

**Resources: Metals & Mining**
**Company Update**

Estimates Changed, Target Price Changed

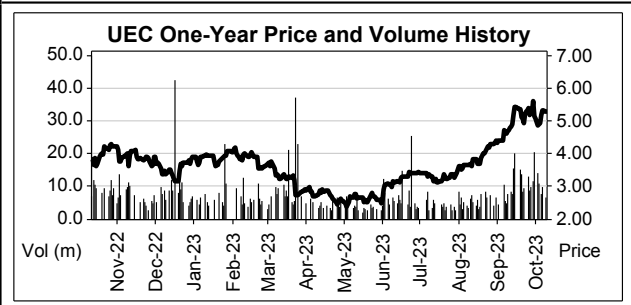
**Uranium Energy Corp. | UEC - \$5.29 - NYSE | Buy**

Stock Data	
52-Week Low - High	\$2.30 - \$5.77
Shares Out. (mil)	385.85
Mkt. Cap.(mil)	\$2,041.14
3-Mo. Avg. Vol.	7,285,436
12-Mo.Price Target	\$6.75
Cash (mil)	\$45.6
Tot. Debt (mil)	\$0.0

Cash (mil): Cash includes short-term investments and is as of last reported quarter.

Rev (\$M)			
Yr Jul	—2022—	—2023—	—2024E—
		Curr	Curr
1Q	0.0A	57.3A	13.0E
2Q	13.2A	47.9A	14.0E
3Q	9.9A	20.2A	14.5E
4Q	0.1A	38.9A	15.0E
YEAR	23.2A	164.4A	56.5E

EPS \$			
Yr Jul	—2022—	—2023—	—2024E—
		Curr	Curr
1Q	(0.01)A	(0.01)A	0.00E
2Q	(0.02)A	0.03A	0.01E
3Q	0.03A	(0.03)A	0.01E
4Q	0.02A	0.00A	0.01E
YEAR	0.02A	(0.01)A	0.02E



## UEC: Uranium Forecast Update; Increasing PT

We are updating our valuation for UEC to reflect higher uranium price forecasts moving forward. Additionally, we are updating for the company's recent financial results. As such, we are increasing our price target from \$6.00 to \$6.75 and maintaining our Buy rating.

**Uranium market and price forecast update.** As recently as July 2023, the uranium spot price was tracking relatively in line with our expectations as pricing continued to increase gradually. However, since July 2023, the spot price of uranium has increased from \$54 per pound to over \$72 per pound. We attribute this sharp increase to several factors including geopolitical issues and increasing demand driven by a renewed focus on nuclear energy. As such, we are increasing our long-term uranium price from \$70 to \$80 per pound. We also increased our Q4 2023 forecast from \$60 to \$70 per pound and our 2024 forecast from \$62.50 to \$76.25 per pound.

**Recent financial results show higher than anticipated sales.** In addition to updating our uranium price forecast, we updated our model for UEC's fiscal Q4 2023 financial results. Most notably, UEC sold 805,000 pounds of uranium during fiscal Q4 2023. We previously estimated UEC would make no uranium sales during fiscal Q4 because we expected the company to withhold inventory until pricing climbed above \$60 per pound. However, this did not have a significant impact on our valuation of the company.

**Increasing price target to \$6.75.** Mainly as a result of our higher uranium price forecast, we increased our valuation of several of UEC's uranium assets. However, we also decreased our valuation of the company's titanium asset as we believe the company is unlikely to advance the project in the near-term. As a result of our higher valuations for its uranium assets, we are increasing our price target from \$6.00 to \$6.75 and maintaining our Buy rating.

## VALUATION

We base our valuation of UEC on a sum of the parts analysis. We assign a value of \$773.2 million to UEC's ISR projects (\$7.00 per pound of resource including the historical resources from Uranium One), \$156 million for the potential to add 52 million additional pounds of ISR resources in Wyoming (\$3.00 per pound), \$205.3 million for its hard rock assets (\$5.00 per pound of resource), and \$46.2 million for the company's exploration project Oviedo (\$2.00 per pound of the low end of the exploration target). We also assign a value of \$125 million to the company's Hobson Facility, \$125 million for the Irigaray facility, \$782.7 million for the UEX assets, \$223.3 million for Roughrider, and \$38.3 million for its titanium asset. Lastly, we add \$45 million for a combination of UEC's pre-resource projects and resource expansion potential, \$43.1 million for its investment in Uranium Royalty Corp (UROY-NC), \$12.0 million in uranium inventory, \$6.4 million for other investments, and \$45.6 million for current net cash. Thus, we arrive at a total valuation of \$2.6 billion or \$6.69 per fully diluted share. We round this up to reach our price target of \$6.75, and we are maintaining our Buy rating.

Factors that could impede UEC's ability to reach our price target include, but are not limited to: unexpected dilutive transactions (equity or M&A), underperformance of the uranium price compared to our estimates, capital overruns, unexpected environmental opposition, negative regulatory decisions or changes, underperformance of operations once in production, a reversal of renewed interest in uranium as a source of clean energy, and other unforeseeable events.

## RISKS

- **Political risk.** Natural resource companies are subject to significant political risk. Although most mining jurisdictions have known laws, potential exists for these laws to change. The uranium industry faces a higher degree of scrutiny than most mining industries and, thus, UEC has greater political risk than other non-uranium mining companies. However, due to the company's diverse asset portfolio, we believe the company has lower political risk compared to single jurisdiction uranium companies.
- **Commodity price risk.** All natural resource companies have some form of commodity price risk. This risk is not only related to final products, but can also be in regards to input costs and substitute goods. UEC's biggest commodity price risk is to uranium, but we note the company has risks to other commodity prices in the form of substitute goods such as coal and oil and to input costs such as energy and labor.
- **Operational and technical risk.** Natural resources companies have significant operational and technical risks. Despite completing NI 43-101 compliant (or similar) resource estimates, deposits can still vary significantly compared to expectations. Additionally, numerous unforeseeable issues can occur with operations and exploration activities. As an ISR focused company, UEC has similar technical risk to other uranium companies with near-term development opportunities.
- **Pre-revenue risk.** As a pre-revenue company, UEC has significant risk of future dilution. It is likely the company will need to raise additional capital to reach initial revenue and there is no guarantee the company will be able to reach cash flow positive.
- **Market risk.** Although most natural resource companies are more closely tied to individual commodity price performance, large business cycle forces or economic crises can impact a company's valuation significantly. UEC has similar market risk to other uranium companies.
- **Note to US Investors: UEC reports under SK-1300.**

## COMPANY DESCRIPTION

Uranium Energy Corp. is a uranium mining company. The Company is engaged in uranium and titanium mining and related activities, including exploration, pre-extraction, extraction and processing of uranium concentrates and titanium minerals, on projects located in the United States, Canada and the Republic of Paraguay. The Company has projects located in Texas, Wyoming, Paraguay, Mexico, Arizona and Canada. The Company's projects in Texas include Hobson Processing Plant, Palangana Mine, Goliad in-situ recovery (ISR) Project, Burke Hollow ISR Project, Salvo Project and Longhorn Project; Wyoming includes Reno Creek Project; Paraguay includes Oviedo Project, Yuty Project and Alto Parana Project; Mexico includes Dalton Pass Project

and C de Baca Project; Arizona includes Anderson Project, Los Cuatros Project and Workman Creek Project, and Canada includes Diabase Project. The Company has approximately two production platforms in South Texas and Wyoming. *Source: Refinitiv as of 10/13/2022*

## UEC Key Estimates

Amounts in US\$ million	1Q22A	2Q22A	3Q22A	4Q22A	2022A	1Q23A	2Q23A	3Q23A	4Q23A	2023A	1Q24E	2Q24E	3Q24E	4Q24E	2024E
Revenue	-	13.2	9.9	0.1	23.2	57.3	47.9	20.2	38.9	164.4	13.0	14.0	14.5	15.0	56.5
Operating Expenses	4.9	18.1	13.6	9.3	45.9	53.7	42.8	23.7	35.3	155.5	10.5	10.5	10.5	10.5	42.0
Operating Income	(4.9)	(4.9)	(3.7)	(9.2)	(22.7)	3.6	5.1	(3.5)	3.7	8.9	2.5	3.5	4.0	4.5	14.5
Other Expenses	(2.8)	0.5	(11.0)	(14.7)	(28.0)	7.4	(5.4)	7.8	1.5	11.3	0.1	0.1	0.1	0.1	0.2
Pretax Income	(2.1)	(5.5)	7.3	5.5	5.2	(3.8)	10.5	(11.3)	2.2	(2.4)	2.5	3.5	4.0	4.5	14.3
Taxes	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.4	(0.3)	0.8	0.9	0.8	1.1	1.3	1.4	4.6
Net Income	(2.1)	(5.5)	7.3	5.5	5.3	(3.8)	10.1	(11.0)	1.3	(3.3)	1.7	2.3	2.7	3.0	9.7
Basic Shares	246.9	269.1	281.7	286.4	271.0	336.8	369.6	375.8	377.0	364.8	378.5	378.5	378.5	378.5	378.5
FD Shares	246.9	269.1	291.8	295.5	280.1	336.8	377.8	375.8	368.8	364.8	392.9	392.9	392.9	392.9	392.9
Basic EPS	(\$0.01)	(\$0.02)	\$0.03	\$0.02	\$0.02	(\$0.01)	\$0.03	(\$0.03)	\$0.00	(\$0.01)	\$0.00	\$0.01	\$0.01	\$0.01	\$0.03
FD EPS	(\$0.01)	(\$0.02)	\$0.03	\$0.02	\$0.02	(\$0.01)	\$0.03	(\$0.03)	\$0.00	(\$0.01)	\$0.00	\$0.01	\$0.01	\$0.01	\$0.02

Note: UEC reports on a July fiscal year

Source: SEC Filings, ROTH MKM estimates

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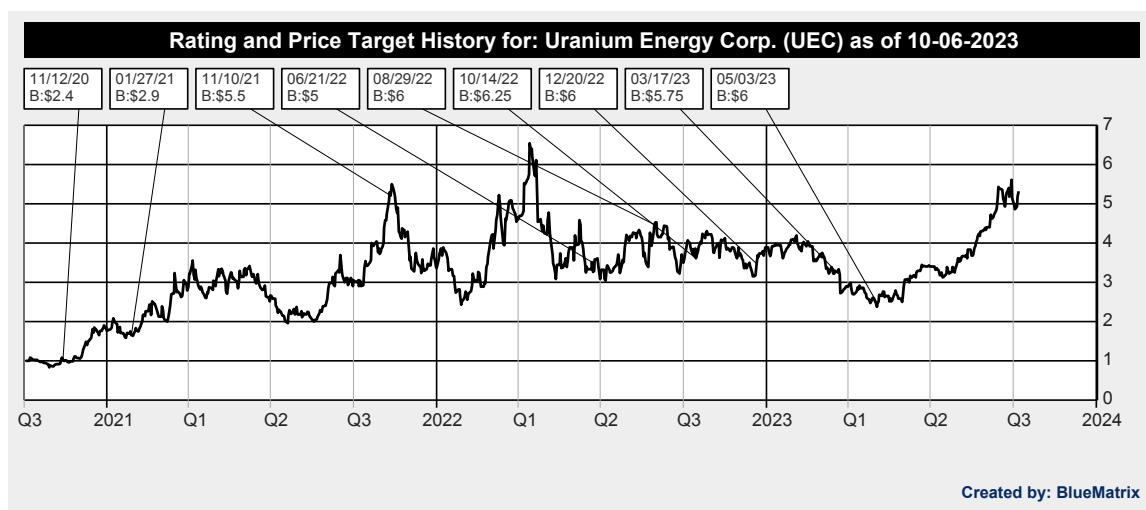
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Rating	Count	Percent	IB Serv./Past 12 Mos. as of 10/09/23	
			Count	Percent
Buy [B]	356	72.80	219	61.52
Neutral [N]	86	17.59	31	36.05
Sell [S]	2	0.41	1	50.00
Under Review [UR]	42	8.59	9	21.43

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