

Hathor Exploration Limited

HAT : TSX-V : C\$2.07

SPECULATIVE BUY

Target: C\$3.75

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COMPANY STATISTICS:

Shares Out fd (M):	91.6
Forecast Return %:	81.2
Shares Out basic (M):	86.0
Market Cap (M):	C\$177.9
52-week Range:	C\$1.03 - 4.40
Resources implied (M):	2.0
Avg. Daily Vol. (000s):	616
In-situ Value implied (US\$/lb):	US\$73.10
Website:	www.hathor.ca
Working Capital (M):	C\$35.0
LT Debt (M):	C\$0.00

EARNINGS SUMMARY:

FYE Mar	2008A	2009E	2010E
P/CF:	-167.7	-62.5	-533.6
Op CF (M):	C\$-0.9	C\$-2.8	C\$-0.3
CFPS:	C\$(\$0.01)	C\$(\$0.03)	C\$(\$0.00)
Earnings:	C\$-1.8	C\$-7.5	C\$-5.7
Revenue (M):	C\$0.0	C\$0.0	C\$0.0
EV/EBITDA (x):	-54.4x	-17.6x	-22.7x
EPS basic:	C\$(\$0.03)	C\$(\$0.09)	C\$(\$0.07)
EBITA:	-\$2.6	-\$8.1	-\$6.3
P/E (x):	-78.3	-23.1	-31.0

SHARE PRICE PERFORMANCE:



COMPANY SUMMARY:

Hathor Exploration Ltd. is a junior uranium exploration company advancing 11 exploration properties in the Athabasca Basin, Saskatchewan. In early 2008, a winter drill program intersected high-grade basement hosted uranium mineralization on the Midwest NE Project. It is conveniently located in the heart of Athabasca Basin infrastructure. A winter drill program has just been completed.

All amounts in C\$ unless otherwise noted.

Metals and Mining -- Exploration and Development

NEW RESULTS CONFIRM OUR GEOLOGICAL MODEL, TARGET AND RATING EMPHASIZED

Event

Hathor provided the second batch of chemical assays comprising 24 holes for the now completed winter drill program on the 90%-owned high grade Roughrider uranium zone, Athabasca Basin, Saskatchewan. The company also provided the scintillometer readings for all 89 drill holes completed.

Impact - Positive

We have placed the released results into our geological model and found that it continues to perform perfectly. Mineralization continues to be related to vertical northeast-trending structures, enhanced by an east-west structure dipping northward. All mineralized structures appear continuous and remain open for expansion. Most importantly, mineralization has now been demonstrated at and above the unconformity. Our conceptual resource for the Roughrider zone increases marginally to 19.1 million pounds at 4.5% U3O8 from 16.6 million pounds at 4.4% U3O8.

Valuation and Action

We value Hathor on a cash flow basis discounted at 10%. We model a 200 t/d operation based on the advanced technical studies for the nearby Midwest deposit. The hypothetical project would produce approximately 2.9 Mlb U3O8 per annum beginning 2017. We generate a project NAV of C\$514 million or C\$5.98 per share. We apply a 0.6x target project P/NAV multiple to generate our C\$3.75 per share target. The 81% projected return supports a SPECULATIVE BUY rating. Hathor is trading attractively at 0.3x project NAV and 0.4x corporate NAV.

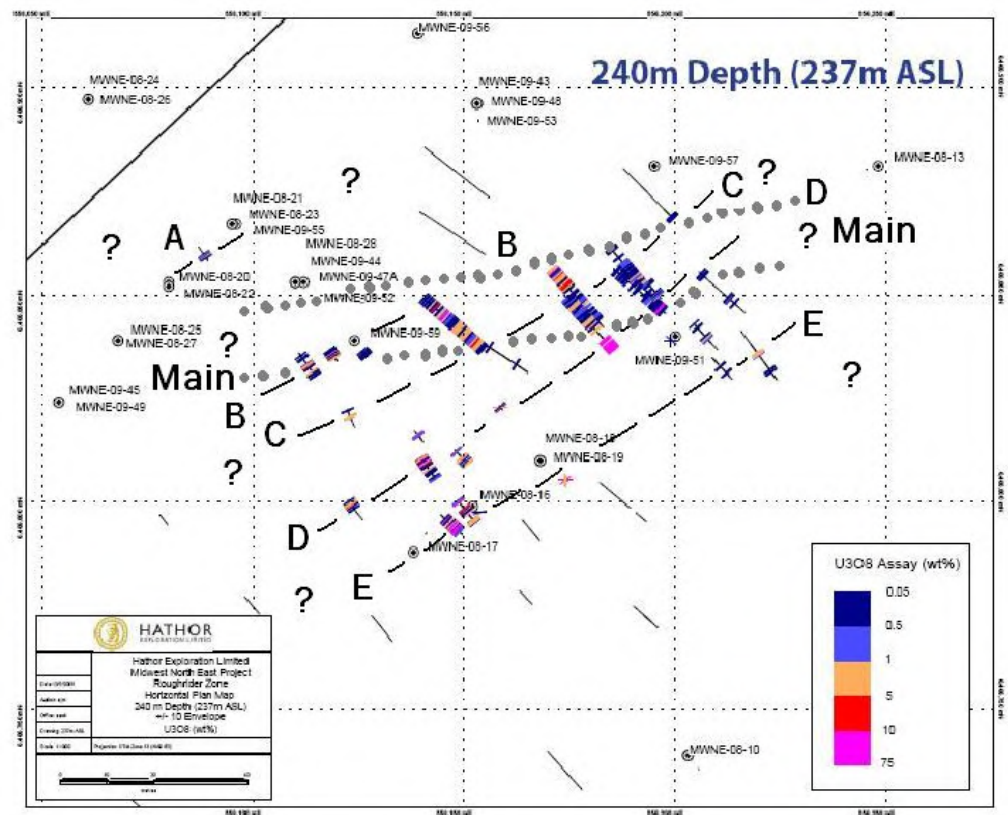
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WHY HATHOR IS OUR TOP URANIUM EXPLORATION PICK

In our *Daily Letter* published 3 April 2009 we introduced our detailed geological model for the Roughrider high grade uranium zone on the 90%-owned Midwest NorthEast project in the Athabasca Basin, Saskatchewan. As indicated in Figure 1, we interpret uranium mineralization hosted predominantly in vertical northeast-trending structures (A through E) intersected by an east-west structure dipping approximately 67 degrees to the north (Main zone).

Figure 1: Mineralized structure interpretation on the 240 metre level



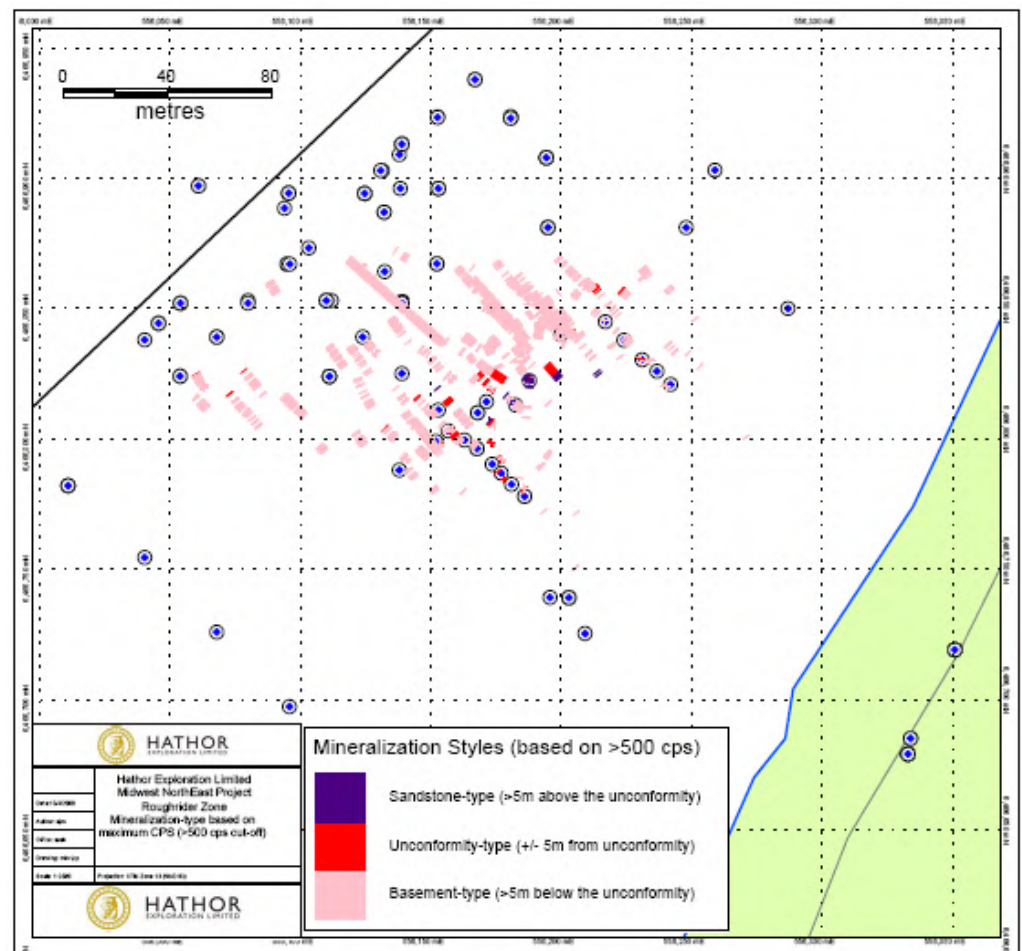
Source: Hathor Exploration Limited data, Canaccord Adams interpretation

Late yesterday, Hathor released the latest batch of chemical assays from 24 holes of the winter drill program. Of the 24 drill holes, nine were unmineralized and nine intersected relatively low grade mineralization; these results are to be expected in the context of a grid drilling program. The remaining holes returned excellent results including 10.18% U₃O₈ over 12 metres (Hole 79A) and 3.43% U₃O₈ over 18.5 metres (Hole 80). Importantly, we now have sandstone-hosted uranium mineralization (Holes 18, 30, 68, 72 and 87), which opens up the potential to accrete pounds above the unconformity and, ultimately, reduce the strip ratio. Holes 18, 30, 72 and 87 form an interesting cluster of sandstone-hosted mineralization that must be followed up. It is too early to know the orientation of the sandstone-hosted mineralization but the alteration package suggests a large system. In the post-release conference call, Hathor's project geologist cited a 20 centimetre wide structure running 1000 counts per second (cps) fully 160 metres above the unconformity.

16 April 2009

Hathor also released the scintillometer readings for all 89 holes of the winter drill program. There is an excellent correlation between scintillometer readings and chemical assays. As further chemical assays are released we will be watching for the following intersections in particular: Hole 85 (249.0-258.8 metres), Hole 88 (237.0-247.2 metres), Hole 91A (233.3-251.3 metres), Hole 102 (241.3-254.2 metres), Hole 116 (247.6-252.5 metres), Hole 117 (230.5-243.3 metres), Hole 129 (253.7-271.8 metres) and Hole 131 (234.0-247.3 metres). Hole 116 is of particular interest as it intersected material running off-scale (>9999 cps) over 3.7 metres and it adds significantly to the western extent of the zone. The release noted that the sample was weighty with a measured density of 7.65 tonnes per cubic metre, more than three times normal. Figure 2 provides a view of basement-hosted, unconformity-related and sandstone-hosted uranium mineralization with greater than 500 cps.

Figure 2: Uranium mineralization styles, Roughrider zone



Source: Hathor Exploration Limited web-site, April 2009

Off-ice winter drilling is now complete. Cold weather allowed Hathor to extend its program to over 30,000 metres and 89 holes drilled. One rig has been placed on a barge on the remaining ice awaiting spring break up and one rig as been stored on the barge. Provincial authorities have authorized the presence of the barge on the lake but the barge-based drill

program awaits permitting. Drilling will resume in June after spring breakup with the barge-based rig and a second on-shore rig.

We have updated our geological model with new data; the data conforms perfectly to our existing interpretation. Incorporating increased strike lengths in a number of structures, we generate a new conceptual resource estimate in Figure 3. Note that the conceptual resource estimate is not NI 43-101 compliant and that it is based on our interpretation of publicly available drill-hole data, an incomplete dataset. Thicknesses are true thicknesses corrected for the orientation of core and the interpreted orientations of the structures. Grades are averages weighted by true thickness. Note that the Main east-west structure is wider, higher grade and contributes the majority of pounds to the conceptual resource. Northeast-trending structures A through E are generally narrower and lower grade but structures C, D and E are important contributors. The total conceptual resource amounts to 194,169 tonnes averaging 4.46% U₃O₈, or 19.1 million pounds. Relative to our previous conceptual resource, the new resource estimate shows increases in mass (14%), grade (1%) and total pounds (15%).

Figure 3: Conceptual Roughrider zone resource

Section (1)	Thickness (m) (2)	Grade (%) (2)	Mass (t) (3)	U ₃ O ₈ (Mlb) (3)
Main	3.3	6.66	67,463	9.91
A	0.5	0.66	12,523	0.18
B	0.7	0.85	9,232	0.17
C	1.9	4.57	29,160	2.93
D	2.5	4.74	39,551	4.13
E	1.2	2.23	36,239	1.78
Total		4.46	194,169	19.11
Previous (4)		4.44	169,600	16.60
Change		1%	14%	15%

- Notes:
1. Sections along mineralized structures.
 2. Average thickness & grade of intersections within section.
 3. Conceptual, not a NI 43-101 compliant resource.
 4. Previous Canaccord Adams conceptual estimate.

Source: Canaccord Adams

VALUATION AND RECOMMENDATION

We value Hathor and its 90%-owned Roughrider project on a cash flow basis discounted at 10%. The financial model examines a 200 t/d operation based on the advanced technical studies for the nearby Midwest deposit with a capital cost estimate of US\$380 million. The hypothetical project would produce approximately 2.9 million pounds U3O8 per annum at a cost of approximately US\$20 per pound beginning 2017. We have applied the new resource estimate (Figure 3) to our model assuming success over the next three years at expanding Roughrider to 34 million pounds at the same grade. We believe that this is a reasonable assumption given the demonstrable exploration potential remaining. We generate a project NAV of C\$514 million, or C\$5.98 per basic share. We apply a 0.6x target project P/NAV multiple to generate our C\$3.75 per share price target. The 81% projected return continues to support a SPECULATIVE BUY rating. Hathor's share price, since peaking in mid-January at C\$3.69, has been under pressure from a sliding spot uranium price, unmet expectations for home run unconformity-related mineralization and potential misinterpretations of data to-date. Hathor is currently trading at 0.3x project NAV and at 0.4x corporate NAV of C\$4.95 per share.

Figure 4: Net asset value and target generation

NAV & TARGET GENERATION	-10%	Base	10%
Blended U3O8 price (US\$/lb)	\$63.00	\$70.00	\$77.00
Roughrider (90%) (C\$M) (DCF@ 10.0%)	\$438.3	\$496.2	\$554.6
Other projects (C\$M)	\$18.2	\$18.2	\$18.2
Project NAV	\$456.5	\$514.4	\$572.8
Project NAVPS	\$5.31	\$5.98	\$6.66
Current project P/NAV	0.3x	0.3x	0.3x
Working capital	\$35.0	\$35.0	\$35.0
Dilutive capital	\$4.8	\$4.8	\$4.8
Project equity (@\$4.00/sh)	\$422.6	\$439.4	\$422.6
Corporate G&A	-\$3.6	-\$3.6	-\$3.6
LT debt	\$0.0	\$0.0	\$0.0
Corporate NAV	\$920.8	\$996.2	\$1,038.4
Corporate NAVPS	\$4.67	\$4.95	\$5.27
Current corporate P/NAV	0.4x	0.4x	0.4x
Target project P/NAV	0.6x	0.6x	0.6x
Target	\$3.50	\$3.75	\$4.25

Source: Canaccord Adams

Hathor's share price has been under pressure for the last few months as spot uranium price indicators have backed off, the results vacuum was filled with negative speculation and a competitor report targeting 2.7 million pounds U3O8 in resource was published. The spot uranium price may be bottoming as speculative uranium holdings are liquidated. The recent news release amply demonstrated the remaining upside to the Roughrider zone as well as the zone's continuity. We expect the market to respond positively. Additional chemical assays are expected to be released in batches between now and June, leading up

to the resumption of drilling in June after spring breakup. Given the volume and complexity of data and the company's plans to resume drilling in June, we do not expect the release of an initial NI 43-101 resource estimate until Q4/09.

Investment risks

The typical risks associated with any mining investment include commodity and exchange rate fluctuation risks, geopolitical risk, permitting and technical (development/operating) risks. Because of the unique political, technological and environmental factors that affect the mining and transport of uranium products, the nuclear industry is subject to socio-economic risks which could impact the regulatory process for uranium project development. The commercialization risks associated with mineral exploration and development are high, thus investment in the shares of Hathor Exploration Ltd. is for risk accounts only.

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Site Visit: An analyst has not visited the properties held by Hathor Exploration Ltd.

Price Chart:*



* Price charts assume event 1 indicates initiation of coverage or the beginning of the measurement period.

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Global Stock Ratings
(as of 1 April 2009)

Rating	Coverage Universe		IB Clients	
	#	%	#	%
Buy	314	57%	29	29%
Speculative Buy	69	13%	51	51%
Hold	144	26%	22	22%
Sell	25	5%	20	20%
	552	100%		

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BUY: The stock is expected to generate risk-adjusted returns of over 10% during the next 12 months.
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Company	Disclosure
Hathor Exploration Limited	7

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