EQUITY RESEARCH

RBC Capital Markets

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NexGen Energy Ltd.

Rising prices and strong sentiment support higher valuations; Raising PT to $7

Our view: We believe the combination of a rising spot price and a strong undercurrent of positive sentiment for the uranium sector may support elevated valuation multiples for NexGen for the foreseeable future. We continue to view the S&D between producers and end-users as relatively balanced through mid-2025, with solid contract coverage and inventories. However, renewed financial interest to invest in physical uranium, aided by the Sprott uranium trust, has recently pushed spot price higher and is an x factor in our price forecast.

Key points:

Financial interest in physical uranium boosted by Sprott: The recent launch of the Sprott Physical Uranium Trust (SPUT) has magnified financial interest to invest in physical uranium. Since launching an ATM offering on August 17, SPUT has consistently raised funds to purchase uranium in a short period of time, quickly pushing up spot prices to ~$37/lb, from $31-32/lb in mid-August. A potential NYSE listing in 2022 may provide access to an even larger pool of capital given strong investor interest in uranium. While the depth of capital available and willing to invest in SPUT is unknown, every pound sequestered in the trust accelerates a uranium market recovery and supports a rising spot price.

Strong investor sentiment, SPUT, and rising spot price combine to keep valuations elevated: We have updated our RBC Elements work on uranium social media activity, which shows that while activity slowed recently, it remains elevated relative to historical levels and is indicative of strong investor interest in uranium (details here). We think the combination of strong investor sentiment and a vehicle to express that interest through SPUT, could result in a positive feedback loop (i.e. strong sentiment drives capital into SPUT which pushes up spot prices which then drives more positive sentiment) that keeps uranium equity valuations elevated for the foreseeable future. However, we note downside risk if/when capital flows into SPUT slow, resulting in less upward pressure on uranium prices.

Maintain Sector Perform and Speculative Risk rating, and raise PT to $7: We have raised our target NAV multiple to 1.0x, from 0.8x previously, which is above historical NAV multiples for pre-construction development companies. We believe the strong undercurrent of positive sentiment for the uranium sector, backed by the upward movement in the spot price, supports elevated valuation multiples for uranium equities for the foreseeable future. As a developer of the best undeveloped uranium asset, we see NexGen as having significant leverage to the long-term uranium market recovery, although shares are close to fairly valued. We have also updated our model for Q2/21 actuals.

Sector Perform

Speculative Risk

TSX: NXE; CAD 6.80

Price Target CAD 7.00 ↑ 6.00

WHAT'S INSIDE	
☐ Rating/Risk Change	☑ Price Target Change
☐ In-Depth Report	☑ Est. Change
☐ Preview	☐ News Analysis

Scenario Analysis*

Downside Scenario	Current Price	Price Target	Upside Scenario
2.00	6.80	7.00	11.00
↓ 71%		↑ 3%	↑ 62%

*Implied Total Returns

Key Statistics

Shares O/S (MM):	523.4	Market Cap (MM):	3,559
Dividend:	0.00	Yield:	0.0%
NAVPS:	7.25	P/NAVPS:	0.94x
		Enterprise Val. (MM):	2,109
		Avg. Daily Volume:	2,492,940

RBC Estimates

FY Dec	2020A	2021E	2022E	2023E
EPS, Adj Diluted	(0.29)	(0.25)	(0.09)	(0.09)
Prev.		(0.22)	(0.08)	
P/AEPS	NM	NM	NM	NM
FCFPS	(0.08)	(0.10)	(0.10)	(0.37)
Prev.		(0.11)	(0.11)	
P/FCF	nm	nm	nm	nm

EPS, Adj Diluted	Q1	Q2	Q3	Q4
2020	(0.03)A	(0.05)A	(0.06)A	(0.16)A
2021	(0.16)A	(0.04)A	(0.02)E	(0.02)E
Prev.		(0.02)E		
2022	(0.02)E	(0.02)E	(0.02)E	(0.02)E
FCFPS				
2020	(0.03)A	(0.02)A	(0.02)A	(0.02)A
2021	(0.03)A	(0.02)A	(0.02)E	(0.03)E
Prev.		(0.03)E	(0.03)E	
2022	(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.
Priced as of prior trading day's market close, EST (unless otherwise noted).

Reiterate Sector Perform and Speculative Risk rating, raise price target to $7, from $6.

We rate NexGen shares Sector Perform, Speculative Risk with a $7 price target. We value NexGen based on a NAV analysis using an 8% discount and 1.0x P/NAV multiple. The discount rate is in line with the rate used to evaluate other developing mine projects. The P/NAV multiple is above a historical multiple for a pre-construction developing mine project as it reflects higher valuation for uranium equities as a result of positive sentiment in the uranium space backed by upward movement in spot price. We assign a Speculative Risk qualifier as Nexgen is a development stage company that is not expected to start production until the mid-to-late 2020s while dealing with uncertainties in the interim related to regulatory approvals, construction delays, potential technical risks, and financing. Our price target supports a Sector Perform rating.

Our base case valuation assumes – 1) full regulatory approvals are obtained by end-2023, a 3-year construction period begins in 2024, and first production starts in 2027; 2) capital and operating cost estimates that are in line with the FS; 3) an increased mineral resource of 400Mlbs U_3O_8 supporting a 17-year mine life with total production of 369Mlbs U_3O_8; 4) long-term uranium realized price of US$50/lb; and 5) a CAD/USD exchange rate of $1.30.

Exhibit 1 - NexGen valuation

Net Asset Value	DR (%)	NAV (C$M)	NAV/sh	% Total	P/NAV	Value/sh
Operating						
Arrow	8%	$3,457	$6.60	91%	1.0x	$6.60
Corp G&A	8%	($181)	($0.35)	(5%)	1.0x	($0.35)
Balance Sheet (end-21E)						
Cash		$210	$0.40	6%	1.0x	$0.40
IsoEnergy (52.5% owner)		$180	$0.34	5%	1.0x	$0.34
Total		**$390**	**$0.74**	**10%**	1.0x	**$0.74**
Cash from options		$130	$0.25	3%	1.0x	$0.25
Total NAV		**$3,796**	**$7.25**	**100%**	**1.0x**	**$7.25**

Source: Company reports, RBC Capital Markets estimates

Capital Markets

Model

Exhibit 2 - NXE Arrow Project

Arrow Deposit *CAD$ millions unless noted*	2018A	2019A	2020A	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
Production																												
Resource Extracted (Mlbs U3O8)	362	362	362	362	362	362	362	362	362	352	339	317	292	266	241	215	190	165	139	114	88	63	37	12	0	0	0	0
Processed Ore ('000 tonnes)	0	0	0	0	0	0	0	0	0	250	250	500	500	500	500	500	500	500	500	500	500	500	500	500	250	0	0	0
Grade (U_3O_8)	-	-	-	-	-	-	-	-	-	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	-	-	-
Recovery (%)	-	-	-	-	-	-	-	-	-	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**	**0.0**	**12.7**	**12.7**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**25.4**	**12.7**	**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	0.0	12.7	12.7	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	25.4	12.7	0.0	0.0	0.0
Realized Price																												
USD/CDN Exchange rate (US$)	$0.77	$0.75	$0.75	$0.80	$0.80	$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	$1.25	$1.25	$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	$29.49	$33.41	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$40.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
Uranium Term Price (US$/lb U3O8)	$30.77	$31.88	$32.46	$33.92	$35.00	$40.00	$40.00	$40.00	$40.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
Realized Price (US$/lb)	$27.65	$28.86	$30.98	$33.66	$37.50	$40.00	$40.00	$40.00	$40.00	$45.00	$45.00	$45.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00	$50.00
Realized Price (C$/lb)	$35.87	$38.29	$41.55	$42.08	$46.88	$52.00	$52.00	$52.00	$52.00	$58.50	$58.50	$58.50	$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	$65.00
Revenue ($MM)																												
Total Revenue ($MM)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$744	$744	$1,488	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$827	$0	$0	$0
Transportation	$0	$0	$0	$0	$0	$0	$0	$0	$0	($4)	($4)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($9)	($4)	$0	$0	$0
Net Revenue	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$740**	**$740**	**$1,480**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$1,645**	**$823**	**$0**	**$0**	**$0**
Cost of Goods ($MM)																												
Mining Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$47	$47	$76	$76	$76	$76	$76	$76	$76	$76	$76	$76	$76	$76	$76	$38	$0	$0	$0
Processing Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$44	$44	$71	$71	$71	$71	$71	$71	$71	$71	$71	$71	$71	$71	$71	$35	$0	$0	$0
Tailings Costs	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10	$10	$16	$16	$16	$16	$16	$16	$16	$16	$16	$16	$16	$16	$16	$8	$0	$0	$0
D&A	$0	$0	$0	$0	$0	$0	$0	$0	$0	$107	$98	$111	$104	$98	$92	$87	$83	$79	$75	$71	$68	$66	$63	$61	$30	$0	$0	$0
Total COGS ($MM)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$208**	**$200**	**$273**	**$266**	**$260**	**$254**	**$249**	**$245**	**$241**	**$237**	**$233**	**$230**	**$228**	**$225**	**$223**	**$111**	**$0**	**$0**	**$0**
Cost per pound ($/lb)	-	-	-	-	-	-	-	-	-	$16.35	$15.69	$10.72	$10.45	$10.21	$9.99	$9.79	$9.62	$9.45	$9.31	$9.18	$9.06	$8.95	$8.85	$8.76	$8.70	-	-	-
Cash cost per pound ($/lb)	-	-	-	-	-	-	-	-	-	$7.96	$7.96	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	$6.37	-	-	-
Earnings Summary ($MM)																												
Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$744	$744	$1,488	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$1,654	$827	$0	$0	$0
Cost of Goods	$0	$0	$0	$0	$0	$0	$0	$0	$0	($208)	($200)	($273)	($266)	($260)	($254)	($249)	($245)	($241)	($237)	($233)	($230)	($228)	($225)	($223)	($111)	$0	$0	$0
Gross Profit	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$536**	**$545**	**$1,216**	**$1,388**	**$1,394**	**$1,400**	**$1,405**	**$1,409**	**$1,413**	**$1,417**	**$1,420**	**$1,423**	**$1,426**	**$1,429**	**$1,431**	**$716**	**$0**	**$0**	**$0**
Gross Profit (%)	-	-	-	-	-	-	-	-	-	72%	73%	82%	84%	84%	85%	85%	85%	85%	86%	86%	86%	86%	86%	87%	87%	-	-	-
Royalties	$0	$0	$0	$0	$0	$0	$0	$0	$0	($124)	($125)	($271)	($309)	($310)	($311)	($311)	($312)	($313)	($313)	($314)	($314)	($315)	($315)	($315)	($158)	$0	$0	$0
SG&A	$0	$0	$0	$0	$0	$0	$0	$0	$0	($20)	($20)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($31)	($16)	$0	$0	$0
EBIT	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$392**	**$400**	**$913**	**$1,048**	**$1,053**	**$1,058**	**$1,062**	**$1,066**	**$1,069**	**$1,072**	**$1,075**	**$1,078**	**$1,080**	**$1,082**	**$1,084**	**$543**	**$0**	**$0**	**$0**
DD&A	$0	$0	$0	$0	$0	$0	$0	$0	$0	$107	$98	$111	$104	$98	$92	$87	$83	$79	$75	$71	$68	$66	$63	$61	$30	$0	$0	$0
EBITDA	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$499**	**$498**	**$1,024**	**$1,152**	**$1,151**	**$1,150**	**$1,149**	**$1,148**	**$1,148**	**$1,147**	**$1,147**	**$1,146**	**$1,146**	**$1,146**	**$1,145**	**$572**	**$0**	**$0**	**$0**
Tax	$0	$0	$0	$0	$0	$0	$0	$0	$0	($110)	($110)	($225)	($253)	($253)	($253)	($253)	($253)	($253)	($252)	($252)	($252)	($252)	($252)	($252)	($126)	$0	$0	$0
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	28%	27%	25%	24%	24%	24%	24%	24%	24%	24%	23%	23%	23%	23%	23%	23%	0%	0%	0%
Effective Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	60%	59%	54%	54%	53%	53%	53%	53%	53%	53%	53%	53%	52%	52%	52%	52%	52%	52%	52%
Operating cash cost ($/lb)	-	-	-	-	-	-	-	-	-	$8.73	$8.73	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	$6.98	-	-	-
Operating cash w/ royalties ($/lb)	-	-	-	-	-	-	-	-	-	$18.49	$18.59	$17.63	$19.12	$19.15	$19.19	$19.22	$19.24	$19.27	$19.29	$19.31	$19.33	$19.34	$19.36	$19.37	$19.38	-	-	-
Cash Flow ($MM)																												
Initial Capital Cost																												
Underground Mining	$0	$0	$0	$0	$0	$0	$67	$107	$94	$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	$0	$60	$96	$84	$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	$0	$33	$53	$46	$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	$0	$125	$201	$176	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Pre-commitment ealry works	$0	$0	$0	$0	$0	$158	$0	$0	$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	$0	$20	$20	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$40	$20	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$158**	**$286**	**$457**	**$400**	**$20**	**$20**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$40**	**$20**	**$0**	**$0**	**$0**
Accumulated Capex	$0	$0	$0	$0	$0	$158	$443	$900	$1,300	$1,320	$1,340	$1,380	$1,420	$1,460	$1,500	$1,540	$1,580	$1,620	$1,660	$1,700	$1,740	$1,780	$1,820	$1,860	$1,880	$1,880	$1,880	$1,880
Operating Cash flow	$0	$0	$0	$0	$0	$0	$0	$0	$0	$389	$388	$799	$898	$898	$897	$896	$896	$895	$895	$894	$894	$894	$894	$893	$447	$0	$0	$0
Capex	$0	$0	$0	$0	$0	($158)	($286)	($457)	($400)	($20)	($20)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($40)	($20)	$0	$0	$0
Free Cash Flow	**$0**	**$0**	**$0**	**$0**	**$0**	**($158)**	**($286)**	**($457)**	**($400)**	**$369**	**$368**	**$759**	**$858**	**$858**	**$857**	**$856**	**$856**	**$855**	**$855**	**$854**	**$854**	**$854**	**$854**	**$853**	**$427**	**$0**	**$0**	**$0**
NPV (8%)	**$2,744**	**$2,964**	**$3,201**	**$3,457**	**$3,733**	**$4,190**	**$4,811**	**$5,652**	**$6,504**	**$6,655**	**$6,819**	**$6,606**	**$6,276**	**$5,921**	**$5,537**	**$5,124**	**$4,678**	**$4,197**	**$3,678**	**$3,118**	**$2,513**	**$1,860**	**$1,156**	**$395**	**$0**	**$0**	**$0**	**$0**
NPV (15%)	**$867**	**$997**	**$1,147**	**$1,319**	**$1,517**	**$1,902**	**$2,473**	**$3,301**	**$4,195**	**$4,455**	**$4,755**	**$4,710**	**$4,558**	**$4,384**	**$4,185**	**$3,956**	**$3,694**	**$3,393**	**$3,047**	**$2,649**	**$2,193**	**$1,668**	**$1,064**	**$371**	**$0**	**$0**	**$0**	**$0**

Source: Company reports, RBC Capital Markets estimates

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Exhibit 3 - NXE Earnings Model

Earnings Model *CAD$ millions unless noted*	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$744	$744	$1,488	$1,654
Finance income	$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
Total Net Revenue	**$2**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$744**	**$744**	**$1,488**	**$1,654**
Cost of Goods	$0	$0	$0	$0	$0	$0	$0	$0	($352)	($345)	($575)	($606)
G&A	**($4)**	**($100)**	**($104)**	**($42)**	**($42)**	**($42)**	**($42)**	**($42)**	**($42)**	**($42)**	**($42)**	**($42)**
Impairment	($0)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gain/loss on FX	($2)	($0)	($0)	$0	$0	$0	$0	$0	$0	$0	$0	$0
EBITDA	**($1)**	**($98)**	**($102)**	**($40)**	**($40)**	**($39)**	**($39)**	**($39)**	**$460**	**$458**	**$985**	**$1,112**
DD&A	($2)	($2)	($2)	($2)	($2)	($2)	($2)	($2)	($109)	($101)	($113)	($106)
EBIT	($4)	($100)	($104)	($42)	($42)	($42)	($42)	($42)	$351	$358	$872	$1,006
Interest expense	($12)	($13)	($4)	($2)	($2)	($2)	($2)	($2)	($2)	($2)	($2)	($2)
EBT	($16)	($114)	($108)	($44)	($44)	($44)	($44)	($44)	$349	$356	$870	$1,004
Taxes	($1)	($1)	($1)	$0	$0	$0	$0	$0	($77)	($78)	($191)	($221)
Tax rate	6%	1%	0%	0%	0%	0%	0%	0%	-22%	-22%	-22%	-22%
Net Income	**($17)**	**($114)**	**($108)**	**($44)**	**($44)**	**($44)**	**($44)**	**($44)**	**$272**	**$278**	**$678**	**$783**
Non-controlling interests	$1	$5	$3	($1)	($1)	($1)	($1)	($1)	($1)	($1)	($1)	($1)
Net Income to Shareholders	**($16)**	**($110)**	**($106)**	**($45)**	**($45)**	**($44)**	**($44)**	**($44)**	**$271**	**$277**	**$677**	**$782**
Shares	355	371	456	472	472	472	472	472	472	472	472	472
EPS	**($0.04)**	**($0.29)**	**($0.25)**	**($0.09)**	**($0.09)**	**($0.09)**	**($0.09)**	**($0.09)**	**$0.57**	**$0.59**	**$1.44**	**$1.66**

Source: Company reports, RBC Capital Markets estimates

Exhibit 4 - NXE Cash Flow Model

Cash Flow *CAD$ millions unless noted*	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Earnings	($17)	($114)	($108)	($44)	($44)	($44)	($44)	($44)	$272	$278	$678	$783
D&A	$2	$2	$2	$2	$2	$2	$2	$2	$109	$101	$113	$106
Share-based payments	$11	$10	$24	$25	$25	$25	$25	$25	$25	$25	$25	$25
Interest expense	$12	$13	$3	$1	$1	$1	$1	$1	$1	$1	$1	$1
Unrealized FX loss (gain)	$1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	($21)	$78	$63	$0	$0	$0	$0	$0	$0	$0	$0	$0
Change in non-cash WC												
Cash from Operations	**($13)**	**($11)**	**($15)**	**($16)**	**($16)**	**($16)**	**($16)**	**($16)**	**$407**	**$404**	**$817**	**$915**
PP&E	($58)	($18)	($29)	($32)	($158)	($286)	($457)	($400)	($20)	($20)	($40)	($40)
Sale/Acquisition of S-T investments	$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
Cash from Investing	**($58)**	**($18)**	**($29)**	**($32)**	**($158)**	**($286)**	**($457)**	**($400)**	**($20)**	**($20)**	**($40)**	**($40)**
Equity issued	$7	$32	$184	$0	$0	$0	$0	$0	$0	$0	$0	$0
Issuance of convertible debentures	$0	$29	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Other	($9)	($10)	($3)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash from Financing	**($1)**	**$51**	**$181**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Change in cash and equivalents	($72)	$22	$137	($48)	($174)	($301)	($473)	($416)	$387	$384	$777	$875
Cash & equiv., beginning of period	($57)	($130)	($108)	$28	($20)	($193)	($495)	($968)	($1,383)	($997)	($613)	$164
FX impact on cash held	($1)	($0)	($0)	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cash & equiv., end of period	($130)	($108)	$28	($20)	($193)	($495)	($968)	($1,383)	($997)	($613)	$164	$1,039

Source: Company reports, RBC Capital Markets estimates

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Exhibit 5 - NXE Balance Sheet Model

Balance Sheet *CAD$ millions unless noted*	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Cash and cash equivalents	$52	$74	$210	$162	($11)	($313)	($786)	($1,201)	($815)	($431)	$346	$1,221
Short-term investments	$0	$0	$3	$3	$3	$3	$3	$3	$3	$3	$3	$3
Amounts receivable	$1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Prepaid expenses	$1	$1	$2	$2	$2	$2	$2	$2	$2	$2	$2	$2
Current assets	**$53**	**$75**	**$215**	**$167**	**($7)**	**($308)**	**($781)**	**($1,196)**	**($810)**	**($426)**	**$351**	**$1,226**
Deposits	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Exploration and evaluation assets	$252	$275	$304	$336	$336	$336	$336	$336	$336	$336	$336	$336
Property & Equipment	$8	$8	$6	$4	$160	$443	$897	$1,295	$1,206	$1,125	$1,052	$986
Total Assets	**$314**	**$357**	**$526**	**$508**	**$490**	**$471**	**$453**	**$435**	**$733**	**$1,036**	**$1,740**	**$2,548**
Accounts payable	$4	$7	$5	$5	$5	$5	$5	$5	$5	$5	$5	$5
Flow-through liability	$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
Other	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1	$1
Current liabilities	**$5**	**$7**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**	**$6**
Deferred income tax liability	$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
Convertible debentures	$120	$227	$62	$62	$62	$62	$62	$62	$62	$62	$62	$62
Other	$2	$3	$3	$3	$3	$3	$3	$3	$3	$3	$3	$3
Total liabilities	**$127**	**$238**	**$71**	**$71**	**$71**	**$71**	**$71**	**$71**	**$71**	**$71**	**$71**	**$71**
Share capital	$219	$256	$682	$682	$682	$682	$682	$682	$682	$682	$682	$682
Reserves	$52	$55	$57	$57	$57	$57	$57	$57	$57	$57	$57	$57
Accumulated deficit	($106)	($217)	($309)	($328)	($346)	($364)	($382)	($400)	($103)	$201	$904	$1,713
Non-controlling interests	$22	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25	$25
Shareholders Equity	**$186**	**$119**	**$454**	**$436**	**$418**	**$400**	**$382**	**$364**	**$661**	**$964**	**$1,668**	**$2,477**
Total liabilities & equity	**$314**	**$357**	**$526**	**$508**	**$490**	**$471**	**$453**	**$435**	**$733**	**$1,036**	**$1,740**	**$2,548**
Net Debt	**($52)**	**($74)**	**($210)**	**($162)**	**$11**	**$313**	**$786**	**$1,201**	**$815**	**$431**	**($346)**	**($1,221)**
Change	$73	($22)	($136)	$48	$174	$301	$473	$416	($387)	($384)	($777)	($875)

Source: Company reports, RBC Capital Markets estimates

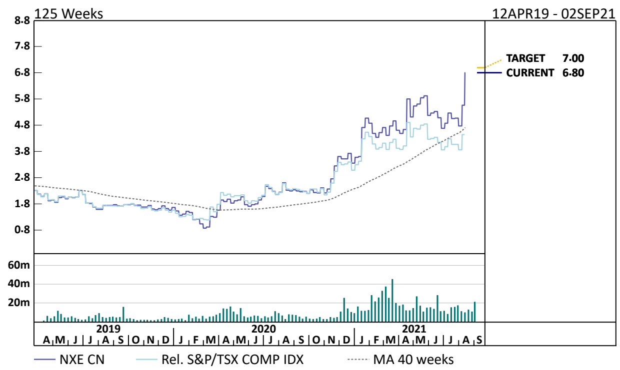
Key ESG questions

This section is intended to highlight key ESG discussion points relevant to this company, as well as our views on the outlook. Both the questions we highlight and our responses will evolve over time as the dialogue between management, analysts and investors continues to advance. We welcome any feedback on the topics.

	Our view
What are the most material ESG issues facing this company?	NexGen is a development-stage uranium mining company with planned operations in Northern Saskatchewan. Given this, the most material ESG issues facing NexGen are the company's relations with local and Indigenous communities, the perception and view of nuclear energy, and the impact of a potential mine on the local environment. NexGen has several programs that aim at building relationships with local communities, utilizes local businesses whenever possible, and is currently working through the environmental assessment for the Arrow project.
Does the company integrate ESG considerations into its strategy?	NexGen has yet to publish an ESG report, although the company plans to release one in 2021. However, we note that NexGen has several programs aimed at helping local communities and won the 2019 PDAC Environmental and Social Responsibility Award. Additionally, short-term incentive for management was partially tied to ESG performance in 2020 through community initiative and COVID-19 response objectives, which were aimed at providing aid for the local communities.
What is diversity like at board / management level?	As NexGen has yet to publish a sustainability report, diversity statistics for the company are not disclosed. However, based on the company's most recent management information circular, we estimate 22% (2 of 9) of NexGen's Board of Directors are female, while 33% (2 of 6) of the NexGen's named executive officers are female. 78% (7 of 9) of the Board is independent.
Is nuclear, and by extension uranium, considered a clean energy source?	ESG considerations with regards to nuclear energy are, by extension, also relevant to uranium as it is the primary fuel source for nuclear energy generation. Nuclear reactors produce no greenhouse gas emissions, although there are slight emissions from other parts of the nuclear fuel cycle including construction, mining, conversion, and enrichment. Many countries have incorporated nuclear as a critical part of their overall energy mix and consider nuclear as a clean and sustainable energy source that is key to meeting climate goals. However, opponents to nuclear as a clean and sustainable energy source cite the potential risk from nuclear accidents, challenges with nuclear waste disposal, and proliferation concerns.
How does Nexgen engage the local community?	NexGen's flagship Rook I project is based in Northern Saskatchewan, which has a large Indigenous population. The company has made significant efforts to engage the local community and received the PDAC (Prospectors & Developers Association of Canada) 2019 Environmental & Social Responsibility Award in recognition of the company's efforts in protecting the environment and establishing positive community relations. In late-2019, NexGen entered into Study Agreements with four local communities to identify potential impacts to Aboriginal and treaty rights and socio-economic interests, and to identify potential avoidance and accommodation measures. NexGen has implemented several community programs including breakfast clubs, sponsorship of sports teams, and financial support for recreational activities.

Target/Upside/Downside Scenarios

NexGen Energy Ltd.



Source: Bloomberg and RBC Capital Markets estimates for Target

Valuation

We value NexGen based on a NAV analysis using an 8% discount and 1.0x P/NAV multiple. The discount rate is in line with the rate used to evaluate other developing mine projects. The P/NAV multiple is above a historical multiple for a pre-construction developing mine project as it reflects higher valuation for uranium equities as a result of positive sentiment in the uranium space backed by upward movement in spot price. We assign a Speculative Risk qualifier as Nexgen is a development stage company that is not expected to start production until the mid-to-late 2020s. Our $7 price target supports a Sector Perform rating.

Upside scenario

Our $11 upside scenario assumes – 1) production starts in 2026 following relatively quick approvals and construction; 2) capital and operating cost estimates that are 10% lower than in the FS; 3) an increased mineral resource of 500Mlbs supporting an 18-year mine life with total production of 460Mlbs U_3O_8; 4) long-term uranium realized price of US $60/lb and no market impact from start-up; 5) a CAD/USD exchange rate of $1.30, in line with our base case; and 6) raising our P/NAV multiple to 1.0x.

Downside scenario

Our $2 downside scenario assumes – 1) production starts in 2029 following relatively lengthy approvals and challenging construction; 2) capital and operating cost estimates that are 10% higher than in the FS; 3) a mineral resource of 300Mlbs, representing downside to the current resource estimate, supporting an 11-year mine life with total production of 230Mlbs U_3O_8; 4) long-term uranium realized price of US$45/lb; 5) a CAD/USD exchange rate of $1.30, in line with our base case; and 6) lowering our P/NAV multiple to 0.5x.

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 beyond the mid-2020s.

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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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 feasibility study has been completed for the Arrow project confirming robust economics, while the company is working to complete environmental permitting that started in early-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.

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			Investment Banking Serv./Past 12 Mos.	
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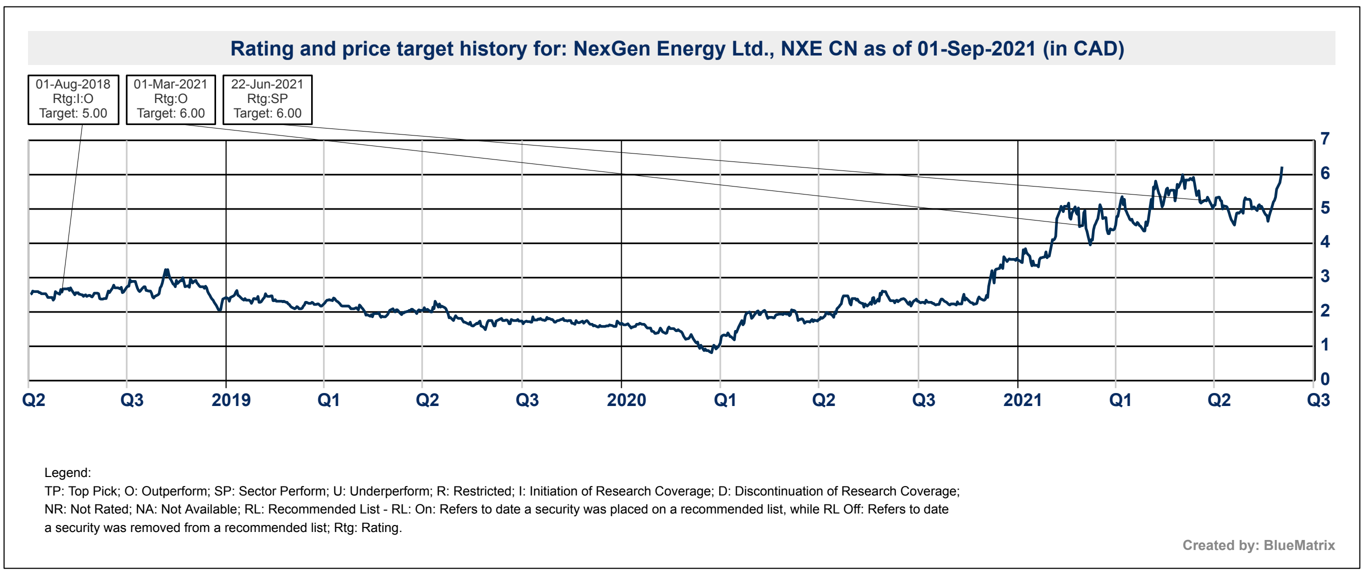
HOLD [Sector Perform]	**575**	**40.69**	**173**	**30.09**
SELL [Underperform]	**51**	**3.61**	**4**	**7.84**



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NexGen Energy Ltd.

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Risks to rating and price target

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