

Uranium Energy Corp. (UEC)
Rating: Buy

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**Completion of Exploration to Advance PEA at Alto Parana
 Titanium Oxide Project; Continued Uranium Focus; Reiterate Buy**

Stock Data		05/14/2020		
Price		\$1.03		
Exchange		NYSE American		
Price Target		\$3.50		
52-Week High		\$1.48		
52-Week Low		\$0.35		
Enterprise Value (M)		\$198		
Market Cap (M)		\$189		
Public Market Float (M)		136.4		
Shares Outstanding (M)		183.9		
3 Month Avg Volume		2,021,914		
Short Interest (M)		20.40		
Balance Sheet Metrics				
Cash (M)		\$10.3		
Total Debt (M)		\$19.0		
Total Cash/Share		\$0.06		
EPS Diluted				
Full Year - Jul	2019A	2020E	2021E	
FY	(0.10)	(0.09)	(0.13)	
Revenue (\$M)				
Full Year - Jul	2019A	2020E	2021E	
FY	0.0	0.0	13.5	


Completion of exploration campaign at Alto Parana for new PEA.

On May 15, 2020, Uranium Energy Corp. (UEC) announced the completion of a 49-hole drilling and sampling campaign at its Alto Parana titanium oxide project in Paraguay. This work, done prior to measures taken by the company to respond to the ongoing COVID-19 pandemic, is the first step in advancing a Preliminary Economic Assessment (PEA) for the asset. We highlight that the drilling targeted the initial mining zone over a 400x400 meter (m) area, with test holes reaching a depth of 10 m. We ultimately expect this work to yield a new mineral resource estimate once the nearly 500 samples can be sent to Canada and Peru.

World-class ferro-titanium deposit with robust resource. The Alto Parana project offers an NI 43-101 compliant resource of 4.94B tonnes of ore at an average titanium dioxide grade of 7.41%. This figure is atypically high relative to most beach sand-style deposits, and offers a unique depositional setting with near-surface mineralization. Alto Parana also remains proximal to strong infrastructure, including a major hydroelectric power source, which should be pivotal as the firm continues to advance its property. Prior operators of the property spent roughly \$25M on extensive process development work, which included the eventual production of 108 tonnes of concentrate over three months. This concentrate was later shipped for smelting and yielded incremental insight of the deposit, such as the energy requirements remaining within the calculated estimates. We ultimately believe that UEC's push towards a PEA at Alto Parana should provide substantial clarity into the extractive potential at site. This could, in turn, elicit some form of future developmental partnership.

Focus remains on low-cost uranium business. While the advancement of this tertiary asset is noteworthy, the firm remains focused on its low-cost, fully permitted in-situ recovery uranium projects in Texas and Wyoming. Alto Parana is the only non-uranium asset in UEC's vast portfolio of uranium projects, which includes two projects in Colorado that also contain vanadium ore.

Support for domestic uranium producers remains strong. Recent publication of the Nuclear Fuel Working Group's (NFWG) report highlighted support for the creation of a \$1.5B uranium reserve as a matter of national security. In short, this reserve would consist of the U.S. Government making annual purchases of \$150M in domestically produced uranium over a ten-year period. Additionally, purchases of roughly 17-19M pounds of uranium could commence as early as FY20. President Trump and the NFWG seem to both agree on protecting the domestic fuel cycle. We therefore expect UEC to directly benefit from any domestic uranium purchases as there is limited domestic production capacity that is fully permitted. Additional color regarding the NFWG report can be found in our April 24, 2020, note titled, *NFWG Report Highlights Various Recommendations; UEC Appears Ready to Support Uranium Reserve; Reiterate Buy.*

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We are reiterating our Buy recommendation on Uranium Energy shares and our price target of \$3.50 per share. Our valuation remains based on a DCF of future operations using an unchanged 8% discount rate. We then add an in-situ value of \$35M for UEC's Reno Creek assets, with an additional \$40M for Paraguay and UEC's other exploration stage assets. These figures remain in line with similar projects carrying equal geopolitical risks throughout our coverage universe. We look forward to the results of the exploration efforts at Alto Parana, which we expect to occur later this year, as global conditions regarding COVID-19 are likely to improve. We further believe that recent developments in the uranium market, such as the publication of the NFWG report, are likely to support uranium prices and ultimately production from UEC's vast resource base to take full advantage of the firm's permitted capacity of 4M pounds of uranium per year.

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	\$ 10,272	\$ 0.06	per share	as of 1/31/20							
Plus Reno Creek/North Reno Creek	\$ 35,000	\$ 0.19	per share								
Plus Alto Parana Resources	\$ 41,500	\$ 0.23	per share								
Minus Debt	(19,045)	(0.10)	per share	as of 1/31/20							
Total Current Value	\$ 641,725										
Common Shares Outstanding	183,910	as of 3/9/20									
Project NAV Per Share	\$ 3.49										
NPV/Share (Rounded to \$0.10/share)	\$ 3.50										
UEC Stock Price	\$ 1.04	as of 5/15/20									

Source: HC Wainwright & Co. estimates.

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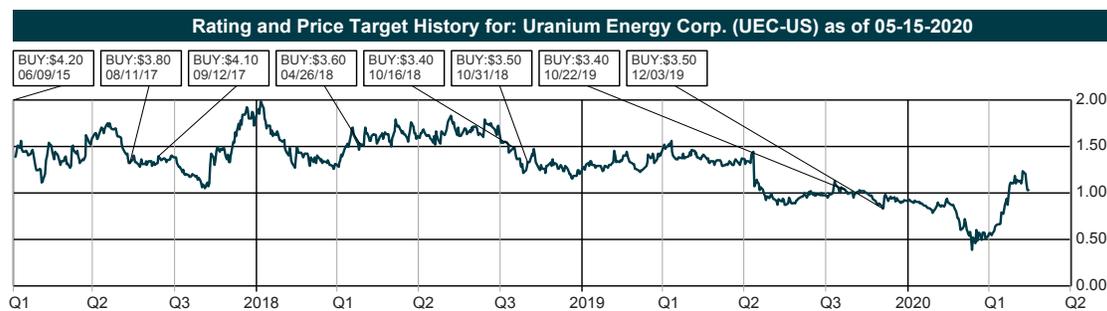
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Distribution of Ratings Table as of May 15, 2020

Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	387	90.85%	129	33.33%
Neutral	36	8.45%	7	19.44%
Sell	0	0.00%	0	0.00%
Under Review	3	0.70%	3	100.00%

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