

Kazakhstan, Niger or Australia ? ...Pass

North American Uranium Exposure is Still the Way to Go!

Event

Following the ~20% retracement in uranium equities seen over the last month, we continue to highlight our investment thesis favouring North American uranium producers/developers. Ahead of the World Nuclear Association (WNA) symposium in early September and on the cusp of Q2/2024 reporting, we feel the time is right to add a quality basket of North American producers/developers.

Details

- **Kazakhstan MET, Niger Turmoil, Australia Rejects Jabiluka** – Given specific events over the course of July, the trade favoring North American jurisdictions has become much more prevalent in light of numerous government decisions in the aforementioned countries. Kazakhstan enacted changes to its Mineral Extraction Tax (MET) which would result in materially higher tax rates for Kazatomprom as of January 1, 2025. In Niger, the Ministry of Mines has been active rejecting the mining rights for both Imouraren (Orano) and Madaouela (Goviex). Meanwhile, amid the post-coup, country-specific turmoil, the Dasa uranium project (Global Atomic) has seen a delay to any potential financing agreement. Lastly in Australia, it was announced that ERA's (Rio Tinto) application for a 10-year lease renewal for the Jabiluka uranium mine located in the Northern Territory was rejected by the federal government.
- **Ur-Energy** – Q2/2024 results will be released around August 6. As per the previous quarter, the company expects to produce between 550,000-600,000 lbs of uranium over FY/2024. We also note that between 2024-2030, 5.7M lbs have been committed for delivery. Given a recently announced \$60M share offering, once closed, the company will have ~\$120 of cash in treasury. This equates to ~36% of current mcap. We can speculate as to what the near term company needs are between adding to the current portfolio pipeline to possibly securing additional physical inventory.
- **enCore Energy** – Q2/2024 results are expected around August 15, 2024. Given production primarily from Rosita, we don't expect much on the production front just yet. The big milestone event however occurred earlier in June when it was announced that Alta Mesa had a successful startup. A gradual production is expected over the course of the year in the PAA7 wellfield. Ultimately, recall that Alta Mesa has a total operating capacity of 1.5M lbs annually with additional drying capacity of 0.5M lbs.
- **Peninsula Energy** – Construction at the Ross CPP remains on track and the much anticipated start of ISR production remains for the end of 2024. Recall that earlier in the year, the Lance property released an updated MRE which showed a 20% increase to the M&I resource which now totals 26.2M lbs.

Conclusion

Cognizant of the traditional rally in the weeks leading to the WNA symposium, the recent pullback offers an ideal time to add to uranium positions. We maintain our \$120/lb LT price forecast for spot uranium (currently \$82/lb). We remain bullish on the North American focused producers and developers. The full details can be found [here](#):

Coverage Universe

Sector	Mining		
Sub-Sector	Uranium		
Ticker	URG		
Current Price (\$)	\$1.18		
12-Mth Price Objective (\$)	\$3.25		
Potential Upside	175%		
Ticker	EU		
Current Price (\$)	\$3.86		
12-Mth Price Objective (\$)	\$6.10		
Potential Upside	58%		
Companies Covered by HCM:			
	Symbol	MCAP	EV
Ur-Energy	URG	\$325M	\$276M
Peninsula Energy	PENMF	\$229M	\$212M
enCore Energy	EU	\$703M	\$614M
NexGen Energy	NXE	\$3,518M	\$3,326M
Denison Mines	DNN	\$1,696M	\$1,595M
Fission Uranium	FCU	\$669M	\$584M
IsoEnergy	ISO	\$449M	\$424M
Laramide Resources	LAM	\$112M	\$111M
Sprott Physical U Trust	U-U	\$4,660M	\$4,590M
Yellowcake plc	YCA.LN	\$1,458M	\$1,376M
Companies Not Currently Covered by HCM:			
	Symbol	MCAP	EV
Cameco	CCJ	\$19,634M	\$18,319M
Kazatomprom	KAP.LN	\$10,102M	\$9,791M
Energy Fuels	UUUU	\$928M	\$740M
Uranium Energy Corp	UEC	\$2,342M	\$2,234M
Global Atomic	GLO	\$201M	\$182M

2-Year Stock Chart – URG



2-Year Stock Chart - EU



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