

Laramide Resources (LAM-CN, LAM-AU)

Risk Profile & Timelines Increase Given Kazakh Optionality

Event

In the midst of Last week's WNA symposium in London, Laramide Resources announced that it has entered into a three year option agreement with Aral Resources Ltd, Kazakh company. Aral Resources has secured 17 mineral licenses (along with 5 additional licenses still pending approval) covering nearly 6,000 square kilometers in Kazakhstan's Chu-Sarysu sedimentary basin (located proximal to current Kazatomprom ISR mines). The Chu-Sarysu Project represents a very prospective project, located in a part of the world which has constant geo-political risk. Though not an outright acquisition, the option agreement nevertheless increases the risk profile of the company while also diverting from the exploration budget we previously thought would be devoted exclusively to Churchrock (New Mexico) and Westmoreland (Australia). Following this update, we reduce our targeted NAV multiple from the previous 0.70x to the current 0.60x. Our revised 12-month price objective equates to C\$1.55 (rounded), down from C\$1.80 previously. Cognizant of the -42% share price decline over the last two months, our revised price objective equates to upside of +238% from the most recent close.

Details

- **Option Terms** – Under the terms of the option agreement, Laramide will have the right to acquire all outstanding shares of Aral Resources Ltd for \$14.0M at any time during the option period, thereby obtaining full ownership of the Chu-Sarysu Project. A one time payment of \$450,000 along with annual payments of \$150,000 (three year term which can be extended) in cash will be due. Over the option term, Laramide will be the operator of the property and will exercise exclusive supervision, direction and control over any and all operations, programs and budgets relating to the property.
- **Now Three Projects Competing for Limited Development Capital** – Development of the PEA level Churchrock ISR project (New Mexico) along with drilling projects at Westmoreland (Australia) may now have more extended timelines given additional capital now needed for drilling at Chu-Sarysu.
- **Emerging Markets Exposure Increases the Risk Profile** – Though certain current employees and Board members have past experience with operations in Kazakhstan, we don't see a dedicated local assuming the role of point-person on the ground in Kazakhstan. In emerging markets, such a person with local contacts and knowledge of the culture (let alone being fluent in Kazakh) is imperative in order to drive negotiations and push plans forward. Understanding the complicated interplay between neighbors China and Russia make for a tough operating environment for any junior.

Conclusion

Given the news, we decrease our targeted NAV multiple, going from the previous 0.70x to 0.60x. We maintain our LT \$120/ lb uranium price and maintain our split Churchrock NAV_{10%} + in-situ valuation for the rest of the portfolio. As such, our 12-month price objective decreases from C\$1.80 per share to the current C\$1.55 (rounded). This equates to upside of +238% from the most recent close. Full details can be found [here](#):

Company Profile

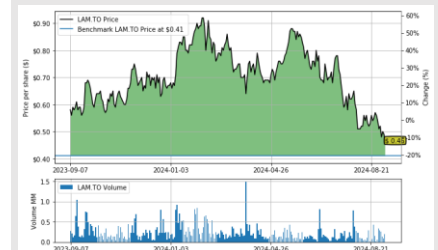
Sector	Mining
Sub-Sector	Uranium
Ticker	LAM-CN
Ticker	LAM-AU
Current Price (C\$)	\$0.46
12-Mth Price Objective (C\$)	\$1.55
Potential Upside	+238%
Mkt Cap, Basic (\$M)	\$83.7M
Mkt Cap, FD (\$M)	\$87.4M
EV (\$M)	\$84.0M
Shares O/S FD (M)	257.3
1-Mth Return	-12.5%
3-Mth Return	-43.1%
YTD Return	-32.1%

	2024e	2025e	2026e
U308 Production lbs	n/a	n/a	n/a
LOM Production lbs	31,200,000		
LOM avg. Cash cost\$/lb	\$27.70		
LOM avg. AISC\$/lb	\$34.83		
Uranium - Indicated	Tons '000	M lbs	% U308
Westmoreland	18,700	36.0	0.09%
Uranium - Inferred	Tons '000	M lbs	% U308
Westmoreland	9,000	15.9	0.08%
Churchrock	33,880	50.8	0.08%

Company Description

Laramide Resources is a uranium exploration/development company with assets based in New Mexico, Utah and Queensland, Australia. The various uranium portfolio assets include deposits which are amenable to both in-situ recovery (ISR) and conventional, underground operations.

2-Year Stock Chart



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