

Uranium Royalty Corp. (UROY)
Rating: Buy

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Financing Secured for Future Acquisitions; Approach Toward New Growth in 2024; Reiterate Buy; PT Higher

Stock Data	3/8/2024
Price	\$2.56
Price Target	\$7.70
52-Week High	\$3.76
52-Week Low	\$1.81
Enterprise Value (M)	\$182.1
Market Cap (M)	\$280
Shares Outstanding (M)	109.4
3 Month Avg Volume	1,825,677
Short Interest (M)	1.34

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

Balance Sheet Metrics	
Cash (M)	\$98.0
Total Debt (M)	\$0.0
Total Cash/Share	C\$0.90

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

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	\$20.7



Financing for future acquisitions secured. On February 9, 2024, Uranium Royalty Corp. (UROY) announced that it had completed a \$22.9M equity financing. In short, the transaction was for 6.72M common shares at a price of \$3.40 per share. Proceeds from the deal are expected to fund future royalty acquisitions along with purchases of physical uranium. We note that UROY had a solid balance sheet even before the deal, as the firm had C\$62.1M in cash and cash equivalents, C\$17.6M in short-term investments, and C\$104.2M in inventory with no debt as of October 31, 2023. Looking ahead, we believe the company is well-capitalized to make acquisitions and take advantage of the current condition of the uranium market.

Outlook for growth in 2024. The firm's strategy has been mainly focused on acquiring existing royalties thus far. Moving forward, management expects the next wave of future acquisitions to focus on new royalties, physical uranium, and other uranium interests. We expect these plans to not only provide the company with a flexible strategy but also position UROY as a partner in growth for its targets. In our view, UROY has the potential to differentiate itself even further from other streaming companies following additional purchases of larger-scale royalties.

We reiterate our Buy rating on UROY while raising our PT to \$7.70 from \$6.40. Our increased PT is a result of incorporating our revised long-term uranium price forecast following recent increases in spot prices (\$90/lb vs. \$65/lb previously). This effect was somewhat offset by the company's most recent financing, which issued shares below our NAV and PT. Our valuation remains based on a DCF valuation for several of the company's royalty interests. We maintain our 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 \$41.5M 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 2.0x P/NAV multiple to achieve our rounded PT of \$7.70 per share.

Near-term catalysts. We continue monitoring the company's M&A strategy and reiterate that the recent financing positions the firm to make meaningful acquisitions. Longer-term, UROY remains in a position to benefit from continuous advancements in uranium projects, in addition to uranium deliveries that are expected in June 2024 and April 2025. Notably, UROY maintains a production royalty of A\$0.012 per kilogram of U₃O₈ produced at the Langer Heinrich project. Although we anticipate the initial royalty revenue from this asset to be modest, we nonetheless view the restart of Langer Heinrich as another sign of improvement and optimism from the uranium sector. Additionally, we expect the company to continue receiving benefits from its interest in the McArthur River project. Lastly, we expect current strength in spot pricing to persist given a lack of large-scale projects entering production amid meaningful increases in uranium demand across the globe.

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)	14,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	8,400	1,700
Royalty Revenue	\$ 4,725	\$ 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	\$ 4,725	\$ 11,683	\$ 11,233	\$ 5,401	\$ 5,193	\$ 4,993	\$ 4,801	\$ 4,617	\$ 2,072	\$ 403
Total Royalty NAV	\$ 55,120									
Royalty NAVPS	\$ 0.57 per share									

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	\$ 1,215	\$ 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	\$ 1,215	\$ 1,851	\$ 1,763	\$ 1,679	\$ 1,599	\$ 1,523	\$ 1,451	\$ 1,382	\$ 1,316	\$ 1,253
Total Royalty NAV	\$ 25,090									
Royalty NAVPS	\$ 0.26 per share									

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 per share									

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 per share									

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 per share									

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 per share									

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	-	-	-	-
0.6600 A\$/US\$ as of March 8, 2024										
Royalty Revenue (US\$) ('000s)	\$ 169	\$ 187	\$ 187	\$ 187	\$ 187	\$ 187				
Discount rate	8.0%									
PV of Royalty Revenue	\$ 156	\$ 160	\$ 148	\$ 137	\$ 127	\$ 118	-	-	-	-
Total Royalty NAV	\$ 858									
Royalty NAVPS	\$ 0.01 per share									

Other Assets:

Exploration at McArthur River / Cigar Lake	\$ 41,450	* Added exploration upside for the two assets (compared with 558Mlbs in current reserves) based on current reserves @ \$0.10/lb								
Anderson 1% NSR	\$ 5,646	*Purchase Price								
Slick Rock 1% NSR	\$ 2,228	*Purchase Price								
Workman Creek 1% NSR	\$ 1,040	*Purchase Price								
Anfield Portfolio	\$ 1,500	*Purchase Price								
Dewey-Burdock 30% NPI	\$ 743	*Portion of aggregate purchase price								
Roca Honda 4% GRR	\$ 743	*Portion of aggregate purchase price								
Reno Creek 0.5% NPI	\$ 225	*Purchase Price								
Diabase 3% GRR	\$ 93	*Purchase Price 1.3462 USD/CAD conversion as of March 8, 2024								
Total Valuation ('000s)	\$ 52,168									
NAVPS	\$ 0.48									

Total Royalty Valuation

Cash and Short-Term Investments	\$ 245,838	
Uranium inventories	\$ 98,023	As of February 9, 2024
Debt	\$ 77,411	As of October 31, 2023
Total NAV	\$ 421,272	
NAV Multiple	2.0X	\$ 842,544

Shares Outstanding	\$ 109,425	As of February 9, 2024
Total NAVPS	\$ 7.70	
Price Target (rounded to the \$0.10)	\$ 7.70	
Uranium Royalty Corp. (UROY) Share Price	\$ 2.56	As of March 8, 2024

H.C. Wainwright & Co. estimates

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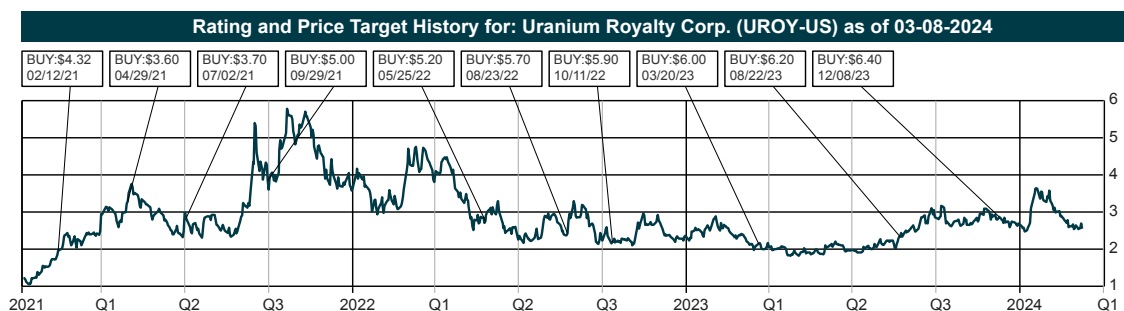
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Distribution of Ratings Table as of March 8, 2024				
Ratings	Count	Percent	IB Service/Past 12 Months	
			Count	Percent
Buy	558	88.71%	143	25.63%
Neutral	59	9.38%	5	8.47%
Sell	2	0.32%	0	0.00%
Under Review	10	1.59%	5	50.00%

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