

NEXGEN ENERGY LTD.

One of the best holes ever; Resource estimate increased

EVENT

NexGen Energy has announced assay results from angled drill hole AR-15-44b from its wholly owned Rook I property.

BOTTOM LINE

Positive – The announced drill hole represents one of the best-ever mineralized intersections drilled on the planet and is the most continuously mineralized intersection of any hole drilled at the Arrow zone to date. We maintain our BUY (Speculative) rating and continue to note that NexGen Energy is our Top Pick.

FOCUS POINTS

- **Arrow increases in size** – Once again, our resource estimate has increased. The key driver of our resource estimate increase is the very high grade nature and length of AR-15-44b. Our estimate increases to 115M lbs U₃O₈ (from 91M lbs previously).
- **Among best holes ever drilled** – According to our database, the continuous mineralization in drill hole AR-15-44b ranks it as the second best hole ever drilled globally on a grade thickness (“GT”) basis with a reported GT of 655.
- **Summer program just starting** – Preparations are underway for an aggressive 25,000m five rig summer 2015 drilling campaign. The summer campaign began on June 8 and thus far two of the planned five rigs are on site and drilling.
- **Still very early** – While still early days, the Arrow project has shown many similarities to Cameco’s Eagle Point mine located on the eastern side of the basin. The latter is regarded as one of Cameco’s most successful mines.

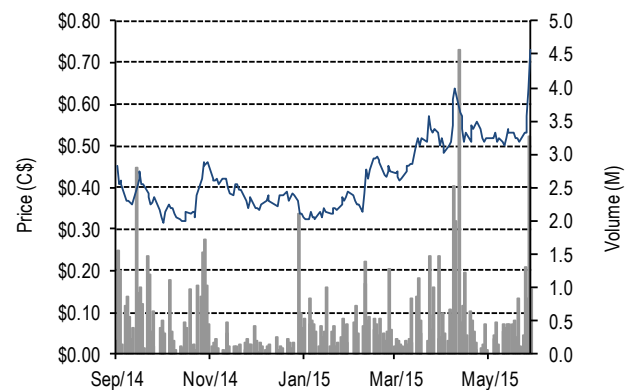
Recommendation: BUY (Speculative)

Symbol/Exchange:	NXE/TSXV
Sector:	Metals & Mining
<i>All dollar values in C\$ unless otherwise noted.</i>	
Current price:	\$0.73
One-year target:	N/A
Return Target:	N/A
Cash on hand	\$30.0M

Financial summary

Shares O/S (M)	251.9	52-week range	\$0 - \$0.64
Market cap (\$M)	\$183.9	Avg. weekly vol. (000)	2.43
Market float (\$M)	\$180.2	Fiscal year-end	31-Dec

Project Name	Location
Rook I	Saskatchewan
Radio	Saskatchewan
Thorburn Lake	Saskatchewan



Company profile: NexGen Energy Ltd. is an Athabasca Basin focused uranium exploration company drilling to advance the Rook 1 Project. Other portfolio assets include the Radio and Thorburn Lake Projects.

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See disclosure and a description of our recommendation structure at the end of this report.

INCREASING ARROW ZONE RESOURCE ESTIMATE

Based on the released assay results from AR-15-44b, we have increased our resource estimate to 114.9M lbs U₃O₈ at an average grade of 0.89%. This is an increase from our previous estimate of 91.1M lbs U₃O₈ at an average grade of 0.79%.

The change can be primarily associated with the A2 shear as it ballooned from 47.6M lbs to 72.4M lbs as the bulk of the high grade portion of hole AR-15-44b is located in this shear.

Our conversations with management indicate that there appears to be some evidence of an A4 shear at depth at around 920m. While it is still too early to determine if this is the case, we will follow this possibility with interest.

Exhibit 1. Cantor Fitzgerald Canada Resource Estimate for Arrow zone

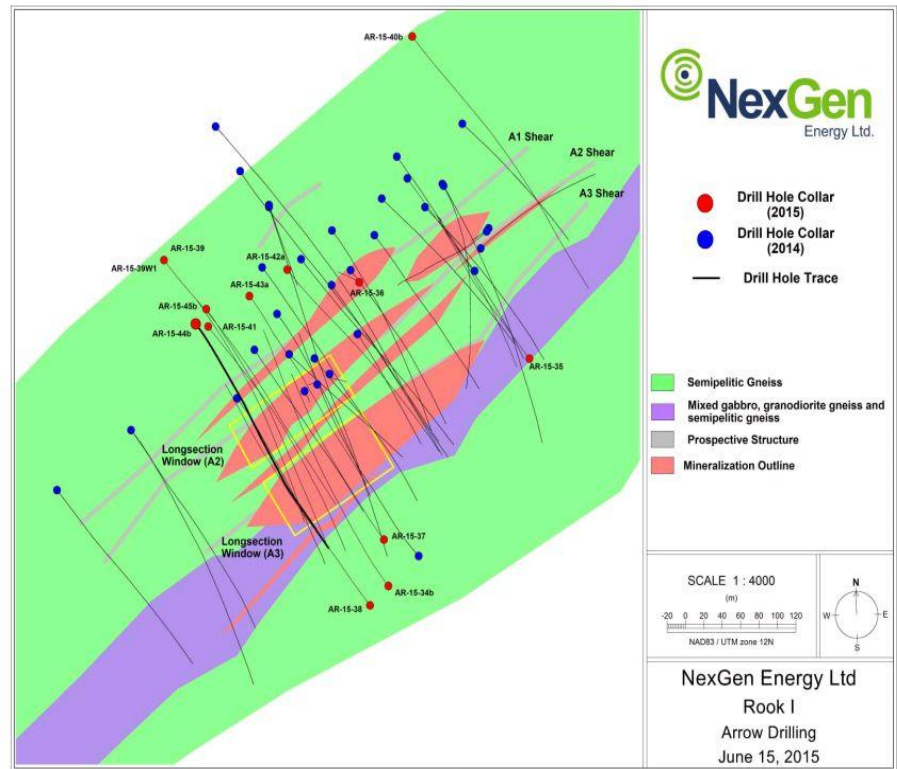
Resource Estimate	
Total lbs U ₃ O ₈	114,932,243
U ₃ O ₈ Grade	0.89%
A2	
Length	88m
Vertical Extent	340m
Thickness	29m
Specific Gravity	2.4
U ₃ O ₈ Grade	1.59%
Tonnage	2,066,769
Estimated Contained Lbs	72,393,667
A3	
Length	73m
Vertical Extent	420m
Thickness	52m
Specific Gravity	2.4
U ₃ O ₈ Grade	0.50%
Tonnage	3,823,555
Estimated Contained Lbs	42,538,576

Source: Cantor Fitzgerald Canada

*It should be noted that our estimates tend to report U₃O₈ grades that are lower than what is later published in 43-101 compliant reports due to our conservative approach that includes low grade sections that may not be included in a resource estimate.

Highlights from drill hole AR-15-44b include 56.5m (499.5m to 556.0m) at 11.55% U₃O₈, including 20.0m at 20.68% U₃O₈ (499.5m to 519.5m) and 1.0m (503.0m to 504.0m) at 70.0% U₃O₈.

Exhibit 2. Drill Hole Locations and Assay Results



Source: NexGen Energy

Drill hole AR-15-44b was located on the south western edge of the high grade core zones of the A2 and A3 shears. Recall that currently the Arrow zone is 515m by 215m with a vertical extent of mineralization beginning from 100m and extending down to 920m. It remains open in all directions.

AMONG THE BEST EVER

Drill hole AR-15-44b amounted to a total composite grade thickness (“GT”, grade multiplied by length of intercept) of 853.55.

The continuous mineralized intersection yielded a GT of 654.78 ranking it as the second-best drill hole ever reported in global uranium exploration. In fact, if we increase the internal dilution of the hole from the 2.0m used by NexGen to 4.5m the hold produces a GT of 843 (from 455.5m to 624m).

Exhibit 3. Global High Grade Uranium Drill Hole Intercepts

Company	Project	Hole Identifier	Thickness From (m)	To (m)	Grade (% U3O8)	Grade Thickness (G x T)
Cameco	McArthur River	-299	41.8	42	84	48.30
NexGen Energy	Arrow	AR-15-44b	68.5	499.5	568	9.56
Fission Uranium	Patterson Lake South	PLS14-248	47.5	130	177.5	13.20
Fission Uranium	Patterson Lake South	PLS14-187	102.5	63	165.5	5.98
Denison Mines	Wheeler River	WR-525	10	402	412	43.80
Fission Uranium	Patterson Lake South	PLS14-129	38	56	94	13.66
Hathor Exploration	Roughrider	MWNE-10-648	63	238	301	7.80
NexGen Energy	Arrow	AR-14-30	63.5	512.5	576	7.54
Cameco	Cigar Lake	231B	6	429	435	55.00
Formation Capital	Virgin River	DDH VR-031W3	34	797	831	8.70
UEX	Shea Creek	SHE-114-05	10.2	678.7	688.9	20.72
Fission Energy	Waterbury Lake	WAT11-131	15	198	213	7.80

Source: Cantor Fitzgerald Canada Research; Company Reports

WELL FINANCED, SUMMER DRILL PROGRAM UNDERWAY

Given the close of the recent \$27.3M bought deal financing, NexGen is well financed as it has just begun an aggressive, \$9M summer 2015 drilling campaign. There are currently two drill rigs on site out of a total of five planned to target a total of 25,000m. NexGen continues to target an initial resource for Arrow by late 2015 or early 2016.

RECOMMENDATION

We reiterate our Buy (Speculative) rating on NexGen Energy but continue to refrain from providing a target price at this time.

Our rationale behind not providing a target price stems from the lack of a NI 43-101 compliant resource for Arrow. While we are comfortable with our current resource estimate of 115M lbs., our conservative view recognizes that our estimate does not go through the rigorous protocol required for the NI 43-101 compliant resource, which is the minimum basis for us to provide a price target.

Moreover, the appropriate MktCap/Lb. valuation is often a moving target subject to market conditions and investor sentiment. As such, we provide a sensitivity table from which a range of appropriate valuations can be identified based on these two factors.

That being said, our view of a “reasonable” valuation for a quality Athabasca basin uranium asset would be in the \$6.00-\$8.00/lb. range, which would translate to a valuation of \$2.34-\$2.73/share for NXE based on our resource estimate.

Exhibit 4. NexGen Energy Valuation Sensitivities

NexGen Energy Valuation Sensitivities									
Potential Resource	\$3.00	\$4.00	\$5.00	\$6.00	\$7.00	\$8.00	\$9.41	\$10.00	
85 M Lbs	\$0.87	\$1.15	\$1.44	\$1.73	\$2.02	\$2.31	\$2.72	\$2.89	
95 M Lbs	\$0.97	\$1.29	\$1.61	\$1.94	\$2.26	\$2.58	\$3.03	\$3.23	
105 M Lbs	\$1.07	\$1.43	\$1.78	\$2.14	\$2.50	\$2.85	\$3.35	\$3.56	
115 M Lbs	\$1.17	\$1.56	\$1.95	\$2.34	\$2.73	\$3.12	\$3.67	\$3.90	
125 M Lbs	\$1.27	\$1.70	\$2.12	\$2.55	\$2.97	\$3.39	\$3.99	\$4.24	
135 M Lbs	\$1.37	\$1.83	\$2.29	\$2.75	\$3.21	\$3.67	\$4.31	\$4.58	
145 M Lbs	\$1.48	\$1.97	\$2.46	\$2.95	\$3.45	\$3.94	\$4.63	\$4.92	
Cantor Estimate of 114.9M lbs	\$1.17	\$1.56	\$1.95	\$2.34	\$2.73	\$3.12	\$3.67	\$3.90	

Source: Cantor Fitzgerald Canada

It is important to note the relative value differences between NXE and its closest peer, Fission Uranium. While we view both as undervalued (and understanding that FCU is more advanced with a 43-101 compliant resource estimate already) there is a notable valuation gap at \$4.09/lb vs. \$1.81/lb for NexGen on a Market Cap/Lb basis or from a \$3.67/lb vs. \$1.39/lb on a EV/Lb basis.

Exhibit 5. Peer Comparables

	Mkt Cap. (\$M)	Mkt/Lb	EV/Lb
DML (Athabasca assets only)	\$519.0	\$5.44	\$4.96
FCU	\$433.1	\$4.09	\$3.67
NXE	\$208.5	\$1.81	\$1.39
UEX	\$66.4	\$0.78	\$0.63

Source: Cantor Fitzgerald Canada

APPENDIX**Exhibit 6. AR-15-44b Composite Mineralized Intervals**

Drill Hole				Athabasca Group - Basement Unconformity Depth (m)	SRC Geoanalytical Results				Grade (U3O8%) x Thickness (m) (GT)
Hole ID	Azimuth	Dip	Total Depth (m)		From (m)	To (m)	Interval (m)	U3O8 (wt%)	
AR-15-44b	140	-75	1011.00	108.40	429.00	434.50	5.50	0.03	0.18
				441.00	442.00	1.00	0.04	0.04	
				450.50	452.00	1.50	0.08	0.12	
				455.50	461.00	5.50	2.03	11.15	
				463.50	483.00	19.50	1.03	20.07	
				486.00	497.00	11.00	5.42	59.64	
				499.50	568.00	68.50	9.56	654.78	
				<i>including</i>	499.50	556.00	56.50		11.55
				<i>including</i>	499.50	519.50	20.00		20.68
				<i>including</i>	503.00	504.00	1.00	70.00	
				570.50	571.50	1.00	0.10	0.10	
				576.00	578.00	2.00	0.03	0.06	
				582.00	586.00	4.00	1.64	6.56	
				590.00	624.00	34.00	2.65	90.14	
				630.50	631.00	0.50	0.02	0.01	
				639.00	645.00	6.00	0.05	0.27	
				652.00	667.00	15.00	0.06	0.85	
				670.00	675.00	5.00	0.08	0.40	
				680.00	687.00	7.00	0.02	0.16	
				694.00	718.00	24.00	0.04	0.96	
				743.50	744.00	0.50	2.15	1.08	
				776.50	777.50	1.00	0.03	0.03	
				810.50	813.00	2.50	0.14	0.36	
				827.50	828.50	1.00	0.15	0.15	
				832.50	833.50	1.00	0.09	0.09	
				871.50	874.50	3.00	0.03	0.09	
				878.50	879.50	1.00	0.06	0.06	
				892.00	893.00	1.00	0.04	0.04	
				908.00	908.50	0.50	0.03	0.01	
				919.50	921.00	1.50	1.23	1.85	
				935.50	941.00	5.50	0.77	4.22	
				946.50	949.50	3.00	0.03	0.08	
Total Composite Grade x Thickness (GT) =									853.55

Source: NexGen Energy

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