



# Consolidated Uranium Inc.

(CUR-V)  
SECTOR: MINING

STOCK PRICE \$2.67  
NO RATING  
NO TARGET

## CONSOLIDATED URANIUM CREATES LABRADOR URANIUM AND PLANS SPIN-OUT

# Labrador Uranium Spin-out set to House Moran Lake and Central Mineral Belt Projects Creating Unique Regional Vehicle

**OUR TAKE:** This morning, Consolidated Uranium announced the formation of majority-owned subsidiary Labrador Uranium. **Labrador Uranium has been set up to initially hold the Moran Lake project and two projects being purchased from a subsidiary of Altius Minerals (ALS-T, not rated).** To that end, CUR concurrently announced transactions related to these projects. Namely, **CUR has provided notice of intent to exercise its option to acquire 100% of the Moran Lake project** per a November 2020 option agreement with the vendor, which it will in-turn vend into Labrador Uranium in exchange for 16M shares of that company. **Separately, CUR announced that the newly formed Labrador Uranium has entered into an agreement to purchase the Central Mineral Belt (CMB) and Notakwanon projects** from a sub of Altius Minerals in exchange for 8 million shares, (~22.2% pro-forma) of Labrador Uranium and a 2% gross overriding royalty on the project. The newly minted Labrador Uranium will focus on exploration and development of uranium projects in Labrador and CUR's intent is to spin-out Labrador uranium to CUR shareholders pro-rata following completion of the noted transactions, while simultaneously listing the spin-co on the CSE, expected to be completed in the first quarter of 2022 (conditional on fulfilling requirements of listing and other approvals for portions of the proposed transactions). CUR's purpose with the transaction is to "unlock shareholder value" for these assets possibly hidden within the larger vehicles, while creating a unique Labrador-focused uranium exploration and development play in this under explored, mineral-rich region.

### KEY HIGHLIGHTS

#### ◆ Moran Lake Transaction and Arrangement with Labrador Uranium:

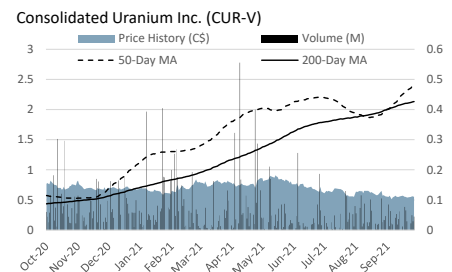
- **CUR is exercising its option to acquire 100% of the Moran Lake Uranium/Vanadium Project located adjacent to Altius's CMB Project being acquired by Labrador Uranium (see below) and proximal to Paladin Energy's 60% owned Michelin Project which hosts total uranium resources in excess of 127Mlb U<sub>3</sub>O<sub>8</sub> across 6 deposits in the Central Mineral Belt.**
  - **Moran Lake Historic resources include 9.6 Mlb U<sub>3</sub>O<sub>8</sub> (avg. grade of 0.032% U<sub>3</sub>O<sub>8</sub>) with 24.2 Mlb V<sub>2</sub>O<sub>5</sub> plus an additional ~112 Mlb V<sub>2</sub>O<sub>5</sub> outside of the uranium resource tonnes.**
  - CUR is exercising option to acquire 100% for \$1.0M (plus potential unspecified future milestone payments linked to uranium price), half to be paid in cash and half in CUR shares at 5-day VWAP of \$2.61, plus a 1.5% NSR (0.5% can be repurchased for \$500k).
  - CUR will then vend Moran Lake into Labrador Uranium in exchange for 16 million shares under an Arrangement Agreement.

#### ◆ The Altius Agreements for the Central Mineral Belt (CMB) and Notakwanon projects:

- **Newly formed Labrador Uranium has entered into an Agreement with a sub of Altius Minerals to acquire these two projects in exchange for 8 million shares of Labrador Uranium and a 2% gross overriding royalty on the CMB project.**
  - The Arrangement is conditional upon conditional approval of the CSE for listing of Labrador Uranium.
  - If the Arrangement with/listing of Labrador Uranium is not completed, Altius has the right to require CUR to acquire the subject projects for \$3.0M in CUR shares at VWAP at time of exercise of this right. If Altius does not exercise this right, CUR has the right to acquire these projects on the same terms. All subject to certain regulatory approvals.
  - Altius and Labrador Uranium have also entered into an investor rights agreement which allows Altius to maintain its pro-rata ownership of the company as long as its ownership exceeds 10%, and has also agreed to certain resale restrictions and voting support conditions.
  - **The CMB Project is made up of ~125k hectares in Labrador's Central Mineral Belt** with several known prospects including >140 targets for additional exploration in a region known for many copper, uranium, silver, gold, Rare Earths, iron and Moly showings.
  - The Notakwanon Project has more than 20 identified uranium occurrences in a "cluster" of prospects, including 3 main zones with "traces of high-grade uranium", including the Rumble, Old School and Notak-1 zones (grab samples up to 3.49% U<sub>3</sub>O<sub>8</sub>, 2.08% and 1.81% respectively).

### KEY STATISTICS AND METRICS

|                       |               |                        |  |
|-----------------------|---------------|------------------------|--|
| 52-Week High/Low      | \$3.10/\$0.47 | Debt                   | \$0  |
| YTD Performance       | 94.9%         | Enterprise Value       | \$101.6M   |
| Dividend Yield        | NA            | Daily Volume (30 days) | 166,750  |
| Shares O/S            | 46.5M         | Currency               | C\$ unless noted   |
| Market Capitalization | \$124.1M      | Website                | <a href="http://www.consolidateduranium.com">www.consolidateduranium.com</a> |
| Cash                  | \$22.5M       | President & CEO        | Phil Williams  |



Source: Capital IQ, and Haywood Securities

## Important Information and Legal Disclaimers

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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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### Distribution of Ratings (as of October 18, 2021)

|                      | %     | #  | IB Clients<br>(TTM) |
|----------------------|-------|----|---------------------|
| <b>Buy</b>           | 81.4% | 79 | 85.4%               |
| <b>Hold</b>          | 7.2%  | 7  | 7.3%                |
| <b>Sell</b>          | 0.0%  | 0  | 0.0%                |
| <b>Tender</b>        | 2.1%  | 2  | 2.4%                |
| <b>UR (Buy)</b>      | 0.0%  | 0  | 0.0%                |
| <b>UR (Hold)</b>     | 0.0%  | 0  | 0.0%                |
| <b>UR (Sell)</b>     | 0.0%  | 0  | 0.0%                |
| <b>Dropped (TTM)</b> | 9.3%  | 9  | 4.9%                |

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