Is Berkeley Energia plc a better buy than BHP Billiton plc?

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In the emerging energy economy, many people have talked about the rise of solar and wind power. And indeed these renewables are rapidly becoming cost-competitive with oil and gas, and will grab an increasingly large market share in the energy sector.

But in this energy revolution, there is relatively little mention of nuclear power. Yet most agree that this will be a crucial component of the future energy mix. The nuclear power industry is growing year on year, and China and India alone plan to build 300 new reactors.

The global nuclear industry is booming…

That means this is a booming industry, and as well as growth in capital expenditure, there will be rising demand for uranium, the main fuel for these reactors.

And this is where firm Berkeley Energia (LSE: BKY) comes in. This little known company specialises in mining uranium. And it has made a discovery of a massive deposit in Western Spain. Yet this is a small cap with a value of just £63.8m, which doesn't pay a dividend, and is not yet turning a profit. However, it seems to me to show particular promise.

The Salamanca project has the potential to power the whole of the UK's electricity needs for five and a half years. EU, national and regional approvals have been received, and site works commenced in March 2016.

The main risk I see with this project is that uranium prices could slide as part of the falls in commodity prices as the mining and mineral bear market gets under way. Yet Berkeley argues that its low capital and operating costs cushion it from this; it plans to be one of the world's lowest cost uranium producers.

What's more, the sharply rising demand in uranium around the world suggests that spot prices won't fall as low as other commodities. That's why I think Berkeley Energia could well be worth looking into as a small cap growth play. But rather like fellow small cap Sirius Minerals, we will have to wait till mining starts to get an accurate picture of how much this firm is worth.

While metal and mineral demand is falling…

In contrast, mining titan BHP Billiton (LSE: BLT) has seen its profits fall sharply as the commodities supercycle has ended. This is one of the world's largest miners, and has operations across Africa, Latin America and Australia. Substantial over-investment during the boom years means that BHP will need to cut back severely to correct the global over-supply of metals and minerals.

China's building boom is ending, which means that, in contrast to uranium, demand for commodities such as iron ore and copper is falling, while supply has increased.

Mining bulls will say that BHP Billiton has a dividend yield that is hard to ignore. Yes, that 9.07% income is high. But it is crucial to get a picture of the long-term viability of this dividend. High yields can sometimes be very deceptive, and it is highly unlikely that it will be maintained. Analysts estimate that it will be cut to just 2.61% in 2016, as the earnings that drive dividends dive.

So, the bottom line is that you should continue to avoid BHP Billiton, but, if you are not risk averse, Berkeley Energia may well be worth a closer look.