

Resources

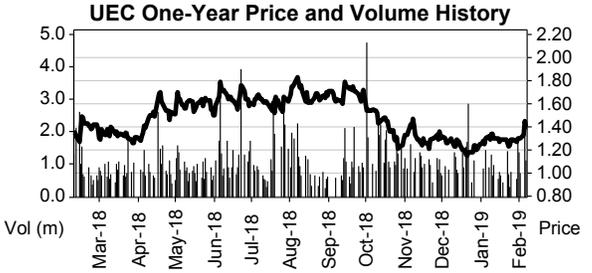
Uranium Energy Corp. | UEC - \$1.33 - NYSE | Buy

Company Update

Stock Data	
52-Week Low - High	\$1.12 - \$1.89
Shares Out. (mil)	177.64
Mkt. Cap.(mil)	\$236.3
3-Mo. Avg. Vol.	1,032,842
12-Mo.Price Target	\$3.40
Cash (mil)	\$24.5
Tot. Debt (mil)	\$19.8
Cash (mil): Cash includes short-term investments	

EPS \$			
Yr Jul	—2017—	—2018—	—2019E—
		Curr	Curr
1Q	(0.04)A	(0.03)A	(0.02)A
2Q	(0.04)A	(0.03)A	(0.02)E
3Q	(0.03)A	(0.03)A	(0.02)E
4Q	(0.04)A	(0.03)A	(0.02)E
YEAR	(0.14)A	(0.11)A	(0.09)E
P/E	NM	NM	NM

Revenue (\$ millions)			
Yr Jul	—2017—	—2018—	—2019E—
		Curr	Curr
1Q	0.0A	0.0A	0.0A
2Q	0.0A	0.0A	0.0E
3Q	0.0A	0.0A	0.0E
4Q	0.0A	0.0A	0.0E
YEAR	0.0A	0.0A	0.0E



UEC: Preparing for Section 232 Outcome

On February 7, 2019, UEC provided an update on its ongoing work at two of its key ISR projects and the company's plans for 2019. Like many U.S. uranium companies, UEC's future decisions hinge on the outcome of the section 232 petition. We continue to believe there will be a positive outcome from the petition and as such, we are maintaining our Buy rating and \$3.40 price target.

Section 232 remains the key catalyst for 2019. On February 7, 2019, Uranium Energy Corp. provided an update on the ongoing section 232 petition and its potential impact on the company. We continue to believe the section 232 petition will result in a positive outcome for U.S. uranium companies around mid-2019. However, there are still a number of potential outcomes making it difficult to quantify the impact at this time, in our view.

Reno Creek PFS underway. With this in mind, we are encouraged by UEC's decision to advance RENO creek to a PFS as this should provide the company with a clearer picture of the uranium price needed to justify construction. Ultimately, we do not believe UEC would develop Reno Creek at a uranium price of \$40 or less.

Burke Hollow moving forward. At Burke Hollow, UEC is focused on preparing to drill and install monitoring wells later in Q1 2019. The initial plan calls for 20 wells in areas of the project that have less dense drilling previously. The company then plans to follow this with an additional 120 monitoring wells across the project.

Maintaining rating and target. While we remain positive on UEC and the uranium market, we continue to view the section 232 petition as an unknown as the potential outcomes positive and negative could impact uranium companies materially. We anticipate receiving additional information when a recommendation is made to the President in late Q1 or early Q2. Thus, we are maintaining our Buy rating and \$3.40 price target.

VALUATION

We base our valuation of UEC on a sum of the parts analysis. We assign a value of \$181 million to UEC's ISR projects (\$3.00 per pound of resource), \$127 million for its hard rock assets (\$2.50 per pound of resource), \$34.7 million for the company's exploration project Oviedo (\$1.50 per pound of the low end of the exploration target), and \$104.4 million for the company's Vanadium resources (\$1.50 per pound). We also assign a value of \$50 million to the company's Hobson Facility and \$65 million for its titanium asset. Lastly, we add \$25 million for a combination of UEC's pre-resource projects and resource expansion potential and add \$4.7 million in net cash. Thus, we arrive at a total valuation of \$591.6 million or \$3.36 per basic share. We round this up to reach our \$3.40 price target and we are maintaining our Buy rating.

Factors that could impede UEC's ability to reach our price target include, but are not limited to: unexpected dilutive transactions (equity or M&A), underperformance of the uranium price compared to our estimates, capital overruns, unexpected environmental opposition, negative regulatory decisions or changes, underperformance of operations once in production, and other unforeseeable events.

RISKS

- **Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. The uranium industry faces a higher degree of scrutiny than most mining industries and, thus, UEC has greater political risk than other non-uranium mining companies. However, due to the company's diverse asset portfolio, we believe the company has lower political risk compared to single jurisdiction uranium companies.
- **Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products, but can also be in regards to input costs and substitute goods. UEC's biggest commodity price risk is to uranium, but we note the company has risks to other commodity prices in the form of substitute goods such as coal and oil and to input costs such as energy and labor.
- **Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. As an ISR focused company, UEC has similar technical risk to other uranium companies with near-term development opportunities.
- **Pre-revenue risk.** As a pre-revenue company, UEC has significant risk of future dilution. It is likely the company will need to raise additional capital to reach initial revenue and there is no guarantee the company will be able to reach cash flow positive.
- **Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. UEC has similar market risk to other uranium companies.

Cautionary Note to US Investors: Estimates of Measured, Indicated and Inferred Resources

"Measured Mineral Resources" and "Indicated Mineral Resources." US investors are advised that although these terms are required by Canadian regulations, the US Securities and Exchange Commission (SEC) does not recognize them, and describes the equivalent as "Mineralized Material." US investors are cautioned not to assume that these terms are any form of guarantee.

"Inferred Mineral Resources." US Investors are advised that while this term is required by Canadian regulations, the SEC does not recognize it. "Inferred Mineral Resources" are not delineated with a great deal of certainty and should not be considered likely to be brought into production in whole or in part.

COMPANY DESCRIPTION

Uranium Energy Corp. is engaged in uranium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates, on projects located in the United States and Paraguay. The Company utilizes in-situ recovery (ISR) mining. The Company has uranium mine located in the state of Texas, the Palangana Mine, which utilizes ISR mining and extracts uranium oxide (U₃O₈). The Company has uranium processing facility located in the state of Texas, the Hobson Processing Facility, which processes material from the Palangana Mine into drums of U₃O₈. The Hobson Processing Facility has a physical capacity to process uranium-loaded resins up to a total of two million pounds of U₃O₈ annually and is licensed to process up to a total of one million pounds of U₃O₈ annually. The Company holds certain mineral rights in various stages in the States of Arizona, Colorado, New Mexico, Texas and Wyoming and in the Republic of Paraguay.

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Disclosures:

ROTH makes a market in shares of Uranium Energy Corp. and as such, buys and sells from customers on a principal basis.

Shares of Uranium Energy Corp. may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services** shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 02/07/19	
			Count	Percent
Buy [B]	264	76.74	143	54.17
Neutral [N]	49	14.24	29	59.18
Sell [S]	2	0.58	1	50.00
Under Review [UR]	29	8.43	13	44.83

Ratings System Definitions - ROTH employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH does not publish research or have an opinion about this security.

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