

RAISING TARGET ON EARLY SCINTILLOMETER RESULTS FROM HURRICANE ZONE

Drilling at Larocque East Expands Hurricane Zone

OUR TAKE: ISO has delivered initial scintillometer results from the first drilling at the Hurricane Zone since its summer 2020 program concluded at its Larocque East uranium project. Results of four (4) new holes (assays pending) were reported, with 3 of those holes pushing out the boundaries of known mineralization on each of their respective sections, and **expanding the maximum width of the zone to 94m (from 75m) and maximum thickness to 12m (from 11m), which is highly positive. The Hurricane Zone mineralized envelope expands to 575m x 94m x 12m** with these results and we look forward to quantitative assays for further interpretation. We are increasing our target to \$7.00 (from \$3.00) and maintaining our 'Buy' rating as ISO's 2021, 30-hole, 12,000m drill program at Larocque East is in full swing, which should drive further positive news flow through the fall.

KEY HIGHLIGHTS

- ◆ **Initial Scintillometer Results Expand Hurricane (Figures 1-4, Table 1):**
 - ◆ **Hole LE21-78C1 (Section 4460E) expanded the zone 8m to the south on section,** intersecting 12.0m of radioactivity registering >500cps on the scintillometer from 248.5m depth, including 2.0m registering >30,000cps from 257.5m.
 - ◆ **Hole LE21-82 (Section 4485E) expanded the Hurricane Zone 26m to the south bringing Section 4485E to 94m in width.** The hole intersected 4.5m of radioactivity registering >500cps on the scintillometer from 328.5m, including 1.0m at >5,000 cps from 331.0m.
 - ◆ **Hole LE21-84 (Section 4435E) expanded the Hurricane Zone 28m to the north bringing Section 4435E to 93m in width.** The hole intersected 3.0m of radioactivity registering >500cps on the scintillometer from 326.5m depth, including 0.5m at >5,000 cps.
- ◆ **Best New Uranium Discovery Out There, and Continuing to Grow...** We continue to highlight the scarcity of new high-grade uranium discoveries of scale. Notably, ISO is one of the only companies delineating a new discovery that has been validated through multiple intersections with GTs greater than 30 (%m) and a mineralized intercept hit rate of >90% in holes drilled to date. Already in the current drill program, ISO has been successful in further supporting our thesis that the Hurricane Zone will grow into a significant new high-grade discovery, adding significant width to the mineralized envelope on multiple sections.
- ◆ **Raising Target as Maiden Resource Potential Grows and Uranium Equities Re-base:** Our valuation approach integrates conceptual resource potential based on our assessment of drilling to-date and reasonable drill-supported upside. We are increasing our target range for Hurricane's maiden resource to 55-75 Mlb U₃O₈ (from 45-65), and calibrating our target to the upper boundary of that range, as we see potential beyond what the maiden resource will capture when delivered, likely in 2022. In addition, given the strong movement in in-situ resource multiples as uranium equities have responded to uranium price movement, and our expectation for continued appreciation in uranium price, we are increasing our in-situ multiple to US\$6.25 EV/lb U₃O₈ (from US\$3.50) for valuation, driving our new \$7.00 price target (from \$3.00).

OUTLOOK & RECOMMENDED ACTION

We recommend owning ISO for exposure to a new, high-grade uranium discovery.

- ◆ **Making a High-Grade Uranium Discovery as Fundamental Stars Align.** ISO is trading at ~US\$4.40-\$5.55 EV/lb U₃O₈ based on our resource target range of 55-75 Mlb plus credits. Current EV/lb multiples for pre-production Athabasca Basin peers range from US\$1.21 to US\$6.25 (avg. US\$3.90). In the context of our uranium price expectation of +US\$55/lb in 2022, we note that historic EV/lb multiples in a rising uranium price environment expand further.

CATALYSTS

1. **Drill Results from High-Grade Zone at Larocque East** – results from ongoing drill program.
2. **Step Out Drilling Identifying New Mineralized Zones** – ISO has intersected strong uranium mineralization on a parallel, untested structure to the south of the zone.
3. **Maiden Resource** – not expected until 2022 - the majority of work to be done will be in support of this major catalyst.

PROJECTED RETURN

26%

RISK FACTOR

Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$2.60	\$5.57	\$7.00
↓53%		↑26%

KEY STATISTICS AND METRICS

52-Week High/Low	\$6.61/\$0.91
YTD Performance	198%
Dividend Yield	NA
Shares O/S	99.0M
Market Capitalization	\$551.6M
Cash	\$14.0M
Debt	\$18.8M
Enterprise Value	\$556.4M
Daily Volume (3 mos.)	174,430
Currency	C\$ unless noted

HAYWOOD ESTIMATES (\$CAD)

	2019A	2020A	2021E
Revenue (\$M)	0	0	0
Net Income (\$M)	(2.2)	(9.5)	(7.9)

VALUATION

Our \$7.00 per share price target is based on a US\$6.25 EV/lb U₃O₈ multiple applied to the upper boundary (75 Mlb U₃O₈) of our target maiden resource range for Hurricane, plus an additional 23.5 Mlb U₃O₈ credit for resource potential across ISO's portfolio of other assets. Undeveloped Athabasca Basin resource peers trade in a range of US\$1.21 - US\$6.25/lb U₃O₈.

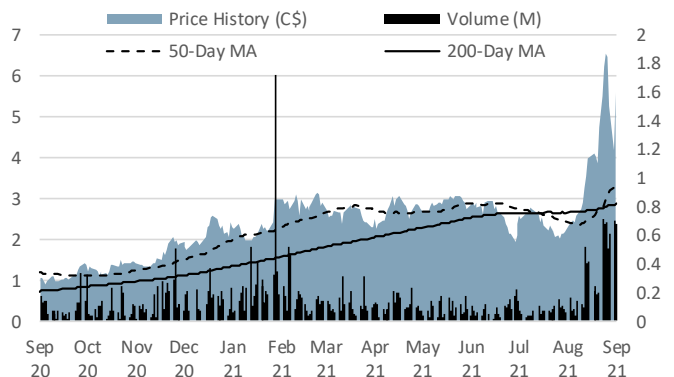
SCENARIO ANALYSIS

INVESTMENT THESIS

Our investment thesis for ISO is predicated on:

- ◆ **IsoEnergy Ltd.** is an early-stage pre-resource uranium exploration company focussed on its wholly-owned Larocque East uranium project in the eastern Athabasca Basin where it is delineating a high-grade discovery coined the Hurricane Zone. IsoEnergy was originally spun out of NexGen Energy (NXE-T, Rating: Buy, Target: \$7.50) and NexGen remains the Company's largest shareholder at 51%. Following the spin-out in 2016 ISO drilled several priority targets within its portfolio of eastern Athabasca uranium projects before hitting a broad uranium-mineralized interval at Larocque East in July 2018 (Hurricane Zone) in the last drill hole of the summer exploration program, which immediately shifted the focus for the Company.
- ◆ **Drill Results Will Drive Stock While We Wait for Uranium:** We like ISO's positioning in the market for its scarcity (few new discoveries being delineated) and for the timing relative to the vastly improved uranium sector demand/supply fundamentals of late. We have always noted to investors that during weaker commodity price environments, the market "always rewards discovery". ISO is no exception and its shares have appreciated 169% year-to-date, while uranium prices have rallied.
- ◆ **Unique Position as the Only Company Delineating a New, High-Grade Uranium Deposit:** Hurricane is the only new deposit that has been validated through multiple intersections with GTs greater than 30 (%m) and a mineralized intercept hit rate of >90% in holes drilled to date. The Hurricane Zone has the makings of a potentially large, high-grade deposit with great potential to be economically attractive.
- ◆ **Financed Through Maiden Resource:** We expect the maiden resource estimate on the Hurricane Zone at Larocque East to be released in mid-2022. If our estimated timeline holds, ISO should be easily financed through this major milestone, at which point we expect the stock will be trading significantly higher. We note that there is significant potential for the timing of the initial resource to shift based on exploration results.

IsoEnergy Ltd. (ISO-V)



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our **\$7.00 per share price target** is primarily based on a US\$6.25 EV/lb U₃O₈ multiple applied to the upper boundary (75 Mlb) of our target maiden conceptual resource range of 55-75 Mlb U₃O₈, with a 23.5Mlb future resource upside credit on ISO's portfolio of other projects. Undeveloped high-grade Athabasca Basin resource peers trade in range of US\$1.21 - US\$6.25/lb U₃O₈.

DOWNSIDE CASE

Our **downside case** takes a US\$3.00/lb average in-situ multiple as a floor for the conceptual resource at Larocque East and implies a \$2.60/share price for ISO.

Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.

KEY RISKS

- **Exploration Success:** Our valuation of ISO is heavily reliant on the Company successfully delineating a significant uranium resource with the next year (targeting initial size of 55-75 Mlb U₃O₈). Exploration is inherently extremely risky, and while we feel early work mitigates uncertainty to some degree, failure to continue to demonstrate this resource potential would negatively impact our valuation and possibly our BUY recommendation.
- **Financial:** ISO is a pre-revenue, pre-resource exploration-stage company. As such, it will rely on external funding sources in the form of future equity dilution or debt capital at uncertain costs.
- **Commodity Price & Company Forecasts:** Our forecasts include a significant increase in future uranium price. The timing and degree of uranium price appreciation, if any, is highly uncertain.

Company Website

www.isoenergy.ca

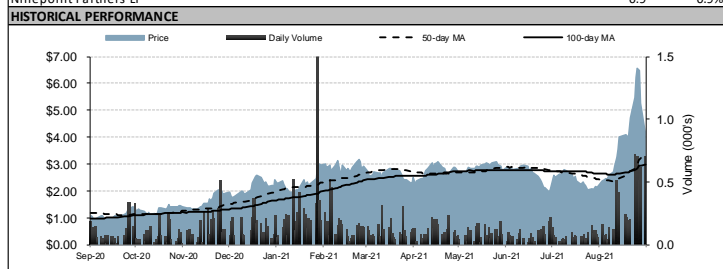
Key Management

Tim Gabruch, President & CEO



	IsoEnergy Ltd. (ISO-TSXV,\$5.57) Rating: Buy Risk: Very High Valuation: 1.0x NAV	Target Price (C\$) \$7.00 Return (%) 26% 52 Week High/Low (C\$) \$6.61/\$0.91 Daily Volume (3-month avg) 174,430	Mkt. Cap, C\$M \$552 CEO Timothy Gabruch Company Website www.isoenergy.ca
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Capital Structure		Shares
		Millions
Shares Outstanding		99.0
Fully Diluted Shares		120.8
Ownership		Shares O/S (mln)
NexGen Energy Ltd.		49.8
Exchange Traded Concepts, LLC		2.5
Mirae Asset Global Investments Co., Ltd		1.6
CQS Investment Management Limited		1.2
Ninepoint Partners LP		0.9



Financial Summary (CAD\$m)					
Year-end Dec 31	2019A	2020A	2021E	2022E	2023E
Shares Outstanding, mln	84.3	94.5	105.9	107.0	109.9
FD Shares, mln	98.1	111.6	120.8	121.7	122.9
EPS	(0.03)	(0.11)	(0.07)	(0.05)	(0.05)
Op. CFPS (before WC)	(0.03)	(0.03)	(0.05)	(0.05)	(0.05)
Income Statement (CAD\$m)					
Revenue	0.0	0.0	0.0	0.0	0.0
General & Admin	1.4	2.0	4.3	4.3	4.3
Net Income	(2.2)	(9.5)	(7.9)	(5.5)	(5.5)
Balance Sheet (CAD\$m)					
Cash & Equivalents	6.6	14.0	7.0	2.7	1.9
Debt	0.2	14.2	18.9	7.6	7.6
Cash Flow (CAD\$m)					
Operating CF (before WC)	(1.8)	(2.5)	(5.4)	(5.4)	(5.4)
Financing CF	6.3	15.6	5.2	5.1	8.7
Investing CF	(4.2)	(5.7)	(4.0)	(4.0)	(4.0)
Change in Cash	0.2	7.4	(7.1)	(4.3)	(0.8)

NET ASSET VALUE			
	CSM	CS/sh	
Larocque East (Estimated Maiden Resource)	585.9	5.25	
Larocque East (Project Upside)	183.6	1.64	
Other Project Areas Upside Adjustment	35.0	0.31	
Corporate Adjustments	(20.9)	(0.19)	
Total	783.7	7.02	

COMPARABLES						
Company	Ticker	Price C\$	EV (US\$m)	Global R&R Mlb	EV/lb U3O8 US\$/lb	P/NAV
NexGen Energy Ltd.	TSX:INXE	\$5.99	\$2,087	348.75	\$5.98	0.83x
Denison Mines Corp.	TSX:DML	\$1.80	\$1,059	157.03	\$6.75	0.89x
Fission Uranium Corp.	TSX:FCU	\$0.90	\$417	135.20	\$3.08	0.90x
Cameco Corporation	TSX:CCO	\$27.00	\$7,753	1060.08	\$7.31	1.42x
UEX Corporation	TSX:UEX	\$0.45	\$182	99.50	\$1.83	0.66x
Selected Company Average					\$4.99	0.94x
IsoEnergy Ltd.	TSXV:ISO	\$5.57	\$434	98.50*	\$4.41	0.79x*

* Based on haywood estimates

Exploration Projects

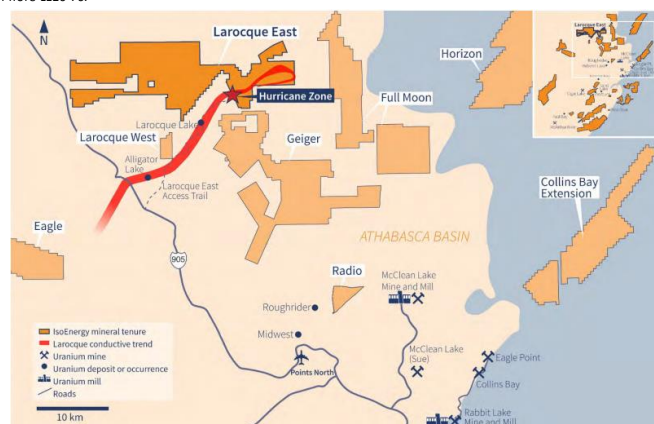
Larocque East (100% Owned)

Acquired from Cameco in May 2018, and covers a 15-kilometre-long northeast extension of the Larocque Lake conductor system, consisting of 20 mineral claims totaling 8,371 hectares.

- The Hurricane zone lies 35 km from Orano's McClean Lake mill and occurs at a relatively shallow depth of ~320m below surface. Known uranium mineralization is interpreted to occur "on a major basement tapping fault system that has caused a ridge in the sub-Athabasca unconformity".

Hurricane Zone

- The discovery hole, LE18-01A, was drilled in July 2018 and included a subinterval of 1.0m grading 6.45% U3O8 (within 8.5m grading 1.26% U3O8). Hole LE18-01A, was ISO's first ever drill hole at Larocque East and the final hole of its summer 2018 8-hole program (the other 7 drill holes tested its Geiger property).
- In winter 2019, ISO conducted follow up drilling with 11 of 12 drill holes intersecting significant uranium mineralization. Highlights include LE19-02: 3.5m @ 10.4% U3O8.
- The Company believes that there is significant potential for additional expansion of its Hurricane Zone as it remains open along-strike to the east and on most sections.
- its summer 2020 program consisted of ~24 drill holes for a total of ~9,400 metres, where results continued to demonstrate the potential for the Hurricane zone to evolve into a significant new deposit. Specifically, highlight results included: 7.5m at 38.8% U3O8 and 0.4% Ni, including a 3.5m subinterval averaging 74.0% U3O8 and 0.6% Ni in hole LE20-76.



Other Properties

- Geiger** covers numerous intersections of weak uranium and uranium pathfinder mineralization with 8 walk-up drill targets. The property was expanded in March 2018 with the Dawn North acquisition. Last drilled in summer 2018 where 7 drill holes followed up on winter 2018 program.
- Thorburn Lake** is located 7km east of the Cigar Lake Mine. ISO completed 7,100 metres of drilling in 16 drill holes in 2016 and 2017, and following a new geophysical survey completed in late 2017 on southwest half of the property, several new drill targets have been generated.
- Radio** is located 2km east of and along strike of the Roughrider deposit, which Rio Tinto acquired for \$587M in February 2012. The property has a shallow unconformity depth of ~150m and hosts what is believed to be the metasedimentary corridor and structure associated with the Roughrider deposit. The property was last drilled in 2016 and 2017 where ISO completed 23 holes totalling 8,859m.
- Collins Bay Extension** is a new acquisition located along-trend of, and within 7km of, the Eagle Point - Collins Bay - Rabbit Lake (Rabbit Lake) uranium mine and mill complex.

Contacts

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Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

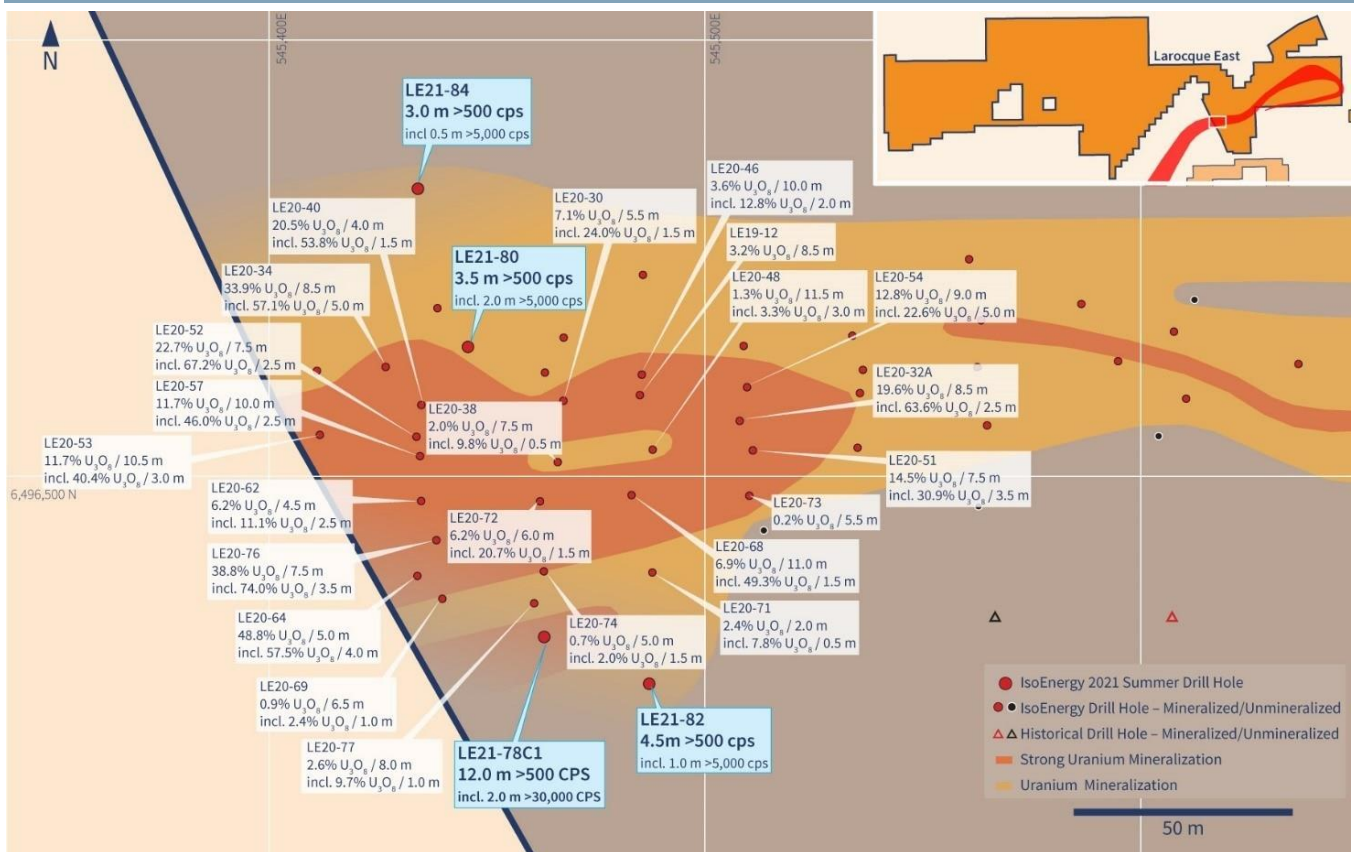


Commentary

Hurricane Zone Expansion and Resource Delineation will Define ISO in the Near Term

- ◆ **Expanding Hurricane with Early 2021 Drill Results (Figure 1):** Initial scintillometer results from the first drilling at the Hurricane Zone since ISO's summer 2020 program concluded at its Larocque East uranium project have significantly expanded the mineralized envelope surrounding the high-grade core. Results of four (4) new holes (assays pending) have been reported, with 3 of those holes pushing out the boundaries of known mineralization on each of their respective sections, and **expanding the maximum width of the zone to 94m (from 75m) and maximum thickness to 12m (from 11m), which is highly positive. The Hurricane Zone mineralized envelope expands to 575m x 94m x 12m** with these results and we look forward to quantitative assays for further interpretation. We are increasing our target to \$7.00 (from \$3.00) and maintaining our 'Buy' rating as ISO's 2021, 30-hole, 12,000m drill program at Larocque East is in full swing, which should drive further positive news flow through the fall.
- ◆ **Hole LE21-78C1 (Section 4460E) expanded the zone 8m to the south on section (Figure 2),** intersecting 12.0m of radioactivity registering >500cps on the scintillometer from 248.5m depth, including 2.0m registering >30,000cps from 257.5m.
- ◆ **Hole LE21-82 (Section 4485E) expanded the Hurricane Zone 26m to the south bringing Section 4485E to 94m in width (Figure 3).** The hole intersected 4.5m of radioactivity registering >500cps on the scintillometer from 328.5m, including 1.0m at >5,000 cps from 331.0m.
- ◆ **Hole LE21-84 (Section 4435E) expanded the Hurricane Zone 28m to the north bringing Section 4435E to 93m in width (Figure 4).** The hole intersected 3.0m of radioactivity registering >500cps on the scintillometer from 326.5m depth, including 0.5m at >5,000 cps.

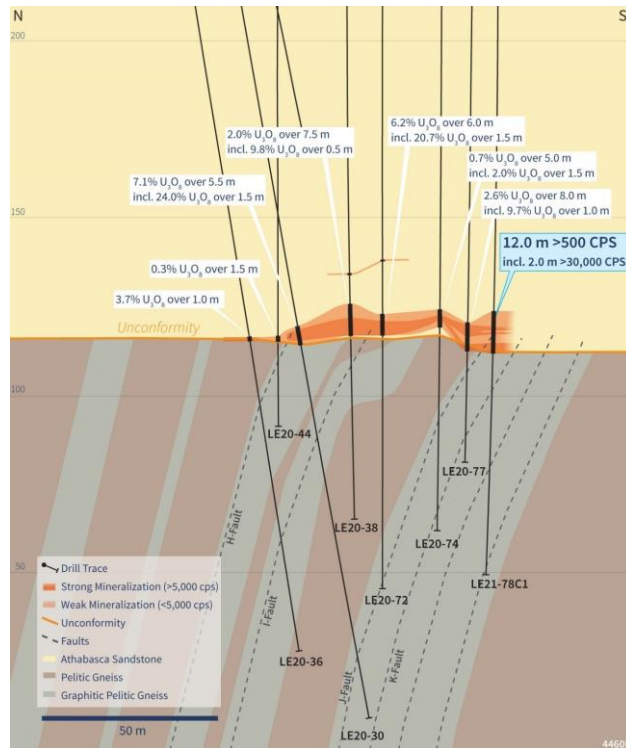
Figure 1: Hurricane Zone Plan View Highlighting New Drill Results



Source: IsoEnergy

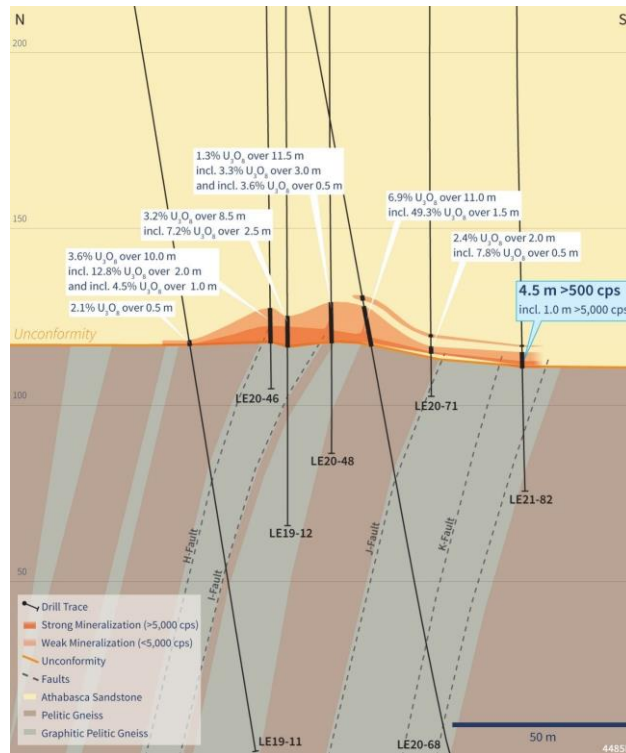


Figure 2: Hurricane Zone – 4460E Section showing Hole LE21-78C1 extending known mineralization 8m to the south



Source: IsoEnergy

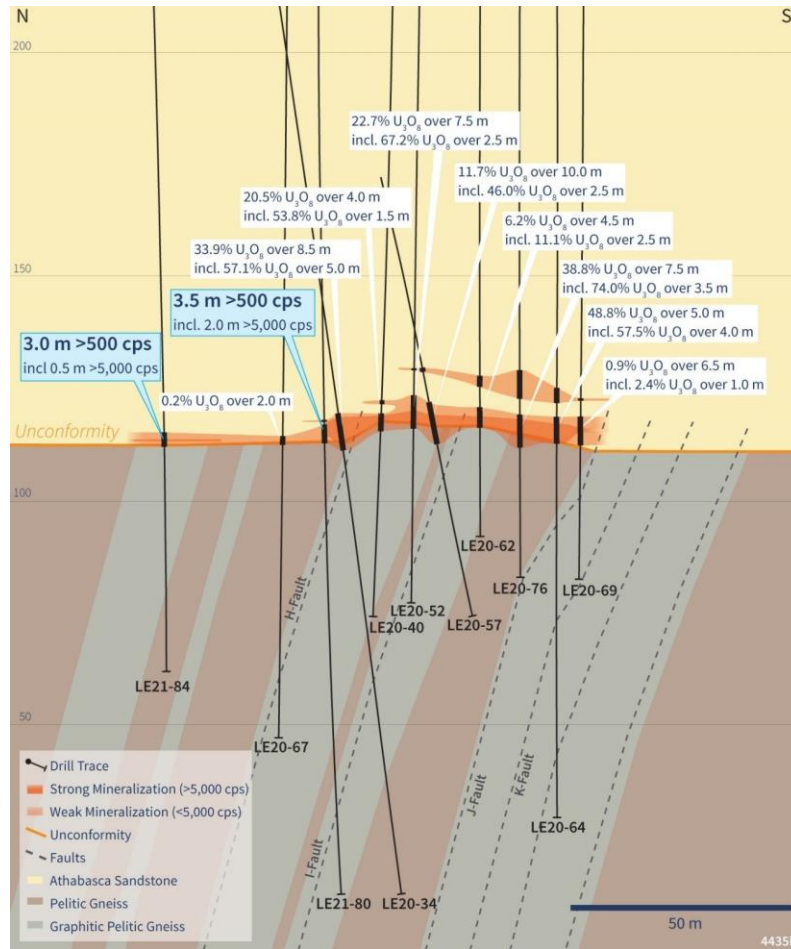
Figure 3: Hurricane Zone – 4485E Section showing Hole LE21-82 extending known mineralization 26m to the south



Source: IsoEnergy



Figure 4: Hurricane Zone – 4435E Section showing Hole LE21-84 extending known mineralization 28m to the north



Source: IsoEnergy

Table 1: Summer 2021 Drilling Program Results to Date

Hole ID	From (m)	To (m)	Length (m)	Radioactivity ^{1,2} (CPS)	Chemical Assays U ₃ O ₈ (%)	Orientation (Azm/Dip)	Location
LE21-78	Abandoned before target					000/-90	Section 4460E
LE21-78C1 ³	248.50	260.50	12.00	>500	Pending	000/-90	Section 4460E
incl.	253.00	254.00	1.00	>5,000	Pending		
and incl.	254.50	255.00	0.50	>5,000	Pending		
and incl.	257.50	259.50	2.00	>30,000	Pending		
and incl.	260.00	260.50	0.50	>5,000	Pending		
and	266.00	266.50	0.50	>5,000	Pending		
and	269.00	269.50	0.50	>500	Pending		
LE21-80	325.00	325.50	0.50	>500	Pending	000/-90	Section 4435E
and	326.00	329.50	3.50	>500	Pending		
incl.	326.00	328.00	2.00	>5,000	Pending		
incl.	326.50	327.00	0.50	>30,000	Pending		
LE21-82	326.50	327.00	0.50	>500	Pending	000/-90	Section 4485E
and	328.50	333.00	4.50	>500	Pending		
incl.	331.00	332.00	1.00	>5,000	Pending		
LE20-84	326.50	329.50	3.00	>500	Pending	000/-90	Section 4435E
incl.	328.00	328.50	0.50	>5,000	Pending		

Notes:

1. Radioactivity is total gamma from drill core measured with an RS-125 hand-held spectrometer.
2. Measurements of total gamma cps on drill core are an indication of uranium content but may not correlate with uranium chemical assays.
3. LE21-78C1 is a wedged off-cut LE20-78 at 70 metres

Source: IsoEnergy



Summer 2020 Drilling – Where We Left Off Before Pandemic Limited Work Programs

- ◆ **Summer 2020 drilling re-cap - expanded high-grade mineralization to the south at Hurricane** with incremental step-outs. ISO intersected high-grade uranium within metres of the J and K-faults on this line, expanding the high-grade area and certainly adding significant future resource pounds. The proximity to the J/K-faults increases the potential that mineralization occurs along these faults and represents significant potential upside. ISO reported some incredible assay results from the summer program and we are expecting more of the same during the ongoing fall campaign which is slotted for 12,000 metres in 30 holes.
- ◆ **Highlights of Summer 2020 Drilling at Hurricane included:**
 - ◆ Hole LE20-76 intersected 7.5m averaging 38.8% U₃O₈ and 0.4% Ni from a downhole depth of 322.5m (scint results registering >500 cps), including 3.5m grading 74.0% U₃O₈ and 0.6% Ni from a depth of 324.0m (scint results: off-scale radioactivity >65.5k cps)
 - ◆ Hole LE20-64 intersected 5.0m grading 48.8% U₃O₈, including 4.0m grading 57.5% U₃O₈ (from 324.0m depth)
 - ◆ Hole LE20-57 intersected 10.0m grading 11.7% U₃O₈, including 2.5m grading 46.0% U₃O₈ (from 343.8m depth)
 - ◆ Hole LE20-54 intersected 9.0m grading 12.8% U₃O₈, including 4.0m grading 27.1% U₃O₈ (from 329.5m depth)
 - ◆ Hole LE20-68 intersected 11.0m grading 6.9% U₃O₈, including 1.5m grading 49.3% U₃O₈ (from 332.0m depth)
- ◆ **Big resource upside potential to the east:** Summer 2020 drilling also included drilling several hundred metres to the east of the Hurricane high-grade zone in an area ISO refers to as the “along strike gap” and saw some success, intersecting multiple mineralized intercepts of significant width and grade. Following up on step-outs drilled in 2019 (e.g. LE19-06, 4.0m at 3.8% U₃O₈ & LE19-16A, 7.0m at 5.4%), ISO is seeing mineralization scattered across the eastern extension of Hurricane along the H- and I-Faults that cut through Hurricane to the west. Assays were published on a few holes with radioactivity levels that suggested at least low grade uranium is present. Hole LE20-59 and LE20-61 are ~50m apart along strike and returned 5.0m grading 0.2% U₃O₈, including 0.5m grading 0.9% (from 342m depth) and 9.0m grading 0.3% U₃O₈, including 0.5m grading 1.4% (from 313m depth), respectively. These are widely spaced holes in sparsely drilled area that haven’t been tactically followed up on yet, but they suggest the potential for a significant second deposit/future resource area close to Hurricane along the H/I-Faults. Also, to the east, there is at least one mineralized ‘historic’ drill hole along the same line as LE20-59 that is south of the K-Fault, with tons of untested space in between. The technical team at ISO has proven its ability to interpret drill core and geotechnical data and vector in quickly on the hot zones at Hurricane delivering a >90% hit-rate for mineralized holes in the early stages of discovery and we expect that the same expertise applied to the east will yield efficient exploration of the eastern targets, with the potential for big stock catalyzing news and significant upside to our base case valuation.
- ◆ **The ‘big east’ beyond the “along strike gap” represents true blue sky:** ISO has identified ~15km of conductors on the Larocque East property, with only about 2km on the western end being drill-tested to-date. Some ‘historical’ drill holes have confirmed the presence of elevated uranium content all the way out to the eastern boundary. Other geotechnical work, including a 2019 resistivity survey that covered the western half of the property (~4km along strike of Hurricane), indicate that basement conductors are increasing in intensity as they move east. ISO’s interpretation is that the conductive channels were likely formed by faulting of “graphitic para-gneiss”, a basement rock type which is often associated with Athabasca Basin uranium mineralization.
- ◆ **Hurricane high-grade zone pushing up on the Cameco-Orano JV boundary has surely gotten their attention:** The Hurricane Zone is rapidly evolving, with some very high-grade holes occurring within metres of the Larocque East property’s eastern boundary (e.g. LE20-53 at 10.5m grading 11.7% U₃O₈, including 3.0m grading 40.4% U₃O₈). Discoveries like the Hurricane Zone, with its concentration of high-grade uranium, are rare and it would be hard to conceive of this natural mineralization event respecting the man-made property boundary between Larocque East (ISO) and Cameco and Orano’s Larocque Lake North area. Certainly, Cameco and Orano are watching all goings-on in the Basin closely and will be taking note of the positioning and grade of the Hurricane Zone. We would not be surprised to see Cameco and Orano drill testing right near this boundary in the near future. It is quite possible that significant uranium extends onto Larocque Lake North, which could make Larocque East (and ISO) a strategic target for either Cameco or Orano. We note that the 2019 NI 43-101 technical report on Larocque East shows unmineralized historical holes west of the Larocque East border, but the closest appears >150m west of the boundary. The value of high-grade uranium can amass quickly over short distances. Other eastern Basin developers are defining new techniques (such as ISR) for extraction of unconformity hosted uranium mineralization that could be applicable to a deposit like Hurricane with lower OPEX and CAPEX hurdles than conventional mining. Hurricane could become strategic on several fronts. On the conventional mining side, Hurricane is only ~40km from the McClean Lake Mill as well.



Valuation, Target Price, & Recommended Action

Increasing Target as Drilling Highlights Expansion Potential and Uranium Equities Re-base

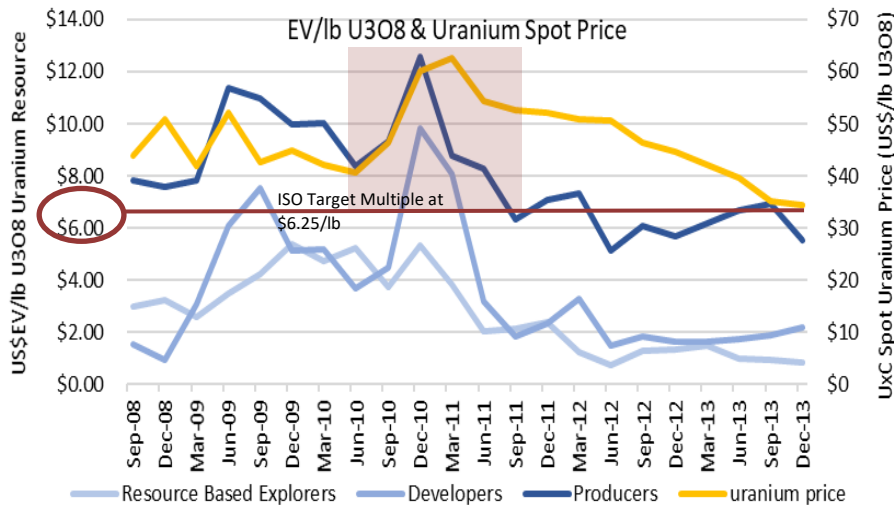
As mentioned, we have applied an upwardly revised US\$6.25 EV/lb U₃O₈ multiple (previously US\$3.50 EV/lb U₃O₈) to the upper boundary (75 Mlb) of our target maiden resource for the Hurricane Zone at Larocque East.

The low-end of this estimate range is based on drilling and geotechnical data published to-date and at the upper-end, we integrate anticipated success for the balance of the current seasonal program and the yet-to-be scoped winter 2022 drill program. This target resource range is not intended to suggest a cap on resource potential of the property, rather we aim to outline where we think ISO can get over the next drill campaign to support a compliant estimate. We see the property having strong potential for discovery of additional orebodies with unlimited potential. As a conservative credit for what we see as mid-term additional resource discovery potential on the property, and others within ISO’s portfolio, we have factored in an additional upside adjustment of 23.5Mlb at the same assumed EV/lb multiple. For context, undeveloped high-grade Athabasca Basin resource peers trade in a target-implied range of US\$1.21 - US\$6.25/lb.

Our EV/lb multiple of US\$6.25/lb is a premium to the current market peer average, but we have constructed this in the context of uranium peers controlling more mature resources, possibly supported by economic studies suggesting viability **as well as historical EV/lb multiples achieved in a rising uranium price environment**. We have taken an average of EV/lb multiples and aligned these with historic EV/lb multiples as appropriate for ISO’s transition from “pre-resource” to a “resource-based explorer”.

It is worth noting that our 2022 uranium price forecast calls for an average ‘long-term’ price of +US\$55/lb, implying further near-term appreciation of uranium price that currently hovers around the US\$49/lb mark. In Figure 5 we provide historic average EV/lb multiples for various stages of development. As can be observed in the figure, as uranium prices surpassed US\$50/lb on a positive trajectory, EV/lb multiples rose to close to US\$10/lb U₃O₈ on average. In a rising uranium price environment, as we forecast, uranium stocks often trade multiples significantly higher than our US\$6.25/lb multiple for ISO. As such, if uranium prices move more quickly and/or higher than anticipated, ISO could easily exceed our target. This coupled with the strong potential for discovery upside beyond that embedded in our valuation, could mean a strong premium.

Figure 5: Historic EV/lb Multiples vs Uranium Price



Source: Haywood Securities, UxC, Technical Reports



Below is a breakdown of our implied enterprise value based on our targeted resource and weighted average implied US\$ EV/lb U₃O₈ levels.

Figure 6. Summary of In-Situ Credits Applied to ISO's Targeted Resource for Valuation

Summary Totals	Mrk Implied EV/lb based on Haywood Resource Estimate	Base Estimates	Low Estimates	High Estimates
Implied EV (CAD\$000's)				
Larocque East (Estimated Maiden Resource)	423,679	585,938	225,000	849,999
Larocque East (Project Upside)	132,753	183,594	70,500	270,003
Total Implied EV (CAD)	556,431	769,531	295,500	1,120,002
U3O8 Contained (000's lbs)				
Larocque East (Estimated Maiden Resource)	75,000	75,000	60,000	85,000
Larocque East (Project Upside)	23,500	23,500	18,800	27,000
Total (000 lbs)	98,500	98,500	78,800	112,000
Weighted Average Implied EV/lb (US\$)	4.41	6.25	3.00	8.00

Source: Haywood Securities

We are increasing our target price to \$7.00 per share (from \$3.00) and maintaining our BUY rating, and a 'Very High' risk rating.

Our \$7.00 target price is based on a Corporate NAV sum-of-parts valuation that is primarily supported by the in-situ valuation of the upper-bound (75 Mlb) of our target conceptual maiden resource range of 55-75 Mlb U₃O₈ for the Hurricane Zone at the Larocque East project plus a 23.5Mlb additional upside adjustment for the longer term resource growth potential on the property and at others within the ISO portfolio. We have applied an overall US\$6.25 EV/lb U₃O₈ multiple to our estimated resource. Additionally, to account for the Company's portfolio of other prospective uranium properties within the eastern Athabasca Basin, including the Geiger, Thorburn Lake and Radio projects, we have applied a conservative additional regional upside adjustment of \$35M in arriving at our corporate NAV of 783.7M, or \$7.02 NAV per share after factoring in corporate adjustments.

Our downside case takes a US\$3.00/lb average in-situ multiple as a floor for the conceptual resource at Larocque East and implies a \$2.60/share price for ISO.



Significant Investment Risks

Overall Risk – Very High: We rank ISO as Very High Risk in all sub-categories except Political Risk, given ISO is early, pre-resource exploration stage, with no certainty of: future exploration success, meeting or exceeding our assumptions regarding future resource definition, eventual project development, or cash-flow generation. Significant risk considerations include the following:

- ◆ **Commodity Price – Very High:** Our forecasts include a significant increase in future uranium price. The timing and degree of uranium price appreciation, if any, is highly uncertain. Our investment thesis for ISO is underpinned by the eventual future establishment of uranium resources of economic scale. Our valuation is based on higher future trading multiples assigned to in-situ resources. Failure to reach these higher commodity prices would negatively impact our valuation.
- ◆ **Continued Exploration Success – Very High:** ISO is focused on uranium exploration, with key assets within Canada’s Athabasca Basin. A significant component of our valuation includes continued success in exploring for, and defining, additional uranium resources at core projects. Exploration success is a fundamental risk, where failure to identify and define uranium resources could materially impact our valuation.
- ◆ **Valuation Risk – Very High:** Given ISO is early exploration stage (pre-resource definition), coupled with the use of an in-situ resource valuation methodology based on our estimated resource potential (rather than estimated project economics), there is a high degree of uncertainty in the valuation, and as such we assign a ‘Very High Valuation Risk’ rating. ISO’s current market valuation is speculative, likely based on the market’s evaluation of the sector and the Company’s historical and anticipated press releases, further exploration success, evidence of economic viability, analyst opinion, and corporate communications could all impact valuation.
- ◆ **Financial Risk – Very High:** ISO does not generate any cash flow from the operations of its core business and is not forecast to do so over the next few years. The Company will be reliant on external sources of support, including future equity financings to fund ongoing operations.
- ◆ **Forecast Risk – Very High:** Every component of our formal valuation involves assumptions that will very likely differ from any eventual outcome to some degree, with each potentially impacting our valuation of ISO shares. These assumptions include definition of a resource base meeting or exceeding our assumptions as well as commodity and foreign exchange rate forecasts.
- ◆ **Political Risk – Moderate:** ISO’s core uranium project assets are located in Saskatchewan, in and around the Athabasca Basin. The region has a long and stable history of uranium mining and exploration, with well-established regulatory authorities and governing procedures, where complex larger scale uranium mining operations have been brought into commercial operation in the recent past.



Important Information and Legal Disclosures

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I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

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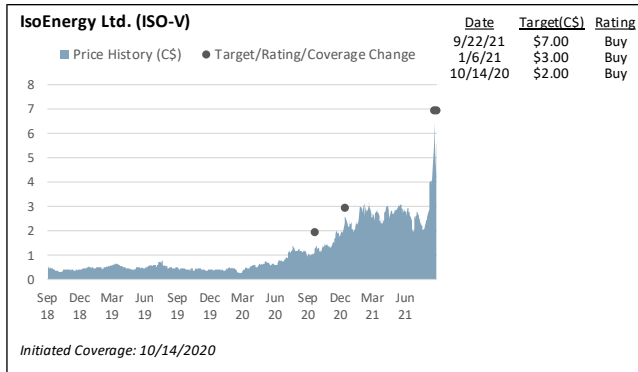
Ticker	Company	1	2	3	4	5	6	7	8	9
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	%	#	IB Clients (TTM)
Buy	81.4%	79	85.7%
Hold	7.2%	7	7.1%
Sell	0.0%	0	0.0%
Tender	2.1%	2	2.4%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	9.3%	9	4.8%



Price Chart, Rating and Target Price History (as of September 22, 2021)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
 Source: Capital IQ and Haywood Securities

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