

## MAIDEN RESOURCE AT HURRICANE DELIVERS GRADE SURPRISE

### ISO Delivers Ultra High-Grade Initial Resource on Hurricane Zone

**OUR TAKE:** This morning, ISO announced the widely anticipated maiden NI 43-101 resource estimate for the Hurricane Zone at its 100%-owned Larocque East uranium property. The ‘All-categories’ resource of **51.3 Mlb (in ~118.1 kt) grades 19.7% U<sub>3</sub>O<sub>8</sub>, but nearly 95% of that resource fell into the “Indicated” category, carrying a grade of 34.5% (!)**. That itself carries a **High-Grade domain that contains almost 44 Mlb U<sub>3</sub>O<sub>8</sub> grading an incredible 52.1% U<sub>3</sub>O<sub>8</sub>**. Readers will recall that we had a target initial resource range of 55-75 Mlb. At 51.3 Mlb U<sub>3</sub>O<sub>8</sub> the maiden resource at Hurricane was just shy of the lower boundary of our target range at the baseline 1% U<sub>3</sub>O<sub>8</sub> cut-off grade, but the grades are spectacular for this flat, relatively shallow unconformity deposit that sits proximal to key Athabasca Basin infrastructure, including road, power and Orano/Denison’s McClean Lake Mill which is expected to have excess capacity beyond ~2027/28. For perspective, **these impressive grades translate into incredibly high rock values (in-situ). At current UxC Spot uranium price of US\$45.75/lb U<sub>3</sub>O<sub>8</sub>, the High-Grade domain averaging 52.1% U<sub>3</sub>O<sub>8</sub> (38.2 kt) is \$52,500 per tonne rock** (think 955 g/t gold equivalent grades). For the High-Grade domain, ISO states that 1m<sup>3</sup> of the rock weighs around “over 4.5 tonnes”, which means a cubic meter of the rock in-situ contains ~5,200 lb of U<sub>3</sub>O<sub>8</sub>, which at current spot price is a rock value of US\$238k. For context, our base case valuation uses US\$6.25/lb U<sub>3</sub>O<sub>8</sub> as a valuation multiple applied to our broad assumptions about the total potential resources across ISO’s properties (predominantly Hurricane/Larocque), leaving a lot of margin in the ground to cover the hurdles of an economic analysis of the deposit (capex, opex, recoveries, etc.).

#### KEY HIGHLIGHTS

- ◆ **Maiden NI 43-101 resource estimate for the Hurricane Deposit outlines ‘All-categories resource’ of 51.3 Mlb (~118.1 kt grading 19.7% U<sub>3</sub>O<sub>8</sub>)**
  - **Indicated:** 48.6 Mlb U<sub>3</sub>O<sub>8</sub> (63.8 kt grading 34.5% U<sub>3</sub>O<sub>8</sub>)
    - **Including a high-grade domain of 43.9 Mlb carrying an average grade of >52% U<sub>3</sub>O<sub>8</sub>**
  - **Inferred:** 2.7 Mlb U<sub>3</sub>O<sub>8</sub> (54.3 kt grading 2.2% U<sub>3</sub>O<sub>8</sub>). See Table 1 for details.
- ◆ **Maiden resource near lower boundary of our target range.** Based on the drilling completed to date and publicly available data, we had a target initial resource range of 55-75 Mlb. At 51.3 Mlb U<sub>3</sub>O<sub>8</sub> the maiden resource at Hurricane falls just shy of the lower end of our target range, but the grades are spectacular for this flat, relatively shallow unconformity deposit that is proximal to key Athabasca Basin infrastructure, including road, power and Orano/Denison’s McClean Lake Mill which is expected to have excess capacity beyond ~2027/28.
- ◆ **In-Situ Rock Values are huge. With the Hurricane deposit’s high-grade Indicated domain carrying 52.1% U<sub>3</sub>O<sub>8</sub> grades, this equates to an in-situ rock value of ~US\$52,500/tonne.** ISO stated that the high-grade domain tonnes average ‘4.5 tonnes per cubic metre’, meaning 1 cubic metre of the high-grade domain contains 5,169 lb of U<sub>3</sub>O<sub>8</sub>, worth ~US\$236k in-situ at today’s spot uranium price of US\$45.75/lb.
- ◆ **ISO’s Hurricane deposit is one of the best new uranium discoveries out there and shares its western boundary with Cameco/Orano’s Laroque Lake North property.** In Figure 1, the dark orange High Grade domain of the hurricane deposit can be seen at its widest right along the property boundary. Cameco/Orano have been watching this unfold since discovery, but the formal resource estimate on Hurricane may further peak their attention.

#### RECOMMENDED ACTION

*We recommend owning ISO for exposure to a new, extremely high-grade uranium discovery, backed by a strong technical team...*

- ◆ **Outlining a High-Grade Uranium Deposit as Fundamental Stars Align.** ISO is trading at ~US\$5.05 EV/lb U<sub>3</sub>O<sub>8</sub> based on today’s maiden resource of a global 51.3 Mlb U<sub>3</sub>O<sub>8</sub>, which is near the high-end of the range of development peers, but we see further upside at Larocque East and across ISO’s portfolio of projects, and believe there is significant upside in both ISO shares and uranium resources across its portfolio. The resource grades at Hurricane are deserving of a premium multiple, given the deposit’s favourable location in the basin (with 40 km of McClean Lake Mill, power, roads). We continue to see ISO as the most exciting new discovery in the uranium sector since NexGen’s prolific Arrow deposit. The Company has ~\$8M in the bank and is well funded for its 2022 programs that we currently have visibility on, but is certainly in a position to accelerate activity at Larocque East given its demonstrated potential. The prospect of a coincident positive movement of uranium price and ISO’s growing resources set-up to drive the shares higher in a vastly improving demand/supply backdrop for uranium.

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$6.61/\$1.95
YTD Performance	-11.2%
Dividend Yield	NA
Shares O/S	106.8M
Market Capitalization	\$354.6M
Cash	\$8.0M
Debt	\$32.3M
Enterprise Value	\$378.9M
Daily Volume (3 mos.)	105,622
Currency	C\$ unless noted

#### HAYWOOD ESTIMATES (CAD)

	2021A	2022E	2023E
Revenue (\$M)	0	0	0
Net Income (\$M)	(15.8)	(12.2)	(15.7)

#### VALUATION

**Our \$7.00 per share price target** is based on a US\$6.25 EV/lb U<sub>3</sub>O<sub>8</sub> multiple applied to the upper boundary (75 Mlb U<sub>3</sub>O<sub>8</sub>) of our target resource range for the Larocque East property, plus an additional 23.5 Mlb U<sub>3</sub>O<sub>8</sub> credit for resource potential across ISO’s portfolio of other assets.

Undeveloped Athabasca Basin resource peers currently trade in a range of US\$1.00 - US\$5.06/lb U<sub>3</sub>O<sub>8</sub>.

Table 1 – Maiden NI 43-101 Resource Estimate for the Hurricane Deposit, Larocque East Project

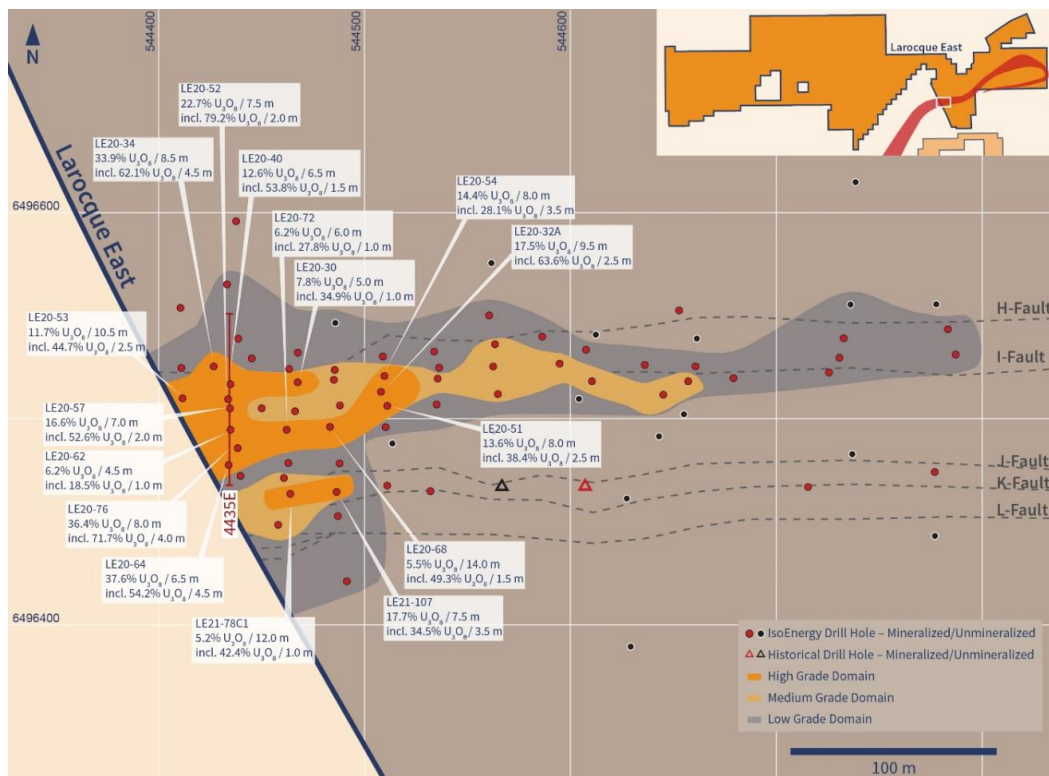
Category	Domain	Tonnage (000 t)	Grade (% U <sub>3</sub> O <sub>8</sub> )	Contained Metal (Million lb U <sub>3</sub> O <sub>8</sub> )
Indicated	High-Grade	38.2	52.1	43.89
	Medium-Grade	25.6	8.4	4.72
	Low-Grade	-	-	-
<b>Indicated Total</b>		<b>63.8</b>	<b>34.5</b>	<b>48.61</b>
Inferred	High-Grade	-	-	-
	Medium-Grade	4.0	11.2	1.00
	Low-Grade	50.3	1.5	1.66
<b>Inferred Total</b>		<b>54.3</b>	<b>2.2</b>	<b>2.66</b>

Notes:

1. CIM (2014) definitions were followed for all Mineral Resource categories.
2. Mineral Resources are estimated at a uranium cut-off grade of 1.00% U<sub>3</sub>O<sub>8</sub>.
3. Tonnes are based on bulk density weighting.
4. Mineral Resources are estimated using a long-term uranium price of US\$65/lb.
5. Minimum grade width of one metre was applied to the resource domain wireframes.
6. Bulk density was interpolated using values derived from a regression curve based on U<sub>3</sub>O<sub>8</sub> assay values.
7. Numbers may not add due to rounding.

Source: IsoEnergy

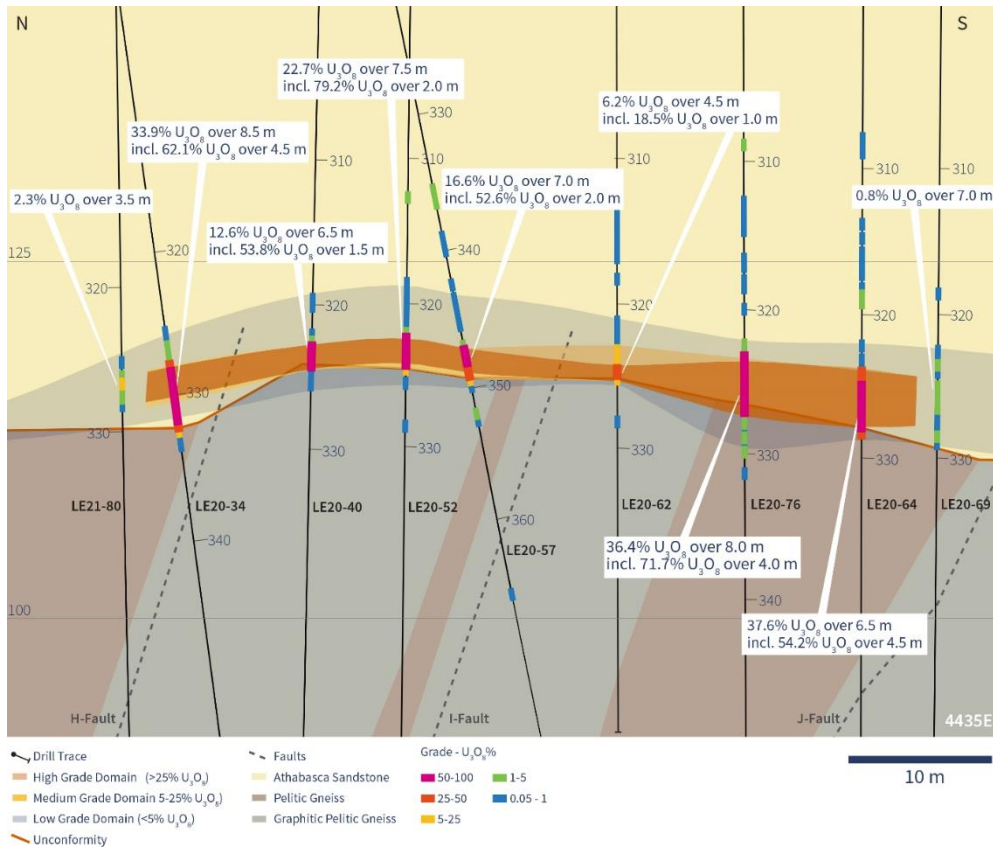
Figure 1 – Plan View of Mineralized Domains of ISO’s Hurricane Deposit at the Larocque East project. (note western border)



Source: IsoEnergy

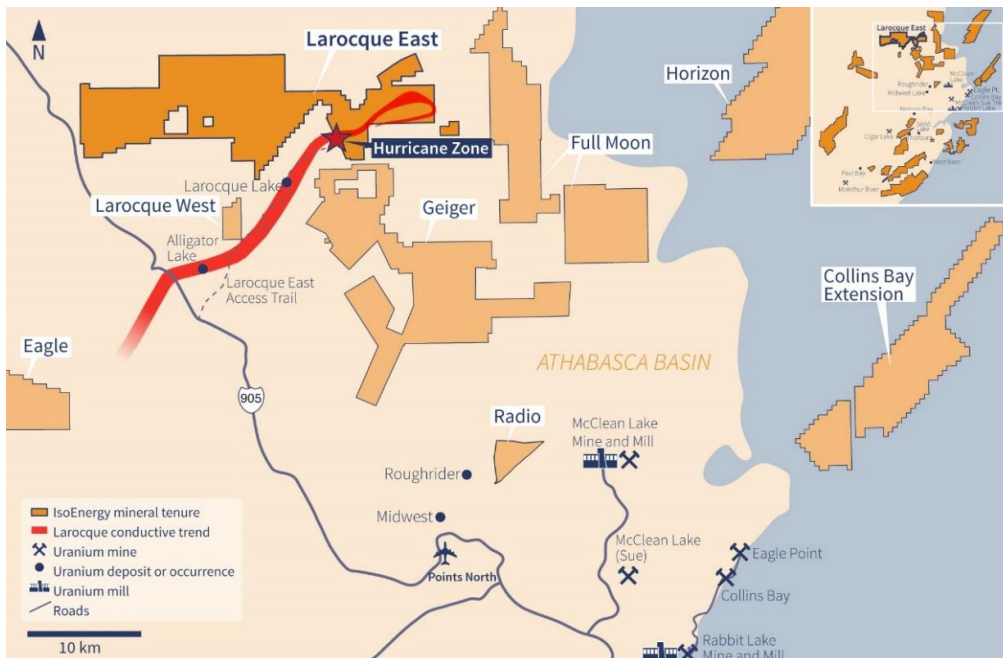


Figure 2 – Hurricane Deposit Cross-Section (at 4435E) Showing High-, Medium-, and Low-Grade Domain Positions



Source: IsoEnergy

Figure 3 – ISO Key Properties – Note proximity to key infrastructure (Roads, Power, Mill)



Source: IsoEnergy



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### Important Disclosures

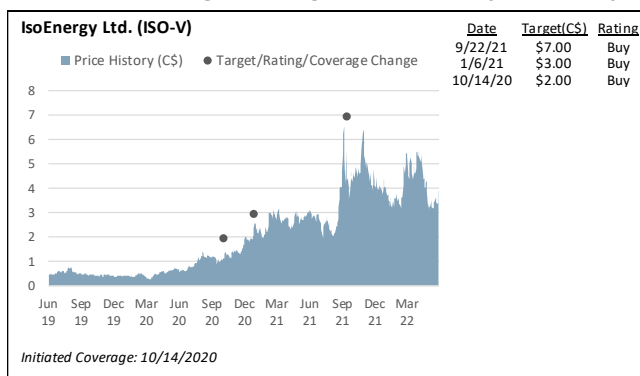
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### Distribution of Ratings (as of July 18, 2022)

	%	#	IB Clients (TTM)
<b>Buy</b>	82.7%	81	77.3%
<b>Hold</b>	9.2%	9	18.2%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	1.0%	1	4.5%
<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>	7.1%	7	0.0%

### Price Chart, Rating and Target Price History (as of July 18, 2022)



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

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