

# Uranium Energy Corp.

(UEC-US: US\$1.27)

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**BUY**

Target: US\$3.20 (from US\$2.30)

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## Consolidated Reno Creek Uranium Resource Estimate Hints of New Flagship for Development

UEC-US	New	Last		
Rating	--	Buy		
Target (US\$)	\$ 3.20 ▲	2.30		
Projected Return	152% ▲	45%		
Target/NAV multiple	--	1.0x		
Corporate DCF	\$ 3.11 ▲	2.18		
Cash & Investments	\$ 0.04 ▼	0.17		
Debt	(0.11) ▼	(0.12)		
Exploration & Unmodelled Resources	\$ 0.46 ▲	0.09		
Total NAV (US\$)	\$ 3.50 ▲	2.37		
P/NAV	0.36x ▼	0.60x		
Company Data				
Last Price		US\$ 1.27		
52-week Range	US\$ 1.12 -	US\$ 1.89		
Market Cap (\$MM)		US\$ 231		
Enterprise Value (\$MM)		US\$ 240		
Shares Outstanding - Basic (MM)		177.5		
Shares Outstanding - FD (MM)		211.4		
Avg Volume - 100d (000 shares/day)		1,109.7		
Cash (\$MM)		US\$ 9.55		
Debt (\$MM)		US\$ 19		
Working Capital (\$MM)		US\$ 25.00		
Forecast	2016A	2017A	2018A	LT
Spot (US\$/lb)	33.2	23.2	29.0	60.0
Term (US\$/lb)	43.8	32.0	34.0	60.0
Realized Prices (US\$/lb)	0.0	0.0	0.0	
Revenue (\$MM)	0	0	0	
EPS	(\$0.17)	(\$0.14)	(\$0.11)	
EBITDA (\$MM)	(14)	(15)	(15)	
OP CF (\$MM)	(13)	(10)	(13)	
CF/share	(\$0.12)	(\$0.08)	(\$0.07)	
Capex (\$MM)	4	4	1	
FCF (\$MM)	(13)	(10)	(13)	

All Figures in US\$ Unless Otherwise Noted

Source: FactSet, Company Reports, Eight Capital

### UEC-US: Price/Volume Chart



Source: Factset

### Company Description

Uranium Energy is a uranium mining company focused on developing ISR amenable projects in South TX and WY. It has an extensive pipeline of U3O8 projects in CO, NM, WY, AZ, TX and Paraguay; and a large, high grade world-class ferro-titanium project located in Paraguay.

We recommend Uranium Energy as a BUY and increase our target price to US\$3.20/sh from US\$2.30/sh based on a 10% DCF model and 0.9x multiple. Recent changes include incorporation of updated Reno Creek resources and hypothetical mine plan; delayed production and reduced cost estimates for Burke Hollow and La Palangana; updated valuation for Uranium Royalty (\$0.08/sh) and Alto Parana Ti project (\$0.30/sh); while rolling our DCF model forward by one year; and reducing our DCF multiple to 0.9x from 1.0x.

A new consolidated compliant resource estimate was announced for the now enlarged, fully permitted Reno Creek (RC) ISR project in WY. Five deposits total 26 MM lbs M&I and help rank RC as the largest permitted, pre-construction uranium projects in the US. The Powder River Basin is one of the most prolific mining areas with five other ISR mining operations in close proximity. Historical work suggests high potential upside remains along 12 miles of partially defined mineralized trends. Today's resource estimate is positive news and should help both de-risk and reprioritize RC. We might not see much activity until a stronger uranium market materialized, but being un-hedged and highly leveraged to rising prices is one of UEC's main attractions.

**New resource in line with previous estimates.** This includes 32 MM tons at 0.04% U3O8 for 26 MM lbs M&I, and 1.92 MM tons at 0.039% for 1.49 MM lbs inferred. Five deposits include North Reno Creek (11.68 MM lbs), SW Reno Creek (7.03 MM lbs), Moore (4.12 MM lbs), Bing (0.67 MM lbs) and Pine Tree (2.51 MM lbs). They range in grade from 0.33% to 0.53% U3O8. Good porosity and permeability make grades less of an issue by boosting recovery potential.

**Elimination of property boundaries.** This is the first time resources have been combined. It is comprised of 23 MM lbs Reno Creek project acquired from a venture capital group; supplemented by the 5.4 MM lbs North Reno Creek purchased from an ISR peer. The combination removes duplication of services and more importantly allows in situ recovery to properly access mineralization.

**PFS scheduled for completion in 2019,** the first economic study to cover the entire deposit. We forecast 20.2 MM lbs of U3O8 production over 11 years, \$65 MM initial Capex and cash costs of \$22.62/lb. We assume production of up to 2 MM lbs pa of production might be possible given existing permits.

**Quietly building massive project pipeline.** Reno Creek may suddenly become a flagship asset, despite UEC's deep South Texas roots which includes multiple permitted mines and two ISR plants. Reno Creek and Burke Hollow lay close together with respect to value (\$175 MM and \$187 MM respectively); while BH may be smaller, it is within close range of the existing Hobson ISR plant.

**Alta Parana valuation added.** Lost in a deep portfolio of U3O8 projects is a 100%-owned world class titanium project. One of the largest, highest grade, most consistent and continuous ferro-titanium deposits in the world, it hosts an estimated 13.95% ilmenite grading 7.41% TiO2 and 23.6% Fe2O3 for 4.94 Bt TiO2. In typical UEC fashion, it was acquired for a song (\$2 MM) in 2016. Pilot testing and production of high grade chloride concentrate and chlorite slag have already been demonstrated. Chloride ilmenite prices are ~\$180/t. Applying a rule-of-thumb 5% of current price for in situ value, we estimate between \$54 MM and 72 MM valuation, worth \$0.30/sh.

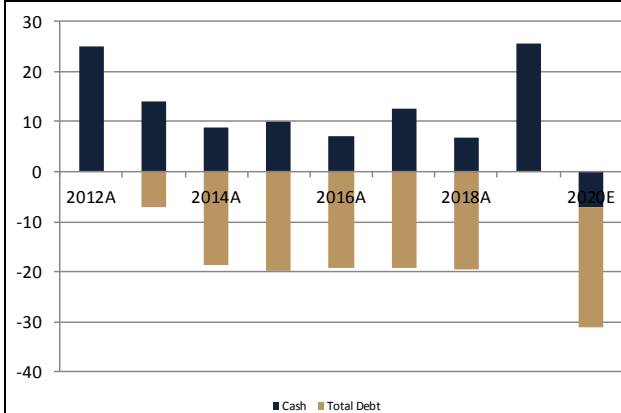
**Uranium Energy Corp.**

**Net Asset Valuation at Eight Capital Price Deck (US\$)**

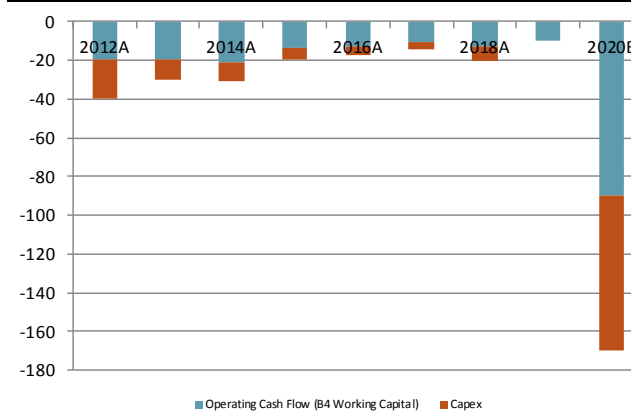
	Target Setting NAV			NAV at Various Discount Rates					
	Discount Rate	(\$MM)	(\$/Share)	0%		5%		15%	
				(\$MM)	(\$/Share)	(\$MM)	(\$/Share)	(\$MM)	(\$/Share)
<b>Uranium Assets</b>									
Palangana (100%)	10%	30	0.19	60	0.38	42	0.27	22	0.14
Goliad (100%)	10%	75	0.48	125	0.80	96	0.61	60	0.38
Burke Hollow (100%)	10%	187	1.19	341	2.17	250	1.59	144	0.91
Anderson (100%)	10%	55	0.35	185	1.18	93	0.59	33	0.21
Reno Creek (100%)	10%	175	1.11	378	2.41	254	1.62	153	0.97
Yuty (100%)	10%	56	0.36	126	0.80	84	0.53	37	0.24
<b>Total Uranium Assets</b>		<b>578</b>	<b>3.68</b>	<b>1,215</b>	<b>7.74</b>	<b>818</b>	<b>5.21</b>	<b>448</b>	<b>2.85</b>
<b>Other Assets &amp; Expenses</b>									
Cash		6	0.04	6	0.04	6	0.04	6	0.04
Debt		(17)	(0.11)	(17)	(0.11)	(17)	(0.11)	(17)	(0.11)
Resources/Other Investments		72	0.46	72	0.46	72	0.46	72	0.46
Exploration, G&A, Other	10%	(89)	(0.57)	(252)	(1.60)	(397)	(2.53)	(84)	(0.54)
<b>Net Other Assets</b>		<b>(29)</b>	<b>(0.18)</b>	<b>(191)</b>	<b>(1.22)</b>	<b>(336)</b>	<b>(2.14)</b>	<b>(24)</b>	<b>(0.15)</b>
<b>Net Asset Value</b>		<b>549</b>	<b>3.50</b>	<b>1,024</b>	<b>6.52</b>	<b>482</b>	<b>3.07</b>	<b>424</b>	<b>2.70</b>
Share Price			1.27		1.27		1.27		1.27
P/NAV			0.36x		0.19x		0.41x		0.47x

**Financial Forecasts at Eight Capital Price Deck (MM US\$)**

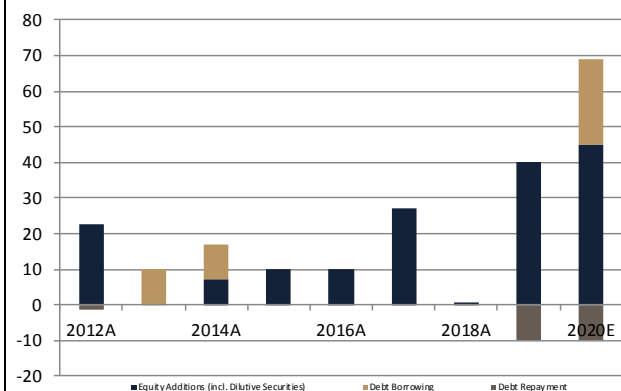
**Cash and Debt**



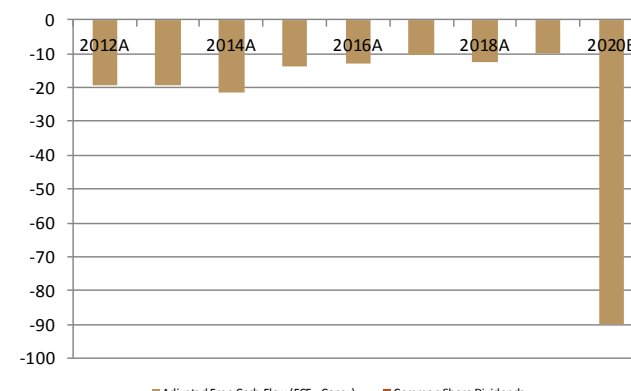
**Operating Cash Flow and Capital Spending**



**Changes in Debt and Equity**



**Free Cash Flow and Common Share Dividends**



Uranium Energy Corp. (UEC-US)					
<b>Rating</b>	<b>BUY</b>	<b>US\$ Target</b>	<b>\$3.20</b>	<b>Shares O/S (MM)</b>	<b>177.5</b>
		<b>US\$ Close</b>	<b>\$1.27</b>	<b>Fully Diluted Shares (MM)</b>	<b>211.4</b>
David A. Talbot, Director, Mining Research		<b>12-month return</b>	<b>152%</b>	<b>Basic Mkt. Capitalization (\$MM)</b>	<b>US\$ 230.75</b>
<a href="mailto:dtalbot@viiicapital.com">dtalbot@viiicapital.com</a>				<b>Enterprise Value (\$MM)</b>	<b>US\$ 240.12</b>

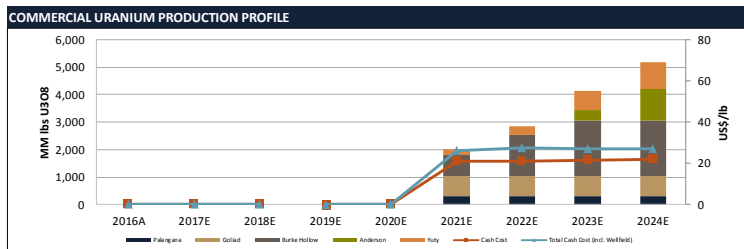
PRODUCTION ESTIMATES (000 lbs)					
Year-end July	2016A	2017A	2018A	2019E	2020E
Palangana	0	0	0	0	0
Goliad	0	0	0	0	0
Burke Hollow	0	0	0	0	0
Anderson	0	0	0	0	0
Yuty	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

TOTAL CASH COST ESTIMATES (excl. non-cash, incl. wellfield expenditures) (US\$/lb)					
Year-end July	2016A	2017A	2018A	2019E	2020E
Palangana	0.0	0.0	0.0	0.0	0.0
Goliad	0.0	0.0	0.0	0.0	0.0
Burke Hollow	0.0	0.0	0.0	0.0	0.0
Anderson	0.0	0.0	0.0	0.0	0.0
Yuty	0.0	0.0	0.0	0.0	0.0
<b>Wt. Avg. Total Cash Costs</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

URANIUM RESERVES & RESOURCES					
	Ownership	Tonnes MM t	Grade % U3O8	Cont U3O8 (MM lbs) 100% Basis	UEC Share
<b>Proven and Probable Reserves</b>					
*The company has no current Mineral Reserves					
<b>Total Reserves</b>		<b>0.0</b>	<b>0%</b>	<b>0.0</b>	<b>0.0</b>
<b>Measured and Indicated Resources</b>					
Reno Creek/RC North	100%	29.03	0.04%	26.00	26.00
Palangana	100%	0.39	0.14%	1.06	1.06
Burke Hollow	100%	-	-	-	-
Goliad	100%	3.79	0.05%	5.48	5.48
Anderson	100%	26.85	0.03%	17.0	17.0
Yuty	100%	7.84	0.05%	8.91	8.91
<b>Total Measured and Indicated Resources</b>		<b>68</b>	<b>0.04%</b>	<b>58.4</b>	<b>58.4</b>
<b>Inferred Resources</b>					
Reno Creek/RC North	100%	1.74	0.04%	1.49	1.49
Palangana	100%	0.33	0.18%	1.15	1.15
Goliad	100%	1.55	0.05%	1.50	1.50
Anderson	100%	14.30	0.04%	12.0	12.0
Yuty	100%	2.14	0.05%	2.23	2.23
Nichols	100%	0.90	0.07%	1.31	1.31
Segar Salvo	100%	1.10	0.09%	2.84	2.84
Burke Hollow	100%	4.06	0.09%	7.09	7.09
Slick Rock	100%	2.50	0.23%	11.60	11.60
Workman Creek	100%	3.22	0.09%	5.54	5.54
<b>Total Inferred Resources</b>		<b>32</b>	<b>0.07%</b>	<b>46.8</b>	<b>46.8</b>
<b>TOTAL RESOURCES</b>		<b>100</b>	<b>0.05%</b>	<b>105.2</b>	<b>105.2</b>
<b>Current Per Pound Metrics</b>					
EV/lb (US\$)	UEC	1.21	Producer Peers	164%	Prem./Disc.
Mkt Cap/lb (US\$)	UEC	4.68	Producer Peers	(53%)	

NET ASSET VALUE (US\$) - 10%			
	NAV (\$ MM)	/Share	% NAV
Palangana (100%)	30.1	0.19	5%
Goliad (100%)	75.0	0.48	14%
Burke Hollow (100%)	187.2	1.19	34%
Anderson (100%)	55.1	0.35	10%
Yuty (100%)	56.0	0.36	10%
Reno Creek (100%)	174.5	1.11	32%
Resources/Other Investments	71.6	0.46	13%
Exploration, G&A, and Other	(89.3)	(0.57)	-16%
<b>Balance Sheet Items:</b>			
Cash & Investments	6.0	0.04	1%
Debt	(17.0)	(0.11)	-3%
<b>Total</b>	<b>549</b>	<b>3.50</b>	<b>100%</b>
<b>Eight Capital DCF Target Multiple</b>		<b>0.90x</b>	
<b>Share Price Target</b>	<b>US\$</b>	<b>3.20</b>	

Long Term Uranium Price Assumption (US\$/lb)					
Target (US/share)	30	40	50	60	70
0% Discount	-0.09	2.13	4.12	6.00	7.87
5% Discount	0.07	1.12	2.02	2.85	3.67
10% Discount	0.11	1.25	2.28	3.26	4.23
15% Discount	0.15	1.01	1.79	2.53	3.27



BALANCE SHEET (US\$ MM)			
Year-end July	2017A	2018A	Q1/19
<b>Assets:</b>			
Cash & ST Investments	12.57	6.93	9.55
Other Current Assets	11.02	1.42	16.90
<b>Current Assets</b>	<b>23.59</b>	<b>8.34</b>	<b>26.45</b>
Mineral Properties	47.43	80.01	71.17
Other non-current Assets	1.16	1.26	10.43
<b>Total Assets</b>	<b>72.18</b>	<b>89.61</b>	<b>108.05</b>
<b>Liabilities:</b>			
Current Liabilities	2.45	12.32	1.45
Long-term Debt	19.25	9.53	4.84
Other non-current Liabilities	4.34	4.59	19.65
<b>Total Liabilities</b>	<b>26.04</b>	<b>26.44</b>	<b>25.94</b>
Capital Stock	273.48	308.22	330.60
Retained Earnings	(227.34)	(245.05)	(248.50)
<b>Total Shareholder Equity</b>	<b>46.14</b>	<b>63.18</b>	<b>82.10</b>

INCOME STATEMENT (US\$ MM)				
Year-end July	2015A	2016A	2017A	2018A
Total Revenue:	3.3	0.0	0.1	0.2
% Uranium	100%	0%	0%	0%
% Other	0%	100%	100%	100%
Operating Costs	2.4	0.0	0.0	0.0
G&A	13.2	9.3	10.2	11.4
Exploration	0.0	0.0	0.0	0.0
Depreciation	1.9	0.9	0.5	0.4
Other	5.9	4.2	4.5	4.0
<b>EBITDA</b>	<b>(18.3)</b>	<b>(13.5)</b>	<b>(14.6)</b>	<b>(15.2)</b>
<b>EBIT</b>	<b>(20.1)</b>	<b>(14.4)</b>	<b>(15.1)</b>	<b>(15.6)</b>
Interest Expense	(3.1)	(3.0)	(2.9)	(3.0)

EBT				
	(23.2)	(17.4)	(18.0)	(18.5)
Taxes	0.0	0.0	0.0	0.7
Equity Earnings	0.0	0.0	0.0	0.0
Other	0.00	-0.04	0.00	0.00
<b>Net Income (Reported)</b>	<b>(23.2)</b>	<b>(17.4)</b>	<b>(18.0)</b>	<b>(17.8)</b>
<b>Net Income (Adjusted)</b>	<b>(23.2)</b>	<b>(17.4)</b>	<b>(18.0)</b>	<b>(17.8)</b>
<b>EPS (Reported) \$/sh</b>	<b>(0.25)</b>	<b>(0.17)</b>	<b>(0.14)</b>	<b>(0.11)</b>
<b>EPS (Adjusted) \$/sh</b>	<b>(0.25)</b>	<b>(0.17)</b>	<b>(0.14)</b>	<b>(0.11)</b>
Average Shares (MM)	91.9	103.5	128.2	157.1

CASH FLOW STATEMENT (US\$ MM)				
Year-end July	2015A	2016A	2017A	2018A
Net Income (Reported)	(23.2)	(17.4)	(18.0)	(17.8)
Depreciation	(1.9)	(0.9)	(0.5)	(0.4)
Working Capital Changes	1.6	(0.8)	0.2	(0.8)
Other	9.7	6.0	7.8	6.4
<b>Operating Cash Flow</b>	<b>(13.8)</b>	<b>(13.1)</b>	<b>(10.4)</b>	<b>(12.5)</b>
<b>Operating Cash Flow/sh (\$/sh)</b>	<b>(0.17)</b>	<b>(0.12)</b>	<b>(0.08)</b>	<b>(0.07)</b>
Capital Expenditures	5.7	4.1	4.1	1.0
Acquisitions	0.0	0.0	0.0	0.0
Other	(1.8)	(4.1)	(15.1)	5.3
<b>Investing Cash Flow</b>	<b>3.9</b>	<b>(0.0)</b>	<b>(11.0)</b>	<b>6.3</b>
Common Share Dividends	0.0	0.0	0.0	0.0
Equity financing	10.0	10.2	26.9	0.6
Debt Issue	0.0	0.0	0.0	0.0
Debt Repayment	0.0	0.0	0.0	0.0
Other	(0.3)	(0.0)	0.0	0.0
<b>Financing Cash Flow</b>	<b>9.7</b>	<b>10.2</b>	<b>26.9</b>	<b>0.6</b>
<b>Net Change in Cash</b>	<b>(0.2)</b>	<b>(2.9)</b>	<b>5.4</b>	<b>(5.6)</b>
<b>Cash Balance</b>	<b>8.6</b>	<b>5.7</b>	<b>12.6</b>	<b>6.9</b>
<b>Free Cash Flow</b>	<b>(13.8)</b>	<b>(13.1)</b>	<b>(10.4)</b>	<b>(12.5)</b>

VALUATION DATA				
Year-end July	2015A	2016A	2017A	2018A
P/E	--	--	--	--
P/CF	--	--	--	--
EV/EBITDA	--	--	--	--
FCF Yield	--	--	--	--

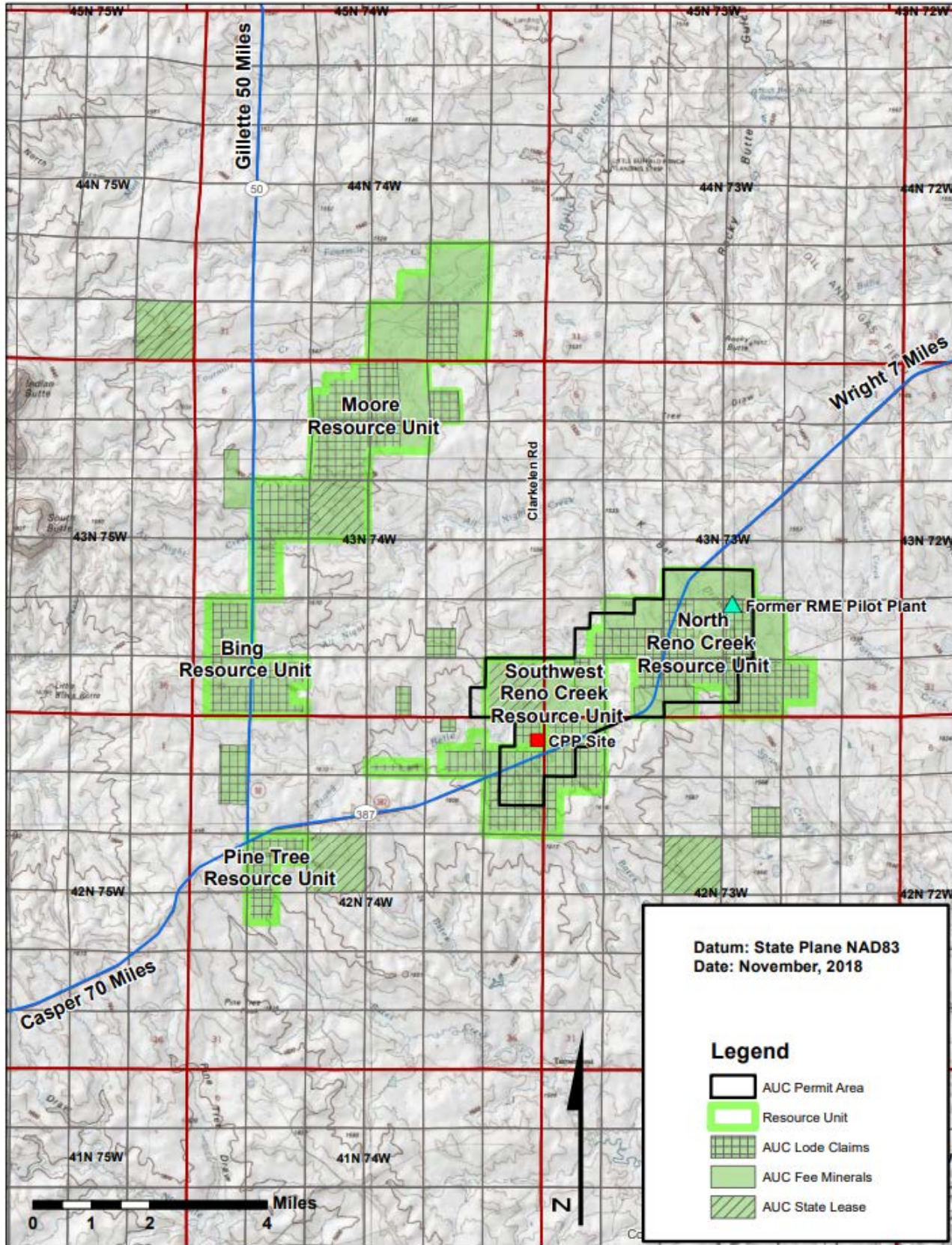
INPUT PRICES				
Year-end July	2015A	2016A	2017A	2018A
Eight Capital Spot Uranium (US\$/lb)	35.2	33.2	23.2	29.0
Uranium Realized Price (US\$/lb)	38.1	0.0	0.0	0.0
Exchange (US\$/CS)	0.84	0.75	0.75	0.80

**Table 1: Summary of M&I resource estimate for the Reno Creek ISR Project.**

<b>Reno Creek ISR Project</b>				
<b>Summary of Measured and Indicated Mineral Resources – In-place<sup>1</sup></b>				
<b>Unit</b>	<b>Tons<sup>2</sup> (millions)</b>	<b>Weighted Average Thickness (feet)</b>	<b>Weighted Average Grade (%U<sub>3</sub>O<sub>8</sub>)</b>	<b>Pounds U<sub>3</sub>O<sub>8</sub><sup>2</sup> (millions)</b>
<b>North Reno Creek<sup>3</sup></b>				
Measured	7.12	14.3	0.041	5.92
Indicated	8.05	11.7	0.036	5.76
<b>Total</b>	<b>15.2</b>	<b>13.0</b>	<b>0.039</b>	<b>11.68</b>
<b>Southwest Reno Creek</b>				
Measured	4.68	12.9	0.043	3.94
Indicated	4.08	10.4	0.038	3.08
<b>Total</b>	<b>8.77</b>	<b>11.6</b>	<b>0.040</b>	<b>7.03</b>
<b>Moore</b>				
Measured	2.32	10.3	0.048	2.20
Indicated	2.31	9.0	0.042	1.92
<b>Total</b>	<b>4.63</b>	<b>9.6</b>	<b>0.044</b>	<b>4.12</b>
<b>Bing</b>				
Measured	0.30	14.6	0.038	0.23
Indicated	0.71	12.4	0.032	0.45
<b>Total</b>	<b>1.02</b>	<b>13.0</b>	<b>0.033</b>	<b>0.67</b>
<b>Pine Tree</b>				
Measured	0.57	14.0	0.056	0.63
Indicated	1.83	12.2	0.051	1.87
<b>Total</b>	<b>2.40</b>	<b>12.6</b>	<b>0.053</b>	<b>2.51</b>
<b>Reno Creek Project</b>				
Measured	14.99	13.2	0.043	12.92
Indicated	16.98	11.1	0.039	13.07
<b>M + I Total</b>	<b>32.0</b>	<b>12.1</b>	<b>0.041</b>	<b>26.0</b>
<sup>1</sup> Cutoff ≥ 0.20 GT (grade × thickness per intercept)				
<sup>2</sup> Columns may not add due to rounding				
<sup>3</sup> Includes North Reno Creek acquisition				

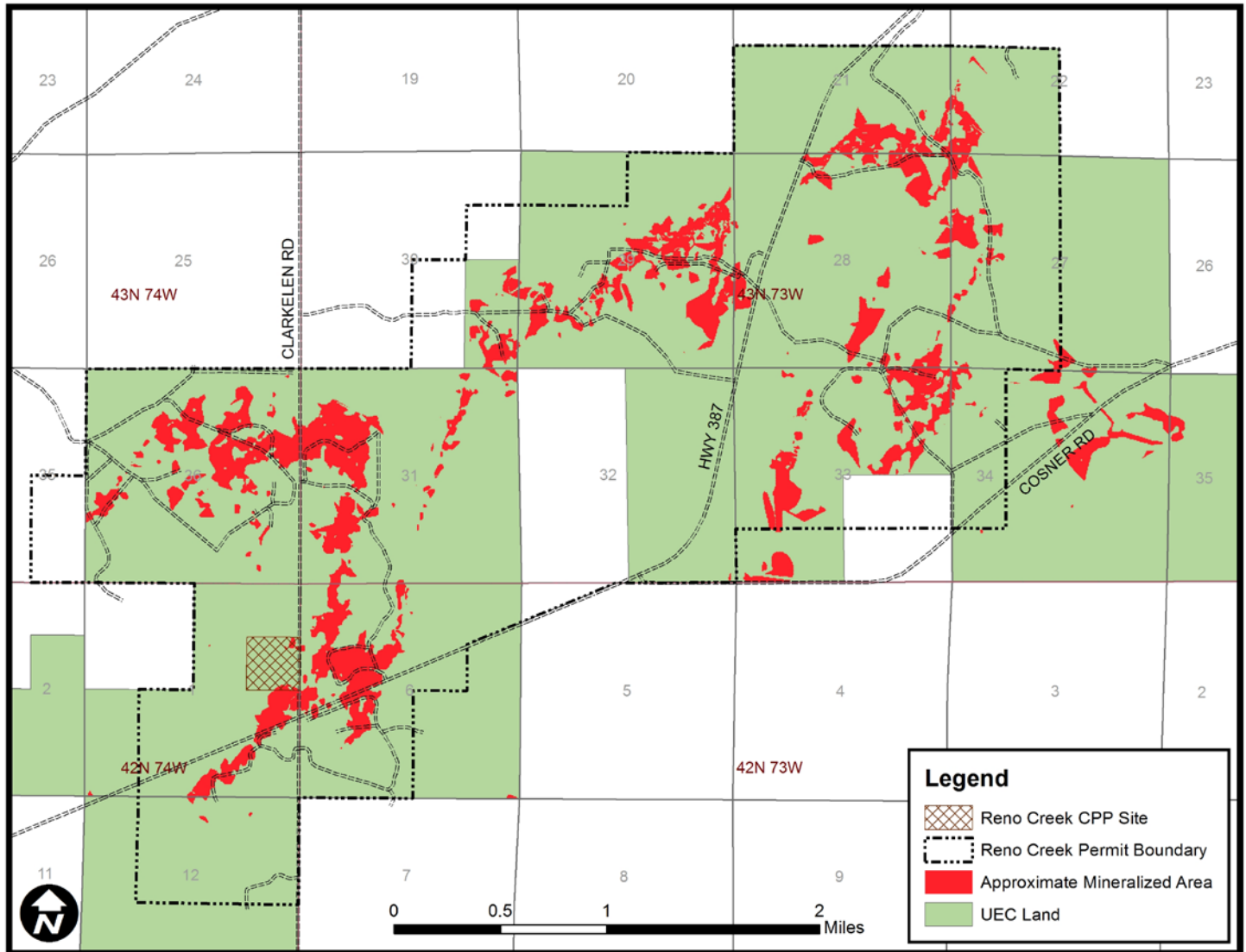
Source: Company Reports

Table 2: Location of the Reno Creek ISR Project in the Power River Basin of Wyoming.



Source: Company Reports

**Table 3: Permit area of the Reno Creek ISR project.**



Source: Company Reports

## Disclosures and Disclaimers

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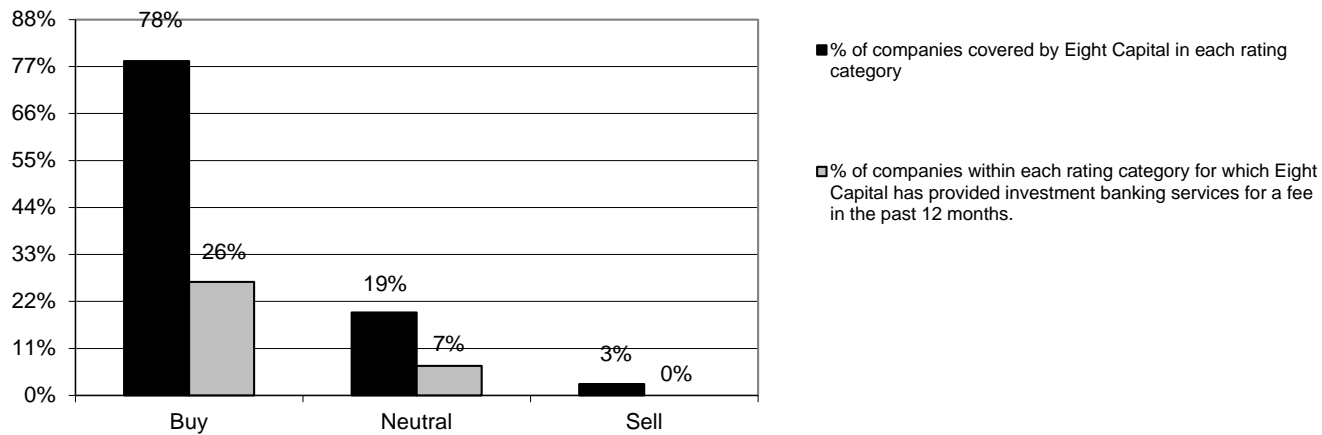
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