

Uranium Royalty Corp. (UROY)
Rating: Buy

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Large-Scale Uranium Inventory Levels in Favorable Spot Price Environment; Reiterate Buy

Stock Data	6/14/2024
Price	\$2.40
Price Target	\$7.70
52-Week High	\$3.76
52-Week Low	\$1.89
Enterprise Value (M)	\$255.4
Market Cap (M)	\$290
Shares Outstanding (M)	120.9
3 Month Avg Volume	1,159,209
Short Interest (M)	2.84

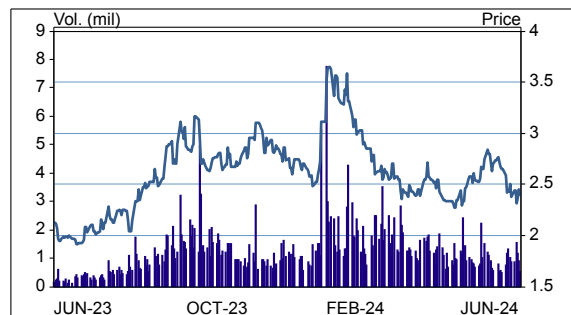
Shares Outstanding (M): Pro forma for \$22.9M financing.

Balance Sheet Metrics	
Cash (M)	\$34.8
Total Debt (M)	\$0.0
Total Cash/Share	C\$0.29

Cash (M): Includes short-term investments. Pro forma for \$22.9M financing.

EPS (\$) Diluted			
Full Year - Apr	2023A	2024E	2025E
FY	(0.06)	0.07	0.07

Revenue (M)			
Full Year - Apr	2023A	2024E	2025E
FY	\$13.9	\$40.9	\$44.3



Recent uranium activity. As of January 31, 2024, Uranium Royalty Corp. (UROY) held 2.5M pounds (lbs) of U₃O₈ in inventories. Notably, these pounds were purchased at a weighted average cost of only \$54.44/lb and well below recent spot prices. We highlight that this presents a notable increase from January 31, 2023, when the firm had 1.5Mlbs of U₃O₈ with a carrying value of about \$65.5M. During the firm's fiscal year, management has struck agreements to purchase 1.3Mlbs of U₃O₈ at a weighted average cost of \$65.25/lb and sell 350,000lbs of U₃O₈ at a weighted average price of \$63.80/lb. In addition, the company agreed to purchase 350,000lbs U₃O₈ at a weighted average price of \$102.86/lb for a total purchase price of \$36.0M following the end of FY3Q24, which we expect to be paid in installments during 2024. Looking ahead, UROY's notable uranium inventory balance inspires confidence amid the inconsistent global supply of uranium from major providers that are sourced from geopolitically-safe jurisdictions.

Recent developments in royalties held. Paladin Energy (PDN.AX; not rated) has reported that Langer Heinrich remains on track for first production by early 2Q24. The company now has a new \$150.0M debt facility to support its operations. Cameco Corporation (CCJ; not rated) has reported total production of 15.1Mlbs U₃O₈ from Cigar Lake in 2023, down from 18.0Mlbs in 2022, based on delays and unexpected maintenance. More importantly, however, Cameco projects Cigar Lake to produce 18.0Mlbs U₃O₈ during 2024. We highlight that Cameco expects to extend Cigar Lake's life to 2036 at an estimated capital cost of \$458.0M - \$550.0M, which slightly increases operating costs to \$19 - \$20/lb. We also note that Cameco reported 13.5Mlbs of U₃O₈ production at McArthur River in 2023, which is impacted by various operational challenges and aging infrastructure. Notably, Cameco projects McArthur River to produce about 18.0Mlbs of U₃O₈ in 2024. We therefore reiterate our view that UROY is likely to benefit from its interests in the McArthur River, Langer Heinrich, and Cigar Lake projects.

We reiterate our Buy rating on UROY and our PT of \$7.70. Our valuation for the company remains based on a DCF valuation for several of the company's royalty interests. We maintain our below-market discount rates for UROY's Cigar Lake and McArthur River assets of 4.0% and 5.0%, respectively, given their production history and near-term potential. In addition, we continue to utilize 8.0% discount rates on the Lance and Langer Heinrich royalties, as well as 12.0% discount rates on the remaining assets that have more extended development timelines. We then add \$40.6M for future exploration at Cigar Lake and McArthur River, UROY's remaining assets at their respective purchase prices, and the company's pro-forma cash and short-term investment balance. Finally, we apply our revised 2.25x P/NAV multiple, which accounts for recent spot pricing, to achieve our rounded PT of \$7.70 per share.



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Near-term catalysts. We continue to monitor UROY's M&A strategy and reiterate that its recent financing positions the firm for meaningful acquisitions. Longer-term, we anticipate the firm to benefit from continuous advancements of its uranium projects. We also note ongoing strength in the spot price of uranium, which we attribute to a lack of large-scale projects entering production amid meaningful increases in global uranium demand. In conclusion, we believe management has set up the company to be well-positioned for success as we expect UROY to continue benefiting from its interest in the McArthur River, Langer Heinrich, and Cigar Lake projects.

Risks. (1) Commodity price risk; (2) lack of operational control; and (3) financing risk.

Uranium Royalty Corp. (UROY)

All figures in USD ('000s) unless otherwise noted

	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Uranium Price (\$90.00/lb)	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90	\$ 90
Cigar Lake Royalty										
Total Production (lbs) (000's)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	8,400	1,700
Royalty Revenue	\$ 6,075	\$ 12,150	\$ 12,150	\$ 6,075	\$ 6,075	\$ 6,075	\$ 6,075	\$ 6,075	\$ 2,835	\$ 574
Discount rate	4.0%									
PV of Royalty Revenue	\$ 6,075	\$ 11,683	\$ 11,233	\$ 5,401	\$ 5,193	\$ 4,993	\$ 4,801	\$ 4,617	\$ 2,072	\$ 403
Total Royalty NAV	\$ 56,470									
Royalty NAVPS	\$ 0.58									

McArthur River Royalty

Total Production (lbs) (000's)	18,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000
				Note: production extends to FY41 but is not shown						
Royalty Revenue	\$ 1,458	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944	\$ 1,944
Discount rate	5.0%									
PV of Royalty Revenue	\$ 1,458	\$ 1,851	\$ 1,763	\$ 1,679	\$ 1,599	\$ 1,523	\$ 1,451	\$ 1,382	\$ 1,316	\$ 1,253
Total Royalty NAV	\$ 25,333									
Royalty NAVPS	\$ 0.26									

Church Rock Royalty

Total Production (lbs) (000's)	-	-	1,200	1,500	1,800	2,000	2,000	2,000	1,000	-
Royalty Revenue	\$ -	\$ -	\$ 9,504	\$ 14,040	\$ 18,144	\$ 20,160	\$ 14,400	\$ 11,520	\$ 4,320	\$ -
Discount rate	12.0%									
PV of Royalty Revenue	\$ -	\$ -	\$ 7,577	\$ 9,993	\$ 11,531	\$ 11,439	\$ 7,295	\$ 5,211	\$ 1,745	\$ -
Total Royalty NAV	\$ 54,791									
Royalty NAVPS	\$ 0.57									

Michelin Royalty

Total Production (lbs) (000's)	-	-	-	-	-	-	-	-	2,500	5,700
				Note: production extends to FY44 but is not shown						
Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,500	\$ 10,260
Discount rate	12.0%									
PV of Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,817	\$ 3,700
Total Royalty NAV	\$ 33,458									
Royalty NAVPS	\$ 0.35									

Roughrider

Total Production (lbs) (000's)	-	-	-	-	-	-	5,000	5,000	5,000	5,000
				Note: production extends to FY40 but is not shown.						
Royalty Revenue	-	-	-	-	-	-	\$ 8,865	\$ 8,865	\$ 8,865	\$ 8,865
Discount rate	12.0%									
PV of Royalty Revenue	-	-	-	-	-	-	\$ 3,197	\$ 2,854	\$ 2,548	\$ 2,275
Total Royalty NAV	\$ 20,642									
Royalty NAVPS	\$ 0.21									

Lance Royalty

Kendrick Production (lbs) ('000s)	-	-	-	-	150	400	1,400	1,600	1,600	1,600
Barber Production (lbs) ('000s)	-	-	-	-	-	-	-	450	950	1,200
Total Production (lbs) ('000s)	-	-	-	-	150	400	1,400	2,050	2,550	2,800
				Note: production extends to FY41 but is not shown						
Total Revenue	\$ -	\$ -	\$ -	\$ -	\$ 1,080	\$ 2,880	\$ 10,080	\$ 14,760	\$ 18,360	\$ 20,160
Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ 54	\$ 144	\$ 504	\$ 738	\$ 918	\$ 1,008
Discount rate	8.0%									
PV of Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ 40	\$ 98	\$ 318	\$ 431	\$ 496	\$ 504
Total Royalty NAV	\$ 3,711									
Royalty NAVPS	\$ 0.04									

Langer Heinrich Royalty

Total Production (lbs) ('000s)	4,700	5,200	5,200	5,200	5,200	5,200	-	-	-	-
Production (kg) ('000s)	2,132	2,359	2,359	2,359	2,359	2,359	-	-	-	-
Royalty Revenue (A\$) ('000s)	\$ 256	\$ 283	\$ 283	\$ 283	\$ 283	\$ 283	-	-	-	-
0.6612 A\$/US\$ as of June 14, 2024										
Royalty Revenue (US\$) ('000s)	\$ 169	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187				
Discount rate	8.0%									
PV of Royalty Revenue	\$ 169	\$ 173	\$ 160	\$ 149	\$ 138	\$ 127	-	-	-	-
Total Royalty NAV	\$ 927									
Royalty NAVPS	\$ 0.01									

Other Assets:

Exploration at McArthur River / Cigar Lake	\$ 40,600	* Added exploration upside for the two assets (compared with 558Mlbs in current reserves) based on current reserves @ \$0.10/lb								
Anderson 1% NSR	\$ 5,530	*Purchase Price								
Slick Rock 1% NSR	\$ 2,183	*Purchase Price								
Workman Creek 1% NSR	\$ 1,019	*Purchase Price								
Anfield Portfolio	\$ 1,500	*Purchase Price								
Dewey-Burdock 30% NPI	\$ 728	*Portion of aggregate purchase price								
Roca Honda 4% GRR	\$ 728	*Portion of aggregate purchase price								
Reno Creek 0.5% NPI	\$ 225	*Purchase Price								
Diabase 3% GRR	\$ 91	*Purchase Pric 1.3744 USD/CAD conversion as of June 14, 2024								
Total Valuation ('000s)	\$ 51,102									
NAVPS	\$ 0.42									

Total Royalty Valuation

Total Royalty Valuation	\$ 246,435	
Cash and Short-Term Investments	\$ 34,819	As of February 9, 2024, pro forma for financing
Uranium inventories	\$ 131,351	As of January 31, 2024
Debt	-	As of January 31, 2024
Total NAV	\$ 412,605	
NAV Multiple	2.25X	\$ 928,362
Shares Outstanding	\$ 120,865	As of February 9, 2024, pro forma for financing
Total NAVPS	\$ 7.68	
Price Target (rounded to the \$0.10)	\$ 7.70	
Uranium Royalty Corp. (UROY) Share Price	\$ 2.40	As of June 14, 2024

H.C. Wainwright & Co. estimates

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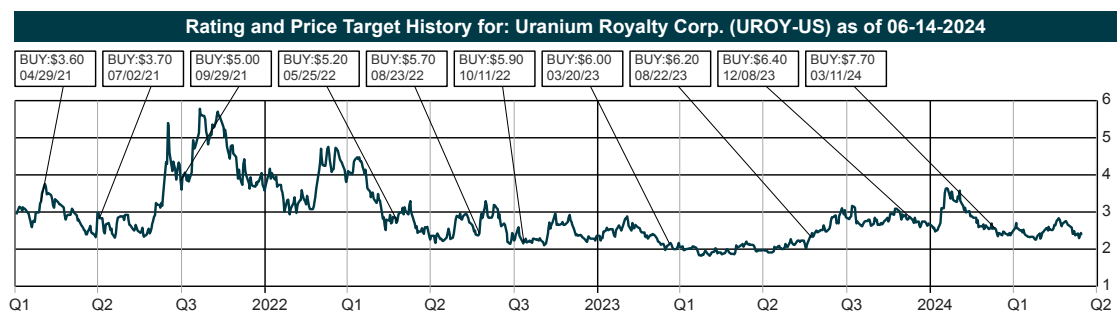
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Distribution of Ratings Table as of June 14, 2024

Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	553	88.48%	132	23.87%
Neutral	65	10.40%	5	7.69%
Sell	1	0.16%	0	0.00%
Under Review	6	0.96%	1	16.67%

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