



Uranium Energy Corp.

(UEC-US)

SECTOR: Mining

STOCK PRICE	\$2.81
RATING	BUY
TARGET PRICE	\$3.50
RISK	Very High

DEVELOPMENT HOLES AT BURKE HOLLOW

Drilling at Burke Hollow PAA-1 Signals Resource Growth Potential

OUR TAKE: This morning, UEC announced that it has completed an initial 40 resource delineation holes at the Burke Hollow Production Authorization Area 1 ("PAA-1"). The holes were completed by utilizing two drilling rigs and come as part of the Company's ongoing wellfield development and resource delineation drill program at the Burke Hollow ISR uranium project in South Texas. **The initial results demonstrate potential resource growth within the Company's PAA-1, where several drill intercepts returned grade x thickness ("GT") results in the 2.45 to 4.48 range, coming in significantly above the 0.3 GT cut-off for ISR resource estimation and wellfield development** (see Table 1 for highlights). Burke Hollow has a current Inferred Mineral Resource of ~7.1Mlb U₃O₈ (4.1M tons grading 0.088% pU₃O₈, see Table 2). UEC has multiple fully permitted, near production ready ISR uranium assets in South Texas, where Burke Hollow is part of a solid pipeline of projects (including the Palangana Mine and Goliad Project) within its hub-and-spoke strategy. The Burke Hollow project area is a 19,335-acre property located 54 miles to the southeast of the Company's Hobson Processing Plant and remains significantly under-explored (see Figure 1). UEC will proceed to install an additional 45 exterior monitoring wells as part of this program in preparation for a future production decision which will be uranium price dependent. Our model suggests Burke Hollow could be in production as early as 2022 if uranium prices justify. We model ~7.5Mlb U₃O₈ recovered over ~10 years including ramp up/down, as part of a larger south Texas ISR production profile. Following the Company's most recent physical uranium inventory purchase (see [flash dated April 6, 2021](#)), UEC has more than \$110M in cash, equity holdings (19.5% of URC-V) and 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. 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.

KEY HIGHLIGHTS

- ◆ **Wellfield Development and Resource Delineation Drilling:** UEC release the initial 40 resource delineation holes at its Burke Hollow's PAA-1. Drilling to date has been focused on targeting the trend extensions of the five known fronts within its PAA-1 area, and will continue with additional resource delineation test holes following the installation of ~45 additional exterior monitoring wells to accommodate the trend extensions (currently the Company has 76 monitor wells installed). Please see Table 1 for highlights of the 14 holes that exceed typical grade and GT resource cut-offs (35% of the 40-holes drilled). According to the Company, "the remaining 26 holes were drilled in or nearby lesser mineralization, directly behind or in front of the roll front, thus bracketing the front location".
- ◆ **Physical Uranium Buying Initiative:** UEC has leaned into its initial physical uranium buying initiative initially announced about 1 month ago on March 15th. It has rapidly expanded on that initial purchase announcement of 400,000 lb U₃O₈, now beneficially owning 2,105,000 lb contracted for various delivery dates out to 2022 (volume weighted average cost of ~\$30/lb). The physical holdings are strategic and could provide significant future flexibility in contracting or financing future production.

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/\$0.68
YTD Performance	59.7%
Dividend Yield	N/A
Shares O/S*	228.9M
Market Capitalization	\$643.2M
Cash*	\$73M
Debt	\$10M
Enterprise Value	\$580.2M
Daily Volume (3 mos.)	6,921,560
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 in April 2021

Table 1: Location of ISR uranium assets in South Texas relative to Hobson Processing Plant

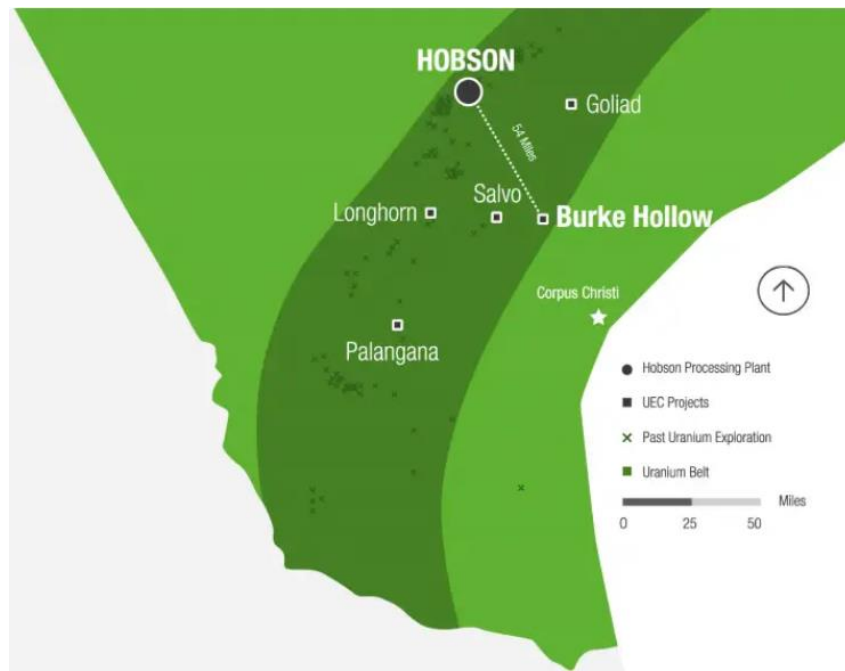
Identification			PFN (0.02 Cutoff)				Horizon
HOLE	DATE	TD	TOP (ft)**	THICKNESS (ft)**	Average GRADE pU ₃ O ₈ (%)*	GT	
283.0-319.5	2021-02-22	480	414.50	27.50	0.163	4.483	Goliad Lower B Sands
262.5-326.5	2021-02-23	480	393.00	19.00	0.131	2.489	Goliad Lower B Sands
262.5-326.5	2021-02-23	480	427.50	21.00	0.117	2.457	Goliad Lower B Sands
268.0-319.5	2021-02-24	480	421.50	10.00	0.103	1.030	Goliad Lower B Sands
283.0-318.0	2021-02-24	480	423.00	18.50	0.090	1.665	Goliad Lower B Sands
283.0-314.0	2021-03-02	500	419.50	7.50	0.049	0.368	Goliad Lower B Sands
262.5-326.0	2021-03-23	480	394.00	9.00	0.036	0.324	Goliad Lower B Sands
283.5-317.0	2021-03-25	500	428.00	10.50	0.189	1.985	Goliad Lower B Sands
283.5-317.0	2021-03-25	500	445.50	7.50	0.069	0.518	Goliad Lower B Sands
232.5-342.0	2021-03-29	440	388.00	10.00	0.129	1.290	Goliad Lower B Sands
284.0-320.0	2021-03-30	480	419.50	17.00	0.055	0.935	Goliad Lower B Sands
227.5-339.5	2021-04-01	440	368.00	4.00	0.107	0.428	Goliad Lower B Sands
227.5-339.5	2021-04-01	440	377.00	12.00	0.227	2.724	Goliad Lower B Sands
260.5-324.0	2021-04-05	480	423.00	7.50	0.145	1.088	Goliad Lower B Sands
284.0-320.5	2021-04-06	500	420.00	13.00	0.074	0.962	Goliad Lower B Sands
284.0-320.5	2021-04-06	500	434.00	7.50	0.042	0.315	Goliad Lower B Sands
282.9-319.5	2021-04-08	480	413.00	27.50	0.159	4.373	Goliad Lower B Sands
236.0-343.5	2021-04-08	460	365.50	10.00	0.032	0.320	Goliad Lower B Sands

*All grade values are based on Prompt Fission Neutron ("PFN") logging and denoted by pU₃O₈

**Rounded to nearest tenth of a foot

Source: Uranium Energy Corp.

Figure 1: Location of ISR uranium assets in South Texas relative to Hobson Processing Plant



Source: Uranium Energy Corp.



Table 2: Summary of Burke Hollow Inferred Mineral Resources (PFN)* (Dec. 2017) - Please note the Eastern Exploration Target Area has developed into Production Area I

Trend	Area (ft ²)	Average Thickness (Ft)**	Average Grade pU3O8 (%)	Average GT (0.02 Cutoff)	Contained pU3O8 (lbs)	Tons
Lower A1(Graben)	1,287,077.00	11	0.097	1.079	1,624,844.62	837,548.77
Lower A2 (Graben)	271,257.90	8.8	0.073	0.514	163,129.09	111,732.26
Upper B (Graben)	627,764.60	7.7	0.063	0.489	359,162.96	285,049.97
Lower B1 (Graben)	470,064.20	9.5	0.091	0.885	486,728.00	267,432.97
Lower B2(Graben)	413,643.30	9.5	0.091	0.846	409,432.40	224,962.86
Graben Totals					3,043,297.07	1,726,726.82
Lower B1 (East Side)	1,877,345.20	9.3	0.09	0.836	1,836,268.89	1,020,149.38
Lower B2 (East Side)	2,097,650.00	11.5	0.084	0.902	2,213,733.95	1,317,698.78
East Side Totals					4,050,002.84	2,337,848.16
Graben and East Side (Project) Totals			0.088***		7,093,299.91	4,064,574.98
*All grade values are based on Prompt Fission Neutron ("PFN") logging and denoted by pU3O8						
**Rounded to nearest tenth of a foot						
***Weighted average grade for project						

Source: Uranium Energy Corp.



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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

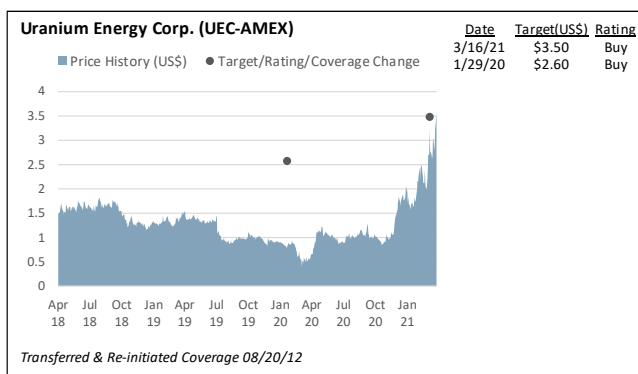
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Distribution of Ratings (as of April 14, 2021)

	%	#	IB Clients (TTM)
Buy	82.1%	78	91.4%
Hold	7.4%	7	8.6%
Sell	0.0%	0	0.0%
Tender	1.1%	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)	9.5%	9	0.0%

Price Chart, Rating and Target Price History (as of April 14, 2021)



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

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