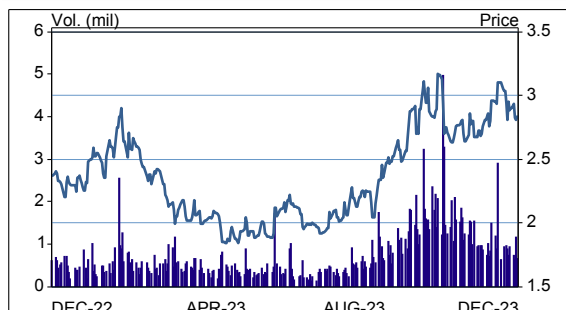


**Uranium Royalty Corp. (UROY)**  
**Rating: Buy**

Heiko F. Ihle, CFA  
212-356-0510  
[hihle@hwcwresearch.com](mailto:hihle@hwcwresearch.com)

Marcus Giannini  
212-916-3978  
[mgiannini@hwcwresearch.com](mailto:mgiannini@hwcwresearch.com)
**Additional Uranium Purchase Commitments; Physical Uranium Holdings Expected to Grow Meaningfully; Reit. Buy; PT Higher**

Stock Data		12/07/2023	
Price		\$2.83	
Price Target		\$6.40	
52-Week High		\$3.32	
52-Week Low		\$1.81	
Enterprise Value (M)		\$251	
Market Cap (M)		\$286	
Shares Outstanding (M)		101.2	
3 Month Avg Volume		1,428,666	
Short Interest (M)		1.72	
Balance Sheet Metrics			
Cash (M)		\$35.5	
Total Debt (M)		\$0.0	
Total Cash/Share		C\$0.35	
Cash (M): includes short-term investments.			
EPS (\$) Diluted			
Full Year - Apr	2022A	2023A	2024E
FY	(0.05)	(0.06)	0.03
Revenue (M)			
Full Year - Apr	2022A	2023A	2024E
FY	\$0.0	\$13.9	\$0.3



**Supplementary uranium purchase commitments secured.** During October 2023, Uranium Royalty Corp. (UROY) announced that it had entered into fixed-price uranium purchase commitments for a total of 1.0M pounds (lbs) of  $U_3O_8$ . Deliveries of this product are expected to occur during 4Q23 at the Blind River facility in Ontario, Canada. The weighted average purchase price for this commitment is \$70.44/lb of  $U_3O_8$ , which represents a meaningful discount to spot pricing on November 24, 2023, of \$80.75/lb as per TradeTech (private). Looking ahead, UROY expects to pay for this delivery through its existing cash and marketable securities balance. In short, we believe that UROY's strategic exposure to physical uranium places the firm in a unique position, and believe that the company can leverage its inventory for future liquidity needs on a non-dilutive basis.

**Significant increase in uranium holdings.** Following the aforementioned purchase, UROY is expected to hold 2.65Mlbs of  $U_3O_8$  at a weighted average cost of just \$54.08/lb. In turn, and when utilizing the \$80.75/lb spot price discussed above, we highlight that this inventory maintains a value of about \$214M, or about 75% of the company's most recent market cap as of the market close on December 6, 2023. When measured in addition to the 1.0Mlb agreement, UROY also expects to receive the remaining 200,000lbs of  $U_3O_8$  during June 2024 and April 2025, under a previous agreement with CGN Global Uranium (1164.HK; not rated). Pricing for this remaining delivery remains even more favorable at \$47.71/lb. In conclusion, we not only remain quite optimistic toward the firm's most recent purchase arrangements, but also emphasize the company's underlying royalty business model as the potential sales of inventory could eventually facilitate further royalty acquisitions.

**We reiterate our Buy rating on UROY while raising our PT to \$6.40 from \$6.20.** Our increased PT is a result of increasing our valuation multiple given recent commodity pricing. In addition, we are updating our model to incorporate UROY's F1Q24 results, amid a less favorable USD/CAD exchange rate. At present, our valuation remains based on a DCF valuation for several of the company's royalty interests. We apply 4.0% and 5.0% discount rates for UROY's Cigar Lake and McArthur River assets, 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 \$41.0M for future exploration at Cigar Lake and McArthur River, the purchase prices of UROY's remaining assets, and the company's total cash and short-term investment balance. Finally, we apply our revised 2.3x (prior: 2.1x) P/NAV multiple to achieve our revised rounded PT of \$6.40 per share.

**Near-term catalysts.** We note that UROY is poised to benefit from ongoing advancements of various uranium projects, in addition to uranium deliveries that are expected in 2024 and 2025. We stress that production at the Langer Heinrich project is expected to resume in 1Q24, and that UROY maintains a royalty for A\$0.012 per kilogram of  $U_3O_8$  produced. While the initial royalty revenue from this asset is expected to be modest in nature, we nonetheless view the restart of Langer Heinrich as an overall indication of the improvement within the uranium sector. Additionally, we expect UROY to continue benefiting from its interest in the McArthur River project, where Cameco (CCJ; not rated) now expects to produce 18Mlbs of  $U_3O_8$  in 2024. This figure compares quite favorably to their initial guidance of 15Mlbs. Finally, and emphasizing management's confidence in the physical market, we note that UROY has elected to receive its payments from McArthur River by way of physical uranium, and that the company can subsequently sell these pounds whenever it deems suitable.

**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 (\$50.00/lb)	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65
<b>Cigar Lake Royalty</b>										
Total Production (lbs) (000's)	14,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	8,400	1,700
Royalty Revenue	\$ 3,413	\$ 8,775	\$ 8,775	\$ 4,388	\$ 4,388	\$ 4,388	\$ 4,388	\$ 4,388	\$ 2,048	\$ 414
Discount rate 4.0%										
PV of Royalty Revenue	\$ 3,281	\$ 8,113	\$ 7,801	\$ 3,750	\$ 3,606	\$ 3,468	\$ 3,334	\$ 3,206	\$ 1,439	\$ 280
<b>Total Royalty NAV</b>	<b>\$ 38,278</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.40</b>	<i>per share</i>								

**McArthur River Royalty**

Total Production (lbs) (000's)	15,000	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	\$ 878	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404	\$ 1,404
Discount rate 5.0%										
PV of Royalty Revenue	\$ 836	\$ 1,273	\$ 1,213	\$ 1,155	\$ 1,100	\$ 1,048	\$ 998	\$ 950	\$ 905	\$ 862
<b>Total Royalty NAV</b>	<b>\$ 17,285</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.18</b>	<i>per share</i>								

**Church Rock Royalty**

Total Production (lbs) (000's)	-	-	1,200	1,500	1,800	2,000	2,000	2,000	1,000	-
Royalty Revenue	\$ -	\$ -	\$ 6,864	\$ 10,140	\$ 13,104	\$ 14,560	\$ 10,400	\$ 8,320	\$ 3,120	\$ -
Discount rate 12.0%										
PV of Royalty Revenue	\$ -	\$ -	\$ 4,886	\$ 6,444	\$ 7,436	\$ 7,377	\$ 4,704	\$ 3,360	\$ 1,125	\$ -
<b>Total Royalty NAV</b>	<b>\$ 35,332</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.37</b>	<i>per share</i>								

**Michelin Royalty**

Total Production (lbs) (000's)	-	-	-	-	-	-	-	-	2,500	5,700
Note: production extends to FY44 but is not shown										
Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,250	\$ 7,410
Discount rate 12.0%										
PV of Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,172	\$ 2,386
<b>Total Royalty NAV</b>	<b>\$ 21,575</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.22</b>	<i>per share</i>								

**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	-	-	-	-	-	-	\$ 6,403	\$ 6,403	\$ 6,403	\$ 6,403
Discount rate 12.0%										
PV of Royalty Revenue	-	-	-	-	-	-	\$ 2,309	\$ 2,061	\$ 1,841	\$ 1,643
<b>Total Royalty NAV</b>	<b>\$ 14,908</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.15</b>	<i>per share</i>								

**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	\$ -	\$ -	\$ -	\$ -	\$ 780	\$ 2,080	\$ 7,280	\$ 10,660	\$ 13,260	\$ 14,560
Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ 39	\$ 104	\$ 364	\$ 533	\$ 663	\$ 728
Discount rate 8.0%										
PV of Royalty Revenue	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ 66	\$ 212	\$ 288	\$ 332	\$ 337
<b>Total Royalty NAV</b>	<b>\$ 2,482</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.03</b>	<i>per share</i>								

**Langer Heinrich Royalty** (A\$0.12/kg)

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	-	-	-	-
0.6500 A\$/US\$ as of December 7, 2023										
<b>Royalty Revenue (US\$) ('000s)</b>	<b>\$ 166</b>	<b>\$ 184</b>	<b>\$ 184</b>	<b>\$ 184</b>	<b>\$ 184</b>	<b>\$ 184</b>	-	-	-	-
Discount rate 8.0%										
PV of Royalty Revenue	\$ 154	\$ 158	\$ 146	\$ 135	\$ 125	\$ 116	-	-	-	-
<b>Total Royalty NAV</b>	<b>\$ 845</b>									
<b>Royalty NAVPS</b>	<b>\$ 0.01</b>	<i>per share</i>								

**Other Assets:**

Exploration at McArthur River / Cigar Lake	\$ 41,032	<i>* Added exploration upside for the two assets (compared with 558Mlbs in current reserves) based on current reserves @ \$0.10/lb</i>								
Anderson 1% NSR	\$ 5,589	<i>*Purchase Price</i>								
Slick Rock 1% NSR	\$ 2,206	<i>*Purchase Price</i>								
Workman Creek 1% NSR	\$ 1,029	<i>*Purchase Price</i>								
Anfield Portfolio	\$ 1,500	<i>*Purchase Price</i>								
Dewey-Burdock 30% NPI	\$ 735	<i>*Portion of aggregate purchase price</i>								
Roca Honda 4% GRR	\$ 735	<i>*Portion of aggregate purchase price</i>								
Reno Creek 0.5% NPI	\$ 225	<i>*Purchase Price</i>								
Diabase 3% GRR	\$ 92	<i>*Purchase Price</i>								
1.3599 USD/CAD conversion as of December 7, 2023										
<b>Total Valuation ('000s)</b>	<b>\$ 51,644</b>									
<b>NAVPS</b>	<b>\$ 0.51</b>									

<b>Total Royalty Valuation</b>	\$	<b>182,348</b>	
Cash and Short-Term Investments	\$	35,522	<i>As of July 31, 2023</i>
Uranium inventories	\$	63,023	<i>As of July 31, 2023</i>
Debt		-	<i>As of July 31, 2023</i>
<b>Total NAV</b>	\$	280,893	
<b>NAV Multiple</b>	<b>2.3X</b>	646,054	
Shares Outstanding	\$	101,167	<i>As of September 13, 2023</i>
Total NAVPS	\$	6.39	
<b>Price Target (rounded to the \$0.10)</b>	\$	<b>6.40</b>	
Uranium Royalty Corp. (UROY) Share Price	\$	2.83	<i>As of December 7, 2023</i>
<i>H.C. Wainwright &amp; Co. estimates</i>			

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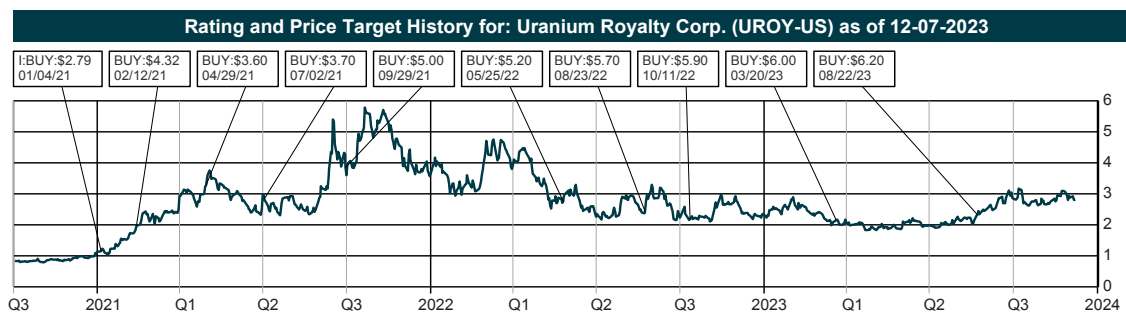
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Distribution of Ratings Table as of December 7, 2023				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	557	88.84%	139	24.96%
Neutral	56	8.93%	7	12.50%
Sell	0	0.00%	0	0.00%
Under Review	14	2.23%	6	42.86%

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