



May 20, 2020

NexGen Energy Ltd.

Model Update

Our view: Nexgen continues to advance through the feasibility study and environmental assessment of Arrow. We expect the current financial position to provide enough liquidity to see Arrow through to construction. However, COVID-19 work disruptions put project timelines at risk. If work deferrals persist, we would expect minor delays to regulatory approvals.

Key points:

Model update: We have updated our model with financial and operating results up to 1Q/20 and to include the following changes:

- Added the \$30M financing from Queen's Road Capital announced May 12, 2020. The new financing is split evenly between equity and convertible debentures.
- Reduced 2020 spend on exploration and development activities to \$16M, from \$32M, due to disruptions caused by COVID-19. The company is deferring certain projects related to the feasibility study and environmental assessment and plans to commence deferred projects in a normalized working environment.
- Updated uranium supply and demand forecast to include reduced global production in 2020 due to mine production suspensions in Canada, Namibia, Kazakhstan, and Uzbekistan. We have also updated our demand forecast based on reactor builds through 2030. We expect 30M and 10M deficits in 2020 and 2021, a surplus in 2022 and 2023 as McArthur re-starts, a balanced market in 2024-2026, and a deepening deficit starting in 2027 due to continued demand growth and mine closures.

Feasibility study and environmental assessment timeline: COVID-19 disruptions have forced Nexgen to defer portions of the feasibility study and environmental assessment of Arrow. While previously commenced work continues, yet-to-be commenced projects are deferred indefinitely until working conditions are normalized. Should these working conditions persist, there may be minor delays to regulatory approvals which could push out development and construction of the Arrow project.

Liquidity: Nexgen currently has ~\$70M cash on hand (\$44M cash end-1Q/20 plus \$30M new financing). We believe the recent financing was prudent to ensure capital availability and flexibility during an uncertain macro environment and should be sufficient to see the project to completion of the definitive feasibility study with the potential for early construction work if permitting moves faster than expected.

Reiterate Outperform, Speculative Risk rating and \$5 Price Target: Our NAV per share decreases slightly to \$10.25, from \$10.48, and we continue to use a 0.5x P/NAV multiple for valuation.

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Outperform Speculative Risk

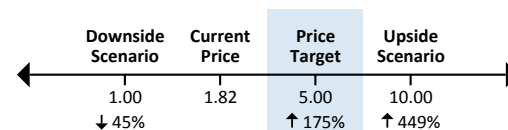
TSX: NXE; CAD 1.82

Price Target CAD 5.00

WHAT'S INSIDE

<input type="checkbox"/> Rating/Risk Change	<input type="checkbox"/> Price Target Change
<input type="checkbox"/> In-Depth Report	<input checked="" type="checkbox"/> Est. Change
<input type="checkbox"/> Preview	<input type="checkbox"/> News Analysis

Scenario Analysis*



*Implied Total Returns

Key Statistics

Shares O/S (MM):	360.3	Market Cap (MM):	656
Dividend:	0.00	Yield:	0.0%
NAVPS:	10.48	P/NAVPS:	0.17x
		Enterprise Val. (MM):	821
		Avg. Daily Volume:	2,539,922

RBC Estimates

FY Dec	2018A	2019A	2020E	2021E
EPS, Adj Diluted	0.00	(0.04)	(0.10)	(0.09)
Prev.		(0.06)	(0.11)	(0.11)
P/AEPS	NM	NM	NM	NM
FCFPS	(0.13)	(0.20)	(0.08)	(0.13)
Prev.			(0.14)	
P/FCF	nm	nm	nm	nm
EPS, Adj Diluted	Q1	Q2	Q3	Q4
2019	0.02A	(0.03)A	(0.00)A	(0.03)A
Prev.			(0.03)E	
2020	(0.03)A	(0.02)E	(0.02)E	(0.02)E
Prev.		(0.03)E	(0.03)E	(0.03)E
2021	(0.02)E	(0.02)E	(0.02)E	(0.02)E
Prev.	(0.03)E	(0.03)E	(0.03)E	
FCFPS				
2019	(0.06)A	(0.05)A	(0.03)A	(0.06)A
Prev.			(0.05)E	(0.05)E
2020	(0.03)A	(0.02)E	(0.02)E	(0.02)E
Prev.		(0.03)E	(0.03)E	(0.03)E
2021	(0.03)E	(0.03)E	(0.03)E	(0.03)E

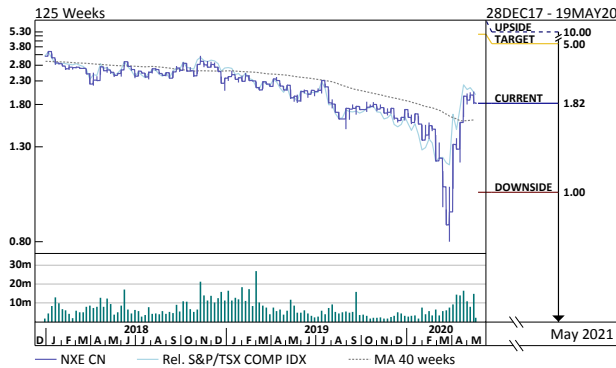
Major shareholders - CEF and Li Ka Shing (18% fully diluted); Mega Uranium (5% fully diluted)

All values in CAD unless otherwise noted.



Target/Upside/Downside Scenarios

Exhibit 1: NexGen Energy Ltd.



Source: Bloomberg and RBC Capital Markets estimates for Upside/Downside/Target

Price target/base case

Our base case \$5 price target assumes – 1) full regulatory approvals are obtained by end-2022, a 3-year construction period begins in 2023, and first production starts in 2026; 2) capital and operating cost estimates that are in line with the PFS; 3) an increased mineral resource of 400Mlbs U₃O₈ supporting a 17-year mine life with total production of 360Mlbs U₃O₈; 4) long-term uranium realized price of US\$65/lb; and 5) a CAD/USD exchange rate of \$1.30.

Upside scenario

Our \$10 upside scenario assumes – 1) production starts in 2024 following relatively smooth approvals and construction; 2) capital and operating cost estimates that are 10% lower than in the PFS; 3) an increased mineral resource of 500Mlbs supporting a 19-year mine life with total production of 450Mlbs U₃O₈; 4) long-term uranium realized price of US\$80/lb; and 5) a CAD/USD exchange rate of \$1.30, in line with our base case.

Downside scenario

Our \$1 downside scenario assumes – 1) production starts in 2027 following relatively lengthy approvals and challenging construction; 2) capital and operating cost estimates that are 10% higher than in the PFS; 3) a mineral resource of 300Mlbs, representing downside to the current resource estimate, supporting a 15-year mine life with total production of 230Mlbs U₃O₈; 4) long-term uranium realized price of US \$40/lb; and 5) a CAD/USD exchange rate of \$1.30, in line with our base case.

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 as one of the best undeveloped uranium assets globally.

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 by the mid-2020s.

Potential risks

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 future cash flows and profitability. 5) **CAD/USD exchange rate**, as the company's costs are primarily based on CAD while sales will primarily be in USD.



Exhibit 2: RBC Uranium Supply & Demand Forecast

S&D ('000 lbs U3O8)	2015	2016	2017	2018	2019	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	CAGR 19-30E
North America	52,091	52,588	54,174	54,642	53,747	51,916	52,268	52,217	51,918	51,362	50,709	49,800	49,912	49,856	49,856	49,544	-1%
South America	1,414	1,427	1,342	1,466	1,466	1,414	1,414	1,414	1,414	1,414	1,414	1,414	1,414	3,072	2,025	3,499	8%
West & Central Europe	51,615	49,962	49,590	47,115	47,952	49,794	49,984	45,616	44,062	42,770	42,271	42,827	43,791	41,865	40,870	40,582	-2%
East Europe	19,301	20,363	22,037	20,984	23,865	24,204	23,376	23,099	23,534	23,444	23,368	22,853	22,362	24,234	24,733	25,709	1%
Africa	790	801	725	764	764	776	776	776	776	776	776	776	776	776	776	2,141	10%
Central Asia & Middle East	692	692	608	2,439	1,438	1,256	3,076	2,075	3,622	4,181	7,730	5,011	5,884	5,026	6,352	6,794	15%
East Asia	34,462	34,113	38,762	45,687	47,176	40,125	40,256	40,904	44,760	54,678	55,909	56,257	54,786	56,760	56,580	59,309	2%
Other Asia	3,286	4,426	3,102	3,107	3,736	4,043	6,257	8,522	9,125	10,270	9,755	8,522	9,181	9,838	10,360	9,386	9%
Demand	163,652	164,371	170,340	176,204	180,145	173,527	177,407	174,622	179,211	188,894	191,933	187,460	188,106	191,426	191,552	196,963	0.8%
Africa	19,683	18,944	20,025	22,879	23,720	19,520	20,320	19,820	20,400	20,900	20,900	20,900	20,900	20,900	20,900	15,400	-3.9%
Australia	14,702	16,333	13,867	16,561	16,325	16,000	14,000	15,500	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	-0.2%
Canada	34,400	36,300	34,143	18,143	18,000	4,200	18,000	26,929	35,857	35,857	35,857	35,857	35,857	17,857	17,857	17,857	-0.1%
Kazakhstan	60,591	63,483	60,159	56,412	59,257	47,591	59,960	63,165	65,268	65,982	64,856	64,856	60,099	60,099	60,099	56,735	-0.4%
Russia	7,943	7,834	7,904	8,060	8,060	8,310	8,710	8,710	8,710	8,710	8,710	8,710	8,710	8,710	8,710	8,710	0.7%
Ukraine	3,120	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	2,600	0.0%
Uzbekistan	6,250	6,250	6,250	6,250	6,250	5,000	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	6,250	0.0%
United States	3,223	2,886	2,625	1,000	215	180	130	130	130	130	130	130	130	130	130	130	-4.5%
Other	6,828	6,583	6,436	6,310	6,440	7,030	7,030	7,030	7,030	7,030	7,030	7,030	7,030	7,030	7,030	7,030	0.8%
Mine Supply	156,740	161,213	154,010	138,215	140,867	110,431	137,000	150,134	162,245	163,459	162,334	162,334	157,576	139,576	139,576	130,712	-0.7%
Mine Supply	156,740	161,213	154,010	138,215	140,867	110,431	137,000	150,134	162,245	163,459	162,334	162,334	157,576	139,576	139,576	130,712	-0.7%
Secondary Supply	39,994	38,604	39,153	38,631	36,091	33,137	30,473	28,854	28,293	25,166	27,707	25,492	22,873	19,588	20,239	16,945	-6.6%
Total Supply	196,734	199,817	193,163	176,846	176,958	143,568	167,473	178,988	190,538	188,625	190,041	187,826	180,449	159,164	159,815	147,657	-1.6%
Surplus/Deficit	33,083	35,446	22,823	642	-3,186	-29,959	-9,934	4,366	11,327	-269	-1,892	366	-7,657	-32,262	-31,737	-49,306	
Demand as % of supply	83%	82%	88%	100%	102%	121%	106%	98%	94%	100%	101%	100%	104%	120%	120%	133%	
Spot Price (US\$/lb)	\$37	\$26	\$22	\$25	\$26	\$32	\$33	\$33	\$33	\$35	\$40	\$50	\$50	\$65	\$65	\$65	9%
Term Price (US\$/lb)	\$47	\$40	\$31	\$31	\$32	\$34	\$39	\$40	\$40	\$45	\$50	\$60	\$60	\$65	\$65	\$65	7%

Source: Company reports, RBC Capital Markets estimates



Reiterate Outperform, Speculative Risk rating and \$5 Price Target

We rate NexGen shares **Outperform, Speculative Risk** with a **\$5 price target**. We value NexGen based on a NAV analysis using an 8% discount and 0.5x P/NAV multiple. The discount rate is in line with the rate used to evaluate other mining projects. The P/NAV multiple reflects a typical multiple assigned to a development stage company that is not expected to start production until the mid-2020s while dealing with uncertainties in the interim related to regulatory approvals, construction delays, potential technical risks, and financing. Our price target supports an Outperform rating.

Our base case valuation assumes – 1) full regulatory approvals are obtained by end-2022, a 3-year construction period begins in 2023, and first production starts in 2026; 2) capital and operating cost estimates that are in line with the PFS; 3) an increased mineral resource of 400Mlbs U3O8 supporting a 17-year mine life with total production of 360Mlbs U3O8; 4) long-term uranium realized price of US\$65/lb; and 5) a CAD/USD exchange rate of \$1.30.

Exhibit 3: NexGen valuation

Net Asset Value	DR (%)	NAV (C\$M)	NAV/sh	% Total	P/NAV	Value/sh
Operating						
Arrow	8%	\$4,791	\$10.35	101%	0.5x	\$5.17
Corp G&A	8%	(\$204)	(\$0.44)	(4%)	1.0x	(\$0.44)
Balance Sheet (end-20E)						
Cash		\$54	\$0.12	1%	1.0x	\$0.12
IsoEnergy (52.03% owner)		\$26	\$0.06	1%	1.0x	\$0.06
Total		\$80	\$0.17	2%	1.0x	\$0.17
Cash from options		\$78	\$0.17	2%	1.0x	\$0.17
Total NAV		\$4,746	\$10.25	100%	0.5x	\$5.08

Source: Company reports, RBC Capital Markets estimates

Model

Exhibit 4: NXE Arrow Project

Arrow Deposit	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	2038E	2039E	2040E	2041E	2042E	2043E	2044E	2045E
CAD\$ millions unless noted																												
Production																												
Resource (Mlbs U3O8)																												
Extraction ratio (%)																												
Recovery (%)																												
Resource Extracted (Mlbs U3O8)	354	354	354	354	354	354	354	354	339	318	297	276	254	233	212	191	170	148	127	106	85	64	42	21	0	0	0	0
Processed Ore ('000 tonnes)	0	0	0	0	0	0	0	0	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	0	0	0
Grade (U ₃ O ₈)	-	-	-	-	-	-	-	-	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Recovery (%)	-	-	-	-	-	-	-	-	91%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%	96%
Production (Mlbs U3O8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.1	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	0.0	0.0	0.0	
Sales Volume (MM lbs)																												
Sales volume (MM lbs)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20.1	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	21.2	0.0	0.0	0.0	
Realized Price																												
USD/CDN Exchange rate (US\$)	\$0.77	\$0.75	\$0.74	\$0.76	\$0.76	\$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	\$0.77	\$0.77	\$0.77	\$0.77	\$0.77	\$0.77
CDN/USD Exchange rate (C\$)	\$1.30	\$1.33	\$1.34	\$1.32	\$1.32	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30	\$1.30
Uranium Spot Price (US\$/lb U3O8)	\$24.54	\$25.85	\$31.82	\$32.50	\$32.50	\$32.50	\$35.00	\$40.00	\$50.00	\$50.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Uranium Term Price (US\$/lb U3O8)	\$30.77	\$31.88	\$33.63	\$38.75	\$40.00	\$40.00	\$45.00	\$50.00	\$60.00	\$60.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Realized Price (US\$/lb)	\$27.65	\$28.86	\$32.72	\$35.63	\$36.25	\$36.25	\$40.00	\$45.00	\$55.00	\$55.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Realized Price (C\$/lb)	\$35.87	\$38.29	\$43.98	\$47.07	\$47.90	\$47.90	\$58.50	\$71.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50	\$84.50
Revenue (\$MM)																												
Total Revenue (\$MM)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,440	\$1,516	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$0	\$0	\$0	
Transportation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	(\$7)	\$0	\$0	\$0	
Net Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,434	\$1,509	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$1,784	\$0	\$0	\$0	
Cost of Goods (\$MM)																												
Mining Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$79	\$0	\$0	\$0	
Processing Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$82	\$0	\$0	\$0	
D&A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135	\$124	\$113	\$104	\$95	\$87	\$80	\$74	\$68	\$63	\$59	\$54	\$51	\$47	\$44	\$41	\$39	\$0	\$0	\$0
Total COGS (\$MM)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$296	\$284	\$274	\$264	\$256	\$248	\$241	\$235	\$229	\$224	\$219	\$215	\$211	\$208	\$205	\$202	\$199	\$0	\$0	\$0
Cost per pound (\$/lb)	-	-	-	-	-	-	-	-	\$14.68	\$13.40	\$12.91	\$12.46	\$12.06	\$11.70	\$11.37	\$11.07	\$10.80	\$10.56	\$10.34	\$10.14	\$9.96	\$9.80	\$9.65	\$9.52	\$9.40	-	-	-
Cash cost per pound (\$/lb)	-	-	-	-	-	-	-	-	\$7.97	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	\$7.58	-	-	-
Earnings Summary (\$MM)																												
Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,440	\$1,516	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$1,792	\$0	\$0	\$0	
Cost of Goods	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$296)	(\$284)	(\$274)	(\$264)	(\$256)	(\$248)	(\$241)	(\$235)	(\$229)	(\$224)	(\$219)	(\$215)	(\$211)	(\$208)	(\$205)	(\$202)	(\$199)	\$0	\$0	\$0
Gross Profit	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,144	\$1,232	\$1,518	\$1,527	\$1,536	\$1,544	\$1,551	\$1,557	\$1,563	\$1,568	\$1,572	\$1,577	\$1,580	\$1,584	\$1,587	\$1,590	\$1,592	\$0	\$0	\$0
Royalties	-	-	-	-	-	-	-	-	79%	81%	85%	85%	86%	86%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	87%	-	-	-
SG&A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$277)	(\$294)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	(\$305)	\$0	\$0	\$0	
EBIT	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$833	\$904	\$1,128	\$1,138	\$1,146	\$1,154	\$1,161	\$1,167	\$1,173	\$1,178	\$1,183	\$1,187	\$1,191	\$1,194	\$1,197	\$1,200	\$1,203	\$0	\$0	\$0
DD&A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$135	\$124	\$113	\$104	\$95	\$87	\$80	\$74	\$68	\$63	\$59	\$54	\$51	\$47	\$44	\$41	\$39	\$0	\$0	\$0
EBITDA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$968	\$1,027	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$1,242	\$0	\$0	\$0
Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$213)	(\$226)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	(\$273)	\$0	\$0	\$0	
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	26%	25%	24%	24%	24%	24%	24%	24%	23%	23%	23%	23%	23%	23%	23%	23%	23%	0%	0%	0%
Effective Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	59%	57%	56%	55%	55%	54%	54%	54%	54%	53%	53%	53%	53%	53%	52%	52%	52%	52%	52%	52%
Operating cash cost (\$/lb)	-	-	-	-	-	-	-	-	\$9.69	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	\$9.20	-	-	-
Operating cash w/ royalties (\$/lb)	-	-	-	-	-	-	-	-	\$23.46	\$23.05	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	\$25.94	-	-	-
Cash Flow (\$MM)																												
Initial Capital Cost																												
Underground Mining	\$0	\$0	\$0	\$0	\$0	\$33	\$216	\$166	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Processing	\$0	\$0	\$0	\$0	\$0	\$25	\$164	\$126	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure	\$0	\$0	\$0	\$0	\$0	\$14	\$91	\$70	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$27	\$178	\$137	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sustaining	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$100	\$648	\$499	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$0	\$0	\$0
Accumulated Capex	\$0	\$0	\$0	\$0	\$0	\$100	\$748	\$1,247	\$1,262	\$1,277	\$1,292	\$1,307	\$1,322	\$1,337	\$1,352	\$1,367	\$1,382	\$1,397	\$1,412	\$1,427	\$1,442	\$1,457	\$1,472	\$1,487	\$1,502	\$1,502	\$1,502	\$1,502
Operating Cash flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$755	\$801	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$968	\$0	\$0	\$0	\$0
Capex	\$0	\$0	\$0	\$0	\$0	(\$100)	(\$648)	(\$499)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)	\$0	\$0	\$0	\$0
Free Cash Flow	\$0	\$0	\$0	\$0	\$0	(\$100)	(\$648)	(\$499)	\$740	\$786	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$953	\$0	\$0	\$0	\$0
NPV (8%)	\$4,108	\$4,436	\$4,791	\$5,175	\$5,589	\$6,136	\$7,275	\$8,356	\$8,284	\$8,161	\$7,860	\$7,536	\$7,185	\$6,806	\$6,397	\$5,956	\$5,479	\$4,964	\$4,407	\$3,807	\$3,158	\$2,457	\$1,700	\$883	\$0	\$0	\$0	\$0
NPV (15%)	\$1,533	\$1,763	\$2,027	\$2,331	\$2,681	\$3,182	\$4,308	\$5,453	\$5,531	\$5,575	\$5,458	\$5,323	\$5,168	\$4,990	\$4,785	\$4,549	\$4,278	\$3,967	\$3,608	\$3,196	\$2,722	\$2,177	\$1,550	\$829	\$0	\$0	\$0	\$0

Source: Company reports, RBC Capital Markets estimates



Exhibit 5: NXE Earnings Model

Earnings Model													
<i>CAD\$ millions unless noted</i>	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,440	\$1,516	\$1,792	\$1,792	\$1,792
Finance income	\$2	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Revenue	\$2	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$1,440	\$1,516	\$1,792	\$1,792	\$1,792
Cost of Goods	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$608)	(\$612)	(\$663)	(\$654)	(\$645)
G&A	\$7	(\$4)	(\$28)	(\$20)	(\$18)	(\$18)	(\$18)	(\$18)	(\$18)	(\$18)	(\$18)	(\$18)	(\$18)
Impairment	\$0	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gain/loss on FX	\$4	(\$2)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
EBITDA	\$15	(\$1)	(\$24)	(\$18)	(\$17)	(\$17)	(\$17)	(\$17)	\$951	\$1,010	\$1,224	\$1,224	\$1,224
DD&A	(\$2)	(\$2)	(\$2)	(\$2)	(\$1)	(\$1)	(\$1)	(\$1)	(\$136)	(\$124)	(\$114)	(\$104)	(\$96)
EBIT	\$13	(\$4)	(\$26)	(\$20)	(\$18)	(\$18)	(\$18)	(\$18)	\$815	\$886	\$1,111	\$1,120	\$1,129
Interest expense	(\$12)	(\$12)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)	(\$13)
EBT	\$1	(\$16)	(\$38)	(\$33)	(\$31)	(\$31)	(\$31)	(\$31)	\$802	\$873	\$1,098	\$1,107	\$1,116
Taxes	\$0	(\$1)	\$2	\$0	\$0	\$0	\$0	\$0	(\$176)	(\$192)	(\$241)	(\$244)	(\$245)
Tax rate	26%	6%	-6%	0%	0%	0%	0%	0%	-22%	-22%	-22%	-22%	-22%
Net Income	\$1	(\$17)	(\$36)	(\$33)	(\$31)	(\$31)	(\$31)	(\$31)	\$626	\$681	\$856	\$864	\$870
Non-controlling interests	(\$1)	\$1	(\$0)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Net Income to Shareholders	\$1	(\$16)	(\$36)	(\$34)	(\$32)	(\$32)	(\$32)	(\$32)	\$625	\$680	\$855	\$863	\$869
Shares	346	355	369	372	372	372	372	372	372	372	372	372	372
EPS	\$0.00	(\$0.04)	(\$0.10)	(\$0.09)	(\$0.08)	(\$0.08)	(\$0.08)	(\$0.08)	\$1.68	\$1.83	\$2.30	\$2.32	\$2.34

Source: Company reports, RBC Capital Markets estimates

Exhibit 6: NXE Cash Flow Model

Cash Flow													
<i>CAD\$ millions unless noted</i>	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Earnings	\$1	(\$17)	(\$36)	(\$33)	(\$31)	(\$31)	(\$31)	(\$31)	\$626	\$681	\$856	\$864	\$870
D&A	\$2	\$2	\$2	\$2	\$1	\$1	\$1	\$1	\$136	\$124	\$114	\$104	\$96
Share-based payments	\$14	\$11	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9	\$9
Interest expense	\$12	\$12	\$8	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Unrealized FX loss (gain)	(\$4)	\$1	(\$2)	Unrealized	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	(\$33)	(\$21)	\$5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in non-cash WC													
Cash from Operations	(\$8)	(\$13)	(\$14)	(\$16)	(\$14)	(\$14)	(\$14)	(\$14)	\$777	\$821	\$986	\$984	\$982
PP&E	(\$38)	(\$58)	(\$16)	(\$32)	(\$32)	(\$100)	(\$648)	(\$499)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)
Sale/Acquisition of S-T investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Investing	(\$38)	(\$58)	(\$16)	(\$32)	(\$32)	(\$100)	(\$648)	(\$499)	(\$15)	(\$15)	(\$15)	(\$15)	(\$15)
Equity issued	\$10	\$7	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Issuance of convertible debentures	\$0	\$0	\$15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	(\$8)	(\$9)	(\$0)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash from Financing	\$2	(\$1)	\$30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Change in cash and equivalents	(\$44)	(\$72)	\$0	(\$48)	(\$46)	(\$114)	(\$663)	(\$513)	\$762	\$806	\$971	\$969	\$967
Cash & equiv., beginning of period	(\$17)	(\$57)	(\$130)	(\$128)	(\$176)	(\$222)	(\$336)	(\$999)	(\$1,512)	(\$750)	\$56	\$1,026	\$1,995
FX impact on cash held	\$4	(\$1)	\$2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash & equiv., end of period	(\$57)	(\$130)	(\$128)	(\$176)	(\$222)	(\$336)	(\$999)	(\$1,512)	(\$750)	\$56	\$1,026	\$1,995	\$2,962

Source: Company reports, RBC Capital Markets estimates



Exhibit 7: NXE Balance Sheet Model

Balance Sheet													
<i>CAD\$ millions unless noted</i>	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Cash and cash equivalents	\$125	\$52	\$54	\$6	(\$40)	(\$154)	(\$817)	(\$1,330)	(\$568)	\$238	\$1,208	\$2,177	\$3,144
Short-term investments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amounts receivable	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prepaid expenses	\$0	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Current assets	\$126	\$53	\$55	\$8	(\$39)	(\$153)	(\$816)	(\$1,329)	(\$567)	\$239	\$1,210	\$2,178	\$3,145
Deposits	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exploration and evaluation assets	\$194	\$252	\$268	\$300	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332	\$332
Property & Equipment	\$7	\$8	\$8	\$6	\$5	\$104	\$752	\$1,250	\$1,129	\$1,019	\$921	\$831	\$750
Total Assets	\$327	\$314	\$331	\$313	\$298	\$283	\$268	\$252	\$894	\$1,590	\$2,462	\$3,341	\$4,227
Accounts payable	\$6	\$4	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Flow-through liability	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Short-term loan	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Current liabilities	\$7	\$5	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7	\$7
Deferred income tax liability	\$0	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1	\$1
Deferred lease inducement	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Convertible debentures	\$138	\$120	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131	\$131
Other	\$0	\$2	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Total liabilities	\$145	\$127	\$144	\$144	\$144	\$144	\$144	\$144	\$144	\$144	\$144	\$144	\$144
Share capital	\$209	\$219	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234	\$234
Reserves	\$42	\$52	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53
Accumulated deficit	(\$85)	(\$106)	(\$122)	(\$139)	(\$154)	(\$169)	(\$185)	(\$200)	\$441	\$1,138	\$2,010	\$2,889	\$3,775
Non-controlling interests	\$17	\$22	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21	\$21
Shareholders Equity	\$182	\$186	\$187	\$169	\$154	\$139	\$124	\$109	\$750	\$1,446	\$2,318	\$3,197	\$4,083
Total liabilities & equity	\$327	\$314	\$331	\$313	\$298	\$283	\$268	\$252	\$894	\$1,590	\$2,462	\$3,341	\$4,227
Net Debt	(\$125)	(\$52)	(\$54)	(\$6)	\$40	\$154	\$817	\$1,330	\$568	(\$238)	(\$1,208)	(\$2,177)	(\$3,144)
Change	\$40	\$73	(\$2)	\$48	\$46	\$114	\$663	\$513	(\$762)	(\$806)	(\$971)	(\$969)	(\$967)

Source: Company reports, RBC Capital Markets estimates

Valuation

We rate NexGen shares Outperform, Speculative Risk with a \$5 price target. We value NexGen based on a NAV analysis using an 8% discount and 0.5x P/NAV multiple. The discount rate is in line with the rate used to evaluate other mining projects. The P/NAV multiple reflects a typical multiple assigned to a development stage company that is not expected to start production until the mid-2020s while dealing with uncertainties in the interim related to regulatory approvals, construction delays, potential technical risks, and financing. We assign a Speculative Risk qualifier for the same reasons that influence the P/NAV multiple we use in our valuation. Our price target supports an Outperform rating.

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.

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 as one of the best undeveloped uranium assets globally. A pre-feasibility study has been completed for the Arrow project indicating robust economics, while the company is working to complete a definitive feasibility study and start environmental permitting through 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.



Required disclosures

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RBC Capital Markets, LLC makes a market in the securities of NexGen Energy Ltd..

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Ratings

Outperform (O): Expected to materially outperform sector average over 12 months.

Sector Perform (SP): Returns expected to be in line with sector average over 12 months.

Underperform (U): Returns expected to be materially below sector average over 12 months.

Restricted (R): RBC policy precludes certain types of communications, including an investment recommendation, when RBC is acting as an advisor in certain merger or other strategic transactions and in certain other circumstances.

Not Rated (NR): The rating, price targets and estimates have been removed due to applicable legal, regulatory or policy constraints which may include when RBC Capital Markets is acting in an advisory capacity involving the company.

As of March 31, 2020, RBC Capital Markets discontinued its Top Pick rating. Top Pick rated securities represented an analysts best idea in the sector; expected to provide significant absolute returns over 12 months with a favorable risk-reward ratio. Top Pick rated securities have been reassigned to our Outperform rated securities category, which are securities expected to materially outperform sector average over 12 months.

Risk Rating

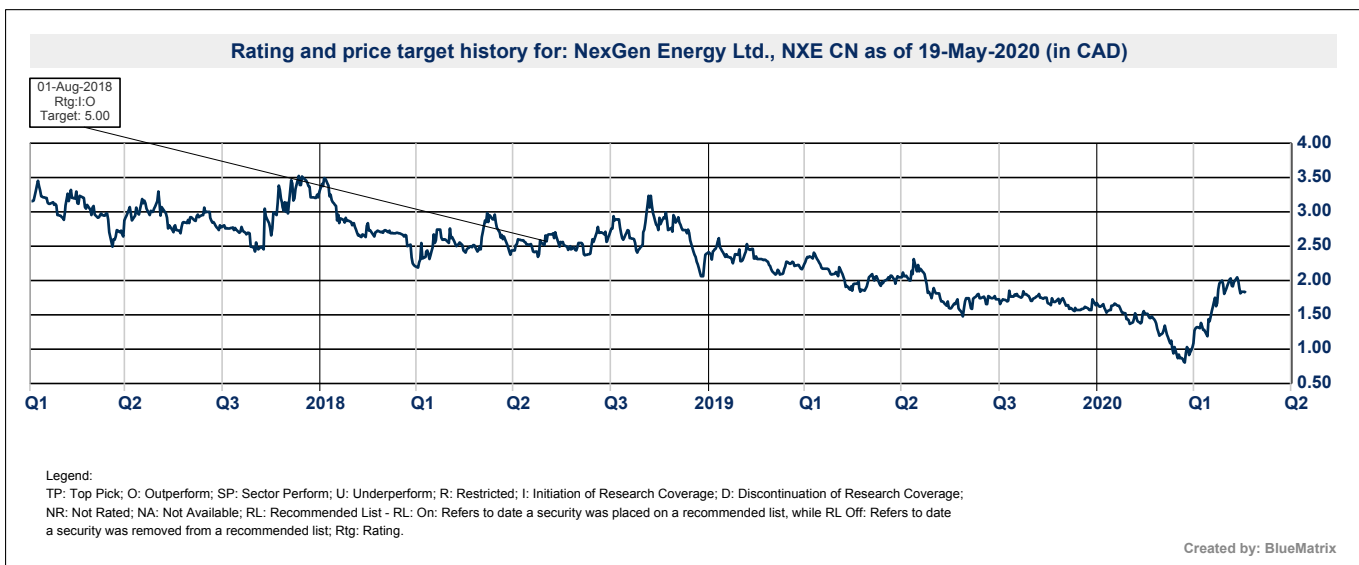
The **Speculative** risk rating reflects a security's lower level of financial or operating predictability, illiquid share trading volumes, high balance sheet leverage, or limited operating history that result in a higher expectation of financial and/or stock price volatility.



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Distribution of ratings RBC Capital Markets, Equity Research As of 31-Mar-2020				
Rating	Count	Percent	Investment Banking Serv./Past 12 Mos.	
			Count	Percent
BUY [Outperform]	755	51.64	220	29.14
HOLD [Sector Perform]	619	42.34	126	20.36
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NexGen Energy Ltd.

Valuation

We rate NexGen shares Outperform, Speculative Risk with a \$5 price target. We value NexGen based on a NAV analysis using an 8% discount and 0.5x P/NAV multiple. The discount rate is in line with the rate used to evaluate other mining projects. The P/NAV

multiple reflects a typical multiple assigned to a development stage company that is not expected to start production until the mid-2020s while dealing with uncertainties in the interim related to regulatory approvals, construction delays, potential technical risks, and financing. We assign a Speculative Risk qualifier for the same reasons that influence the P/NAV multiple we use in our valuation. Our price target supports an Outperform rating.

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.

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