

HAYWOOD
SECURITIES INC.

Member of the Canadian Investor Protection Fund

Uranium Energy Corp. (UEC-NYSE.MKT, \$1.54)

Rating BUY
Target Price \$2.90
Return 88%
Overall Risk Rating Very High

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Strong Investor Appetite Leads to UEC Successfully Raising \$20 Million

Company Profile

Website – www.uraniumenergy.com

CEO – Amir Adnani

About the Company – Uranium Energy Corp. is an ISR uranium developer and unhedged near-term producer in South Texas, USA. Commercial production is currently on hold pending uranium price recovery.

Company Data

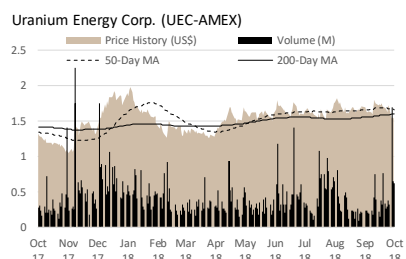
52-Week High/Low	\$2.00/\$0.96
YTD Performance	-13%
Dividend Yield	N/A
Shares O/S	189M (basic)/ 221M (F/D)
Market Capitalization	\$291M
Cash (current estimate)	\$25.0M
Debt	\$19.5M
Working Capital	\$18.7M
Enterprise Value	\$285M
Daily Volume	1,147,881

Currency US\$ unless noted

Haywood Estimates

	2017A	2018E	2019E
U ₃ O ₈ Prod. (Mlb)	0.0	0.0	0.8
Revenue (C\$M)	\$0.0	\$0.0	\$31.5
EBITDA (US\$M)	(\$14.4)	(\$15.5)	\$7.0
CFPS (US\$)	(\$0.08)	(\$0.10)	\$0.01

Price Performance



Source: Capital IQ and Haywood Securities

Event | We have reviewed our formal valuation of UEC following the recently closed, up-sized \$20 million financing.

Impact – Positive | **UEC successfully raised \$20 million gross in an up-sized placement of units.** The deal attracted significant investor interest, allowing for a doubling of the initial amount sought, placing UEC in an excellent financial position to advance its core projects and remain production-ready. The strong interest in the deal highlights the ongoing positive shift in investor sentiment on the uranium sector, particularly for U.S.-based producers/developers expected to benefit from a potential favourable outcome of the U.S. DOC investigation into uranium imports under Section 232 of the Trade Expansion Act (1962). UEC remains one of the best options to play the U.S. uranium space as an unhedged production-ready vehicle with maximum leverage to uranium price momentum.

■ **Financing Details:** The upsized placement included ~12.6 million units priced at \$1.60/unit for gross proceeds of ~\$20 million. Each unit included one common share and one ½ common share purchase warrant with an exercise price of \$2.05 and exercisable for 30-months from date of issue. The placement shores up UEC’s balance sheet, providing ample flexibility to be nimble as we await the outcome of the U.S. investigation into the uranium vertical as it pertains to national security, with anticipated potentially bullish outcomes for companies like UEC including possible import quotas or tariffs designed to revive the domestic supply chain.

■ **Standing Ready for Uranium Rebound:** UEC has production ready assets within reach of its South Texas Hobson central processing plant and its Reno Creek project is fully permitted/construction ready, combining for a pathway to 4 Mlb U₃O₈ per year of near-term production when the uranium price incentivises. UEC’s balance sheet will allow the Company to be extremely agile should market conditions justify restart.

■ **Forecasts** – Changes to our forecast include rolling of our valuation and target forward to FY2019 (July year-end), as well as the integration of the completed financing and additional shares with minimal impact on our target and NAV as our model included provisions for the impact of future financing dilution. We have slightly adjusted our future production profile with minimal impact on our valuation and continue to highlight that a future production decision will be highly market-dependent, and our production forecasts are likely to change with the market.

■ **Target Price, Ratings** – We maintain our \$2.90 target, BUY rating and ‘Very High’ risk rating following the integration of the financing and model adjustments noted above.

Valuation | We value UEC at 1.0x our corporate NAV. Our fully-financed DCF_{8%} analysis of the hub & spoke Hobson ISR uranium operation and Reno Creek yields an NPV of \$517M. Our fully-financed DCF_{10%} analysis of a conceptual ISR uranium mining operation at the Yuty project (Paraguay) yields an NPV of \$70.5 M. Corporate adjustments and other asset credits yield our corporate NAV of \$651M, driving a target price of \$2.90/share.

Catalysts | 1) Permitting advancement at Burke Hollow, Radioactive Materials License – late 2018; 2) Outcome of U.S. Section 232 investigation into uranium importation – 2019.

Please see page 6 for Analyst Certification, pages 6 - 8 for Important Information Rating Structure, Disclaimers, and notes.

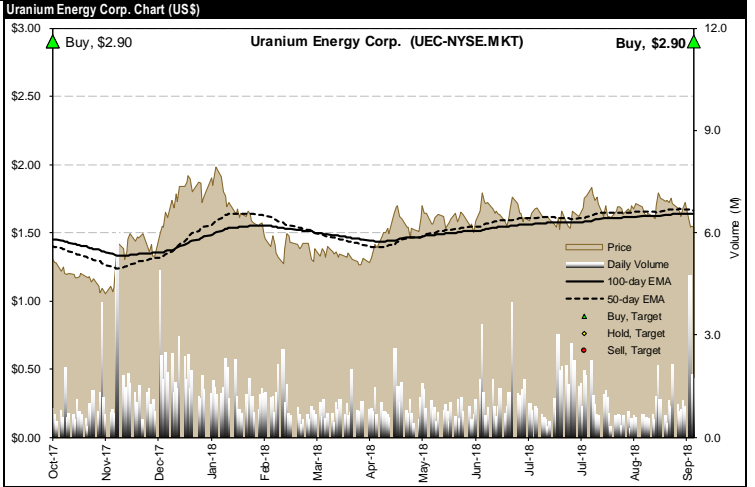


Uranium Energy Corp. NYSE.MKT:UEC Price: **\$1.54** Shares O/S (M) **188.7** Rating: **Buy**
October 4, 2018 MCap (US\$ M) **\$291** Target (US\$): **\$2.90** Return: **88%**

Alpha: Uranium Energy Corp (AMEX: UEC) is a uranium producer from the Hobson ISR Plant in South Texas, USA. Palangana production is expected to be augmented by output from the Goliad project that is forecast for production commencement in FY2019, but with all permitting in place, a surge in uranium price could accelerate this timeline.

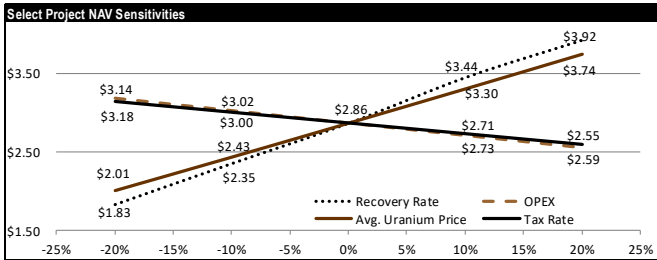
- Investment Highlights**
- Uranium producer via ISR mining with a strategic collection of uranium resources throughout United States (e.g., Hobson Uranium ISR Plant, Palangana satellite ISR facility)
 - Specialized technical team that has permitted and constructed Uranium ISR facilities
 - Goliad property: NI 43-101 indicated resource of 5.48 million pounds at 0.05 % U₃O₈, and inferred resource of 1.50 million pounds at 0.05 % U₃O₈.
 - Nichols property: NI 43-101 inferred resource of 1.31 million pounds at 0.07 % U₃O₈.
 - La Palangana property: NI 43-101 M&I resources of 1.05 million pounds at 0.134 % U₃O₈
 - Seager-Salvo property: NI 43-101 inferred resources of 2.84 million pounds at 0.08 % U₃O₈
 - Burke Hollow property: NI 43-101 inferred resources of 5.12 million pounds at 0.047 % U₃O₈
 - Hobson ISR Uranium plant, South Texas (~3.0 Mlb U₃O₈ Yr-1 capacity)
 - Potential to expand uranium resource base around known resources in Texas

Catalysts:
Late 2018: Permitting and field advancement at Burke Hollow - TCEQ issuance of final Radioactive Materials License
2019: Potential for bullish outcome of U.S. Section 232 investigation into uranium supply

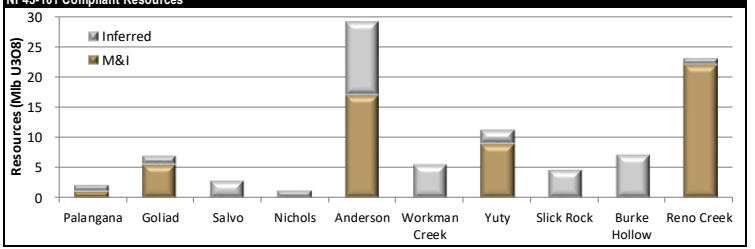
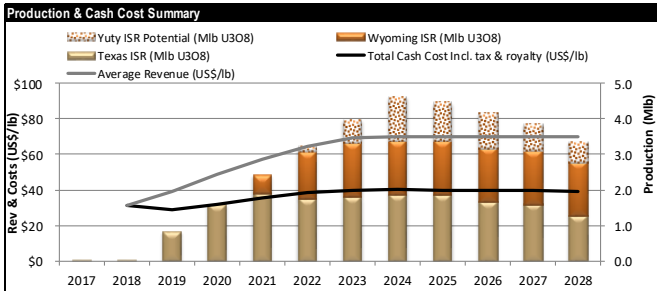


Financials & Assumptions	F'15A	F'16A	F'17A	F'18E	F'19E	F'20E	F'21E
(Year-End Jul-31)	31-Jul-15	31-Jul-16	31-Jul-17	31-Jul-18	31-Jul-19	31-Jul-20	31-Jul-21
Spot Uranium (US\$/lb)	\$39	\$31	\$24	\$24	\$34	\$43	\$51
Long-term Uranium (US\$/lb)	\$47	\$43	\$35	\$34	\$42	\$51	\$60
CS/US\$ FX Rate	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
AS/US\$ FX Rate	\$1.23	\$1.34	\$1.36	\$1.38	\$1.36	\$1.32	\$1.30
Revenue (US\$M)	\$3.1	\$0.0	\$0.0	\$0.0	\$31.5	\$75.8	\$134.1
Cost of Goods Sold (US\$M)	\$0.0	\$0.0	\$0.0	\$0.0	\$18.0	\$36.6	\$63.3
Corporate G&A (incl. stock based comp) (US\$M)	\$13.2	\$9.3	\$10.2	\$6.5	\$6.6	\$6.8	\$6.9
EBITDA (US\$M)	(\$17.8)	(\$13.4)	(\$14.4)	(\$15.5)	\$7.0	\$32.6	\$70.9
EV / EBITDA					31.3x	6.7x	3.1x
DD&A (US\$M)	\$3.2	\$2.1	\$1.7	\$0.5	\$1.5	\$3.1	\$11.8
Earnings (US\$M)	(\$23.4)	(\$17.3)	(\$18.0)	(\$16.0)	(\$0.2)	\$15.3	\$34.6
Adjusted EPS (US\$)	(\$0.25)	(\$0.16)	(\$0.14)	(\$0.10)	(\$0.00)	\$0.07	\$0.15
Current Price / EPS	-	-	-	-	-	17.3x	7.9x
Target Price / EPS	-	-	-	-	-	32.5x	14.8x
Cash Flow Before W/C Changes (US\$M)	(\$20.8)	(\$16.4)	(\$17.2)	(\$15.5)	\$1.4	\$18.4	\$46.4
Shares O/S, millions	98	116	139	160	186	220	227
CFPS, US\$	(\$0.13)	(\$0.12)	(\$0.08)	(\$0.10)	\$0.01	\$0.08	\$0.20
Current Price / CFPS	-	-	-	-	-	14.5x	5.9x
Target Price / CFPS	-	-	-	-	-	27.3x	11.1x
Operating Cash Flow (US\$M)	(\$12.3)	(\$13.1)	(\$10.4)	(\$16.1)	\$1.3	\$18.2	\$46.2
Financing Cash Flow (US\$M)	\$9.7	\$10.2	\$26.9	\$10.0	\$37.9	\$91.6	\$21.7
Investing Cash Flow (US\$M)	\$3.9	(\$0.1)	(\$11.0)	(\$10.0)	(\$11.6)	(\$80.2)	(\$23.6)
Change in Cash (US\$M)	\$1.3	(\$2.9)	\$5.4	(\$16.0)	\$27.7	\$29.6	\$44.3
Working Capital (US\$M)	\$6.2	\$6.2	\$21.1	(\$4.5)	\$16.9	\$46.6	\$91.0

Trading Statistics (CS); Capital Structure			
52 Week High/Low	\$2.00 / \$0.96	Average Daily Volume (90 day)	1,147,881
Ownership (M)	Management / Institutional	Major Shareholders	
Shares	3,757,229	58,658,967	Pacific Road Capital Management Pty Limited 8.3%
% O/S	2.0%	31.1%	BlackRock, Inc. 5.6%
Last Financing			
4-Oct-18	\$20 million - Equity financing (12.6 million units at \$1.60, incl 1 share + 1/2 warrant at x-price of \$2.05 for 2.5y)		
20-Jan-17	\$26 million - Equity financing (17.3 million units at \$1.50, incl 1 share + 1/2 warrant at x-price of \$2 for 3y)		
Shares O/S (million) - Basic / FD	188,691,473	/	217,328,002
(CSM)			
	Av Strike (CS)	Units (M)	ITM Units (M)
Working Capital			Proceeds (CS)
Options	\$1.39	10.61	9.65
Warrants	\$1.92	17.57	2.60
Total Cash & ITM	\$1.72	28.19	\$3,510,023



NAV Summary, Target Generation and Sensitivity					
	Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US\$/lb)	\$64	\$57	\$57	\$70	\$76
Paraguay - Yuly NAV10% (US\$M)	\$70.5				
Wyoming - Reno Creek (US\$M)	\$262.7				
Goliad-Hobson DCF (US\$M)	\$254.6				
NPV of Corporate CF	(\$59.2)				
Total NAV (US\$M)	\$528.6	\$460.1	\$555.2	\$745.9	\$842.4
Other Texas Assets (US\$M)	\$30.0	\$30.0	\$30.0	\$30.0	\$30.0
Ex-Texas (US\$M)	\$60.0	\$60.0	\$60.0	\$60.0	\$60.0
Corporate NAV (unadjusted) (US\$M)	\$618.6	\$550.1	\$645.2	\$835.9	\$932.4
Working Capital (est July 2019)	\$16.9	\$34.3	\$34.3	\$34.3	\$34.7
Dilutive Capital	\$15.1	\$15.1	\$15.1	\$15.1	\$15.1
Total Corporate NAV (US\$M)	\$650.6	\$599.5	\$694.6	\$885.3	\$982.1
Corporate NAVPS	\$2.86	\$2.01	\$2.43	\$3.30	\$3.74
Current P/NAV	0.5x	0.8x	0.6x	0.5x	0.4x
Target P/NAV	1.0x	1.0x	1.0x	1.0x	1.0x
Target (US\$)	\$2.90	\$2.00	\$2.40	\$3.30	\$3.70



Production Profile	31-Jul-17	31-Jul-18	31-Jul-19	31-Jul-20	31-Jul-21	31-Jul-22	31-Jul-23
Total U3O8 Production (Mlb)	0.0	0.0	0.8	1.6	2.4	3.1	3.3
Uranium - Realized Price, US\$/lb	\$32	\$31	\$39	\$49	\$56	\$63	\$68
Cash Operating Cost, US\$/lb sold	\$18	\$18	\$18	\$18	\$18	\$19	\$19
Total Cash Cost (incl. tax & royalty), US\$/lb sold	\$32	\$31	\$29	\$32	\$35	\$37	\$39

Peer Group Comparables (Haywood Securities estimates & Bloomberg Consensus Data)							
Company Name	Price (LoC)	MCAP CSM	EV CSM	2018 CFPS*	P/CFPS*	Cons. Target*	Implied Return
Energy Fuels (EFR-T)	\$4.55	\$391	\$372	(\$0.04)		\$5.50	21%
Uranium Energy (UEC-AMEX)	\$1.54	\$348	\$357	(\$0.07)		\$3.05	98%
U-Energy Inc. (URE-T)	\$1.07	\$170	\$183	\$0.05	20.2x	\$1.75	64%
Peninsula Energy (PEN-AU)	\$0.27	\$67	\$61			\$0.55	108%
Westwater Resources, (URRE-US)	\$0.00	\$15	\$11				
Alliance Resources (AGS-AU)	\$0.12	\$11	\$7				
* Bloomberg Consensus Data					Average:	20.2x	73%

Corporate Contact
 Website: www.uraniumenergy.com Tel: 361-888-8235
 Key Executive: Amir Adnani, President, CEO & Director
 Colin Healey, MBA - Research Analyst Aazan Habib - Research Associate
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Source: Bloomberg, Capital IQ, Market-Q, Company Reports, and Haywood Securities



Overview of Model Adjustments Post-Close

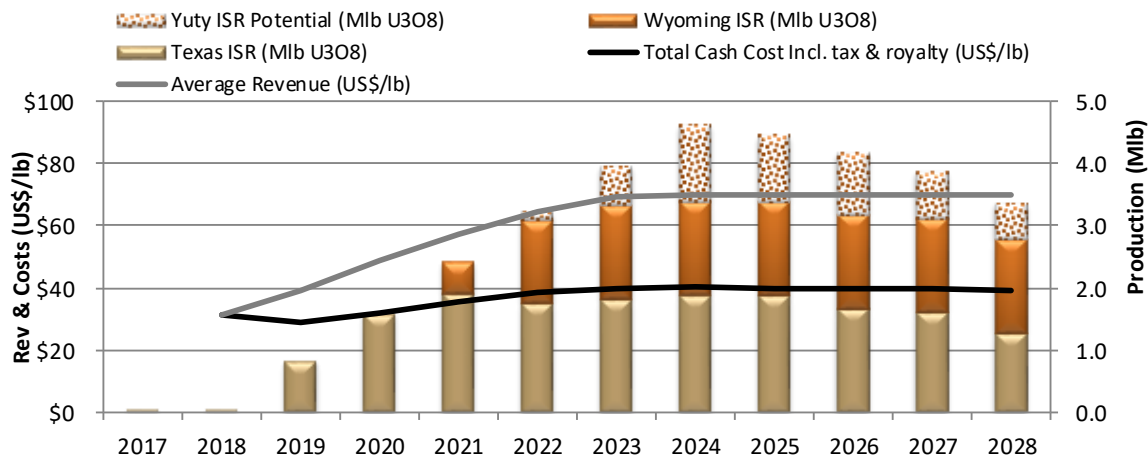
Changes to our model and forecasts include rolling of our valuation and target forward to FY2019 as UEC’s FY2018 concluded in July, as well as the integration of the completed financing dollars and additional shares with minimal impact on our target and NAV as our model included provisions for the impact of future financing dilution. We have slightly adjusted our future production profile with minimal impact on our valuation, largely offset by the rolling forward of the NPV/NAV model components. We continue to stress that a future production decision will be highly market-dependent and our production forecasts are likely to change with the market over time, but are reflective in our view of how UEC could respond to an improving uranium market and price.

Exhibit 1: Estimate Changes

	FY17	FY18		FY19	
		Old	New	Old	New
Total U3O8 Production (Mlb)	0.0	0.0	0.0	1.60	0.80
Revenue (US\$M)	\$0.00	\$0.05	\$0.03	\$61.0	\$31.5
EBITDA (US\$M)	-\$14.4	-\$14.6	-\$15.5	\$14.0	\$7.0
CFPS, US\$	-\$0.08	-\$0.09	-\$0.10	\$0.02	\$0.01

Source: Haywood Securities Inc.

Exhibit 2: Haywood 10-year Production/Cost Forecast for UEC



Source: Haywood Securities

Investment Thesis

Uranium Energy Corp has Production Authorization Areas 1, 2, and 3 effectively on care-and-maintenance at its Palangana ISR uranium mine in South Texas pending an improved uranium price. UEC is completely unhedged, fully permitted and production ready from its ISR uranium assets in South Texas, with a solid pipeline of projects (Goliad, Burke Hollow) within its hub-and-spoke strategy, which will progressively supplement production in a rising uranium price environment, with an initial recommencement of production decision expected to be contingent on a uranium price north of \$40/lb U₃O₈ for a sustained period. We like UEC’s unhedged 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.



In early December 2012, operations at Production Area-3 commenced and UEC had identified production areas 4, 5 and 6 at Palangana, with 4 still on track to be production ready when uranium prices justify a return to commercial production levels. 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.

In December 2013 UEC announced that it had received final authorization for the flagship Goliad ISR Project in South Texas. With final authorization in place, UEC has all regulatory approvals necessary to enter production, and has completed some construction. Goliad is UEC's premier advanced stage project at this time, set to feed the central Hobson processing plant (2.0 Mlbpa processing capacity, licensed to process up to 1.0 Mlbpa) potentially in calendar 2019, and competes with Burke Hollow as the most significant component of our DCF model. We see Goliad as having lower comparative risk to Palangana in terms of production ramp up and output due to the physical characteristics of the deposit.

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.

Risks

Significant Investment Risks

The investment to which this report relates carries various risks which are reflected in our Overall Risk Rating. We consider the following to be the most significant of these investment risks:

- **Operational Risk and/or Cost Escalation:** Uranium Energy Corp. had been in production from various Production Authorization Areas at its Palangana wellfield feeding its Hobson processing plant for six quarters before uranium prices forced a decision to curb output. Production peaked in its very first quarter, and operating costs were at the lowest. Output and costs were hampered by production issues in subsequent quarters, causing the Company to miss our production estimates, and spend additional capital to address wellfield issues and improve performance. We deem these to be typical production risks that are not necessarily unique to UEC, and are typical of the mining industry in general. Reemergence of production issues could cause the Company to fall short of our future production estimates, increase costs, or ultimately extract less than our total estimated production from the resources at this Project, with negative implications to valuation.
- **Financing Risk:** This risk is significantly mitigated with the recently (October 2018) completed financing, which likely means UEC is fully funded for the next 12-18 months depending on its operating plan. That said, UEC is not currently in production and is expected to resume construction at its Goliad ISR uranium project in South Texas when uranium prices justify, while also advancing the Burke Hollow project. Transitioning from construction to production is not an easy process and there exists the potential for issues to emerge pre- or post-commercial production, which could lead to the need for additional financings beyond our model assumptions. In addition, UEC has \$20M in friendly debt and is not currently in production. UEC has done an excellent job of working with lenders to ensure debt demands are manageable under current



market conditions. That said, if uranium prices do not materially appreciate in coming years, the existence of debt could lead to future equity and/or additional debt financing, and the degree to which shareholders may be diluted is highly linked to a recovery in uranium price.

*For further information on our Risk Rating
please visit: <http://haywood.com/what-we-offer/research/research-policy>*



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I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.



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- Haywood Securities, Inc. has reviewed lead projects of Energy Fuels Inc. (UUUU-AMEX), Uranium Energy Corp. (UEC-AMEX) and a portion of the expenses for this travel may have been reimbursed by the issuer.
- Haywood Securities Inc. or one of its subsidiaries has managed or co-managed or participated as selling group in a public offering of securities for Uranium Energy Corp. (UEC-AMEX) in the last 12 months.

Other material conflict of interest of the research analyst of which the research analyst or Haywood Securities Inc. knows or has reason to know at the time of publication or at the time of public appearance:

- n/a

Rating Structure

Each company within an analyst's universe, or group of companies covered, is assigned: (i) a recommendation or rating, usually BUY, HOLD, or SELL; (ii) a 12 month target price, which represents an analyst's current assessment of a company's potential stock price over the next year; (iii) an overall risk rating which represents an analyst's assessment of the company's overall investment risk; and (iv) specific risk ratings or risk profile parameters which in their aggregate support an analyst's overall risk rating. These ratings are more fully explained below. Before acting on our recommendation we caution you to confer with your Haywood investment advisor to determine the suitability of our recommendation for your specific investment objectives, risk tolerance and investment time horizon.

Recommendation Rating

BUY –The analyst believes that the security will outperform other companies in their sector on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) BUY rating.

HOLD – The analyst believes that the security is expected to perform in line with other companies in their sector on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) HOLD rating.

SELL – Investors are advised to sell the security or hold alternative securities within the sector. Stocks in this category are expected to under-perform other companies on a risk adjusted basis or for the reasons stated in the research report the analyst believes that the security is deserving of a (continued) SELL rating.

TENDER – The analyst is recommending that investors tender to a specific offering for the company's stock.

RESEARCH COMMENT – An analyst comment about an issuer event that does not include a rating or recommendation.

UNDER REVIEW – Placing a stock Under Review does not revise the current rating or recommendation of the analyst. A stock will be placed Under Review when the relevant company has a significant material event with further information pending or to be announced. An analyst will place a stock Under Review while he/she awaits sufficient information to re-evaluate the company's financial situation.

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Overall Risk Rating

Very High Risk: Venture type companies or more established micro, small, mid or large cap companies whose risk profile parameters and/or lack of liquidity warrant such a designation. These companies are only appropriate for investors who have a very high tolerance for risk and volatility and who are capable of incurring temporary or permanent loss of a very significant portion of their investment capital.

High Risk: Typically micro or small cap companies which have an above average investment risk relative to more established or mid to large cap companies. These companies will generally not form part of the broad senior stock market indices and often will have less liquidity than more established mid and large cap companies. These companies are only appropriate for investors



who have a high tolerance for risk and volatility and who are capable of incurring a temporary or permanent loss of a significant loss of their investment capital.

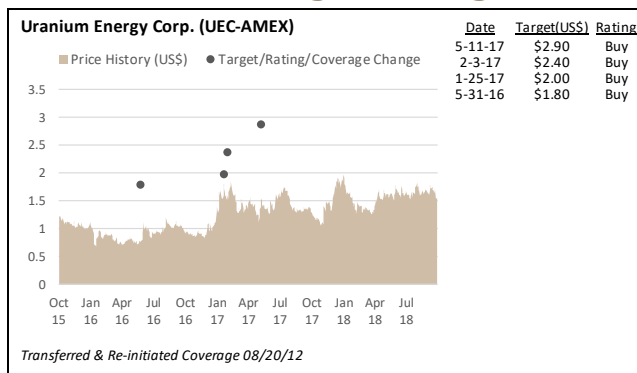
Medium-High Risk: Typically mid to large cap companies that have a medium to high investment risk. These companies will often form part of the broader senior stock market indices or sector specific indices. These companies are only appropriate for investors who have a medium to high tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital

Moderate Risk: Large to very large cap companies with established earnings who have a track record of lower volatility when compared against the broad senior stock market indices. These companies are only appropriate for investors who have a medium tolerance for risk and volatility and who are prepared to accept general stock market risk including the risk of a temporary or permanent loss of some of their investment capital.

Distribution of Ratings (as of October 4, 2018)

	%	#	IB Clients (TTM)
Buy	76.0%	73	89.7%
Hold	11.5%	11	3.4%
Sell	1.0%	1	0.0%
Tender	2.1%	2	3.4%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	9.4%	9	3.4%

Price Chart, Rating and Target Price History (as of October 4, 2018)



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