphan. I mean they're looking at it as one of the possibilities to replace oil. They, they don't really understand that windpower is not going to work because when the wind stops the lights go out! And besides they're not going to put windmills on jet aircraft. And solar is too small, and if you want to cover the planet in mirrors that's ok, but what you going to do for electricity at night? And they're talking about ethanol, well fine, the price of corn is already at sky high levels and the peasants are marching in Mexico City because their tortilla prices are too high. So if you burn food for fuel, I mean none of this stuff's going to work and plus it's going to bring global warming. And this is the biggest event of the century, the switch over for the first time in human history from burning things to a mineral energy and this boom is going to be like nothing... I remember in '95 I said the internet was the biggest boom I'd ever seen and I'm telling you that uranium will be larger by an order of magnitude.

**Dominic** I own some uranium shares but I'd like to own more, but I just looked at the chart and think it's got to correct.

**Jim** Why?

**Dominic** Because that's what charts do.

**Jim** Well, this is different. The price of uranium has gone from \$8 to \$72 without a single decline.

**Dominic** That's what I mean. Surely it's got to pull back or slow down?

**Jim** No, no it doesn't. This is different. This is the biggest...Look this not just a little temporary blip. This is a profound transformation of society. Automobiles are going to have to go to hydrogen and the only way to get, you can't, you won't be able to burn fossil fuels to get that hydrogen, you're going to have to use nuclear. And so, the demands for nuclear is going to be phenomenal, and it's already in deep shortage. Furthermore not only is it in shortage for the buyers of, the buyers who run nuclear facilities but the , the shocks on Wall Street, the hedge fund, the hedge funds are buying it as an investment competing with the ordinary users. So this leading to a panic, pre-panic level of uranium buying. Look I'm the original uranium bug - I'm telling you this is the biggest thing I've ever seen and I'm sceptical that there'll be any corrections at all for a while. I think you are going to see my targets of \$70-\$100 a pound at \$8. I admit that it was unlikely looking but it's come true. But we're only at 75 and if you, if you confront a manager of a nuclear facility with the option of paying \$100 or \$150 for uranium or the lights going out, I promise you they'll pay \$150. It's a very small part of the cost of a nuclear facility. And they'll just pass it on to the consumers anyway. So there's nothing to stop..

**Dominic** Am I right even with the existing nuclear facilities that there are, there is already a shortage - that's before we factor in the nuclear power stations that are being built?

**Jim** Correct. Now I went to Beijing in 1979 and came back the original China bug. I said they were going to dominate the 21<sup>st</sup> century followed closely by India, and those predictions are still going to come true. And now every one of those people want cars. You know half the people on the planet have yet to drive a car. And it's the same old oil pool. There were just so many dinosaurs and giant ferns that got melted down. So, this oil, the age of petroleum is ending. You can argue whether it will be in 10 years or 20 but we are coming to the end of it. And personally, off the record, I think that governments will not allow motorists to use the last drop. But there, as soon as they awaken they're going to seize the oil for military purposes and either we go back to horsedrawn carriages or we go to nuclear. Those are your choices. And in fact Russia, Russia has already started to use oil as a strategic asset. And I think that's the beginning of the fulfilment of that prediction, I think governments worldwide, but George Bush has announced doubling of the strategic reserve, I think that the scramble for the last drop of oil is on.

**Dominic** Let me ask you about the use of, 'coz I think something like 80per cent of the world's oil gets used in transportation. How will uranium be used in the transportation industries?

**Jim** Gee that's not a problem. All you do is put water in, you know use electrolytic devises to separate water into hydrogen and oxygen and you go into fuel cells, I mean there's all sorts of ways and the net result would be water. Which solves your global warming problem.

**Dominic** Using this hydrogen technology, will be able to get the same performance from our cars and our jet planes and our trains?

**Jim** Absolutely. Piece of cake. And remember it's not a, people seem to think that it's a choice between uranium and oil. Let me tell you something, it's a choice between uranium and shivering in the dark.

**Dominic** My goodness! Now, you said there's a supply shortage at the moment, these are a couple of posts from a discussion about uranium that I was reading - one poster said that there are large secondary supplies of uranium held by the Americans and the Russians, as well as significant stockpiles of so called waste from MOX which can be obtained. What's your take on that?

**Jim** Well, first of all that's nonsense. The Americans have about 100 million pounds and even if they released it, the speculators on Wall Street would gobble it up faster than you blink your eye. The amounts are too small, what's in stock piles are not enough, anywhere near enough. Try to understand India and China are coming into the modern era. They want cars. And they want to run those cars. You're gonna have, that's why you're getting a boom in platinum and palladium for like automotor, electro, electrolytic, catalytic devices. There's a huge demand coming for cars and uranium, and what happened was in the last boom in the 1980s they melted down the Russian and American arsenals and this uranium came flooding into the market and caused a deep depression in the industry. Of course, Chernobyl didn't help either. And because of that the industry virtually went bankrupt. There were very few companies that survived. And they've done very little exploration and development. It takes 10 years to build a uranium mine - you don't just go dig a hole and get uranium. You know workers can only stay down there limited amounts of time before they have to get out of there because of the radiation. And 10 years to build a mine, and we've had a 20 year bear market in uranium, has left the industry devastated. And now it's scrambling to find uranium and catch up. But it's going to be years before they get any uranium. Meanwhile, China and India have, keep increasing the number of nuclear plants they intend to build. China, I remember about 5 years ago, said they were looking to build about 3 or 4 nuclear plants. And then it was 5 or 10, now they're looking for 20 plants by 2020 - my prediction 5 years ago that China was going to build thousands of nuclear power plants, right now China is building one coal fired power plant a day. They'll be building approximately 360 or so this year. And it's the wrong direction. The glaciers are melting - either they stop building these coal fired plants or we all start going into the snorkel business because that's where we're all going to be playing glug glug. The world is in a critical position in global warming and it might already be too late and they're talking about slowly diminishing it by 2020. Wrong, this is not going to work. They don't understand this is an immediate crisis. That it's like trying to turn an ocean liner around. The announcement they made recently on global warming, by the world's scientists, have made it crystal clear that we have already waited very very late, that we've ignored the problem and something needs to be done urgently. And the only solution is nuclear power, like it or not, complain or not, dangerous or not, that's the way it is. Read em and weep.

**Dominic** Here in London the Thames flood barrier was called into action last year more than it's been called into action in any previous year I understand.

**Jim** Well pretty soon London might end up like New Orleans! The ocean's are rising, and the punishment for ignoring this is here and all I can do is say I hope I'm wrong, I've never hoped more for that before in my life because I live here too and I've done

everything I could to talk about global warming in the Dines' Letter for the last 20 - 30 years, I've done everything I could to get people into uranium-mining shares because that is where they are going to wind up, whether they know it yet or not. That's how you make a killing on Wall Street. You get in at the beginning while it's figuratively invisible to the mass. My third book "Mass Psychology" goes into all this, all new bull markets are figuratively invisible. People didn't see internets at the beginning in '95, they saw it at the top in 2000. That is the way all bull markets work. And we're now in a classic bull market, and this one is going to be the mother of all bull markets. I have never in all my career, and it goes back a ways, I have never seen anything like this.

**Dominic**

We're seeing, we're seeing in the last few months, uranium companies springing up all over the place and, and shell companies suddenly putting uranium into their name. How many of the, how many uranium companies are there in the world roughly, and, and how many of them do you think, what percentage of them are actually going to find and produce uranium?

**Jim**

I think there are quite a few companies that will find it. Uranium is actually very abundant. The question is finding it in commercial quantities that, that, in current prices and that's why the price is moving up so much. There will be no uranium shortage, oh by about 2015. It takes 10 years to build a mine and that's after you find the stuff. So, yes, they're springing up all over the stage, all over the world but look, you've got, you've got different types of, there are three different types of uranium companies. One is an actual producer such as Cameco which we got into at 5 and sold it at 500, 540 per cent profit. That's an actual producer. The, the majority of them are exploration companies and the, these guys are out there hunting for it, and in between are the development companies. They begin to develop them and get them ready for, for sale to a major, for actual production. That's going to take 10 years. You don't just go uranium. This isn't like just digging a hole and getting stuff done. And that is why because of the depression between 1980 and 2000, I was so bullish on uranium because I realised there would be such an incredible surge of demand falling on an industry devastated in a flattening depression, that would be the opportunity of a lifetime. And let me tell you something, this is the biggest opportunity still ahead. I don't think we are anywhere near the top, I think that uranium is going... When the world wakes up to the fact that, when they get tired of looking for ethanol and all the rest of the stuff and windpower and solar, they're going to realise that uranium is going to be the, we're in a new nuclear age, that the age of petroleum is in its twilight and that we are, the whole world is going to be transformed into a new set of power. There will be problems with it, it's dangerous, no question about it. Again the choice is either that or shivering in the dark and it's not a question of burning wood, the global warming situation precludes burning things. That is over. In fact what we need to do is stop burning things immediately and then hope that the flooding won't get too bad in the next 20 or 30 years, so that the temperatures of the planet can start dropping. But that has to be done yesterday. This is not a question of Kyoto slowing it down moderately in the next 10, 20 years. That's over, we are, the clock is nearly at midnight and it might reach a tipping point of irreversibility where it wouldn't matter what we did, that the melting is going to happen, that Florida is going to be under water, course some people would be glad about that, but, but Bangladesh would be gone, the island kingdoms around the world would be under water. You know this is a really serious

problem. This is not just something that politicians can play with this is one of, this is a bigger danger than so called terrorism.

**Dominic** Let's, let's address some of those questions. There are some people that believe this global warming, that we're seeing is just a cycle.

**Jim** Oh, come on, I mean, we've had all these scientists.. I mean they've been saying this for 20 years. I mean, they've done computer programmes of it, they've done predictions based on, on, what would happen if global warming were in fact caused by human activity and their predictions are becoming exactly true. So as far, I mean, scientist, look you either follow the science or you don't. There's a 90 per cent probability of it happening, what is the risk of being wrong? They're saying 'oh you know it's just a regular cycle,' well ok what if it isn't? I mean look at your risk/reward ratio. The risk is that the planet is going to be submerged. I mean, how could you take a risk like that?

**Dominic** So, so you're an ordinary Jo living in, let's say the UK, because most of our listenership is British, and, you've got your family, what steps would you be taking?

**Jim** What steps you should be taking is for high ground! Get rid of your waterfront property, buy some uranium-mining shares and fight like hell to get these politicians to do something right. That we need to, we need to go into a crash program and, of as much as possible transitioning to nuclear. We could do it in 10 years. Would that be too late? I hope not, but I don't see any activity, I don't see the urgency that I've literally shouting about in the Dines' Letter for the last 6 years. I just don't see it and until that happens, I mean people are still talking about cyclical.. Look at the question you asked? I mean the scientists are unanimous. We are in huge danger of the glaciers melting on this planet and it may be irreversible - because when the ice melts instead of reflecting sunlight away and heat away from the earth, the earth below it shows and that absorbs heat which will accelerate the process. We might already be at the tipping point. You know, this is not a joke. This is really serious stuff and it is the most, biggest challenge mankind has probably confronted for ever.

**Dominic** You say that we could make the transformation in 10 years?

**Jim** No, I didn't say that, I said that we could start building, start developing enough uranium in 10 years. We could make a start, it would take 30 to 50 years to go completely off fossil fuels. This thing should have been started, you know who's really smart? - the French. In the early 1970s with the first oil crisis, they went nuclear. They're now getting 79 almost 80per cent of their energy from nuclear. They were brilliant and you know what, the rest of the world has been lazy and asleep and they are going to be punished for it.

**Dominic** Where uranium is, in terms of world energy is, in many ways, where oil was at the turn of the 19<sup>th</sup> to 20<sup>th</sup> century. How'd we pick the winners? How do we know which is going to be the next BPs and the next Shells and Exons and so on?

**Jim** Cross my palm with silver and I will tell all! Well I'm the original uranium bug, the stocks I've picked have been winner after winner after winner. And the way to pick them is to first of all be clear that the main uranium to be found these days is in Australia, which will be the Saudi Arabia of uranium, and Canada, which will be, I

don't know, Iran I guess, and those are the places where the main uranium mining companies are. And fortunately because I was also the original gold bug, I'm very familiar with the mining industry and those two countries and because I have contacts and know so many people, I can make estimates. It certainly helps the Dines' Letter pick, pick the probable winners and so far we've had the best record in the business.

**Dominic**      The Dines interview continues in Part 2. Now let's talk to some miners.

Commodity Watch Radio is presented and produced by Dominic Frisby, for Minesite, with music by Minnola Camp.

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