Case study: Financing growth in uranium production despite today's serious challenges – from concept to production in five years

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Background Information

An Overview of Uranium Energy Corp (UEC)

- UEC has a portfolio of uranium projects at the production and exploration stages
- ~100MM pounds of total resources in the US and South America
- Since IPO in 2006, UEC has completed over $200MM in transactions:
  - $130MM in equity financings
  - $20MM in debt financing
  - $50MM in uranium sector M&A transactions
- People:
  - Technical team with over 350 years of combined uranium industry experience
  - Board and advisors include former US Energy Secretary, CEO of Converdyn, Chair of UK Atomic Energy Authority
  - Financial backers such as Li Ka Shing, the wealthiest man in Asia and Blackrock

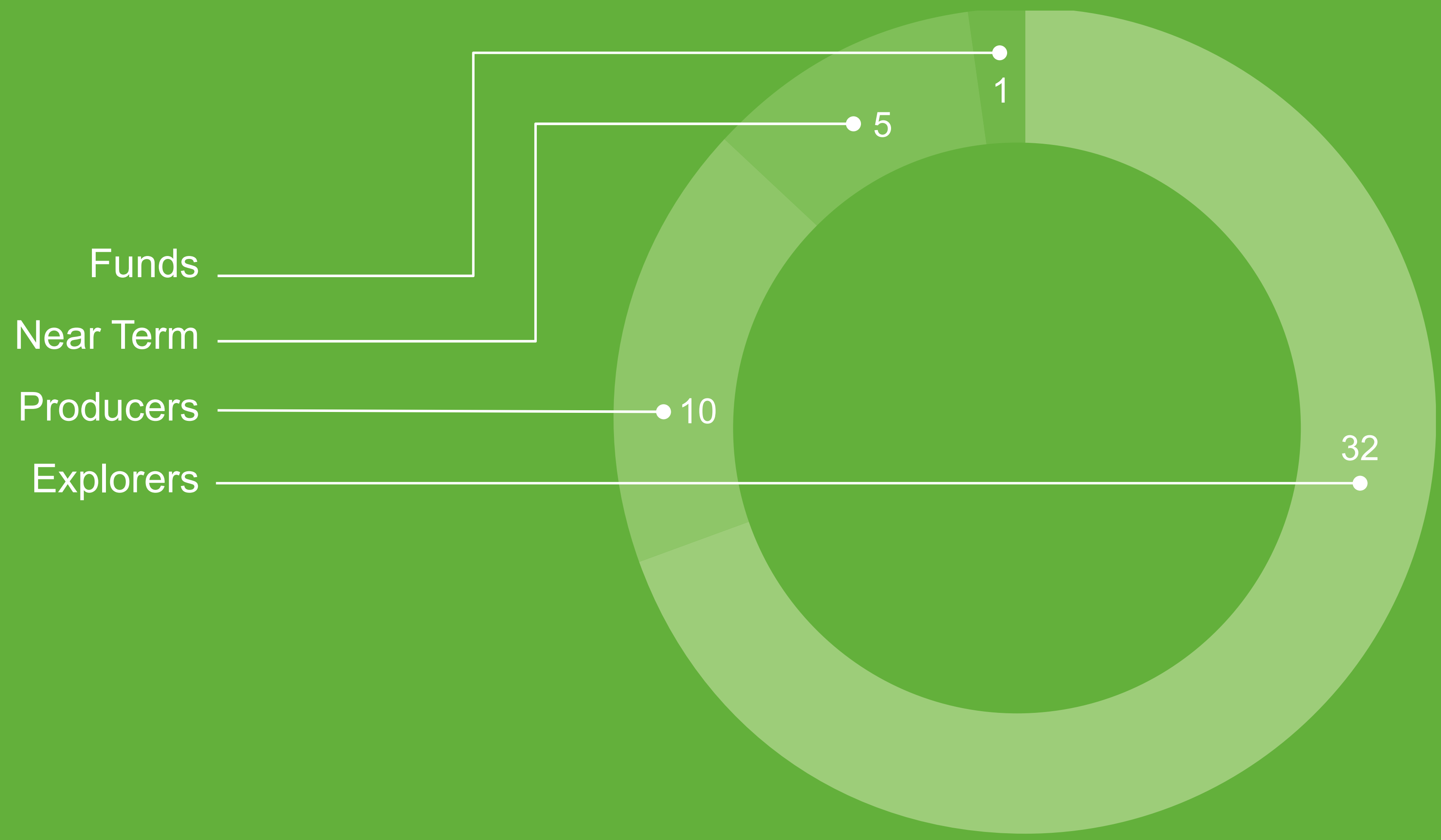
Global Metals and Mining M&A by Commodity

2013	Value ($MM)	Volume	Cross border (% share of volume)
Copper	18,051	82	52
Gold	12,363	292	47
Aluminum	10,712	21	10
Steel	10,546	39	18
Coal	8,991	85	39
Iron Ore	7,420	33	42
Potash/Phosphate	6,096	18	44
Silver/Lead/Zinc	4,007	36	50
Uranium	2,028	33	45
Nickel	1,541	13	15

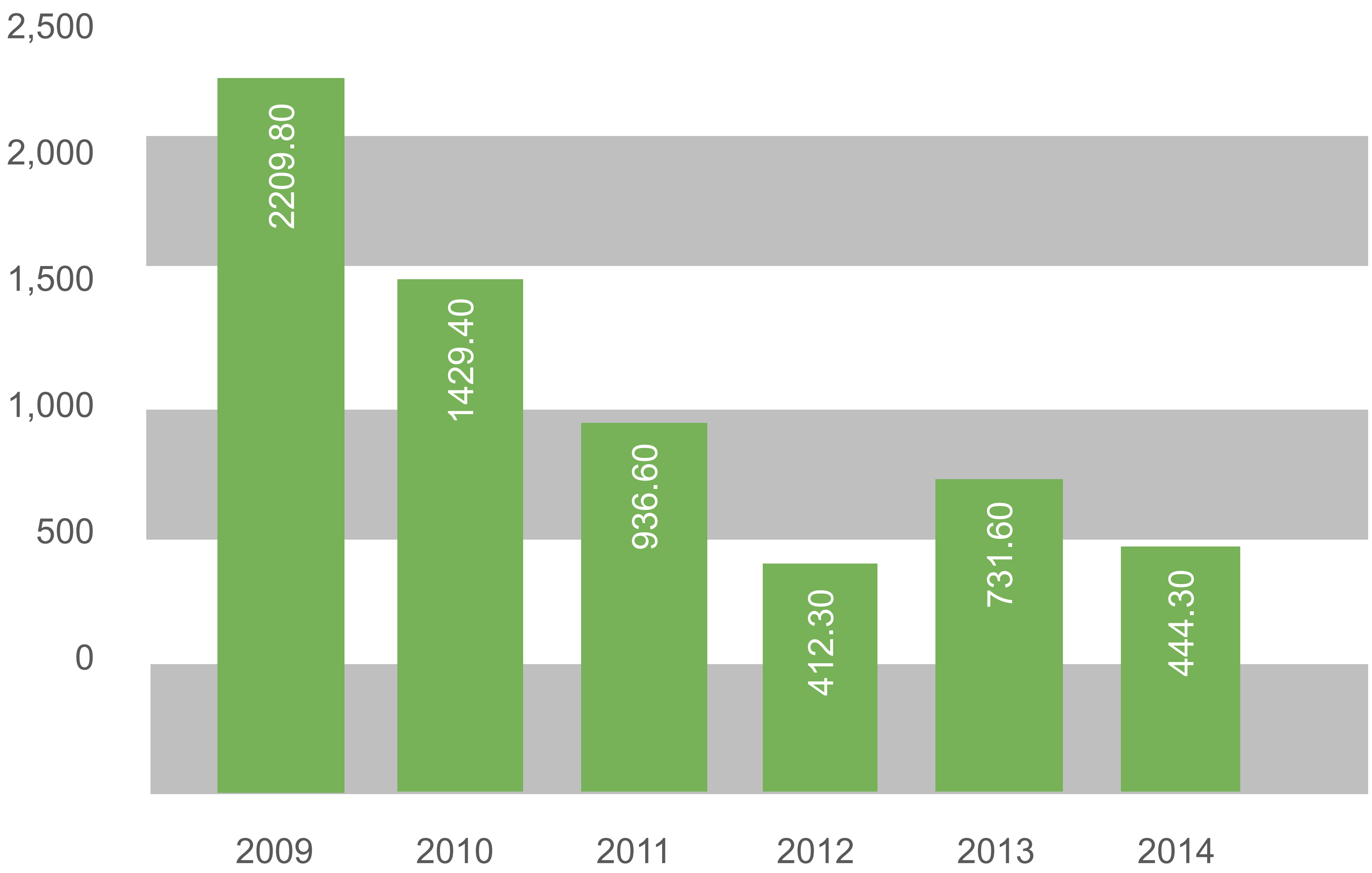
2012	Value ($MM)	Volume	Cross Border (% share of volume)
Steel	27,480	47	36
Coal	18,562	107	46
Gold	14,638	384	55
Copper	13,535	92	67
Iron Ore	7,354	65	55
Silver/Lead/Zinc	4,057	62	60
Uranium	3,917	43	60
Potash/Phosphate	3,124	23	65
Nickel	433	29	35
Aluminum	383	6	17

Includes deals where the metal is the target and/or acquirer commodity.

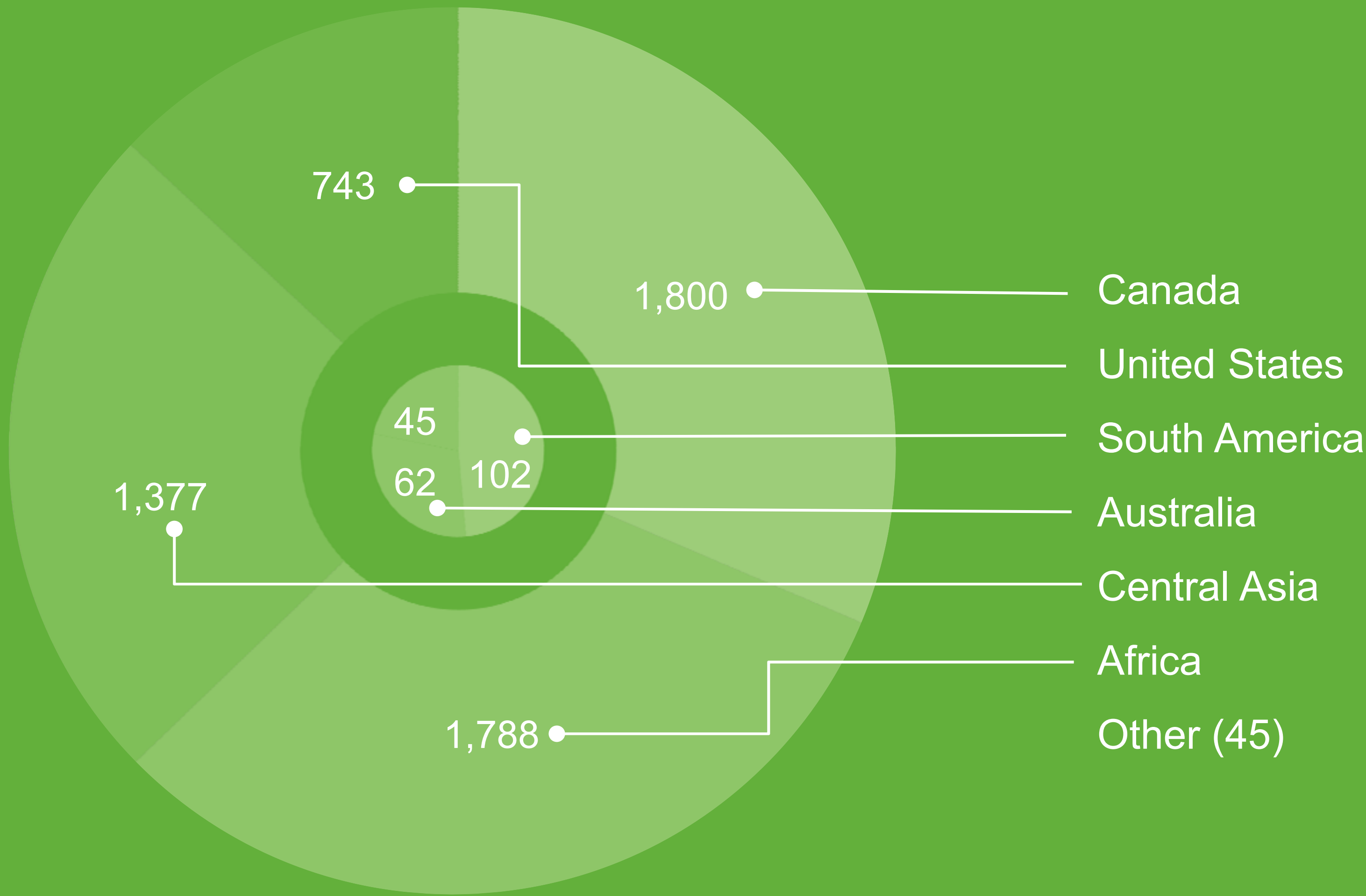
Publicly Traded Uranium Companies (2014)



Uranium Sector Equity Issuance 2009-14 ($MM)



Uranium Issuance by Region 2009 - 2014 ($MM)



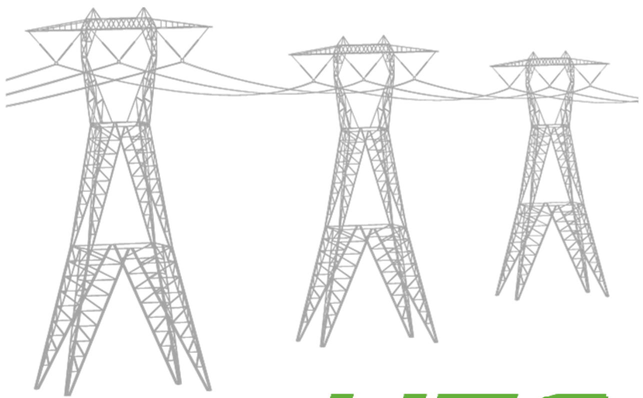
Financing Growth – Inside and Outside the Box

Project Funding Options Typically Utilized

Stage	Exploration	Development	Construction	Mid-tier / Major Producer
Credit Quality	**Unrated**	**Unrated**	**Unrated / High Yield**	**High Yield / Investment Grade**
Investor Perspective	**Highest Risk, Zero / Negative Yield**	**High Risk / Uncertain Yield**	**High Risk / High Yield**	**Medium Risk, High Yield, Lowest Risk, Low Yield**
Public Equity	✓	✓	✓	✓
Farm-ins	✓			
Standby Equity	✓			
Strategic Equity		✓	✓	✓
Convertible Bonds		✓	✓	
Streaming		✓	✓	✓
Royalties	✓	✓		
Off-take		✓	✓	
Development Finance	✓	✓	✓	
Project Finance		✓	✓	✓
Equipment Finance			✓	
Pre-export Finance			✓	✓
Commercial Loans				✓

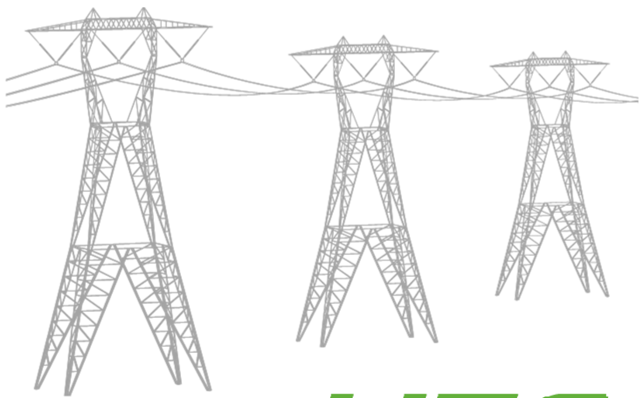
Alternatives to Debt and Equity Financings: Streaming and Royalty Transactions

- Equity investors must have a diversified portfolio of junior explorers, and always face the risk of bankruptcy or dilution.
- Problem: A company may run out of cash before making a major discovery, and be forced to shut down or dilute existing shareholders.
- Solution: streaming or royalty companies can provide diversification to the finance portfolio



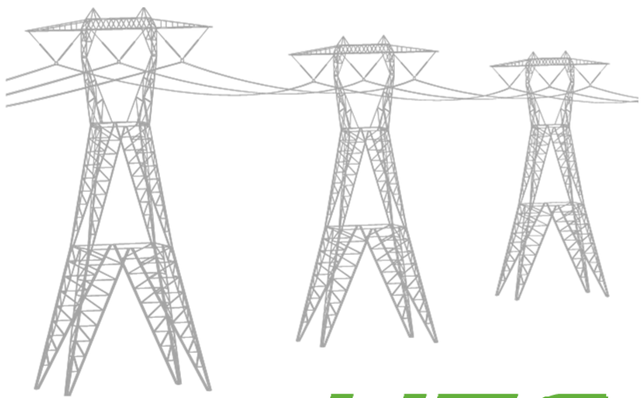
Streaming Transactions

- A metal streaming transaction is essentially a long-term agreement between an investor and a mining company
- Investor makes an upfront capital payment to the mining company in exchange for the right to purchase from the company an amount of metal calculated based on production from the reference mine (a “metal stream”).
- Criteria for the streams include: Good asset with exploration upside, lower cost quartile, and strong management team.



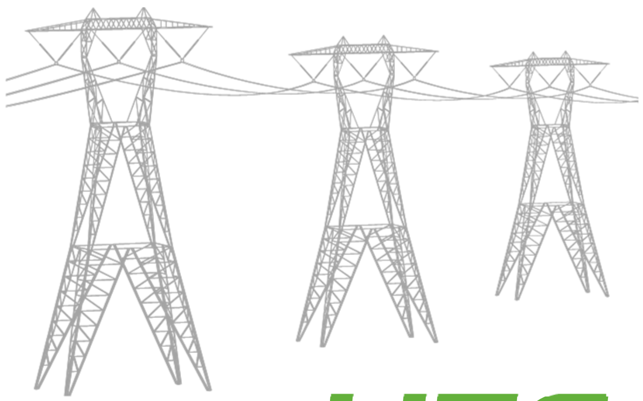
Royalty Transactions

- Royalty companies are like banks that deal exclusively with mining companies.
- A royalty is a payment to a royalty holder by a property owner or an operator of a property and is typically based on a percentage of the minerals or other products produced or the revenues or profits generated from the property.
- For the investor royalty payments are made from the operator's revenue, and are thus not directly impacted by rising costs.
- The only difference between a royalty and a stream is that the latter includes fixed ongoing payments for each unit of metal purchased.



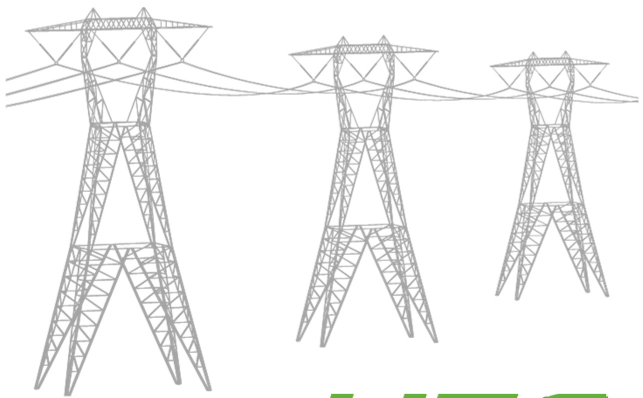
Royalty/Streaming Companies Provide Three Opportunities

- Exposure to the commodity for the investor, i.e. precious metals, uranium, etc.
- The interest rate & production and exploration upside can provide a return, even if the metal is shorted or hedged.
- Value arbitrage (i.e. silver).
  - Silver is often a by-product, not the core asset. Lead, zinc, nickel, copper, or other base metal mines generally do not want exposure to silver, and trade at lower P/Es than pure silver companies. The silver stream trades at a higher P/E when extracted from the base metal mine, and hence, instantaneous value is created.



2012-14 Performance Analysis

- 2012 and 2013 were years of rapidly rising costs for miners and falling commodity prices. Despite this;
- The royalty and streaming companies were trading at near all-time highs, while many regular miners were trading near all-time lows.
- Many royalty/streaming companies increased their dividends, while many operators have reduced or halted dividend payments.
- Although by 2014, some streaming deals proved to be uneconomic, royalty and streaming companies are well capitalized and are looking for investment opportunities
- Bottom Line, uranium exploration, development companies can access these alternative sources of funding that are now well understood and utilized by precious and base metal companies.



UEC

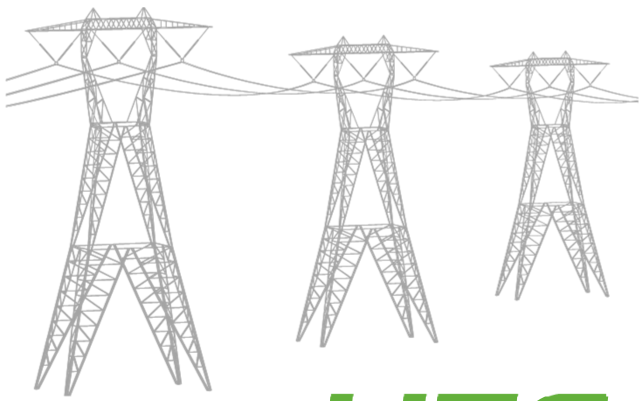
Flow-through Unit Transactions

- Resource flow-through shares provide resource companies with an attractive method of raising funds for resource exploration and development activities
- Companies will issue flow-through shares to raise capital necessary to conduct exploration activities and renounce their Canadian Exploration Expenses to shareholders who can then claim deductions for tax purposes in respect of these expenditure
- Juniors in Canada's Athabasca Basin have seen ongoing lifelines extended via these flow through financings, fantastic incentive to shareholders, especially during a downturn for the uranium sector

Year	Total	FT	Pct
2012	412,347,002	42,029,846	10.2%
2013	731,620,672	51,380,347	7.0%

Liquidity Matters
At-the-market ("ATM") transactions and M&A

- Investors shun illiquid stocks that fail to provide an exit strategy
- A liquid stock creates a strong currency for M&A opportunities in the industry
- An at-the-market (ATM) offering is a type of follow-on offering of stock utilized by US publicly traded companies in order to raise capital over time.
- In an ATM offering, exchange-listed companies incrementally sell newly issued shares into the secondary trading market through a designated broker-dealer at prevailing market prices.

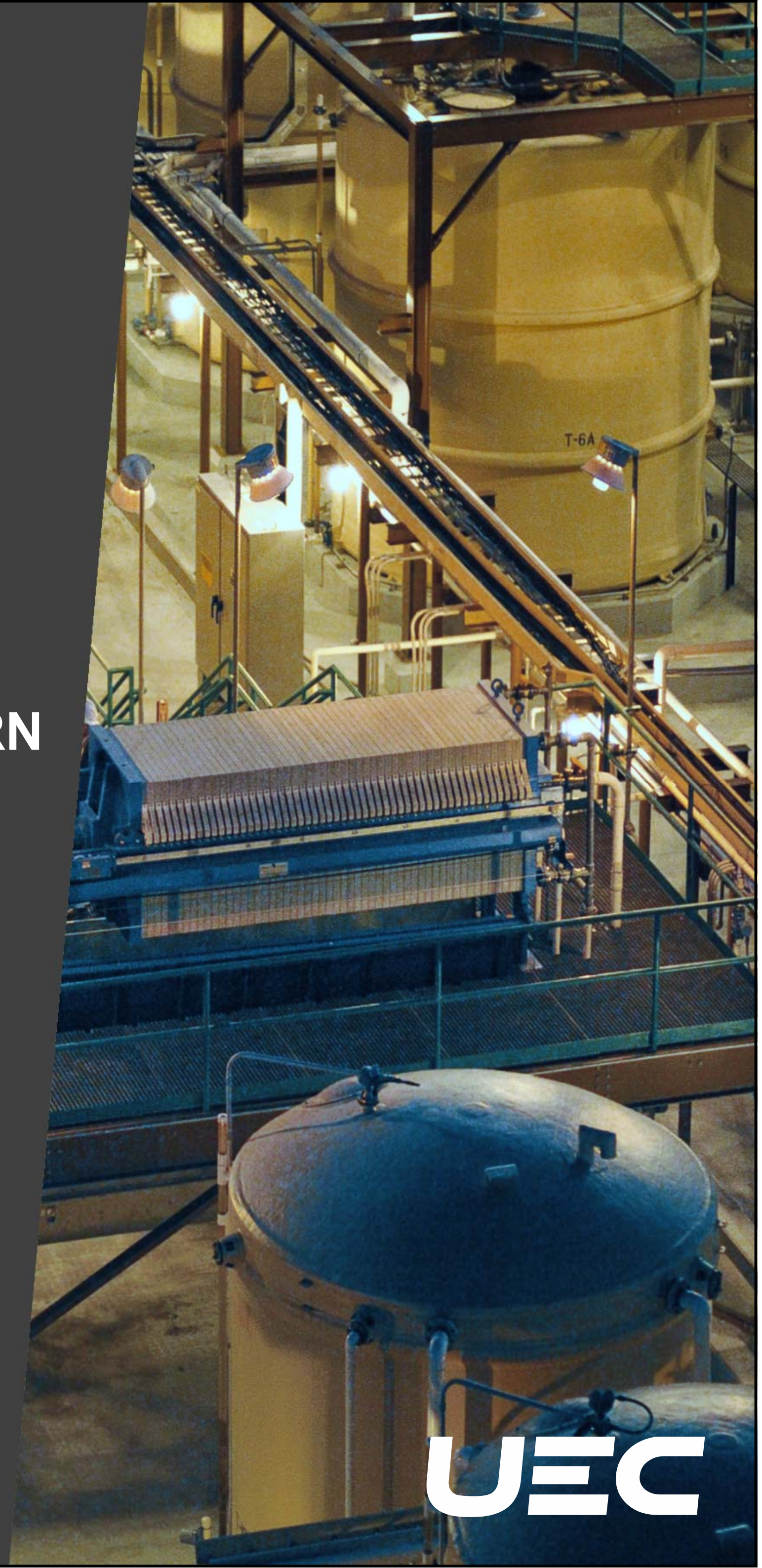


SUMMARY

- **PERSPECTIVE**
  - Our place in the nuclear market versus our place in the exploration and mining sectors
  - We're a smaller piece of the pie but can incorporate best practices from other metal companies and sectors

- **POTENTIAL FOR GROWTH DESPITE DOWNTURN**
  - There's more to funding than just equity / debt
  - An array of new financial products being utilized in other commodities can inject life into uranium sector

- **SUCCESS BREEDS SUCCESS**
  - Financial success stories are a major boost for the entire sector
  - Plenty to do during the downturn



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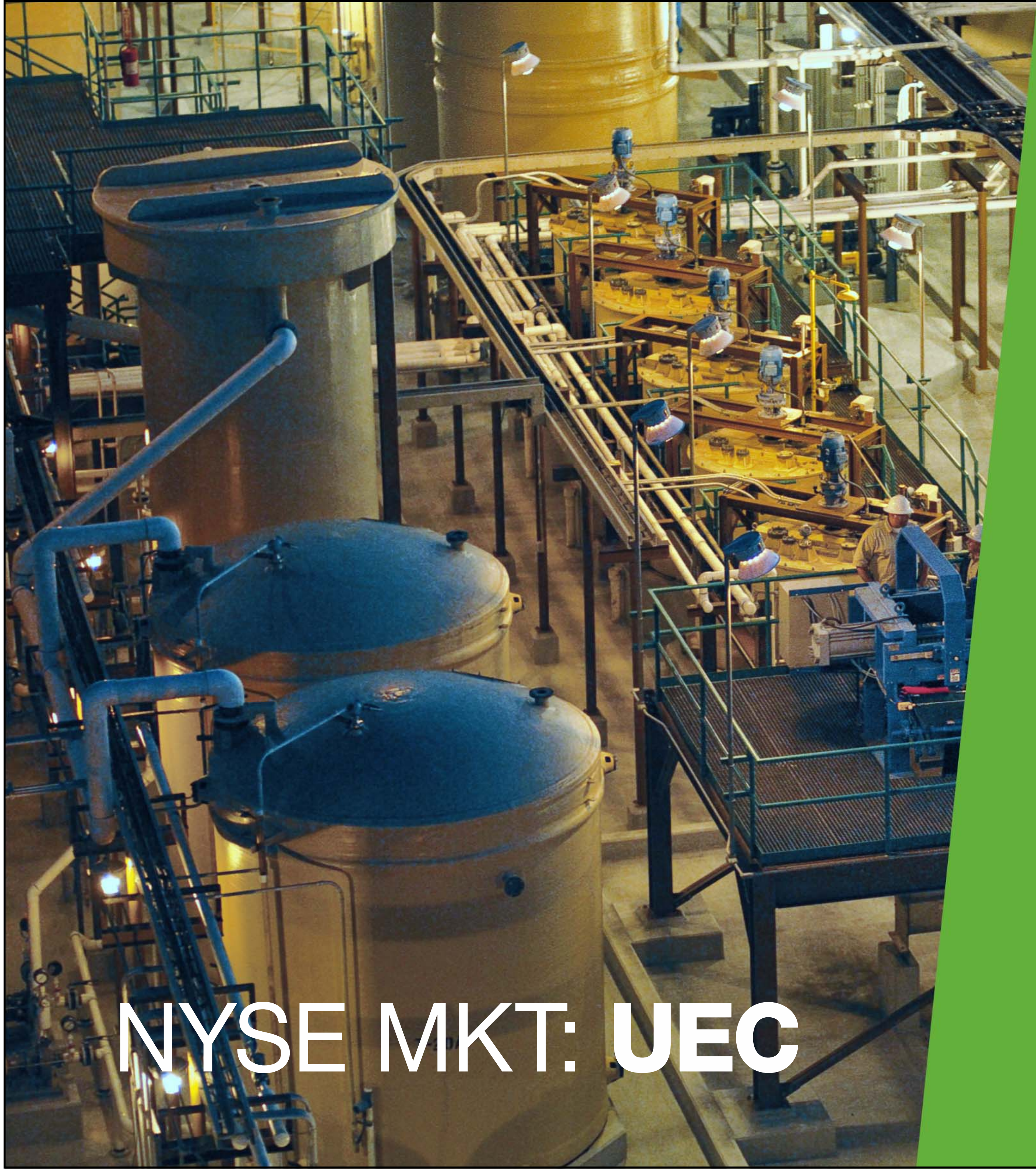

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