

Western Uranium & Vanadium Corp. (WUC)

Ore Purchase Agreement Signed with Energy Fuels; Any Details?

Event

Western Uranium & Vanadium yesterday announced that it had entered into an Ore Purchase Agreement with Energy Fuels (UUUU). Though the details have been extremely minimal, what we know is that Western will plan to commence hauling ore towards the end of May, making deliveries to Energy Fuels' White Mesa Mill, located near Blanding, Utah. This Ore Purchase Agreement has been long awaited however the lack of concrete details (pertaining to actual volumes and potential pricing) is frustrating. Much like the company's proposed Maverick CPP, potentially very material press releases with few accompanying details are increasingly becoming the norm from Western. Owing to the lack of detail, the market reaction to the announcement was muted as shares were +0.0% on back of the news.

Details

- **Stockpiling Ongoing; Ore Hauling to Start in May** – Stockpiling has been ongoing at the Sunday Mine Complex (SMC) with at least four mines on the property currently/recently in production. What we do know is that the Ore Purchase Agreement has been signed for one year, for delivery of up to 25,000 short tons of uranium bearing ore.
- **Not Many Details on Pricing** – All that was disclosed was that the purchase price will be calculated based on the uranium grade of each closed lot according to an agreed upon pricing schedule.
- **Not Many Details on a Potential CPP** – Apart from owning a plot of land and the start of early stage permitting, not much is known about the proposed Maverick Central Processing Facility since land was acquired in early 2023. Situated near the San Rafael deposit, the proposed licensed capacity was previously stated at 3.0M lbs U3O8 per year. Such a plant can cost approximately \$75M to build. In October 2024 additional land was acquired in Colorado for what was packaged as a potentially second CPP to be built.
- **Current Valuation Remains Somewhat Elevated** – At an estimated 0.55x NAV multiple, shares in Western Uranium & Vanadium now trade closer to the multiples of the more established producers/developers such as Ur-Energy (0.57x), enCore Energy (0.55x) and IsoEnergy (0.46x). That said however, owing to a relatively small current resource at either the SMC or San Rafael, on an EV/lb basis the company trades at a much higher multiple when compared to other US focused exploration/development peers. An updated NI43-101 compliant resource has yet to be published.

Conclusion

We continue to value the Sunday Mine Complex at a \$5.50/lb in-situ value. Factoring in the other portfolio assets along with current corporate adjustments and a NAV multiple of 0.80x, we maintain our in-situ based price objective (12-months) of C\$1.34 per share. Our price objective equates to +46% upside from the most recent close. The full online details can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Company	Western Uranium & Vanadium
Ticker	WUC
Current Price (C\$)	\$0.92
12-Mth Price Objective (C\$)	\$1.34
Potential Downside	+46%
Mkt Cap, Basic (C\$M)	\$54.5
EV (C\$M)	\$45.6
Shares O/S Basic (M)	59.4
1-Mth Return	-5.2%
3-Mth Return	-14.0%
YTD Return	-6.1%

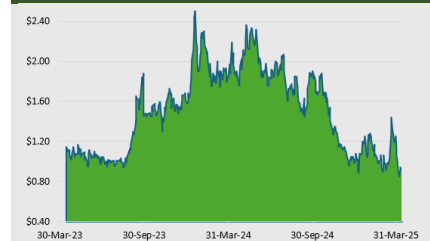
Measured & Indicated	Grade U3O8	Attrib. lbs
Sunday Complex	0.25%	1.00M lbs
San Rafael	0.23%	3.40M lbs
Sage	0.33%	0.46 M lbs
Hansen/Taylor Ranch	0.06%	19.67M lbs

Inferred Resources	Grade U3O8	Attrib. lbs
Sunday Complex	0.36%	1.90M lbs
San Rafael	0.21%	1.86M lbs
Sage	0.15%	0.12 M lbs
Hansen/Taylor Ranch	0.06%	26.81M lbs

Company Description

Western Uranium & Vanadium Corp is a CSE listed exploration/development company active with the development and acquisition of properties in the US. The current asset base encompasses properties located in both Colorado (Tallahassee Creek District, Uravan Mineral Belt) and Utah (San Rafael Uranium District). The company is currently stockpiling ore from the Sunday Mine Complex.

2-Year Stock chart



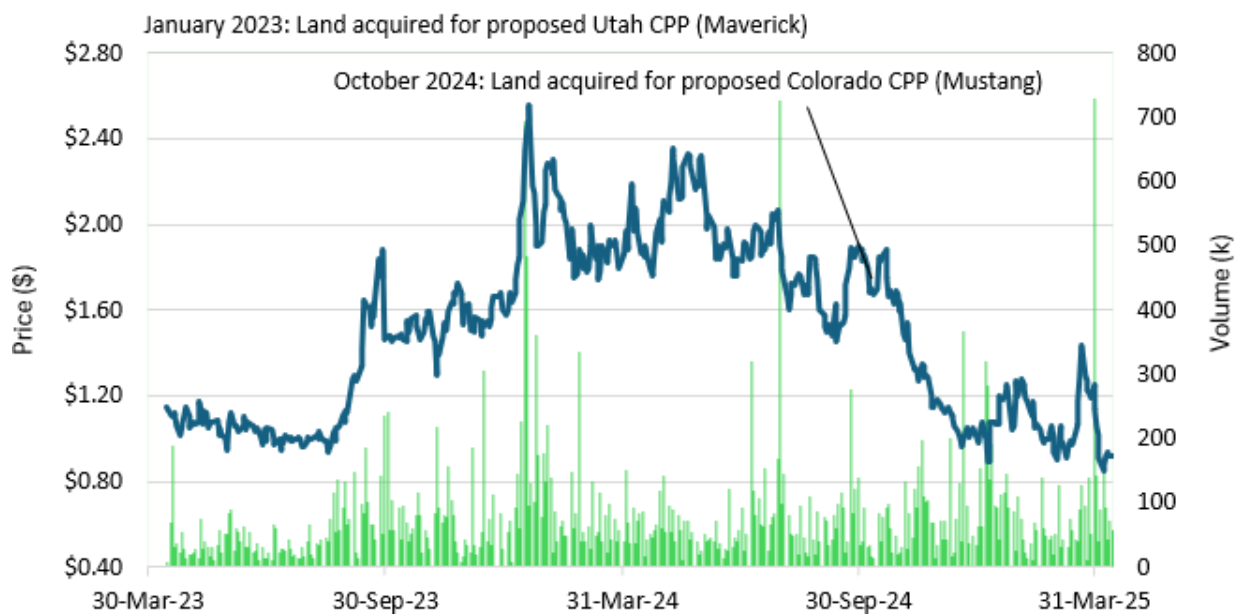
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VERY FEW DETAILS ON THE ORE PURCHASE AGREEMENT

Western Uranium & Vanadium yesterday announced that it had entered into an Ore Purchase Agreement with **Energy Fuels (UUUU)**. Though the details have been extremely minimal, what we know is that Western will plan to commence hauling ore towards the end of May, making deliveries to Energy Fuels' White Mesa Mill, located near Blanding, Utah. Stockpiling has been on-going at the Sunday Mine Complex (SMC) with at least four mines on the property currently/recently in production. What we do know is that the Ore Purchase Agreement has been signed for one year, for delivery of up to 25,000 short tons of uranium bearing ore.

Exhibit 1. Two-Year Share Price Performance



Source: HoldCo Markets

As per pricing, all that was disclosed was that the purchase price will be calculated based on the uranium grade of each closed lot according to an agreed upon pricing schedule.

ADDITIONAL QUESTIONS REMAIN:

WUC's key property is the Sunday Mine Complex (SMC) which is currently being mined (ore being stockpiled). The ultimate goal was always to sign some sort of processing agreement with Energy Fuel's White Mesa mill. Longer term, the company will be looking to develop the San Raphael complex as a second uranium production area while also providing in-house processing given the proposed Maverick Processing Plant. Though a lot of opportunity presents itself to the company at present, numerous unknowns remain which lead to our conclusion that the current share price is close to being fully valued. These specific unknowns include:

- Updated Resource Statement at the Sunday Mine Complex + Preliminary Economic Assessment (PEA)
- Processing/sales agreement details with Energy Fuels with regards to the White Mesa Processing Plant
- Economics & financing plan for the proposed Maverick (or Mustang) Central Processing Plant (CPP)

SUNDAY MINE COMPLEX

The SMC hosts six different mines. These are the Topaz, West Sunday, Sunday, St. Jude, Carnation, and most recently, the GMG. These mines have had numerous owners dating back to the 1960s, some of which included Union Carbide Corporation, Atlas Minerals, International Uranium Corp and Denison Mines (DNN) and most recently, Energy Fuels (UUUU). The most recent historical SMC production was conducted by Denison Mines between 2007-2009 when production totaled 503,558 lbs of uranium along with 2.846M Kg of vanadium. Western Uranium & Vanadium acquired the SMC in 2014. Mining is currently underway at the Sunday, Carnation, St. Jude and West Sunday mines. Permitting for the Topaz mine will be contingent on modifying the current Plan of Operations. Management is currently determining the best way to proceed with the permitting of Topaz given the requirements needed from the Bureau of Land Management (BLM).

Drilling: the primary objective is to define additional mining areas utilizing underground horizontal drilling. This alternative to surface drilling aims to identify new high-value targets for mine development and support an ore resource upgrade program, defining additional resources for a NI43-101 technical report. Of note is that both longhole and shorthole drilling efforts have already begun on mineralized areas encountered while drifting to the GMG ore body. GMG has been previously identified as having the potential to be the largest (in terms of grade and quantity) ore body from the entire Complex however the size and scope has yet to be quantified.

Production: The goal at the SMC is to achieve a daily ore production rate of 500 tons by 2025 – this would yield approximately 3,000 lbs of uranium per day and an annualized run-rate of 1.0M lbs of uranium production (along with an estimated 6.0M lbs of vanadium).

ONE (OR TWO?) MINERAL PROCESSING PLANTS IN DEVELOPMENT ?

Since 2023, the development of the proposed Maverick Minerals Processing plant has progressed on multiple fronts. If built, the plant would be located in Emery County, Utah just four miles from the San Rafael Deposit. The land acquisition for the plant was finalized in Q2/2023 while the permitting initiatives and plant design began in Q3/2023. Since the beginning of 2024, the baseline data required for submission for the permitting applications has been on-going with data being collected from the onsite meteorological towers. A final plant and animal study was since completed. The study confirmed that the site is clear of endangered plant life that is only observable during the spring growing season. Additional consulting commitments were made to advance the licensing and development with Precision Systems Engineering (PSE), a leading engineering, and design consulting firm headquartered in Sandy, Utah. A preliminary engineering design and cost estimate for a 500 ton per day mill is expected to be released later this year or in early 2025. Using a patented kinetic separation process, the benefits are seen in terms of cost savings and operational efficiency. As espoused by management, the kinetic separation process leads to savings in both transportation and processing seeing as up to 90% less material is needed to process the same amount of material as from a conventional mill. In addition to lower power consumption and increased output, economic recoverable resources are expected to be higher due to the use of lower cut-off grades. The plant design parameters continue to target annualized uranium production of 1.0M lbs of U3O8 with a potential expansion to as much as 3.0M lbs per year. Though the cost estimate has yet to be released, a ballpark figure is currently around the \$75.0M range.

As announced on October 15, 2024, Western closed the acquisition of a second property purchase. This latest purchase (for \$830,000) was for a 900 acre property located in Montrose County, Colorado. Located 25 miles from the Sunday Mine Complex, this property marks a second proposed processing plant. If built, this plant would take the entire mined feedstock from the SMC, thus making toll milling via the White Mesa Mill redundant. Both Maverick and this latest SMC plant proposal (aka Mustang) will likely be designed for potential intake from third parties as well. All other details remain unknown at this point.

CURRENT RESOURCE ESTIMATES HARDLY JUSTIFY THE CONSTRUCTION OF A PROCESSING PLANT

The main hosts for uranium-vanadium mineralization in the Sunday Mine Complex are fluvial sandstone beds assigned to the upper part of the Salt Wash Member of the Jurassic Morrison Formation. As per 2015 NI43-101 compliant Technical Report, The Sunday Mine Complex currently hosts just over 1.0M lbs U₃O₈ in the Measured & Indicated category (grading 0.25% U₃O₈) along with 1.9M lbs U₃O₈ in the Inferred category (grading 0.36% U₃O₈). At a global resource of just 2.9M lbs, we hardly see this as sufficient to justify the construction of a processing plant. The same logic goes for San Rafael with a global resource of 4.3M lbs. With an estimated price tag of ~\$75M and at a proposed capacity of 1.0M lbs per year, we hardly see the need for such an endeavor as a good allocation of capital. This point is made that much more pertinent given the deposit's close proximity ~180km to Energy Fuels White Mesa mill which is currently licensed for 2,000 tpd and up to 8.0M lbs annually. Needless to say, the White Mesa mill has more than enough excess capacity for additional intake. Additionally, the San Rafael deposit is also located ~140km from IsoEnergy's Shooting Canyon Mill. Given the excess capacity available at the nearby White Mesa mill, we would prefer if the company would concentrate on drilling out the resource at San Rafael and the SMC rather than devote resource to purchasing land and pushing for the construction of the Maverick (or SMC) mill.

Company-wide, the current resource estimate includes various NI43-101 compliant estimates along with one JORC compliant estimate for the Hansen/Taylor Ranch deposits. A resource for both uranium and vanadium content has been estimated.

Exhibit 2. Company-Wide Uranium & Vanadium Resource Estimate

Project	Measured & Indicated		Inferred		Measured & Indicated		Inferred	
	Lbs (M) U ₃ O ₈	% U ₃ O ₈	Lbs (M) U ₃ O ₈	% U ₃ O ₈	Lbs (M) V ₂ O ₅	% V ₂ O ₅	Lbs (M) V ₂ O ₅	% V ₂ O ₅
Sunday Complex	1.007	0.25%	1.906	0.36%	6.047	1.49%	11.436	2.16%
San Rafael	3.404	0.23%	1.859	0.21%	4.595	0.30%	2.510	0.28%
Totals	4.411		3.765		10.642		13.946	
Sage Mine*	0.459	0.33%	0.122	0.15%	3.350	2.10%	1.485	1.80%
Hansen/Taylor Ranch**	19.670	0.06%	26.81	0.06%	-	-	-	-
Totals	20.129		26.932		3.350		1.485	

Notes:

* Historic Estimate from 2011

** Historic Estimate from 2012 (JORC)

Source: Western Uranium & Vanadium, HoldCo Markets

TRADING AT HIGHER EV/LB MULTIPLES VERSUS PEERS

When compared to flagship projects from US focused, non-production peers, on an EV/lb basis, Western trades at one of the higher multiples, partly due to the relatively limited nature of the current SMC global resource of "just" 2.9M lbs. That said, Western comes out at the top of the valuation spectrum at \$15.69/lb, a figure well ahead of both producing and non-producing peers. This figure is considerably higher than Laramide Resources' (Churchrock Project) \$3.20/lb and GTi Energy's (Lo Herma) \$1.07/lb.

Exhibit 3. Comps – Primary Asset

Company	Symbol	Primary Asset	Mining/Exploration			EV C\$M	M&I M lbs	Inferred M lbs	Global M lbs	Primary Asset EV/lb	Note
			Acreage	Location	Type - Stage						
Ur-Energy	URG	Lost Creek	35,400	Wyoming	Current Production - ISR	\$237.4	12.6	6.1	18.7	\$12.70	
enCore Energy	EU	Alta Mesa	4,598	Texas	Current Production - ISR	\$293.4	3.4	16.8	20.2	\$14.52	
Peninsula Energy	PENMF	Lance	38,416	Wyoming	Current Production - ISR	\$27.7	16.0	37.8	53.8	\$0.51	
Laramide Resources	LAM.TO	Churchrock	4,680	New Mexico	PEA - ISR	\$162.5	0.0	50.8	50.8	\$3.20	
Average - Senior Producers/Developers						\$180.3			35.9	\$7.7	
Anfield Energy	AEC.V	Velvet Wood	2,166	Utah	PEA - Conventional	\$76.3	4.6	0.6	5.2	\$14.82	
Premier American Uranium	PUR.V	Cebolleta	6,717	New Mexico	Exploration	\$60.7	18.6	4.9	23.5	\$2.58	
Western Uranium & Vanadium	WUC.CSE	Sunday Mine	3,748	Colorado	Stockpiling	\$45.5	1.0	1.9	2.9	\$15.69	
Homeland Uranium	HLU.V	Coyote Basin	13,900	Colorado	Exploration	\$5.2	-	-	35.4	\$0.15	Historic lbs
Nuclear Fuels	NF.CSE	Kaycee	24,000	Wyoming	Exploration	\$6.0	-	-	8.6	\$0.70	Historic lbs
Myriad Uranium	M.CSE	Copper Mtn (75%)	1,911	Wyoming	Exploration	\$14.9	-	-	17.2	\$0.87	Historic lbs
GTI Energy	GTR.AX	Lo Herma	13,300	Wyoming	Exploration	\$6.1	0.0	5.7	5.7	\$1.07	
Strathmore Plus	SUU.CSE	Agate	1,075	Wyoming	Exploration	\$5.6	-	-	-	n/a	
Pegasus Resources	PEGA.V	Energy Sands	2,595	Utah	Exploration	\$1.5	-	-	-	n/a	
Average - Developers/Explorers						\$24.6			14.1	\$5.12	

Notes:

- * Alta Mesa: 4,598 acres as mining leases. Project area comprises 16,010 acres. Mineral options comprise 195,501 acres
- * JORC Resource for Lance & Lo Herma

Source: HoldCo Markets, Company Reports

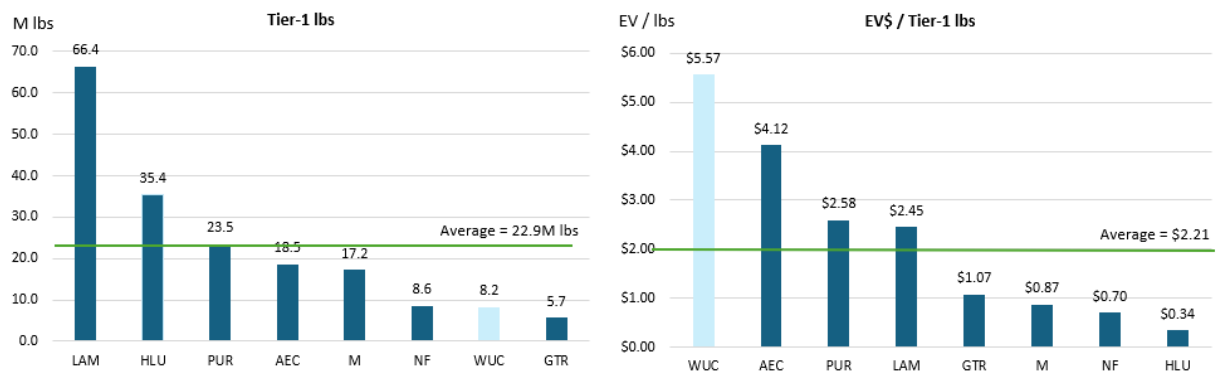
This high EV/lb metric is further seen when extending the resource to include all tier-1 projects. In Western's case, tier-1 would include the Sunday Mine Complex along with San Rafael, thus increasing the resource (all categories) to 8.2M lbs. In any case, Western's Tier-1 EV/lb of \$5.57 still ranks at the top of the peer list which averages \$2.21/lb.

Exhibit 4. Comps – Tier 1 Properties

Company	Symbol	Tier 1 Properties	Tier 2 Properties	EV C\$M	M&I M lbs	Inferred M lbs	Tier 1 M lbs	Tier 1 EV/lb	Note	
										Laramide Resources
Anfield Energy	AEC.V	Velvet Wood, Slick Rock, West Slope	Juan Tafoya	\$76.3	10.0	8.5	18.5	\$4.12		
Premier American Uranium	PUR.V	Cyclone, Cebolleta	Monogram Mesa, Atkinson	\$60.7	18.6	4.9	23.5	\$2.58		
Western Uranium & Vanadium	WUC.CSE	Sunday Mine, San Rafael	Sage Mine, Hansen/Taylor	\$45.5	4.4	3.8	8.2	\$5.57		
Homeland Uranium	HLU.V	Coyote Basin	Red Wash	\$12.1	-	-	35.4	\$0.34	Historic lbs	
Myriad Uranium	M.CSE	Copper Mtn (75%)	Red Basin	\$14.9	-	-	17.2	\$0.87	Historic lbs	
Nuclear Fuels	NF.CSE	Kaycee	Boothel, Moonshine	\$6.0	-	-	8.6	\$0.70	Historic lbs	
GTI Energy	GTR.AX	Lo Herma	Henry Mountains	\$6.1	0.0	5.7	5.7	\$1.07		
Average - Developers/Explorers							5.7	16.7	\$2.21	

Notes:

- * JORC Resource for Lo Herma



Source: HoldCo Markets, Company Reports

The high EV/lb multiple is not only a function of Western's rather limited tier 1 global resource but we would argue that the company is aggressively valued with the market already pricing in several aspirational items (the Maverick CPP, the Mustang CPP and resource expansion) which have yet to become reality.

VALUATION

We value the SMC at a \$5.50/lb in-situ value and provide the corresponding in-situ sensitivities. Factoring in the other assets along with current corporate adjustments and a target NAV multiple of 0.80x, we maintain our in-situ based price objective (12-months) of C\$1.34 per share. This equates to a modest upside of +46% from the most recent close (April 14). Shares of Western Uranium & Vanadium currently trade at a 0.55x NAV multiple. For context, this multiple is near the levels from our US producer coverage list. For context, producers such as **Ur-Energy (URG)** currently trades at a P/NAV of 0.57x while **enCore Energy (EU)** currently trades at a P/NAV of 0.55x).

Lastly, we acknowledge the possibility of co-production of vanadium resource however all is contingent on the signing of a uranium processing agreement (of which details have been minimal).

Exhibit 5. Valuation & NAV Sensitivities

		Value (C\$M)	\$ Per Share	% of NAV	
Sunday Complex		\$5.50/lb	\$21.95	\$0.37	24%
San Raphael		\$4.00/lb	\$28.84	\$0.49	32%
Sage		\$1.50/lb	\$16.80	\$0.28	19%
Hansen/Taylor		\$0.35/lb	\$22.29	\$0.38	25%
Total Mining Assets			\$89.88	\$1.51	100%
Cash & ST Investments	Q3/2024		\$10.28	\$0.17	
Corporate/Prepays/Other	Q3/2024		\$0.69	\$0.01	
Current Debt	Q3/2024		\$1.15	-\$0.02	
			\$12.11	\$0.17	
Net Asset Value			\$101.99	\$1.68	
P/NAV				0.55x	

	0.65x	0.70x	0.75x	0.80x	0.85x	0.90x	0.95x
\$4.00	\$1.03	\$1.10	\$1.18	\$1.26	\$1.34	\$1.42	\$1.50
\$4.50	\$1.05	\$1.13	\$1.21	\$1.29	\$1.37	\$1.45	\$1.53
\$5.00	\$1.07	\$1.15	\$1.23	\$1.32	\$1.40	\$1.48	\$1.56
\$5.50	\$1.09	\$1.17	\$1.26	\$1.34	\$1.43	\$1.51	\$1.59
\$6.00	\$1.11	\$1.20	\$1.28	\$1.37	\$1.46	\$1.54	\$1.63
\$6.50	\$1.13	\$1.22	\$1.31	\$1.40	\$1.48	\$1.57	\$1.66
\$7.00	\$1.16	\$1.25	\$1.33	\$1.42	\$1.51	\$1.60	\$1.69

Source: HoldCo Markets, Western Uranium & Vanadium

CONCLUSION

We continue to see Western Uranium & Vanadium as a company very much at the crossroads with plenty of ambitious plans on the horizon however in need of some concrete development milestones in the near term. These concrete development plans include actual economic projections for the proposed Maverick CPP, a possible PEA and some concrete resource growth at the SMC. Though we think the initiative to build the proposed Maverick mill is completely unnecessary, any positive news item on any of these fronts (or a change in strategy) will warrant a thesis adjustment on our end. Concrete development milestones (and corresponding details) are badly needed.

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