



Uranium Energy Corp.

(UEC-US)

SECTOR: Mining

STOCK PRICE	\$3.51
RATING	BUY
TARGET PRICE	\$6.60
RISK	Very High

COMPLETION OF MONITOR WELLS AT FIRST PRODUCTION AREA AUTHORIZATION

Advancing toward Production Readiness at Burke Hollow

OUR TAKE: This morning, UEC announced that it has completed the installation of the 106 monitor wells necessary for its first Production Area Authorization ("PAA-1") at its Burke Hollow ISR uranium project in South Texas. The PAA-1 is approximately two miles in length and is the newest and largest In-Situ Recovery ("ISR") wellfield being developed in the United States. **UEC's successful installation of the PAA-1 monitor well ring comes as a significant milestone for the Company as it advances toward ISR uranium production at the Burke Hollow project.** UEC will now proceed with baseline sampling of environmental factors utilizing the monitor wells which encircle the initial production area. This work is expected to be completed by mid-August of this year, after which, UEC will commence aquifer testing, further refining a future production strategy for the production area ahead of a formal production decision. The Company has also defined resources outside of PAA-1 at the Project, including several exploration targets and anomalous areas that remain underexplored. UEC plans to transition into additional exploration and delineation drilling within the almost 20,000-acre Project to define additional production areas. Burke Hollow has a current Inferred Mineral Resource of ~7.1Mlb U₃O₈ (4.1M tons grading 0.088% pU₃O₈, see Table 1). UEC has multiple fully permitted, near production ready ISR uranium assets in South Texas, where Burke Hollow is part of a solid pipeline of projects (including its fully permitted Palangana Mine and Goliad Project) within its hub-and-spoke strategy. The Burke Hollow project area is located 54 miles to the southeast of the Company's Hobson Processing Plant (see Figure 1). UEC has over US\$182 million of cash and liquid assets with no debt and we continue to rank UEC as a 'top-pick'. The Company remains our favourite way to play US catalysts in the uranium sector, where the US National Nuclear Security Commission recently commenced the process of making initial uranium purchases of US produced uranium for the Country's strategic uranium reserve. UEC's largely US-focused asset base, near-term production potential and low capital hurdle to production position it strongly among US peers.

KEY HIGHLIGHTS

- ◆ **Next Steps at Burke Hollow include additional well development and baseline sampling.** UEC will now proceed with baseline sampling of environmental factors utilizing the monitor wells which encircle the initial production area. This work is expected to be completed by mid-August of this year, after which, UEC will commence aquifer testing, further refining a future production strategy for the production area ahead of a formal production decision.
- ◆ **UEC will also conduct additional exploration and delineation drilling** at Burke Hollow with a goal of defining additional production areas at the project. Burke Hollow has ~7.1 Mlb U₃O₈ (avg. 0.088% U₃O₈) in inferred resources defined, and we expect significant additional resources can be defined at the project in proximity to the initial planned production area.
- ◆ **UEC to Submit Authorization Application for Burke by year-end:** all of the above work completed to-date at Burke Hollow, plus the summer programs should position UEC to submit a production authorization application for the current mine permit area by the end of this year. Burke Hollow has all of its major permits in place, including its Radioactive Materials License issued by the TCEQ back in February of 2019. Minor authorization applications ahead of initial production are required to ensure compliance with major permits prior to commencement of extraction.

RECOMMENDED ACTION

We recommend accumulating shares at the current price for maximum leverage to U.S. uranium sector catalysts

- ◆ **Reiterate our Buy rating and \$6.60/sh Target.** UEC provides an excellent way to gain leverage to uranium price and US-specific sector catalysts. UEC also sits atop a small group of US-based neo-producers that can rapidly move to production when uranium prices justify. UEC controls multiple permitted, near production-ready uranium ISR assets in the US, where fundamental and policy-driven catalysts are expected to push uranium prices higher. UEC has executed the last two major North American M&A transactions in the sector and continues to build out the Company strategically. We continue to rank UEC as a 'top-pick' as a way to play US domestic and macro catalysts in the uranium sector. Our target of \$6.60 is based on 1.0x our corporate NAV. UEC trades at 0.53x Haywood NAV (0.6x cons. NAV) vs peers in the 0.3-0.5x NAV range.

KEY STATISTICS AND METRICS

52-Week High/Low	\$6.60/\$1.94
YTD Performance	4.8%
Dividend Yield	N/A
Shares O/S	286.3M
Market Capitalization	\$1,005M
Cash	\$23.8M
Debt	\$1M
Enterprise Value	\$983M
Daily Volume (3 mos.)	13,147,700
Currency	USD

HAYWOOD ESTIMATES (USD)

	2020A	2021A	2022E
U ₃ O ₈ Production (Mlb)	0	0	0
Revenue (\$M)	0	0	0
EBITDA (\$M)	(14.0)	(17.1)	(17.9)
CFPS (\$)	(0.07)	(0.07)	(0.08)

VALUATION

VALUATION

We value UEC using a 1.0x corporate NAV multiple based on our DCF_{6%} NAV of the combined US hub-and-spoke strategies, plus our DCF_{8%} NAV of the Yuty project, plus credit for other assets and UEC's physical uranium holdings and contracted purchases, for a total corporate NAV of \$1.8B or \$6.55/share.

Figure 1 – Texas Hub & Spoke Production Strategy



Source: Uranium Energy Corp.

Table 1: Summary of Burke Hollow Inferred Mineral Resources (PFN)* (Dec. 2017) - Please note the Eastern Exploration Target Area has developed into Production Area I

Trend	Area (ft ²)	Average Thickness (Ft)**	Average Grade pU3O8 (%)	Average GT (0.02 Cutoff)	Contained pU3O8 (lbs)	Tons
Lower A1(Graben)	1,287,077.00	11	0.097	1.079	1,624,844.62	837,548.77
Lower A2 (Graben)	271,257.90	8.8	0.073	0.514	163,129.09	111,732.26
Upper B (Graben)	627,764.60	7.7	0.063	0.489	359,162.96	285,049.97
Lower B1 (Graben)	470,064.20	9.5	0.091	0.885	486,728.00	267,432.97
Lower B2(Graben)	413,643.30	9.5	0.091	0.846	409,432.40	224,962.86
Graben Totals					3,043,297.07	1,726,726.82
Lower B1 (East Side)	1,877,345.20	9.3	0.09	0.836	1,836,268.89	1,020,149.38
Lower B2 (East Side)	2,097,650.00	11.5	0.084	0.902	2,213,733.95	1,317,698.78
East Side Totals					4,050,002.84	2,337,848.16
Graben and East Side (Project) Totals			0.088***		7,093,299.91	4,064,574.98

*All grade values are based on Prompt Fission Neutron ("PFN") logging and denoted by pU3O8
 **Rounded to nearest tenth of a foot
 ***Weighted average grade for project

Source: Uranium Energy Corp.



Important Information and Legal Disclosures

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Analyst Certification

I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

Important Disclosures

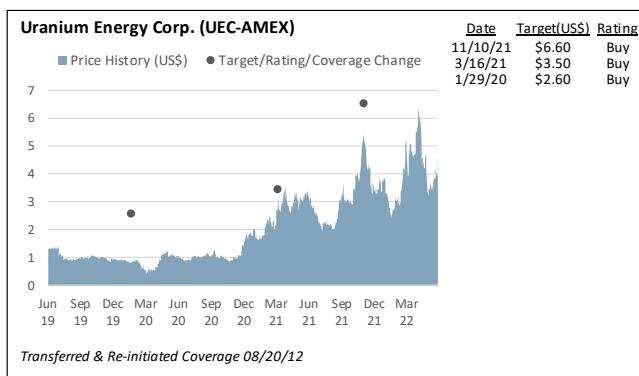
Of the companies included in the report the following Important Disclosures apply:

- ◆ Haywood Securities, Inc. has reviewed lead projects of Uranium Energy Corp. (UEC-US) and a portion of the expenses for this travel have been reimbursed by the issuer.

Distribution of Ratings (as of July 27, 2022)

	%	#	IB Clients (TTM)
Buy	77.8%	77	71.4%
Hold	14.1%	14	23.8%
Sell	0.0%	0	0.0%
Tender	1.0%	1	4.8%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	7.1%	7	0.0%

Price Chart, Rating and Target Price History (as of July 27, 2022)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities

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