



# Uranium Energy Corp.

(UEC-US)

SECTOR: Mining

STOCK PRICE \$2.01  
 RATING BUY  
 TARGET PRICE \$2.60

## TOP PICK: U.S.-BASED URANIUM NEO-PRODUCER

### Leveraged to U & USA – Poised to Perform

**OUR TAKE:** We tagged UEC as a top-pick last September and maintain our view that the Company is perfectly positioned to leverage both macro and domestic catalysts. Specifically, UEC has production ready-assets within reach of its South Texas Hobson central processing plant and its Reno Creek project is fully permitted/construction ready, creating a pathway to 4 Mlb U<sub>3</sub>O<sub>8</sub>/year of near-term production once the uranium price incentivizes. Its low-cost ISR portfolio and all-in resource of 104 Mlbs U<sub>3</sub>O<sub>8</sub>, is completely unhedged, allowing for maximum upside exposure to rising uranium prices.

#### KEY HIGHLIGHTS

- ◆ **Production-ready asset base.** UEC's Texas hub & spoke uranium ISR strategy is centered around its fully-permitted Hobson central processing plant (CCP, 2 Mlb U<sub>3</sub>O<sub>8</sub>/y installed capacity). UEC has multiple deposits with relatively low CAPEX hurdles, near-ready to feed the plant, should uranium prices and/or Government incentives justify restart. Past production from the plant, fed by uranium loaded resin from the Palangana deposit, achieved low cash-costs of production (in the ~\$22/lb range). With over 19 Mlb U<sub>3</sub>O<sub>8</sub> in all-categories resources defined (>85% fully-permitted) across the Texas ISR assets and plenty of unexplored, but highly prospective acreage, UEC is well positioned to generate near-term cash flow in the right environment. Additionally, UEC's uranium ISR project portfolio includes Reno Creek in Wyoming, tagged as the largest permitted, pre-construction ISR project in the U.S., with ~27.5 Mlb U<sub>3</sub>O<sub>8</sub> in all-categories resources (95% Mea.&Ind.). UEC has made significant strides to consolidate the lands and resources at Reno Creek and is now working on a Pre-Feasibility Study (PFS) to demonstrate the economic case. We model production from Reno Creek in late 2023, anticipating an industry-comparable Wyoming ISR production cost profile.
- ◆ **Additional potential exploration upside.** Aside from the Texas portfolio and Reno Creek, UEC also has a pipeline of U.S.-based hardrock uranium and vanadium development-stage assets, an exploration project in the Athabasca basin, and exploration/development assets in Paraguay that includes titanium exposure at the Alto Parana project.
- ◆ **Balance sheet.** Last fall, the Company announced the closing of its upsized underwritten public offering for gross proceeds of \$15M (upsized from \$8M). The over-subscribed offering consisted of 12.5M units at a price of \$1.20 per unit. Each unit comprised 1 common share and ½ common share purchase warrant with an exercise price of \$1.80 for 2 years. With a cash balance of ~\$16.7M as of December, the Company has further agility once market conditions justify a restart.

#### OUTLOOK

- ◆ Following major global production cuts, sector fundamentals in terms of demand/supply are the best we have seen since pre-Fukushima. UEC is in the enviable position of controlling multiple permitted, near production-ready uranium ISR assets in the U.S., where fundamental and Government driven catalysts are expected to push uranium prices higher. Completely unhedged, UEC provides maximum leverage to both catalysts.

#### RECOMMENDED ACTION

*We recommend accumulating shares at the current price for maximum leverage*

- ◆ **Maximum upside exposure amidst promising sector fundamentals.** With the uranium sector facing the best fundamental backdrop we've seen in the post-Fukushima era, and the U.S. making significant progress to revive its domestic nuclear industry, we recommend buying UEC to gain exposure to this two-pronged bullish outlook. UEC has production-ready assets within reach of its South Texas CPP and could rapidly respond to an improving uranium price.

#### CATALYSTS

1. Further exploration, permitting and field advancement at ISR projects in Texas and Wyoming, including PFS on Reno Creek ISR project.
2. Potential for action following positive recommendations of U.S. Nuclear Fuel Working Group and legislative progress.

#### PROJECTED RETURN

29%

#### RISK FACTOR

Very High

#### SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$0.60	\$2.01	\$2.60
↓ 70%		↑ 29%

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$2.17/\$0.35
YTD Performance	14%
Dividend Yield	N/A
Shares O/S	199.1M
Market Capitalization	\$400.1M
Cash	\$16.7M
Debt	\$0M
Enterprise Value	\$404.2M
Daily Volume (3 mos.)	2,347,900
Currency	USD

#### HAYWOOD ESTIMATES (USD)

	2019A	2020E	2021E
U <sub>3</sub> O <sub>8</sub> Production (mlb)	0	0	0.2
Revenue (\$M)	0	0	6.6
EBITDA (\$M)	(14.6)	(8.7)	(5.9)
CFPS (\$)	(0.07)	(0.05)	(0.04)

#### VALUATION

We value UEC using a 1.0x corporate NAV multiple based on our fully-financed DCF<sub>8%</sub> on the Hobson ISR Uranium portfolio + Reno Creek (\$499.8M NPV), combined with our fully-financed DCF<sub>10%</sub> of the Yuty project (\$64.2M NPV). After corporate adjustments, this yields a NAV of \$595M or \$2.63/share.

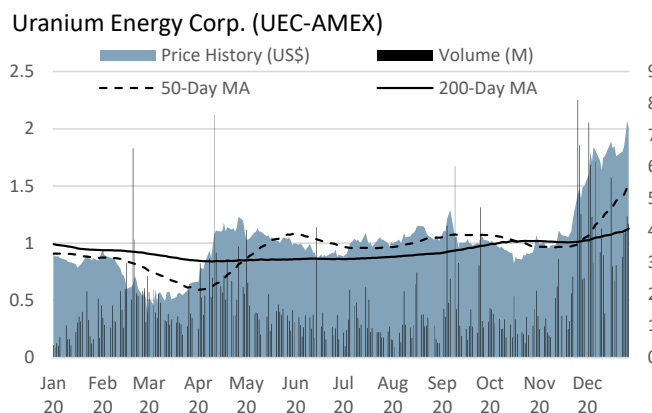


## INVESTMENT THESIS

We believe UEC to be an attractive U.S. uranium producer/developer that is well positioned to take advantage of a rising uranium price. The Company has production ready assets within reach of its South Texas Hobson central processing plant and its Reno Creek project is fully permitted/construction ready, combining for a pathway to 4 Mlb U<sub>3</sub>O<sub>8</sub> per year of near-term production when the uranium price incentivizes.

- ◆ **UEC fully permitted and production ready** from its ISR uranium assets in South Texas, with a solid pipeline of projects (Palangana, Goliad, Burke Hollow) within its hub-and-spoke strategy, which will progressively supplement production in a rising uranium price environment, with an initial recommencement of production decision expected to be contingent on a uranium price north of \$40/lb U<sub>3</sub>O<sub>8</sub> for a sustained period. Specifically, the Company sits ready to recommence ISR production from its licensed and operational facilities in South Texas and to start ISR production in Wyoming. The Company currently has a production-ready capacity of 4 million pounds U<sub>3</sub>O<sub>8</sub> per year and a substantial pipeline of additional projects. Notably, we believe that production growth can also be realized from the exploration and development of uranium mineralized trends on the Palangana project area, and other proximal exploration leases (e.g., Burke Hollow & Salvo), and where appropriate, we have built in future production expectations for some areas with defined NI 43-101 compliant resources, and areas with potential for resource expansion.
- ◆ **We like UEC's unhedged position**, as it has allowed the flexibility to put its operating assets on care and maintenance early in the uranium price decline, which meant it has retained the majority of its in-situ uranium resources while other producers with delivery commitments, or inflexible debt, have had to remain in production, depleting resources into a softening uranium market, at sub-optimal production levels.
- ◆ **ISR plant flexibility:** We note that the significant advantage of operating an ISR uranium plant is the flexibility of the plant to service contemporaneously multiple satellite resources that lie within a working radius of ~100 km. This attribute provides a plant with the capacity to exploit multiple smaller resources at low capital investment rates, and as such, provides UEC with a more sustainable operation. This flexibility also allows UEC to scale down and ramp up production more quickly than conventional miners.

## SCENARIO ANALYSIS



### TARGET PRICE

**Our \$2.60 target** is based on 1.0x our corporate NAV. Our fully-financed DCF<sub>8%</sub> analysis of the hub & spoke Hobson ISR uranium operation and Reno Creek yields an NPV of \$499.8M. Our fully-financed DCF<sub>10%</sub> analysis of a conceptual ISR uranium mining operation at the Yuty project (Paraguay) yields an NPV of \$64.2 M. Corporate adjustments and other asset credits yield our corporate NAV of \$595.0M, driving a target price of \$2.63/share.

### DOWNSIDE CASE

**Our downside case** of \$0.60 is based on the smoothed curve of the recent low established in the context of the worst market environment seen since the financial crisis. UEC's 52-week low of \$0.35 during the height of the pandemic-induced market sell-off is below the worst-case we see going forward given the asset quality and uranium commodity price and we do not expect to retest that level except in an equally volatile 'event'.

*Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.*

### KEY RISKS

- **Financial:** UEC is not currently in production and is expected to resume production at its ISR uranium projects in South Texas when uranium prices justify, while also further advancing the Burke Hollow project and mine construction in Wyoming.
- **Commodity Price:** Our forecasts include a substantial increase in uranium price from current market prices. Failure for this to materialize would negatively impact our valuation.

**Uranium Energy Corp** is a U.S. uranium mining and exploration company. The Company is production ready to re-start ISR production from its licensed and operational facilities in South Texas and to start ISR production in Wyoming with an increase in the uranium price.

### Website

[www.uraniumenergy.com](http://www.uraniumenergy.com)

### Key Management

Amir Adnani— CEO



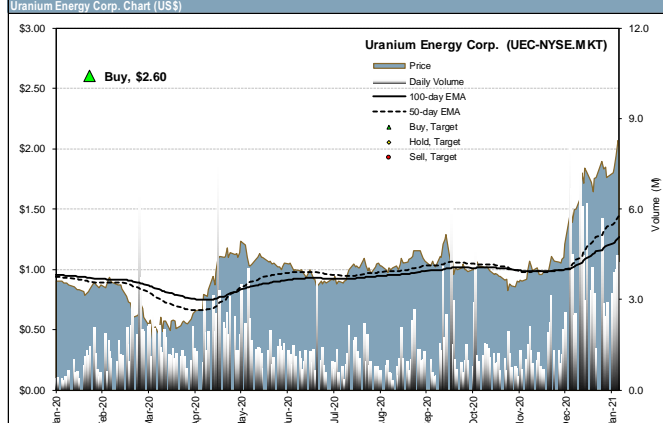
**Uranium Energy Corp.** NYSE.MKT:UEC Price: \$2.01 Shares O/S (M) 199.1 Rating: Buy  
 January 8, 2021 MCap (US\$ M) \$400 Target (US\$): \$2.60 Return: 29%

**Alpha:** Uranium Energy Corp (AMEX: UEC) is a uranium producer from the Hobson ISR Plant in South Texas, USA. Palangana production is expected to be augmented by output from the Burke Hollow and Goliad projects forecast for production commencement in CY2021/22, but with all permitting in place, a surge in uranium price could accelerate this timeline.

**Investment Highlights**

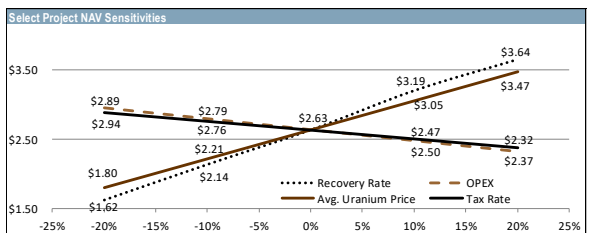
- Uranium producer via ISR mining with a strategic collection of uranium resources throughout United States (e.g., Hobson Uranium ISR Plant, Palangana satellite ISR facility)
- Specialized technical team that has permitted and constructed Uranium ISR facilities
- Goliad property: NI 43-101 indicated resource of 5.48 million pounds at 0.05 % U<sub>3</sub>O<sub>8</sub> and inferred resource of 1.50 million pounds at 0.05 % U<sub>3</sub>O<sub>8</sub>.
- Nichols property: NI 43-101 inferred resource of 1.31 million pounds at 0.07 % U<sub>3</sub>O<sub>8</sub>.
- La Palangana property: NI 43-101 M&I resources of 1.05 million pounds at 0.134 % U<sub>3</sub>O<sub>8</sub>
- Seager-Salvo property: NI 43-101 inferred resources of 2.84 million pounds at 0.08 % U<sub>3</sub>O<sub>8</sub>
- Burke Hollow property: NI 43-101 inferred resources of 7.09 million pounds at 0.047 % U<sub>3</sub>O<sub>8</sub>
- Hobson ISR Uranium plant, South Texas (~3.0 Mlb U<sub>3</sub>O<sub>8</sub> Yr<sup>-1</sup> capacity)
- Potential to expand uranium resource base around known resources in Texas

**Catalysts:**  
**H1/2021:** Permitting and field advancement Texas & Wyoming - exploration and resource drilling, Texas; PFS on Reno Creek ISR project, Wyoming  
**2021:** Potential for action following positive recommendations of U.S. Nuclear Fuel Working Group

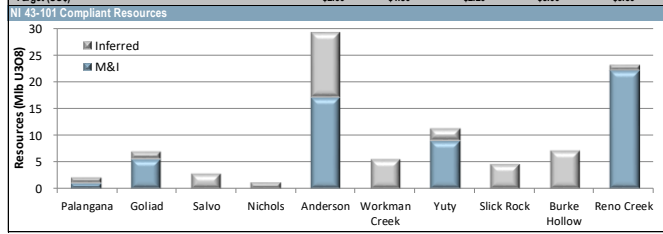
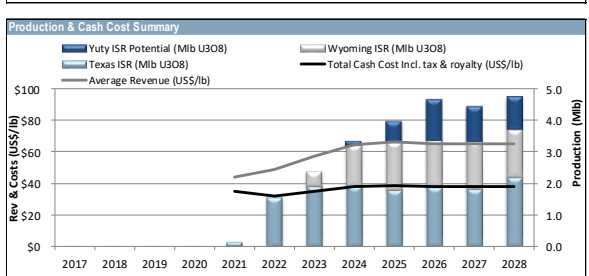


Financials & Assumptions	F'15A	F'16A	F'17A	F'18A	F'19A	F'20E	F'21E
Year-End Jul-31	31-Jul-15	31-Jul-16	31-Jul-17	31-Jul-18	31-Jul-19	31-Jul-20	31-Jul-21
Spot Uranium (US\$ / lb)	\$39	\$31	\$24	\$24	\$25	\$25	\$34
Long-term Uranium (US\$ / lb)	\$47	\$43	\$35	\$31	\$31	\$32	\$40
<b>Revenue (US\$M)</b>	<b>\$3.1</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$6.6</b>
Cost of Goods Sold (US\$M)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.5
Corporate G&A (incl. stock based comp) (US\$M)	\$13.2	\$9.3	\$10.2	\$11.4	\$10.1	\$8.7	\$8.8
<b>EBITDA (US\$M)</b>	<b>(\$17.8)</b>	<b>(\$13.4)</b>	<b>(\$14.4)</b>	<b>(\$16.0)</b>	<b>(\$14.6)</b>	<b>(\$8.7)</b>	<b>(\$5.9)</b>
EV / EBITDA	-	-	-	-	-	-	-
DD&A (US\$M)	\$3.2	\$2.1	\$1.7	\$1.5	\$1.8	\$0.0	\$0.2
<b>Earnings (US\$M)</b>	<b>(\$23.4)</b>	<b>(\$17.3)</b>	<b>(\$18.0)</b>	<b>(\$17.8)</b>	<b>(\$17.2)</b>	<b>(\$8.9)</b>	<b>(\$8.3)</b>
Adjusted EPS (US\$)	(\$0.25)	(\$0.16)	(\$0.14)	(\$0.11)	(\$0.10)	(\$0.05)	(\$0.04)
Current Price / EPS	-	-	-	-	-	-	-
Target Price / EPS	-	-	-	-	-	-	-
<b>Cash Flow Before WC Changes (US\$M)</b>	<b>(\$20.8)</b>	<b>(\$16.4)</b>	<b>(\$17.2)</b>	<b>(\$17.9)</b>	<b>(\$18.4)</b>	<b>(\$8.9)</b>	<b>(\$8.1)</b>
Shares O/S, millions	98	116	139	160	181	182	202
CFPS, US\$	(\$0.13)	(\$0.12)	(\$0.08)	(\$0.08)	(\$0.07)	(\$0.05)	(\$0.04)
Current Price / CFPS	-	-	-	-	-	-	-
Target Price / CFPS	-	-	-	-	-	-	-
Operating Cash Flow (US\$M)	(\$12.3)	(\$13.1)	(\$10.4)	(\$12.5)	(\$12.6)	(\$9.7)	(\$8.3)
Financing Cash Flow (US\$M)	\$9.7	\$10.2	\$26.9	\$0.6	\$23.8	(\$3.7)	\$22.8
Investing Cash Flow (US\$M)	\$3.9	(\$0.1)	(\$11.0)	\$6.3	(\$12.1)	(\$14.8)	(\$22.1)
Change in Cash (US\$M)	\$1.3	(\$2.9)	\$5.4	(\$5.6)	(\$0.8)	(\$28.2)	(\$7.6)
<b>Working Capital (US\$M)</b>	<b>\$6.2</b>	<b>\$6.2</b>	<b>\$21.1</b>	<b>(\$4.0)</b>	<b>\$16.6</b>	<b>\$6.5</b>	<b>\$2.0</b>

Trading Statistics (CS): Capital Structure	
52 Week High/Low	\$2.17 / \$0.35
Average Daily Volume (90 day)	2,347,992
Ownership (M)	
Management / Institutional	Major Shareholders
Shares	4,484,626 / 55,405,878
% O/S	2.3% / 27.8%
BlackRock, Inc.	
The Vanguard Group, Inc.	
Last Financing	
4-Oct-18	\$20 million - Equity financing (12.6 million units at \$1.60, incl 1 share + 1/2 warrant at x-price of \$2.05 for 2.5y)
22-Sep-20	\$15 million - Equity financing (12.5 million units at \$1.20, incl 1 share + 1/2 warrant at x-price of \$1.80 for 2y)
Shares O/S (million) - Basic / FD	199,058,907 / 223,124,388
(CSM)	
Av Strike (CS)	Units (M)
Working Capital	Options
Options	Warrants
Warrants	ITM Units (M)
Total Cash & ITM	Proceeds (CS)
	\$6.7
	\$12.6
	\$11,332,000
	\$11,332,019



NAV Summary, Target Generation and Sensitivity					
	Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US\$/lb)	\$62	\$49	\$55	\$68	\$74
Paraguay - Yuty NAV10% (US\$M) (@10.0%)	\$64.2				
Wyoming - Reno Creek (US\$M) (@8.0%)	\$299.3				
Goliad-Hobson DCF (US\$M) (@8.0%)	\$240.5				
NPV of Corporate CF (@8.0%)	-\$60.5				
Total NAV (US\$M)	\$503.5	\$406.8	\$500.9	\$689.1	\$783.3
Other Texas Assets (US\$M)	\$25.0	\$25.0	\$25.0	\$25.0	\$25.0
Ex-Texas (US\$M)	\$50.0	\$50.0	\$50.0	\$50.0	\$50.0
<b>Corporate NAV (unadjusted) (US\$M)</b>	<b>\$578.5</b>	<b>\$481.8</b>	<b>\$575.9</b>	<b>\$764.1</b>	<b>\$858.3</b>
Working Capital (est July 2021)	\$2.0	\$34.3	\$34.3	\$34.3	\$34.7
Dilutive Capital	\$14.5	\$14.5	\$14.5	\$14.5	\$14.5
<b>Total Corporate NAV (US\$M)</b>	<b>\$595.0</b>	<b>\$530.6</b>	<b>\$624.8</b>	<b>\$812.9</b>	<b>\$907.5</b>
Corporate NAV/PS	\$2.63	\$1.80	\$2.21	\$3.05	\$3.47
Current P/NAV	0.8x	1.1x	0.9x	0.7x	0.6x
Target P/NAV	1.0x	1.0x	1.0x	1.0x	1.0x
Target (US\$)	\$2.60	\$1.80	\$2.20	\$3.00	\$3.50



Production Profile	31-Jul-17	31-Jul-18	31-Jul-19	31-Jul-20	31-Jul-21	31-Jul-22	31-Jul-23
Total U3O8 Production (Mlb)	0.0	0.0	0.0	0.0	0.2	1.6	2.4
Uranium - Realized Price, US\$/lb	\$32	\$29	\$30	\$38	\$44	\$49	\$56
Cash Operating Cost, US\$/lb sold	\$18	\$18	\$18	\$18	\$18	\$18	\$18
Total Cash Cost (incl. tax & royalty), US\$/lb sold	\$32	\$29	\$30	\$38	\$35	\$32	\$34

Peer Group Comparables (Haywood Securities estimates & Bloomberg Consensus Data)							
Company Name	Price (LoC)	MCAP CSM	EV CSM	EV/lb U <sub>3</sub> O <sub>8</sub>	P/NAV**	Cons. Target*	Implied Return
Energy Fuels (EFR-T)	\$5.09	\$646	\$625	\$1.76		\$2.60	-49%
Uranium Energy (UEC-AMEX)	\$2.01	\$609	\$514	\$3.50	0.80x	\$3.75	87%
Ur-Energy Inc. (URE-T)	\$1.05	\$179	\$188	\$3.65		\$1.40	33%
Peninsula Energy (PEN-AU)	\$0.14	\$119	\$102	\$1.62	0.73x	\$0.16	19%
Laramide Resources (LAM-T)	\$0.40	\$66	\$73	\$0.67			
Azarga Uranium (AZZ-T)	\$0.24	\$54	\$56	\$0.55		\$0.62	164%
* Bloomberg Consensus Data; ** CapitalIQ Consensus data				Average: 0.8x 51%			

**Corporate Contact**  
 Website: www.uraniumenergy.com Tel: 361-888-8235  
 Key Executive: Amir Adnani, President, CEO & Director  
 Colin Healey, MBA - Research Analyst Emma Boggio, MSA, CPA, CA - Research Associate  
 chealey@haywood.com 604-697-6089 eboggio@haywood.com 604-697-6166

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

