

URANIUM MACRO UPDATE

Kazatomprom Reduces 2025 Production Guidance by 17%, Flags Further Cuts

EVENT

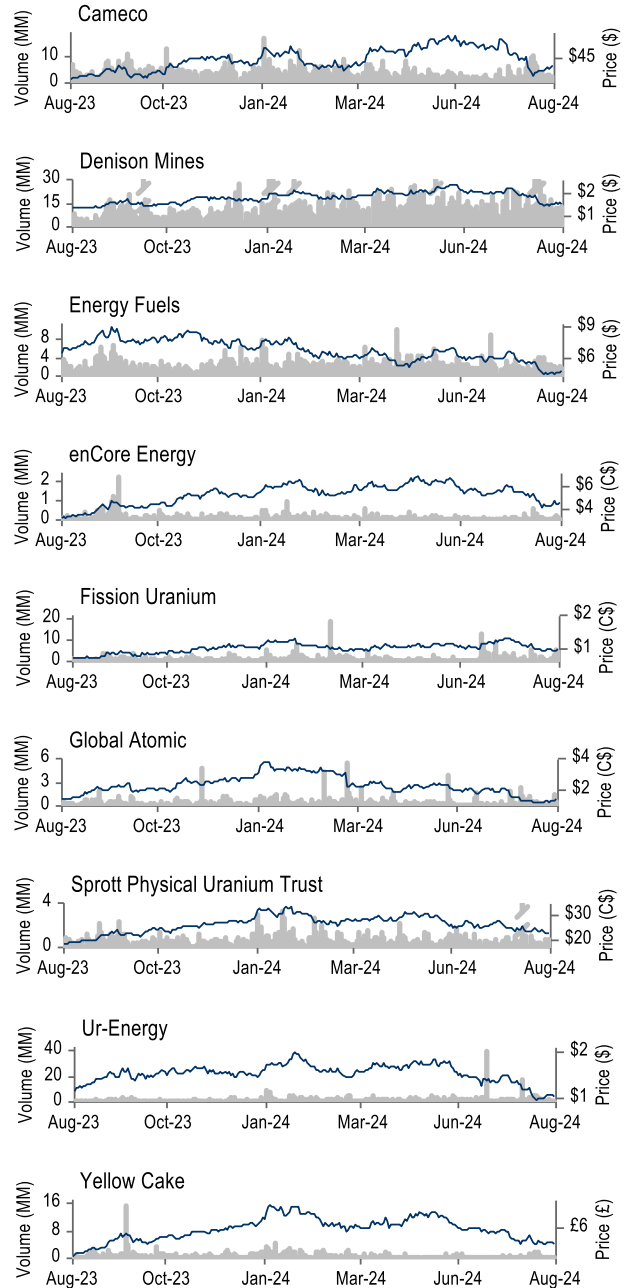
This morning, as widely expected, telegraphed, and highlighted in our previous (07/11) uranium macro note (linked [here](#)), Kazatomprom (KAP-LSE, Not Covered) reduced its 2025 production guidance.

BOTTOM LINE

Positive – 2025 guidance was reduced by 17% at the midpoint from 30.5-31.5 KtU to 25.0-26.5 KtU (65.0-68.9 MMlb U₃O₈), broadly in-line with consensus estimates. More importantly, KAP also flagged subsoil use license revisions likely lower through 2026+ but did not provide formal 2026 guidance at this time (which is atypical).

FOCUS POINTS

- Key Takeaways** – KAP’s warning on 2026+ production is fundamentally bullish for uranium prices with the 2025 guidance revision serving as a “market clearing event” for industry players, now likely to drive renewed activity in the spot and term markets. We note that spot uranium prices have corrected from ~\$107/lb U₃O₈ (02/02) to ~\$80/lb U₃O₈, directly in-line with the base escalated floor price levels on new long-term contracts (4-5+ years out). In our view, this is a clear indication that fundamentally, spot uranium prices have likely bottomed. With the KAP 2025 guidance reduction now having “cleared the market” we expect the next sustained directional move for the uranium equities will be higher.
- Preferred Uranium Equities** – Denison Mines (DNN-NYSE/DML-TSX, Buy - \$6.00/C\$8.00 target), the Sprott Physical Uranium Trust (U.U/U.UN-TSX, Buy - \$31.00/C\$41.50 target), Ur-Energy (URG-NYSE/URE-TSX, Buy - \$3.75/C\$5.00 target) and enCore Energy (EU-NASDAQ/TSX, Buy - \$8.00/C\$10.00 target).



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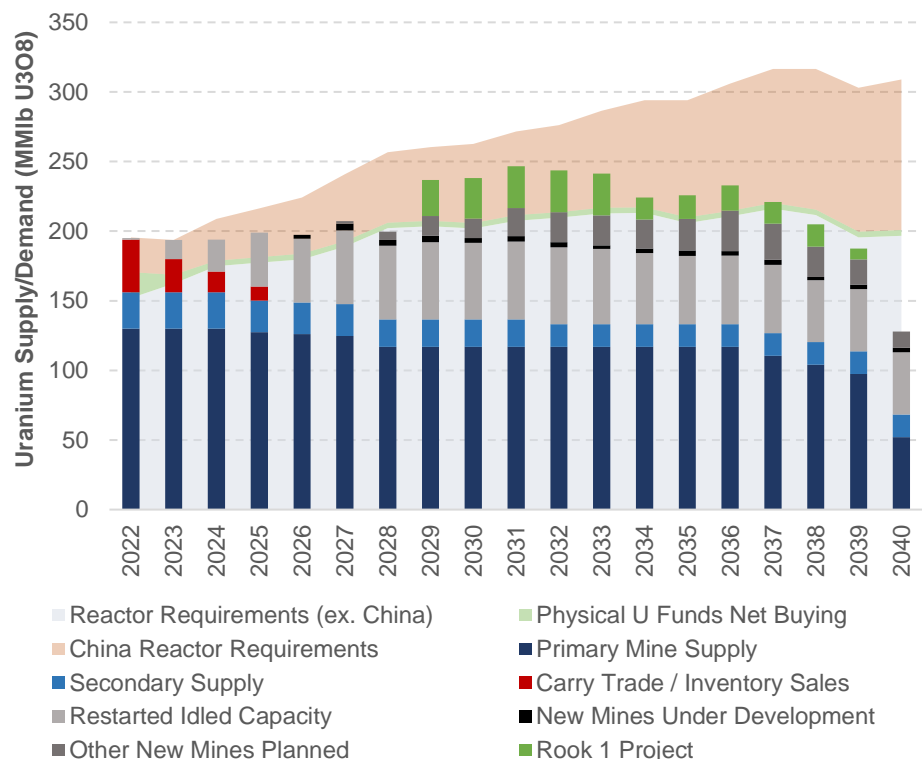
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See disclosure and a description of our recommendation structure at the end of this report.

KAZATOMPROM REDUCES 2025 PRODUCTION GUIDANCE

This morning, Kazatomprom, the world’s largest uranium supplier, reduced its 2025 production guidance by 17% at the mid-point from 30.5-31.5 KtU (79.3-81.9 MMLb U₃O₈) to 25.0-26.5 KtU (65.0-68.9 MMLb U₃O₈) on a 100%-basis. Note that this equates to the company targeting production 17% below its subsoil use agreements in 2025 vs. its target of 20% below its subsoil use agreements in 2024. More importantly, KAP also flagged subsoil use license revisions likely lower through 2026+ but did not provide formal forward-year production guidance at this time (which is atypical). Budenovskoye (the large new ISR joint-venture operation with Rosatom) and Appak (the well-established ISR joint-venture operation with Sumitomo and Kansai Electric Power) were the main drivers of the 2025 guidance reduction and likely future revisions lower in 2026+. Specifically, according to KAP, the lowered production expectations were due to "undersupply of sulphuric acid" and "delays in the construction works at the newly developed deposits." This is consistent with previous disclosure. KAP reported exit Q2/24 inventory (net to its JV-interests) of 4.1 KtU (10.8 MMLb U₃O₈), indicating a 32% drawdown over the last six-months. With the press release this morning, KAP also noted that its Chief Financial Officer, Mr. Sultan Temirbayev, resigned effective 08/19 after less than one year in the role. We are incorporating KAP’s revised 2025 production outlook and tempered expectations for 2026 and 2027 in our updated supply-demand model (summarized in Exhibit 1 below). We now forecast a cumulative primary supply deficit of 1.29 BBlb U₃O₈ (vs. 1.27 BBlb U₃O₈, previously) over the 2024-2040 period. The uranium market remains in a state of structural primary undersupply against increasing and broad-based growing demand.

Exhibit 1. Updated Uranium Supply/Demand Model



Source: Cantor Fitzgerald

GREAT ENTRY POINT, NEXT MOVE LIKELY HIGHER

This is the fifth consecutive year in which KAP has meaningfully reduced forward guidance, and in our view, raises serious questions/concerns about the operational status of the world's largest uranium miner, particularly given the magnitude of guidance reductions at Budenovskoye (-80% in 2024, -68% in 2025 and -38% in 2026), the company's largest new ISR operation. We expect this KAP news will act as a "clearing event" and mark the beginning of the next phase of the uranium bull market. We expect transaction volumes in the physical spot and term markets to increase materially going forward. Over the last several months, spot uranium prices have corrected from ~\$107/lb U₃O₈ (02/02) to ~\$80/lb U₃O₈, directly in-line with the base escalated floor price levels on new long-term contracts (4-5+ years out). In our view, this is a clear indication that fundamentally, spot uranium prices have likely bottomed, setting-up a great entry point for new investors in the sector. With KAP's 2025 guidance reduction now having "cleared the market" we expect the next sustained directional move for the uranium equities will be higher.

Exhibit 2. Cantor Fitzgerald Spot and Term U3O8 Price Forecast

(\$/lb U3O8)	2024	2025	2026	2027	2028+
Spot	\$120.00	\$130.00	\$140.00	\$145.00	\$150.00
Term	\$110.00	\$120.00	\$130.00	\$145.00	\$150.00

Source: Cantor Fitzgerald

Exhibit 3. Uranium Equities Under Coverage

Company	Ticker	Target Multiple	Price Target	Rating
Cameco	CCJ-US/CCO-CN	50/50 blend, 2.50x NAVPS/25.0x 2025E CFPS	\$51.00/C\$68.00	Buy
Denison	DNN-US/DML-CN	1.50x NAVPS	\$6.00/C\$8.00	Buy
enCore Energy	EU-US/CN	1.50x NAVPS	\$8.00/C\$10.00	Buy
Energy Fuels	UUUU-US/EFR-CN	1.50x NAVPS	\$8.75/C\$11.50	Buy (S)
Fission Uranium	FCU-CN		Restricted	
Global Atomic	GLO-CN	0.75x NAVPS	C\$4.50	Buy (S)
Sprott Physical U	U.UN/U.U-CN	1.05x NAVPU	\$31.00/C\$41.50	Buy
Ur-Energy	URG-US/URE-CN	1.50x NAVPS	\$3.75/C\$5.00	Buy
Yellow Cake	YCA-LSE	1.00x NAVPS	£9.75	Buy

Source: Cantor Fitzgerald

URANIUM EQUITIES UNDER RESEARCH COVERAGE

Our preferred uranium equities include Denison Mines, the Sprott Physical Uranium Trust, Ur-Energy and enCore Energy. A brief summary of all actively covered uranium equities within the Cantor research universe are provided below.

Cameco: Buy rating and \$51.00/C\$68.00/share price target based on a 50/50 equally blended multiple of 2.5x NAVPS_{8.0%} and 25.0x 2025E CFPS. We upgraded our rating on Cameco following its Q2/24 financial and operating results. The Company is tracking well on 2024 guidance (uranium production and sales) that was reiterated with the Q2/24 results, indicating that it is set-up well to deliver a comparatively strong H2/24. CCJ shares have

corrected ~25% from their recent highs (06/06) back to valuation levels that we view as more attractive “mid-cycle” multiples. Our most recent published note on CCJ (07/31) is linked [here](#).

Denison Mines: Buy rating and \$6.00/C\$8.00/share price target based on a multiple of 1.5x NAVPS_{7.5%} (rounded). Denison is currently resolving the remaining outstanding comments from the Federal Indigenous Review Team (part of the Canadian Nuclear Safety Commission (CNSC)) and plans to submit a singular and Final version of the Environmental Impact Statement (EIS) to both the Saskatchewan Ministry of Environment (MOE) and CNSC at approximately the same time, thereby harmonizing/synchronizing the Phoenix Environmental Assessment (EA) process both Provincially and Federally. The window for both Provincial and Federal permitting approval remains H2/24 to H2/25 and Denison has indicated a potential Final Investment Decision (FID) at Phoenix in mid-2025. We continue to estimate initial production being achieved at Phoenix (Phase I of Wheeler River) in H2/28. We note that as of exit Q2/24, Denison reported cash, working capital and investments totaling ~C\$400 MM (C\$121 MM cash, C\$257 MM physical uranium in inventory and C\$22 MM investments), effectively covering the entire upfront CAPEX requirement at the Phoenix project, budgeted at C\$420 MM (100%-basis). Our most recent published note on DNN (03/01) is linked [here](#).

enCore Energy: Buy rating and \$8.00/C\$10.00/share price target based on a multiple of 1.5x NAVPS_{7.5%} (rounded). enCore is actively mining uranium from two in-situ recovery (ISR) operations in South Texas: Rosita (restarted production in November 2023) and Alta Mesa (restarted production in June 2024). The Company’s project development pipeline also includes Dewey-Burdock (South Dakota) and Gas Hills (Wyoming), that have the potential to grow company-wide consolidated production to 5.0+ MMlb U₃O₈/year. enCore is well capitalized to deliver on its organic production growth strategy, exiting Q2/24 with \$56 MM in cash, \$21 MM outstanding on its uranium loan, and 335 Klb U₃O₈ (\$27 MM) of physical uranium in inventory. Our most recent published note on EU (08/14) is linked [here](#).

Energy Fuels: Speculative Buy rating and \$8.75/C\$11.50/share price target based on a multiple of 1.5x NAVPS_{7.5%} (rounded). Energy Fuels is actively mining uranium from its past-producing conventional Pinyon Plain (Arizona), La Sal (Utah) and Pandora (Utah) underground operations. 2024 and 2025 production guidance stands at 150-500 Klb U₃O₈ and 1.1-1.4 MMlb U₃O₈, respectively. UUUU exited Q2/24 with cash, equivalents, and marketable securities of \$171 MM, no debt, and 285 Klb U₃O₈ (\$23 MM) of physical uranium in inventory. We note the Company is somewhat insulated from uranium price fluctuations given its weighting to rare earth elements (REE), for which prices have declined by ~67% from the 2022 highs. Our most recent published note on UUUU (08/06) is linked [here](#).

Fission Uranium: We are currently research restricted. Our most recent published note on FCU (06/11) is linked [here](#).

Global Atomic: Speculative Buy rating and C\$4.50/share price target based on a multiple of 0.75x NAVPS_{7.5%, 10.0%} (rounded). Construction continues to advance at GLO’s 80%-owned Dasa uranium project (Niger) with initial production remaining on track for Q1/26 according to the Company. The surface decline has advanced more than 1.2 km underground and mine development is now underway in the footwall. 450 individuals are currently

working on-site at Dasa, set to expand to 900 individuals in-country as construction accelerates. As it relates to Dasa's debt financing package with a U.S. development bank, according to the Company, "the review and finalization of credit committee documentation is on-going with target credit committee approval and final Board approval in Q4/24 and documentation thereafter." GLO indicated other financing alternatives including a potential minority JV-partner or pre-payments on future uranium deliveries should the debt financing package see further delays. More recently (08/19), GLO published a letter that was issued by the Niger government to Global Atomic, specifically addressing the DASA uranium project. From the letter (emphasis ours): "The DASA project, which will be sustainably integrated into the national economy, is expected to play an important role as a cornerstone for socio-economic development. As such, *Niger's highest authorities support it totally*. Finally, as *your company has always complied with our country's regulations, I would ask you to keep on doing so. That guarantees the continuity of our partnership*." Our most recent published note on GLO (08/13) is linked [here](#).

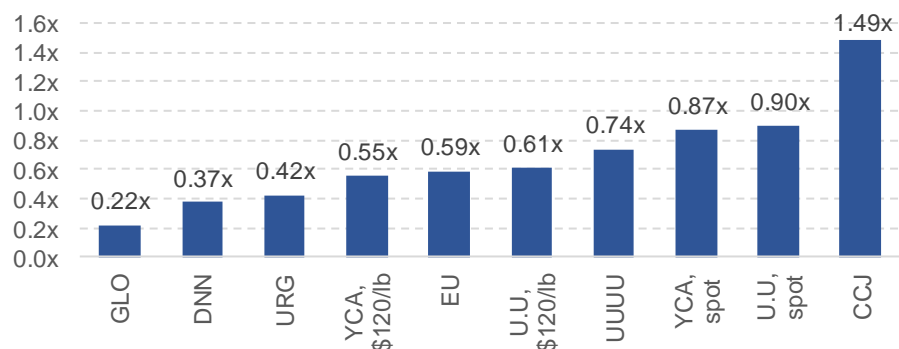
Sprott Physical Uranium Trust: Buy rating and \$31.00/C\$41.50/unit price target based on an unchanged multiple of 1.05x NAVPU (rounded). Based on current spot prices and FX rates we calculate a NAVPU on U.UN of C\$26.86/unit putting the Trust at a 10.2% discount to NAVPU. Note that U.UN's P/NAVPU premium/discount has ranged from +16% to -19%, averaging -6% since inception. The Sprott Trust is holding uranium in inventory of 65.5 MMlb (\$5.2 BB at current spot prices), cash of ~\$20 MM and ~\$1.3 BB of room on its shelf/registered offerings to continue buying material in the spot market. Our most recent published note on U.UN (01/25) is linked [here](#).

Ur-Energy: Buy rating and \$3.75/C\$5.00/share price target based on a multiple of 1.5x NAVPS_{7.5%} (rounded). Ur-Energy is ramping-up production at its Lost Creek (Wyoming) ISR operation and advancing procurement and construction activities at its Shirley Basin (Wyoming) ISR operation. The Company has produced 109 Klb U₃O₈ in H1/24 and is guiding toward "the lower side" of 2024 production guidance currently standing at 550-650 Klb U₃O₈. URG exited Q2/24 with cash and equivalents of \$61 MM, no debt, and 75 Klb U₃O₈ (\$6 MM) of physical uranium in inventory. On 7/31 (post quarter-end) the Company completed a \$69 MM equity financing (65.7 MM shares @ \$1.05/share) in which Cantor Fitzgerald acted as sole book-running manager. In our view, prior to the equity raise URG was fully funded on its organic growth pipeline (Lost Creek + Shirley Basin) targeting company-wide production of 2.0-2.2 MMlb U₃O₈/year. We note that "use of proceeds" disclosure provided by the Company in conjunction with the \$69 MM equity financing stated "[Ur-Energy] is currently bidding on an acquisition opportunity involving a significant non-producing uranium asset in the United States, although there is no certainty that we will continue to pursue that bid or be successful in acquiring the asset." Rule 424(b)(5) Preliminary Prospectus Supplement document linked [here](#) (page 10). Our most recent published note on URG (08/12) is linked [here](#).

Yellow Cake: Buy rating and £9.75/share price target based on a multiple of 1.0x NAVPS (rounded). Based on current spot prices and FX rates we calculate a NAVPS on YCA of £6.21/share putting the Company at a 13.4% discount to NAVPS. Note that YCA's P/NAVPS premium/discount has ranged from +27% to -32%, averaging -9% since inception. Yellow Cake is holding uranium in inventory of 21.7 MMlb (\$1.7 BB at current spot prices) and net working capital of \$27 MM. Our most recent published note on YCA (06/05) is linked [here](#).

Exhibit 4. Relative P/NAV Valuation of Covered Uranium Equities

Company	Symbol	Share Price	NAVPS	P/NAVPS
Cameco	CCJ-US/CCO-CN	C\$54.97	C\$36.90	1.49x
Denison Mines	DNN-US/DML-CN	C\$2.03	C\$5.44	0.37x
enCore Energy	EU-US/CN	\$3.23	\$5.47	0.59x
Energy Fuels	UUUU-US/EFR-CN	\$4.60	\$6.23	0.74x
Fission Uranium	FCU-CN		Restricted	
Global Atomic	GLO-CN	C\$1.33	C\$5.98	0.22x
Sprott U @ spot	U.U/U.UN-CN	C\$24.12	C\$26.86	0.90x
Sprott U @ \$120/lb	U.U/U.UN-CN	C\$24.12	C\$39.43	0.61x
Ur-Energy	URG-US/URE-CN	\$1.04	\$2.46	0.42x
Yellow Cake @ spot	YCA-LSE	£5.38	£6.21	0.87x
Yellow Cake @ \$120/lb	YCA-LSE	£5.38	£9.70	0.55x



Source: Cantor Fitzgerald

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