EIGHT CAPITAL

Uranium Sector

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Lower Forecast Pending NFWG Update, Waiver Extension

We lower our uranium price forecasts in light of ongoing flat uranium prices, investor malaise following Section 232's non-decision, extension of Iran Nuclear Cooperation Waivers, and uncertainty surrounding the Nuclear Fuel Working Group (NFWG) update. Uranium markets remain in wait-and-see mode, although we may see emerging interest from nuclear utilities. Cameco cited positive discussions with customers about term contracting in support of restarting tier-one assets. CCO still awaits uranium prices to transition to where prices are set by the cost curve. We believe investors will cautiously focus on uranium markets and the pending NFWG report and its new deadline of 10-Nov-19, continuing role of financial players, and varying degrees of market conviction and discipline of buyers/sellers.

Uranium prices remain flat. UxC spot has traded in a narrow band between US$24/lb and over US$26/lb since March. Price volatility that narrowed in days leading up to the July Section 232 decision has largely continued as we await the NFWG report. A rapid price downturn over the past month, having only recently bounced off the US$24/lb resistance level, has also impacted market sentiment, particularly physical holders such as Uranium Participation and Yellow Cake PLC (YCA-LON, Not Rated). U traded at a 4% discount to its NAV at the end of October. Otherwise, producers are trading sideways to slightly upwards while outperforming developers, and developers are outperforming (most) explorers.

Iran Nuclear Cooperation Waiver extended. On 31-Oct-19, in a move that could have potentially halted Russian uranium imports, the US Dept. of State extended waivers with Iran that had expired on 29-Oct-19, for another 90 days. This is one of the final components of the 2015 Iran nuclear agreement that allows European, Russian, and Chinese companies to work with Iran's civil nuclear industry without US penalties. Had the waiver not been extended, it could have meant that ~20% of all imported uranium would have stopped, and companies, such as Rosatom, that are supplying fuel and services to Iran, could be sanctioned by the US Government. USA imports almost all of its required uranium for nuclear power generation, representing 20% of US electricity production. Of this, ~40% stems from Russia and its allies, Kazakhstan and Uzbekistan, representing ~8% of all US electricity generation.

Awaiting Nuclear Fuel Working Group (NFWG) report that has been delayed until 10-Nov-19. Some uranium industry insiders are eagerly awaiting the NFWG announcement, perhaps spurred by recent comments of outgoing DOE Secretary about the revitalization of the uranium sector. Section 232 Petition's July decision saw little decisive action by the US Government, and little was done to help the US nuclear and uranium industries. However, it likely did lead to some concern that the underlying argument that key fuel cycle infrastructure is under threat might in fact be true. The uranium industry doesn't want tariffs, and we don't expect quotas either. Subsidies are a small possibility, but we believe help may come via grants, interest free loans, less permitting red tape, R&D, and added help for the nuclear sector, its largest customer. We also believe that steps will be taken to support domestic conversion, enrichment and fuel fabrication, which should have a trickle down impact on uranium mining. Nuclear Energy Institute believes the report will be policy-focused and is not expected to yield direct market actions or fuel trade issues.

Lowered uranium price forecasts. Price predictions have been lowered given the ongoing state of the uranium market.

REVISION OF URANIUM PRICE ASSUMPTIONS (US$/lb)									
	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	LT
New Spot Forecast	$26	$29	$32	$35	$39	$42	$47	$50	$50
Previous Spot Forecast	$29	$35	$40	$50	$60	$60	$60	$60	$60

Source: UxC, Eight Capital

Valuations and target price adjustments. We cover nine U3O8 stocks for which we apply our new price forecasts. Once the uncertainty of NFWG is removed, we believe that utilities should return to contracting and prices should rise.

Azarga Uranium Corp. (AZZ-T)	BUY	C$0.30 TP lowered from C$0.50
Cameco Corp. (CCO-T)	NEUTRAL	C$13.00 TP lowered from C$15.00 (covered by R. Profiti)
Denison Mines (DML-T)	BUY	C$1.35 TP lowered from C$1.80
Energy Fuels (EFR-T)	BUY	C$3.55 TP lowered from C$5.60
Fission Uranium (FCU-T)	BUY	C$2.00 TP lowered from C$2.30
NexGen Energy (NXE-T)	BUY	C$5.55 TP lowered from C$6.95
Ur Energy Inc. (URE-T)	BUY	C$1.40 TP lowered from C$2.55
Uranium Participation Corp. (U-T)	BUY	C$5.30 TP lowered from C$6.60
Uranium Energy Corp. (UEC-US)	BUY	US$1.70 TP lowered from US$3.40

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Table 1: Eight Capital's uranium peer table for companies under coverage.

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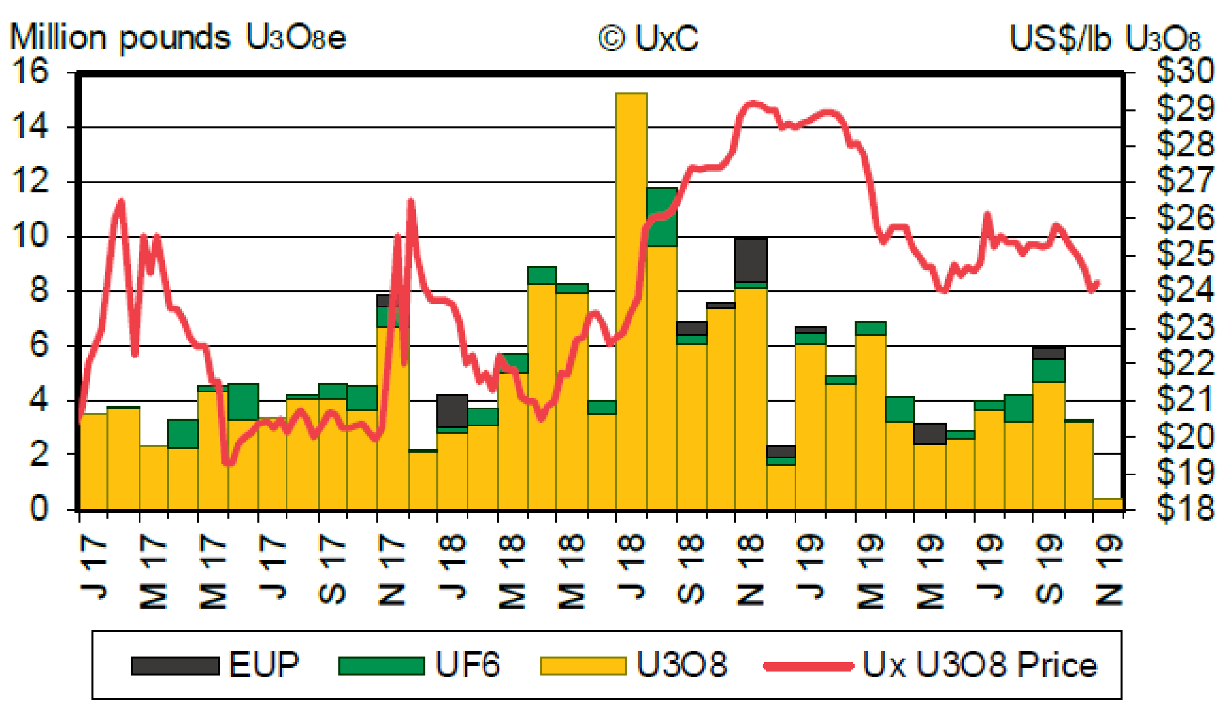
PEER TABLE WTH TARGET REVISIONS - URANIUM

November 7, 2019	Ticker	Currency	Last Price $/sh	Analyst	New Rating	New TP	Return to TP	Previous Rating	Previous TP	Shares O/S MM	Mkt Cap ($MM)	Cash ($MM)	Debt ($MM)	EV ($MM)	Avg Grade %U3O8	Inventory MMlbs U3O8	EV/lb US$/lb	Net Asset Value NAVPS	Net Asset Value P/NAV
Inventory Holders																			
Uranium Participation	U-TSX	CAD	C$ 4.14	D. Talbot	BUY	C$ 5.30	28%	BUY	C$ 6.60	138	C$ 572	C$ 3	C$ 0	C$ 568	n/a	16.2	26.6	C$ 5.30	0.78x
Yellow Cake	YCA-LON	GBP	GBP$ 1.82	n/a	n/a	n/a	n/a	n/a	n/a	88	GBP$ 161	GBP$ 7	GBP$ 0	GBP$ 154	n/a	9.6	20.6	n/a	n/a
Inventory Holder Average																	23.6		0.78x
Producers																			
Cameco Corp	CCO-TSX	CAD	C$ 12.61	R. Profiti	NEUTRAL	C$ 13.00	3%	NEUTRAL	C$ 15.00	396	C$ 4,991	C$ 864	C$ 997	C$ 5,123	6.4%	1065	3.6	C$ 13.14	0.96x
Energy Fuels	EFR-TSX	CAD	C$ 2.67	D. Talbot	BUY	C$ 3.55	33%	BUY	C$ 5.60	99	C$ 265	C$ 30	C$ 24	C$ 259	0.14%	152	1.3	C$ 3.54	0.75x
UR Energy	URE-TSX	CAD	C$ 0.83	D. Talbot	BUY	C$ 1.40	69%	BUY	C$ 2.55	160	C$ 133	C$ 4	C$ 16	C$ 145	0.061%	43	2.6	C$ 1.89	0.44x
Peninsula Energy	PEN-ASX	AUD	A$ 0.20	n/a	n/a	n/a	n/a	n/a	n/a	250	A$ 50	A$ 10	A$ 23	A$ 63	0.064%	62	0.7	A$ 0.98	0.20x
Kazatomprom	KAP-LON	GBP	GBP$ 13.55	n/a	n/a	n/a	n/a	n/a	n/a	259	GBP$ 3,514	GBP$ 158	GBP$ 384	GBP$ 3,740	0.054%	1391	3.5	n/a	n/a
Producer Average																	2.3		0.59x
Developers																			
Uranium Energy	UEC-NYSE	USD	US$ 0.99	D. Talbot	BUY	US$ 1.70	71%	BUY	US$ 3.40	181	US$ 179	US$ 18	US$ 20	US$ 181	0.048%	105	1.7	US$ 1.83	0.54x
Azarga Uranium	AZZ-TSX	CAD	C$ 0.15	D. Talbot	BUY	C$ 0.30	107%	BUY	C$ 0.50	185	C$ 27	C$ 2	C$ 0	C$ 25	0.063%	37	0.5	C$ 0.32	0.46x
Denison Mines	DML-TSX	CAD	C$ 0.63	D. Talbot	BUY	C$ 1.35	114%	BUY	C$ 1.80	590	C$ 372	C$ 15	C$ 1	C$ 358	2.9%	153	1.8	C$ 1.61	0.39x
NexGen Energy	NXE-TSX	CAD	C$ 1.78	D. Talbot	BUY	C$ 5.55	212%	BUY	C$ 6.95	356	C$ 633	C$ 72	C$ 121	C$ 682	2.0%	348	1.5	C$ 6.94	0.26x
Fission Uranium	FCU-TSX	CAD	C$ 0.30	D. Talbot	BUY	C$ 2.00	567%	BUY	C$ 2.30	486	C$ 146	C$ 9	C$ 0	C$ 138	1.8%	135	0.8	C$ 2.28	0.13x
Boss Resources	BOE-ASX	AUD	A$ 0.06	n/a	n/a	n/a	n/a	n/a	n/a	1,584	A$ 95	A$ 11	A$ 4	A$ 89	0.07%	63	1.0	n/a	n/a
Laramide Resources	LAM-TSX	CAD	C$ 0.22	n/a	n/a	n/a	n/a	n/a	n/a	143	C$ 31	C$ 0	C$ 10	C$ 40	0.11%	118	0.3	n/a	n/a
Global Atomic	GLO-TSX	CAD	C$ 0.50	n/a	n/a	n/a	n/a	n/a	n/a	144	C$ 71	C$ 6	C$ 0	C$ 66	0.18%	189	0.3	n/a	n/a
Deep Yellow	DYL-ASX	AUD	A$ 0.31	n/a	n/a	n/a	n/a	n/a	n/a	238	A$ 73	A$ 15	A$ 0	A$ 57	0.032%	149	0.3	n/a	n/a
Goviex	GXU-TSX	CAD	C$ 0.14	n/a	n/a	n/a	n/a	n/a	n/a	423	C$ 59	C$ 3	C$ 0	C$ 56	0.081%	230	0.2	n/a	n/a
Vimy Resources	VMY-ASX	AUD	A$ 0.05	n/a	n/a	n/a	n/a	n/a	n/a	600	A$ 31	A$ 1	A$ 0	A$ 30	0.33%	116	0.2	n/a	n/a
Plateau Energy Metals	PLU-TSX	CAD	C$ 0.19	n/a	n/a	n/a	n/a	n/a	n/a	86	C$ 16	C$ 1	C$ 0	C$ 15	0.021%	124	0.1	n/a	n/a
Bannerman	BMN-ASX	AUD	A$ 0.04	n/a	n/a	n/a	n/a	n/a	n/a	1,043	A$ 42	A$ 6	A$ 4	A$ 39	0.019%	271	0.1	n/a	n/a
Berkeley Energia	BKY-ASX	AUD	A$ 0.27	n/a	n/a	n/a	n/a	n/a	n/a	258	A$ 68	A$ 97	A$ 36	A$ 8	0.049%	89	0.1	n/a	n/a
Developers Average																	0.6		0.36x
Explorers																			
ValOre Metals	VO-TSX	CAD	C$ 0.28	D.Talbot	BUY	No Target	n/a	BUY	No Target	85	C$ 24	C$ 1	C$ 0	C$ 23	n/a	n/a	n/a	n/a	n/a
Toro Energy	TOE-ASX	AUD	A$ 0.01	n/a	n/a	n/a	n/a	n/a	n/a	2,172	A$ 28	A$ 5	A$ 16	A$ 39	0.48%	91	0.3	n/a	n/a
UEX Corp	UEX-TSX	CAD	C$ 0.12	n/a	n/a	n/a	n/a	n/a	n/a	381	C$ 46	C$ 6	C$ 0	C$ 40	0.43%	99	0.3	n/a	n/a
U3O8 Corp	UWE-TSX	CAD	C$ 0.07	n/a	n/a	n/a	n/a	n/a	n/a	23	C$ 2	C$ 0	C$ 1	C$ 2	n/a	n/a	n/a	n/a	n/a
Skyharbour Resources	SYH-TSX	CAD	C$ 0.17	n/a	n/a	n/a	n/a	n/a	n/a	64	C$ 11	C$ 1	C$ 0	C$ 10	n/a	n/a	n/a	n/a	n/a
IsoEnergy Ltd	ISO-TSX	CAD	C$ 0.44	n/a	n/a	n/a	n/a	n/a	n/a	68	C$ 30	C$ 1	C$ 0	C$ 29	n/a	n/a	n/a	n/a	n/a
Explorer Average																	0.3		

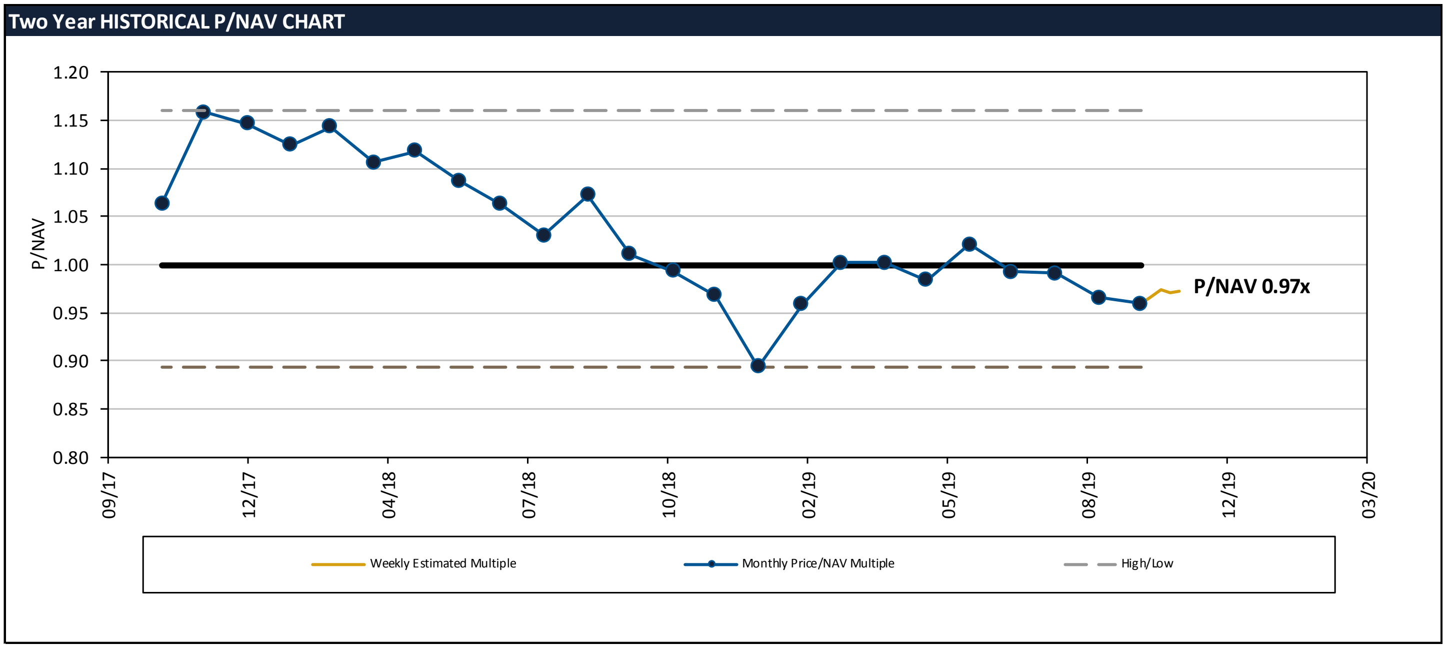
Source: Company Reports, FactSet, Eight Capital Estimates

Figure 1: UxC`s 24-month uranium price and volume chart showing uranium prices trading within a narrow band between US$24/lb U3O8 and just over US$26/lb since March 2019.



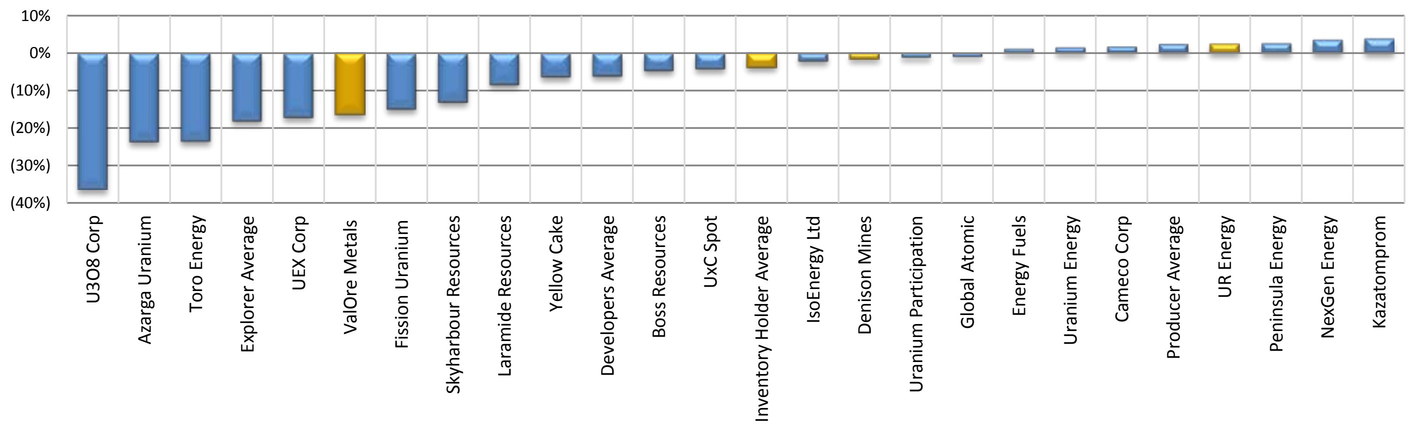
Source: Company Reports, FactSet, Eight Capital Estimates

Figure 2: Uranium Participation 24-month P/NAV chart.



Source: Factset, Company reports, Eight Capital estimates

Figure 3: 1-Month uranium stock performance chart



Source: Factset

AZZ-T	New		Last
Rating	**--**		**BUY**
Target (C$)	**0.30**	▼	**0.50**
Projected Return	107%		186%
Target/NAV multiple	--		0.80x
Corporate DCF	0.17	▼	0.49
Cash & Investments	--		0.00
Debt	--		0.00
Exploration & Unmodelled Resources	--		0.10
Total NAV	0.32	▼	0.59
P/NAV	0.46x	▲	0.29x

All Figures in US$ Unless Otherwise Noted

Source: FactSet, Company Reports, Eight Capital

Azarga Uranium Corp. (AZZ-T, BUY, C$0.30 TP)

America's next uranium producer

Mkt Cap: C$27 MM, Performance: (1mo. -24%, 3 mo. -29%, 6 mo. -34%)

We maintain Azarga with a BUY recommendation and decrease our target price to C$0.30/sh from $0.50/sh based on a 0.8x multiple applied to our 10% DCF model, and after applying our new price forecasts. In a lower uranium price environment we see more significant financing challenges that could lead to construction and production delays.

Azarga Uranium continues to creep towards completion of permitting at its 100%-owned, world-class, Dewey Burdock ISR project in South Dakota upon re-issuance of two draft permits by the Environmental Protection Agency (EPA). These pertain to Class III and Class V Underground Injection Control permits that outline procedures and activities required during installation and operation of wells used during ISR mining. This is somewhat incrementally positive news, but one of many steps being taken as final permitting nears.

We reaffirm that Dewey Burdock is one of the best undeveloped ISR projects in the US. Plans are to produce up to 9.7MM lbs over 11 years at US$18.86/lb total cash costs. Pre-tax 8% NPV is US$149MM, with a 67% IRR based on US$65/lb. Initial Capex would be low at US$27MM after deferring US$28 MM via initial toll milling at one of many nearby ISR plants. Dewey Terrace may be a potential satellite operation to complement a central processing facility at Dewey Burdock (DB).

See last note: Revised EPA Draft Permits Provided for Dewey Burdock

	New	Last
Rating:		NEUTRAL
Target:	C$13.00	C$15.00

Quarterly EBITDA	2018 A	2019 E	2020 E	2021 E
Q1	84 A	14 A	20 E	51 E
Q2	18 A	43 A	41 E	61 E
Q3	50 A	34 A	66 E	75 E
Q4	246 A	64 E	94 E	112 E
FY New	**398 A**	**155 E**	**221 E**	**299 E**
FY Old		155 E	175 E	339 E

Quarterly EPS	2018 A	2019 E	2020 E	2021 E
Q1	0.06 A	-0.08 A	-0.04 E	0.04 E
Q2	-0.07 A	-0.04 A	-0.01 E	0.05 E
Q3	0.04 A	-0.01 A	0.01 E	0.05 E
Q4	0.51 A	-0.03 E	0.03 E	0.08 E
FY New	**0.54 A**	**-0.17 E**	**-0.01 E**	**0.23 E**
FY Old		-0.17 E	-0.14 E	0.33 E

Source: Factset, Company Reports, Eight Capital Estimates

Cameco Corp. (CCO-T, NEUTRAL, C$13.00 TP, Covered by R. Profiti)

One of the world's largest uranium producers

Mkt Cap: C$4,991 MM, Performance: (1mo. +2%, 3 mo. +8%, 6 mo. -13%)

Cameco has mines in Canada, the U.S. and Kazakhstan, and is also a leading provider of nuclear fuel processing services and uranium trading. Low uranium prices have propelled management to curtail its production by indefinitely suspending operations at McArthur River as well as higher costs assets, including US ISR projects (Crow Butte in Nebraska and Smith Ranch-Highland in Wyoming).

Cameco is currently trading at 1.07x on P/NAV and an equity-implied uranium price of $45/lb. We believe shares are likely to trade range-bound until sentiment improves and underlying prices create the catalyst for McArthur River to return to full from care & maintenance status. Weak uranium markets along with limited catalysts and the potential for labor disruption at the McLean Lake mill further limits relative share price potential in the short-term, in our view. That said, management continues to execute a prudent strategy emphasizing balance sheet strength, curtailing production in order to preserve its Tier One assets, and preserving value in the contract portfolio.

A premium valuation has long been part of the investment narrative for Cameco. Rising earnings power on the expectations of stronger uranium prices over the long-term, together with a unique market position and business profile, with high industry barriers to entry and lack of investment alternatives, have kept Cameco valuation at a warranted premium. Our TP of C$13.00 is based on 1.1x NAVPS ($10.49).

See last note: Prospective Business Returns to Pre-2011 Levels

DML-T	New		Last
Rating	--		Buy
Target (C$)	1.35	▼	1.80
Projected Return	114%	▼	200%
Target/NAV multiple	--		0.9x/0.8x/0.7x
Corporate DCF	1.07	▼	1.63
Cash & Investments	--		0.00
Debt	--		-0.06
Resources + Mill & Stockpile	--		0.60
Total NAV	1.61	▼	2.17
P/NAV	0.39x	▲	0.28x

All Figures in C$ Unless Otherwise Noted

Source: FactSet, Company Reports, Eight Capital

Denison Mines (DML-T, BUY, C$1.35 TP)

ISR Development Work at Phoenix Deposit in Full Swing

Mkt Cap: C$372 MM, Performance: (1mo. -2%, 3 mo. +3%, 6 mo. -9%)

We maintain a BUY rating for Denison Mines, but reduce our share price target to C$1.35 from C$1.80, based on our 0.8x multiple applied to our 10% DCF model, and after applying our new uranium price forecasts.

Denison remains a multi-faceted company with interests that include partial ownership of McClean Lake Mill; Denison Environmental Services; and management of Uranium Participation. Its flagship is 90%-owned, 135 MM lb U3O8 Wheeler River project which hosts the Phoenix deposit, the world's highest grade deposit, and expanding Gryphon basement-hosted deposit. Installation of two commercial scale ISR production wells into Phoenix marks an important milestone. The large diameter vertical drill holes extend from surface to intersect Phoenix ore at ~400m depth and will be used to demonstrate hydraulic conductivity and hydraulic connection in Test Areas 1 and 2.

We soften our earlier criticisms of ISR mining within Athabasca basin unconformity deposits, although more work is required. Almost half of the world's uranium production is ISR, and all of that occurs in sandstone deposits. We concede that porosity and permeability of Phoenix deposit ore may be suitable for both 1) accepting adequate leaching solutions; and 2) the mobilization of those fluids from one part of the deposit to another. Characteristics of high grade uranium and its sandstone host rock (although the deposit is located at the unconformity) likely make this possible. We are still concerned about 1) clay alteration acting as a barrier to leaching fluids; and 2) fracturing within the deposit. Fracturing could leach to fluids taking the path of least resistance and avoiding the uranium that it is supposed to be leaching. Ongoing tests should help answer our first concern, but only leach tests would help solve the latter.

See last note: Milestone: Two ISR Production Wells Installed For Tests

EFR-T	New		Last
Rating	--		BUY
Target (C$)	C$3.55	▼	C$5.60
Projected Return	33%	▼	112%
Target/NAV multiple	--		1.00x
Corporate DCF	C$2.53	▼	C$4.97
Cash & Investments	C$0.22	▲	C$0.05
Debt	(C$0.22)	▲	(C$0.24)
Un-mined Resources	C$1.02	▲	C$0.83
Total NAV	C$3.54	▼	C$5.61
P/NAV	0.75x	▲	0.47x

All Figures in US$ Unless Otherwise Noted
Source: FactSet, Company Reports, Eight Capital

Energy Fuels (EFR-T, BUY, C$3.55 TP)

Largest US Uranium Producer Focusing on Alternate Feed and Vanadium Production

Mkt Cap: C$265 MM, Performance: (1mo. +1%, 3 mo. +27%, 6 mo. -32%)

We maintain our Energy Fuels recommendation of BUY but lower our target price to C$3.55/sh from C$5.60/sh from based on a 1.0x multiple applied to our 10% DCF model, after incorporating our lower uranium price forecasts.

Energy Fuels is essentially in shutdown mode until prices turn. It isn't currently focused on production, but it will carry out toll milling for 3rd parties to help boost toll milling revenue and increase U3O8 inventory levels while it isn't motivated to sell uranium into the current market. Meanwhile, cost cutting continues. Capex programs are being minimized. And while debt servicing and multiple production centres add to higher G&A and standby costs than its peers, we might expect further cuts to be implemented.

Energy Fuels is highly leveraged to uranium prices given its higher cost base given its multiple production centres. The largest uranium producer in the US offers operational readiness with a full suite of projects leveraged to both strong market fundamentals and potential remedies of the NFWG. EFR has set a mandate to find additional business opportunities, including toll milling, alternate feed, pond returns and vanadium production. It owns the only fully permitted, operating, conventional uranium and vanadium mill in the USA. White Mesa Mill's historical production of over 5 MM lbs from alternate feed sources (converter/mill sludge, contaminated material, etc.) demonstrates its ability to capture uranium from many sources. Alternate feed material, specifically from clean-up sites, is being sought. An estimated 500 abandoned mines in the SW US present alternative feed potential that both the Navajo and EPA wish to be removed. Money has been set aside by the Government to tackle this issue.

See last note: Preparing for Future: Toll Milling and New High Grade Mining Methods - In Response to Weak Q2 & Section 232

FCU-T	New		Last
Rating	--		BUY
Target	2.00	▼	2.30
Projected Return	567%	▲	505%
Target/NAV multiple	--		0.80x
Corporate DCF	1.39	▼	1.77
Cash, and Investments	--		0.06
Debt	--		0.00
Exploration & Unmodelled Resources	--		0.83
Total NAV	2.28	▼	2.67
P/NAV	0.13x	▼	0.16x

All Figures in C$ Unless Otherwise Noted
Source: FactSet, Company Reports, Eight Capital

Fission Uranium (FCU-T, BUY, C$2.00 TP)

Advancing its Triple R Deposit on the West Side of the Athabasca Basin

Mkt Cap: C$146 MM, Performance: (1mo. -15%, 3 mo. -15%, 6 mo. -42%)

We maintain a BUY rating for Fission Uranium but lower our 12-month target price to C$2.00 from C$2.30, based on a 0.8x multiple applied to a 10% DCF model, after incorporating our lower uranium price forecasts. Near-term price forecast adjustments don't impact this stock much given its longer development time horizon.

PLS' Triple R deposit remains a large, shallow, high grade deposit suitable to sustain long life, low cost uranium production. The quickest way to improve value for the project now is to convert existing inferred resources from all five known deposits to indicated, and this would allow inclusion into the mine plan. A recent UG focused PFS for the PLS project in the Athabasca Basin of SK should improve confidence and help lay the groundwork for Fission's ultimate development plans. The updated study demonstrated improved economics, simple development, elimination of most earthworks, easier permitting and shorter path to production. Running permitting in parallel will also help minimize development timeline. Baseline studies near completion, and filing the Project Description to kick-start permitting is imminent. A FS underway is due within 18 months.

FCU is one of our top developer picks as it may come in cheaper and quicker to production than certain peers, assuming it can execute. As Fission moves deep into the project develop stage, hiring of a mine engineering focused COO would send a strong signal to the market that management is serious about moving the project forward.

See last note: PFS Suggests Vast Improvement By Going UG Only

NXE-T	New		Last
Rating	--		**Buy**
Target (C$)	**5.55**	▼	**6.95**
Projected Return	**212%**	▼	**282%**
Target/DCF multiple	--		0.80x
Corporate DCF	6.97	▼	8.75
Cash, and Investments	--		0.24
Debt	--		(0.38)
Exploration & Unmodelled Resources	--		0.10
Total NAV	6.93	▼	8.71
P/NAV	0.26x	▲	0.21x

All Figures in C$ Unless Otherwise Noted

Source: FactSet, Company Reports, Eight Capital

NexGen Energy (NXE-T, BUY, C$5.55 TP)

Improving Economics at What May Be the World's Best Uranium Deposit

Mkt Cap: C$633 MM, Performance: (1mo. +3%, 3 mo. +2%, 6 mo. -15%)

We maintain a BUY rating but reduce our target price to C$5.55/sh from C$6.95/sh, based on a 0.8x DCF multiple applied to our 10% DCF model, after incorporating our lower uranium price forecasts. Near-term price forecast adjustments don't impact this stock much given its longer development time horizon.

Feasibility Studies are underway for NexGen's Arrow deposit on its Rook I project in the Athabasca Basin of Saskatchewan. Arrow is a basement hosted deposit that would not require freezing during mining. Its PFS contemplates LOM annual production of 25.4 MM lbs which would make NXE the second largest global producer at 21% of world supply. Project economics are robust at C$3.7 B after-tax 8% NPV and 57% IRR. Initial Capex is estimated at C$1.25 B with initial production estimated to reach as high as 29 MM lbs U3O8 pa from mining of 3.1% U3O8 rock over nine years. Average annual Opex is estimated at US$4.36/lb U3O8. NXE is the largest landowner in the SW Athabasca Basin and only 5% of its holdings have been explored.

Project Description for Rook I was accepted by The Canadian Nuclear Safety Commission and Saskatchewan Ministry of Environment, making the beginning of the Environmental Assessment process. After over five years of project development and working with the public and local communities, this event launches permitting of the largest undeveloped uranium project in the Athabasca Basin. A PEA and subsequent PFS propose underground mining and on-site processing of uranium from the Arrow Deposit. NexGen Energy has done an exceptional job of attracting high caliber talent to its team to help tackle permitting, social license, exploration, resource development, project development and mine planning. We believe this is reflected in the share price.

See last note: PFS High Grade Focus Improves Opex, Capex, Economics

URE-T	New		Last
Rating	--		**BUY**
Target (C$)	$1.40	▼	$2.55
Projected Return	69%	▲	219%
Target/NAV multiple	--		1.00x
Corporate DCF	$0.93	▼	$1.80
Cash & Investments	$0.05	▲	$0.04
Debt	--		(0.06)
Unmined Resources	--		$0.17
Total NAV	1.09	▼	1.95
P/NAV	0.58x	▲	0.31x

All Figures in US$ Unless Otherwise Noted

Source: FactSet, Company Reports, Eight Capital

Ur-Energy Inc. (URE-T, BUY, C$1.40 TP)

North America's Lowest Cost Uranium Producer with Sound Pipeline

Mkt Cap: C$133MM, Performance: (1mo. +2%, 3 mo. +15%, 6 mo. -30%)

We maintain a BUY rating but reduce our target price to C$1.40/sh from C$2.55/sh based on a 1.0x multiple applied to our 10% DCF model, after incorporating our lower uranium price forecasts.

Ur-Energy is a good story with great assets and a solid project pipeline, and it has remained our top safety pick for some time. Lost Creek (LC) ISR Mine flexibility and opportunistic spot U3O8 purchases have allowed development spending to decline while still meeting delivery obligations under existing high priced contracts. 50% gross margins were achieved in 2018 and similar results are expected this year.

Ongoing weakness in the uranium sector has led to Ur-Energy tightening its purse-strings even further. A follow-up press release today appears aimed directly at the US Government, with the company announcing that it has laid off ten employees at its Lost Creek ISR mine in WY. This should help reduce costs further and we doubt that it will affect URE's ability to turn on the taps when uranium prices warrant.

We note that this declining production is not a reflection on LC, which has produced over 2.7 MM lbs of U3O8 over the past 5+ years now at near world-low production costs. Meanwhile, LC accumulates substantial uranium inventory of its own production which will be suitable to meet future delivery obligations. As previously reported, we expect ample uranium sales at high contract prices each quarter during 2019; such that we expect gross sales totaling another $15.9 MM during H2/19. This makes URE the only US producer that can boast steady cash flow in this market, despite its cost control program limiting production until prices turn.

See last note: Section 232 Results Overshadow Strong Q2/19

U-T	New		Last
Rating	--		BUY
Target	5.30	▼	6.60
Projected Return	33%	▲	54%
Target/NAV multiple	--		1.00x
Total NAV	5.30	▼	6.63
P/NAV	0.75x	▲	0.65x
Company Data			
Last Price			C$ 3.99
52-week Range	C$ 3.78	-	C$ 5.14

All Figures in C$ Unless Otherwise Noted
Source: FactSet, Company Reports, Eight Capital

Uranium Participation Corp. (U-T, BUY, $5.30 TP)

Established Liquid Physical Uranium Holding Company

Mkt Cap: C$572MM, Performance: (1mo. -0%, 3 mo. 0%, 6 mo. -1%)

We maintain a BUY rating but reduce our target price to C$5.30/sh from C$6.60/sh based on a 1.0x multiple applied to our UPC inventory valuation model, and after implementing a lower uranium price forecast in 2021. A US$1.00/5.00 increase in our U3O8 price deck would result in a C$22MM/$111MM increase in our net asset value estimate.

We consider this stock to be an established barometer a great opportunity for investors to gauge the sentiment of the uranium market, offering direct exposure to the commodity. That said, the stock trades at a 5% discount to its NAV, while much of the uranium sector (specifically the producers) has been tracking slightly upwards as of late. UPC's main strategy is to buy and hold uranium, while not actively trading or speculating on uranium prices. Holding only physical uranium eliminates much of the execution, technical, jurisdictional, and permitting risks inherent to mining and exploration companies Uranium Participation performance is largely tied to uranium price performance.

See last sector note: Positive and Realistic WNA Supply/Demand Report: Nuclear and Uranium Demand Rising in all Scenarios

UEC-US	New		Last
Rating	--		Buy
Target (US$)	1.70	▼	3.40
Projected Return	71%	▼	230%
Target/NAV multiple	--		0.9x
Corporate DCF	1.45	▼	3.35
Cash & Investments	--		0.03
Debt	--		(0.09)
Exploration & Unmodelled Resources	--		0.45
Total NAV (US$)	1.83	▼	3.73
P/NAV	0.54x	▲	0.38x

All Figures in US$ Unless Otherwise Noted
Source: FactSet, Company Reports, Eight Capital

Uranium Energy Corp. (UEC-US, BUY, US$1.70 TP)

America's Emerging Uranium Producer

Mkt Cap: US$179MM, Performance: (1mo. +1%, 3 mo. +9%, 6 mo. -32%)

We maintain a BUY rating but reduce target price to US$1.70/sh from US$3.40/sh based on a 0.9x multiple applied to our 10% DCF model, and after incorporating our lower uranium price assumptions.

Investors should look to UEC for the future, focusing on production potential and leverage to rising uranium prices with its 100% spot exposure. UEC had purchased quality projects on the cheap – preparing a low-cost, hub & spoke production strategy for a turn in uranium prices. UEC has amassed a portfolio of 58MM lbs of Measured and Indicated and 46.8 MM lbs of Inferred U3O8. We expect a number of projects to be ready for a quick ramp up when prices turn, and estimate ultimate production potential of over 5MM lbs by 2022.

The producing Hobson ISR plant in South Texas is essentially on standby as we wait for uranium prices to cooperate. With potential feed from several nearby permitted satellite projects such as La Palangana, Goliad and Burke Hollow, Burke Hollow resources grew to 7.1MM lbs inferred with 55% of the property still unexplored. The final mine permit, aquifer exemption and Radioactive Material License (RML) have all been received.

A new consolidated compliant resource estimate was announced for the now enlarged, fully permitted Reno Creek (RC) ISR project in WY. Five deposits total 26 MM lbs M&I and help rank RC as the largest permitted, pre-construction uranium projects in the US. Historical work suggests high potential upside remains along 12 miles of partially defined mineralized trends.

See last note: New Burke Hollow Trend Fast-tracked into Mine Area #1

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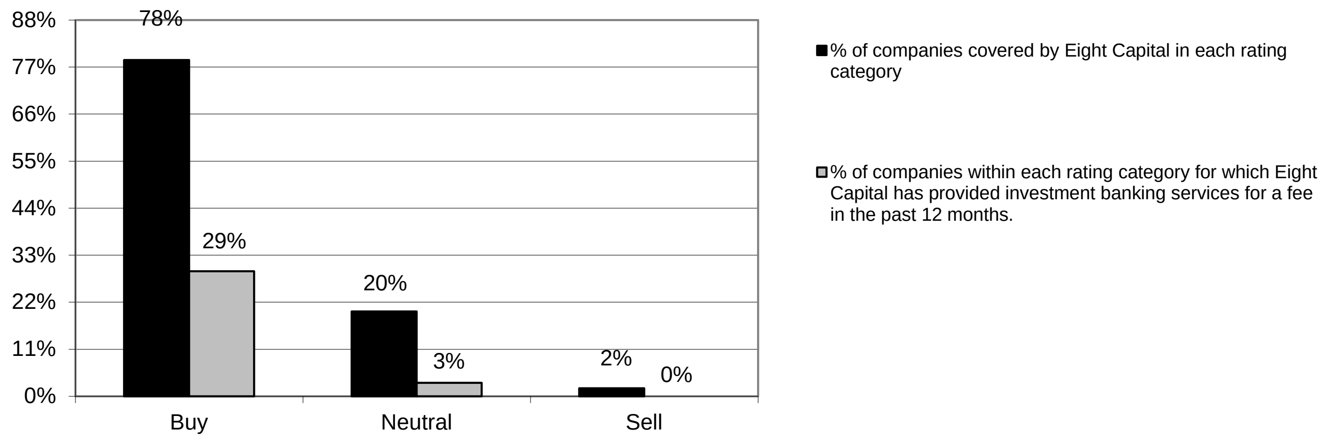

As at September 30, 2019
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