

**Ticker:** UEX CN  
**Market cap:** C\$197m

**Net cash:** C\$4.7m  
**Price:** C\$0.37/sh

**Project:** Multiple incl Millennium, Wheeler River  
**Country:** Saskatchewan, Canada

RECOMMEND (unc): BUY

TARGET (unc): C\$1.15/sh

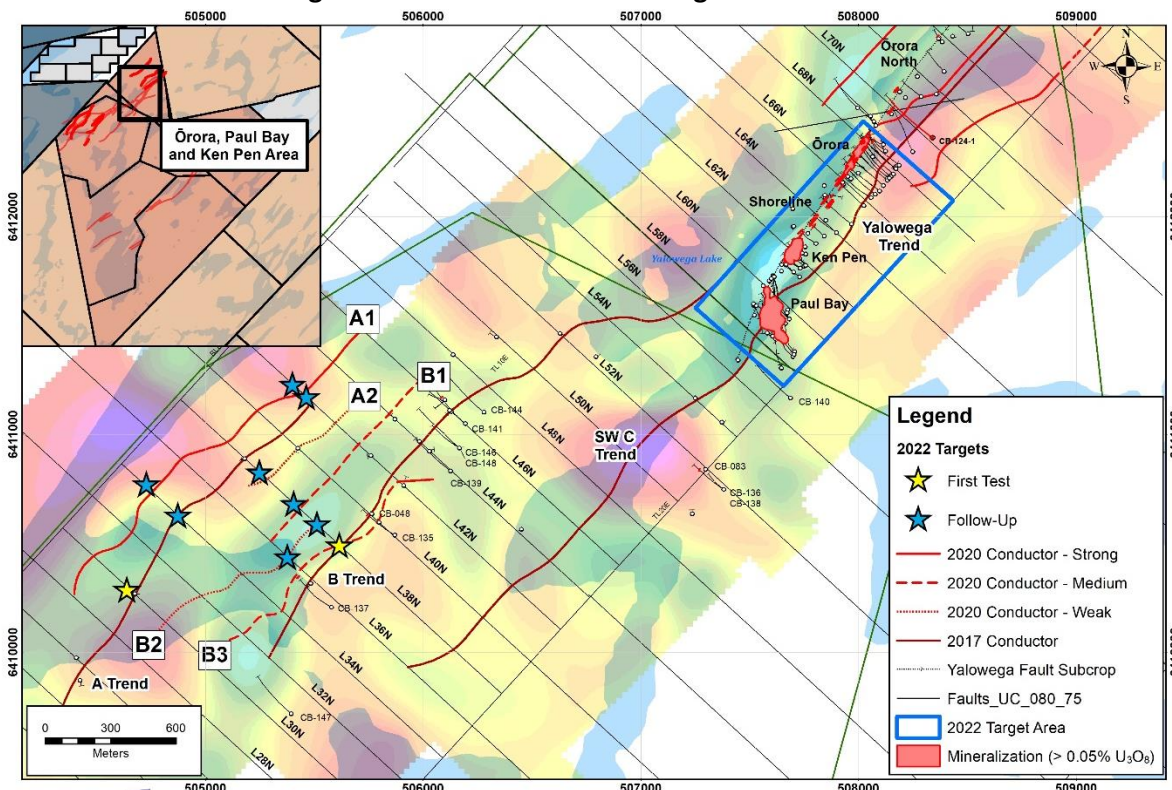
RISK RATING: VENTURE

Despite being one of our favourite value plays in Athabasca uranium, we think UEX shares have underperformed peers due to a perceived lack of “home-run” potential. In that context, we are pleased to see this winter’s drilling program up the ante at Christie Lake by shifting from unconformity-hosted targets to basement targets. Basement hosted deposits have been less targeted in the eastern Athabasca and on the Christie Lake license, so we see greater potential for overlooked discoveries. Moreover, basement-hosted deposits are typically amenable to conventional UG mining methods, which means that a 50+ Mlbs discovery grading 1.6% U3O8, in line with Christie Lake’s existing resource grade, could be developed as a standalone mine. Stepping back, we like UEX because it offers the best combination of value and optionality of Athabasca juniors in our view: Its market cap is already underpinned by its holdings in Millennium and Wheeler River (value) and it has a combination of 126Mlbs in the ground and >3,000km<sup>2</sup> of exploration ground mostly in prime areas of the eastern and western Athabasca (optionality). **We reiterate our BUY Rating and C\$1.15/sh price target** based on our unchanged SOTP in-situ valuation (C\$9/lb for Millennium and Wheeler River, C\$3/lb for Shea Creek, Christie Lake and Kiggavik and C\$2/lb for other resources).

**Christie Lake drilling intercepts anomalous hydrothermal alteration at the unconformity**

UEX announced its exploration plans for Winter 2022. 9,000m / 15 holes are planned for Christie Lake (located between Cigar Lake and McArthur River) with two rigs testing basement targets along the Yalowege Trend, which hosts the current 20Mlb at 1.6% U3O8 unconformity-hosted resource. 20 holes for 3,000m are planned targeting shallow mineralization in the Dwyer Lake and U-Ni Sands areas on the Hidden Bay Project (near Rabbit Lake). 10-12 holes for 7,400m are planned on partner-operated JCU-JV projects including Waterfouard in NE Athabasca

**Figure 1. Planned 2022 winter targets at Christie Lake**



Source: UEX Corporation, modified by SCP Research

## Why we like UEX Corporation

- Lowest cost access to leading Tier-I projects including Millennium and Wheeler River
- Largest (4,151km<sup>2</sup>) landholdings in the Athabasca by an independent
- Experienced geology team with a proven history of discovering and growing resources in the basin

## Catalysts

- 1H22: 15 hole, 9,000m drilling program at Christie Lake
- 1H22: 20-hole, 3,000m drilling program at Hidden Bay
- 1H22: 10-12 holes for 7,400m on JV partner-operated projects

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Ticker: UEX CN		Price / mkt cap: C\$0.37/sh, C\$197m		Project PNAV today: 0.32x		Asset: Multiple Athabasca Properties					
J Chan / B Gaspar / E Magdzinski		Rec / 1xNAV PT: BUY, C\$1.15/sh		1xNAV <sub>1Q21</sub> FF FD: C\$1.14/sh		Country: Saskatchewan, Canada					
SOTP project valuation						Commodity price					
	C/lb	C\$m	O/ship	NAVx	C\$/sh		CY21E	CY22E	CY23E	CY24E	CY25E
Millennium (attributable)	9.0	142	15.0%	1.00x	0.23	LT uranium price (US\$/lb)	65.00	65.00	65.00	65.00	65.00
Wheeler River (attributable)	9.0	61	5.0%	1.00x	0.10	USD/CAD	0.79	0.79	0.79	0.79	0.79
Kiggavik (attributable)	3.0	67	16.9%	1.00x	0.11	Measured, ind. & inf.	kt	% U3O8	Mlbs	UEX share	EV/lb U3O8
Shea Creek (attributable basis)	3.0	178	49%	1.00x	0.29	Millennium (15.0%)	11,149	2.57%	104.9	15.8	
Christie Lake	3.0	64	83%	1.00x	0.10	Wheeler River (5%)	1,891	3.24%	135.1	6.8	
Horseshoe Raven	2.0	95	100%	1.00x	0.16	Kiggavik (16.9%)	11,149	0.54%	132.6	22.4	
West-Bear	2.0	12	100%	1.00x	0.02	Horseshoe-Raven (100%)	11,403	0.15%	37.8	37.8	
Cash (3Q21)		4.7	100%	1.00x	0.01	Shea Creek (UEX 49.1%)	3,340	1.30%	95.9	47.1	
Debt and transaction payable (C\$m)		-	100%	1.00x	-	Christie Lake (UEX 82.8%)	589	1.57%	20.3	16.8	
Cash from options		24.4	100%	1.00x	0.04	West Bear (100%)	79	0.91%	1.6	1.6	
C\$50m for licences		50	100%	1.00x	0.08	TOTAL URANIUM				148.2	1.28
Asset NAV8% US\$65/lb		699		PT: 1.14		West Bear Ni-Co	1.2Mt @ 0.19% Co and 0.21% Ni for 5.1Mlbs Co and 5.66Mlbs Ni				
				Market P/NAV	0.32x	Capital structure	Basic	FD			
						Shares (m)	532.8	613.1			

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BUY:	50
HOLD:	0
SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	51

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