Capital Markets

Canaccord Genuity

Rating and Target Price Changes

Specialty Minerals and Metals

Global Equity Research

8 April 2024

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Company	Rating	Price	Target
Specialty Minerals and Metals			
BMN-ASX	Spec Buy	A$3.95	A$4.62↑
previous			*A$3.71*
BOE-ASX	Spec Buy	A$5.03	A$6.00↑
previous			*A$5.25*
CCO-TSX	Buy	C$66.87	C$80.00↑
previous			*C$72.50*
DML-TSX	Spec Buy	C$2.90	C$3.75↑
previous			*C$3.50*
DYL-ASX	Spec Buy	A$1.39	A$1.92↑
previous			*A$1.53*
EFR-TSX	Spec Buy	C$8.92	C$13.00
EU-TSXV	Buy↑	C$6.16	C$8.00↑
previous	*Speculative Buy*		*C$7.00*
FCU-TSX	Spec Buy	C$1.06	C$1.75↑
previous			*C$1.40*
GLO-TSX	Spec Buy	C$2.52	C$5.50
KAP-LI	Buy	US$43.00	US$63.00↑
previous			*US$61.00*
LOT-ASX	Spec Buy	A$0.43	A$0.54↑
previous			*A$0.45*
NXE-TSX	Spec Buy	C$11.46	C$14.00↑
previous			*C$11.50*
PDN-ASX	Buy	A$1.42	A$1.55↑
previous			*A$1.30*
PEN-ASX	Spec Buy	A$0.13	A$0.22↑
previous			*A$0.18*
SLX-ASX	Spec Buy	A$5.18	A$6.21↑
previous			*A$5.42*
U.UN-TSX	Buy	C$28.42	C$35.00↑
previous			*C$31.50*
UEC-NYSE	Spec Buy	US$7.28	US$10.50↑
previous			*US$10.25*
URC-TSX	Spec Buy	C$3.51	C$6.75
YCA-AIM	Buy	635p	705p ↑
previous			*645p*

Priced as of close of business 5 April 2024

Uranium | Durable demand, fragile supply

In this report, we outline our revised SxD forecasts and key issues that we believe will impact the direction of the uranium market over the remainder of this year. Overall, we remain constructive on the outlook for prices. In our view, the market will remain in a structural deficit through 2027, and a return to a balanced market will be highly predicated on the advancement of greenfield projects, which remain beset with risks.

Demand for nuclear power is more durable than ever… As a low-carbon, reliable source of baseload energy, nuclear power is increasingly being viewed as critical to global decarbonization and energy security. At COP28, over 20 countries launched a declaration to triple installed nuclear energy capacity by 2050. This, among other developments, has led us to upgrade our demand forecasts. We now expect nuclear capacity to grow at a CAGR of ~3.5% through 2035 (vs. 3.2% previously). Key drivers include new reactor builds (in China/India), extensions of operating lives, and restarts of idled reactors. Conservatively, our forecasts do not include the deployment of SMRs; we do, however, highlight recent announcements by major companies like Google and Microsoft that are looking at advanced nuclear as a way to power their AI ambitions.

…while supply remains as fragile as ever, despite positive momentum: We cannot stress enough the fragility of primary mine supply. This has become particularly clear in the last 12 months, which have been marked by several production downgrades from incumbent producers (KAP, CCO). The most notable was KAP's FY24 guide in early February, where it announced a 9mlb downgrade due to acid supply constraints and delays at some of its newly developed deposits. We will be closely watching for a revision to KAP's 2025 production target in August as the company has already flagged its 2025 target of 81mlbs as 'at risk'; we expect a material downgrade. Furthermore, we note that the combination of supply disruption and offtakers flexing up their contracts means that there is a material risk that major producers could return to the market (be it spot, or short term) to fulfill their contracted volumes. We expect KAP to purchase at least 3mlbs, while Cameco has flagged that it may purchase up to 2mlbs.

Restarts are coming, but will they be enough? In 2024, we project an increase in supply to ~150mlbs U_3O_8 (+7% yoy) driven by project restarts. In our view, these are the "easy pounds". However, these pounds alone will not be sufficient to rebalance the market — "difficult pounds" will need to be developed.

Closing the gap — why is it so hard to increase primary mine supply? Despite uranium prices now being close to widely accepted "incentive price," we have yet to see a greenfield project enter production. The only projects currently under construction are KAP's Budenovskye and GLO's Dasa, both of which are facing delays. Other notable projects are still several years away from production when considering hurdles such as permitting and financing. Furthermore, the prolonged bear market has created issues that may take years to fix, such as a lack of skilled personnel. Any slips in our projected timelines to production could further extend our market deficits.

Price deck revisions; increasing our long-term price to $90/lb: After ending 2023 at a 15-year high of US$91/lb (+90% yoy), price volatility continued into 2024 with spot hitting US$107/lb in early February before retreating to its current level of US$88.75/lb, albeit on little volume. Given extreme tightness in the spot market, we continue to believe that spot prices could trend higher over 2024, and model an average price of US$105/lb (+15% vs. previous). A re-evaluation of the cost curve has also driven us to increase our LT price assumption to US$90/lb, from US$75-$80/lb previously. Our view is that over 2024, the reported term price will rise towards spot. We are already hearing reports of improving contract terms ($80+ floors, $125-$130/lb ceilings).

Equity positioning and top picks: We have updated our estimates to reflect our latest price forecasts (Fig. 22/23). On average, our target prices have increased by 13%. Our preferred equity exposures are NXE and EU in North America; PDN and LOT in Australia; and KAP in the UK. For pure spot price exposure, we like U.UN (SPUT) and YCA.

For important information, please see the Important Disclosures beginning on page 31 of this document.

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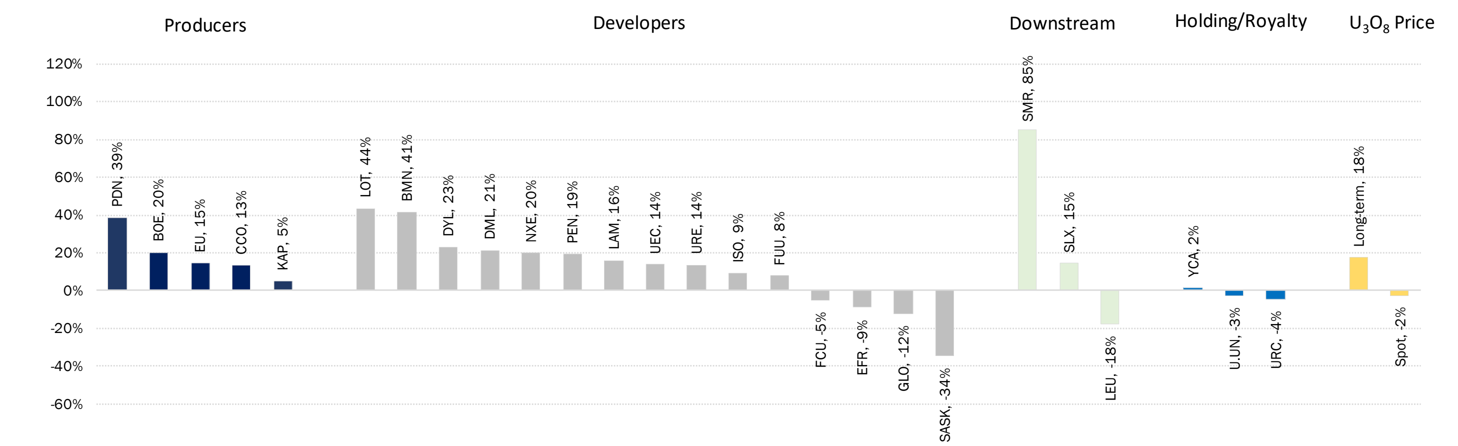
Uranium | Durable demand, fragile supply

Nuclear energy generation increased by ~3.0% in CY23, and we forecast growth of ~3.5%pa through 2035. In our view, nuclear power is now a central technology in the global effort to decarbonize, as evidenced by 28 countries signing a declaration at COP28 that aims to achieve a tripling of nuclear energy capacity globally by 2050. Mine supply, however, looms as a potential limiting factor, a situation increasingly being acknowledged by utilities who are watching their U_3O_8 inventories dwindle. Consequently, while pricing signals started to emerge at the backend of 2023, for this concentrated and fragile supply chain, we believe more is required.

A frenetic end to 2023

After ending the year at a 15-year high of US$91/lb U_3O_8 (+90% yoy), price volatility continued into 2024 with the spot price hitting US$107/lb in early February before retreating back to its current level of US$88.75/lb, albeit on very little volume. While over 80% of uranium is traded on the more important term market, investor sentiment and equity performance have, historically, been more strongly correlated with spot prices.

Figure 1: Performance of select uranium equities and pricing YTD (in US$)



Source: Factset, UxC LLC, Canaccord Genuity

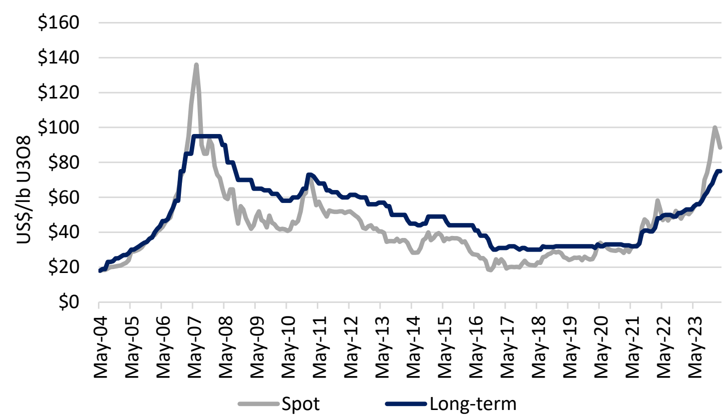
Importantly, this spot and term price performance continues to be driven by the strong fundamental supply-demand backdrop and a tightening of supplies, especially for near-term delivery. Over the last several years, we have seen a dramatic shift in public sentiment and government policy, in addition to private support for nuclear. This has bolstered the outlook for demand above and beyond our initial expectations.

At the same time, supply remains extremely fragile. The fragility of supply was further emphasized in 2023, with a coup in Niger (~3% of global supply) and Cameco production downgrades in early September at both McArthur River and Cigar Lake (~24% of global supply at run-rate). Cameco's announcement came right before the World Nuclear Association Symposium in early September, when the spot price was at ~US$60/lb U_3O_8. In our view, the WNA served as a wake-up call to utilities, with spot surging shortly thereafter due to increased buying by both utilities and physical funds.

Figure 2: U_3O_8 spot price history (2020 – present)

Source: UxC LLC, Canaccord Genuity

Figure 3: U_3O_8 spot and term price history

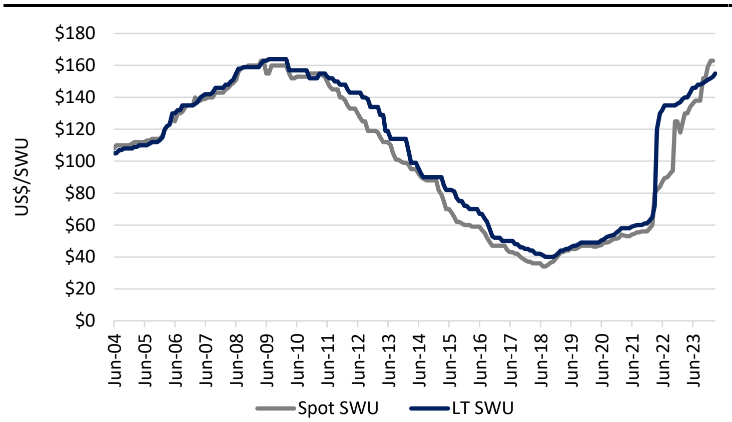


Source: UxC LLC, Canaccord Genuity

Price volatility has continued into 2024 with the spot price hitting a 16-year high of US$107/lb in February before quickly retreating to US$84/lb. However, it is important to understand that this was on very little volume. In our view, there has been too much focus on day-over-day spot price movements in H1 2024 (largely driven by non-fundamental buyers) vs. the underlying fundamentals. However, we acknowledge that spot price volatility is likely to continue in 2024.

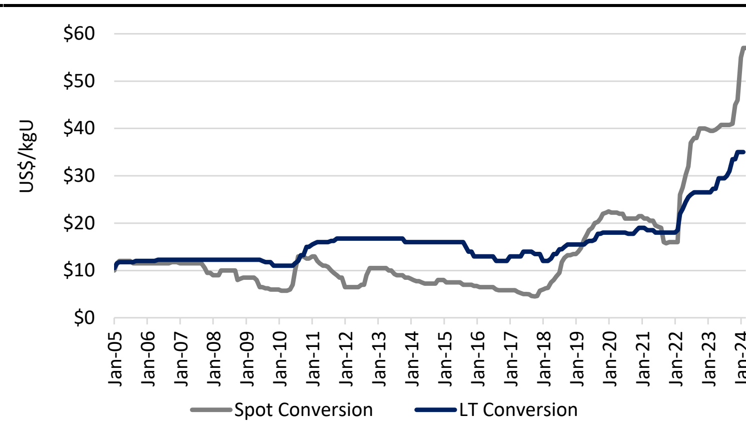
In 2023, geopolitical uncertainty and security of supply issues remained front and centre. The Russia-Ukraine war continued, and its impact on the global nuclear fuel market was reflected in spot SWU and conversion prices, which increased another 27% and 15%, respectively, as Western utilities looked to reduce their reliance on Russia for these downstream services. Prices have continued their upward trajectory into 2024, with spot SWU and conversion now at US$165 and US$57, respectively (an increase of 4% and 24% in Q1/24 alone).

Figure 4: SWU spot and term price history



Source: UxC LLC, Canaccord Genuity

Figure 5: Conversion spot and term price history

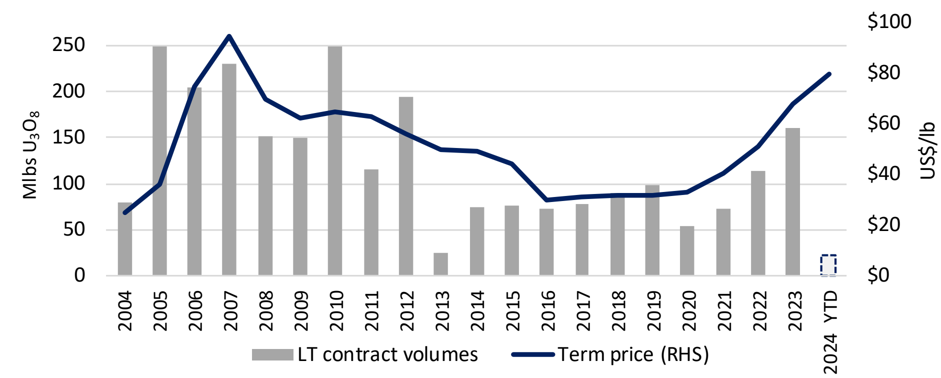


Source: UxC LLC, Canaccord Genuity

Furthermore, over the last 12 months we have seen significant advancement in US legislative efforts to sanction Russian uranium imports. In early December, the US House of Representatives passed a bill that would ban the import of Russian low-enriched uranium within 90 days unless a waiver is granted, with any waivers to then terminate by 2028. The threat of a ban helped send spot prices through US$100/lb. The bill still needs to pass the Senate, and there is a high probability of this happening in 2024, in our view.

To round out 2023, market dynamics resulted in another year-over-year increase in long-term contracting and a rise in the term price to $68/lb, its highest level in 12 years. In our view, we are still in the early innings of a multi-year contracting cycle, with the reported term price already at US$80/lb (significantly higher than where we started the previous cycle, below US$40/lb – Figure 6).

Figure 6: Historical long-term contract volumes and term price



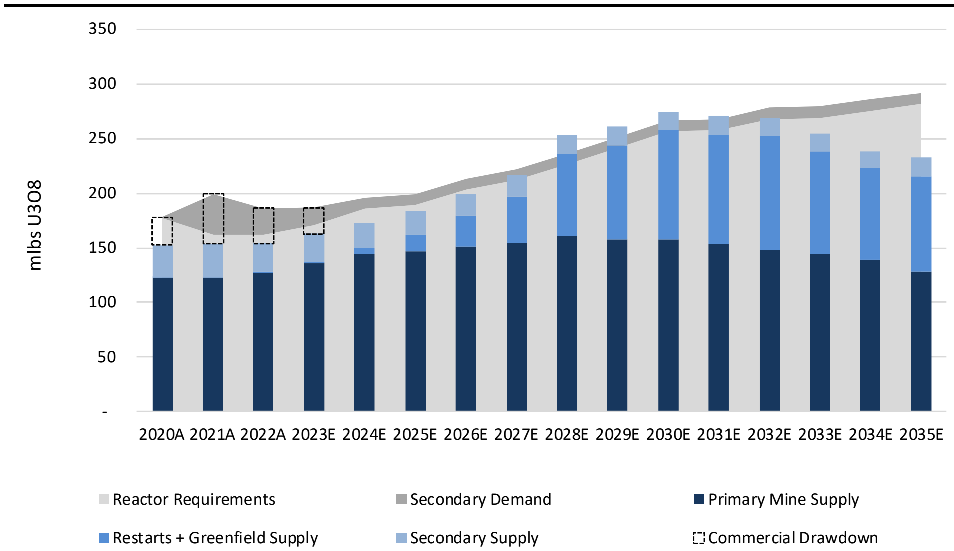
Source: UxC LLC, Canaccord Genuity

What could the rest of the year hold?

In this report, we outline our revised forecasts for supply and demand and highlight key issues and potential market developments that we believe will impact the direction of the uranium market over the remainder of this year.

Despite the 75% increase in spot U_3O_8 prices over the last 12 months and the +250% price rise since we started covering the sector, we remain constructive on the outlook for uranium prices. In our view, the market remains in a structural deficit, and we expect this to persist through 2027 (Figure 7). A return to a balanced market, in our view, will be highly predicated on the advancement of greenfield projects, which still face considerable hurdles such as permitting, financing and eventual construction.

Figure 7: CGe summary supply demand model



Source: Canaccord Genuity estimates, Company Reports, TradeTech, UxC LLC, WNA

Demand is growing, yet supply is as fragile as ever, and any near-term supply disruptions could lead to further panic buying, in our view, with both US and European utilities already at low inventory levels, while the market bifurcates.

Given low or immobile inventories, a risk of production shortfalls, and extreme tightness in the spot market, we continue to believe that spot prices could trend higher over the course of 2024, and now model an average price of US$105/lb in 2024 (+15% vs. previous). A re-evaluation of the uranium production cost curve has also driven us to increase our long-term price assumption to US$90/lb, from US$75-$80/lb previously. Our view is that over the course of 2024, the reported term price will rise towards spot. We are already hearing reports of improving contract terms, as further discussed below.

Last year, producers outperformed developers; Cameco returned 91%, nearly double our developer coverage which averaged a 40% increase. In 2024, we expect developers and explorers to catch up as investors look to increase their exposure and spot leverage by going down market-cap.

Our global top picks for uranium: NexGen Energy (NXE-TSX|ASX) and enCore Energy (EU-TSXV) in North America, Paladin Energy (PDN-ASX) and Lotus Resources (LOT-ASX) in Australia, and Kazatomprom (KAP-LSE) in the UK.

For pure spot price exposure, we favour the Sprott Physical Uranium Trust (U.UN-TSX) in North America and Yellow Cake (YCA-AIM) in the UK.

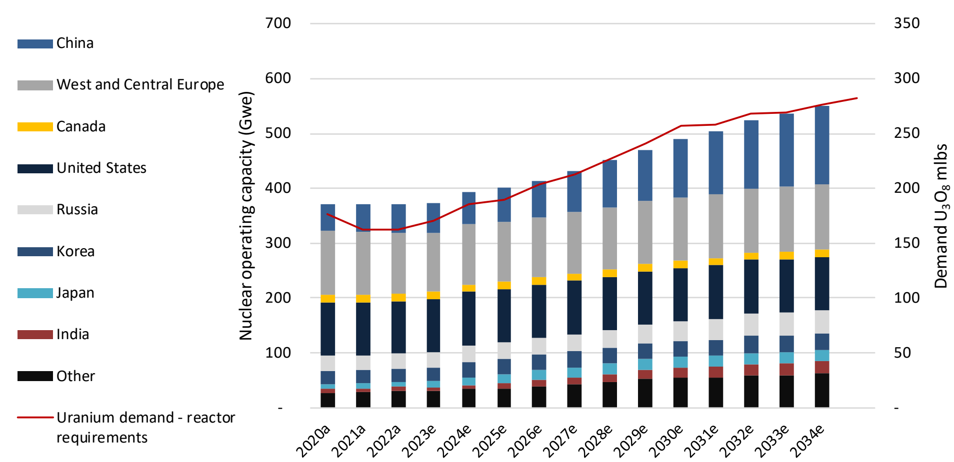
Demand for nuclear power is more durable than ever…

Operating nuclear capacity currently stands at ~372GWe (from 439 installed reactors). These reactors supply ~10% of the world's electricity needs and account for ~25% of the world's low carbon electricity production.

As a low-carbon, reliable source of baseload energy, nuclear power is increasingly being viewed as critical to global decarbonization and energy security. This was particularly evident when, at COP28, more than 20 countries from four continents launched the Declaration to Triple Nuclear Energy. This pledge recognizes the key role of nuclear energy in the fight against climate change, and outlines efforts to triple installed nuclear energy capacity by 2050. This, among other recent developments, has led us to upgrade our demand forecasts.

We now expect nuclear capacity to grow at a compound annual growth rate (CAGR) of ~3.5% through 2035, an increase vs. our previous forecast of 3.2%.

Figure 8: CGe forecast nuclear capacity by region



Source: Company Reports, Canaccord Genuity estimates

Key drivers of the durable demand outlook include:

- New reactor builds around the world, including pushes by governments in China, India, and South Korea, among others. There are currently 61 new reactors under construction in 15 counties (~68GWe). The biggest standout for new builds remains China, which currently has 27 reactors under construction with completion expected in the next four years. China's long-term vision of achieving up to 200GWe of nuclear capacity by 2035 alone would translate into ~100Mlb of annual uranium demand.

  We're also closely watching India, which has set an ambitious growth target and will need to ramp up their procurement strategy over the next several years (approvals and funding have already been received for 10 700MWe reactors, with construction underway).

- Extensions of planned operating lifetimes of reactors in many major nuclear nations, including the US, France, Japan, South Korea, Czechia, Switzerland, and Hungary. Efforts are underway to extend lives to 60 years (from the typical 40 years) and, in some cases, to 80 years. In January, EDF announced that it is looking to *again* extend the life of four of its UK plants, with a decision expected by year-end.

- Restarts of idled reactors, most notably in Japan. Efforts are underway to revitalize Japan's paused nuclear fleet; four reactors restarted in 2023 alone and work is underway on at least another 13.

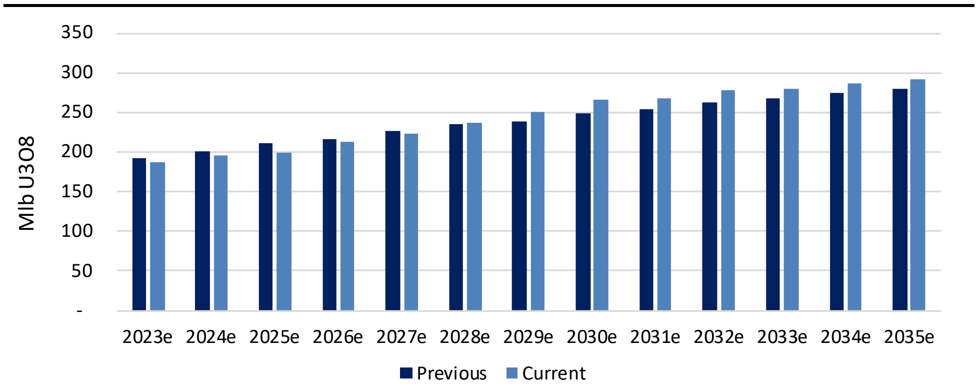
- Small modular reactors (not yet in our forecasts): Governments and the private sector continue to express strong support for advanced reactors and SMRs with funds being allocated towards their commercialization. Our sustainability analyst, George Gianarikas, recently noted that energy demands of AI data centres combined with the desire to deploy clean, baseload energy have led to real, heightened exploration of nuclear technologies by leading data centre companies such as Google, Microsoft, and Amazon (George Gianarikas' note).

  In our view, SMRs could result in significant upside demand beyond 2030. However, at this time, it is very difficult to accurately project demand, so we have conservatively left this impact out of our model, pending further analysis.

Uranium demand revisions

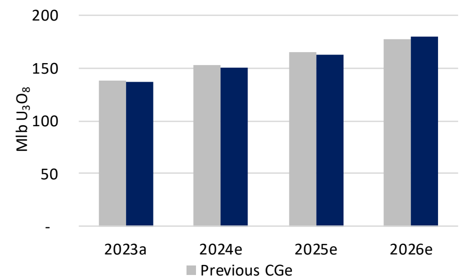
Our latest demand forecasts are summarized in Figure 9 below. Based on reactor consumption levels and changing tail assays (as well as conservative forecasts for secondary demand), we project a 36% increase in annual uranium demand through 2030, and a 49% increase through 2035.

Figure 9: CGe uranium demand forecast revisions



Source: World Nuclear Association, Canaccord Genuity estimates

Figure 10: CGe near-term revisions to supply (2023-2026E)



Source: Company Reports, CG estimates

… while supply remains as fragile as ever, despite positive momentum.

Success in long-term contracting and higher spot prices have continued to support growth in primary mine supply. We estimate total production of 136.7mlbs in 2023, slightly below our previous forecast of 138mlb, but a 7% increase relative to 2022. This growth was almost entirely driven by the restart of Cameco's McArthur River mine (despite the challenges faced later in the year – details below). In 2024, we project a further increase in supply to ~150mlbs U_3O_8, driven by a number of project restarts (Figure 10).

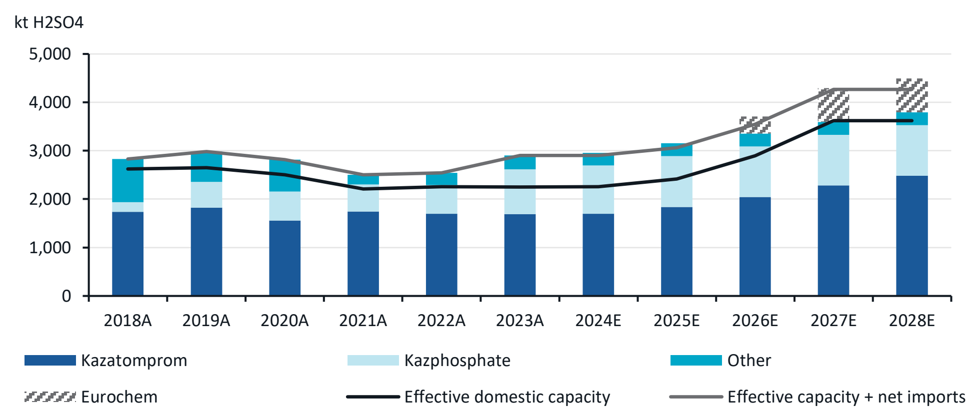
That being said, demand continues to outpace supply, with a CG estimated structural deficit of 22mlbs in 2024 and 16mlbs in 2025 (Figure 17 – SxD model), after considering secondary sources of demand and supply, but excluding commercial drawdowns.

We cannot stress enough the fragility of primary mine supply, with near- and medium-term production targets beset with risks. This has become particularly clear in the last 12 months, which have been marked by several downward production guidance revisions from incumbent uranium producers.

The most notable was Kazatomprom's (KAP-LSE) FY24 guidance announcement in early February, where the company guided to 55-58mlbs U_3O_8 of production in 2024, a 9mlb downgrade from the previous target due to sulphuric acid supply constraints and delays in completing construction works at some of its newly developed deposits (i.e., Budenovskye – see our note). In 2024, we will be closely watching for a revision to KAP's 2025 production target which is expected to be announced in the company's H1 2024 financial results in August. The company continues to flag its 2025 target of 81mlbs U_3O_8 as 'at risk'; we consider it nearly impossible to achieve before 2026 and unlikely before 2028 given current acid capacity and recent capex spend (see note, Figures 11 and 12).

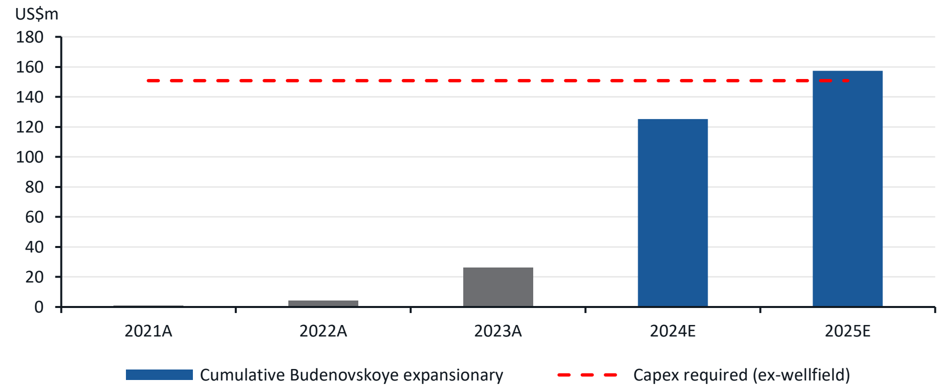
In addition, the company faces ongoing logistical challenges. And lastly, while we do expect Kazatomprom to increase its supply over time, we note that the majority of this supply is likely to be sold via existing long-term contracts to China and Russia, thus limiting available material to Western utilities.

Figure 11: Acid capacity will limit production out of Kazakhstan, in our view



Source: Company Reports, Canaccord Genuity estimates

Figure 12: We estimate that Budenovskoye is less than 20% complete – significant capex spend will be required in 2024 to begin ramp up in 2025

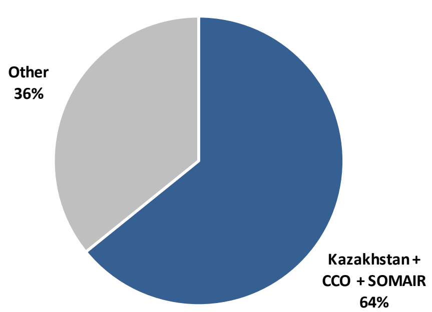


Source: Company Reports, Canaccord Genuity estimates

In 2023, Cameco (CCO-TSX) also struggled through production challenges at both its Cigar Lake and McArthur River projects, with total production volumes coming in 8% below already tempered production forecasts for the year (see note).

While CCO's 2024 production guidance (see note) suggests a return to normal levels at both McArthur River and Cigar Lake – 18mlb each – we would not be surprised to see a downgrade to production guidance later this year. In our view, the teething pains at the Key Lake mill are likely to persist in 2024 (see our site visit note from September). We also do not model an increase in production at McArthur River to 25mlb in the near term. Modifications to upsize the mill would be required in addition to increased ventilation, equipment, and personnel at the mine (as CCO transitions into mining lower grade zones, such as Zone A and Zone 4 South, and would therefore require more active areas to achieve the same tonnage).

Figure 13: Kazakhstan + McArthur River + Cigar Lake + SOMAIR – portion of total mine supply (2023)



Source: Company Reports, Canaccord Genuity estimates

Lastly, there is an ongoing coup in Niger. The coup, which commenced in July 2023, has increased uncertainty in country, and led Orano to pause production at its SOMAÏR operation for an undisclosed period of time (~5.2mlbspa, 4% of global supply). The coup has also created uncertainty around the completion of funding for Global Atomic's Dasa project, which is under construction. We had previously assumed that Dasa would come online in 2025 (now delayed to 2026). If issues in country persist or worsen, production could be further impacted.

Finally, we note that the combination of supply disruption and offtakers flexing up their contracts means that there is a material risk that major producers could return to the market (be it spot, or short term) to fulfil their contracted volumes. We expect Kazatomprom to purchase at least 3mlbs to manage its inventory, while Cameco has flagged that it may purchase up to 2mlbs on market (this could be higher if production issues from 2023 continue), and Orano has similarly flagged that it may need to go to the market to serve contracts if Nigerien border controls continue to prevent exports. Together, these purchases could represent >6% of global supply.

Restarts are coming, but will they be enough?

Restart announcements have accumulated over the last two years. However, modelled production volumes from these restarts represent only a drop in the bucket, relative to the current supply deficit.

In our view, these are the "easy pounds" with existing infrastructure and minimal investment required to get back into production, and while encouraging, we do not believe that these projects alone will be sufficient to rebalance the market. "Difficult pounds" will need to get developed, and the market continues to demonstrate a myriad of obstacles that have slowed these pounds from entering the market.

Figure 14: Restarts and new builds as a proportion of total supply

Total Primary Mine Supply	136.7	150.1	162.6	179.3	197.0
Restarted Idled Capacity (mlbs)	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
McArthur River	13.5	17.8	18.0	18.1	18.0
Langer Heinrich	-	2.4	4.0	6.0	6.0
Lost Creek	0.1	0.7	1.0	1.0	1.0
McClean Lake	-	-	0.8	0.8	0.8
Wyoming Hub & Spoke	-	0.1	0.7	2.1	2.5
Texas Hub & Spoke	-	-	0.2	1.2	1.7
Shirley Basin	-	-	-	-	0.0
Honeymoon	-	0.6	1.4	2.5	2.5
Rosita	-	0.5	0.6	0.9	1.0
Alta Mesa	-	0.4	1.1	1.5	1.5
Gas Hills	-	-	-	-	0.5
Kayelekera	-	-	-	0.5	1.5
Nichols Ranch	-	-	-	0.5	0.9
La Sal/Pinyon/Whirlwind	-	-	0.9	1.1	1.7
Tony M	-	-	0.2	0.6	0.8
Lance	-	-	0.7	1.4	1.6
	13.6	**22.4**	**29.6**	**38.1**	**41.9**
Restarts as a % of Primary Mine Supply	**9.9%**	**14.9%**	**18.2%**	**21.2%**	**21.3%**
New Capacity (mlbs)	**2023A**	**2024E**	**2025E**	**2026E**	**2027E**
Budenovskoye	0.5	0.6	5.0	9.5	14.0
Dasa	-	-	-	0.3	4.8
Tumas	-	-	-	-	0.4
	0.5	**0.6**	**5.0**	**9.8**	**19.2**
New Builds as a % of Primary Mine Supply	**0.3%**	**0.4%**	**3.1%**	**5.5%**	**9.7%**

Source: Company Reports, Canaccord Genuity estimates

Closing the gap – why is it so hard to increase primary mine supply?

Despite uranium prices now being close to widely accepted "incentive price" (in spot at least – term pricing still has room to go, in our view), we have yet to see significant progress in building new uranium mines. The only projects currently under construction are Budenovskye and Dasa, both which are facing delays.

Other notable greenfield projects still seem a couple years away from production, when considering critical hurdles such as permitting, financing, and eventual construction. Furthermore, the prolonged bear market in uranium has created issues that may take years to fix, such as the loss of experienced personnel to build and operate mines. Cameco's struggles at Key Lake are a direct example of this, with ~50% of the operators having never worked in a uranium mill before.

It's "show me" time for greenfield projects.

On a more positive note, we are finally starting to see capital flow back into the sector, which should make the financing of Tier 1 projects and others possible. That being said, investors and developers need confidence that prices will stay at or around current price levels for the entire lifecycle of the project to warrant its development (given the significant upfront capital that goes into building these projects).

Our current supply forecasts model production from Arrow and Phoenix (in 2028 and 2029, respectively). Both projects are well advanced from a technical standpoint in addition to permits (Arrow received its provincial approvals in November 2023). As seen in Figure 17, these projects – among other smaller projects in Africa – will need to come online before the end of this decade to help rebalance the market. Any slips in our projected timelines to production could extend our market deficits. We note that ~71% of our forecast supply growth through 2035 comes from greenfield projects.

We also acknowledge previous challenges in bringing on new large-scale uranium supply. For example, the Cigar Lake mine flooded twice during its construction leading to several delays. First production was eventually achieved in 2014, a seven-year delay from its original target of 2007. Based on our conversations with utilities and other market participants, these risks to new supply are increasingly being recognized.

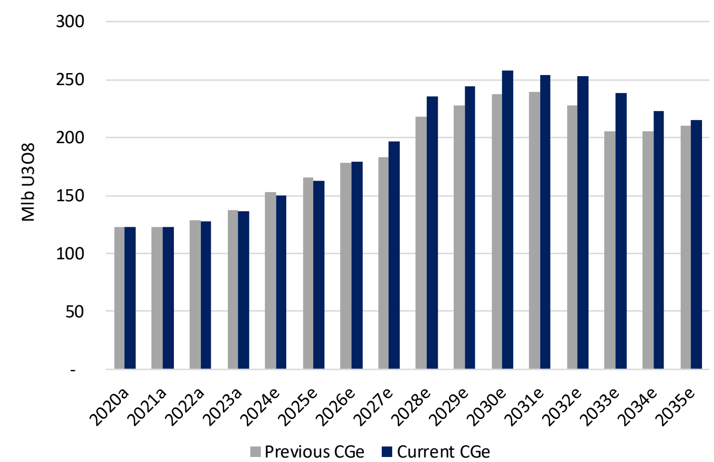
Uranium supply revisions

We present our updated primary mine supply forecasts in Figures 15 and 16 below. Through 2035, our modelled supply has increased by an average of 7%, comprised mostly of restarts, advanced greenfield projects, and increased capacity in Kazakhstan (i.e., Budenovskoye). We estimate average annual supply growth of 3.3% (CAGR) out to 2030.

Our current pipeline suggests growth through to the end of this decade, but declining supply thereafter based on current identified sources of supply, and reserve depletion of existing mines in operation. However, in order to meet uranium demand going forward, we will need some combination of high prices to incentivize lower-tier projects, increased (and timely) investment, and increased exploration efforts to discover new deposits.

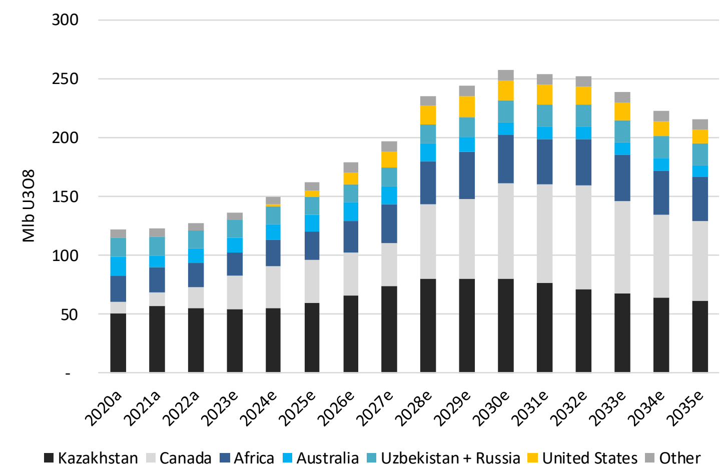
For existing producers and restart projects, our production numbers have been updated to reflect the most recent company guidance with some added conservatism where we deem appropriate. Through 2024, we will be closely watching the operating performance and costs at a number of restart projects, especially those in the US that have outdated technical reports. We would not be surprised to see costs come in higher than expected, given the current inflationary environment. This data will help inform our marginal cost of production forecasts and price deck going forward.

Figure 15: CGe forecast mine supply vs. previous



Source: Company Reports, Canaccord Genuity estimates

Figure 16: CGe forecast primary mine supply by region



Source: Company Reports, Canaccord Genuity estimates

Updating our supply/demand forecasts

We continue to expect the market to be in a structural deficit

We continue to expect the market to be in a structural deficit over the next few years, even before considering secondary demand from financial players and the potential impact of small modular reactors. In our view, utilities will need to draw down commercial inventories to ensure the continued operation of their fleets while at the same time layering in new long-term contracts at higher prices.

Key revisions to our estimates include:

- Our demand forecasts have been adjusted to reflect credible new reactor build announcements, life extensions, and reactor restarts.
- Our primary mine supply forecasts have been adjusted for Kazatomprom’s recent downgrade and Cameco’s announced extension of Cigar Lake (post-

2030). We have also made conservative assumptions around KAP's future ramp-up to 100% of subsoil (see Alex Bedwany's note).

- We have adjusted timelines for recently announced delays (Dasa, Lance, etc.), as well as incorporated assumed production from several production ready assets in the US (Alta Mesa, White Mesa conventional feed, etc.). This has resulted in modest variations in our near-term supply forecasts.
- We continue to assume that Western enrichers shift from underfeeding to overfeeding. This has two primary impacts: 1) lower secondary supply from underfeeding and 2) increased Western uranium demand due to a change in tails assays. Please refer to our H2 2023 update for a more detailed discussion of underfeeding vs. overfeeding and implications for the entire fuel cycle after Russia's invasion of Ukraine.
- These projects alone will not be sufficient to meet growing long-term demand. Investments in new mine supply will be required; however, many of these projects (Arrow, Wheeler River, Triple R, etc.) still face significant upfront capital costs in addition to outstanding permits.
- Even after including these projects (in 2028, 2029, and 2030, respectively), we continue to see the potential for sustained market deficits beyond 2032. In our view, new discoveries in addition to Tier 2 and Tier 3 greenfield projects will be required to meet this demand, which could have notably higher incentive prices.

Figure 17: Uranium SxD model summary

(in million lbs U3O8)	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Mine Supply																	
Kazakhstan	59	51	57	55	55	55	60	66	74	81	81	81	76	71	68	65	62
Canada	18	10	12	18	28	36	37	37	37	63	68	81	84	88	79	70	68
Australia	16	16	10	12	13	14	14	15	15	15	12	10	10	10	10	10	10
Africa	23	22	21	20	19	22	24	27	33	36	40	41	39	40	40	37	37
United States	0	0	0	0	0	2	5	10	14	15	17	17	17	16	15	13	11
China	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Russia	8	7	7	7	7	6	6	7	7	8	9	10	10	10	10	10	10
RoW	12	12	12	11	11	11	12	13	13	13	13	13	13	13	13	13	13
Total Mine Supply	**141**	**122**	**123**	**128**	**137**	**150**	**163**	**179**	**197**	**236**	**244**	**258**	**254**	**253**	**239**	**223**	**216**
Mine Supply as a % of Demand		69%	62%	69%	73%	77%	82%	84%	89%	100%	97%	97%	95%	91%	85%	78%	74%
YoY % Change		-13%	1%	4%	7%	10%	8%	10%	10%	20%	3%	6%	-2%	-1%	-6%	-7%	-3%
Secondary Supply																	
Underfeeding / Tails re-enrichment	18	17	18	15	16	15	14	13	12	11	10	9	7	6	5	5	5
US Government (DOE material inflows)	3	2	1	1	1	1	1	1	1	-	-	-	-	-	-	-	-
Global reprocessed uranium / MOX	6	6	5	5	4	5	6	6	6	7	7	7	10	10	11	11	12
Other	5	5	6	5	5	2	-	-	-	-	-	-	-	-	-	-	-
Total Secondary Supply	**31**	**30**	**30**	**26**	**26**	**23**	**21**	**20**	**19**	**18**	**17**	**16**	**17**	**16**	**16**	**16**	**17**
Secondary Supply as a % of Demand		17%	15%	14%	14%	12%	11%	9%	9%	7%	7%	6%	6%	6%	6%	5%	6%
Total Supply	**172**	**152**	**154**	**154**	**163**	**173**	**184**	**200**	**216**	**254**	**261**	**274**	**272**	**269**	**254**	**239**	**233**
World Nuclear Operating Capacity (GWe)	373	371	371	372	372	393	401	414	432	451	471	490	504	524	537	550	563
Reactor Capacity (GWe)																	
China	46	47	50	52	53	58	62	67	76	86	94	107	116	124	133	142	151
United States	98	97	96	95	96	97	97	97	97	97	97	97	97	97	97	97	97
Canada	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14	14
Europe	134	132	129	124	121	123	122	124	127	130	129	130	131	131	134	134	138
Russia	29	29	28	28	28	30	30	31	32	32	35	37	38	42	42	43	43
Japan	9	9	9	9	11	14	16	18	18	20	20	20	20	20	20	20	20
South Korea	23	23	23	24	26	29	29	29	29	29	29	29	30	31	31	31	31
India	6	6	7	7	7	7	9	11	13	13	16	18	20	21	23	23	23
RoW	13	14	16	18	17	21	22	24	27	32	38	39	39	43	43	47	47
Total Reactor Capacity - Operating (GW	**373**	**371**	**371**	**372**	**372**	**393**	**401**	**414**	**432**	**451**	**471**	**490**	**504**	**524**	**537**	**550**	**563**
Total Demand (U3O8)	**177**	**178**	**200**	**187**	**187**	**196**	**199**	**213**	**222**	**236**	**251**	**267**	**268**	**278**	**279**	**286**	**292**
YoY % Change		0%	12%	-6%	0%	5%	2%	7%	4%	6%	6%	6%	1%	4%	0%	2%	2%
Market Balance (ex. comm drawdown/u	**(6)**	**(25)**	**(46)**	**(33)**	**(24)**	**(22)**	**(16)**	**(14)**	**(6)**	**17**	**10**	**7**	**3**	**(9)**	**(25)**	**(47)**	**(60)**

*Excludes the impact of SMRs

Source: World Nuclear Association, Company Reports, Urenco SWU calculator, UxC LLC, Canaccord Genuity estimates

Utilities may be reliant on inventories…

As highlighted in our H2 2023 update, data suggests that the era of inventory overhang is over.

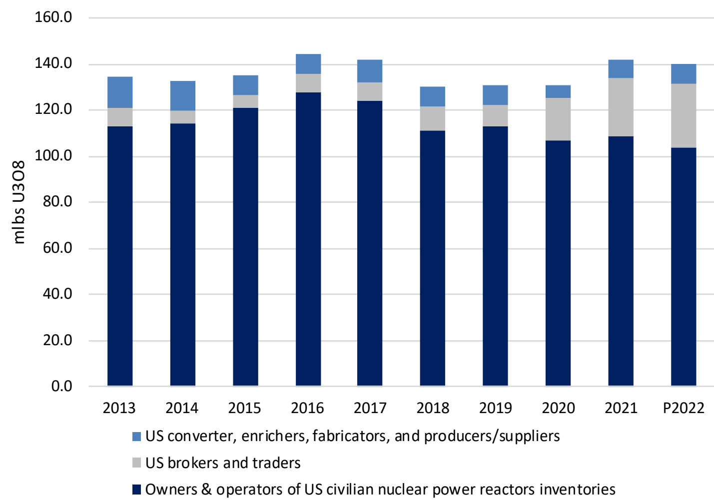
Uranium inventories are held by different industry players for different uses, with commercial volumes held by national utilities for direct use in reactors making up the bulk of the stock. Below we detail the latest disclosed volumes by country.

- United States – The EIA reported that US utilities held ~104mlbs at the end of 2022 (-4% yoy), or approximately two years of forward coverage. Inventories in the US have been in decline since 2016. Inventory volumes also differ by utility, with some utilities well covered while others are short (<12 months of inventory and keen to purchase more).
- European Union – The Euratom Supply Agency reported that the EU held ~94mlbs at the end of 2022 (-3% yoy). EU utility inventories have declined for eight years in a row and currently sit at their lowest level since 2005.
- China – China prefers to maintain high levels of inventory to feed its growing reactor fleet. As of 2022, the WNA estimates China alone holds ~343mlbs of inventory, enough to service about 12 years of reactor requirements at current consumption levels. In our view, this inventory is not mobile; China is not a seller but rather a buyer as it continues to import U_3O_8 and EUP volumes in excess of its annual needs.
- India – held an estimated 44mlbs U_3O_8 at the end of 2022.
- Survey data collected by the WNA suggested that total inventory holdings by utilities in the rest of the major East Asian markets (Japan, Korea, and Taiwan) totalled ~127mlbs U_3O_8 in 2022.
- Japan – As a country, Japan has historically represented one of the largest sources of surplus inventories, given the extended shutdown of its reactors post-Fukushima. However, as Japan continues its efforts to restart its reactor fleet, we expect these inventories to stay in-country and be drawn down. Some Japanese utilities have also been reported to be buying.

While we acknowledge these inventory levels may appear large on aggregate, we continue to believe the mobility of these pounds is growing increasingly less flexible as reactor needs grow and utilities look to secure additional fuel for their reactors. Industry consultants UxC believe that 2022 data actually reflects a low point in terms of utility inventories and that levels are likely to increase over the next few years as a response to concerns over security of supply (especially following Russia's invasion of Ukraine). We agree and stress the fact that maintaining adequate inventory as a utility is crucial to support the ongoing operation of one's nuclear fleet and to protect against future supply disruptions.

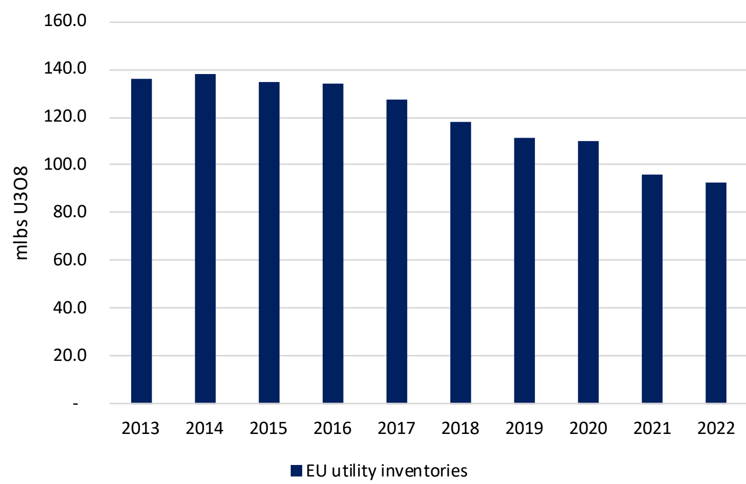
In summary, while we acknowledge the presence of inventory stockpiles in the market, we don't believe there is a "black box" of inventory that could rapidly hit the market and depress pricing. If there was, it would have likely already emerged in the recent price run, in our view.

Figure 18: Commercial inventories held by utilities in the United States (in dark blue) have been declining since 2016



Source: U.S. Energy Information Administration, Form EIA-858, Uranium Marketing Annual Survey (2019–2022), Canaccord Genuity

Figure 19: Since peaking in 2013, EU utility inventories have been on a steady decline



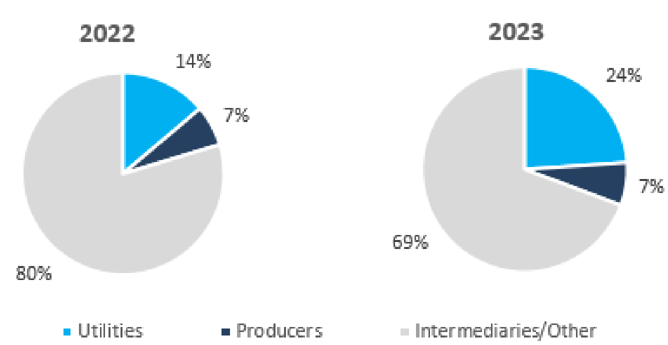
Source: Euratom Agency Annual Reports, Canaccord Genuity

…and high levels of term contracting will need to continue

We estimate utilities currently have ~2.3 billion pounds of uncovered requirements through 2040. Against this backdrop of increasing uncovered demand, we're not surprised to see utilities more active in both term and spot. In 2023, term volumes exceeded 160mlbs U_3O_8, the highest level since 2012. We also saw nearly 42M kgU of conversion term contracting (the second highest annual volume in the past decade) and nearly 50 million SWU of enrichment contracting (highest since 2009).

In 2023, utility spot purchases were also up relative to 2022 (24% vs. 14%), which we believe reflects concerns around near-term availability of supply and potential sanctions. Based on our discussions with market participants, utilities are unsettled by the lack of clarity around the potential for the US to sanction Russian uranium. This is prompting utilities to add additional suppliers to their contract portfolio, in addition to opportunistic spot purchases (albeit this has slowed in 2024).

Figure 20: Utility purchases as a percentage of spot market volumes

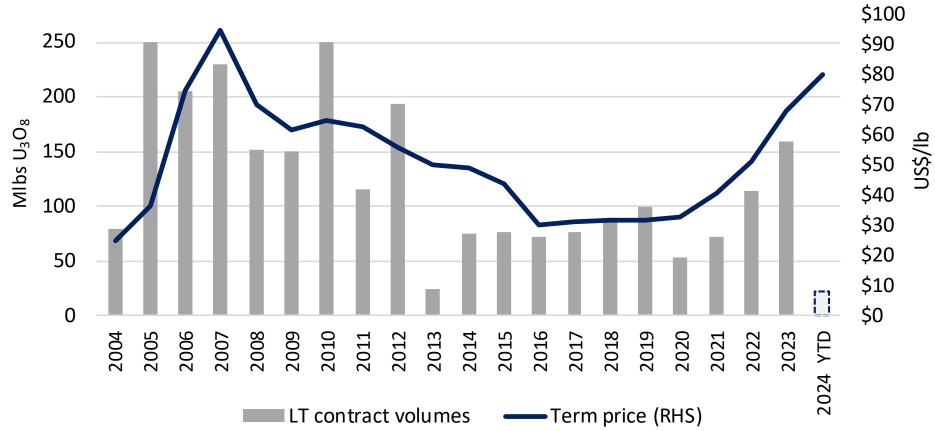


Source: UxC LLC, Canaccord Genuity estimates

Over the remainder of this year, we expect term contracting to continue. Approximately 22.8mlbs U_3O_8, have been put under long-term contract YTD (Figure 21). More important is the fact that these contracts are being signed at continuously higher prices. The term price has risen ~18% since the beginning of this year and currently sits at US$80/lb U_3O_8, its highest level in 15 years. We also note that the reported long-term price is a backwards looking indicator and that current discussions are likely happening at higher price levels (with spot still exceeding term).

Based on our discussions with market participants, negotiated terms continue to improve for producers, with floor discussions now at or above US$80/lb and ceiling prices between US$125 and $130/lb U_3O_8. Some producers/developers have even suggested that no ceilings are under discussion.

Figure 21: Historical long-term contract volumes and term price



Source: UxC LLC, TradeTech, Canaccord Genuity

We also note that there appears to be a divergence between utilities and producers with respect to their supply expectations. While it appears that it is now the consensus view that Kazatomprom will not meet its 2025 targets, UxC surveys indicate that producers are more pessimistic relative to utilities and, as a result, are more optimistic on spot prices. We remain conservative on both a short and medium-term basis for Kazakh supply and believe there is material upside risk to the spot price as we move closer to Kazatomprom's target update (we expect a downgrade in August).

Price deck

Updating our price deck – key changes

We previously expected a spot price rise to US$72.50/lb U_3O_8 by year-end 2023 and then to US$85/lb by mid-2024. Pricing has clearly exceeded our expectations so far, with spot currently sitting at US$88.75/lb U_3O_8 (as reported by UxC). With the market continuing to shift around us, we have revisited our forward-looking assumptions and have detailed our current thoughts on pricing below.

Spot price:

- In the near term, we see potential for the spot uranium price to continue its upward trajectory. In our view, recent transactions suggest there is very little material available, with even small transactions moving the price higher. In particular, we will be watching Kazatomprom's half year results in August and Cameco's Q2 earnings for potential downward revisions to guidance, which could be a catalyst for higher prices.
- Another catalyst for higher prices could be a move by the US to sanction Russian imports of low-enriched uranium. In early March, the US government unveiled a US$2.7 billion funding bill for the US uranium enrichment industry. In our view, this funding puts added pressure on the government, with the release of these funds contingent on a Russian uranium ban.
- Any additional buying by hedge funds and physical funds such as SPUT and Yellow Cake could also push spot prices rapidly higher.

Although it is nearly impossible to predict the uranium spot price (and its ultimate peak), we provide a hypothetical scenario in Figure 22. Any further rise in spot uranium will be positive for the uranium equities.

Figure 22: CGe U_3O_8 spot price deck – hypothetical scenario

U_3O_8 Spot Price Deck	2020a	2021a	2022a	2023e	2024e	2025e	2026e	2027e	LT
CGe Spot Uranium (U_3O_8) - Current	$29.53	$35.06	$49.76	$60.51	$105.37	$135.00	$115.00	$90.00	$90.00
CGe Spot Uranium (U_3O_8) - Previous	$29.53	$35.06	$49.76	$58.96	$91.25	$111.25	$77.50	$75.00	$75.00
% Change			0%	3%	15%	21%	48%	20%	20%

Source: UxC LLC, Canaccord Genuity estimates

Long-term realized price:

- We remind investors that the spot market is not the fundamental market; the majority of uranium is still bought and sold under long-term contracts.
- Our realized price forecast represents the average price we assume our coverage receives based on negotiated contract terms (both current and future yet to be negotiated).
- The CGe U_3O_8 (Realized Price) forms the basis for our DCF-derived developer valuations.
- As seen in Figure 23, we've increased our near-term forecasts based on recent term price moves and the catch-up we are seeing to current spot prices.
- Long term, we are also increasing our realized price forecast to US$90/lb (from US$75/lb). In our view, the marginal cost of production has increased globally as evidenced by inflationary impacts to current producers and developers in the process of restart. Many available technical reports in the market are also outdated and do not reflect current economics, in our view.

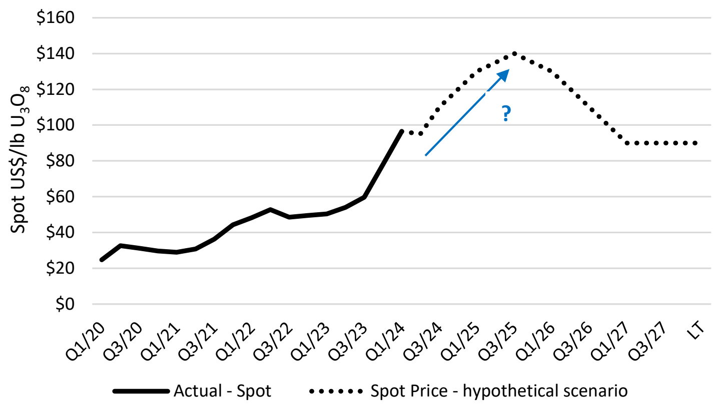
Figure 23: CGe U_3O_8 realized price deck

U_3O_8 Realized Price Deck	2022a	2023a	2024e	2025e	2026e	2027e	LT
CGe U_3O_8 (Realized Price) - Current*	$48.21	$57.83	$81.00	$90.00	$90.00	$90.00	$90.00
CGe U_3O_8 (Realized Price) - Previous*	$48.21	$57.58	$70.00	$72.50	$75.00	$75.00	$75.00
% Change	0%	0%	16%	24%	20%	20%	20%

*Represents the average realized price we assume our coverage receives under long-term contracts

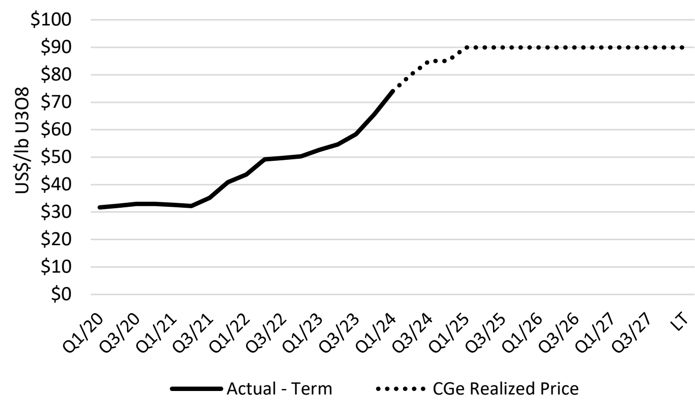
Source: UxC LLC, Canaccord Genuity estimates

Figure 24: CGe spot price estimate – hypothetical scenario



Source: UxC LLC, TradeTech, Canaccord Genuity estimates

Figure 25: CGe realized price estimate



Source: UxC LLC, TradeTech Canaccord Genuity estimates

Uranium equities

We have updated our estimates for each of the companies we cover to reflect our revised uranium price deck and company-specific updates. Our revised target prices and ratings are presented in Figure 26 below.

Figure 26: Revisions to target prices and ratings

		Target Price			Rating		Share Price	
		New	Previous	% Change	New	Previous	4/5/2024	% Return
Bannerman Energy Ltd.	BMN-ASX	A$4.62	A$3.71	25%	SPEC BUY	SPEC BUY	A$3.95	17%
Boss Energy Ltd.	BOE-ASX	A$6.00	A$5.25	14%	SPEC BUY	SPEC BUY	A$5.03	19%
Cameco Corp.	CCO-TSX	C$80.00	C$72.50	10%	BUY	BUY	C$66.87	20%
Deep Yellow Ltd.	DYL-ASX	A$1.92	A$1.53	25%	SPEC BUY	SPEC BUY	A$1.39	38%
Denison Mines Corp.	DML-TSX	C$3.75	C$3.50	7%	SPEC BUY	SPEC BUY	C$2.90	29%
enCore Energy Corp.	EU-TSXV	C$8.00	C$7.00	14%	BUY	SPEC BUY	C$6.16	30%
Energy Fuels Inc.	EFR-TSX	C$13.00	C$13.00	0%	SPEC BUY	SPEC BUY	C$8.92	46%
Fission Uranium Corp.	FCU-TSX	C$1.75	C$1.40	25%	SPEC BUY	SPEC BUY	C$1.06	65%
Global Atomic Corp.	GLO-TSX	C$5.50	C$5.50	0%	SPEC BUY	SPEC BUY	C$2.52	118%
Kazatomprom	KAP-LI	US$63.00	US$61.00	3%	BUY	BUY	US$43.00	47%
Lotus Resources Ltd.	LOT-ASX	A$0.54	A$0.45	20%	SPEC BUY	SPEC BUY	A$0.43	27%
NexGen Energy Ltd.	NXE-TSX	C$14.00	C$11.50	22%	SPEC BUY	SPEC BUY	C$11.46	22%
Paladin Energy Ltd.	PDN-ASX	A$1.55	A$1.30	19%	BUY	BUY	A$1.42	9%
Peninsula Energy Ltd.	PEN-ASX	A$0.22	A$0.18	22%	SPEC BUY	SPEC BUY	A$0.13	69%
Silex Systems Ltd.	SLX-ASX	A$6.21	A$5.42	15%	SPEC BUY	SPEC BUY	A$5.18	20%
Sprott Physical Uranium Trust	U.UN-TSX	C$35.00	C$31.50	11%	BUY	BUY	C$28.42	23%
Uranium Energy Corp.	UEC-US	US$10.50	US$10.25	2%	SPEC BUY	SPEC BUY	US$7.28	44%
Uranium Royalty Corp.	URC-TSX	C$6.75	C$6.75	0%	SPEC BUY	SPEC BUY	C$3.51	92%
Yellow Cake Plc	YCA-LON	£7.05	£6.45	9%	BUY	BUY	£6.35	11%

Source: Factset, Canaccord Genuity estimates

Figure 27: Global uranium coverage universe

Uranium Coverage Universe	Ticker	Price 2024-04-05	Market Capitalization	Enterprise Value	Rating	Target Price	Return to Target	P/NAV	Primary Project(s)	Metal(s)	Location(s)	Analyst
Bannerman Energy Ltd.	BMN-ASX	A$3.95	A$601	US$366	SPEC BUY	A$4.62	17%	0.85	Etango	U_3O_8	Namibia	JB
Boss Resources Ltd.	BOE-ASX	A$5.03	A$2,031	US$1,035	SPEC BUY	A$6.00	19%	0.84	Honeymoon	U_3O_8	South Australia	JB
Cameco Corp.	CCO-TSX	C$66.87	C$29,033	US$22,329	BUY	C$80.00	20%	1.46	Cigar Lake, Inkai, McArthur River	U_3O_8, UF_6	Canada, Kazakhstan	KL
Deep Yellow Ltd.	DYL-ASX	A$1.39	A$1,219	US$683	SPEC BUY	A$1.92	38%	0.72	Tumas, Mulga Rock	U_3O_8	Namibia, Australia	JB
Denison Mines Corp.	DML-TSX	C$2.90	C$2,584	US$1,713	SPEC BUY	C$3.75	29%	0.85	Wheeler River	U_3O_8	Saskatchewan, Canada	KL
enCore Energy Corp.	EU-TSXV	C$6.16	C$1,039	US$651	BUY	C$8.00	30%	0.82	Rosita, Alta Mesa, Dewey-Burdock	U_3O_8	Texas & S. Dakota, USA	KL
Energy Fuels Inc.	EFR-TSX	C$8.92	C$1,459	US$865	SPEC BUY	C$13.00	46%	0.72	White Mesa, Nichols Ranch	U_3O_8	Wyoming & Utah, USA	KL
Fission Uranium Corp.	FCU-TSX	C$1.06	C$799	US$513	SPEC BUY	C$1.75	65%	0.66	Triple R	U_3O_8	Saskatchewan, Canada	KL
Global Atomic Corp.	GLO-TSX	C$2.52	C$510	US$357	SPEC BUY	C$5.50	118%	0.49	Dasa	U_3O_8	Niger	KL
Kazatomprom	KAP-LI	US$43.00	US$11,100	US$11,829	Buy	US$63.00	47%	0.68		U_3O_8	Kazakhstan	AB
Lotus Resources Ltd.	LOT-ASX	A$0.43	A$769	US$472	SPEC BUY	A$0.54	27%	0.79	Kayelekera	U_3O_8	Malawi	JB
NexGen Energy Ltd.	NXE-TSX	C$11.46	C$6,183	US$4,359	SPEC BUY	C$14.00	22%	0.91	Rook I - Arrow	U_3O_8	Saskatchewan, Canada	KL
Paladin Energy Ltd.	PDN-ASX	A$1.42	A$4,522	US$2,833	BUY	A$1.55	9%	0.92	Langer Heinrich	U_3O_8	Namibia	JB
Peninsula Energy Ltd.	PEN-ASX	A$0.13	A$275	US$162	SPEC BUY	A$0.22	69%	0.59	Lance	U_3O_8	Wyoming, USA	JB
Silex Systems Ltd.	SLX-ASX	A$5.18	A$1,228	US$718	SPEC BUY	A$6.21	20%	0.83	Paducah	U_3O_8, UF_6	Kentucky, USA	JB
Sprott Physical Uranium Trust	U.UN-TSX	C$28.42	C$7,061	NA	BUY	C$35.00	23%	0.95	Holding Company	U_3O_8, UF_6	Various	KL
Uranium Energy Corp.	UEC-US	US$7.28	US$2,942	US$2,853	SPEC BUY	US$10.50	44%	0.99	Texas / Wyoming Hub & Spoke	U_3O_8	Texas & Wyoming, USA	KL
Uranium Royalty Corp.	URC-TSX	C$3.51	C$422	US$303	SPEC BUY	C$6.75	92%	0.82	Royalty Company	U_3O_8	Various	KL
Yellow Cake Plc	YCA-LON	£6.35	£1,378	US$1,504	BUY	705p	11%	0.90	Holding Company	U_3O_8	Various	AB
Uranium Average								**0.83**				

*KL = Katie Lachapelle, Canaccord Genuity Corp (Canada), JB = James Bullen, Canaccord Genuity (Australia) Ltd, AB = Alex Bedwany, Canaccord Genuity Ltd (UK)

Source: Factset, Company Reports, Canaccord Genuity estimates

Bannerman Energy Ltd.

BMN-ASX: A$3.95/sh mkt cap A$604M | SPEC BUY | A$4.62/sh target price (from A$3.71/sh) | James Bullen

BMN remains poised but patient with regard to the targeted sanctioning of its flagship 3.5Mlbpa Etango project in Namibia. While not at the bottom of the cost curve, it is located in a western and uranium-friendly jurisdiction and with a resource of over 200Mlb is the type of project required to close the structural U_3O_8 supply shortfall.

Early works commence at Etango: Subsequent to the mining license grant in DecQ'23, BMN immediately awarded two early works contracts on Etango for the build of the temporary construction water supply and the site access road. The temporary construction water pipeline will ensure sufficient water is available onsite when the main earthworks and civil contracts commence. The access road will enable controlled access to the mine site with minimal impact on the surrounding area to be achieved from the start of full construction works.

With $35M in net cash as at December 31, the company can easily fund the modest ~$3M in expenditure associated with these early works.

Material scope for growth: BMN has completed a Scoping Study for higher throughput and operating life cases at its flagship Etango Uranium Project (Etango) in Namibia. Two future phase options have been evaluated: 1) a post-ramp-up expansion in capacity to 6.7Mlb/y (Etango-XP) or 2) an extension of operating life to 27 years (Etango-XT). With ~225Mlb of resources and Etango-8's current capacity of 3.5Mlb/y this is a logical next step, in our view.

Potential catalysts: The company is targeting an FID for Etango by mid-CY24. This will require a number of contracting, technical and financial milestones to be completed in the coming months.

Target price A$4.62/sh; maintain SPEC BUY rating: We increase our target price, which is primarily NPV8 based, to $4.62/sh after increasing out LT realised U_3O_8 price to US$90/lb. The company remains catalyst rich, in our view, and consequently, we retain our SPEC BUY rating.

Boss Energy Ltd.

BOE-ASX: A$5.03ps, mkt cap A$2,055M | SPEC BUY | A$6.00/sh target price (from A$5.25/sh) | James Bullen

Last week, BOE announced that uranium-rich lixiviant from Honeymoon's wellfields has filled the processing plant Ion-Exchange (IX) column, where loaded resin will result in production of concentrated high-grade eluate. This is a highly positive de-risking event for the re-start and paves the way for the first drummed product in the coming weeks.

Positioned to capture any pricing upswing: BOE entered into its first binding sales agreement in the DecQ'23 for a modest 1.0Mlbs over seven years at market-related prices, it has not added to this position. With the term price increasing 7% last week to US$80/lb (TradeTech), the spot price at US$88/lb and 1.25Mlb of U_3O_8 inventory BOE is well positioned to capture any upside, in our view.

Charting a path to 2.45Mlb and beyond at Honeymoon: BOE has over 50Mlb of resource outside the Honeymoon restart tenements, the bulk of which is contained at Gould's Dam and Jason's. Given 1) IX is readily applicable for the development of satellite fields; 2) BOE has an export permit of 3.4Mlb; and 3) an increasingly supportive price environment, we believe the company will move quickly to exploit these pounds once sustained production at Honeymoon has been achieved.

Preparing to become a multi-mine / multi country producer: In late 2023, BOE acquired a 30% interest in the Alta Mesa restart being operated by enCore.

First production from this 1.5Mlbpa project is scheduled for late 1H CY24 and if achieved would make BOE the only multi-mine producer on the ASX.

Potential catalysts: The company is targeting an FID for Tumas by mid-CY24. This will require a number of contracting, technical and financial milestones to be completed in the coming months.

Target price A$6.00/sh; maintain SPEC BUY rating: We increase our target price, which is primarily NPV8 based, to $6.00/sh after increasing out LT realised U_3O_8 price to US$90/lb. The company and uranium space remains catalyst rich, in our view, and consequently, we retain our SPEC BUY rating.

Cameco Corporation

CCO-TSX: C$66.87, mkt cap C$29,033M | BUY | C$80.00/sh target price (from C$72.50/sh) | Katie Lachapelle

Over the last 12 months, CCO returned 94% in what was a transformative year for the company. We highlight the return of McArthur River to near-nameplate production (13.5 Mlbs produced in CY2023) and the closing of the Westinghouse transaction (see our note).

Over the remainder of this year, we will be closely watching the performance at CCO's operations in the Athabasca Basin. Both Cigar Lake and McArthur River/Key Lake experienced operational challenges last year. Despite this, the company has guided to 18mlb per year at both projects (on a 100% basis). We are slightly more cautious (we model ~4% lower production); commentary in the MD&A suggested that "there is continued uncertainty regarding the timing of a successful ramp up to planned 2024 production and the associated costs."

Even with these forecast improvements in production, the company has guided to "up to 2mlb" of spot market purchases in 2024. Our channel checks suggest this has not yet occurred. Given how tight the spot market currently is, these incremental purchases could push spot prices even higher. As Cameco looks to layer in more long-term contracts, this could benefit the company via improved contract terms (linked to spot with higher floors and ceilings); however, we do note that some of the company's near-term exposure to higher prices is limited due to lower ceiling prices. We also look forward to seeing the first full year of operations at Westinghouse under CCO's shared ownership (49%/51%). We continue to see upside in this business segment.

Potential catalysts:

- Signing of additional long-term contracts
- Additional production announcements (US assets, Rabbit Lake?)
- Potential M&A

Increasing target price to C$80.00/sh; maintain BUY rating: We have updated our model to reflect our revised uranium price deck and slight changes to our operating forecasts, including revisions to our Cigar Lake estimates to reflect CCO's recent technical report on the project's life extension announced earlier this year. As a result of these changes, our target NAVPS and EBITDA have increased by 13% and 8%, respectively, and we are increasing our target price to C$80.00/sh, from C$72.50/sh. Our target price remains based on an equal weighting of 15.0x NTM EBITDA and 1.8x NAV, now measured as at April 1, 2025.

Deep Yellow Ltd.

DYL-ASX: A$1.39/sh, mkt cap A$1,223M | SPEC BUY | A$1.92/sh target price (from A$1.53/sh)| James Bullen

Post its successful A$220M capital raising, and $30M SPP launch, DYL has the balance sheet strength required to aggressively progress its 3.6Mlb/y Tumas development in Namibia (use of funds: A$220M). With the uranium market currently confronting a ~30Mlb supply deficit and clear concentration risk, the need for greenfield projects is clear. With a proforma cash balance of A$279M, DYL is in a privileged position and with first production targeted for 2H CY26 it could be one of the first new-builds online.

Refreshed Tumas DFS: In December, DYL released an updated DFS for Tumas which delivered a 6.5% drop in upfront capex to US$360.5M (72% tendered) and LOM average opex up by only +1.0% to US$34.4/lb; a result we view as highly positive given the inflationary environment. Predicated on exploitation of the existing mineral reserve only, AUD/USD 0.68 and a U_3O_8 price of US$75, DYL estimates the NPV8 at A$838M, a small premium to our risked valuation of A$714M (we exclude vanadium by-product credits).

DYL is targeting Q3 CY24 for FID, and given the ~18-month lead time, this is a project that can quickly assist with the current structural supply shortage.

Building the resource base at Mulga Rock, revised DFS to commence in Q2 CY24: Following on from a successful drilling campaign and subsequent metallurgical testwork, DYL has increased its mineral resource estimate for Mulga Rock East by 26% to 71.2Mlb at 400ppm. The Mulga Rock West deposit is yet to be assessed (currently 33.6Mlb at 451ppm). DYL expects a revised MRP DFS to commence in Q2 CY24, it will utilise both the MRE update and the significant breakthrough with the metallurgical test work that has occurred in the recovery of critical minerals.

The revised DFS will integrate rescheduling of the mining, using a less selective approach, and potentially capturing much greater value presented by the coincident uranium and critical minerals of the Mulga Rock East deposits while operating within the permitting footprint.

Potential catalysts: Tumas FID and Mulga Rock updated DFS.

Target price A$1.92/sh; maintain SPEC BUY rating: We increase our target price, which is primarily NPV8 based, to $1.92ps after increasing out LT realised U_3O_8 price to US$90/lb. The company and uranium space remains catalyst rich, in our view, and we retain our SPEC BUY rating on DYL.

Denison Mines Corp.

DML-TSX: C$2.90, mkt cap C$2,584M | SPEC BUY | C$3.75/sh target price (from C$3.50/sh) | Katie Lachapelle

Denison's Wheeler River project is one of the most advanced greenfield development projects globally. The company is targeting a final investment decision by mid-2025. Critical path over the next 12 months will be the receipt of full federal approvals. In October 2023, the Saskatchewan Ministry of Environment confirmed that it was satisfied with Denison's responses to its questions, which indicates that Denison has effectively met all the requirements for provincial approval. On a federal level, DML is working through its second round of questions with the CNSC; we assume that the final provincial and federal EIS is completed and submitted in 2024, with receipt of final permits in H1 2025 – a key re-rating catalyst, in our view.

We believe DML is well positioned to rapidly advance Phoenix (part of Wheeler River) upon receipt of final approvals. The company has one of the strongest balance sheets amongst our developer coverage, having ended 2023 with C$131 million in cash and no debt, as well as 2.3mlbs of physical U_3O_8 inventories, worth ~US$204 million at current spot prices (US$88.75/lb).

In 2024, DML has already entered into an agreement to sell an additional 100,000lbs at US$100/lb, above current spot, with delivery expected in April. In total, the company expects to sell 300,000lbs this year in order to capitalize on continued uranium price strength and to fund ongoing project development. We continue to view DML's physical uranium portfolio as an incredibly valuable part of its balance sheet as it provides a non-dilutive financing option to cover the majority of initial capex at Phoenix. As a reminder, the revised initial capex for Phoenix was estimated to be C$419 million in the 2023 FS, the majority of which is already covered with current working capital.

Potential catalysts:

- Completion of federal review and submission of final EIS
- Formal Investment Decision for Phoenix – mid-2025 (CGe)
- First production from McClean Lake restart – 2025
- Ongoing results from regional exploration program

Increasing target price to C$3.75/sh; maintain SPEC BUY rating: We have updated our model to reflect our revised uranium price deck. As a result, we are increasing our target price to C$3.75/sh, from C$3.50/sh. Our target price remains based on 1.0x NAV, measured as at April 1, 2025.

enCore Energy Corp.

EU-TSXV: C$6.16, mkt cap C$1,039M | BUY (from Spec Buy) | C$8.00/sh target price (from C$7.00/sh) | Katie Lachapelle

enCore Energy is one of our preferred ways to play the uranium space. Within a matter of weeks, the company will have two operating mines in Texas. The Rosita plant commenced production in November 2023, and the Alta Mesa project is on track to start production in late April or early May. We project ~450,000lbs U_3O_8 of production from Rosita, and ~400,000lbs from Alta Mesa in 2024.

The profitability of these operations is well protected, in our view. EU has implemented a sales strategy focused on securing a base level of projected income via established offtakes, while also preserving the potential for exposure to the spot market through uncommitted production. To date, EU has signed five utility contracts totalling 4.25mlb U_3O_8, beginning in 2024 and extending through to 2032 (covering less than 50% of EU's planned production).

All of the contracts include pricing terms that are spot related with minimum floors and ceilings, with the minimum floor prices set at levels to provide EU with a reasonable margin over its expected cost of operations (CGe US$35-$45/lb AISC at run-rate), while also giving EU the ability to participate in anticipated escalations of the price of uranium. Cash flow from operations will further bolster enCore's already strong balance sheet (~US$80 million in cash and no debt) and allow the company to pursue future expansion at Rosita, Alta Mesa, and its other development-stage projects in the United States (Dewey-Burdock and Gas Hills).

Potential catalysts:

- Restart of production at Alta Mesa
- Signing of additional term contracts
- Permitting advancements at Dewey-Burdock and Gas Hills
- Potential M&A – sale of non-core assets

Increasing target price to C$8.00/sh; BUY rating: We have updated our model to reflect our revised uranium price deck and slight changes to our operating forecasts. As a result of these changes, our target NAVPS increased by 16%, and we are increasing our target price to C$8.00/sh, from C$7.00/sh. Our target price remains based on 1.0x NAV, measured as at April 1, 2025. With enCore now in steady state production at Rosita, we have dropped the "Spec" qualifier to our BUY rating.

Energy Fuels Inc.

EFR-TSX: C$8.92, mkt cap C$1,459M | SPEC BUY | C$13.00/sh target price (unchanged) | Katie Lachapelle

As announced in December (see our note), EFR continues to prepare several of its mines to restart production this year, with mine-level work now underway. Full ramp up is expected by mid to late 2024, with run-rate production targeting 1.1-1.4mlbs U_3O_8 per year from Pinyon Plain, La Sal, and Pandora. Ore is expected to be stockpiled at the White Mesa mill, with processing to commence at the mill in late 2024 or early 2025. In 2024, EFR is targeting production of 150,000-500,000lbs U_3O_8; we model ~410,000lbs. EFR is also preparing Whirlwind and Nichols Ranch to commence production within one year. The addition of these two projects would increase EFR's total run rate production to 2mlb per year starting as early as 2025. We model 2026, to be conservative.

In the company's rare earths segment, EFR expects production to be limited over the next few years. EFR recently indicated that it will prioritize White Mesa's capacity "to focus solely on uranium and uranium/vanadium production through at least mid-2026"; the company also continues to experience issues in securing sufficient monazite feedback. However, EFR does intend to continue to advance development of a vertically integrated rare earths supply chain, through ongoing exploration work at its Bahia Project in Brazil. The company expects to finalize and release an S-K 1300 Initial Assessment and NI 43-101 Technical Report for the project by Q1 2025. Management currently sees the potential for Bahia to be in production as early as 2026, supplying ~3,000-10,000 tonnes of natural monazite concentrate per year.

Potential catalysts:

- Restart of uranium production from EFR's conventional mines
- New monazite supply contracts (discussions ongoing)
- PEA for Bahia Project
- Updates on of Donald REE Project in Australia

Maintain C$13.00/sh target price and SPEC BUY rating: We have updated our model to reflect our revised uranium price deck and slight changes to our operating forecasts in both segments. As a result of these changes, our target NAVPS is largely unchanged, and we are maintaining our C$13.00/sh target price. Our target price remains based on 1.0x NAV, measured as at April 1, 2025.

Fission Uranium Corp.

FCU-TSX: C$1.06, mkt cap C$799M | SPEC BUY | C$1.75/sh target price (from C$1.40/sh) | Katie Lachapelle

Last month, Fission announced submission of its draft Environmental Impact Statement (EIS) to the Saskatchewan Ministry of Environment, a key milestone in the permitting process for its flagship PLS project (see note).

Unlike peers, Fission is progressing its permits via the Impact Assessment Act of 2019, which removes a duplication of the review process by both the provincial and federal regulators. What this means is that Fission only has to complete one Provincial EIS before it can move to the licensing stage (as opposed to both a

Provincial and a Federal EIS). In our view, this could accelerate the project's timeline. Management currently expects the provincial review process of the draft EIS to conclude in 2024 and full license and construction approvals to be received by 2027 with first production targeting 2029.

Fission also continues to conduct drilling across a variety of targets on its PLS property, with recent results demonstrating that the majority of the identified targets are highly prospective and warrant follow-up exploration (see note). The company remains well funded to support ongoing exploration, in our view, with an estimated ~C$146 million in cash and ST investments on hand following its C$75 million bought deal financing completed in February. We look to continued exploration results and any future discoveries from FCU's land package.

In our view, Fission continues to trade at an attractive discount to peers (0.49x vs. 0.83x), despite it being one of the best undeveloped uranium assets globally (high-grade, low-cost, safe jurisdiction).

Potential catalysts:

- Completion of provincial review and submission of final EIS
- Results from ongoing regional exploration

Increasing target price to C$1.75/sh; maintain SPEC BUY rating: We have updated our model to reflect our revised uranium price deck. As a result, our target NAVPS has increased by 24%, and we are increasing our target price to C$1.75/sh, from C$1.40/sh. Our target price remains based on 1.0x NAV, now measured as at April 1, 2025.

Global Atomic Corp.

GLO-TSX: C$2.52, mkt cap C$510M | SPEC BUY | C$5.50/sh target price (unchanged) | Katie Lachapelle

Global Atomic's flagship project Dasa is currently under construction with plant commissioning targeting late 2025. To maintain this timeline, it will be critical that GLO secures incremental funds to advance plant construction. The company ended CY2023 with ~C$25 million in cash on hand, vs. its remaining capex spend of ~$350 million.

The company still aims to secure ~60% of its initial capex via debt; it is currently in discussions with a US Development Bank and Export Development Canada. Based on the revised capex estimates from the recent FS update (see note), this would suggest a total facility of ~$254.8 million. Management anticipates the debt portion of its project financing package to be finalized in Q2 2024; a credit committee meeting is scheduled for April. Beyond the debt facility, GLO expects the remaining capital requirements ($96.4 million when considering funds already spent) to be funded through a combination of cash on hand, and as required, further equity potentially in the form of pre-payments for additional uranium sales agreements.

In our view, investors will be keenly focused on the outcome of GLO's ongoing debt discussions. Recent political instability in country, including recent reports that the Republic of Niger intended to terminate its military cooperation agreement with the United States, could put this in danger. That being said, we continue to believe that GLO has financing options available and will be able to successfully finance the completion of construction. Management has affirmed that it is pursuing a number of avenues to fund Dasa and many groups remain interested. Our current forecasts assume first production in mid-2026, a small delay from management guidance.

Potential catalysts:

- Finalize project financing package – H1 2024
- Additional offtake agreements – ongoing
- Exploration results – infill and expansion drilling

Maintain C$5.50/sh target price and SPEC BUY rating: We have updated our model to reflect our revised uranium price deck, in addition to more conservative project financing assumptions and higher corporate G&A expenses. As a result of these changes, our target NAVPS is largely unchanged, and we are maintaining our C$5.50/sh target price. Our target price remains based on 1.0x NAV, measured as at April 1, 2025. If GLO is successful in addressing its funding gap in the near term, we believe there is considerable potential for a re-rate higher.

Kazatomprom

KAP-LON: US$43.00, mkt cap US$11,152M | BUY | US$63.00/sh target price (from US$61.00/sh) | Alex Bedwany

In its FY23 results, Kazatomprom flagged that construction delays represent a risk to 2024 production. We assume the company will produce ~55 Mlbs, near the bottom of its 55-58 Mlbs (21-22.5 ktU) guidance range in 2024, and while the company's 2025 target of 100% of subsoil use levels (~81 Mlbs) remains unchanged, we consider it almost impossible to achieve.

While it may be counterintuitive to maintain a bullish stance with a backdrop of production downgrades, we believe the potential for lower production in the short term is more than offset by the entrenchment of higher spot prices (given Kazakhstan's ~40% market share). Our higher price deck has resulted in stronger EBITDA growth over the coming years, and we raise our target price to US$63.00 (from US$61.00), based on a 50/50 combination of 10x EV/EBITDA and 12-month forward EBITDA growth.

Lotus Resources Ltd.

LOT-ASX: A$0.43, mkt cap A$778M | SPEC BUY | A$0.54/sh target price (from A$0.45/sh) | James Bullen

The 2.4Mlbpa Kaylekera restart is all but shovel ready and we are carefully watching progress on the Mining Development Agreement with the Ministry of Mining Principal Secretary, Joseph Mkandawire, stating that it will "be completed soon". Based on articles in the Malawi press the main negotiating points, from a government perspective, relate to treatment of historic tax losses and potential application of a resource rent tax (see articles here and here).

LOT has indicated that it will soon be attending a roundtable to work through the MDA with government. Assuming a successful outcome, we believe the MDA could be signed in April. We currently assume the government receives: 1) a 15% free-carried interest; 2) a 5% royalty; and 3) 27.5% corporate tax.

Building the funding bridge: Allowing for modest cost inflation to the current US$88M upfront capex cost estimate and ~US$45M for pre-production opex and WC, we estimate that LOT will require in the order of US$150M in funding, less the A$20M allocated to Kaylekera from its recent A$30M raising.

As evident from PDN-ASX's recent US$150M senior debt facility, banks' appetite for supporting uranium restarts appears to be growing, and we believe that LOT is well-placed to benefit from this. Additionally, given increasing concern regarding primary mine supply, we would not discount the potential for pre-payments to support developments (a feature of previous cycles).

Letlhakane resource update being worked: The last MRE for Letlhakane was prepared in 2015. This is a huge resource (190.4Mlb @ 321ppm) which we believe will benefit from the geometallurgy studies, infill drilling and model updating which LOT is proposing. Based on LOT's track record, we believe the potential for value creation at Letlhakane is material. Consider Kaylekera (KUP) where under LOT's stewardship: 1) the mineral reserve increased 64% to 23Mlb; 2) the mineral resource increased by 78% to 51.1Mlb; 3) Livingstonia was discovered; and 4) forecast C1 cash costs were lowered to US$29.1/lb (-19%) on the back of a number of initiatives and despite a high inflation environment.

Potential catalysts:

- Mining Development Agreement
- Contracting activity
- Funding finalisation

Target price A$0.54/sh; maintain SPEC BUY rating: We increase our target price, which is primarily NPV8 based, to $0.54/sh after increasing out LT realised U_3O_8 price to US$90/lb. The company and uranium space remains catalyst rich, in our view, and we retain our SPEC BUY rating on LOT.

NexGen Energy Ltd.

NXE-TSX: C$11.46, mkt cap C$6,183M | SPEC BUY | C$14.00/sh target price (from C$11.50/sh) | Katie Lachapelle

NexGen is one of our top picks for uranium exposure. Rook I, NXE's 100%-owned flagship project, is host to the Arrow deposit, which we believe is the world's best undeveloped high-grade uranium deposit. The size (337.4mlbs), grade, and favourable geological setting of Arrow position it to be the largest, lowest-cost uranium mine in the world, supplying ~12% of global supply once in production at low quartile cash costs. In our view, this warrants a premium valuation and makes ownership of the asset highly strategic.

With receipt of provincial approval for its Environmental Assessment received in November 2023, the next permitting hurdle remains finalization of the federal review. A successful completeness check by the CNSC and several rounds of technical comment reviews and responses in 2023 and 2024 have already been completed and, as of February, NXE has only 49 questions remaining. Once all questions have been adequately addressed, a revised final EIS can be submitted, and a commission hearing can be scheduled. We still expect NXE to receive its full approvals by year-end, putting it on track for first production in 2028. Detailed engineering and procurement are already underway, and the company expects to provide an updated capital cost and operating cost figure this year. We currently assume total capex of ~C$1.7 billion, an increase vs. the 2021 Feasibility Study (~C$1.3 billion).

In 2024, we will also be watching the results of NXE's ongoing exploration program (+30,000m). Exploration work has already returned positive results, with new intense uranium mineralization having been discovered at the SW2 property last month (see our note). We remind investors that, beyond Arrow, NXE has a highly prospective land package spanning >190,000ha in the southwestern Athabasca Basin.

Potential catalysts:

- Regional exploration drilling at unexplored targets – ongoing
- Receipt of Federal EIS approval and scheduling of final commission hearing
- Completion of FEED, detailed engineering, and final licensing
- Securing of project financing
- Signing of long-term contracts

Increasing target price to C$14.00/sh; maintain SPEC BUY rating: We have updated our model to reflect our revised uranium price deck and slight changes to our operating forecasts. As a result of these changes, our target NAVPS increased by 22%, and we are increasing our target price to C$14.00/sh, from C$11.50/sh. Our target price remains based on 1.0x NAV, measured as at April 1, 2025.

Paladin Energy Ltd.

PDN-ASX: A$1.42/sh, mkt cap A$4,238M | BUY | A$1.55/sh target price (from A$1.30/sh) | James Bullen

In line with its original target of late MarQ'24, PDN has achieved first commercial uranium production and drumming at Langer Heinrich. The focus now shifts to sustainably ramping up production and building finished product inventory, ahead of shipments to customers.

Primed to capture any pricing upswing: PDN currently has ~80% uncapped upside exposure to the uranium spot price through to the end of CY2030. With the term price increasing 7% last week to US$80/lb (TradeTech) and the spot price at US$87/lb the setup remains positive, in our opinion.

With 28 countries signing a declaration at COP28 which aims to achieve a tripling of nuclear energy capacity globally by 2050 there is no doubt, in our view, of the need for increased mine supply. After more than a decade of underinvestment and increasing market bifurcation there is a clear requirement for the appropriate and sustained pricing signals to get the supply chain moving. With Kazatomprom highlighting risks to its production targets, issues in Niger and the potential for Russian sanctions, LHM is coming online at the right time, in our view.

Guidance to be provided in July: The company has indicated that it will provide guidance for key FY25 LHM operational parameters in July 2024. We currently forecast 0.4Mlb of gross production in FY24 and 4.5Mlb of gross production in FY25.

Potential catalysts:

- Production updates
- Guidance in July
- Progress at Michelin

Target price A$1.55/sh; maintain BUY rating: We in increase our target price, which is primarily NPV8 based, to $1.55/sh after increasing out LT realised U_3O_8 price to US$90/lb. The company and uranium space remains catalyst rich, in our view, and consequently, we retain our BUY rating.

Peninsula Energy Ltd.

PEN-ASX: A$0.13/sh, mkt cap A$275M | SPEC BUY | A$0.22/sh target price (from A$0.18/sh) | James Bullen

Following its $60M capital raising, PEN has quickly moved to: 1) complete the modification of the existing Lance plant to enable the processing of low-pH ISR solutions at the facility; 2) installed acid storage and distribution facilities; and 3) reconfigure process plant plumbing. Construction activities related to the preparation of the MU-3 surface facilities have also ramped up.

Progress made on remaining "trust-me" items: After allowing for the recent capital raising and ITM options, we calculate an incremental US$30M funding requirement to achieve sustainable positive cash flow (including US$12.5M cash buffer allowance). To assist in closing this funding gap the company has engaged advisors, commenced discussions with government agencies plus commercial financiers and is exploring pre-payment potential.

With regard to PEN's prior contractual commitments to deliver 5.25Mlbs U_3O_8, PEN has advised that all customers have agreed to adjusted delivery schedules to align with the current forecast production. The next product delivery is scheduled in 2025 after production is expected to resume at Lance. The company "does not currently foresee a circumstance where it would be required to obtain yellowcake in the market to satisfy future delivery obligations."

Trading at an attractive EV/resource: PEN is trading on US$1.7/lb EV/Resource (proforma for raising). This compares with an ASX peer average of US$3.0/lb and US$2.6/lb that UEC paid for the undeveloped North American Roughrider asset in late 2022.

Potential catalysts:

- Construction updates
- Finalisation of funding

Target price A$0.22/sh; maintain SPEC BUY rating: We in increase our target price, which is primarily NPV8 based, to $0.22/sh after increasing out LT realised U_3O_8 price to US$90/lb. The company and uranium space remains catalyst rich, in our view, and consequently, we retain our BUY rating.

Silex Systems Ltd.

SLX-ASX: A$5.18/sh, mkt cap A$1,226M | SPEC BUY | A$6.21/sh target price (from A$5.42/sh) | James Bullen

GLE (51% SLX, 49% Cameco) continues to progress in line with its accelerated schedule for the commercialisation of SLX's laser enrichment technology. Both Laser system modules are now assembled at GLE's test loop facility in Wilmington, North Carolina and the company expects to commence commissioning in April/May with initial results expected in SepQ'24. Development of laser enrichment technology could enable the US to assume a leadership position in the nuclear fuel chain, a supply chain which is currently dominated by Russia.

A proven prototype, time to scale up: The Test Loop Phase I milestone was achieved in May 2013, with a subsequent US$15M payment to SLX. This milestone represented the successful demonstration of the technology at prototype scale in a Test Loop facility built by GLE, confirming the inherent efficiency of the laser based SILEX Technology.

Fast-forward through a protracted uranium bear market and SLX has built and delivered two full-scale laser systems. In parallel, the team in Wilmington are advancing construction and testing of pilot-scale separator and gas handling systems. SLX expects results in the SepQ and aims to provide full economic and engineering validation of the technology necessary to support the construction/operation of the first commercial production module.

NRC provides approval to load UF6: Post an inspection by the Nuclear Regulatory Commission, GLE has been provided with approval to load UF6 feed material in preparation for the start of TRL-6 enrichment testing.

Potential catalysts:

- Commissioning of GLE’s test loop in Wilmington
- Results of test loop program in late CY24

Target price A$6.21/sh; maintain SPEC BUY rating: We increase our target price, which is primarily NPV8 based, to $6.21/sh after increasing out LT realised U_3O_8 price to US$90/lb. We retain our SPEC BUY rating.

Sprott Physical Uranium Trust

U.UN-TSX: C$28.42, mkt cap C$7,061M | BUY | C$35.00/sh target price (from C$31.50/sh) | Katie Lachapelle

SPUT purchased a total of 3.9mlbs U_3O_8 in 2023, a material decrease from its activity in 2022 (~18mlbs purchased) and 2021 (~23mlbs purchased). While SPUT has consistently traded at a discount to NAV over the last 12 months, it has been able to periodically raise funds and finance purchases, ending 2023 with C$34 million in cash on hand. In our view, the limited volumes in 2023 also reflect the current tightness in the spot market, with far fewer pounds available to purchase now than in recent years.

With 63.7mlbs of physical uranium currently in its portfolio, worth ~US$5.6 billion at current prices, SPUT remains one of the best ways to get pure play exposure to the sector and current spot prices. Any incremental buying from the Trust this year could help to push spot prices rapidly higher.

Potential catalysts:

- Additional spot purchases and a resultant move higher in the spot price
- Positive fundamental news

Increasing target price to C$35.00/sh; maintain BUY rating: We have updated our model to reflect our revised uranium price deck. As a result of these changes, we are increasing our target price to C$35.00/sh, from C$31.50/sh. Our target price remains based on 1.0x NAV.

Uranium Energy Corp.

UEC-NYSE: US$7.28, mkt cap US$2,942M | SPEC BUY | US$10.50/sh target price (from US$10.25/sh) | Katie Lachapelle

Uranium Energy Corp. is preparing to restart uranium production in Wyoming this year at its Christensen Ranch in situ recovery project and Irigaray processing plant. First production is anticipated in August, with exact production guidance to be provided at a later date (we estimated ~400klbs in CY2024). Production readiness activities completed in 2023 and ongoing efforts to increase its local workforce provide us with confidence in UEC's current production timeline.

Given UEC's vast portfolio of production-ready assets in Wyoming, as well as in Texas, we foresee potential for UEC to make further production restart announcements in 2024 following ramp up at Christensen and Irigaray. In our view, Christensen Ranch alone will not be sufficient to maximize the full capacity at Irigaray (2.5mlbspa), with our estimates suggesting Christensen Ranch could ramp up to ~1mlbpa max. That being said, there are several other fully permitted ISR projects in Wyoming that could maximize Irigaray's capacity, fulfilling UEC's intention of operating as a Hub & Spoke operation. UEC has also indicated that "initiatives to resume production are also being advanced at its South Texas Hub & Spoke platform", which suggests to us that we could see a near-term restart announcement there as well.

Elsewhere in UEC's portfolio, exploration and development work is ongoing at the Roughrider project in the Athabasca Basin. Following discovery of new high-grade vein hosted mineralization at the project earlier this year (see note), UEC intends to continue to drill the project beyond the known mineralized zones, increasing the potential for new discoveries and future resources upgrades, in our view. The company is also targeting completion of an updated economic assessment in 2024, as well as actively engaging with regulators regarding permitting requirements relating to the project's existing (completed) Environmental Assessment.

Potential catalysts:

- Restart of production in Wyoming at Christensen Ranch – mid-2024
- Restart decision in South Texas
- Updates on Roughrider
- Potential M&A

Increasing target price to US$10.50/sh; maintain SPEC BUY rating: We have updated our model to reflect our revised uranium price deck, in addition to slight changes to our operating forecasts and corporate expenses. As a result of these changes, our target NAVPS increased by ~3%, and we are increasing our target price to US$10.50/sh, from US$10.25/sh. Our target price remains based on 1.3x NAV, now measured as at May 1, 2025.

Uranium Royalty Corp.

URC-TSX: C$3.51, mkt cap C$422M | SPEC BUY | C$6.75/sh target price (unchanged) | Katie Lachapelle

URC's balance sheet continues to be strong, thanks to two recent bought deal financings and continued efforts to build out a robust portfolio of physical uranium (see note). URC last reported ~C$330 million in cash and physical uranium, providing it with ample liquidity to continue to execute on its strategy. Included in this figure, is ~2.6mlbs U_3O_8 of physical uranium inventory, with a further 350,000lbs of purchases already committed. At current spot (US$88.75/lb), this portfolio is worth an impressive ~US$262 million.

These pounds give URC leverage to rising prices, but also provide the company with a future source of funds (via sale) to potentially capitalize on accretive uranium royalty and streaming acquisition opportunities.

Potential catalysts:

- Additional royalty or streaming transactions
- Additional purchases of physical uranium
- Positive developments in the uranium market resulting in higher prices and/or the advancement of projects on which URC holds royalties

Maintain C$6.75/sh target price; SPEC BUY rating: We have updated our model to reflect our revised uranium price deck and slight changes to our operating forecasts. Adjustments have resulted in an immaterial change to our NAVPS. As a result, we are maintaining our C$6.75/sh target price and SPEC BUY rating. Our target price remains based on 1.4x NAV, now measured as at May 1, 2025.

Yellow Cake plc.

YCA-LON: 635p, mkt cap £1,376M | BUY | 705p/sh target price (from 645p/sh) | Alex Bedwany

Given our belief that supply remains fragile, we consider physical uranium holding companies as ideal to provide exposure to potential spot price breakouts.

We note that Yellow Cake typically trades at a wider discount than SPUT, however it has a framework agreement with Kazatomprom which allows it to purchase up to US$100M worth of material annually at a pre-agreed price. This allows YCA to purchase sizeable volumes without disrupting the spot market (due to its thinly traded volumes).

We raise our target price to 705p (from 645p), based on 1.0x P/NAV.

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