

Uranium Energy Corp. (UEC)
Rating: Buy

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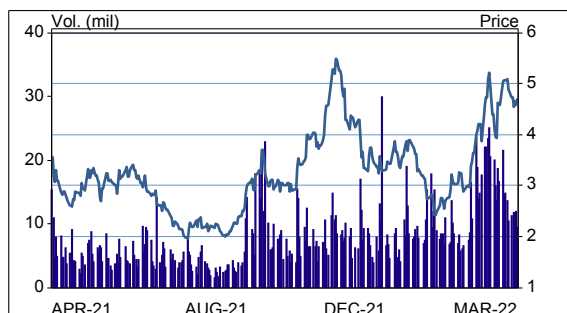
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**F2Q22 Results Display Meaningful Cash and Inventories;
Favorable Global Outlook For Uranium; Reiterate Buy; PT Higher**

Stock Data		04/01/2022
Price		\$4.68
Exchange	NYSE American	
Price Target		\$7.10
52-Week High		\$5.79
52-Week Low		\$1.89
Enterprise Value (M)		\$1,262
Market Cap (M)		\$1,325
Public Market Float (M)		136.4
Shares Outstanding (M)		283.0
3 Month Avg Volume		12,421,770
Short Interest (M)		35.05
Balance Sheet Metrics		
Cash (M)		\$62.9
Total Debt (M)		\$0.0
Total Cash/Share		\$0.22

Cash (M): Cash includes purchased inventory.

EPS (\$) Diluted			
Full Year - Jul	2021A	2022E	2023E
FY	(0.07)	(0.03)	0.03
Revenue (\$M)			
Full Year - Jul	2021A	2022E	2023E
FY	0.0	23.2	25.5

2022 Annual: Revenue assumed from uranium inventory sales



On March 17, Uranium Energy Corp. (UEC) announced the filing of its F2Q22 results. During the quarter, the company recorded \$13.2M in revenue from sales and services that yielded a net loss of \$5.5M, or (\$0.02) per share. This compares to no revenue in F2Q21 and a net loss of \$3.5M, or (\$0.02) per share. Notably, the YoY revenue growth was driven by the sale of 300,000 pounds (lbs) of uranium concentrate from inventories, in addition to \$44,925 generated from processing uranium resins in accordance with a tolling agreement. UEC recorded \$9.2M in cost of sales and services (nil in 2Q21), for a gross profit of \$3.9M. We stress that mineral property expenditures grew to \$2.1M in F2Q22 (\$1.0M in F2Q21). In total, when adding \$2.6M of acquisition-related expenses (nil in F2Q21), the company realized an operating loss of \$4.9M (+40% YoY), thereby driving the wider YoY net loss. Importantly, we consider UEC's current financial results to be largely irrelevant given the lack of recent production and instead focus on the growth prospects of the firm.

Substantial cash position and inventories. As of January 31, 2022, UEC maintained cash and cash equivalents of \$22.7M. While this figure, represented a 49% YoY decrease, the company maintained \$40.2M in inventories (+38% YoY) as of quarter-end, up from \$29.2M in 2Q21. Additionally, UEC received 200,000lbs of uranium concentrate inventories subsequent to the end of the quarter for a total purchase price of \$6.0M, adding to the company's previously discussed inventory levels. We stress that management also entered into agreements to purchase 700,000lbs of concentrate, for a total purchase price of \$35.6M, with delivery dates ranging from March 2022 to November 2024.

Long-term demand outlook remains positive. The global nuclear industry has seen the recent addition of 62 new reactors with an additional 57 reactors under construction as of January 2022. Additionally, we highlight that the 2021 edition of the World Energy Outlook projects installed nuclear capacity to increase about 26% from 2020 to 2050. In our view, utilities are already beginning to return to a longer-term contract cycle in order to replace expiring contracts. This is meaningful as various uranium companies continue to purchase inventory, which in turn continues to tighten the available uranium supply. Longer-term, these developments should continue to benefit spot pricing, while providing strong pricing leverage to entities such as UEC, who hold extensive inventories of uranium.

We are reiterating our Buy recommendation while slightly increasing our PT to \$7.10 from \$7.00. Our increased PT is a result of attributing a higher *in situ* value to the company's U1A project given recent improvements throughout the domestic uranium market. This change offset the negative effects of greater dilution on a per share basis. Our valuation for UEC remains based on a DCF of future operations for the company, utilizing our unchanged discount rate of 7.5%. Further, we add an *in situ* value of \$150.0M for UEC's Reno Creek assets, \$100.0M for Alto Parana's resources, and an additional \$75.0M for Paraguay and UEC's other exploration-stage assets. Notably, when valuing the U1A portfolio we now include a value for M&I resources of \$12/lb (prior: \$9/lb), as well as \$10/lb (prior: \$6/lb) for Inferred resources. In our view, these figures may ultimately actually prove to be conservative given recent market multiples. Our valuations remain inline with similar projects throughout our coverage universe to which we assign equal geopolitical risk factors.

Near-Term catalysts. Looking ahead, we expect UEC to continue building its uranium inventory through a variety of near- and long-term purchase agreements. As of March 16, 2022, the company maintains 3.3Mlbs of purchase agreements for a total purchase price of \$126.4M. Management currently remains confident in its existing cash position to abide by its near-term purchase agreements. In addition, we stress that UEC is also capable of selling from its inventory to meet these requirements. The company has already made all scheduled payments and complied with all covenants under its credit facility as of January 31, 2022, with \$10.0M being paid to its lender. In conclusion, we believe UEC maintains a significantly strengthened balance sheet amid ample liquidity, as the company continues to monitor the domestic uranium landscape in anticipation of a potential ramp-up in production.

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												
			2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Uranium price per lb			\$ 50	\$ 55	\$ 60	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65
Palangana Production ('000s pounds)			-	350	340	200	50	-	-	-	-	-
Total Revenue ('000s)			\$ -	\$ 19,250	\$ 20,400	\$ 13,000	\$ 3,250	\$ -	\$ -	\$ -	\$ -	\$ -
Goliad Production ('000s pounds)			-	150	600	600	600	600	600	600	600	600
Total Revenue ('000s)			\$ -	\$ 8,250	\$ 36,000	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000	\$ 39,000
Burke Hollow Production ('000s pounds)			-	-	450	1,200	1,550	1,550	1,550	1,550	1,550	1,550
Total Revenue ('000s)			\$ -	\$ -	\$ 27,000	\$ 78,000	\$ 100,750	\$ 100,750	\$ 100,750	\$ 100,750	\$ 100,750	\$ 100,750
Gross Revenue			\$ -	\$ 27,500	\$ 83,400	\$ 130,000	\$ 143,000	\$ 139,750	\$ 139,750	\$ 139,750	\$ 139,750	\$ 139,750
10% Royalty Palangana ('000s)			\$ -	\$ 1,350	\$ 2,040	\$ 1,300	\$ 325	\$ -	\$ -	\$ -	\$ -	\$ -
8.25% Royalty Goliad ('000s)			\$ -	\$ 681	\$ 2,970	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218	\$ 3,218
Net Sales ('000s)			\$ -	\$ 25,469	\$ 78,390	\$ 125,483	\$ 139,458	\$ 136,533	\$ 136,533	\$ 136,533	\$ 136,533	\$ 136,533
Operating cost per lb			\$ -	\$ 18	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16	\$ 16
Total Operating Costs ('000s)			\$ -	\$ 9,000	\$ 22,240	\$ 32,000	\$ 35,200	\$ 34,400	\$ 34,400	\$ 34,400	\$ 34,400	\$ 34,400
Operating Income ('000s)			\$ -	\$ 16,469	\$ 56,150	\$ 93,483	\$ 104,258	\$ 102,133	\$ 102,133	\$ 102,133	\$ 102,133	\$ 102,133
CapEx ('000s)			\$ (500)	\$ (5,000)	\$ (3,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)	\$ (1,000)
Taxes ('000s) 35.0%			\$ -	\$ -	\$ -	\$ -	\$ (18,070)	\$ (35,396)	\$ (35,396)	\$ (35,396)	\$ (35,396)	\$ (35,396)
			Note: We assume tax loss carryforwards for FY22-25									
Total Operating Cash Flow			\$ (500)	\$ 11,469	\$ 53,150	\$ 92,483	\$ 85,187	\$ 65,736	\$ 65,736	\$ 65,736	\$ 65,736	\$ 65,736
Discount Rate 7.5%												
PV of Operating Cash Flows ('000s)			\$ (500)	\$ 10,669	\$ 45,992	\$ 74,445	\$ 63,788	\$ 45,789	\$ 42,594	\$ 39,623	\$ 36,858	\$ 34,287
NPV \$ 393,546			\$ 1.39	per share								
Plus Non-Texas Projects \$ 610,400			\$ 2.16	per share								
Plus U1A M&I resources at \$12/lb and Inferred at \$10/lb \$ 494,600			\$ 1.75	per share								
Plus Paraguay Assets \$ 75,000			\$ 0.27	per share								
Plus Cash and purchased Inventories. \$ 62,895			\$ 0.22	per share as of 1/31/2022								
Plus Reno Creek/North Reno Creek \$ 150,000			\$ 0.53	per share								
Plus Alto Parana Resources \$ 100,000			\$ 0.35	per share								
Minus Debt -			0.00	per share as of 1/31/2022								
Total Current Value \$ 2,012,442												
Common Shares Outstanding 283,015			as of 3/16/22									
Project NAV Per Share \$ 7.11												
NPV/Share (Rounded to \$0.10/share) \$ 7.10												
UEC Stock Price \$ 4.68			as of 4/1/22									
Source: HC Wainwright & Co. estimates.												

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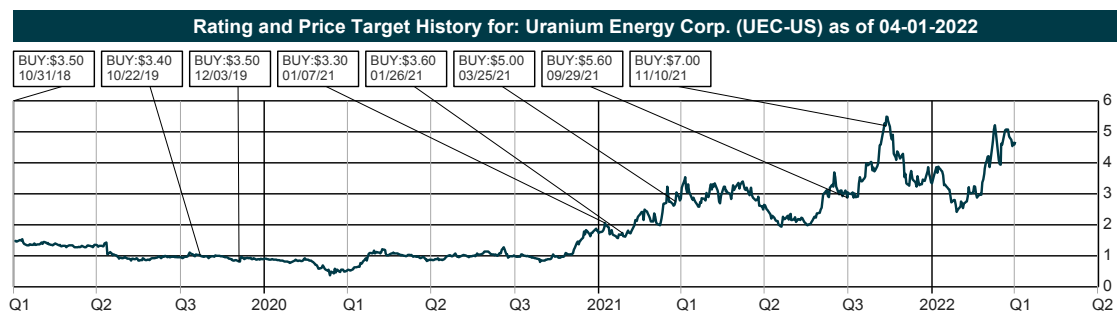
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Distribution of Ratings Table as of April 1, 2022					
Ratings	Count	Percent	IB Service/Past 12 Months		
			Count	Percent	
Buy	588	91.16%	183	31.12%	
Neutral	48	7.44%	13	27.08%	
Sell	1	0.16%	0	0.00%	
Under Review	8	1.24%	1	12.50%	

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