



Uranium Energy Corp.

(UEC-US)

SECTOR: Mining

| | |
|--------------|-----------|
| STOCK PRICE | \$3.16 |
| RATING | BUY |
| TARGET PRICE | \$3.50 |
| RISK | Very High |

UEC EXPANDS PHYSICAL URANIUM INITIATIVE

UEC Bolsters Physical Uranium Inventory with Additional Purchase

OUR TAKE: This morning, UEC announced that it has entered into agreements to purchase an additional 705,000 lb of physical uranium, worth ~\$21.8M at current prices, for delivery in December 2022. This brings UEC's total physical holdings to 2.105 Mlb U₃O₈ of US-warehoused uranium at a weighted average acquisition price of ~\$30/lb, notably, below yesterday's spot price of \$31.04/lb, and worth about \$65.3M at current prices. The Company also announced that it has entered into definitive agreements with institutional investors to purchase an aggregate of 3,636,364 common shares of the Company at a purchase price of \$3.30 per share for gross proceeds of ~\$12M. **Uranium Energy Corp. continues to take advantage of the strength of its share price and financial resources to build its inventory of physical uranium by making spot purchases below most industry production costs**, adding flexibility in marketing efforts with utilities and with physical uranium acting as a backstop for any future commitments UEC may enter into, as well as freeing up its future production centres to potentially take advantage of US-specific domestic uranium production opportunities that may arise from the establishment of a US Uranium Reserve by the Government. UEC now has more than \$110M in cash, equity holdings (19.5% of URC-V) and physical uranium holdings on its balance sheet. We continue to rank UEC as a 'top-pick' (see Haywood 2021 Top-Picks report. UEC details on p.36). With uranium sector demand/supply fundamentals the best we've seen since pre-Fukushima, UEC remains well positioned to take advantage of the improving fundamentals of the sector in general. With multiple fully-permitted production-ready assets, UEC is also in a top position in the U.S. to participate in any actions taken by the U.S. Government to stimulate the domestic uranium market, including buying related to the strategic U.S. Uranium Reserve, which is a 10-year, \$1.5 billion initiative to in part, purchase domestically mined uranium.

KEY HIGHLIGHTS

- ◆ **Physical Uranium Initiative:** UEC has entered into agreements to purchase an additional 705,000 lb of physical uranium, worth ~\$21.8M at current prices, for delivery in Dec. 2022. This brings UEC's total physical holdings to 2.105 Mlb U₃O₈ of U.S.-warehoused uranium at a weighted average acquisition price of \$30/lb, below yesterday's spot price of \$31.04/lb, and worth about \$65.3M at current prices. UEC says this supports three objectives:
 - Potential to strengthen its balance sheet as uranium prices appreciate,
 - Flexibility with utilities in marketing efforts with inventory backstopping commitments, and the potential to accelerate cashflows; and
 - Increase the availability of its U.S. production capacity for emerging U.S. origin specific opportunities (UEC notes these purchases may attract premium pricing due to scarcity).
- ◆ **Strengthening Balance Sheet:** UEC has entered into definitive agreements with institutional investors to purchase an aggregate of 3,636,364 common shares of the Company at a purchase price of \$3.30 per share for gross proceeds of ~\$12M. This comes following the recent close of the Company's \$30.5M financing for 10M shares at a purchase price of \$3.05 per share in March, and brings UEC's balance sheet up to ~\$73M in cash.

RECOMMENDED ACTION

We recommend accumulating shares at the current price for maximum leverage

- ◆ **Reiterate our Buy rating and \$3.50/sh Target.** UEC is in the enviable position of controlling multiple permitted, near production-ready uranium ISR assets in the U.S., where fundamental and Government driven catalysts are expected to push uranium prices higher. We continue to rank UEC as a 'top-pick' and our favoured way to play U.S. domestic and macro catalysts in the uranium sector. UEC is in the enviable position of controlling multiple permitted, near production-ready uranium ISR assets in the U.S., where fundamental and Government driven catalysts are expected to push uranium prices higher. Completely unhedged, UEC provides maximum leverage to both catalysts.

KEY STATISTICS AND METRICS

| | |
|-----------------------|---------------|
| 52-Week High/Low | \$3.67/\$0.59 |
| YTD Performance | 79.6% |
| Dividend Yield | N/A |
| Shares O/S* | 228.9M |
| Market Capitalization | \$723.3M |
| Cash* | \$73M |
| Debt | \$10M |
| Enterprise Value | \$660.3M |
| Daily Volume (3 mos.) | 6,656,250 |
| Currency | USD |

HAYWOOD ESTIMATES (USD)

| | 2019A | 2020A | 2021E |
|--|--------|--------|--------|
| U ₃ O ₈ Production (Mlb) | 0 | 0 | 0.2 |
| Revenue (\$M) | 0 | 0 | 5.8 |
| EBITDA (\$M) | (14.6) | (8.7) | (6.6) |
| CFPS (\$) | (0.07) | (0.10) | (0.08) |

VALUATION

We value UEC using a 1.0x corporate NAV multiple based on our fully-financed DCF_{6%} on the Hobson ISR Uranium portfolio + Reno Creek (\$563M NPV), combined with our fully-financed DCF_{8%} of the Yuty project (\$84M NPV). After corporate adjustments, this yields a NAV of \$786M or \$3.46/share

*Post closing of \$12M offering expected to occur April 8, 2021

Important Information and Legal Disclosures

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: Alaska, Alabama, Arkansas, Arizona, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Guam, Hawaii, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Virgin Islands, Vermont, Washington, Wisconsin, West Virginia, and Wyoming. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

Analyst Certification

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.

Important Disclosures

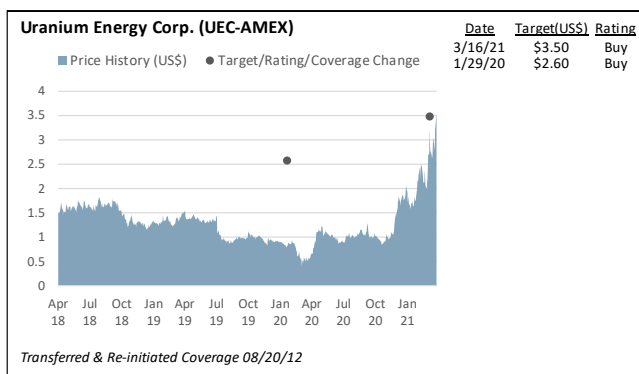
Of the companies included in the report the following Important Disclosures apply:

- ◆ Haywood Securities, Inc. has reviewed lead projects of Uranium Energy Corp. (UEC-US) and a portion of the expenses for this travel 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-US) in the past 12 months.

Distribution of Ratings (as of April 6, 2021)

| | % | # | IB Clients (TTM) |
|----------------------|-------|----|------------------|
| Buy | 79.6% | 78 | 93.9% |
| Hold | 7.1% | 7 | 6.1% |
| Sell | 0.0% | 0 | 0.0% |
| Tender | 1.0% | 1 | 0.0% |
| UR (Buy) | 0.0% | 0 | 0.0% |
| UR (Hold) | 0.0% | 0 | 0.0% |
| UR (Sell) | 0.0% | 0 | 0.0% |
| Dropped (TTM) | 12.2% | 12 | 0.0% |

Price Chart, Rating and Target Price History (as of April 6, 2021)



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

Link to Research Policy: <http://haywood.com/what-we-offer/research/research-policy>

Member of the Canadian Investor Protection Fund

