



# Uranium Energy Corp.

(UEC-US)

SECTOR: Mining

STOCK PRICE \$5.28  
 RATING **BUY**  
 TARGET PRICE ↑ \$6.60  
*Previous* \$3.50

## DEFINITIVE SHARE PURCHASE AGREEMENT WITH URANIUM ONE INVESTMENTS

### UEC Doubles Down on Hub-and-Spoke Strategy

**OUR TAKE:** Yesterday, Uranium Energy Corp. announced that it has entered into a definitive share purchase agreement with Uranium One Investments Inc., to acquire all the issued and outstanding shares of Uranium One Americas, Inc. (U1A) for \$112M in cash plus the replacement of \$19M in reclamation bonding. The transaction is poised to create “America’s Largest Uranium Mining Company”, and will see UEC take control of a portfolio of uranium ISR assets in Wyoming, several of which are essentially ‘turn-key’ and/or near production-ready. The suite of properties, mainly in the Powder River Basin, Wyoming (~100,000 acre land package), **set up UEC with a second ‘hub-and-spoke’ production-ready centre, complementing its Texas assets.** As UEC noted in its disclosure, the deal value reflects ~12% of UEC’s current EV, yet it will double its installed production capacity. The deal includes a Central Processing Plant with a Licensed Capacity of 2.5 Mlb U<sub>3</sub>O<sub>8</sub>, as well as 4 installed production ready well fields, along with a satellite processing facility at the Christiansen Ranch project which could be quickly returned to production. We see the acquisition is highly accretive adding nearly \$500M to our DCF<sub>6%</sub> NAV and unlocking major synergy in the future development of UEC’s existing Reno Creek ISR project, WY. **Integrating the assets and acquisition costs into our model are the main driver of the significant increase in our target to US\$6.60 (from \$3.50). Reiterate UEC as ‘Top Pick’.**

#### ACQUISITION HIGHLIGHTS

- ◆ **Operating Synergies to be Realized:** We see the deal as highly accretive to UEC’s valuation on a cost-for-value basis, and has the added bonus of real synergy for the UEC’s existing undeveloped Reno Creek ISR project (PFS due in 2021) located within 45 miles of the Irigaray CPP. In our model, Reno Creek realizes significant CAPEX savings (~\$35M) in a development scenario as part of the accelerated Wyoming hub-and-spoke strategy enabled by the new assets (see Figures 4 and 5).
- ◆ **Strong Deal Metrics:** The assets to be acquired include ~42 Mlb U<sub>3</sub>O<sub>8</sub> of NI 43-101 compliant resources (~90% Meas. & Ind.) at cost of ~\$3.13/lb before any consideration for the ~43 Mlb of identified potential resource upside in historic exploration targets in the package. This reflects a big discount to US near-term/producer peers (including UEC), which pre-announcement, were trading at an average of \$9.49/lb U<sub>3</sub>O<sub>8</sub> in-situ resources and a 73% discount to UEC, which was trading at \$11.50/lb. **Our total modelled NAV (DCF + Credits) for the assets is \$592M suggesting acquisition at 0.22x NAV, where UEC trades at 0.8x our updated NAV and 1.3x consensus NAV.**
- ◆ **Increasing UEC’s Production Profile:** With the additional infrastructure, UEC’s ISR production profile is increased to 6.5 Mlbpa U<sub>3</sub>O<sub>8</sub> (licensed and installed). We see even more potential to inexpensively increase production and we now model peak Wyoming ISR production capacity of 3.5Mlb U<sub>3</sub>O<sub>8</sub>/year by 2031 with a conservative progressive ramp-up (see Figures 1 and 5).
- ◆ **Minimal Dilution:** UEC has the financial resource to fully fund the acquisition with its existing balance sheet which included >\$235M in cash and liquid assets as of Oct. 26.

#### OUTLOOK

- ◆ **We are increasing our target on UEC to US\$6.60 (from 3.50)** driven primarily by the significant bump in contribution (~\$500M) from modelled production of the Wyoming assets, plus a conservative \$94M in-situ credit for the unmodelled 12.1 Mlb\* of NI 43-101 resources acquired. Unrelated adjustments include updating our valuation of UEC’s 4.1Mlb of physical uranium to our 12-mth forward weighted average forecast spot price of \$46.50/lb, worth ~\$190M.

#### RECOMMENDED ACTION

*We recommend owning UEC for maximum leverage to the Uranium Sector*

- ◆ **With this report we are increasing our target to US\$6.60, maintaining our BUY rating, ‘Very High’ risk rating and ‘Top-Pick’ assignment.** UEC is poised to control two separate fully licensed, production-ready hub-and-spoke production centres in Wyoming and Texas.

#### CATALYSTS

1. Further exploration, permitting and field advancement at ISR projects in Texas and Wyoming, including PFS on Reno Creek ISR project in 2021.
2. Further uranium price upside as the spot market remains highly active with improving price transparency – ongoing.

#### PROJECTED RETURN

25%

#### RISK FACTOR

Very High

#### SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$2.50	\$5.28	\$6.60
↓ 53%		↑ 25%

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$5.54/\$0.90
YTD Performance	200%
Dividend Yield	N/A
Shares O/S	259.0M
Market Capitalization	\$1,367M
Cash	\$96M
Debt	\$10M
Enterprise Value	\$1,281M
Daily Volume (3 mos.)	7,548,195
Currency	USD

#### HAYWOOD ESTIMATES (USD)

	2020A	2021A	2022E
U <sub>3</sub> O <sub>8</sub> Production (Mlb)	0	0	0
Revenue (\$M)	0	0	0
EBITDA (\$M)	(14.6)	(17.1)	(5.0)
CFPS (\$)	(0.08)	(0.07)	(0.02)

#### VALUATION

**We value UEC using a 1.0x corporate NAV multiple** based on our DCF<sub>6%</sub> NAV of the combined US hub-and-spoke strategies, plus our DCF<sub>8%</sub> NAV of the Yuty project, plus credit for other assets and UEC’s physical uranium holdings and contracted purchases, for a total corporate NAV of \$1.76B or \$6.60/share.

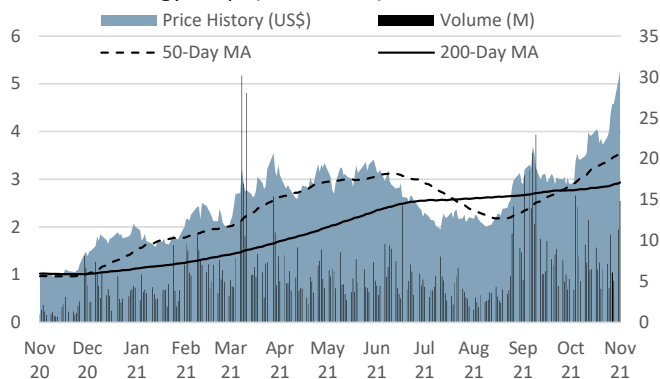
## INVESTMENT THESIS

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. With the announced addition of the Irigaray Central Processing Plant in Wyoming, with its own set of multiple permitted production or near production ready assets, UEC has a combined pathway to 6.5 Mlb U<sub>3</sub>O<sub>8</sub> per year, or more (with nominal investment and license amendments), of production when uranium price incentivizes.

- ◆ **UEC fully permitted and production ready** from its ISR uranium assets in South Texas and Wyoming (pending close of acquisition), with a solid pipeline of projects ready to feed both Central Processing Plants in each of the production centres within its multi hub-and-spoke strategy. These assets will progressively supplement production in a rising uranium price environment, with initial recommencement of production expected to be contingent on a uranium price north of \$45/lb U<sub>3</sub>O<sub>8</sub> for a sustained period. 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. Additionally, upon close of the recently announced acquisition of Uranium One Americas, Inc., UEC will have another 2.5 Mlbs./year of licensed production capacity at its Irigaray Processing Plant. 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 uncontracted 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

### Uranium Energy Corp. (UEC-AMEX)



Source: Capital IQ, and Haywood Securities

### TARGET PRICE

**Our \$6.60 target** is based on 1.0x our corporate NAV. Our fully-financed DCF<sub>6%</sub> analysis of the hub & spoke operations centered around the Hobson ISR CPP (Texas) and Irigaray ISR CPP (Wyoming) yields an NPV of \$1.1B. Our fully-financed DCF<sub>8%</sub> analysis of a conceptual ISR uranium mining operation at the Yuty project (Paraguay) yields an NPV of \$89M. We add credit for other assets and UEC's physical uranium holdings and contracted purchases, for a total corporate NAV of \$1.76B or \$6.60/share.

### DOWNSIDE CASE

**Our downside case** of \$2.50 is based on a discount to recent levels prior to the rapid ascent of uranium prices and UEC shares. The uranium sector has gone through a significant re-rating as of late, and some retracement is possible. We see \$2.50 as a supportive floor slightly below the recent base for UEC, which is poised to become a much larger and diversified producer.

*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.*

**Uranium Energy Corp** is a U.S. uranium mining and exploration company. The Company is positioning to re-start ISR production from its licensed and operational facilities in South Texas. Similarly, with the pending acquisition of the Uranium One assets in Wyoming, UEC will control a second production-ready centre with multiple licensed and operational assets in the US.

### Website

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

### Key Management

Amir Adnani– CEO

### KEY RISKS

- **Financial:** UEC is not currently in production and is expected to resume production at its ISR uranium projects in South Texas and expected projects in Wyoming when uranium prices justify. As such UEC may rely on external sources of funding prior to revenue generation, including potentially dilutive equity financings.
- **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.** NYSE.MKT:UEC Price: \$5.28 Shares O/S (M) 259.0 Rating: Buy  
 November 9, 2021 MCap (US\$ M) \$1,367 Target (US\$): \$6.60 Return: 25%

**Alpha:** Uranium Energy Corp (AMEX: UEC) is a uranium producer with turn key operations in both of the most favourable jurisdictions in the USA for uranium miners, in Texas and Wyoming, implementing a proven hub-and-spoke strategy in both regions. With the acquisition of the fully-permitted 2.5 Mlbp Irigaray Central Processing Plant, UEC unlocks big synergy for its Wyoming assets.

**Investment Highlights**

- Uranium producer via ISR mining with a strategic collection of uranium resources throughout United States (e.g., Irigaray Central Processing Plant and Christensen Ranch satellite plant in Wyoming, and the Hobson Uranium ISR Plant, Palangana satellite ISR facility in Texas)
- Specialized technical team that has permitted and constructed Uranium ISR facilities

**Texas**

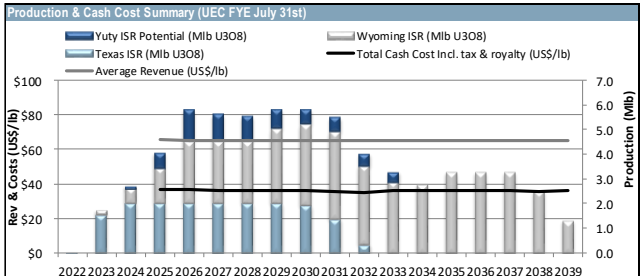
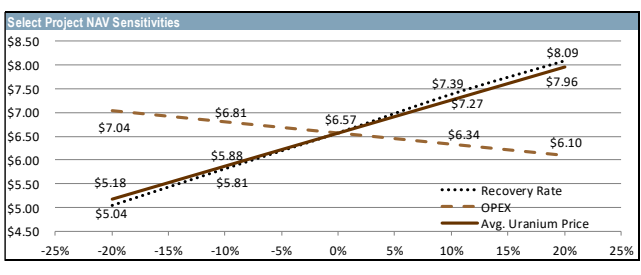
- Goliad property: NI 43-101 indicated resource of 5.48 million pounds at 0.05 % U<sub>3</sub>O<sub>8</sub>, and inferred resource of 1.50 million pounds at 0.05 % U<sub>3</sub>O<sub>8</sub>.
- Nichols property: NI 43-101 inferred resource of 1.31 million pounds at 0.07 % U<sub>3</sub>O<sub>8</sub>.
- 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

**Wyoming**

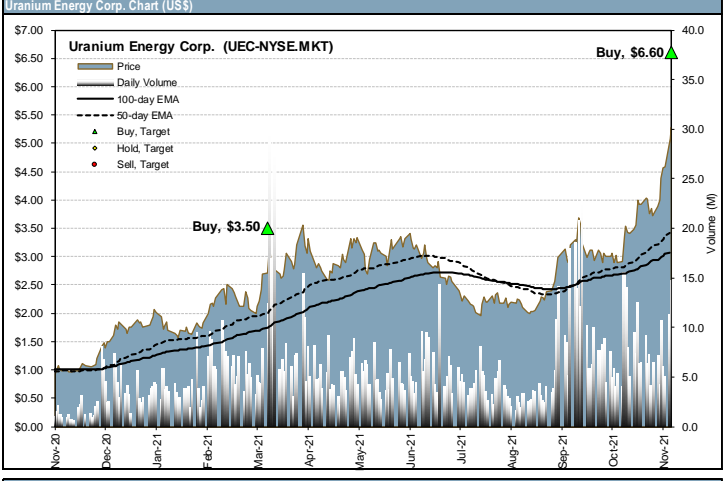
- The acquisition of a fully-permitted 2.5 Mlbp Central Processing Plant (Irigaray) and satellite mine and processing plant at Christensen Ranch provide additional near-term production potential, along with a regional resource endowment of ~42 Mlb of NI 43-101 resources with the recently announced transaction with Uranium One, which also unlocks the potential of the permitted but undeveloped Reno Creek ISR project already in the portfolio.

**Catalysts: Q4/2021:** PFS on Reno Creek ISR project, Wyoming

Financials & Assumptions	F'16A	F'17A	F'18A	F'19A	F'20A	F'21A	F'22E
(Year-End Jul-31)	31-Jul-16	31-Jul-17	31-Jul-18	31-Jul-19	31-Jul-20	31-Jul-21	31-Jul-22
Spot Uranium (US\$ / lb)	\$31	\$24	\$24	\$25	\$28	\$35	\$43
Long-term Uranium (US\$ / lb)	\$43	\$35	\$31	\$31	\$32	\$40	\$51
<b>Revenue (US\$M)</b>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Cost of Goods Sold (US\$M)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Corporate G&A (incl. stock based comp) (US\$M)	\$9.3	\$10.2	\$11.4	\$10.1	\$9.4	\$12.6	\$5.0
<b>EBITDA (US\$M)</b>	(\$13.4)	(\$14.4)	(\$16.0)	(\$14.6)	(\$14.0)	(\$17.1)	(\$5.0)
<b>EV / EBITDA</b>							
DD&A (US\$M)	\$2.1	\$1.7	\$1.5	\$1.8	\$2.0	\$1.8	\$0.0
<b>Earnings (US\$M)</b>	(\$17.3)	(\$18.0)	(\$17.8)	(\$17.2)	(\$14.6)	(\$14.8)	(\$4.7)
Adjusted EPS (US\$)	(\$0.16)	(\$0.14)	(\$0.11)	(\$0.10)	(\$0.08)	(\$0.07)	(\$0.02)
Current Price / EPS	-	-	-	-	-	-	-
Target Price / EPS	-	-	-	-	-	-	-
<b>Cash Flow Before W/C Changes (US\$M)</b>	(\$16.4)	(\$17.2)	(\$17.5)	(\$18.4)	(\$14.3)	(\$14.4)	(\$4.7)
Shares O/S, millions	116	139	160	181	184	233	259
CFPS, US\$	(\$0.12)	(\$0.08)	(\$0.08)	(\$0.07)	(\$0.07)	(\$0.20)	(\$0.02)
Current Price / CFPS	-	-	-	-	-	-	-
Target Price / CFPS	-	-	-	-	-	-	-
Operating Cash Flow (US\$M)	(\$13.1)	(\$10.4)	(\$12.5)	(\$12.6)	(\$12.9)	(\$41.5)	(\$5.0)
Financing Cash Flow (US\$M)	\$10.2	\$26.9	\$0.6	\$23.8	\$0.3	\$84.5	\$17.8
Investing Cash Flow (US\$M)	(\$0.1)	(\$11.0)	\$6.3	(\$12.1)	\$11.7	(\$3.6)	(\$23.4)
Change in Cash (US\$M)	(\$2.9)	\$5.4	(\$5.6)	(\$0.8)	(\$0.9)	\$39.4	(\$10.6)
<b>Working Capital (US\$M)</b>	\$6.2	\$21.1	(\$4.0)	\$16.6	\$4.6	\$61.8	\$55.4

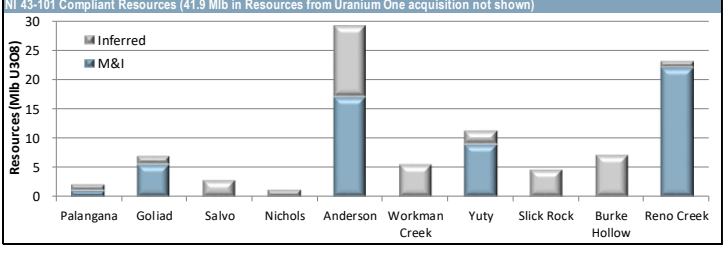


Production Profile	31-Jul-20	31-Jul-21	31-Jul-22	31-Jul-23	31-Jul-24	31-Jul-25	31-Jul-26
Total U3O8 Production (Mlb)	0.0	0.0	0.0	1.8	2.6	3.4	4.5
Uranium - Realized Price, US\$/lb	\$31	\$39	\$49	\$56	\$64	\$65	\$65
Cash Operating Cost, US\$/lb sold	\$18	\$18	\$18	\$18	\$18	\$18	\$18
Total Cash Cost (incl. tax & royalty), US\$/lb sold	\$31	\$39	\$49	\$34	\$36	\$37	\$36



Trading Statistics (CS): Capital Structure			
52 Week High/Low	\$5.54 / \$0.90	Average Daily Volume (90 day)	7,548,195
<b>Ownership (M)</b>	Management / Institutional	Major Shareholders	
Shares	5,330,447	86,356,468	State Street Global Advisors, Inc. 8.7%
% O/S	2.1%	33.3%	BlackRock, Inc. 5.5%
<b>Last Financing</b>			
9-Apr-21	\$12 million - Equity financing (3.6 million shares at \$3.3)		
28-Oct-21	Update to ATM as at Oct. 26, 2021 - raised \$68.8M under the current at-the-market equity program		
Shares O/S (million) - Basic / FD	258,986,829	/	275,989,057
<b>(CSM)</b>	Av Strike (C\$)	Units (M)	ITM Units (M)
Working Capital			\$44.3
Options	\$1.22	10.39	10.39
Warrants	\$1.82	6.61	6.61
<b>Total Cash &amp; ITM</b>	\$1.45	17.00	17.00
			\$12,042,131

NAV Summary, Target Generation and Sensitivity	Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US\$/lb)	\$63	\$51	\$57	\$70	\$76
Paraguay - Yuty NAV10% (US\$M)	\$89.1				
Wyoming - Reno Creek (US\$M)	\$794.0				
Goliad-Hobson DCF (US\$M)	\$306.9				
NPV of Corporate CF	(\$20.1)				
Total NAV (US\$M)	\$1,170.0	\$792.2	\$981.3	\$1,358.6	\$1,547.3
Other Texas & Wyoming Assets + Other (US\$M)	\$284.2	\$264.2	\$264.2	\$264.2	\$264.2
Equity Holdings in URC (US\$ eq.) + Physical Uranium Holdings	\$268.2	\$268.2	\$268.2	\$268.2	\$268.2
<b>Corporate NAV (unadjusted) (US\$M)</b>	<b>\$1,702.4</b>	<b>\$1,324.7</b>	<b>\$1,513.8</b>	<b>\$1,891.1</b>	<b>\$2,079.7</b>
Working Capital (est July 2022)	\$55.4	\$55.4	\$55.4	\$55.4	\$55.4
Dilutive Capital	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7
<b>Total Corporate NAV (US\$M)</b>	<b>\$1,758.5</b>	<b>\$1,380.8</b>	<b>\$1,569.9</b>	<b>\$1,947.2</b>	<b>\$2,135.8</b>
Corporate NAVPS	\$6.57	\$5.18	\$5.88	\$7.27	\$7.96
Current P/NAV	0.8x	1.0x	0.9x	0.7x	0.7x
Target P/NAV	1.0x	1.0x	1.0x	1.0x	1.0x
<b>Target (US\$)</b>	<b>\$6.60</b>	<b>\$5.20</b>	<b>\$5.90</b>	<b>\$7.30</b>	<b>\$8.00</b>



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)	\$13.61	\$2,101	\$1,979	\$12.97	1.45x	\$10.95	-20%
Uranium Energy (UEC-NYSEAM)	\$5.28	\$1,637	\$1,596	\$3.36	1.31x	\$4.55	-14%
Ur-Energy Inc. (URE-T)	\$2.50	\$542	\$515	\$9.67	0.76x	\$3.52	41%
Peninsula Energy (PEN-AU)	\$0.30	\$274	\$265	\$7.71	0.70x	\$0.33	11%
Laramide Resources (LAM-T)	\$1.00	\$193	\$197	\$1.28			
Azarga Uranium (AZZ-T)	\$0.70	\$186	\$186	\$0.97	1.08x	\$0.80	14%
<b>Bloomberg Consensus Data; ** CapitalIQ Consensus data</b>					<b>Average:</b>	<b>1.1x</b>	<b>7%</b>

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



## Commentary

### Acquisition of U1A Positions UEC as the Largest American Uranium Mining Company

Upon completion of the share purchase agreement, UEC will have acquired, among other assets, multiple ISR projects in the Powder River Basin, including a licensed/permitted CPP and three fully-permitted projects with defined resources as spokes to the central hub. UEC will also acquire several assets in the nearby Great Divide Basin (see Figure 3). Notably, the U1A portfolio currently contains NI 43-101 resources of 37.6 million pounds U<sub>3</sub>O<sub>8</sub> Measured and Indicated and 4.3 million pounds U<sub>3</sub>O<sub>8</sub> Inferred (see Figures 6, 7, and 4 shown in tables as 'historic' on a pro-forma basis to UEC). Although the estimates are NI 43-101 compliant as assessed by the vendor, the technical reports have not been filed on www.sedar.com and the resource estimates therein have not been verified as current resources by UEC. Additionally, not to be confused with the resources outlined above, the portfolio has identified historic exploration targets representing potential for an additional ~43Mlbs U<sub>3</sub>O<sub>8</sub> (it should be noted that this upside remains conceptual in nature as there has been insufficient work to date to define a NI 43-101 compliant resource). For conservatism, in our formal valuation, we have integrated only 25% resource upside (~3 Mlb U<sub>3</sub>O<sub>8</sub>) in our ~12 Mlb U<sub>3</sub>O<sub>8</sub> of unmodelled resources contained within the defined resources of Allemand-Ross, Barge, Jab and Jab West, for a total resource credit of ~15 Mlb U<sub>3</sub>O<sub>8</sub>. We have added no credit for the 43 Mlb of "historic exploration targets," but recognize that these have legitimate potential to deliver resource upside for UEC.

For comparative metrics, the assets to be acquired include ~42 Mlb U<sub>3</sub>O<sub>8</sub> of NI 43-101 compliant resources (~90% Meas. & Ind.) at **cost of \$131M, or ~\$3.13/lb, before any consideration for the ~43 Mlb of identified potential resource upside** in historic exploration targets in the package. This reflects a **substantial discount to US near-term/producer peers (including UEC), which pre-announcement, were trading at an average of \$9.49/lb U<sub>3</sub>O<sub>8</sub> in-situ resources and a 73% discount to UEC**, which was trading at \$11.50/lb. **Our total modelled NAV (DCF + Credits) for the new Wyoming assets is \$592M suggesting UEC is making the acquisition at 0.22x NAV, an attractive discount to current metrics, where UEC is currently trading at 0.8x our updated NAV and 1.3x consensus NAV.**

**UEC will also be building out its portfolio of Production Ready Projects & Facilities.** The Willow Creek area is comprised of the Irigaray CPP and Christensen Ranch project. Upon completion, UEC will benefit from Wyoming hub-and-spoke operations supported by U1A's Irigaray plant, which is one of the largest central processing facilities in the United States with a licensed capacity of 2.5 million pounds U<sub>3</sub>O<sub>8</sub> per year. Located only 45 miles away from UEC's permitted, undeveloped Reno Creek ISR project, the Company expects its addition to be highly accretive, allowing it to realize significant CAPEX savings and operating synergies in a development scenario as part of the Wyoming hub-and-spoke strategy, leveraging the existing plant (see Figures 4 and 5). The plant and infrastructure are in good condition with four fully installed wellfields on standby awaiting restart. Additionally, U1A already has a Resin Processing Agreement in place with a 3rd party at Irigaray through 2024, as well as a Resin Capture and Processing Agreement in place with a 3rd party at CR and IR through 2025. 'Historic' resources at Christiansen Ranch/Irigaray include 15.5Mlb U<sub>3</sub>O<sub>8</sub> Indicated plus a small amount of Inferred (see Figures 6 and 7). Previously, Uranium One produced ~2.34 Mlb from 2011-2014, including ramp-up and ramp down, peaking at 940klb in 2013 before being taken offline due to low uranium prices.

**UEC will also acquire additional satellite projects to feed the Irigaray CPP:** These projects include 2 additional licensed potential production centers which we have fully modelled (in addition to Christensen Ranch) and 3 others in various stages of licensing or advancement (see Figure 6). The 2 satellite projects with construction on stand-by are the Moore Ranch and Ludeman projects. The Moore Ranch Project was previously developed by Conoco in the early 1980's and currently contains resources of 3.2Mlb U<sub>3</sub>O<sub>8</sub> Measured and Indicated plus 0.04Mlb U<sub>3</sub>O<sub>8</sub> Inferred. While the Ludeman Project currently contains resources of 9.7Mlb U<sub>3</sub>O<sub>8</sub> Measured and Indicated plus 1.3Mlb U<sub>3</sub>O<sub>8</sub> Inferred. Ludeman is comprised of the former Leuenberger, North Platte and Peterson projects developed in the late 1970's by various other operators with most of the project area held by Power Resources (Cameco) until 2003, after which Energy Metals (precursor to U1A) acquired the properties.



# Outlook & Model Adjustments

## Accelerated Multi Hub-and-Spoke Strategy and Improving Fundamentals Sets up for another Big Year for UEC in 2022

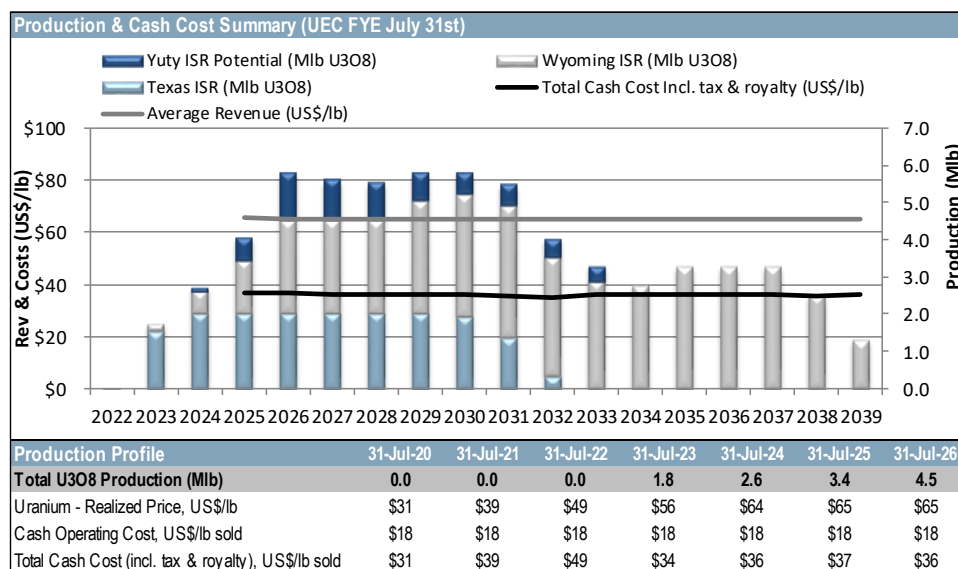
With uranium sector demand/supply fundamentals the best we've seen since pre-Fukushima, UEC remains well positioned to take advantage of the improving fundamentals of the sector in general. With multiple fully-permitted production-ready assets, UEC is also in a top position in the U.S. to participate. 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. UEC provides maximum leverage to both catalysts and with a 4.1 Mlb U<sub>3</sub>O<sub>8</sub> physical uranium inventory (contracted or held), has the flexibility to enter into agreements for reliable supply backstopping future production.

**Uranium One deal places Uranium Energy Corp. as perfectly positioned for a nimble response to uranium price recovery.** Our cost and production model below is underpinned by our opinion that uranium prices will steadily improve over the next 24-48 months. We model UEC commencing initial production from Texas assets in CQ3/22 and add in production from Wyoming ISR assets in 2023. This timeline will be highly dependent on sustaining the current uranium price move and any U.S. Government stimulus that may occur, and thus should be viewed as 'what UEC could do' if the market plays out the way we anticipate. In the meantime, UEC is not actively depleting finite resources into a weak commodity environment, which we see as an advantage over current producers. UEC is completely unhedged to uranium price and thus provides maximum leverage to investors.

**Our production model updates suggest significantly enhanced value from Wyoming hub-and-spoke strategy.** The U1A acquisition rapidly accelerates one prong of UEC's multi-prong production strategy by adding a fully built/licensed Central Processing Plant as a complete second hub-and-spoke future production centre, which has the added benefit of successful past production, which is a significant de-risking factor in our view as ramp up of mine production tends to be very high risk.

- Our Wyoming production model now includes Christensen, Moore, Ludeman to compliment Reno Creek.** Previously our Wyoming production model was based on a complete build out of processing facilities at Reno Creek. Under our revised scenario we leverage the Irigaray CPP with ~\$35M in CAPEX savings for Reno Creek. We sequence in satellite feed from the four most advanced Wyoming assets, progressively ramping up production to 2.5Mlb U<sub>3</sub>O<sub>8</sub> by 2026, with further CPP capacity expansion to accommodate peak production of 3.5 Mlb by 2031. We expect plant expansion to 3.5Mlb capacity to require nominal CAPEX (<\$10M), and our production model does not incorporate any resource upside for the feeder assets, which we consider quite conservative. **From the existing resources of the four modelled projects we get 17 years of production, averaging 2.5Mlbpa at AISC of \$38.50, for total production of ~42Mlb, which assumes 75% yield from in-situ resource to product. Integration of the U1A assets more than double our total modelled Wyoming production and increase our DCF NAV by 168% on the CAPEX savings and partial use of the \$148.5M in tax-loss carry forward benefit inherited from U1A.** Below is our updated production model forming the basis of the DCF NAV component of our valuation.

Figure 1: Haywood Production and High-Level Cost Model



Source: Haywood Securities Inc.



## Recommended Action

### Maintaining 'Top-Pick' Status and Increasing Target to \$6.60

We are increasing our target to US\$6.60 (from \$3.50) and maintaining our BUY rating, 'Very High' risk rating, and 'Top-Pick' status following the integration of U1A's portfolio of assets and associated acquisition costs into our model. Our target increase is primarily driven by the significant bump in contribution (~\$500M) from modelled production of the Wyoming assets, plus a conservative \$94M in-situ credit for the unmodelled 12.1 Mlb (to which we add 25% resource upside at these projects, equal to ~3 Mlb, for a total of ~15Mlb x \$6.25/lb for the credit) of NI 43-101 resources acquired. Unrelated adjustments include updating our valuation of UEC's 4.1Mlb of physical uranium (held or contracted for delivery) to our 12-mth forward weighted average forecast spot price of \$46.50/lb, worth ~\$190M. Previously, only a fraction of the physical uranium holdings were included in our valuation.

UEC has rapidly risen toward consensus NAV. We continue to see upside as reflected in our revised NAV integrating the new assets. Furthermore, we expect uranium prices to continue to accelerate in 2022 and beyond which should deliver further upside. The market demand for uranium equities has been voracious recently, and UEC is an excellent way to gain leverage to uranium price and accelerating investor appetite. UEC also sits atop a small group of US-based neo-producers that can rapidly move to production when uranium price moves. UEC has fully-licensed production-ready assets within reach of its South Texas CPP and soon-to-be Wyoming CPP, and will continue to provide investors leverage to improving uranium price.

We see relative value in UEC shares at the moment, trading at 0.8x our NAV vs US-based peers at 1.15x. We believe the current spread in the market is unwarranted, and UEC has room to move up to trade at our forecast NAV.

## Valuation & Changes

### Increasing Target Following Acquisition of Uranium One Americas, Inc.

We have updated our model to integrate the assets of the expected acquisition. The combined impact is an increase in target to US\$6.60 (from \$3.50). As detailed above, our target increase is primarily driven by the significant bump in contribution (~\$500M) from modelled production of the Wyoming assets, plus a conservative \$94M in-situ credit for the unmodelled 12.1 Mlb (to which we add 25% resource upside at these projects, equal to ~3 Mlb, for a total of ~15Mlb x \$6.25/lb for the credit) component of NI 43-101 resources being acquired. Unrelated adjustments include updating our valuation of UEC's 4.1Mlb of physical uranium (held or contracted for delivery) to our 12-mth forward weighted average forecast spot price of \$46.50/lb, worth ~\$190M. Previously, only a fraction of the physical uranium holdings were included in our valuation.

Our revised target is based on 1.0x our corporate NAV. Our fully-financed DCF<sub>6%</sub> analysis of the hub & spoke operations centered around the Hobson ISR CPP (Texas) and Irigaray ISR CPP (Wyoming) yields an NPV of \$1.1B. Our fully-financed DCF<sub>8%</sub> analysis of a conceptual ISR uranium mining operation at the Yuty project (Paraguay) yields an NPV of \$89M. We add credit for other assets and UEC's physical uranium holdings and contracted purchases, for a total corporate NAV of \$1.76B or \$6.60/share.

Figure 2: NAV Summary, Sensitivity to Uranium Price and Valuation Changes

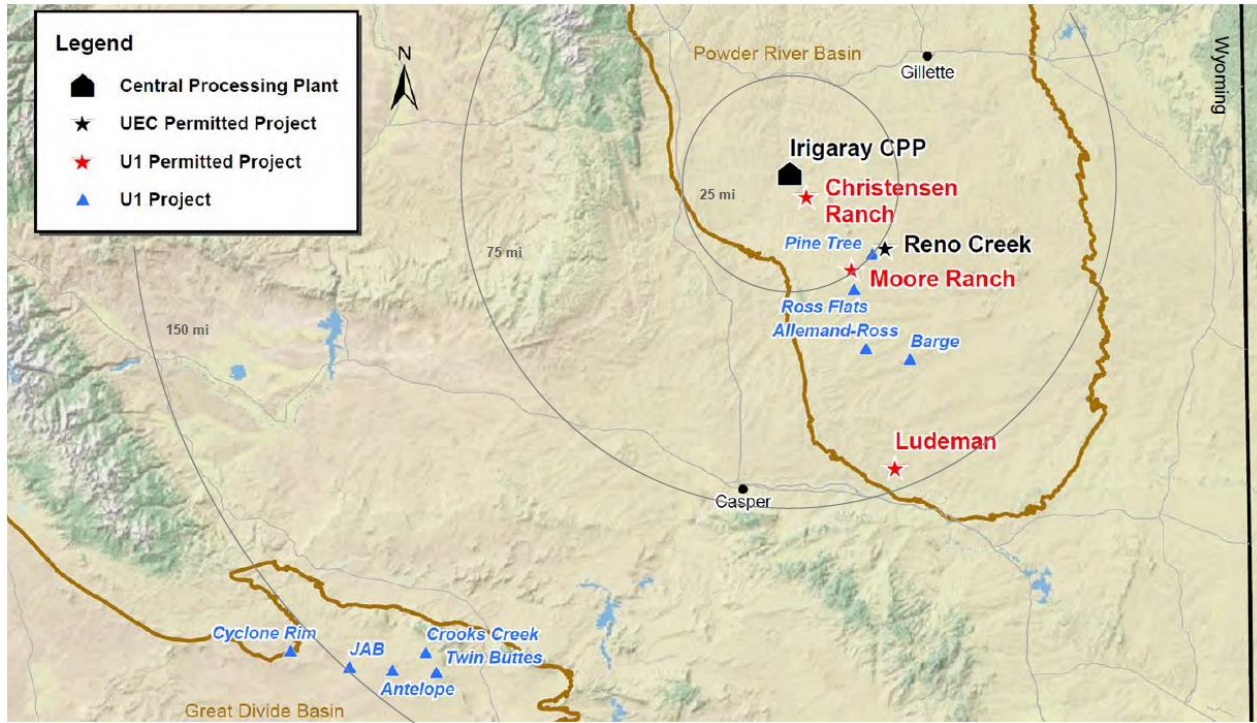
NAV Summary, Target Generation and Sensitivity	Sensitivity to Uranium Price					Prior Base Case	Change
	New Base Case	-20%	-10%	+10%	+20%		
Average Realized Uranium Price (US\$/lb)	\$63	\$51	\$57	\$70	\$76	\$62	
Paraguay - Yuty NAV10% (US\$M) (@8.0%)	\$89.1					\$84.1	6%
Wyoming - Reno Creek (US\$M) (@6.0%)	\$794.0					\$296.2	168%
Goliad-Hobson DCF (US\$M) (@6.0%)	\$306.9					\$267.0	15%
NPV of Corporate CF (@6.0%)	-\$20.1					-\$27.8	-28%
<b>Total NAV (US\$M)</b>	<b>\$1,170.0</b>	<b>\$792.2</b>	<b>\$981.3</b>	<b>\$1,358.6</b>	<b>\$1,547.3</b>	<b>\$619.5</b>	<b>89%</b>
Other Texas & Wyoming Assets + Other (US\$M)	\$264.2	\$264.2	\$264.2	\$264.2	\$264.2	\$85.0	211%
Equity Holdings in URC (US\$ eq.) + Physical Uranium Holdings	\$268.2	\$268.2	\$268.2	\$268.2	\$268.2	\$44.2	507%
<b>Corporate NAV (unadjusted) (US\$M)</b>	<b>\$1,702.4</b>	<b>\$1,324.7</b>	<b>\$1,513.8</b>	<b>\$1,891.1</b>	<b>\$2,079.7</b>	<b>\$748.7</b>	<b>127%</b>
Working Capital (est July 2022)	\$55.4	\$55.4	\$55.4	\$55.4	\$55.4	\$22.0	152%*
Dilutive Capital	\$0.7	\$0.7	\$0.7	\$0.7	\$0.7	\$15.2	-95%
<b>Total Corporate NAV (US\$M)</b>	<b>\$1,758.5</b>	<b>\$1,380.8</b>	<b>\$1,569.9</b>	<b>\$1,947.2</b>	<b>\$2,135.8</b>	<b>\$785.9</b>	<b>124%</b>
Corporate NAVPS	\$6.57	\$5.18	\$5.88	\$7.27	\$7.96	\$3.46	90%
Current P/NAV	0.80x	1.0x	0.9x	0.7x	0.7x		
<b>Target P/NAV</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>1.0x</b>	<b>0%</b>
<b>Target (US\$)</b>	<b>\$6.60</b>	<b>\$5.20</b>	<b>\$5.90</b>	<b>\$7.30</b>	<b>\$8.00</b>	<b>\$3.50</b>	<b>89%</b>

\*prior WC based at Jul. 31, 2021

Source: Haywood Securities

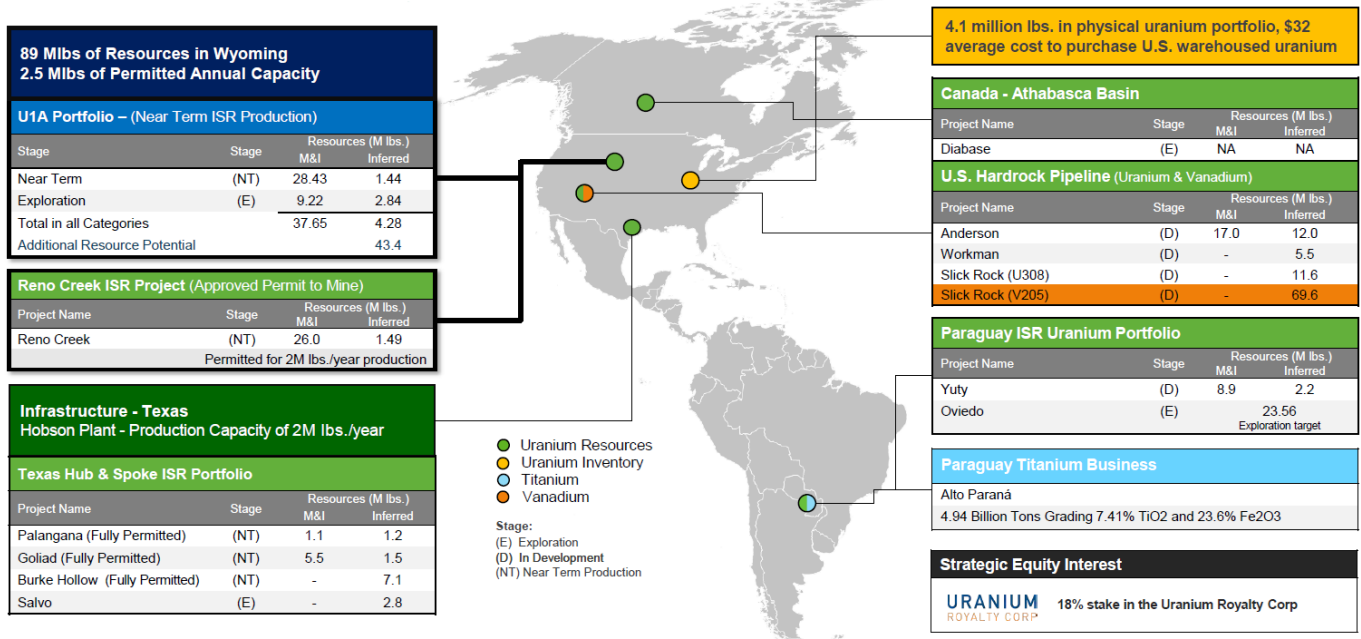


Figure 3: Location of U1A portfolio of projects, including 7 projects in the Powder River Basin (3 fully permitted) and 5 in the Great Divide Basin



Source: Uranium Energy Corp.

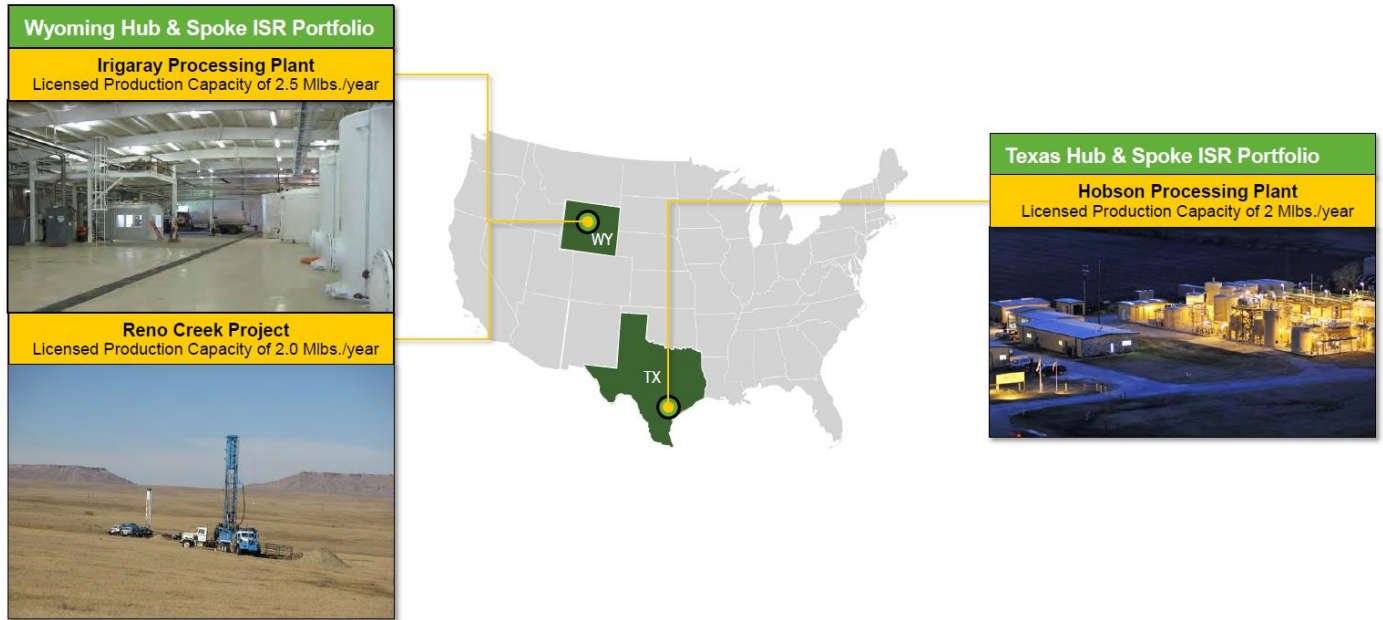
Figure 4: Pro-Forma Portfolio



Source: Uranium Energy Corp.



Figure 5: Two Hub and Spoke Production Platforms (Post Closing)



Source: Uranium Energy Corp.

Figure 6: Uranium One Americas –Wyoming Properties Summary

Property	Permitting Status	Hub & Spoke	Stage	Location	Historic M&I Resources <sup>1</sup>	Historic Inferred Resources <sup>1</sup>
<b>Christensen Ranch Irigaray</b>	Permitted Permitted	Satellite to Irigaray Central Processing Plant	Standby Operational	Powder River Basin	9.6M 5.9M	--- 0.1M
<b>Moore Ranch</b>	Permitted	Satellite to Irigaray	Construction Ready	Powder River Basin	3.2M	0.04M
<b>Ludeman</b>	Permitted	Satellite to Irigaray	Construction Ready	Powder River Basin	9.7M	1.3M
<b>Allemand Ross</b>	Initiated	Satellite to Irigaray	Development	Powder River Basin	0.4M	2.5M
<b>Barge</b>	None	Satellite to Irigaray	Development	Powder River Basin	4.4M	---
<b>Antelope</b>	Initiated	Satellite to Irigaray	Development	Great Divide Basin	4.4M	0.3M

**Properties: 1 Operational, 4 Permitted, 3 Development**

**Resources: ~42Mlbs ISR resources (37.6Mlbs M&I, 4.3Mlbs Inferred)**

**~43Mlbs U<sub>3</sub>O<sub>8</sub> outlined as part of historic exploration targets**

Source: Uranium Energy Corp.





Figure 7: Uranium One Americas –Wyoming Properties Historic Resources (NI 43-101 compliant to the vendor, historic to UEC pending review)

**Christensen Ranch and Irigaray Historical Mineral Resource Estimate**

	Tonnes (000s)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
Measured	--	--	0
Indicated	9,468	0.074	15.5
Inferred	94	0.068	0.14

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> over a minimum thickness of 2 ft.
3. Mineral Resources have not been demonstrated to be economically viable.
4. Production by U1A has been deducted.
5. Based on a Technical Report prepared for U1A – "Technical report on the mineral resources and mineral reserves of the Christensen and Irigaray project, Wyoming, U.S.A., Report for NI 43-101", Scott Wilson Roscoe Postle Associates, June 30, 2010, as updated for production to date in Uranium One's Q1 2021 Quarterly Report under "Mineral Resource and Mineral Reserve Estimates".

**Moore Ranch Historical Mineral Resource Estimate**

	Tonnes (000s)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
Measured	2,427	0.06	3.21
Indicated	--	--	0
Inferred	42	0.047	0.04

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> over a minimum thickness of 2 ft. and a GT cutoff of 0.30
3. Mineral Resources have not been demonstrated to be economically viable.
4. Based on a Technical Report prepared for U1A – "Technical Report on Resources, Moore Ranch Uranium Project, Campbell County, Wyoming USA", WWC Engineering, April 30, 2019.

**Ludeman Historical Mineral Resource Estimate**

	Tonnes (000s)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
Measured	2,426	0.094	5.02
Indicated	2,413	0.088	4.7
Inferred	786	0.073	1.26

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> over a minimum thickness of 2 ft. and a GT cutoff of 0.25
3. Mineral Resources have not been demonstrated to be economically viable.
4. Based on a Technical Report prepared for U1A – "Technical Report on Resources Ludeman Uranium Project, Converse County, Wyoming, USA", WWC Engineering, January 25, 2019.

**Allemand-Ross Historical Mineral Resource Estimate**

	Tonnes (000's)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
Measured	223	0.085	0.42
Indicated	29	0.066	0.04
Inferred	1,157	0.098	2.5

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> over a min. thickness of 2 ft. and a GT cutoff of 0.25 ft-%.
3. Mineral Resources have not been demonstrated to be economically viable.
4. Based on a Technical Report prepared for U1A – "Technical Report on Resources, Allemand-Ross Uranium Project, Converse County, Wyoming, USA", WWC Engineering, April 30, 2019.

**Barge Historical Mineral Resource Estimate**

	Tonnes (000's)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
Measured	--	--	--
Indicated	3,902	0.051	4.36
Inferred	--	--	--

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> and a GT cutoff of 0.25 ft-%.
3. Mineral Resources have not been demonstrated to be economically viable.
4. Based on a Technical Report prepared for U1A – "Barge Uranium Project Mineral Resource NI 43-101 Technical Report, Amended and Restated, Converse County Wyoming, USA", BRS Inc., April 16, 2019.

**JAB – West JAB Historical Mineral Resource Estimate**

	Tonnes (000's)	% U <sub>3</sub> O <sub>8</sub>	Lbs U <sub>3</sub> O <sub>8</sub> (M's)
<b>Measured</b>			
JAB	2,326	0.061	3.12
West JAB	418	0.097	0.89
<b>Indicated</b>			
JAB	211	0.077	0.36
West JAB	18	0.083	0.03
<b>Inferred</b>			
JAB	186	0.034	0.14
West JAB	100	0.091	0.2

Notes:

1. Mineral Resources were classified in accordance with CIM Definition Standards.
2. Cut-off grade is 0.02% eU<sub>3</sub>O<sub>8</sub> over a min. thickness of 2 ft and a GT cutoff of 0.25 ft-%.
3. Mineral Resources have not been demonstrated to be economically viable.
4. Based on a Technical Report prepared for U1A – "JAB Uranium Project Mineral Resource NI 43-101 Report, Amended and Restated, Sweetwater County, Wyoming, USA", BRS Inc., April 16, 2019.

Source: Uranium Energy Corp.



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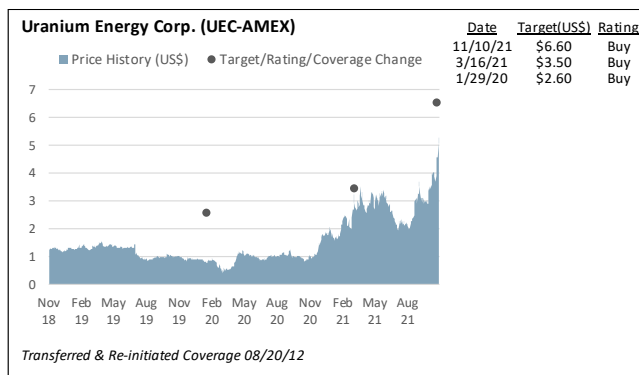
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### Distribution of Ratings (as of November 10, 2021)

	%	#	IB Clients (TTM)
<b>Buy</b>	82.7%	81	86.5%
<b>Hold</b>	5.1%	5	5.4%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	2.0%	2	2.7%
<b>UR (Buy)</b>	0.0%	0	0.0%
<b>UR (Hold)</b>	0.0%	0	0.0%
<b>UR (Sell)</b>	0.0%	0	0.0%
<b>Dropped (TTM)</b>	10.2%	10	5.4%

### Price Chart, Rating and Target Price History (as of November 10, 2021)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review  
Source: Capital IQ and Haywood Securities

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