

**September 16, 2020**
**Uranium Energy Corp. (UEC)**  
**Rating: Buy**

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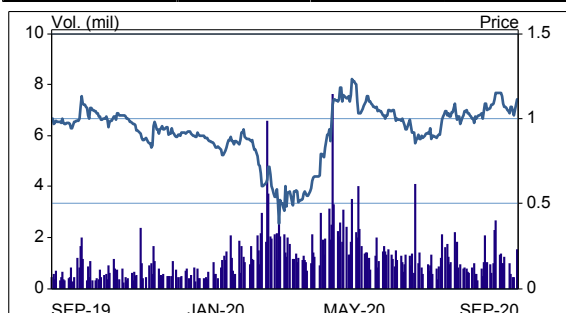
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**Deal to Reduce Russian Uranium Imports Over the Longer-Term; Domestic Uranium Industry Likely to Benefit; Reiterate Buy**

Stock Data		09/15/2020	
Price		\$1.10	
Exchange		NYSE American	
Price Target		\$3.50	
52-Week High		\$1.26	
52-Week Low		\$0.35	
Enterprise Value (M)		\$215	
Market Cap (M)		\$203	
Public Market Float (M)		136.4	
Shares Outstanding (M)		184.2	
3 Month Avg Volume		1,100,054	
Short Interest (M)		18.87	
Balance Sheet Metrics			
Cash (M)		\$7.4	
Total Debt (M)		\$19.4	
Total Cash/Share		\$0.04	
EPS Diluted			
Full Year - Jul	2019A	2020E	2021E
FY	(0.10)	(0.08)	(0.13)
Revenue (\$M)			
Full Year - Jul	2019A	2020E	2021E
FY	0.0	0.0	13.5



**Deal to reduce Russian uranium imports by 75% over the longer-term.** On September 14, 2020, Uranium Energy Corp. (UEC) announced that the U.S. Department of Commerce (DOC) has signed a draft amendment with the Russian state atomic energy company, Rosatom, to reduce America's dependence on Russian uranium concentrates by up to 75%. We note that the amendment was related to an "Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation (RSA)," which was set to expire at the end of FY20, and could have allowed for unlimited Russian uranium imports. In short, this agreement currently allows Russia to fulfill roughly 20% of the U.S.'s low enriched uranium requirements. However, this total is expected to be reduced to 17% through 2040, with a cap of 15% starting in 2027. We note that the U.S. consumes approximately 47.0M pounds of  $U_3O_8$  per year, and this amendment thereby reduces the Russian commitment from 9.4M pounds of  $U_3O_8$  to less than 2.4M pounds, for a total reduction of about 75%.

**Incremental steps to improve longer-term health of the domestic uranium industry.** These steps are expected to support the longer-term health of the domestic uranium industry, primarily by reducing the dependence on Russian supplied uranium, which should ultimately benefit UEC. However, there is limited near-term relief as the agreement allows for grandfathering of existing contracts with Russia, while imports are anticipated to rise over the next three years, before experiencing a reduction in the mid-FY20's as a result of the reduced quotas. While this development provides a longer term tailwind, these factors also emphasize the importance of the recently proposed \$1.5B Uranium Reserve for domestically produced uranium. We note that the DOC plans to release a draft amendment for public comment by September 28, 2020, in hopes of finalizing the amendment by October 5, 2020, at which point the amendment would be binding.

**We reiterate our Buy rating on UEC shares and our PT of \$3.50 per share.** Our valuation remains based on a DCF of future operations for the firm, while utilizing an unchanged 8% discount rate. We then add an in-situ value of \$35.0M for UEC's Reno Creek assets, \$41.5M for Alto Parana's resources, and \$40.0M for Paraguay and UEC's other exploration stage assets. In short, these figures remain inline with similar projects throughout our coverage universe to which we assign equal geopolitical risk factors. We maintain our expectation for higher uranium prices in the longer-term, which could be quite pronounced given current global developments. These developments include the aforementioned amendment to the RSA and proposed Uranium Reserve. Going forward, we believe uranium price increases could warrant several favorable production decisions across UEC's asset base, which are predominately located within the U.S.

**Risks.** (1) Uranium price risk; (2) operating and technical risk; (3) political risk; and (4) financial risk.

## Uranium Energy Corp.

All figures in USD\$ unless otherwise noted

			2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Uranium price per lb			\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50	\$ 50
Palangana Production	( '000s pounds)		-	300	500	340	200	50	-	-	-	-	-
Total Revenue ( '000s)			\$ -	\$ 15,000	\$ 25,000	\$ 17,000	\$ 10,000	\$ 2,500	\$ -	\$ -	\$ -	\$ -	\$ -
Goliad Production	( '000s pounds)		-	-	450	600	600	600	600	600	600	600	600
Total Revenue ( '000s)			\$ -	\$ -	\$ 22,500	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Burke Hollow Production	( '000s pounds)		-	-	-	450	1,200	1,550	1,550	1,550	1,550	1,550	1,550
Total Revenue ( '000s)			\$ -	\$ -	\$ -	\$ 22,500	\$ 60,000	\$ 77,500	\$ 77,500	\$ 77,500	\$ 77,500	\$ 77,500	\$ 77,500
Gross Revenue			\$ -	\$ 15,000	\$ 47,500	\$ 69,500	\$ 100,000	\$ 110,000	\$ 107,500	\$ 107,500	\$ 107,500	\$ 107,500	\$ 107,500
10% Royalty Palangana ( '000s)			\$ -	\$ 1,500	\$ 2,500	\$ 1,700	\$ 1,000	\$ 250	\$ -	\$ -	\$ -	\$ -	\$ -
8.25% Royalty Goliad ( '000s)			\$ -	\$ -	\$ 1,856	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475	\$ 2,475
Net Sales ( '000s)			\$ -	\$ 13,500	\$ 43,144	\$ 65,325	\$ 96,525	\$ 107,275	\$ 105,025	\$ 105,025	\$ 105,025	\$ 105,025	\$ 105,025
Total Operating Costs ( '000s)			\$ 2,050	\$ 7,700	\$ 17,200	\$ 24,240	\$ 34,600	\$ 37,200	\$ 36,400	\$ 36,400	\$ 36,400	\$ 36,400	\$ 36,400
Exploration ( '000s)			\$ 4,500	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Corporate Costs ( '000s)			\$ 9,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000
Operating Income ( '000s)			\$ (15,550)	\$ (6,200)	\$ 13,944	\$ 29,085	\$ 49,925	\$ 58,075	\$ 56,625	\$ 56,625	\$ 56,625	\$ 56,625	\$ 56,625
Depreciation ( '000s)			\$ 350	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
EBITDA ( '000s)			\$ (15,200)	\$ (1,200)	\$ 18,944	\$ 34,085	\$ 54,925	\$ 63,075	\$ 61,625	\$ 61,625	\$ 61,625	\$ 61,625	\$ 61,625
Taxes ( '000s)			\$ (4,515)	\$ (2,870)	\$ 4,180	\$ 9,130	\$ 16,074	\$ 18,576	\$ 18,069	\$ 18,069	\$ 18,069	\$ 18,069	\$ 18,069
CapEx ( '000s)			\$ (1,000)	\$ (1,000)	\$ (13,500)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
Total Free Cash Flow			\$ (16,200)	\$ (2,200)	\$ 5,444	\$ 33,085	\$ 53,925	\$ 62,075	\$ 60,625	\$ 60,625	\$ 60,625	\$ 60,625	\$ 60,625
Cash Flow Discount Rate	8%												
PV of Cash Flows ( '000s)			\$ (16,200)	\$ (2,037)	\$ 4,667	\$ 26,264	\$ 39,636	\$ 42,247	\$ 38,204	\$ 35,374	\$ 32,754	\$ 30,328	\$ 28,081
NPV	\$ 259,318	\$ 1.41 per share											
Plus Non-Texas Projects	\$ 274,680	\$ 1.49 per share											
Plus Paraguay Assets	\$ 40,000	\$ 0.22 per share											
Plus Cash	\$ 7,407	\$ 0.04 per share											
Plus Reno Creek/North Reno Creek	\$ 35,000	\$ 0.19 per share											
Plus Alto Parana Resources	\$ 41,500	\$ 0.23 per share											
Minus Debt	(19,444)	(0.11) per share											
Total Current Value	\$ 638,461												
Common Shares Outstanding	184,188	as of 6/8/20											
Project NAV Per Share	\$ 3.47												
NPV/Share (Rounded to \$0.10/share)	\$ 3.50												
UEC Stock Price	\$ 1.10	as of 9/15/20											
Source: HC Wainright & Co. estimates.													

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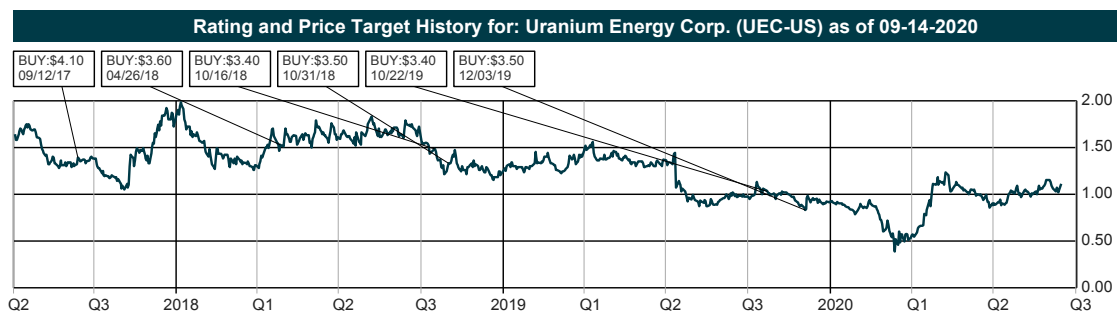
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Distribution of Ratings Table as of September 14, 2020				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	415	90.61%	155	37.35%
Neutral	40	8.73%	7	17.50%
Sell	0	0.00%	0	0.00%
Under Review	3	0.66%	3	100.00%

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