

Ticker: FUU CN

Cash: C\$21m

Project: PLN (JR Zone)

Market cap: C\$136m

Price: C\$0.37/sh

Country: Canada (Saskatchewan)

REC. (unc): BUY

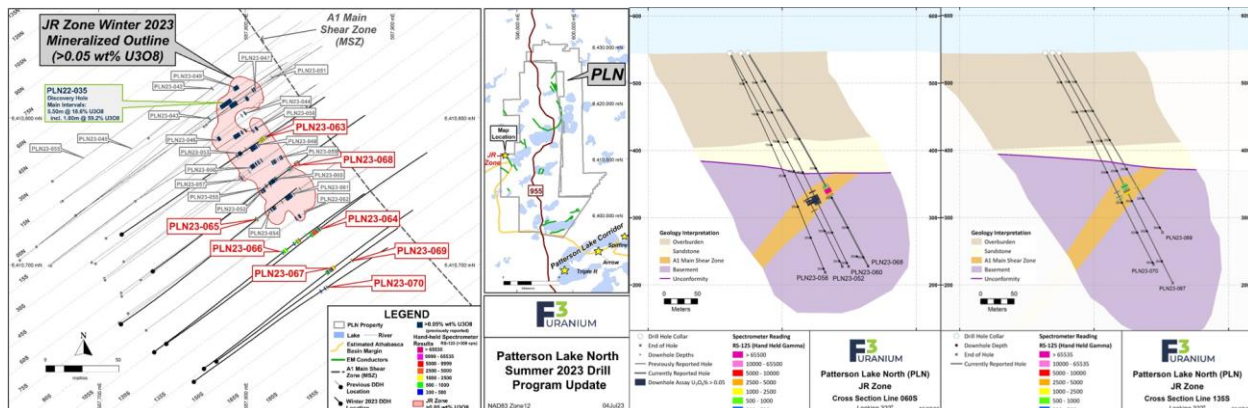
TARGET (unc): C\$0.60/sh

RISK RATING (unc): VENTURE

We think today's new PLN drilling at the JR Zone is step change thanks to 1) 51m step out to increase strike length to 156m and 2) hitting 22m up-dip towards the unconformity which significantly increases lbs per metre of strike if continuity holds (to be confirmed with future drilling). With the caveats that we don't have assays from today's drilling and our understanding of deposit style and dimensions is still rapidly evolving, today takes our too-early drilled inventory from 15Mlbs to ~30-40Mlbs depending on grade and continuity along the current strike length. While it's premature to treat this like a QP-signed off MRE, but indicatively today significantly increases JR Zone's endowment.

Big picture, we still see several pathways to our 50-100Mlbs conceptual target including 1) up and down-dip extension over the current strike length; 2) strike length extension (today delivered good continuity to the south stepping out on lines 105S and 135S); 3) potential for unconformity hosted mineralization (thus far mineralization has been shear-hosted but within 40m of the unconformity); and 4) multiple zones along strike or parallel shears. The key at this stage is for drilling to a) keep expanding the footprint of the zone and b) continue intercepting high grades; we are pleased to see F3 achieve both today. Given F3's proximity to two world class discoveries (Triple-R and Arrow) made since 2012, and continued exploration success since maiden 15m @ 6.97% U₃O₈ discovery hole in November 2022, we think F3 is a name to own in this exciting phase. Today we maintain our **BUY rating and C\$0.60/sh PT based on US\$3/lb on a conceptual MRE target of 75Mlbs**. The key catalyst is drilling, with 2 rigs / 12,000m planned for Summer 2023 targeting JR Zone expansion and testing new targets along the A1 shear zone.

Figure 1. Plan view of today's drilling and sections from lines 060S and 135S



Source: F3 Uranium

New JR Zone drilling delivers step change; strike +51m to 156m and +22m up-dip expansion

F3 announced scintillometer results from the first eight holes from this summer's 30-hole drilling program at PLN. Hole-068 (line 060S) which hit 19m of mineralization from 228-247m DH including 8.1m > 10,000cps including 6m @ >65,535cps which was located 22m up-dip (towards the unconformity) from hole -060 (14.5m @ 9.4 U₃O₈ from 238.5m DH). Step out expansion hits, noting the prior limit of mineralization was line 90S, included holes -064 and -066 (both line 105S) which hit 17.5m (from 233-250.5m DH) and 16.5m (from 219-260.5m DH), respectively, both peaking >10,000 cps. Hole -070 (line 135S) hit 6m of mineralization from 232-244.5m DH reading up to 6,300cps). Hole -066 which hit 16.5m of total mineralization from 219-260.5m DH including peak 35,500cps. A second sonic drill and second diamond drill are guided to mobilize later this month to continue JR Zone expansion and to test new targets along the A1 shear zone which hosts the JR Zone.

Our view: Strike length extension and up-dip expansion are step change to inventory

We see three key takeaways from today's drilling.

First, drilling **extended the strike length by 51m** to line 135S (from prior extent line 90S), for a total strike length of 156m. Drilling on line 135s hit 16m of mineralization with good scintillometer readings of up to 6,300cps (pre-assays), which is enough to indicate continuity at decent grades (up to ~3% would be a too-early guesstimate) in our view.

Second, hole-66 intersected mineralization **22m up-dip** on line 60S (prior hit 14.5m @ 9.4% U₃O₈) with 8.1m >10,000cps including 6m >65,535cps. Based on prior scintillometer readings we do have assays for (eg. discovery hole -035 delivered 5.6m > 10,000cps which assayed 5.5m @ 18.6% U₃O₈), this indicates very high-grade continuity up dip over at least part of the strike length, which we expect future drilling to follow up. Prior to today, drilling had intercepted mineralization over ~20m up and down dip, so today's 22m up-dip hit is step change in our view.

Third, drilling on lines 105S and 135S showed indication of good grades (>10,000cps), which also indicate the system doesn't peter out to the south, leaving the possibility for further strike extensions. Moreover, precise orientation is difficult so early into the program so we wouldn't be surprised to see grades upgraded on further infill or up-dip drilling.

Looking ahead, it appears up-dip expansions and strike extension are the immediate source of resource growth, as they are easier to target and require shallower holes than down-dip targets. Mineralization hosted at the unconformity is also a possibility, especially if JR is a hybrid deposit (i.e. hosted at the unconformity and upper portion of the intersecting shear zone), although this is yet to be determined and testing the unconformity is not the immediate focus. We still see multiple pathways to a 50-100Mlb resource and are pleased to see continued growth both in terms of strike length and up-dip / down-dip extent.

Why we like F3 Uranium

1. Prime ground in the Western Athabasca, which hosts 337Mlb Arrow (NXE) and 138Mlb PLS (FCU)
2. Average of 6% uranium drilled over 105m of strike indicates potential for a world class discovery
3. Proven management team with multiple Athabasca uranium discoveries with bold approach to exploration

Catalysts

- Summer 2023: SCPe 30-hole (~12,000m) summer drilling program, we expect similar in Fall/Winter
- 2024: SCPe Maiden resource, likely after Winter 2023-2024 drilling season

Research

Justin Chan (London) m +44 7554 784 688 jchan@scp-rf.comEleanor Magdzinski (Toronto) m +1 705 669 7456 emagdzinski@scp-rf.comKonstantinos Kormpis (Toronto) m +1 778 957 3623 kkormpis@scp-rf.com

Ticker:	FUU CN	Price / mkt cap:	C\$0.37/sh, C\$136m	Market P/NAV:	0.33x	Assets:	PLN
Author:	J Chan	Rec / PT:	BUY / C\$0.60	1xNAV _{2Q20} FD:	C\$1.12/sh	Country:	Canada (Sask)
Group-level SOTP valuation		1Q23	2Q23	Share data			
		C\$m	O/ship	NAVx	C\$/sh	Basic shares (m): 373.7	
						FD + options (m):	449.2
						FD + RSUs	473.9
Conceptual 75Mlbs at US\$5/lb		500.0	100%	0.5x	0.56	Commodity price	CY23E
Central SG&A & fin costs 2Q23		(30.0)	--	0.5x	(0.03)	Uranium price (US\$/lb)	CY24E
Nominal value for other licenses		25.0	--	0.5x	0.03	USD/CAD	CY25E
Cash and restr. cash 1Q23		21.2	--	0.5x	0.02		CY26
Debt 1Q23		--	--	0.5x	--	Conceptual SCPe inventory	kt
ITM options		14.9	--	0.5x	0.02	SCPe exploration target	%U308
							Mlbs
							EV/U308
1xNAV8% US\$60/lb		531			0.59		
Target multiples		Multiple			C\$/sh		
Target P/NAV Multiple		0.50x			0.60		
Target price					0.60		

Source: SCP estimates

DISCLOSURES & DISCLAIMERS

This research report (as defined under IIROC Rule 3600, Part B) is issued and approved for distribution in Canada by SCP Resource Finance LP (“SCP”), an investment dealer who is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund (“CIPF”). This research report is provided to retail clients and institutional investors for information purposes only. The opinions expressed in this report are the opinions of the author and readers should not assume they reflect the opinions or recommendations of SCP’s research department. The information in this report is drawn from sources believed to be reliable but the accuracy or completeness of the information is not guaranteed, nor in providing it does SCP or persons assume any responsibility or liability whatsoever. This report is not to be construed as an offer to sell or a solicitation of an offer to buy any securities. SCP accepts no liability whatsoever for any loss arising from any use or reliance on this research report or the information contained herein. Past performance is not a guarantee of future results, and no representation or warranty, expressed or implied, is made regarding future performance of any security mentioned in this research report. The price of the securities mentioned in this research report and the income they generate may fluctuate and/or be adversely affected by market factors or exchange rates, and investors may realize losses on investments in such securities, including the loss of investment principal. Furthermore, the securities discussed in this research report may not be liquid investments, may have a high level of volatility or may be subject to additional and special risks associated with securities and investments in emerging markets and/or foreign countries that may give rise to substantial risk and are not suitable for all investors. SCP may participate in an underwriting of, have a position in, or make a market in, the securities mentioned herein, including options, futures or other derivatives instruments thereon, and may, as a principal or agent, buy or sell such products.

DISSEMINATION OF RESEARCH: SCP’s research is distributed electronically through email or available in hard copy upon request. Research is disseminated concurrently to a pre-determined list of clients provided by SCP’s Institutional Sales Representative and retail Investment Advisors. Should you wish to no longer receive electronic communications from us, please contact unsubscribe@scp-rf.com and indicate in the subject line your full name and/or corporate entity name and that you wish to unsubscribe from receiving research.

RESEARCH ANALYST CERTIFICATION: Each Research Analyst and/or Associate who is involved in the preparation of this research report hereby certifies that:

- The views and recommendations expressed herein accurately reflect his/her personal views about any and all of the securities or issuers that are the subject matter of this research report;
- His/her compensation is not and will not be directly related to the specific recommendations or view expressed by the Research analyst in this research report;
- They have not affected a trade in a security of any class of the issuer within the 30-day period prior to the publication of this research report;
- They have not distributed or discussed this Research Report to/with the issuer, investment banking group or any other third party except for the sole purpose of verifying factual information; and
- They are unaware of any other potential conflicts of interest.

UK RESIDENTS: SCP Partners UK Limited (“SCP UK”) is an appointed representative of PillarFour Securities LLP which is authorized and regulated by the Financial Conduct Authority. This document has been approved under section 21(1) of the FMSA 2000 by PillarFour Securities LLP (“PillarFour”) for communication only to eligible counterparties and professional clients as those terms are defined by the rules of the Financial Conduct Authority. Its contents are not directed at UK retail clients. PillarFour does not provide investment services to retail clients. PillarFour publishes this document as non-independent research which is a marketing communication under the Conduct of Business rules. It has not been prepared in accordance with the regulatory rules relating to independent research, nor is it subject to the prohibition on dealing ahead of the dissemination of investment research. It does not constitute a personal recommendation and does not constitute an offer or a solicitation to buy or sell any security. SCP UK and PillarFour consider this note to be an acceptable minor non-monetary benefit as defined by the FCA which may be received without charge. This is because the content is either considered to be commissioned by SCP UK’s clients as part of their advisory services to them or is short term market commentary. Neither SCP UK nor PillarFour nor any of its directors, officers, employees or agents shall have any liability, howsoever arising, for any error or incompleteness of fact or opinion in it or lack of care in its preparation or publication; provided that this shall not exclude liability to the extent that this is impermissible under the law relating to financial services. All statements and opinions are made as of the date on the face of this document and are not held out as applicable thereafter. This document is intended for distribution only in those jurisdictions where PillarFour is permitted to distribute its research.

IMPORTANT DISCLOSURES FOR U.S. PERSONS: This research report was prepared by SCP Resource Finance LP (“SCP”), a company authorized to engage in securities activities in Canada. SCP is not a registered broker/dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”). Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Sprott Global Resource Investments Ltd. (“SGRIL”), a broker dealer in the United States registered with the Securities Exchange Commission (“SEC”), the Financial Industry Authority (“FINRA”), and a member of the Securities Investor Protection Corporation (“SIPC”). Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through SCP.

SGRIL accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. The analyst whose name appears in this research report is not licensed, registered, or qualified as a research analyst with FINRA and may not be an associated person of SGRIL and, therefore, may not be subject to applicable restrictions under FINRA Rule 2241 regarding communications by a research analyst with a subject company, public appearances by the research analyst, and trading securities held by a research analyst account. To make further inquiries related to this report, United States residents should contact their SGRIL representative.

ANALYST CERTIFICATION / REGULATION AC: The analyst and associate certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers. In addition, the analyst and associate certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

SCP RESOURCE FINANCE EXPLANATION OF RECOMMENDATIONS: Should SCP issue research with recommendations, the research rating guidelines will be based on the following recommendations:

BUY: The stocks total returns are expected to be materially better than the overall market with higher return expectations needed for more risky securities markets

NEUTRAL: The stock's total returns are expected to be in line with the overall market

SELL: The stocks total returns are expected to be materially lower than the overall market

TENDER: The analyst recommends tendering shares to a formal tender offering

UNDER REVIEW: The stock will be placed under review when there is a significant material event with further information pending; and/or when the research analyst determines it is necessary to await adequate information that could potentially lead to a re-evaluation of the rating, target price or forecast; and/or when coverage of a particular security is transferred from one analyst to another to give the new analyst time to reconfirm the rating, target price or forecast.

NOT RATED ((N/R): The stock is not currently rated

Research Disclosure		Response
1	SCP collectively beneficially owns 1% or more of any class of the issuer's equity securities ¹	NO
2	The analyst or any associate of the analyst responsible for the report or recommendation or any individual directly involved in the preparation of the report holds or is short any of the issuer's securities directly or through derivatives	NO
3	An SCP partner, director, officer or analyst involved in the preparation of a report on the issuer, has during the preceding 12 months provided services to the issuer for remuneration other than normal course investment advisory or trading execution services	NO
4	SCP has provided investment banking services for the issuer during the 12 months preceding the date of issuance of the research report or recommendation	YES
5	Name of any director, officer, employee or agent of SCP who is an officer, director or employee of the issuer, or who serves in an advisory capacity to the issuer	NO
6	SCP is making a market in an equity or equity related security of the issuer	NO
7	The analyst preparing this report received compensation based upon SCP's investment banking revenue for the issuer	NO
8	The analyst has conducted a site visit and has viewed a major facility or operation of the issuer	NO
9	The analyst has been reimbursed for travel expenses for a site visit by the issuer	NO

SCP Resource Finance Equity Research Ratings:

Summary of Recommendations as of July 2023	
BUY:	56
HOLD:	1
SELL:	0
UNDER REVIEW:	1
TENDER:	0
NOT RATED:	0
TOTAL	58

¹ As at the end of the month immediately preceding the date of issuance of the research report or the end of the second most recent month if the issue date is less than 10 calendar days after the end of the most recent month