EQUITY RESEARCH

RBC Capital Markets

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NexGen Energy Ltd.

L-T uranium deficit and structural market changes could use an Arrow; upgrading to Outperform

Our view: We believe the Russia/Ukraine war and subsequent shift in Western markets away from exposure to Russia have fundamentally changed the uranium market outlook and long-term market structure. We think NexGen's Arrow project based in Saskatchewan could step into the long-term market deficit and meet Western uranium needs. We continue to see permitting as the key milestone for a re-rating in shares. We upgrade NexGen to Outperform from Sector Perform (maintaining Speculative Risk qualifier) and raise our price target to $10 from $7.

Key points:

Fundamental shifts in S&D and market structure as West moves to overfeed: We have raised our uranium demand forecast significantly (+10% globally and +15% in the West through 2035) while also lowering our supply forecast (-3% globally). As Western-aligned markets (US, EU, and allies) move to shift away from reliance on Russian enrichment, we expect Western enrichers to move into overfeed, resulting in significantly increased uranium demand and reduced secondary supply from prior enricher underfeed. More importantly, we see a severe deficit in the Western-aligned markets, which could result in a price premium for Western production as geopolitical concerns rise and product origin becomes more important. We have increased our long-term uranium price to $65/lb U3O8 from $50/lb, taking into account a more severe deficit and recent cost inflation. See pages 2–4 for more details.

Arrow could step into the long-term deficit: We think NexGen's attractive and highly economic Arrow deposit may be well-timed to coincide with the projected long-term uranium deficit in the late 2020s/early 2030s, assuming that permitting and construction are on track. We would still like to see the company enter long-term contracts to ensure a home for future production as the project nears construction, but our previous concerns regarding market risk have been somewhat alleviated by the severe long-term deficit we see forming in the early 2030s and NexGen's work to add flexibility to the project.

Permitting remains a key focus: We continue to see permitting as the key hurdle given the lack of projects that have been mined in the Western Athabasca basin and general risks/delays around uranium mine permitting. NexGen plans to submit an Environmental Impact Statement in 2022, which would be a significant step forward in the permitting process, and the company has indicated constant communication with the regulatory authorities to help smooth the process.

Upgrading to Outperform from Sector Perform and maintaining Speculative Risk qualifier; raising price target to $10 from $7: We increase our NAV per share estimate to $11 from $7 and maintain our P/NAV multiple at 1.0x.

Outperform (prev: Sector Perform)

Speculative Risk

TSX: NXE; CAD 7.79

Price Target CAD 10.00 ↑ 7.00

WHAT'S INSIDE	
☑ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☐ News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
3.00	7.79	10.00	15.00
↓ 61%		↑ 28%	↑ 93%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	479.3	Market Cap (MM):	3,734
Dividend:	0.00	Yield:	0.0%
NAVPS:	11.06	P/NAVPS:	0.70x
		Enterprise Val. (MM):	3,365
		Avg. Daily Volume:	4,024,231

RBC Estimates

FY Dec	2021A	2022E	2023E	2024E
EPS, Adj Diluted	(0.27)	(0.12)	(0.13)	(0.13)
Prev.	(0.25)	(0.09)	(0.09)	
P/AEPS	NM	NM	NM	NM
FCFPS	(0.13)	(0.11)	(0.04)	(0.04)
Prev.	(0.10)	(0.10)	(0.37)	
P/FCF	nm	nm	nm	nm

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2021	(0.16)A	(0.04)A	(0.04)A	(0.03)A
Prev.			(0.02)E	(0.02)E
2022	(0.03)E	(0.03)E	(0.03)E	(0.03)E
Prev.	(0.02)E	(0.02)E	(0.02)E	(0.02)E
2023	(0.03)E	(0.03)E	(0.03)E	(0.03)E
Prev.	(0.02)E	(0.02)E	(0.02)E	(0.02)E
FCFPS				
2021	(0.03)A	(0.02)A	(0.02)A	(0.07)A
Prev.				(0.03)E
2022	(0.03)E	(0.03)E	(0.03)E	(0.03)E
2023	(0.01)E	(0.01)E	(0.01)E	(0.01)E
Prev.	(0.90)E	(0.90)E	(0.90)E	(0.90)E

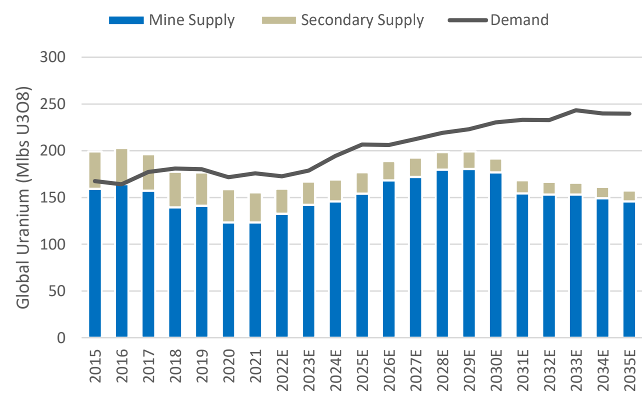
All values in CAD unless otherwise noted.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Exhibit 1 – Uranium S&D in deficit through late 2020s before entering more severe deficit in early 2030s

We expect the global uranium market to remain in a deficit (~25Mlbs annual average) through the end of the decade before entering a more severe deficit in the early 2030s (more than 70Mlbs annually) due to a combination of mine depletion, lower secondary supply, and rising demand. This compares to our prior forecast for a relatively balanced market through much of the 2020s before entering a deficit in the early 2030s.

The major changes to our forecasts are due to higher demand expectations as a result of increased uranium feed for enrichment in the West, higher nuclear capacity forecast, lower secondary supply, and lower Kazakhstan production in the near-to-medium term.

Uranium market in deficit, turns more severe in early 2030s



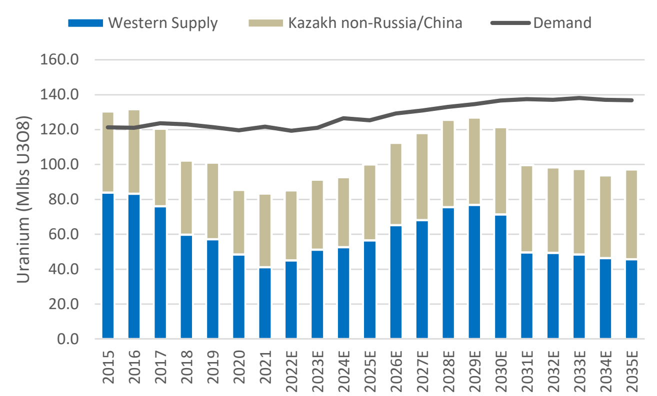
Source: UxC, WNA, Company reports, RBC Capital Markets estimates

Exhibit 2 – Western S&D entering into significant deficit due to pivot away from Russian enrichment

More importantly, we see a severe deficit in the Western-aligned markets (US, EU, and allied countries) as these markets pivot away from reliance on Russian enrichment. This move will require a significant increase in uranium feed into Western enrichment capacity to compensate for the loss of Russian enrichment. At the same time, secondary uranium supplies from Western enrichers that were previously underfeeding will also be lost.

As geopolitical concerns rise and product origin becomes more important, we see potential for a significant deficit in Western markets to result in a price premium for Western-aligned production.

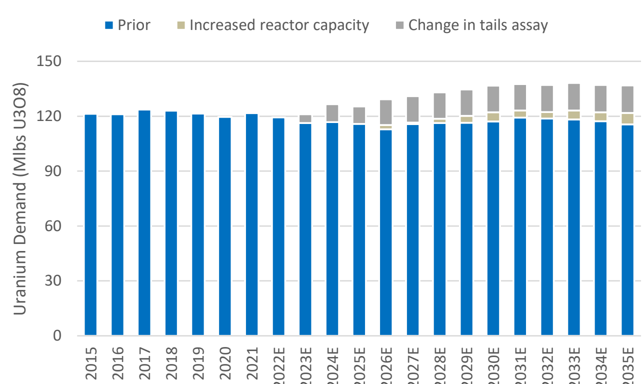
Western S&D tightening significantly in near-to-medium term



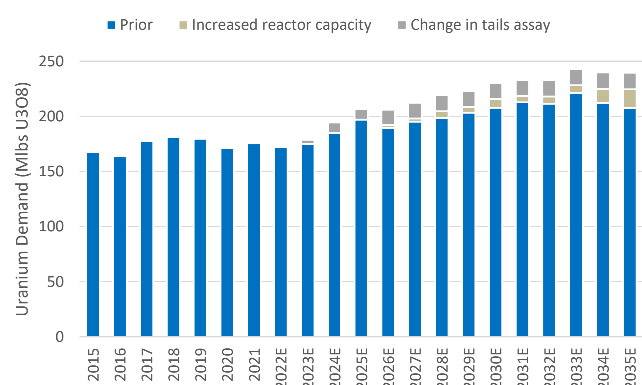
Source: UxC, WNA, Company reports, RBC Capital Markets estimates

Exhibit 3 – Demand forecasts raised significantly due to increased uranium feed and higher reactor capacities

Western uranium demand forecast increased ~15%



Global uranium demand forecast increased 10%



Source: UxC, WNA, Company reports, RBC Capital Markets estimates

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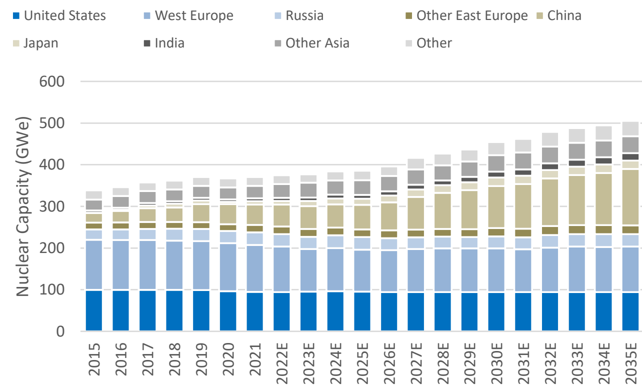
Exhibit 4 – Global capacity forecast increased as countries turn to nuclear for energy security and de-carbonization

We have increased our global nuclear reactor capacity forecast by ~3–4% through 2035, as some nuclear capacity that was due to close may remain in operation to ensure energy security while other countries push forward with nuclear buildouts. Major changes include: Belgium keeping two reactors operating through 2035; France maintaining current reactor capacity and growing long-term; South Korea restarting construction on two new reactors; Taiwan maintaining two reactors through 2035; India starting construction on more indigenous reactors.

Additionally, we note potential upside to our reactor forecasts if the US keeps Diablo Canyon operating, Germany reverses phase-out plans, and/or countries pull forward planned reactor builds. Longer-term, we see potential upside beyond 2035 as countries commit to nuclear build-outs over the next decade.

Nuclear reactor capacity growing at ~2% CAGR



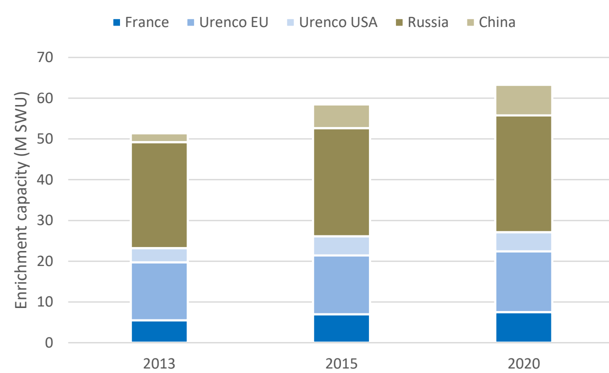
Source: UxC, WNA, Company reports, RBC Capital Markets estimates

Exhibit 5 – Western pivot away from Russian enrichment means significant increase in uranium demand

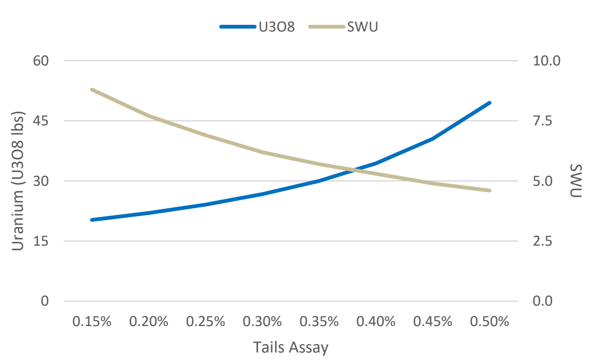
We expect the West to pivot away from Russian enrichment for risk mitigation due to geopolitical concerns and potential restrictions on Russian imports. As a result, Western enrichers will need to switch to uranium overfeed, from underfeed, significantly increasing the amount of uranium fed into enrichment capacity available in Europe and the US. We estimate this may increase Western uranium demand by ~15% assuming that most of future enrichment relies on Western sources.

Natural uranium is enriched to produce nuclear fuel. Within the enrichment process, SWU (separative work units, which represent a unit of enrichment) and uranium are partial substitutes to produce EUP (enriched uranium product). To produce the same amount of EUP using less SWU, more uranium can be fed into the enrichment process—this is called overfeeding while the reverse is called underfeeding.

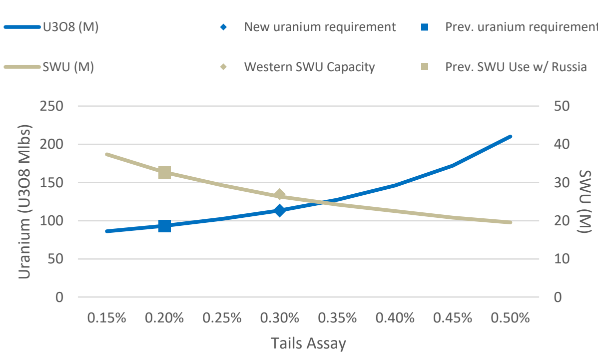
Russia accounts for ~40% of global enrichment capacity



Uranium and enrichment (SWU) are partial substitutes



Western overfeed to increase uranium demand by ~15%



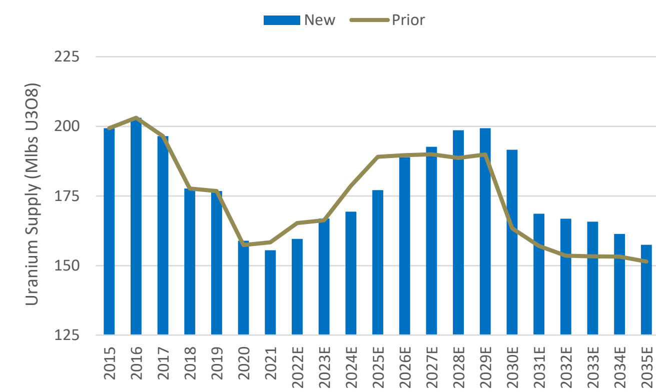
Source: UxC, WNA, RBC Capital Markets estimates

Exhibit 6 – Uranium supply challenged to catch up in the near-to-medium term

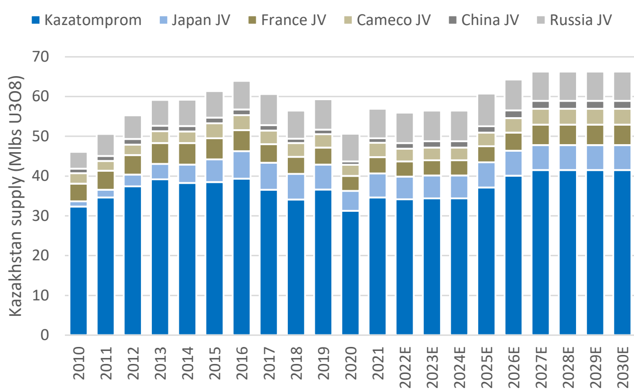
We have lowered our uranium supply forecast through 2026 by ~4% due to the loss of secondary supply from Western enricher underfeed and the increased likelihood that Kazakhstan maintains production below mine plan targets as a result of challenging logistics in the near-to-medium term.

Starting from 2027, we have raised our supply forecast by ~2% to account for new mine start-ups (Kazatomprom Budenovskoy 6 and Paladin Langer Heinrich restart), but we continue to see a significant drop-off in the early 2030s due to mine depletion. The increase in our supply forecast post-2030 is also not enough to offset the increase in our demand forecast.

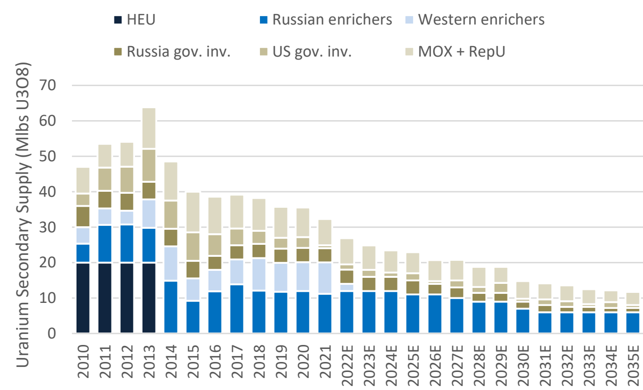
Lowering uranium supply forecasts through 2026



Kazakh production likely flat through at least 2024



Secondary supply decrease due to no more Western underfeed

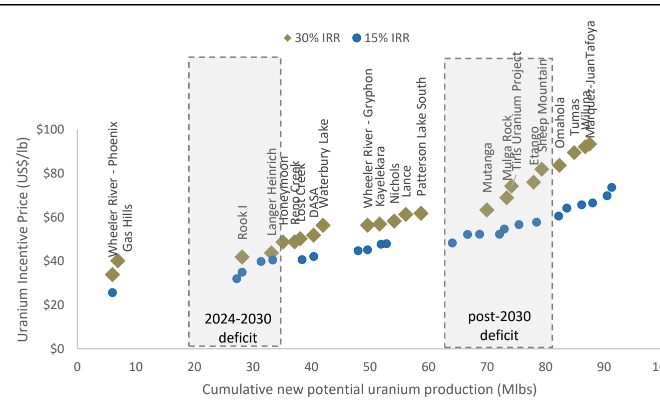


Source: UxC, WNA, Company reports, RBC Capital Markets estimates

Exhibit 7 – Incentive curve points to $60–70/b long-term uranium prices

We think higher long-term uranium prices will be required to incentivize new supply as the market stays in a deficit through the 2020s and then enters a severe deficit in the early 2030s.

We have shifted our long-term incentive price expectations to $60–70/lb from $50/lb due to our forecast for a more severe long-term deficit and cost inflation.



Source: Company reports, RBC Capital Markets estimates

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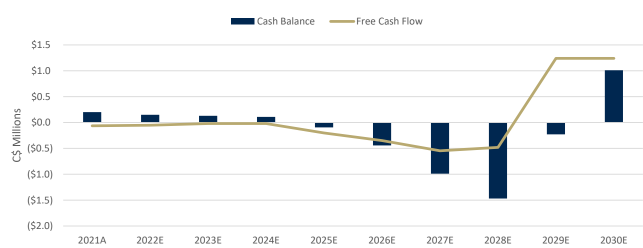
NexGen Energy		**Price Target: C$10.00**		**Rating: Outperform, Speculative Risk**	
RBC Capital Markets / Andrew Wong (416) 842-7830					
	Market Capitalization (C$M): $3,734	Share Price (C$/sh): $7.79		Net Debt (C$M):	($130)
TSX: NXE	Enterprise Value (C$M): $3,365	Implied Return (%): 28.4%		Issued Shares (basic)	479.3

ASSUMPTIONS SUMMARY		2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E
USD/CAD		$0.80	$0.80	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77	$0.77
Uranium Spot Price	US$/lb U3O8	$35	$68	$80	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65	$65
Uranium Term Price	US$/lb U3O8	$35	$54	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75	$75

OPERATIONS		2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E
U3O8 Production																				
Processed Ore	Mlbs	-	-	-	-	-	-	-	-	500	500	500	500	500	500	500	500	500	500	500
Grade	%	-	-	-	-	-	-	-	-	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%	2%
Recoveries	%	-	-	-	-	-	-	-	-	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
Production (U3O8)	**Mlbs**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**
Operating Costs																				
Mining Costs	C$M	-	-	-	-	-	-	-	-	$87	$87	$87	$87	$87	$87	$87	$87	$87	$87	$87
Processing Costs	C$M	-	-	-	-	-	-	-	-	$81	$81	$81	$81	$81	$81	$81	$81	$81	$81	$81
Tailings Costs	C$M	-	-	-	-	-	-	-	-	$18	$18	$18	$18	$18	$18	$18	$18	$18	$18	$18
D&A	C$M	-	-	-	-	-	-	-	-	$57	$56	$54	$53	$52	$51	$50	$49	$48	$47	$46
Total COGS	**C$M**	-	-	-	-	-	-	-	-	**$244**	**$242**	**$241**	**$239**	**$238**	**$237**	**$236**	**$235**	**$234**	**$233**	**$233**
Royalties	C$M	-	-	-	-	-	-	-	-	$87	$87	$87	$87	$87	$87	$87	$87	$87	$87	$87
SG&A	C$M	-	-	-	-	-	-	-	-	$81	$81	$81	$81	$81	$81	$81	$81	$81	$81	$81
Total Operating Costs		-	-	-	-	-	-	-	-	**$412**	**$410**	**$409**	**$407**	**$406**	**$405**	**$404**	**$403**	**$402**	**$401**	**$401**
Cash Costs (incl. SG&A)	*C$/lb U3O8*	-	-	-	-	-	-	-	-	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*	*$8.03*
Cash Costs + Royalties	*C$/lb U3O8*	-	-	-	-	-	-	-	-	*$26.05*	*$26.06*	*$26.07*	*$26.08*	*$26.09*	*$26.10*	*$26.10*	*$26.11*	*$26.11*	*$26.12*	*$26.12*
Capex Schedule																				
Project	C$M	$0	$0	$0	$0	$182	$328	$525	$460	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Sustaining & Other	C$M	$0	$0	$0	$0	$0	$0	$0	$0	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40
Total Capex	**C$M**	**$0**	**$0**	**$0**	**$0**	**$182**	**$328**	**$525**	**$460**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**
Sustaining per lb	*C$/lb U3O8*	-	-	-	-	-	-	-	-	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**	**$1.57**

CASH FLOW OVER TIME



VALUATION (Balance Sheet Items @ End-22E)	Discount	NAV (C$M)	NAV/Sh	P/NAV	Valuation
Operating NAV					
Arrow	8%	$5,501	$10.36	1.0x	$10.36
Corp G&A	8%	($228)	($0.43)	1.0x	($0.43)
Operating NAV	**8%**	**$5,273**	**$9.93**	**1.0x**	**$9.93**
Balance Sheet Items					
Cash		$150	$0.28	1.0x	$0.28
IsoEnergy (52.5% owner)		$267	$0.50	1.0x	$0.50
Total Balance Sheet NAV		**$417**	**$0.79**	**1.0x**	**$0.79**
Cash from Options + Converts.		$179	$0.34	1.0x	$0.34
Total Net Asset Value		**$5,869**	**$11.06**	**1.0x**	**$11.06**

INCOME STATEMENT (C$M)		2021A	2022E	2023E	2024E	2025E	2026E	2027E
Revenue		$1	$0	$0	$0	$0	$0	$0
Operating Costs		($121)	($55)	($56)	($56)	($56)	($56)	($56)
EBITDA	**CAD**	**($120)**	**($55)**	**($56)**	**($56)**	**($56)**	**($56)**	**($56)**
D&A		($2)	($2)	($2)	($2)	($2)	($2)	($2)
EBIT	**CAD**	**($122)**	**($57)**	**($58)**	**($58)**	**($58)**	**($58)**	**($58)**
Other Income/Expenses		($4)	($2)	($2)	($2)	($2)	($2)	($2)
EBT	**CAD**	**($126)**	**($59)**	**($60)**	**($60)**	**($60)**	**($60)**	**($60)**
Taxes		($1)	$0	$0	$0	$0	$0	$0
Net Income	**CAD**	**($127)**	**($59)**	**($60)**	**($60)**	**($60)**	**($60)**	**($60)**
Earnings ($/sh)	**CAD**	**($0.27)**	**($0.12)**	**($0.13)**	**($0.13)**	**($0.13)**	**($0.13)**	**($0.13)**
Weighted average diluted shares (M)		459	485	485	485	485	485	485

BALANCE SHEET (C$M)		2021A	2022E	2023E	2024E	2025E	2026E	2027E
Cash & Equivalents		$202	$150	$129	$109	($94)	($442)	($988)
Other Current Assets		$12	$12	$12	$12	$12	$12	$12
PP&E and Other		$333	$363	$361	$359	$538	$865	$1,388
Total Assets	**CAD**	**$547**	**$524**	**$502**	**$479**	**$456**	**$434**	**$411**
Current Liabilities		$8	$8	$8	$8	$8	$8	$8
Long Term Debt		$0	$0	$0	$0	$0	$0	$0
Convertible Debentures		$72	$72	$72	$72	$72	$72	$72
Other Long Term Liabilities		$5	$5	$5	$5	$5	$5	$5
Total Liabilities	**CAD**	**$85**	**$85**	**$85**	**$85**	**$85**	**$85**	**$85**
Non-controlling interest		$28	$28	$28	$28	$28	$28	$28
Shareholder Equity		$434	$411	$389	$366	$343	$321	$298
Total Liab. & Sh. Equity	**CAD**	**$547**	**$524**	**$502**	**$479**	**$456**	**$434**	**$411**

CASH FLOW STATEMENT (C$M)		2021A	2022E	2023E	2024E	2025E	2026E	2027E
Cash Flows from Operating Activities								
Net Income		($127)	($59)	($60)	($60)	($60)	($60)	($60)
D&A		$2	$2	$2	$2	$2	$2	$2
Non-Recurring/Other	CAD	$108	$37	$37	$38	$38	$38	$38
Operating Cash Flow	**CAD**	**($17)**	**($20)**	**($20)**	**($21)**	**($21)**	**($21)**	**($21)**
Changes in Working Capital		($0)	$0	$0	$0	$0	$0	$0
Net Operating Cash Flow	**CAD**	**($17)**	**($20)**	**($20)**	**($21)**	**($21)**	**($21)**	**($21)**
Cash Flows From Investing Activities								
Net Capital Expenditures		($47)	($32)	$0	$0	($182)	($328)	($525)
Other		$0	$0	$0	$0	$0	$0	$0
Net Investing Cash Flow	**CAD**	**($47)**	**($32)**	**$0**	**$0**	**($182)**	**($328)**	**($525)**
Cash Flows From Financing Activities								
Net Issue/Red. Debt		$0	$0	$0	$0	$0	$0	$0
Net Sale/Repur. of Stock		$195	$0	$0	$0	$0	$0	$0
Other		($4)	$0	$0	$0	$0	$0	$0
Net Financing Cash Flow	**CAD**	**$191**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Increase (Decrease) in Cash	**CAD**	**$128**	**($52)**	**($20)**	**($21)**	**($202)**	**($349)**	**($546)**

Financial Metrics		2021A	2022E	2023E	2024E	2025E	2026E	2027E
EV/EBITDA	x	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Free Cash Flow	CAD	($64)	($52)	($20)	($21)	($202)	($349)	($546)
Free Cash Flow per share	CAD	($0.13)	($0.11)	($0.04)	($0.04)	($0.42)	($0.73)	($1.14)
Free Cash Flow Yield	%	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Priced after market close ET on April 8, 2022

Source: Company reports, RBC Capital Markets estimates

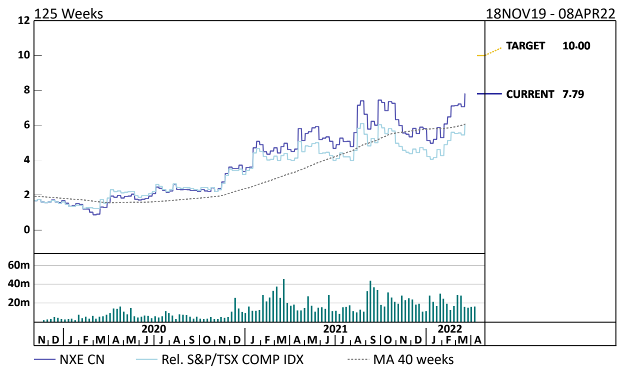
Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
What are the most material ESG issues facing this company?	NexGen is a development-stage uranium mining company with planned operations in Northern Saskatchewan. Given this, the most material ESG issues facing NexGen are the company's relations with local and Indigenous communities, the perception and view of nuclear energy, and the impact of a potential mine on the local environment. NexGen has several programs that aim at building relationships with local communities, utilizes local businesses whenever possible, and is currently working through the environmental assessment for the Arrow project.
Does the company integrate ESG considerations into its strategy?	Nexgen published its inaugural sustainability report for the calendar year 2020. In the report, the company outlines key ESG topics that are most material to Nexgen.
What is diversity like at the board / management level?	Twenty-five percent (2 of 8) of NexGen's Board of Directors are female while 30% (3 of 10) of its leadership team are female.
Is nuclear, and by extension uranium, considered a clean energy source?	ESG considerations with regard to nuclear energy are, by extension, also relevant to uranium, as it is the primary fuel source for nuclear energy generation. Nuclear reactors produce no greenhouse gas emissions, although there are slight emissions from other parts of the nuclear fuel cycle including construction, mining, conversion, and enrichment. Many countries have incorporated nuclear as a critical part of their overall energy mix and consider nuclear to be a clean and sustainable energy source that is key to meeting climate goals. However, opponents to nuclear as a clean and sustainable energy source cite the potential risk from nuclear accidents, challenges with nuclear waste disposal, and proliferation concerns.
How does Nexgen engage the local community?	NexGen's flagship Rook I project is based in Northern Saskatchewan, which has a large Indigenous population. The company has made significant efforts to engage the local community and received the PDAC (Prospectors & Developers Association of Canada) 2019 Environmental & Social Responsibility Award in recognition of its efforts to protect the environment and establish positive community relations. In late 2019, NexGen entered into Study Agreements with four local communities to identify potential impacts on Aboriginal and treaty rights and socio-economic interests, and to identify potential avoidance and accommodation measures. NexGen has implemented several community programs including breakfast clubs, sponsorship of sports teams, and financial support for recreational activities.

Target/Upside/Downside Scenarios

NexGen Energy Ltd.



Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

We value NexGen based on a NAV analysis using an 8% discount and 1.0x P/NAV multiple. The discount rate is in line with the rate used to evaluate other developing mine projects. The P/NAV multiple is above a historical multiple for a pre-construction developing mine project, as it reflects higher valuation for uranium equities as a result of positive sentiment in the uranium space backed by upward movement in spot price. We assign a Speculative Risk qualifier, as Nexgen is a development-stage company that is not expected to start production until the mid-to-late 2020s. Our $10 price target supports an Outperform rating.

Upside scenario

Our $15 upside scenario assumes: 1) production starts in 2028 following relatively quick approvals and construction; 2) capital and operating cost estimates that are 10% lower than in the FS; 3) an increased mineral resource of 500Mlbs supporting an 18-year mine life with total production of 460Mlbs U_3O_8; 4) long-term uranium realized price of US $75/lb and no market impact from start-up; 5) a CAD/USD exchange rate of $1.30, in line with our base case; and 6) maintaining our P/NAV multiple at 1.0x.

Downside scenario

Our $3 downside scenario assumes: 1) production starts in 2030 following lengthy approvals and challenging construction; 2) capital and operating cost estimates that are 25% higher than in the FS; 3) a mineral resource of 300Mlbs, representing downside to the current resource estimate, supporting an 11-year mine life with total production of 230Mlbs U_3O_8; 4) long-term uranium realized price of US$45/lb; 5) a CAD/USD exchange rate of $1.30, in line with our base case; and 6) lowering our P/NAV multiple to 0.75x.

Investment summary

NexGen Energy is a uranium development and exploration company, focused on the Athabasca Basin in Saskatchewan. The company's flagship Rook I project contains the large, high-grade Arrow deposit, which we consider to be one of the best undeveloped uranium assets in the world.

Top-tier uranium mine in development: We think the deposit has potential to be developed into a top-tier uranium mine with production comparable to or above today's largest mines, while realizing operating costs at the lower end of the cost curve.

Favourable geology a unique benefit: Arrow benefits from favourable geology, which is a distinct advantage that separates the project from other undeveloped uranium assets, helping to reduce estimated capital costs, operating costs, and technical risks.

Large resource with potential upside: We see potential to support a project life and annual product beyond the parameters currently envisioned in the PEA, which adds to future long-term strategic value and optionality.

Strategic asset with takeover potential: We view the Arrow project as a potential long-term strategic asset in the uranium and nuclear industry, as the start-up should coincide with an increasing uranium supply deficit in the late 2020s/early 2030s.

Risks to rating and price target

1) Permitting delays, especially with respect to uranium mine development due to heightened sensitivities and concerns regarding nuclear material and radiation. 2) Technical challenges and construction delays given the limited uranium mine development in the Western Athabasca region and lack of infrastructure. 3) Financing risk, as a pre-production company with debt and developing a uranium mine while market conditions remain challenging. 4) Uranium price, which has a significant impact on valuation. 5) CAD/USD exchange rate, as operations are located in Canada while uranium sales are primarily in USD.

Andrew D. Wong (416) 842-7830; andrew.d.wong@rbccm.com

Company description

NexGen Energy is a uranium development and exploration company, focused on the Athabasca Basin in Saskatchewan. The company's flagship Rook I project contains the large, high-grade Arrow deposit, which we consider to be one of the best undeveloped uranium assets in the world. A feasibility study has been completed for the Arrow project confirming robust economics, while the company is working to complete environmental permitting that started in early 2019. Additionally, NexGen has discovered several other areas of potentially significant uranium mineralization within the Rook I project area (South Arrow, Bow, Harpoon). The company also owns a majority interest in junior uranium exploration company IsoEnergy.

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As of 31-Mar-2022

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HOLD [Sector Perform]	569	39.03	172	30.23
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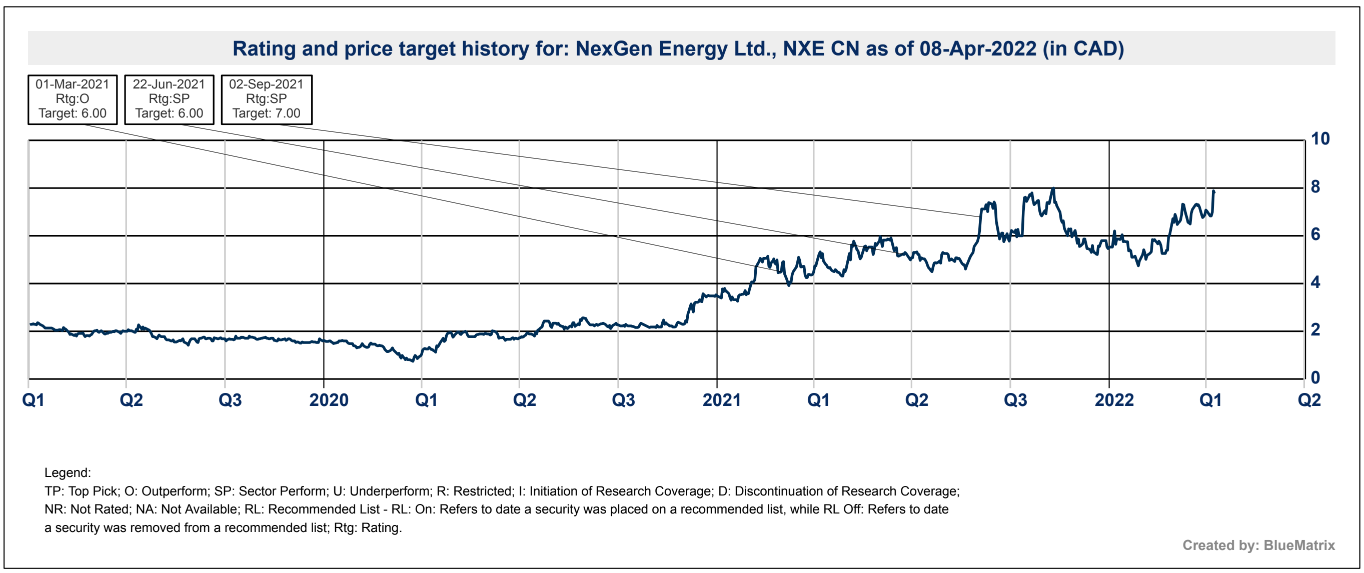

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