Derek Macpherson | VP, Research
research@redcloudsecurities.com

Uranium Update

The Squeeze is Coming; Expecting Higher Prices in 2020

Thematic
December 12, 2019

We continue to be bullish regarding our outlook for the uranium price over the medium to long-term. Following the UxC's Q4 2019 report, which incorporates a significant long-term demand increase (~7%) without a material supply increase, we have updated our supply-demand model. Consequently, this data reinforces our bullish outlook for higher uranium prices, especially since the UxC's price forecast was increased, bringing it towards our estimates. **We are maintaining our bullish outlook on the uranium sector. We expect multiple catalysts converging that should bring utilities back to the term market to secure long term supply, which has the potential to double the uranium price from current levels.**

UxC getting more bullish; more important than you think. The base case demand scenario increased by ~7% overall, this represents ~16Mlbs per year or a new mine about the size of Cigar Lake (or roughly 8% of Annual Global Demand). We note that most new production that could come online in the next up cycle requires a price of at least US$55/lb. Additionally, the UxC's forecasts are closely followed by many utilities, and with the UxC getting more bullish, we would expect utilities to become more active in both the spot and long-term markets. Utilities returning to the long-term market en masse is the key to the price being driven higher.

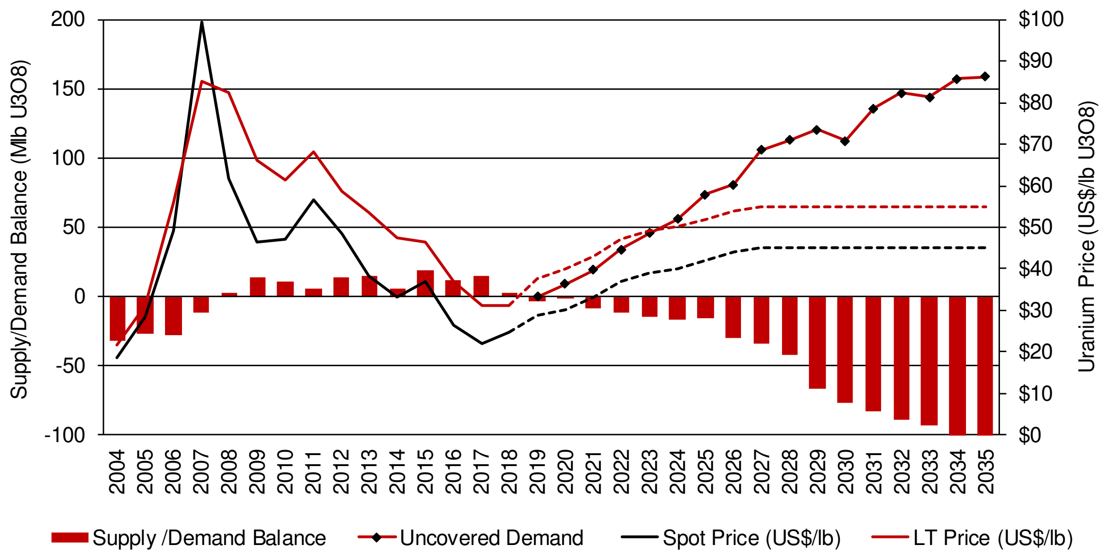
Supply-side unchanged; supply deficit starts in 2020. We continue to forecast a significant tightening of the market in 2020 (Figure 1) and believe that prices are likely to move materially higher next year. It appears that utility inventories levels remain at about two years (Figure 3) and when you account for the fact that spot market deliveries are typically about a year and first deliveries on long-term contracts are typically two years, utilities need to start replenishing supply in the near-term. We note that the implementation of sanctions by the U.S. against Russian, Chinese and European fuel providers could result in a near-term supply chain disruption (~20% of supply) and create an immediate need for U.S. utilities to come back to the market.

Market activity picking up and important catalysts remain. There has been a notable uptick in both spot and long-term market activity, particularly in November with 7.6Mlbs U_3O_8e transacting in the spot market, during the first three weeks (~13.5% of spot transactions in 2019). In the long-term market, there have been seven new contracts awarded since September, including two ~1M lbs U_3O_8e per year contract being signed in November. While the return of utilities to the long-term contract market is important, the key catalyst for significant price movement remains the Iran sanctions, along with the Nuclear Fuel Working Group conclusion expected shortly. Additionally, we expect the spot market to remain active with Cameco (TSX:CCO) needing to make significant spot market purchases to meet its long-term contracts.

2019 has been a tough year for uranium but 2020 should be different. 2019 has been a tough year for uranium equities with the producers of -19%, developers of -25% and explorers of -46% on average. Much of the weakness was post the non-decision of the Section 232 challenge in the US and probably compounded by tax-loss selling. With a supply-deficits forecast to start in 2020, and utilities needing to come back to the market, we believe now is an opportune time to step into the market. Our coverage includes, Anfield Energy (TSXV:AEC, FV est. C$0.30), Appia Energy (CNSX:API, FV est. Restricted), Fission Uranium (TSX:FCU, FV est. C$1.20), Fission 3.0 (TSXV:FUU), GoviEx Uranium (TSXV:GXU, FV est. C$0.45) and Laramide Resources (TSX:LAM, FV est. C$1.05).

Updated Model, Same Conclusion – The Price Must Go Higher

Figure 1: Red Cloud Updated Supply Demand Model



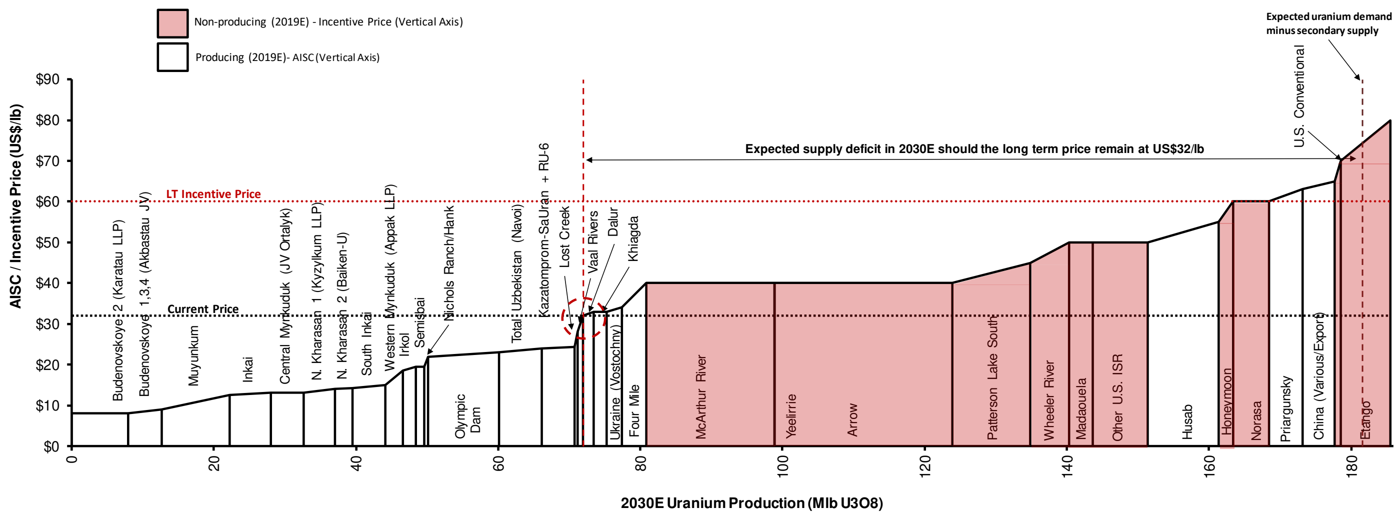
Source: Company Reports, RCS Estimates, Capital IQ, UxC, WNA

Demand Increasing: Reactors being extended and approved, nuclear becoming "Green Energy". Overall, there appears to be a movement towards nuclear, both in developed and developing countries. A recent trend, particularly in the U.S. has been extending the operating lives of existing reactors. In developing countries, new reactors are the theme, as countries like China and India work to reduce emissions and improve air quality. This trend has been positive for demand forecasts with the World Nuclear Association (WNA) and the UxC both increasing demand forecasts in its most recent reports. Notably, the UxC increased its base case demand by ~7% (~16Mlbs/year), which to be met requires a new mine about the size of Cigar Lake to come online.

Supply remains constrained by price, resulting in a stand-off. As we noted in our initial report, the vast majority of supply is uneconomic at current prices (Figure 2). The net result is that producers are not willing to enter into new long-term agreements at the current price, whereas utilities have been willing to partially supplement inventories from the spot market. However, this is unsustainable, particularly since we expect Cameco to be a large-scale spot market purchaser (~20Mlbs in 2020, ~11% of global demand, 36% of 2019 spot market YTD) to meet its contractual demands.

Derek Macpherson | VP, Research
research@redcloudsecurities.com

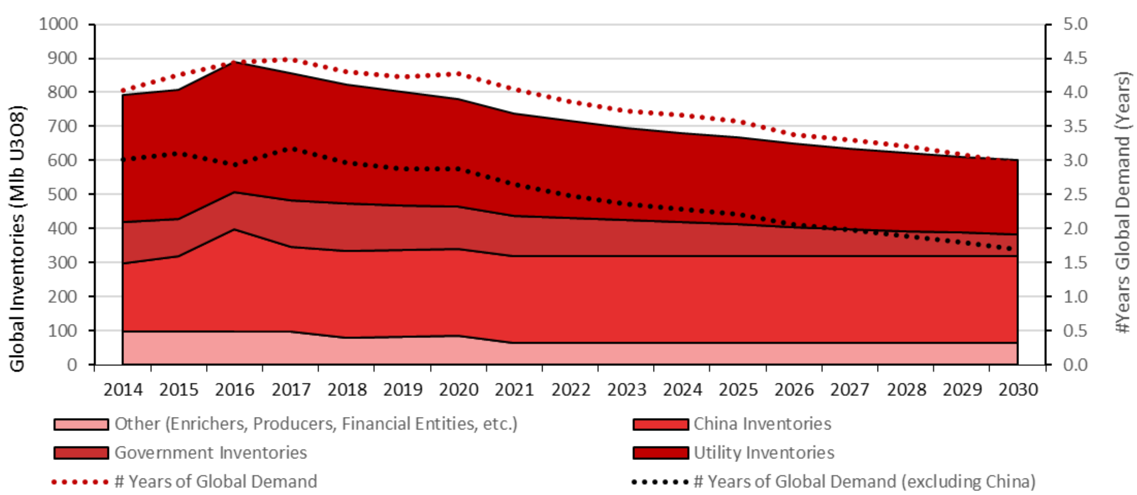
Figure 2: 2030E Forward Looking Uranium Cost Curve



Source: RCS Estimates, UxC, WNA, S&P Global Market Intelligence

Inventories declining. Global inventories are at ~800Mlbs U3O8e, which compares to 2019E demand of ~190Mlbs U3O8e. However, we believe ~30-40% is Chinese strategic supply for its aggressive reactor build plans both domestically and abroad. This suggests that inventory available for utilities, continues to be below three years. With utilities preferring to hold two to three years of inventory, and long-term contracts taking more than two years for first delivery, the time for new long-term contracts is now.

Figure 3: Estimated Global Uranium Inventories



Source: RCS Estimates, UxC, WN

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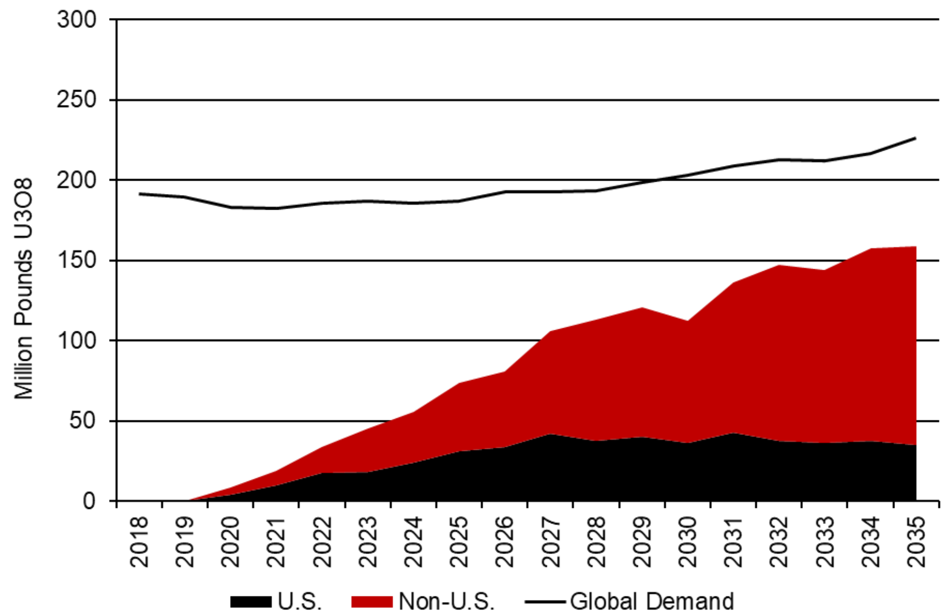
Uncovered demand (Figure 4) is becoming more difficult to buy in the spot market. It is important to highlight that besides the fact that we are entering a supply deficit, there remains uncovered demand for 2020 (i.e. a utility consuming more than it purchases) and while not a huge number (8.7M lbs U3O8e according to the UxC) we are expecting that it may be difficult for utilities to fill this gap from the spot market – with large purchasers like Cameco buying significantly more material and there being a supply deficit. We note that both uncovered demand and the supply deficit grow materially in 2021. At this point, it is unlikely that first delivery of any new long-term contracts would be before 2022, when the supply deficit and uncovered demand are forecast to continue increasing.

Figure 4: Uncovered Demand (Q4 2019 UxC Report)



Source: UxC, RCS Estimates

Catalsyts Converging

While the supply-demand picture continues to be very bullish for uranium prices, there are several near-term catalysts that may accelerate price discovery.

Sanctions would impact the supply chain and would likely push the spot market higher. Since the U.S. government pulled out of the Iran Nuclear deal, there had been waivers in place, allowing European, Chinese and Russian companies working on Iranian civil nuclear projects to continue working. This related to four facilities: 1) Fordow, a previously secret fortified enrichment facility, 2) Bushehr, a nuclear power station, 3) Arak, a heavy water plant and 4) the Tehran Research Reactor. Only the Fordow waiver has been rescinded, with sanctions taking effect on December 15th. With these companies representing ~20% U.S. nuclear fuel supply, we expect this to drive uranium prices higher, even if some of the companies discontinue working at this facility. We note that the Russian's have already indicated its companies are planning to continue working at Fordow. We also highlight that U.S. legislators may also introduce legislation to remove the remaining three waivers, as **previously discussed**.

NFWG should end soon, Section 232 saga should finally end. Our understanding is that the Nuclear Fuel Working Group (NFWG), that was enacted by the President of the United States following the Section 232 investigation into uranium supply has already submitted its report to the President. However, the findings have yet to be published. While an outcome that would see government agencies buying some U.S. mined uranium would be positive for our U.S. developers (Anfield Energy (TSXV:AEC, FV est. C$0.30) and Laramide Resources (TSX:LAM, FV est. C$1.05)), as the **leaked findings** suggest. Most importantly, it should free up U.S. utilities to enter into new long-term contracts and could kick-off the contracting cycle we are waiting for. A new U.S. Energy Secretary has been confirmed and the report could be released in the near-term.

Spot buying could push the price higher. It appears that spot purchases are picking up with Q3 up 46% over Q2 and QTD transactions suggesting another QoQ increase is likely. We would note that 56.3M lbs U3O8e have transacted in the spot market YTD and it appears likely that the spot transactions are likely to be the second highest since 1990 (2018 was exceptional because of the creation of Yellowcake PLC). We believe that Cameco still has spot purchases to make this year and likely needs to purchase another 20Mlbs U3O8e next year to meet its contractual obligations. Considering the spot market has historically been ~50Mlbs U3O8e over the last 10 years, this represents a new large purchaser.

New long-term contracts key, green shoots appearing. By volume 2019 has been a slower year for long-term contracts, slightly below 2018, and well below the peak years from 2005-2012. In our view, this has been partially caused by the Section 232 investigation and subsequent NFWG. However, subsequent to the Section 232 report there has been an uptick in contracting volume. In the US, 63% of contracts signed this year by volume were signed subsequent to the report, highlighted by a ~1M lb U3O8e/year contract being signed in November. Similarly, outside the U.S. 49% of contracts by volume were signed subsequent to the report, highlighted by a ~1M lb U3O8e/year contract being signed in November. If this momentum continues, we expect 2020 to be a very good year for the uranium price. We highlight that while the UxC reports a long-term price of US$32/lb, these contracts often contain price escalation mechanisms, such that they could be economic over the long-term for the producers.

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Best Boats Getting Ready to Float: Updated Company Assessment

Continues to be a number of compelling opportunities in uranium, augmented by tax loss selling. Using the same criteria (Appendix A), we have reassessed the sector, with changes indicated in Figure 5. In particular, where tax loss selling has impacted valuations companies, have moved up the ranking.

Looking more favourably at China and Russia friendly countries. Additionally, China and Russia are aggressively selling new reactors in the developing world and these reactor agreements typically come with very long-term uranium supply agreements (~60 years). To provide fuel for these agreements both countries need to secure new supply and are likely to acquire assets. Chinese and Russian national companies tend to have above average risk tolerance. This suggests to us that countries where investors typically see higher political risk, are favoured by these likely acquirers. As such, we have increased the value for African focused companies as these are likely the first to be acquired.

Figure 5: Company Assessment with Ranking Changes

Uranium Producer	Ticker	MC (US$M)	Country Name	Cost	Financeability	Exploration Upside	Country	Relative valuation	Time to Production	Total Score	Δ
Kazatomprom	KAS:KZAP	$ 3,582.8	Kazakhstan								
Cameco Corporation	TSX:CCO	$ 3,554.3	Canada								
Peninsula Energy Limited	ASX:PEN	$ 35.2	USA								
Energy Fuels Inc.	TSX:EFR	$ 208.8	USA								
Ur-Energy Inc.	TSX:URE	$ 95.6	USA								
Energy Resources of Australia	ASX:ERA	$ 54.7	Australia								

Uranium Explorer/Developer	Ticker	MC (US$M)	Country Name	Cost	Financeability	Exploration Upside	Country	Relative valuation	Time to Production	Total Score	Δ
Global Atomic Corporation	TSX:GLO	$ 53.9	Niger								△
Paladin Energy Limited	ASX:PDN	$ 123.0	Namibia								△
Deep Yellow Limited	ASX:DYL	$ 43.8	Namibia								△
GoviEx Uranium Inc.	TSXV:GXU	$ 43.2	Niger								△
Fission Uranium Corporation	TSX:FCU	$ 93.7	Canada								△
NexGen Energy Ltd.	TSX:NXE	$ 416.9	Canada								△
Uranium Energy Corp.	AMEX:UEC	$ 169.6	USA								▽
Denison Mines Corp.	TSX:DML	$ 234.7	Canada								
Boss Resources Limited	ASX:BOE	$ 57.3	Australia								
Aura Energy Limited	ASX:AEE	$ 5.4	Mauritania								△
Anfield Energy Inc.	TSXV:AEC	$ 5.4	USA								△
Laramide Resources Limited	TSX:LAM	$ 23.7	USA								
UEX Corporation	TSX:UEX	$ 34.3	Canada								▽
Azarga Uranium Corp.	TSX:AZZ	$ 23.1	USA								△
enCore Energy Corp.	TSXV:EU	$ 15.5	USA								
Appia Energy Corp.	CNSX:API	$ 7.7	Canada								
ValOre Metals Corp.	TSXV:VO	$ 17.4	Canada								
Blue Sky Uranium Corp.	TSXV:BSK	$ 10.4	Argentina								
Alligator Energy Limited	ASX:AGE	$ 2.9	Australia								
Berkeley Energia Limited	ASX:BKY	$ 39.7	Spain								
Forum Energy Metals Corp.	TSXV:FMC	$ 5.8	Canada								
U3O8 Corp.	TSX:UWE	$ 1.3	Argentina								
Western Uranium & Vanadium	CNSX:WUC	$ 21.9	USA								▽
Vimy Resources Limited	ASX:VMY	$ 19.8	Australia								
Forsys Metals Corp.	TSX:FSY	$ 13.0	Namibia								△
Energy Metals Limited	ASX:EME	$ 12.1	Australia								
Toro Energy Limited	ASX:TOE	$ 11.9	Australia								
Lotus Resources	ASX:LOT	$ 10.5	Malawi								
Bannerman Resources Limited	ASX:BMN	$ 28.1	Namibia								△
Plateau Energy Metals Inc.	TSXV:PLU	$ 16.8	Peru								

Source: Company Reports, RCS Estimates, Capital IQ, UxC, WNA

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Adding Uranium investment vehicles. With advent of two new uranium investment vechiles and a third on the horizon, we have added a new category to group these companies, evaluating them on leverage to the uranium price, liquidity, fees, relative cost in terms of NAVPS and overall exposure to uranium.

Figure 5 contd.: Company Assessment with Ranking Changes

Uranium Explorer	Ticker	MC (US$M)	Country Name	Cost	Financeability	Exploration Upside	Country	Relative valuation	Time to Production	Total Score	Δ
Fission 3.0 Corp.	TSXV:FUU	$ 5.4	Canada								
IsoEnergy Limited	TSXV:ISO	$ 26.8	Canada								
CanAlaska Uranium Limited	TSXV:CVV	$ 6.0	Canada								▽
ALX Uranium Corp.	TSXV:AL	$ 3.7	Canada								▽
Skyharbour Resources Ltd.	TSXV:SYH	$ 9.4	Canada								
Purepoint Uranium Group Inc.	TSXV:PTU	$ 8.9	Canada								
Azincourt Energy	TSXV:AAZ	$ 2.9	Canada								▽
International Montoro Resources	TSXV:IMT	$ 1.2	Canada								
Belmont Resources Inc.	TSXV:BEA	$ 0.4	Canada								
Uranium Investment Vehicle	**Ticker**	**MC (US$M)**	**Country Name**		**Leverage**	**Liquidity**	**Fees**	**Relative Cost**	**Exposure to Uranium**	**Total Score**	**Δ**
Mega Uranium Ltd.	TSX:MGA	$ 22.2	Australia								△
Uranium Participation Corp.	TSX:U	$ 441.4	Canada								△
Uranium Royalty Corp.	TSXV:URC	$ -	Canada								△
Yellow Cake plc	AIM:YCA	$ 223.0	Kazakhstan								△
North Shore Global Uranium Mining ETF	NYSE ARCA:URNM	$ 2.5	USA								
Horizons Global Uranium Index ETF	TSX:HURA	$ 4.8	Canada								△
Global X Uranium ETF	NYSE ARCA:URA	$ 181.9	USA								△

Source: Company Reports, RCS Estimates, Capital IQ, UxC, WNA

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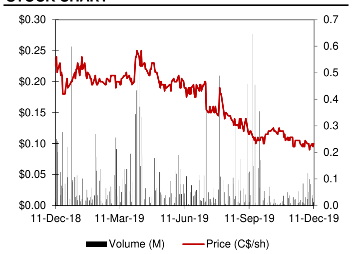
research@redcloudsecurities.com

Red Cloud Uranium Coverage Update

Anfield Energy Inc.		
(Currency is CAD$ unless noted otherwise)		
Closing Price		$0.12
NAV (C$/sh)		$0.40
Fair Value Estimate (C$/sh)		$0.40
52 Week Low / High	$0.09 /	$0.26
P/NAV		0.30x
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	75	121
Market Capitalization ($MM)		$9.0
Enterprise Value ($MM)		$20.1
Last Reported Quarter Cash ($MM)		$0.4
Total Debt ($MM)		$11.5

STOCK CHART



Anfield Energy Inc. (TSXV:AEC)

Analyst: Derek Macpherson
Fair Value Estimate: C$0.30/share (unchanged)
Methodology: NAVPS10% estimate

Our View

Anfield is a uranium development company with a portfolio of quick to production ISR and longer-term conventional assets in the US providing it leverage from a strengthening uranium price. The company also owns the licensed Shootaring Canyon mill in Utah, which is one of only three in the US making the company a potential takeover target.

Highlights:

- **Low cost and quick to production ISR asset.** In March 2018, Anfield acquired the Charlie ISR-amendable project and nine past-producing uranium/vanadium properties in Colorado referred to as the West Slope Project. Additionally, Anfield recently completed its PEA and has a Resin Processing Agreement with Uranium One to process up to 0.5Mlb/year at the nearby Irigaray processing plant, which offers the company a quick path to future production.

- **Low capex at Charlie.** We anticipate the company is likely to need US$6.7M in pre-production capital for well field development and pipeline construction in order to start mining at Charlie. An additional US$15M in development capital is estimated to be required at Nine Mile lake and we assume Anfield's other assets are too far from the Irigaray processing plant and as a result have not included them in our valuation.

- **Shootaring Canyon could serve as a milling hub.** Should Charlie move into production, this would likely facilitate financing for the refurbishment of the company's Shootaring Canyon uranium Mill in Utah, which could serve as a hub for processing ore from nearby conventional assets.

Valuation:

All eyes on the working group recommendations. We are maintaining our fair value estimate of C$0.30/sh, which is based on 0.75x our base case NAVPS estimate of C$0.40/sh (was C$0.41). We have updated our model to account for Q3 financials. In our view Anfield should re-rate with the uranium price and could outperform should the working group deliver a favorable recommendation for U.S. miners. **Upcoming Catalysts include** 1) Working group recommendations, 2) Conventional asset resource update and 3) Licencing/Permitting at Charlie.

Derek Macpherson | VP, Research
research@redcloudsecurities.com

Appia Energy Inc. (CSE:API)
Analyst: Jacob Willoughby
Restricted

Fission 3.0 Corp.
(Currency is CAD$ unless noted otherwise)

Closing Price		$0.06
52 Week Low / High	$0.05 /	$0.26
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	142	225.1
Market Capitalization ($MM)		$7.8
Enterprise Value ($MM)		$4.6
Last Reported Quarter Cash ($MM)		$3.2
Total Debt ($MM)		$0.0

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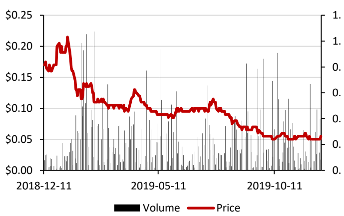

Fission 3.0 Corp (TSXV:FUU)
Analyst: Derek Macpherson

Our View

Fission 3.0 is a uranium focused exploration company that has a management team that has created value with the drill bit multiple times in the Athabasca Basin. As well, over the last eight years, management had the ability (both technical and financial) to build a portfolio of the highest quality uranium prospects in the basin.

Highlights:

- **Lots of potential synergies and exploration upside.** Fission 3.0 has prospective ground in the backyard of Fission Uranium's PLS project, creating operating synergies for Fission 3.0 and FCU. In March Fission consolidated 100% ownership of Patterson Lake North and plans to drill multiple EM conductors and faults in the same Clearwater Domain which saw the discovery of Triple R. Previous drilling has identified a large shallow 700m trend that is a focus to follow-up on.

- **Additional assets next door to high-grade mines.** Follow-up drill targets include: 1) The south-eastern part of the Basin (McArthur River, Cigar Lake and Wheeler River) which hosts one of the most important high-grade trends of uranium mines and projects in the world, 2) the North-East Basin (Cree Bay) which is located 5 km away from the past producing Nisto Uranium Deposit (500 tons at 1.6% U_3O_8), and 3) the North Basin (Beaverlodge Area) which was a major uranium producing district in the 1950s and 1960s. We believe these targets add tremendous exploration upside due to their proximity to previously producing assets.

- **Closing in on future targets.** Having intersected radioactivity and strong alteration in multiple holes, we believe future work will include following-up on promising geophysical signatures which outline structural deformation and mineralized areas within the basin, adding significant exploration potential. Additionally, the company added 4,858 ha of new claims to the north and east of the Beaver River property securing a prospective trend northeast of the Trigger zone.

Valuation:

Advancing towards a discovery, and 2020 could be the year. We view Fission 3.0 as a cheap option on a potentially material uranium discovery in the Athabasca Basin. **Upcoming Catalysts include:** 1) exploration results from Hearty Bay, 2) interpretation of completed geophysics and 3) 2020 exploration plans.

Derek Macpherson | VP, Research
research@redcloudsecurities.com

Fission Uranium Corp.		
(Currency is CAD$ unless noted otherwise)		
Closing Price		$0.39
NAVPS		$1.32
Fair Value Estimate (C$/sh)		$1.20
52 Week Low / High	$0.26 /	$0.62
P/NAV		0.29x
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	486	512
Market Capitalization ($MM)		$189.5
Enterprise Value ($MM)		$182.7
Last Reported Quarter Cash ($MM)		$6.8
Total Debt ($MM)		$0.0

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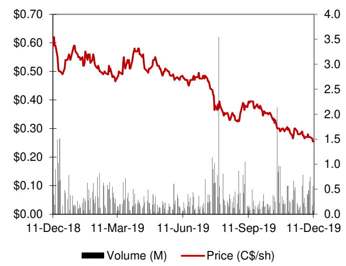

Fission Uranium Corp (TSX:FCU)

Analyst: Derek Macpherson
Fair Value Estimate: C$1.20/sh (unchanged)
Methodology: NAVPS10% estimate

Our View

Fission Uranium Corp is a uranium developer focused on advancing its Patterson Lake South (PLS) project in Saskatchewan. We believe that as the company advances the underground-only project design from PEA to PFS, while at the same time demonstrating the project's exploration upside, it has the potential to re-rate higher.

Highlights:

- **Paterson Lake PFS results released.** The results of the PFS for an underground-only mining scenario has lower opex and capex than the previously released hybrid PFS. As well, the operating and economic parameters within this study match the previously released underground only PEA and our estimates. This study paves the way for the company to proceed to feasibility and extend mine life by upgrading known targets within the planned underground footprint. This is also a positive signal for the pending feasibility study.

- **High-grade resource growth potentially additive to mine plan.** Previous drilling at PLS intersected high grade uranium outside of the R780E zone where the company highlighted an exceptional intercept of 38m grading 3.52% U3O8 (PLS19-PW-09). This demonstrates the further growth of the high-grade zones and may be additive to the current resource as the grade for the underground-only mine plan currently stands at 1.64% U3O8.

- **Baseline environmental work at Fission has been ongoing since the discovery of the deposit and the majority is completed.** With low jurisdictional risk and ongoing feasibility level environmental work, we expect the company is likely to receive mining permits within 2-3 years of an FS (2020E). Therefore, we are expecting three years of pre-production (2022-2025E) and commercial production as early as 2026E.

Valuation:

Maintaining our C$1.20/sh fair value estimate; stock poised to re-rate with the uranium price. We are maintaining our fair value estimate for Fission Uranium at C$1.20/sh. Our fair value estimate is based on 0.90x our base case $NAVPS_{10\%}$ of C$1.32/sh (was C$1.33). We have updated our model to account for Q3 financials. Fission trades at 0.29x NAV versus peers at 0.28x; however, we believe Fission should trade at a meaningful premium based on its high-grades and favourable jurisdiction. **Upcoming Catalysts include:** 1) further exploration results.

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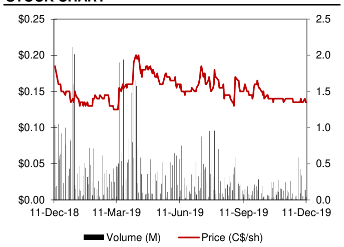
research@redcloudsecurities.com

GoviEx Uranium Inc.

(Currency is CAD$ unless noted otherwise)

Closing Price		$0.16
NAVPS		$0.65
Fair Value Estimate (C$/sh)		$0.45
52 Week Low / High	$0.12 /	$0.21
P/NAV		0.24x
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	423	597
Market Capitalization ($MM)		$67.7
Enterprise Value ($MM)		$66.4
Last Reported Quarter Cash ($MM)		$1.3
Total Debt ($MM)		$0.0

STOCK CHART



Goviex Uranium Inc. (TSXV:GXU)

Analyst: Derek Macpherson
Fair Value Estimate: C$0.45/share (unchanged)
Methodology: NAVPS12% estimate

Our View

GoviEx is a uranium developer focused on its advanced assets in Africa - particularly its flagship Madaouela project in Niger, which is permitted with a relatively short path to production. Given its strategic location and high price sensitivity we believe GoviEx's advanced projects are well positioned to take advantage of a new uranium bull market as Chinese utilities and miners look for additional strategic supply.

Highlights:

- **Strong local partnerships and financial position.** Following the finalization of the previous transaction between GoviEx and the Government of Niger, whereby the Government acquired a further 10% stake in Madaouela (to 20%), the Company will settle its C$10.8M in debt and be effectively debt-free moving forward.

- **Many permitted high-quality assets with mine optimization work on the way.** The Madaouela project is located ~10km south of Orano's Cominak and Somair uranium mines in North-Central Niger. Niger supplied 6% of globally mined uranium in 2018 and has been producing uranium since the 1970s. After receiving its mining permit in 2016, Niger has formally approved the revision to the shape of the Madaouela I mining permit to include an additional 5.96 Mlbs U3O8 in the measured and indicated categories associated with the Miriam uranium deposit as well as 17.88 Mlbs U3O8 in the measured and indicated categories associated Madaouela South North East deposit.

- **Big plans ahead.** With many nearby producing uranium mines, GoviEx's Madaouela project has the ability to benefit from an area that has skilled mine labor, road access, ground water, and the use of Niger's national power grid as a reliable source of energy. Future areas of interest include: (1) an updated development plan envisioning a 21-year mine life with a steady state uranium production of 2.7Mlbs U3O8/year at Madaouela; (2) conventional 11-year open pit mining at Mutanga at a rate of 2.6Mlbs/yr; and (3) high grade uranium assets in Mali.

Valuation:

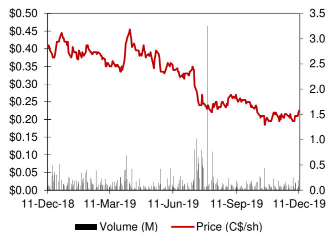
GoviEx is a unique late-stage development company that is well positioned to start production during the next cycle. We are maintaining our fair value estimate of C$0.45/sh, which is based on 0.75x our base case NAVPS estimate of C$0.65/sh (was C$0.64). We have updated our model to account for Q3 financials. **Upcoming catalysts include** project financing updates which are expected to be ongoing and dependant on market conditions.

Derek Macpherson | VP, Research
research@redcloudsecurities.com

Laramide Resources Ltd.
(Currency is CAD$ unless noted otherwise)

Closing Price		$0.22
NAVPS		$1.45
Fair Value Estimate (C$/sh)		$1.05
52 Week Low / High	$0.18 /	$0.46
P/NAV		0.15x
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	143	184
Market Capitalization ($MM)		$31.4
Enterprise Value ($MM)		$40.8
Last Reported Quarter Cash ($MM)		$0.6
Total Debt ($MM)		$10.0

STOCK CHART



Laramide Resources Ltd. (TSX:LAM)

Analyst: Derek Macpherson
Fair Value Estimate: C$1.05/share (unchanged)
Methodology: NAVPS10% estimate

Our View

Laramide is a uranium development company with quick to production ISR assets in the US, along with conventional assets in the US and Australia. The company's current approach is to start small ~1 Mlbs/year with its low initial capex New Mexico ISR projects, and eventually expand production from generated cash flow and the advancement of its conventional US and Australian assets.

Highlights:

- **Strong acquisitions pave Laramide's road to success.** Laramide's consolidation of Hydro Resources assets (Church Rock and Crownpoint) highlights an ISR amenable operation with a 6-year mine life for a total production of 4.4 Mlbs of Uranium. Laramide completed updated mineral resource estimates for both projects since their acquisition which host Inferred 51 Mlbs U3O8 and 5.1 Mlbs U3O8 at Church Rock (2017) and Crownpoint (2018) respectively.

- **All the necessary permitting underway.** On the permitting front, the company must obtain a New Mexico Environment Department Groundwater Discharge Plan permit and update its Nuclear Regulatory Commission (NRC) license for a 3Mlb U3O8/year Central Processing Plant for Crownpoint.

- **Low cost and quick to production assets.** To start mining at Church Rock and Crownpoint we anticipate the company will need US$35M in pre-production capital for well field development and pipeline construction, with an additional US$30M in year 5 for a lower-cost standalone 3Mlb/year processing plant.

Valuation:

All eyes on the working group. We are maintaining our fair value estimate of C$1.05/sh, which is based on 0.75x our base case NAVPS estimate of C$1.45/sh (was C$1.44). We have updated our model to account for Q3 financials. We continue to believe this accurately reflects the low execution risk we see at Church Rock and Crownpoint. **Upcoming catalysts include** 1) Recommendations of working group and 2) the NRC Licence update for Church Rock.

Derek Macpherson | VP, Research
research@redcloudsecurities.com

Appendix A: Criteria for Grading Uranium Companies

Our assessment is based on six criteria, which we believe represent the key factors to consider when evaluating a uranium company and its project(s). These are cost profile, exploration upside, financeability, time to production, jurisdiction and relative valuation to similar stage peers. Each factor is rated from 1 to 5, where 5 refers to the most favourable rating (green – Figure 2) and 1 refers to the worst and least favourable rating (red – Figure 2). The six criteria include the following.

1. **Cost** – A uranium company's cost-profile or expected cost-profile is of significant importance for future economic viability for projects with such long development timelines. This rating also considers incentive price and pre-production capex for development projects.

2. **Exploration Upside** – Larger cap companies with resources believed to have already reached critical mass to enter mine development have been rated less favourably to reflect the limited near-term resource growth potential as a result of the shifted focus to permitting and mine development. We also believe exploration news from these larger cap producers/developers are less likely to move the stock.

3. **Financeability** – Depending on where the asset is in the project life cycle, we have given a less favourable rating to early-stage exploration assets and a more favourable rating to producers. We have rated uranium developers based on our expectation of the company's ability to finance the pre-production cost of the asset, which takes into account management team, joint venture partners and strategic and/or institutional ownership. Metrics including EV/Capex and LOM capital intensity were also computed and considered.

4. **Jurisdiction** – Our view has been based on the most recent Fraser Institute rankings with upward adjustments for countries with a rich uranium mining history.

5. **Time to production** – Given the extensive permitting timeline for uranium mines, we have estimated the time to production for each asset evaluated based on the stage of the project in the permitting process and our knowledge of the host country's permitting process.

6. **Relative Valuation** – Relative valuation is based on conventional comparable valuation metrics such as P/NAV, EV/EBITDA for producers and EV/lb for explorers/developers.

Derek Macpherson | VP Research, dmacpherson@redcloudsecurities.com
Jacob Willoughby | VP Research, jwilloughby@redcloudsecurities.com
Zachary Kotowych| Research Associate, zkotowych@redcloudsecurities.com
Taylor Combaluzier | Research Associate, tcombaluzier@redcloudsecurities.com

Red Cloud Securities
105 King Street East, 2nd Floor
Toronto ON, M5C 1G6
research@redcloudsecurities.com
www.redcloudfs.com/research-home

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Company Specific Disclosure Details

Company Name	Ticker Symbol	Disclosures
Anfield Energy Inc.	TSXV:AEC	2,3,4
Appia Energy Corp.	CNSX:API	2,3,4
Azincourt Energy Corp.	TSXV:AAZ	2,4
CanAlaska Uranium Ltd.	TSXV:CVV	2
Fission 3.0 Corp.	TSXV:FUU	2,3,4
Fission Uranium	TSX:FCU	2,3,4
GoviEx Uranium Inc.	TSXV:GXU	2,3,4
Laramide Resources Ltd.	TSX:LAM	2,3,4
Mega Uranium Ltd.	TSX:MGA	2
Skyharbour Resources Ltd.	TSXV:SYH	2
All companies from Figure 5 excluding those listed above		None

1. A member of Red Cloud Securities team has visited/viewed material operations of the issuer.
2. In the last 12 months, Red Cloud Securities has been retained under a service or advisory agreement by the subject issuer.
3. In the last 12 months, Red Cloud Securities has received compensation for investment banking services.
4. Red Cloud KS or a member of the Red Cloud Securities team or household, has a long position in the shares and/or the options of the subject issuer.
5. Red Cloud KS or a member of the Red Cloud Securities team or household, has a short position in the shares and/or the options of the subject issuer.
6. Red Cloud KS or a member of the Red Cloud Securities team own more than 1% of any class of common equity of the subject issuer.
7. A member of Red Cloud Securities team or a member's household serves as a Director or Officer or Advisory Board Member of the subject issuer.