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F3 Uranium

Priced Like the Third Exit: Initiating at Underweight

F3 Uranium rose 44% in the month to 16 January on a maiden 11.8M lb resource at JR Zone, a Tetra Zone that "doubled" and a Nasdaq filing. The market's shorthand is that the team behind Fission Energy and Fission Uranium is doing it a third time. We think the team is real and the third exit is already in the price: at C\$8.6 of enterprise value per Indicated pound, F3 trades above the C\$7.7/lb Paladin agreed to pay for Fission Uranium, a feasibility-stage asset 11 times larger, and at double the C\$4.2/lb that deal was worth on completion. JR is exceptional in grade and modest in size: 10.8M lb sits in 40,000 tonnes at 12.23% U3O8, with no economic study, and the nearest planned mills, at PLS and Arrow ~23-25 km away, are not yet licensed. Tetra's assays so far run 0.1-0.4% over metres, with a best of 2.50% over 1.0m. And the C\$26.1M treasury is spoken for: C\$15M of flow-through money must be spent by December, a 9% C\$15M convertible falls due in October 2028, and another 167M shares (27% of the basic count) sit in RSUs, options, warrants and the convertible. We initiate at Underweight with a Dec-26 price target of C\$0.15.

- **Initiating at Underweight, Dec-26 PT C\$0.15.** Our PT blends three Dec-26 scenarios (Table 1). Base (50%): JR at C\$5.00/lb, between the Denison-Fission Energy price and Paladin-Fission at close, C\$20M for Tetra and a C\$15M raise at C\$0.13 in 2H26, or C\$0.11/share. Bull (25%): Tetra becomes a second deposit and JR re-rates to IsoEnergy's C\$12/lb; C\$0.32. Bear (25%): Tetra stalls and the raise clears at C\$0.07; C\$0.05. **Our base case sits 38% below the price; the bull (+75%) needs both a second deposit and a premium multiple.** Coverage is thin: the only Street target we can verify is C\$0.55 (January 2025).
- **Size, not grade, sets the price of a pound.** Listed Athabasca peers trade at C\$13-30/lb, but they own 60-337M lb, enough to carry a mine of their own; the last two buyers of this team's assets paid C\$5.4 and C\$4.2/lb by completion. At our C\$5/lb, JR is worth ~C\$59M, so **today's C\$101M EV already assigns ~C\$42M to Tetra, a zone with no resource and a best assay of 2.50% over 1.0m** (Figure 8).
- **The Fission playbook, corrected.** Three things hold: F3's chairman and CEO and its president and COO were senior figures at both Fission companies, and its head of exploration and CFO came from Fission Uranium; the Patterson Lake corridor is world class; and Athabasca assets do get bought. Two do not: Paladin paid in shares worth C\$1.14bn at announcement but ~C\$660M at completion, for an asset 11 times JR's size; and the Denison exit, on a deposit similar to JR, was a ~C\$70M deal (Figure 4).

Underweight

FUU, FUU CV

Price (16 Jan 26): C\$0.18

Price Target (Dec-26): C\$0.15

Initiation of coverage

Uranium Exploration

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Quarterly Forecasts (FYE Jun)

Exploration capitalised (C\$ mn)			
	FY25A	FY26E	FY27E
Q1	5.1	3.3	2.1
Q2	5.5	2.6	2.1
Q3	5.2	4.5	2.5
Q4	6.3	3.7	2.5
FY	22.1	14.1	9.2

Valuation Snapshot

C\$ per resource lb	C\$/lb	F3 vs
F3 Uranium (EV)	8.6	-
Paladin-Fission, agreed	7.7	+11%
Paladin-Fission, completed	4.2	+104%
Denison-Fission Energy, 2013	5.4	+59%
IsoEnergy (no study)	12.7	-33%
NexGen Denison (licensing)	28.8	-70%

Listed peers on EV at 16-Jan-26; precedents on deal value. U3O8 spot **US\$85.15/lb** (TradeTech, 16 Jan), term US\$87.00. FY25A from the change in E&E carrying value.

Sources for: Valuation Snapshot: company filings of NexGen, Denison and IsoEnergy (Q3-25), Paladin (Jun-24 and Feb-25), Denison (2013), Yahoo Finance prices, TradeTech; K2 Capital calculations. All other tables are company data and K2 Capital estimates.

See page 9 for analyst certification and important disclosures.

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Price Performance



	YTD	1m	3m	12m
Abs	20.0%	44.0%	9.1%	-28.0%
Rel	15.8%	38.3%	0.6%	-61.0%
URNJ	26.4%	25.6%	-0.2%	63.3%

Company Data

Shares O/S, basic (mn)	624.5
Fully diluted, all instruments (mn)	791.6
52-week range (C\$)	0.285-0.115
Market cap (C\$ mn)	112.4
Exchange rate (USD/CAD)	1.3888
Cash, 18-Dec-25 (C\$ mn)	26.1
Convertible, 9%, due Oct-28 (C\$ mn)	15.0
Enterprise value (C\$ mn)	101.3
EV / Indicated lb (C\$ US\$)	8.58 6.18
Avg daily volume, Jan-26 to date (mn)	1.68
Next results	2Q26 (Dec-25), by 1 Mar 26
Latest verifiable Street target	C\$0.55 (Haywood, Jan-25)
Other listing; Nasdaq	OTCQB FUUFF; applied Dec-25
JR Zone resource (Indicated)	11.8M lb at 4.39% U3O8
Fiscal year end	30 June

Key Metrics (FYE Jun)

C\$ in millions (FYE Jun)	FY25A	FY26E	FY27E
Financial Estimates			
Revenue	-	-	-
Cash G&A	(6.5)	(5.2)	(5.0)
Share-based compensation	(6.1)	(3.1)	(3.2)
Net loss	(12.7)	(5.8)	(8.7)
EPS (C\$)	(0.025)	(0.010)	(0.013)
Cash flow from operations	(6.5)	(4.9)	(4.7)
Exploration capitalised	(23.2)	(14.1)	(9.2)
Cash burn (operations + E&E)	(29.7)	(19.0)	(13.8)
Equity raised, net	13.9	18.6	14.1
Cash coupon on convertible	(0.9)	(0.9)	(0.9)
Balance Sheet and Share Count			
Cash and term deposits, year-end	16.0	14.8	14.1
Net cash (less convertible face)	1.0	(0.2)	(0.9)
E&E assets	75.6	89.7	98.9
Basic shares, year-end (mn)	549.0	626.5	745.1
Share count growth y/y	11.3%	14.1%	18.9%
Valuation (at C\$0.18)			
P/BV	1.4x	1.4x	1.5x
Market cap / E&E assets	1.3x	1.3x	1.4x
EV / Indicated lb (C\$)	nm	8.58	-
P/E	nm	nm	nm

Summary Investment Thesis and Valuation

Investment Thesis

F3 is a Patterson Lake explorer with one resource and one new discovery. JR Zone, found in November 2022, now holds 11.8M lb of Indicated U3O8 at 4.39%, almost all in a 40,000-tonne pod at 12.23%; Tetra, 13 km south, was found in April 2025. The grade is not our concern. Our concern is that a small pod with no study and no mill nearby is already priced at the per-pound value of the team's last, much larger, exit, while funding the search for a second deposit will dilute holders again. The stock is down 28% over 12 months while junior uranium miners (URNJ) rose 63%, and URNJ's 26% gain in the month to 16 January explains more than half of F3's 44%. We rate shares Underweight.

Valuation

Our C\$0.15 Dec-26 PT is a probability-weighted blend of three scenarios. Base (50%): C\$5.00 per Indicated lb for JR (C\$59M), C\$20M for Tetra and other ground, plus C\$21.9M of Dec-26E cash after a C\$15M raise at C\$0.13, less the C\$15M convertible, on 771M diluted shares: C\$0.11. Bull (25%): C\$12/lb and C\$80M for Tetra; C\$0.32. Bear (25%): C\$2.50/lb and a raise at C\$0.07; C\$0.05. We rate shares Underweight.

Share Structure

Basic shares (post Oct-25 raise)	624.5M
RSUs	26.9M
Options (C\$0.08-0.30)	38.3M
Warrants to Oct-28 (C\$0.20-0.30)	41.4M
Warrants to 2026 (C\$0.40-0.56)	33.7M
Convertible (C\$15M at C\$0.56)	26.8M

Warrants	Number (mn)	Strike (C\$)	Expiry
Legacy	12.8	0.47	May-26
Legacy	9.9	0.56	May-26
Legacy	1.1	0.42	Oct-26
Legacy	10.0	0.40	Nov-26
Oct-25 units	37.3	0.30	Oct-28
Oct-25 broker	4.1	0.20	Oct-28
Options, RSUs, convertible	Number (mn)	Strike (C\$)	Expiry
Options below C\$0.18	10.5	0.08-0.14	Sep-26 to Mar-27
Options above C\$0.18	27.9	0.22-0.30	Apr-28 to Jan-29
Restricted share units	26.9	-	-
Denison convertible (C\$15M, 9%)	26.8	0.56	Oct-28

- **Resource and Funding Update. (1)** The maiden JR Zone estimate (21 December) is 11.8M lb Indicated in 121,259 tonnes at 4.39% U3O8, from 89 holes; 10.8M lb sits in a 39,997-tonne high-grade domain at 12.23%, with no Inferred category and no economic study. **(2)** F3 closed a C\$20M bought deal on 3 October: 25.0M hard-dollar units at C\$0.20 and 49.7M flow-through units at C\$0.27-0.33, each with a half warrant at C\$0.30 to October 2028; the C\$15M of flow-through money must be spent in the Athabasca by 31 December 2026. **(3)** Cash was C\$26.1M at 18 December against the C\$15M Denison convertible (9%, up to one-third payable in shares, convertible at C\$0.56, due October 2028). **(4)** F3 filed a Form 40-F on 17 December for a Nasdaq listing; Nasdaq's initial bid-price test (US\$4, or US\$2-3 under alternative standards) implies a share consolidation of roughly 15-30 to 1 at today's ~US\$0.13. **(5)** Basic shares have risen from 456M (October 2023) to 624M. **All told, we estimate F3 burns ~C\$17M in calendar 2026 and returns to the market in 2H26; our base case assumes C\$15M at C\$0.13.**
- **1Q26 (Sep-25) Summary.** F3 capitalised C\$3.3M of exploration and used C\$1.5M in operations; the net loss was C\$1.7M, including C\$0.4M of share-based pay and C\$0.5M of convertible accretion. Cash and term deposits were C\$11.0M before the October raise, and exploration assets C\$78.9M, or C\$61M spent since the JR discovery quarter. Since quarter-end, final JR assays (15 December) included 2.5m at 10.2% in PLN25-200, and Tetra holes PLN25-210, -212 and -217 returned intervals of 0.10-0.41% over 3.5-11.0m. 2Q26 (Dec-25) results are due by 1 March. See Figure 1.

Table 1: F3 Uranium Dec-26 PT Methodology

C\$ in millions, except per share, per pound and share counts

	Bull	Base	Bear
JR Zone Indicated resource (M lb U3O8)	11.8	11.8	11.8
x EV per Indicated lb (C\$)	12.00	5.00	2.50
JR Zone value	141.6	59.0	29.5
Tetra and other exploration value	80.0	20.0	3.0
Implied Enterprise Value	221.6	79.0	32.5
Plus: cash at Dec-26E, incl. C\$15M 2H26 raise	21.9	21.9	21.9
Less: Denison convertible (face)	(15.0)	(15.0)	(15.0)
Target Equity Value	228.5	85.9	39.4
Basic shares incl. interest shares, Dec-26E (M)	628.1	628.1	628.1
RSUs (M)	26.9	26.9	26.9
In-the-money options and warrants (M)	14.1	1.1	-
2H26 equity issuance: C\$15M at C\$0.27 / 0.13 / 0.07 (M)	55.6	115.4	214.3
Convertible shares at C\$0.56 (M)	-	-	-
Total Diluted Shares (M)	724.6	771.5	869.2
Value per Share	C\$0.315	C\$0.111	C\$0.045
Scenario Probability	25%	50%	25%
Dec-26 Price Target (probability-weighted)		C\$0.15	
Return Potential		-17%	

Source: Company reports, K2 Capital estimates. Dec-26E cash is the C\$14.8M we forecast for Jun-26 less 2H26 G&A, the remaining flow-through spend and cash coupons, plus C\$14.1M net from a C\$15M raise. Options and warrants by treasury method at the scenario value; the convertible is out of the money in every scenario and deducted at face.

Figure 1: F3 Uranium Exploration and Funding Trends

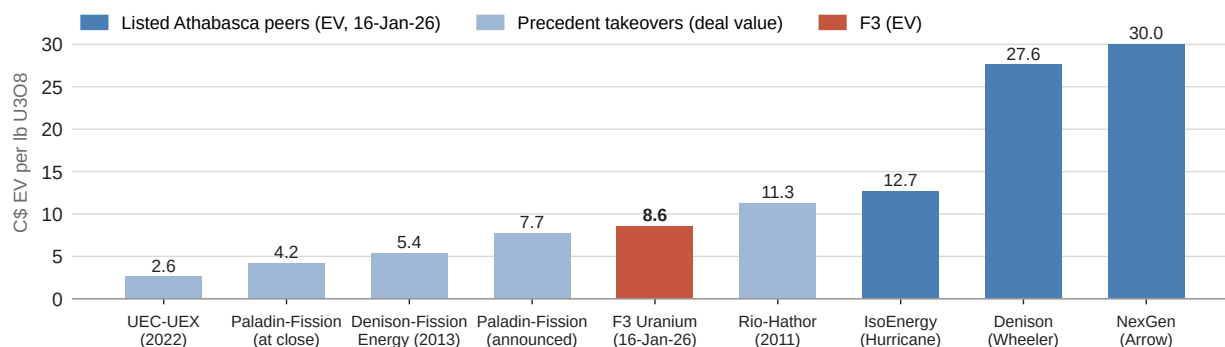
C\$ in millions; fiscal year ends June

Fiscal quarter (FYE Jun)	1Q25 Sep-24	2Q25 Dec-24	3Q25 Mar-25	4Q25 Jun-25	1Q26 Sep-25
Exploration and evaluation assets	58.6	64.1	69.3	75.6	78.9
Exploration capitalised in quarter	5.1	5.5	5.2	6.3	3.3
Cumulative exploration since JR discovery (Sep-22)	41.1	46.6	51.8	58.1	61.4
Working capital	24.1	23.2	16.9	15.7	11.5
Net loss	(5.9)	(4.4)	(5.4)	(3.0)	(1.7)
Change in working capital	(15.5)	(0.8)	(6.3)	(1.2)	(4.2)
Drilling focus	JR infill	JR infill	JR, Broach	Tetra found	Tetra

Source: Company reports (FY23 and FY25 MD&A quarterly tables, 1Q26 statements), K2 Capital calculations. Exploration capitalised is the change in the E&E carrying value. The JR Zone was discovered in hole PLN22-035 in 2Q23 (Dec-22 quarter); E&E was C\$17.5M at Sep-22.

Figure 2: Priced Like an Exit: Value per Resource Pound, Listed Peers vs Takeovers

C\$ per lb U3O8 of total resource (M&I plus Inferred); listed peers and F3 on enterprise value at 16-Jan-26, precedents on deal value



Source: Company filings, ASX and SEDAR announcements, Yahoo Finance, K2 Capital calculations. Paladin-Fission uses ~C\$1.0bn EV at announcement (24-Jun-24) and ~C\$545M at completion, after Paladin's shares fell 41%. Denison-Fission Energy is C\$70M over 13.0M lb at Waterbury J Zone (100% basis) and also bought other assets.

Figure 3: Dec-26 Value per Share: JR Multiple vs. Tetra Value

C\$ per share; base-case Dec-26E cash, convertible and share count; red: below 75% of current price, amber: below current price

EV per JR lb (C\$) \ Tetra value	C\$0M	C\$20M	C\$40M	C\$60M	C\$80M
C\$2.50	0.047	0.073	0.099	0.125	0.151
C\$3.50	0.063	0.089	0.114	0.140	0.166
C\$5.00	0.086	0.111	0.137	0.163	0.188
C\$6.50	0.108	0.134	0.160	0.185	0.211
C\$8.00	0.131	0.157	0.182	0.208	0.233
C\$10.00	0.161	0.187	0.213	0.238	0.263
C\$12.00	0.192	0.217	0.242	0.268	0.293

Source: K2 Capital estimates. Each C\$1/lb on JR moves value by ~C\$0.015/share; each C\$20M of Tetra value by ~C\$0.026. To reach C\$0.18 by Dec-26 on our base funding, JR needs C\$8/lb with ~C\$38M for Tetra, or C\$5/lb with ~C\$74M.

Twice Before: What the Fission Exits Actually Paid

The case for F3 rests on its people, and the record is genuinely strong. The same core team found the J Zone at Waterbury Lake in 2010 and Triple R at Patterson Lake South in 2012, then sold both: Fission Energy to Denison in 2013 and Fission Uranium to Paladin in 2024. F3 is the Fission 3.0 spin-out of December 2013. **The record also shows what the team has been paid for: pounds and stage.** Fission Uranium sold a feasibility-stage project with 93.7M lb of reserves for C\$1.14bn in Paladin shares, which fell 41% before completion, so holders received about C\$660M. Fission Energy, whose main asset was 60% of a 13.0M lb deposit close to JR in size, sold for about C\$70M. At C\$101M of enterprise value, F3 already trades at C\$8.6 per pound, above what Paladin agreed to pay per pound for an asset eleven times larger.

Figure 4: The Fission Exits, Line by Line

	Fission Energy (to 2013)	Fission Uranium (2013-24)	F3 Uranium (16-Jan-26)
Flagship deposit	J Zone, Waterbury Lake (60% owned)	Triple R, Patterson Lake South	JR Zone, Patterson Lake North
Discovered; to exit	2010; ~3 years	November 2012; ~12 years	November 2022; 3 years so far
Exit	Denison; agreed Jan-13, closed Apr-13	Paladin; agreed Jun-24, closed Dec-24	None
Resource at exit	13.0M lb (10.3M Ind.) at ~1.3%	130.3M lb (114.9M Ind.); 93.7M lb reserves	11.8M lb Ind. at 4.39%
Stage at exit	Resource estimate	Feasibility study (Jan-23); licensing	Resource estimate; no study
Consideration	Denison shares plus Fission Uranium spin-out	0.1076 Paladin share each (24% of group)	-
Value when agreed	~C\$70M	C\$1,140M equity (~C\$1.0bn EV)	C\$112M market cap; C\$101M EV
Value at completion	~C\$67M	~C\$660M equity (~C\$545M EV)	-
C\$ per resource lb	5.4 (100% basis, incl. other assets)	7.7 when agreed; 4.2 at completion	8.6

Source: Denison Mines (2013 LOI, arrangement and 2013 annual report), Paladin Energy (24-Jun-24 announcement; 26-Feb-25 half-year report), Fission Uranium PLS feasibility study (Jan-23), Fission Energy J Zone resource (Dec-12), F3 Uranium, K2 Capital calculations. Per-lb values on deal value over total resource.

Figure 5: Decomposing the Pitch

The retail case for F3 now in circulation, checked against filings and prices available at 16-Jan-26

Claim in circulation	What the filings and prices show
"Same team that built Fission Energy and Fission Uranium"	Largely right. F3's chairman and CEO and its president and COO held senior roles at both; its head of exploration and CFO came from Fission Uranium. Fission Uranium's last CEO, who sold it to Paladin, is not in F3's management.
"Bought by Paladin for \$1.1 billion; shareholders got paid"	Headline only. C\$1.14bn, all in Paladin shares; Paladin fell 41% before the 24-Dec-24 close, so holders received ~C\$660M (US\$460M) of stock. The 2013 Denison exit was ~C\$70M.
"11.8 million pounds at 4.39% U3O8"	Correct. All Indicated (effective 15-Oct-25); 91% of the pounds sit in 39,997 tonnes at 12.23%; no study, no Inferred.
"Tetra Zone just doubled in length"	Plunge length 60m to 135m (13-Jan-26) on handheld-spectrometer readings; assays pending. Best assay to date: 2.50% over 1.0m within 22.5m at 0.26%.
"\$26 million cash, \$15 million ready to send into the ground"	C\$26.1M at 18-Dec-25. The C\$15M is flow-through money that must be spent by 31-Dec-26; the C\$15M 9% convertible is due Oct-28.
"No dilution coming, no desperate raises"	Wrong. 74.7M units (plus 37.3M warrants) were issued on 3-Oct-25; another 167M shares sit in RSUs, options, warrants and the convertible; we expect a raise in 2H26.
"Talking NASDAQ"	Form 40-F filed 17-Dec-25; approval pending. At ~US\$0.13, Nasdaq's US\$2-4 minimum bid implies a 15-30 to 1 consolidation.
"Uranium's in a shortage"	Overstated. WNA (Sep-25) sees supply adequate near term and gaps after 2030, as output from existing mines roughly halves; spot is US\$85.15/lb, +4% since end-2025.
"Up sharply in the last month, and it's not luck"	+44% in the month to 16-Jan-26 against +26% for junior uranium miners (URNJ); over 12 months F3 is -28% against URNJ +63%.

Source: F3 Uranium releases (3-Oct-25, 17-Dec-25, 21-Dec-25, 13-Jan-26), Paladin Energy, World Nuclear Association Nuclear Fuel Report (Sep-25), TradeTech, Nasdaq Rule 5505, Yahoo Finance, K2 Capital.

A Pound in the Ground: What C\$0.18 Already Assumes

In the Athabasca the value of a pound rises with size and stage. NexGen and Denison, each near a construction licence with 167-337M lb, trade at C\$28-30/lb; IsoEnergy, with 60M lb and no study, at C\$13/lb. Buyers pay less than listed developers trade on: Paladin's realised price for PLS was C\$4.2/lb, UEC paid C\$2.6/lb for UEX, and Denison paid C\$5.4/lb for the J Zone; only Rio Tinto's C\$11.3/lb for Hathor at the 2011 peak was higher. **F3, at C\$8.6/lb on an 11.8M lb pod with no study, is valued above every completed takeover in Figure 6 except Hathor.** We value JR at C\$5.00/lb, close to the C\$4.8/lb median of those deals. The funding bridge (Figure 7) shows why the multiple is not the only issue: the flow-through money runs out in December, and keeping two zones moving costs ~C\$15M a year.

Figure 6: Athabasca Value per Pound, Listed Peers and Takeovers

Listed peers on EV at 16-Jan-26; takeovers on deal value; total resource (M&I plus Inferred)

Listed peer or takeover	Stage	M lb	C\$M	C\$/lb
NexGen Energy (NXE CN)	FS; CNSC hearing Feb-26	337.4	10,111	30.0
Denison Mines (DML CN)	FS; CNSC decision pending	167.4	4,620	27.6
IsoEnergy (ISO CN)	Exploration; no study	60.1	764	12.7
F3 Uranium (FUU CV)	No study	11.8	101	8.6
Rio Tinto-Hathor (Nov-11)	Resource	57.9	654	11.3
Denison-Fission Energy (Jan-13)	Resource	13.0	70	5.4
UEC-UEX (Jun-22)	Mixed	~101	~260	2.6
Paladin-Fission, announced (Jun-24)	FS	130.3	~1,000	7.7
Paladin-Fission, at completion (Dec-24)	FS; licensing	130.3	~545	4.2
Median of completed takeovers				4.8

Source: NexGen, Denison and IsoEnergy Q3-25 filings and resource statements; Paladin, Denison, Rio Tinto and UEC deal announcements and filings; Yahoo Finance; K2 Capital calculations. EV excludes uranium inventories and equity stakes; convertibles at face.

Figure 7: The Funding Bridge

K2 estimates; cash includes term deposits

C\$ in millions (FYE Jun)	FY26E	FY27E	FY28E
Opening cash	16.0	14.8	14.1
G&A less interest income	(4.9)	(4.7)	(4.9)
Exploration	(14.1)	(9.2)	(10.0)
Convertible coupon (cash) and other	(0.9)	(0.9)	(0.9)
Equity raised, net	18.6	14.1	11.3
Closing cash	14.8	14.1	9.6
Convertible at face (due Oct-28)	(15.0)	(15.0)	(15.0)
Net cash (debt)	(0.2)	(0.9)	(5.4)
<i>New shares in the year (M)</i>	<i>77.5</i>	<i>118.6</i>	<i>95.5</i>

Source: Company reports, K2 Capital estimates. FY27E and FY28E assume C\$15M and C\$12M raised at C\$0.13; one-third of the 9% coupon is paid in shares. The convertible matures in FY29 (Oct-28).

Figure 8: What the Market Is Paying for Tetra

Enterprise value of C\$101M at 16-Jan-26, less JR Zone at each multiple

JR Zone multiple (C\$ per Indicated lb)	C\$2.5	C\$5.0	C\$8.0	C\$12.0
JR Zone value (C\$M)	30	59	94	142
Implied value of Tetra and other ground (C\$M)	72	42	7	(40)
Tetra lb needed at C\$5/lb, if certain (M lb)	14.4	8.5	1.4	nm
Tetra lb needed at C\$5/lb, 30% chance (M lb)	47.9	28.2	4.6	nm

Source: K2 Capital calculations. EV is market capitalisation of C\$112.4M plus the C\$15M convertible less C\$26.1M of cash at 18-Dec-25. Tetra pounds valued at our base JR multiple of C\$5/lb.

Pricing the option. Tetra is a real discovery in the right structural corridor, about 12 km from Triple R and Arrow, and the 2026 drill budget is funded. But at our base JR multiple, today's price already assigns ~C\$42M to it: the equivalent of 8.5M lb at C\$5/lb with certainty, or ~28M lb at a 30% chance of success, more than twice JR's pounds from a zone whose assays so far average a few tenths of a percent. Discoveries are a poor bet on base rates: MinEx Consulting finds about 45% become mines, and S&P Global puts recent discovery-to-production lead times near 18 years.

Figure 9: Athabasca Discovery to Production, Then and Now

Deposit	Owner	Discovered	First production	Years	Status at 16-Jan-26
McArthur River	Cameco	1988	1999	11	Producing
Cigar Lake	Cameco	1981	2014	33	Producing
Phoenix (Wheeler River)	Denison	2008	2028 target	~20	CNSC hearing completed Dec-25; decision pending
Triple R (PLS)	Paladin	2012	2031 target	~19	Provincial and federal approvals pending
Arrow (Rook I)	NexGen	2014	~2030 (K2 est.)	~16	Second CNSC hearing 9-13 Feb-26
JR Zone (PLN)	F3 Uranium	2022	Not scheduled	-	Resource only; no study, no mill access

Source: Cameco, Denison (2-Jan-26), NexGen and Paladin disclosures, World Nuclear News, K2 Capital. Arrow first production is our estimate from NexGen's ~48-month build.

Investment Thesis, Valuation and Risks

F3 Uranium (*Underweight; Price Target: C\$0.15*)

Investment Thesis

F3 owns a small, very high-grade deposit and an early discovery in the best uranium district in the world, run by a team with two exits behind it. Grade and pedigree are not our concern. At C\$8.6 of enterprise value per Indicated pound, the market already pays for JR as if it were the team's third exit: above the C\$7.7/lb Paladin agreed for a feasibility-stage asset eleven times larger, and double what that deal was worth at completion. The balance is a bet on Tetra, whose assays so far are a fraction of JR's grade, funded by a treasury that is largely committed to flow-through spending and a 9% convertible. Explorers fund discovery with equity; we expect F3 to raise again in 2H26, below today's price. We rate shares Underweight.

Valuation

Our C\$0.15 Dec-26 PT is a probability-weighted blend of a base case (50%) at C\$5.00 per Indicated lb for JR, C\$20M for Tetra and a C\$15M raise at C\$0.13 (C\$0.11/share), a bull case (25%) at C\$12/lb with C\$80M for Tetra (C\$0.32) and a bear case (25%) at C\$2.50/lb with a raise at C\$0.07 (C\$0.05). We rate shares Underweight.

Risks to Rating and Price Target

Upside Risks: high-grade step-outs at Tetra that point to a second deposit; a bid or strategic stake from a producer or developer seeking satellite feed for a Patterson Lake mill; a stronger uranium price after the January rally, aided by US policy (Section 232 negotiations, DOE enrichment funding, hyperscaler nuclear contracts); a Nasdaq listing that widens the shareholder base; or speculative flows into junior uranium regardless of fundamentals.

What Would Make Us Wrong?

We would revisit the rating if two or more of the following occur:

1. Tetra returns at least two intercepts of 5m or more above 2% U3O8 in 2026 programmes (best to date: 1.0m at 2.50%).
2. F3 raises C\$10M or more at or above C\$0.20, the October 2025 unit price, without a full warrant.
3. A third party bids for, or takes a stake in, F3 at C\$8/lb or more on JR, or a mill owner agrees terms to process JR ore.
4. The U3O8 term price holds above US\$95/lb for two consecutive months (US\$87.00 at end-2025).
5. A study or toll-milling arrangement shows JR can be mined profitably at US\$85/lb within 25 km, removing the mill question.
6. F3 publishes a maiden Tetra resource, or a drill-defined target, of 10M lb or more by December 2026.

Signposts

Early Feb: NI 43-101 technical report for JR (due within 45 days of 21 Dec). 9-13 Feb: NexGen's second CNSC hearing for Arrow; Denison expects its Phoenix licence and investment decisions in the first quarter. By 1 Mar: 2Q26 (Dec-25) results. Jan-Mar: Tetra winter drilling, with assays two to three months later. Late May: 22.7M legacy warrants at C\$0.47-0.56 expire. 13 Jul: Section 232 negotiation deadline. 31 Dec: flow-through spending deadline.

F3 Uranium: Summary of Financials

Income Statement - Annual	FY24A	FY25A	FY26E	FY27E	FY28E	Income Statement - Quarterly	1Q26	2Q26E	3Q26E	4Q26E	
Revenue	-	-	-	-	-	Revenue	-	-	-	-	
Cash G&A (incl. expensed exploration)	(8.1)	(6.5)	(5.2)	(5.0)	(5.2)	Cash G&A (incl. expensed exploration)	(1.4)	(1.2)	(1.3)	(1.2)	
Share-based compensation	(10.5)	(6.1)	(3.1)	(3.2)	(3.0)	Share-based compensation	(0.4)	(0.9)	(0.9)	(0.8)	
Depreciation	-	-	-	-	-	Depreciation	-	-	-	-	
Operating loss	(18.7)	(12.7)	(8.3)	(8.2)	(8.2)	Operating loss	(1.9)	(2.1)	(2.2)	(2.1)	
Accretion and interest, convertible	(1.4)	(2.1)	(2.2)	(2.2)	(2.4)	Accretion and interest, convertible	(0.5)	(0.6)	(0.6)	(0.6)	
Interest income	1.8	1.0	0.5	0.3	0.3	Interest income	0.1	0.1	0.2	0.1	
Flow-through premium recovery	3.2	3.5	4.1	1.4	-	Flow-through premium recovery	0.5	0.9	1.5	1.2	
Other items	(0.2)	(2.2)	0.1	-	-	Other items	0.1	-	-	-	
Pre-tax loss	(15.3)	(12.3)	(5.8)	(8.7)	(10.2)	Pre-tax loss	(1.7)	(1.7)	(1.1)	(1.3)	
Deferred tax	(5.4)	(0.4)	-	-	-	Deferred tax	-	-	-	-	
Net loss	(20.7)	(12.7)	(5.8)	(8.7)	(10.2)	Net loss	(1.7)	(1.7)	(1.1)	(1.3)	
EPS (C\$)	(0.046)	(0.025)	(0.010)	(0.013)	(0.013)	EPS (C\$)	(0.003)	(0.003)	(0.002)	(0.002)	
DPS (C\$)	-	-	-	-	-	DPS (C\$)	-	-	-	-	
Shares outstanding, wtd (M)	452.1	513.9	601.6	685.8	792.8	Shares outstanding, wtd (M)	531.7	623.2	625.5	626.2	
Shares outstanding, end (M)	493.4	549.0	626.5	745.1	840.6	Shares outstanding, end (M)	549.8	625.2	625.8	626.5	
Balance Sheet & Cash Flow Statement	FY24A	FY25A	FY26E	FY27E	FY28E	Funding and Valuation Metrics	FY24A	FY25A	FY26E	FY27E	FY28E
Cash and term deposits	33.6	16.0	14.8	14.1	9.6	Cash burn (C\$M)	(38.8)	(29.7)	(19.0)	(13.8)	(14.9)
Other current assets	2.8	1.4	1.5	1.5	1.5	Runway at that burn (years)	0.9	0.5	0.8	1.0	0.6
Current assets	36.4	17.4	16.3	15.6	11.1	Exploration share of spend	82.0%	78.0%	74.3%	66.4%	67.1%
Exploration and evaluation assets	53.5	75.6	89.7	98.9	108.9	Equity raised (C\$M)	38.1	13.9	18.6	14.1	11.3
Other non-current assets	8.0	-	-	-	-	Basic shares, end (M)	493.4	549.0	626.5	745.1	840.6
Total assets	97.9	93.0	106.0	114.5	120.0	Share count growth y/y	-	11.3%	14.1%	18.9%	12.8%
Payables and accruals	3.2	0.9	0.7	0.7	0.7	E&E per basic share (C\$)	0.108	0.138	0.143	0.133	0.130
Flow-through premium liability	0.7	0.5	1.4	-	-	Net cash per share (C\$)	0.038	0.002	-	(0.001)	(0.006)
Convertible debt (carrying value)	10.9	11.6	12.5	13.4	14.4	P/BV at C\$0.18 (x)	1.2x	1.4x	1.4x	1.5x	1.6x
Deferred tax and other	8.8	8.8	8.8	8.8	8.8	Mkt cap / E&E assets (x)	1.7x	1.3x	1.3x	1.4x	1.4x
Total liabilities	23.7	21.8	23.4	22.8	23.8	E&E book per Indicated lb (C\$)	-	6.4	7.6	8.4	9.2
Shareholders' equity	74.2	71.3	82.6	91.7	96.2	ROE	(27.9%)	(17.9%)	(7.0%)	(9.5%)	(10.7%)
Total liabilities & equity	97.9	93.0	106.0	114.5	120.0						
BVPS (C\$)	0.150	0.130	0.132	0.123	0.114						
Net cash (less C\$15M convertible)	18.6	1.0	(0.2)	(0.9)	(5.4)						
Cash flow from operating activities	(7.0)	(6.5)	(4.9)	(4.7)	(4.9)						
o/w Working capital and other	(0.6)	(1.0)	(0.2)	-	-						
Exploration capitalised (E&E)	(31.8)	(23.2)	(14.1)	(9.2)	(10.0)						
Other investing	2.4	(0.8)	-	-	-						
Equity raised, net	38.1	13.9	18.6	14.1	11.3						
Convertible debt raised	15.0	-	-	-	-						
Cash interest and other financing	(0.8)	(0.9)	(0.9)	(0.9)	(0.9)						
Net change in cash and term deposits	15.9	(17.6)	(1.2)	(0.7)	(4.5)						
Cash burn (operations + E&E)	(38.8)	(29.7)	(19.0)	(13.8)	(14.9)						

Source: Company reports (audited FY24-FY25 statements and FY25 MD&A filed with Form 40-F; 1Q26 interim statements), K2 Capital estimates.

Note: C\$ in millions (except per-share data). Fiscal year ends Jun. o/w - out of which. FY24A-FY25A and 1Q26 (Sep-25) are actuals; 2Q26E-FY28E are K2 estimates. Cash includes term deposits. Exploration and evaluation spend is capitalised; G&A includes small expensed exploration items. Accretion includes the 9% coupon on the C\$15M Denison convertible (one-third payable in shares) and lease interest. FY27E-FY28E assume C\$15M and C\$12M of new equity at C\$0.13, and flow-through premium recovery as the C\$15M Oct-25 flow-through funds are spent by Dec-26. Net cash deducts the convertible at face value.

Analyst Certification: The research analysts of K2 Capital Limited responsible for this report certify that (1) the views expressed in this report accurately reflect their personal views about the subject company and its securities, and (2) no part of their compensation was, is or will be directly or indirectly related to the specific rating or views expressed in this report.

Important Disclosures

Ratings: Overweight: over the duration of the price target, we expect the stock to outperform the total return of the S&P/TSX Composite Index. Neutral: we expect the stock to perform in line with it. Underweight: we expect the stock to underperform it. Price targets are set for the period stated and are based on the methodology and risks described in this report.

Date	Rating	Price (C\$)	Price Target (C\$)
19-Jan-26	UW (initiation)	0.18	0.15

Positions and conflicts: K2 Capital Limited, its principals and employees may hold positions in, and may trade, the securities of the company discussed in this report or related instruments, including positions inconsistent with its rating.

Sources and methodology: Prices are as of the close on 16 January 2026 unless stated. Company data are from F3 Uranium's audited financial statements and MD&A for the years ended 30 June 2024 and 2025 (filed as exhibits to its Form 40-F, December 2025), its interim statements for the quarter ended 30 September 2025, its fiscal 2023 MD&A, and its press releases on the Denison convertible (October 2023), the C\$7M and C\$20M bought-deal financings (April and October 2025), the F4 Uranium spin-out (August 2024), the Tetra Zone discovery and step-outs (April 2025 to January 2026), the JR Zone initial mineral resource estimate (21 December 2025) and the Form 40-F filing for a Nasdaq listing (17 December 2025). Other sources include Yahoo Finance (share prices, S&P/TSX Composite, URNJ and USD/CAD); TradeTech and Cameco (uranium prices); the World Nuclear Association Nuclear Fuel Report (September 2025); Kazatomprom and Cameco disclosures via World Nuclear News; the US Department of Energy (January 2026); the White House Section 232 proclamation (14 January 2026) as summarised by White & Case; Nasdaq Listing Rule 5505; MarketBeat (analyst targets); filings and announcements of NexGen, Denison, IsoEnergy, Paladin, Rio Tinto and Uranium Energy; MinEx Consulting and S&P Global Market Intelligence (discovery statistics); and reporting by Axios, Crux Investor, MINING.COM and World Nuclear News. EV per pound uses basic market capitalisation plus debt less cash, over total attributable resources. Estimates and valuation are K2 Capital's and are subject to change without notice.

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