

Uranium Energy Corp.

(UEC-N: US\$3.84) *intraday*

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BUY

Target: US\$7.00

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Not Waiting Around for Anyone...UEC Makes Another Acquisition Bid...\$150M for Roughrider this Time

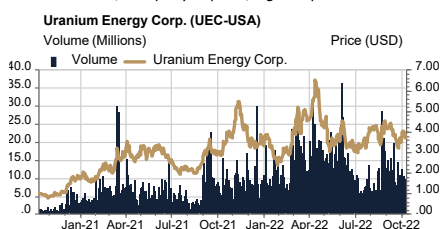
	Current
Rating	BUY
Target	\$7.00
Projected Return	82%

Company Data	
Last Price	\$3.84
52-week Range	\$2.34 - \$6.60
Market Cap (\$M)	\$1,328
Enterprise Value (\$M)	\$1,288
Shares Outstanding - Basic (M)	345.8
Shares Outstanding - Diluted (M)	357.6
Average Volume - 100d ('000 shares/day)	11,186
Cash (\$M)	\$39.8
Debt (\$M)	\$0.0
Fiscal Year End	Jul-31

Valuation	
NAVPS	\$4.13
P/NAV	0.93x
EV/lb (\$/lb)	\$8.35

Estimates	2021A	2022E	2023E	2024E
EBITDA (\$M)	(17)	(15)	(24)	20
Adj. EPS (\$/sh)	(0.07)	(0.02)	(0.08)	0.09
Adj. CFPS (\$/sh)	(0.06)	(0.04)	(0.07)	0.09

All figures in US\$ unless otherwise noted
Source: FactSet, Company Reports, Eight Capital



Source: FactSet

Company Description

Uranium Energy is a US producer of uranium. The Company has key mining assets that will feed two separate established processing facility hubs in Wyoming and Texas. Additionally, the Company owns a large physical uranium portfolio.

This morning, UEC announced it had made a \$150M bid (\$80M cash and \$70M in stock) to acquire the Roughrider project in Saskatchewan from Rio Tinto (RIO-L, Not Rated). The transaction is expected to close by the end of the month.

Roughrider Project Background: Roughrider features a 58Mlbs @ 4.73% U3O8 historic resource (acquisition price equates to US\$2.60/lb; high grade deposits in the Basin trade at up to +\$6.00/lb currently and +\$9.00/lb at recent peaks in Apr/22). The project is 13km west of Orano's (Private) underfed McClean Lake mill. The historic 2011 PEA on Roughrider featured a 5Mlbs/year 11-year LOM @ \$14.44/lb operating costs (based on a \$70/lb uranium price). In 2011, Hathor Exploration owned the majority stake in Roughrider and was the subject of a hostile bid from Cameco (CCO-T, Buy, Target C\$46.00, Covered by Ralph M. Profiti, CFA) before being white knighted by Rio Tinto in a +\$640M deal. Rio Tinto has shifted strategies away from uranium in years past, previously selling its stake in the Rössing mine in Namibia to a Chinese state-owned enterprise. UEC is acquiring the project for *less than 25% of Rio Tinto's purchase price in 2011*.

Now Largest Player in the Basin Outside of Cameco/Orano; Achieving Critical Mass with New Assets Important: UEC has invested \$570M in acquisitions dating back to last year. The deal flow started last year with its synergistic acquisition of assets from Uranium One (Private), complementing its existing US ISR asset base. This year, UEC has diversified into Canada/Athabasca Basin through buying UEX (besting Denison, DML-T, Not Rated) and now its bid to acquire Roughrider. UEC has the capability to put much more attention into all its acquisitions than previous owners did and achieve the best synergies now with Raven-Horseshoe, Hidden Bay, and Christie Lake working together with Roughrider under one umbrella. We highlight, drill results from a new discovery at Christie Lake returning 68.7% eU3O8 over 2.1m (starting depth of 426.9m). The thesis by UEC's technical team is that the P2 fault that controls Cameco's McArthur River, also trends onto Christie Lake and controls the deposit. If UEC can demonstrate its size potential at Christie Lake, then the market will likely take notice.

Has the Liquidity to Attract Larger Funds Flow and is Pure-Play Uranium Exposure: UEC is still awaiting higher uranium prices (likely somewhere near our long-term price deck of \$65/lb) to put its US based ISR assets back into production. In the meantime, UEC is quickly diversifying into Canada and locking up resources in the Basin. We believe this will likely be the winning strategy as the cycle matures and demand necessitates new supply. Larger investment funds prefer those names with liquidity and UEC has the trading volumes combined with the highest sensitivity to rising uranium prices to drive an influx of investors. Near-term catalysts include a possible winning bid for the US strategic uranium reserve (UEC holds ~5Mlbs in inventory, which we believe is the largest amount amongst the bidders putting the company in the driver's seat; announcement of winners expected in Q4/22). See more background here: [UEC Ready to Help the US Wean off Russian Imports](#). We maintain our Buy rating and \$7.00/share target price (based on a 1.7x NAV multiple; trades 0.9x currently; traded as high as 1.6x in April/22). Key risks to our target price and valuation include commodity price risks (uranium), mining operations and technical start-up risks, cost inflation, regulatory, and social risks associated with mining.

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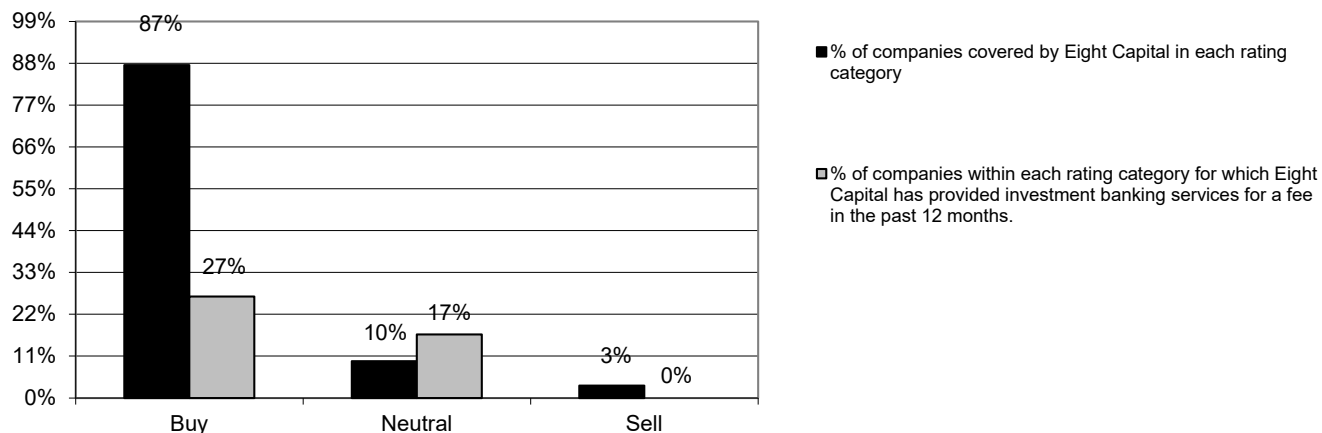
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