

Uranium Sector

Shaw and Partners Sector Report

Uranium Sector Upgrades – Pricing in the Next Upcycle

Event

Since we initiated coverage at the end of November the sector is up over 100%. Equity markets are recognising the requirement for further investment in uranium mines.

In this note we have updated our uranium price deck to include an upcycle – an incentive price environment for re-investment to occur. We assume a multi-year price spike at US\$80/lb, before settling to our long-term U₃O₈ spot price assumption of US\$46/lb (2021 Real) in 2028. This feeds through to valuation and target price upgrades across our coverage suite. There is no change to company recommendations or our positive view of the sector.

Recommendation

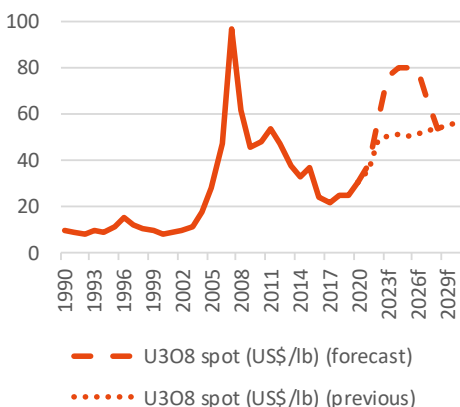
Our company preference list is based on a combination of uranium price leverage, underlying asset quality and project lifecycle phase.

Company price targets

	Current SP	Target	Δ	Rec'n
	A\$ps	A\$ps	%	
PDN	0.34	0.45	31%	Buy
BOE	0.10	0.14	44%	Buy
PEN	0.16	0.21	34%	Buy
LOT	0.14	0.16	16%	Neutral
BMN	0.13	0.14	9%	Neutral

Source: Company reports, Shaw

U₃O₈ price deck – we assume a multi-year price spike at US\$80/lb, before settling to our long-term U₃O₈ spot price assumption of US\$46/lb (2021 Real) in 2028.



Source: Factset, Shaw

- Paladin (Buy, A\$0.45ps PT from A\$0.26ps PT)** – we initiated on the company in June 2020 with a Buy recommendation and the stock trading at A\$0.10ps. We believe the stock is still the stand-out in the sector on a risk-reward basis. Paladin is preparing for a restart of the Langer Heinrich (PDN 75%) uranium mine in Namibia. The primary focus is the optimisation of the restart plan. In our view the company needs spot U₃O₈ prices to be ~US\$43/lb to re-start. Paladin has all necessary permits and licences to restart. The restart is estimated to cost US\$81m; we assume this occurs in FY23.
- Boss Energy (Buy, A\$0.14ps PT from A\$0.11ps PT)** – BOE is the only company under coverage with its key asset – Honeymoon - in Australia. This is important given the geopolitically sensitive nature of uranium. We note strong progress is being made on the Enhanced Feasibility Study, which is aimed at reducing costs and increasing Honeymoon's nameplate capacity up to ~2.5Mlb/annum U₃O₈ (vs Shaw 2Mlb/a). In our view BOE requires spot U₃O₈ prices at ~US\$45/lb in order to sanction a restart.
- Peninsula Energy (Buy A\$0.21ps PT from A\$0.13ps PT)** – is the only company that has an existing contract book. The company is currently progressing the MU1A field demonstration trial to help assess the best pathway forward for a restart of its flagship in situ Lance Projects. We believe the company requires spot U₃O₈ prices of ~US\$48/lb for a restart. The company is well capitalised; term debt free with an unrestricted net cash balance of US\$8m (end Dec20q).
- Lotus Resources (Neutral, A\$0.16ps PT from A\$0.11ps PT)** – is looking to re-start operations of the fully permitted Kayelekera project in Malawi. The company acquired 65% equity in the project from Paladin in March 2020. A low upfront capital requirement of ~US\$50m for ~2Mlb/yr production is appealing. LOT is expected to commence a more detailed Restart Feasibility Study 2H21, following the completion of technical studies relating to power cost reduction and acid recovery. We believe the company needs a spot U₃O₈ price of ~US\$55/lb and asset consolidation in order to sanction re-start.
- Bannerman Resources (Neutral, A\$0.14ps PT from A\$0.05ps PT)** – a highly leveraged play on the uranium price. In our view the company's 95% owned open pit Etango-8 project in Namibia is lower grade (232ppm U₃O₈ vs >480ppm) but higher volume (8Mtpa vs <3Mtpa RoM) compared to its peers. BMN is expected to deliver a Pre-Feasibility Study for the project in the June 2021 quarter. In our view the company requires spot U₃O₈ prices ~US\$60/lb in order for this greenfield project to be sanctioned.

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Sector recovery underway, re-investment required

Inventories are being drawn down due to production curtailments from key producers Kazatomprom and Cameco. The US Russian Suspension Agreement has been extended, the US election has passed and the US President has signed off for the establishment of a strategic US uranium reserve. Utility companies are beginning to re-engage with producers on long-term contracts.

The US and European Utilities have the clarity and bandwidth to think about procurement; existing stockpiles are not inexhaustible. We think utilities will have to act in 2021 to cover a shortage of term contracts from 2023, given the 2-3-year upfront contract lock-in period.

On the supply side, several of the world's largest uranium mines will cease production over the coming years, starting with Australia's Ranger mine and Niger's Cominak mine this quarter. These mines alone are the equivalent of ~6% of 2019 global production.

Longer-term, we believe fundamentals are increasingly appealing for the sector. Nuclear Energy is recognised as an essential element of the clean energy mix, which potentially enables nuclear power to increase its contribution from current ~10% of global electricity. Consensus believes uranium demand needs to increase by over 100% from current levels by 2050 if decarbonisation is to take place.

Re-investment in uranium mines is required. Most industry forecasters believe that a long-term sustainable uranium spot price based on cost curve support is in the US\$40-50/lb range. We use a long-term U₃O₈ spot price assumption of US\$46/lb (2021 Real).

In this update we have incorporated a price spike to US\$80/lb through to 2028 – an incentive price environment. This filters into upgrades to company valuations and target prices.

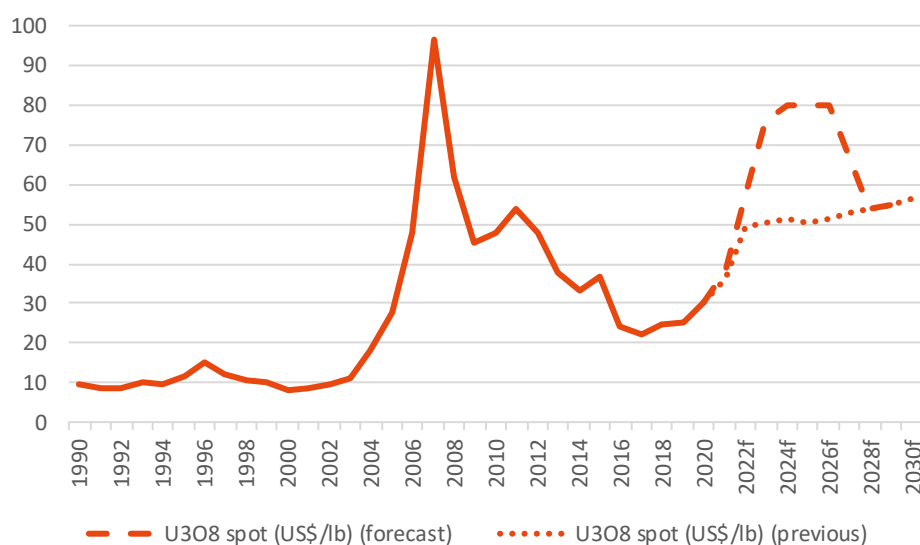
Figure 1: U₃O₈ price assumptions

We model company realised prices as ~US\$6/lb greater than spot prices. This is because we assume that term contracts are at a US\$10/lb (notional) premium to spot prices and sales are split 75% term and 25% spot.

Uranium Price forecast	2019	2020	2021f	2022f	2023f	2024f	2025f	2026f	2027f	2028f	2029f	2030f	LT (2021 Real)
Achieved price (US\$/lb)	29	35	40	55	75	88	88	88	81	68	62	63	52
Spot U3O8 price (US\$/lb)	26	28	32	48	68	80	80	80	73	60	55	56	46
Revisions													
Previous spot U3O8 (US\$/lb)	26	28	32	44	50	51	51	52	53	55	55	56	46
Change (US\$/lb)	0	0	0	4	18	29	29	28	20	6	0	0	0
Change (%)	0%	0%	0%	9%	36%	57%	57%	53%	38%	11%	0%	0%	0%

Source: Factset, Shaw forecasts

Figure 2: U₃O₈ spot price (US\$/lb)



Source: Factset, Shaw forecasts

Uranium price sensitivities

Our preferred valuation technique is a discounted cash flow (DCF) valuation with post-tax operational cash flows discounted at a weighted average cost of capital of 10%.

We note the spot U₃O₈ price (US\$30/lb) is below our current forecast (LT US\$46/lb 2021 Real). Higher prices are required for each company to sanction their projects.

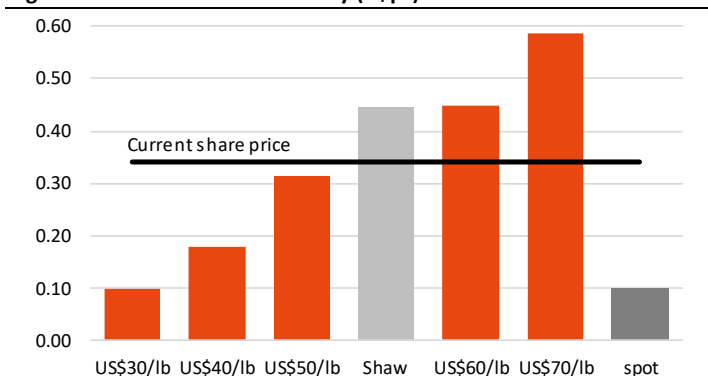
In the tables below our valuations are based on the company's fully diluted discounted cash flow valuation, assuming the project is sanctioned. Otherwise for uranium prices below the sanction value or with a longer-dated start-up (i.e. BMN and LOT), we apply a methodology for target prices that is 50% of our notional asset valuation and 50% of an upside scenario (US\$65/lb U₃O₈).

Figure 5: Shaw estimated spot U₃O₈ company break-evens, sanction price and sensitivities

Project		NPV breakeven	Shaw estimate U3O8 price required for sanction		Sensitivity (+/- US\$10/lb)
		Spot (US\$/lb)	Spot (US\$/lb)		Fully diluted share price move (A\$ps)
Paladin	Langer Heinrich	25	43		0.14
Boss Energy	Honeymoon	36	45		0.05
Peninsula Energy	Lane Projects	37	48		0.08
Lotus Resources	Kayelekera	48	55		0.09
Bannerman Resources	Etango-8	52	60		0.06

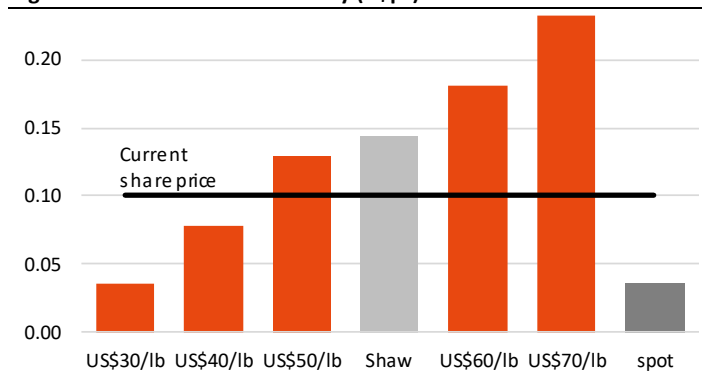
Source: Factset, Shaw analysis

Figure 6: PDN valuation sensitivity (A\$ps)



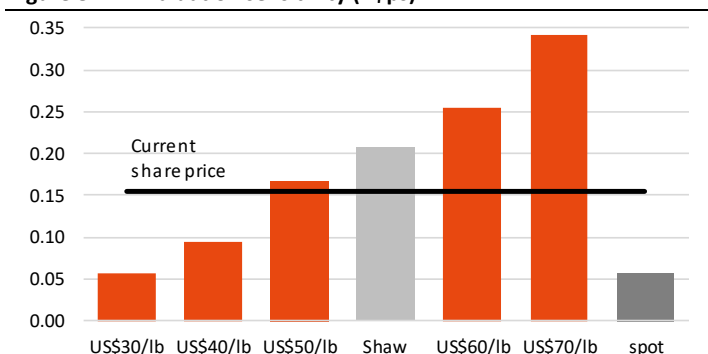
Source: Company reports, Shaw and Partners analysis

Figure 7: BOE valuation sensitivity (A\$ps)



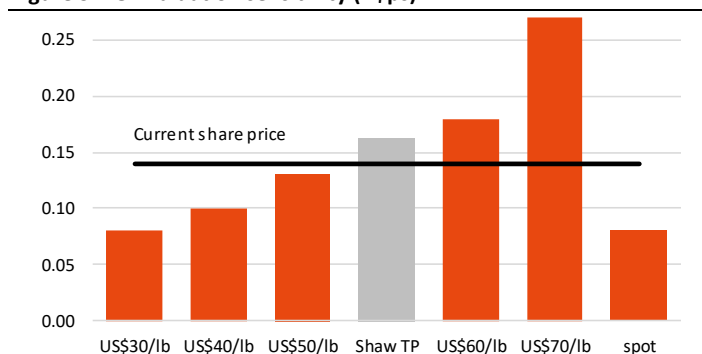
Source: Company reports, Shaw and Partners analysis

Figure 8: PEN valuation sensitivity (A\$ps)



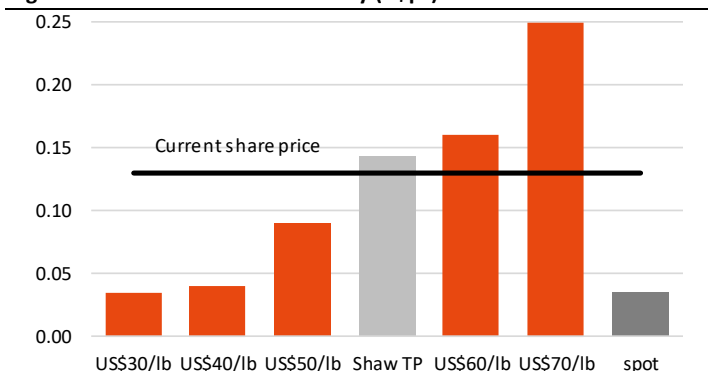
Source: Company reports, Shaw and Partners analysis

Figure 9: LOT valuation sensitivity (A\$ps)



Source: Company reports, Shaw and Partners analysis

Figure 10: BMN valuation sensitivity (A\$ps)



Source: Company reports, Shaw and Partners analysis

Paladin Energy financial summary

Profit & Loss						Company Information					
	FY19	FY20	FY21f	FY22f	FY23f						
Revenue	21.5	0.0	0.0	0.0	251.1	Financial Year End Date					30-Jun
Expenses	-25.9	-0.1	-10.0	-10.2	-83.4	Share Price					0.34
Underlying EBITDA	-4.4	-0.1	-10.0	-10.2	167.8	Market Capitalisation					689
Depreciation & Amort	-22.3	-21.1	-14.0	-14.0	-14.8	Valuation					0.45
Underlying EBIT	-26.6	-21.2	-24.0	-24.2	153.0	Recommendation					Buy
Net Interest	-22.5	-24.9	-12.8	-15.4	-10.5						
Profit Before Tax	-49.1	-46.1	-36.8	-39.7	142.5	Per Share Data (c)					
Tax	0.0	0.0	0.0	0.0	0.0		FY19	FY20	FY21f	FY22f	FY23f
NPAT (Underlying)	-49.1	-46.1	-36.8	-39.7	142.5	Shares (m)	1,752	2,028	2,361	2,361	2,361
Exceptional items	0.0	0.0	0.0	0.0	0.0	Normalised EPS	-2.1	-1.8	-1.3	-1.3	4.5
NPAT (reported)	-49.1	-46.1	-36.8	-39.7	142.5	Dividends	0.0	0.0	0.0	0.0	1.0
Minorities	-12.6	-12.6	-9.2	-9.9	35.6	Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	2.9%
Attributable NPAT	-36.5	-33.5	-27.6	-29.8	106.9	Book Value	0.04	0.05	0.04	0.03	0.09
						P/E (x)	-11.4	-12.9	-19.3	-19.6	5.6
						EV/EBITDA (x)	-117.7	-8035.2	-51.4	-50.3	3.1
Balance Sheet						Valuation (fully diluted)					
	FY19	FY20	FY21f	FY22f	FY23f		US\$m	A\$m	A\$ps		
Cash	25.4	34.2	77.9	60.5	184.0	Langer Heinrich (75%)	795	1,152	0.49		
Net Receivables	1.0	1.1	1.1	1.1	20.6	Net debt	-72	-104	-0.04		
Other	18.4	7.4	7.4	7.4	7.4	Exploration upside	20	29	0.01		
Current Assets	44.8	42.7	86.4	69.0	212.0	Corporate costs	-15	-22	-0.01		
Property, Plant & Equipment	206.6	190.9	199.4	237.1	234.0	Total Valuation	728	1,055	0.45		
Other	123.3	130.8	135.3	143.1	146.4						
Non Current Assets	329.9	321.7	334.7	380.2	380.4	Assumptions					
Total Assets	374.7	364.4	421.1	449.2	592.4		FY19	FY20	FY21f	FY22f	FY23f
						Prices					
Trade Creditors	2.4	1.5	1.5	1.5	10.0	A\$/US\$	0.71	0.67	0.71	0.73	0.74
Borrowings	0.0	0.0	0.0	0.0	0.0	U ₃ O ₈ (US\$/lb)	26	28	32	48	68
Other	43.2	0.7	0.7	0.7	0.7	Operating Metrics					
Current Liabilities	45.6	2.3	2.3	2.3	10.7		FY19	FY20	FY21f	FY22f	FY23f
Borrowings	118.1	134.4	177.8	245.6	237.9	Ore processed (ktpa)	0	0	0	0	3300
Other	134.3	134.7	134.7	134.7	134.7	Average grade (ppm)	0	0	0	0	520
Non Current Liabilities	252.5	269.1	312.6	380.3	372.6	U ₃ O ₈ sold (Mlb)	0.7	0.0	0.0	0.0	3.3
Net Assets	76.6	93.0	106.2	66.6	209.1	C1 cost (US\$/lb)	23	0	0	0	19
Shareholder Capital	2,306.9	2,327.8	2,377.8	2,377.8	2,377.8	Average price (US\$/lb)	29	n/a	n/a	n/a	75
Retained earnings	-2,025.6	-2,104.1	-2,140.9	-2,180.6	-2,038.1	Average cost (US\$/lb)	23	n/a	n/a	n/a	22
Minorities/others	-204.6	-130.7	-130.7	-130.7	-130.7	Average margin (US\$/lb)	6	n/a	n/a	n/a	53
Total Equity	76.6	93.0	106.2	66.6	209.1	Financial metrics (%)					
							FY19	FY20	FY21f	FY22f	FY23f
Cash Flow						EBITDA margin	0.0%	0.0%	0.0%	0.0%	66.8%
	FY19	FY20	FY21f	FY22f	FY23f	EBIT margin	0.0%	0.0%	0.0%	0.0%	60.9%
Receipts	22.5	0.0	0.0	0.0	251.1	ROIC	0.0%	0.0%	0.0%	0.0%	40.7%
Payments	-36.0	-13.6	-10.0	-10.2	-83.4	Return on Assets	-11.0%	-25.0%	-9.4%	-9.1%	27.4%
Other Operating Cash Flow	0.7	2.2	0.7	2.3	-9.3	Return on Equity	-46.9%	-109%	-36.9%	-45.9%	103.4%
Operating Cash Flow	-12.8	-11.5	-9.3	-7.9	158.5	Balance sheet metrics					
Capex	-0.1	-0.3	-25.0	-57.5	-13.0		FY19	FY20	FY21f	FY22f	FY23f
Other Investing Cash Flow	-0.9	0.0	-2.0	-2.0	-2.0	Net Debt (m)	93	100	100	185	54
Investing Cash Flow	-1.0	-0.3	-27.0	-59.5	-15.0	ND / ND+E	n/a	51.9%	48.5%	73.5%	20.5%
Net Equity raised	0.0	20.9	50.0	0.0	0.0						
Dividends Paid	0.0	0.0	0.0	0.0	0.0						
Net Borrowings	0.0	0.0	30.0	50.0	-20.0						
Financing Cash flow	0.0	19.7	80.0	50.0	-20.0						
Total Cash Change	-13.8	7.9	43.7	-17.4	123.5						

Source: Company reports, Shaw and Partners analysis

Boss Energy financial summary

Profit & Loss						Company Information					
	FY19	FY20	FY21f	FY22f	FY23f						
Revenue	0.4	0.2	0.0	0.0	0.0	Financial Year End Date				30-Jun	
Expenses	-1.2	-5.1	-7.0	-8.0	-8.2	Share Price				0.100	
Underlying EBITDA	-0.9	-4.8	-7.0	-8.0	-8.2	Market Capitalisation				184	
Depreciation & Amort	-0.1	-0.1	0.0	0.0	0.0	Valuation				0.14	
Underlying EBIT	-1.0	-4.9	-7.0	-8.0	-8.2	Recommendation				Buy	
Net Interest	-0.2	-0.1	0.1	0.0	-2.1						
Profit Before Tax	-1.2	-5.1	-6.9	-8.0	-10.3	Per Share Data (c)					
Tax	0.0	0.0	0.0	0.0	0.0		FY19	FY20	FY21f	FY22f	FY23f
NPAT (Underlying)	-1.2	-5.1	-6.9	-8.0	-10.3	Shares (m)	1,584	1,587	1,838	2,077	2,155
Exceptional items	-4.8	0.0	0.0	0.0	0.0	Normalised EPS	-0.1	-0.3	-0.4	-0.4	-0.5
NPAT (reported)	-6.0	-5.1	-6.9	-8.0	-10.3	Dividends	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Attributable NPAT	-6.0	-5.1	-6.9	-8.0	-10.3	Book Value	0.01	0.01	0.01	0.02	0.01
						P/E (x)	-40.2	-11.1	-17.7	-17.9	-15.3
						EV/EBITDA (x)	-50.2	-8.9	-6.1	-5.3	-5.2
Balance Sheet						Valuation (fully diluted)			US\$m	A\$m	A\$ps
	FY19	FY20	FY21f	FY22f	FY23f						
Cash	10.5	3.8	1.3	29.5	19.7	Honeymoon		203	271	0.11	
Net Receivables	1.3	0.0	0.0	0.0	0.0	Net debt		14	18	0.01	
Other	0.0	0.0	0.0	0.0	0.0	Exploration upside		15	20	0.01	
Current Assets	11.8	3.9	1.3	29.5	19.7	Corporate costs		-11	-15	-0.01	
Property, Plant & Equipment	0.2	0.1	6.4	18.8	24.8	Total Valuation		265	353	0.14	
Other	17.7	17.8	20.4	23.8	26.5						
Non Current Assets	17.9	17.9	26.9	42.6	51.3	Assumptions					
Total Assets	29.7	21.7	28.2	72.1	71.0		FY19	FY20	FY21f	FY22f	FY23f
						Prices					
Trade Creditors	0.8	0.7	0.0	0.0	0.0	A\$/US\$	0.71	0.67	0.71	0.73	0.74
Borrowings	4.0	0.0	0.0	0.0	0.0	U ₃ O ₈ (US\$/lb)	26	28	32	48	68
Other	0.0	0.1	0.1	0.1	0.1	Operating Metrics					
Current Liabilities	4.9	0.8	0.1	0.1	0.1		FY19	FY20	FY21f	FY22f	FY23f
Borrowings	0.0	0.0	0.0	30.0	33.0	Ore processed (ktpa)	0	0	0	0	0
Other	8.7	8.8	8.8	8.8	8.8	Average grade (ppm)	0	0	0	0	0
Non Current Liabilities	8.7	8.8	8.8	38.8	41.8	U ₃ O ₈ sold (Mlb)	0.0	0.0	0.0	0.0	0.0
Net Assets	16.1	12.1	19.3	33.2	29.1	C1 cost (US\$/lb)	0	0	0	0	0
						Average price (US\$/lb)	0	n/a	n/a	n/a	n/a
Shareholder Capital	79.1	79.3	93.5	115.3	121.5	Average cost (US\$/lb)	0	n/a	n/a	n/a	n/a
Retained earnings	-72.7	-77.8	-84.7	-92.7	-103.0	Average margin (US\$/lb)	0	n/a	n/a	n/a	n/a
Minorities/others	9.7	10.6	10.6	10.6	10.6	Financial metrics (%)					
Total Equity	16.1	12.1	19.3	33.2	29.1		FY19	FY20	FY21f	FY22f	FY23f
						EBITDA margin	0.0%	0.0%	0.0%	0.0%	0.0%
Cash Flow							FY19	FY20	FY21f	FY22f	FY23f
	FY19	FY20	FY21f	FY22f	FY23f	EBIT margin	0.0%	0.0%	0.0%	0.0%	0.0%
Receipts	0.0	0.0	0.0	0.0	0.0	ROIC	0.0%	0.0%	0.0%	0.0%	0.0%
Payments	-6.9	-4.4	-7.0	-8.0	-8.2	Return on Assets	-20.2%	-19.8%	-27.7%	-15.9%	-14.4%
Other Operating Cash Flow	0.5	1.7	-0.7	0.0	0.9	Return on Equity	-36.5%	-36.1%	-44.2%	-30.3%	-33.1%
Operating Cash Flow	-6.4	-2.7	-7.7	-8.0	-7.3	Balance sheet metrics					
Capex	0.0	-0.1	-7.0	-13.7	-6.7		FY19	FY20	FY21f	FY22f	FY23f
Other Investing Cash Flow	9.8	0.0	-2.0	-2.0	-2.0	Net Debt (m)	-7	-4	-1	1	13
Investing Cash Flow	9.8	0.0	-9.0	-15.7	-8.7	ND / ND+E	0.0%	0.0%	0.0%	1.6%	31.4%
Net Equity raised	0.2	0.0	14.1	21.9	6.2						
Dividends Paid	0.0	0.0	0.0	0.0	0.0						
Net Borrowings	0.0	-4.0	0.0	30.0	0.0						
Financing Cash flow	0.2	-4.0	14.1	51.9	6.2						
Total Cash Change	3.6	-6.7	-2.5	28.1	-9.8						

Source: Company reports, Shaw and Partners analysis

Peninsula Energy financial summary

Profit & Loss						Company Information					
	FY19	FY20f	FY21f	FY22f	FY23f						
Revenue	6.6	6.1	8.5	24.9	27.5	Financial Year End Date				30-Jun	
Expenses	-43.9	-8.0	-13.9	-30.4	-24.6	Share Price				0.155	
Underlying EBITDA	-37.3	-1.9	-5.4	-5.6	3.0	Market Capitalisation				138	
Depreciation & Amort	-0.1	0.0	0.0	0.0	-1.9	Valuation				0.21	
Underlying EBIT	-37.4	-1.9	-5.4	-5.6	1.1	Recommendation				Buy	
Net Interest	-3.3	-4.2	0.3	0.1	-1.0						
Profit Before Tax	-40.7	-6.2	-5.1	-5.5	0.1	Per Share Data (c)					
Tax	-0.3	-1.5	0.0	0.0	0.0		FY19	FY20f	FY21f	FY22f	FY23f
NPAT (Underlying)	-40.9	-7.7	-5.1	-5.5	0.1	Shares (m)	247	882	892	1,002	1,002
Exceptional items	0.0	0.0	0.0	0.0	0.0	Normalised EPS	-16.8	-1.4	-0.6	-0.6	0.0
NPAT (reported)	-40.9	-7.7	-5.1	-5.5	0.1	Dividends	0.0	0.0	0.0	0.0	0.0
Minorities	-0.5	0.0	0.0	0.0	0.0	Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Attributable NPAT	-40.5	-7.7	-5.1	-5.5	0.1	Book Value	0.16	0.08	0.07	0.07	0.07
						P/E (x)	-1.1	-3.5	-19.2	-19.5	2,244.0
						EV/EBITDA (x)	-1.5	-29.7	-10.6	-10.3	19.3
Balance Sheet						Valuation (fully diluted)					
	FY19	FY20f	FY21f	FY22f	FY23f		US\$m	A\$m	A\$ps		
Cash	5.3	11.9	4.9	17.7	14.7	Lance	142	198	0.15		
Net Receivables	1.0	0.6	0.7	2.0	2.3	Net debt	11	16	0.01		
Other	4.0	3.8	3.8	3.8	3.8	Exploration upside	11	15	0.01		
Current Assets	10.3	16.3	9.4	23.6	20.8	Corporate costs	-11	-15	-0.01		
Property, Plant & Equipment	18.9	18.8	18.8	23.8	25.0	Total Valuation	204	283	0.21		
Other	41.2	47.1	47.6	50.2	52.5						
Non Current Assets	60.1	66.0	66.4	73.9	77.5	Assumptions					
Total Assets	70.3	82.3	75.8	97.5	98.3		FY19	FY20f	FY21f	FY22f	FY23f
						Prices					
Trade Creditors	1.9	1.2	0.9	3.1	2.2	A\$/US\$	0.71	0.67	0.71	0.73	0.74
Borrowings	16.0	0.6	0.6	0.6	0.6	U ₃ O ₈ (US\$/lb)	26	28	32	48	68
Other	1.2	0.8	0.8	0.8	0.8	Operating Metrics					
Current Liabilities	19.1	2.5	2.3	4.4	3.6		FY19	FY20f	FY21f	FY22f	FY23f
Borrowings	0.0	0.0	0.1	15.2	16.7	Ore processed (ktpa)	0	0	0	0	400
Other	10.6	12.9	11.3	11.3	11.3	Average grade (ppm)	0	0	0	0	470
Non Current Liabilities	10.6	12.9	11.4	26.5	28.1	U ₃ O ₈ sold (Mlb)	0.2	0.2	0.5	0.5	0.4
Net Assets	40.7	66.9	62.1	66.6	66.7	C1 cost (US\$/lb)	0	0	0	0	35
						Average price (US\$/lb)	40	n/a	n/a	n/a	n/a
Shareholder Capital	207.5	240.6	240.6	250.6	250.6	Average cost (US\$/lb)	0	n/a	n/a	n/a	n/a
Retained earnings	-172.6	-180.3	-185.4	-190.9	-190.8	Average margin (US\$/lb)	40	n/a	n/a	n/a	n/a
Minorities/others	5.8	6.5	6.5	6.5	6.5	Financial metrics (%)					
Total Equity	40.7	66.9	61.7	66.3	66.3		FY19	FY20f	FY21f	FY22f	FY23f
						EBITDA margin	-565%	-31.6%	-63.9%	-22.4%	10.7%
						EBIT margin	-567%	-32.1%	-63.9%	-22.4%	4.0%
						ROIC	-50.8%	-2.5%	-6.5%	-6.0%	1.1%
						Return on Assets	-47.4%	-9.3%	-6.5%	-6.3%	0.1%
						Return on Equity	-70.9%	-13.1%	-8.0%	-8.6%	0.1%
Cash Flow						Balance sheet metrics					
	FY19	FY20f	FY21f	FY22f	FY23f		FY19	FY20f	FY21f	FY22f	FY23f
Receipts	8.2	7.5	8.5	24.9	27.5	Net Debt (m)	11	-11	-4	-2	3
Payments	-14.9	-13.9	-13.9	-30.4	-24.6	ND / ND+E	n/a	0.0%	0.0%	0.0%	3.7%
Other Operating Cash Flow	-0.2	-1.6	0.4	0.9	-0.5						
Operating Cash Flow	-6.9	-8.0	-5.1	-4.6	2.4						
Capex	-0.4	-0.1	0.0	-5.5	-3.5						
Other Investing Cash Flow	2.1	0.1	-2.0	-2.0	-2.0						
Investing Cash Flow	1.7	-0.1	-2.0	-7.5	-5.5						
Net Equity raised	0.0	31.3	0.0	10.0	0.0						
Dividends Paid	0.0	0.0	0.0	0.0	0.0						
Net Borrowings	-0.8	-16.4	0.0	15.0	0.0						
Financing Cash flow	-1.5	14.7	0.0	25.0	0.0						
Total Cash Change	-6.7	6.7	-7.1	12.9	-3.0						

Source: Company reports, Shaw and Partners analysis

Lotus Resources financial summary

Profit & Loss						Company Information					
	FY19	FY20f	FY21f	FY22f	FY23f						
Revenue	0.0	0.0	0.0	0.0	0.0	Financial Year End Date					30-Jun
Expenses	-0.8	-3.8	-3.0	-3.1	-5.0	Share Price					0.140
Underlying EBITDA	-0.8	-3.8	-3.0	-3.1	-5.0	Market Capitalisation					113
Depreciation & Amort	0.0	0.0	0.0	0.0	0.0	Valuation					0.11
Underlying EBIT	-0.8	-3.8	-3.0	-3.1	-5.0	Target Price					0.16
Net Interest	0.0	0.0	0.3	0.4	0.2	Recommendation					Neutral
Profit Before Tax	-0.8	-3.8	-2.7	-2.6	-4.8						
Tax	0.0	0.0	0.0	0.0	0.0						
NPAT (Underlying)	-0.8	-3.8	-2.7	-2.6	-4.8						
Exceptional items	0.0	-12.8	0.0	0.0	0.0						
NPAT (reported)	-0.8	-16.6	-2.7	-2.6	-4.8						
Minorities	0.0	-0.7	0.0	0.0	0.0						
Attributable NPAT	-0.8	-15.9	-2.7	-2.6	-4.8						
Balance Sheet						Per Share Data (c)					
	FY19	FY20f	FY21f	FY22f	FY23f		FY19	FY20f	FY21f	FY22f	FY23f
Cash	0.1	16.5	14.2	6.9	62.9	Shares (m)	100	672	808	810	1,337
Net Receivables	0.0	0.0	0.0	0.0	0.0	Normalised EPS	-0.1	-0.8	-0.4	-0.3	-0.4
Other	0.1	0.6	0.6	0.6	0.6	Dividends	0.0	0.0	0.0	0.0	0.0
Current Assets	0.1	17.1	14.8	7.5	63.5	Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Property, Plant & Equipment	0.0	0.0	0.0	0.0	12.1	Book Value	0.12	0.01	0.01	0.01	0.03
Other	11.8	65.1	67.1	69.1	72.4	P/E (x)	-42.4	-5.8	-27.7	-31.2	-23.3
Non Current Assets	11.8	65.1	67.1	69.1	84.5	EV/EBITDA (x)	-3.0	-0.7	-0.9	-0.8	-0.5
Total Assets	11.9	82.2	81.9	76.6	148.1						
Trade Creditors	0.2	1.4	0.0	0.0	0.0						
Borrowings	0.2	0.0	0.0	0.0	0.0						
Other	0.0	1.5	0.0	0.0	0.0						
Current Liabilities	0.4	2.9	0.0	0.0	0.0						
Borrowings	0.0	0.0	0.0	0.0	46.7						
Other	0.0	71.7	71.7	69.0	62.0						
Non Current Liabilities	0.0	71.7	71.7	69.0	108.7						
Net Assets	11.5	7.6	10.1	7.5	39.3						
Shareholder Capital	43.8	57.2	62.4	62.4	99.0						
Retained earnings	-33.3	-51.4	-54.1	-56.7	-61.5						
Minorities/others	1.1	1.9	1.9	1.9	1.9						
Total Equity	11.5	7.6	10.1	7.5	39.3						
Cash Flow						Assumptions					
	FY19	FY20f	FY21f	FY22f	FY23f		FY19	FY20f	FY21f	FY22f	FY23f
Receipts	0.0	0.2	0.0	0.0	0.0	Prices					
Payments	-0.8	-4.0	-3.0	-3.1	-5.0	A\$/US\$	0.71	0.67	0.71	0.73	0.74
Other Operating Cash Flow	0.0	0.0	-1.1	0.4	0.2	U ₃ O ₈ (US\$/lb)	26	28	32	48	68
Operating Cash Flow	-0.8	-3.8	-4.1	-2.6	-4.8						
Capex	0.0	0.0	0.0	0.0	-13.4						
Other Investing Cash Flow	-0.4	10.2	-3.5	-4.7	-9.0						
Investing Cash Flow	-0.4	10.2	-3.5	-4.7	-22.4						
Net Equity raised	0.0	10.3	5.2	0.0	36.6						
Dividends Paid	0.0	0.0	0.0	0.0	0.0						
Net Borrowings	0.2	-0.2	0.0	0.0	46.7						
Financing Cash flow	0.2	10.1	5.2	0.0	83.3						
Total Cash Change	-1.0	16.4	-2.3	-7.3	56.0						
						Valuation (fully diluted)					
							US\$m	A\$m	A\$ps		
						Kayelekera	0	0	0.00		
						Net debt	15	21	0.02		
						Exploration upside	72	100	0.07		
						Corporate costs	-7	-10	-0.01		
						Total Valuation	106	148	0.11		
						Operating Metrics					
							FY19	FY20f	FY21f	FY22f	FY23f
						Ore processed (ktpa)	0	0	0	0	0
						Average grade (ppm)	0	0	0	0	0
						U ₃ O ₈ sold (Mlb)	0.0	0.0	0.0	0.0	0.0
						C1 cost (US\$/lb)	0	0	0	0	0
						Average price (US\$/lb)	0	n/a	n/a	n/a	n/a
						Average cost (US\$/lb)	0	n/a	n/a	n/a	n/a
						Average margin (US\$/lb)	0	n/a	n/a	n/a	n/a
						Financial metrics (%)					
							FY19	FY20f	FY21f	FY22f	FY23f
						EBITDA margin	0.0%	0.0%	0.0%	0.0%	0.0%
						EBIT margin	0.0%	0.0%	0.0%	0.0%	0.0%
						ROIC	0.0%	0.0%	0.0%	0.0%	0.0%
						Return on Assets	-6.9%	-36.8%	-3.3%	-3.3%	-4.3%
						Return on Equity	-7.1%	-181%	-30.1%	-30.0%	-20.5%
						Balance sheet metrics					
							FY19	FY20f	FY21f	FY22f	FY23f
						Net Debt (m)	0	-16	-14	-7	-16
						ND / ND+E	n/a	0.0%	0.0%	0.0%	0.0%

Source: Company reports, Shaw and Partners analysis

Bannerman Resources financial summary

Profit & Loss						Company Information					
	FY19	FY20f	FY21f	FY22f	FY23f						
Revenue	0.0	0.0	0.0	0.0	0.0	Financial Year End Date					30-Jun
Expenses	-2.2	-2.3	-2.5	-2.5	-6.0	Share Price					0.130
Underlying EBITDA	-2.2	-2.3	-2.5	-2.5	-6.0	Market Capitalisation					142
Depreciation & Amort	0.0	0.0	0.0	0.0	0.0	Valuation					0.08
Underlying EBIT	-2.3	-2.3	-2.5	-2.5	-6.0	Target price (50% base U3O8 assumption / 50% U3O8 US\$60/lb)					0.14
Net Interest	0.0	0.0	0.1	-0.2	-0.2	Recommendation					Neutral
Profit Before Tax	-2.3	-2.3	-2.4	-2.7	-6.2						
Tax	0.0	0.0	0.0	0.0	0.0						
NPAT (Underlying)	-2.3	-2.3	-2.4	-2.7	-6.2						
Exceptional items	0.0	0.0	0.0	0.0	0.0						
NPAT (reported)	-2.3	-2.3	-2.4	-2.7	-6.2						
Minorities	0.0	0.0	0.0	-0.1	-0.3						
Attributable NPAT	-2.2	-2.3	-2.4	-2.6	-5.9						
Balance Sheet						Per Share Data (c)					
	FY19	FY20f	FY21f	FY22f	FY23f		FY19	FY20f	FY21f	FY22f	FY23f
Cash	6.3	4.2	2.2	2.8	326.7	Shares (m)	1,042	1,059	1,089	1,211	2,360
Net Receivables	0.1	0.0	0.0	0.0	0.0	Normalised EPS	-0.2	-0.2	-0.2	-0.2	-0.3
Other	0.0	0.0	0.0	0.0	0.0	Dividends	0.0	0.0	0.0	0.0	0.0
Current Assets	6.5	4.3	2.3	2.9	326.8	Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
Property, Plant & Equipment	0.0	0.0	1.3	3.1	21.3	Book Value	0.06	0.05	0.05	0.04	0.09
Other	57.0	48.0	49.2	50.4	53.4	P/E (x)	-14.8	-9.3	-41.3	-41.9	-29.1
Non Current Assets	57.0	48.0	50.4	53.5	74.6	EV/EBITDA (x)	-12.0	-11.7	-10.8	-10.8	-4.5
Total Assets	63.5	52.3	52.7	56.3	401.4						
Trade Creditors	0.1	0.2	0.0	0.0	0.0	Valuation					
Borrowings	0.0	0.0	0.0	0.0	0.0						
Other	0.1	0.1	0.1	0.1	0.1						
Current Liabilities	0.2	0.3	0.1	0.1	0.1	Etango-8					
Borrowings	0.0	0.0	3.0	3.3	183.6	Net debt					
Other	0.3	0.3	0.3	0.3	0.3	Exploration upside					
Non Current Liabilities	0.3	0.3	3.3	3.6	183.9	Corporate costs					
Net Assets	63.0	51.7	49.3	52.7	217.4	Total Valuation					
Shareholder Capital	141.2	141.2	141.2	147.2	317.2						
Retained earnings	-108.2	-110.5	-112.9	-115.5	-121.4	Assumptions					
Minorities/others	30.0	21.0	21.0	21.0	21.7						
Total Equity	63.0	51.7	49.3	52.7	217.4	Prices					
Cash Flow						A\$/US\$	0.71	0.67	0.71	0.73	0.74
	FY19	FY20f	FY21f	FY22f	FY23f	U ₃ O ₈ (US\$/lb)	26	28	32	48	68
Receipts	0.0	0.0	0.0	0.0	0.0	Operating Metrics					
Payments	-1.6	-1.6	-2.5	-2.5	-6.0						
Other Operating Cash Flow	0.1	0.1	-0.1	0.1	0.1	Ore processed (ktpa)	0	0	0	0	0
Operating Cash Flow	-1.4	-1.5	-2.6	-2.4	-5.9	Average grade (ppm)	0	0	0	0	0
Capex	0.0	0.0	-1.4	-2.1	-20.2	U ₃ O ₈ sold (Mlb)	0.0	0.0	0.0	0.0	0.0
Other Investing Cash Flow	-0.8	-0.6	-1.0	-0.9	0.0	C1 cost (US\$/lb)	0	0	0	0	0
Investing Cash Flow	-0.8	-0.6	-2.4	-3.0	-20.2						
Net Equity raised	0.2	0.0	0.0	6.0	170.0	Average price (US\$/lb)	0	n/a	n/a	n/a	n/a
Dividends Paid	0.0	0.0	0.0	0.0	0.0	Average cost (US\$/lb)	0	n/a	n/a	n/a	n/a
Net Borrowings	0.0	0.0	3.0	0.0	180.0	Average margin (US\$/lb)	0	n/a	n/a	n/a	n/a
Financing Cash flow	0.2	0.0	3.0	6.0	350.0	Financial metrics (%)					
Total Cash Change	-2.1	-2.1	-2.0	0.6	323.9						
						EBITDA margin	0.0%	0.0%	0.0%	0.0%	0.0%
						EBIT margin	0.0%	0.0%	0.0%	0.0%	0.0%
						ROIC	0.0%	0.0%	0.0%	0.0%	0.0%
						Return on Assets	-1.2%	-20.8%	-4.6%	-5.0%	-2.7%
						Return on Equity	-1.3%	-21.0%	-4.8%	-5.4%	-4.6%
Cash Flow						Balance sheet metrics					
	FY19	FY20f	FY21f	FY22f	FY23f		FY19	FY20f	FY21f	FY22f	FY23f
Net Debt (m)	-6	-4	1	0	-143						
ND / ND+E	n/a	0.0%	1.6%	0.9%	0.0%						

Source: Company reports, Shaw and Partners analysis

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Buy	Expected to outperform the overall market
Hold	Expected to perform in line with the overall market
Sell	Expected to underperform the overall market
Not Rated	Shaw has issued a factual note on the company but does not have a recommendation

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