

Terra Clean Energy Corp. (TCEC)

A-Basin Drill Program to Begin; Updated Resource by Summer

Event

Late last week Terra Clean Energy Corp. announced the mobilization of crew and equipment to commence an extensive winter drilling campaign at the South Falcon East Uranium Project, located at the periphery of the south-eastern edge of the Athabasca Basin. With a financing and numerous other corporate overhangs no longer weighing on the company, we re-establish a new in-situ driven price objective of C\$0.33 per share. Acknowledging the recent price appreciation in an otherwise down YTD uranium market, our target equates to 16% upside from the most recent close. We add that given the robust near-term drilling plans, the risk remains on the upside for a material valuation re-rate.

Details

- **Drilling To Start Shortly, Updated Resource by the Summer** – A robust winter drilling program is set to begin given the announced mobilization of crew and equipment. The field program will consist of both infill drilling to confirm the presence and continuity of existing mineralization, along with step-out drilling looking to expand the current footprint of the deposit. Up to 2,500m of drilling has been planned for. Both infill and step-out drilling will culminate with the preparation of an updated NI43-101 compliant resource expected by this summer.
- **Strategically Located Deposit** – The Fraser Lakes B deposit is situated at the periphery of the Athabasca Basin. The Project itself is located 50km east of Cameco's Key Lake uranium mill and just 7km north of the powerline servicing the Key Lake operations. As previously defined, the Fraser Lakes B currently hosts a NI43-101 compliant uranium resource (Inferred) estimated to be 10.35Mt grading 0.03% U3O8 for 6.96M lbs, along with thorium mineralization.
- **Re-capitalized, Re-structured and With a New CEO** – On December 17 a private placement consisting of both 14.68M units and 11.13M flow-through common shares was closed. Together, gross proceeds of over C\$3.3M was raised. Since then, the earn-in option agreement with Skyharbour Resources was amended, drilling permits for the South Falcon East Project were received and a debt settlement agreement with Terralogic Exploration Inc. was announced. New President & CEO Greg Cameron officially took the reigns on January 2nd.

Conclusion

Combined with a recently closed financing, share consolidation, debt settlement and management change, we feel that the numerous overhangs which plagued the company of late have now been addressed. We now see an unencumbered return to the primary objective of the company – drilling, de-risking and updating the Fraser Lakes B uranium deposit. We continue to believe that at the current microcap valuation, the risk remains on the upside, provided future drilling success. Turnaround should be relatively quick with assay results likely to be returned in Q2/2025 followed by an updated resource estimate expected by the summer. Seeing that the deposit remains open in most directions, additional work spend may lead to an increase in both grade and resource size. The full online note can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Company	Terra Clean Energy Corp.
Ticker	TCEC
Current Price (C\$)	C\$0.285
12-Mth Price Objective (C\$)	C\$0.330
Potential Upside	+16%
Mkt Cap, Basic (C\$M)	\$10.4
EV (C\$M)	\$7.3
Shares O/S Basic (M)	36.33
1-Mth Return	+23.9%
3-Mth Return	+58.3%
YTD Return	+29.6%

Measured & Indicated Grade U3O8	Attrib. lbs
South Falcon East	n/a

Inferred Resources	Grade U3O8	Attrib. lbs
South Falcon East	0.03%	6.9M lbs*

* South Falcon East at 100%

Company Description

Terra Clean Energy Corp. is an exploration company advancing the South Falcon East property, located in the periphery of the Athabasca Basin. Ownership of the South Falcon East property is via earn-in agreement with Skyharbour Resources. Given annual milestone payments, a 51% ownership stake may be achieved in 2027, increasing to 75% by 2029.

2-Year Stock Chart



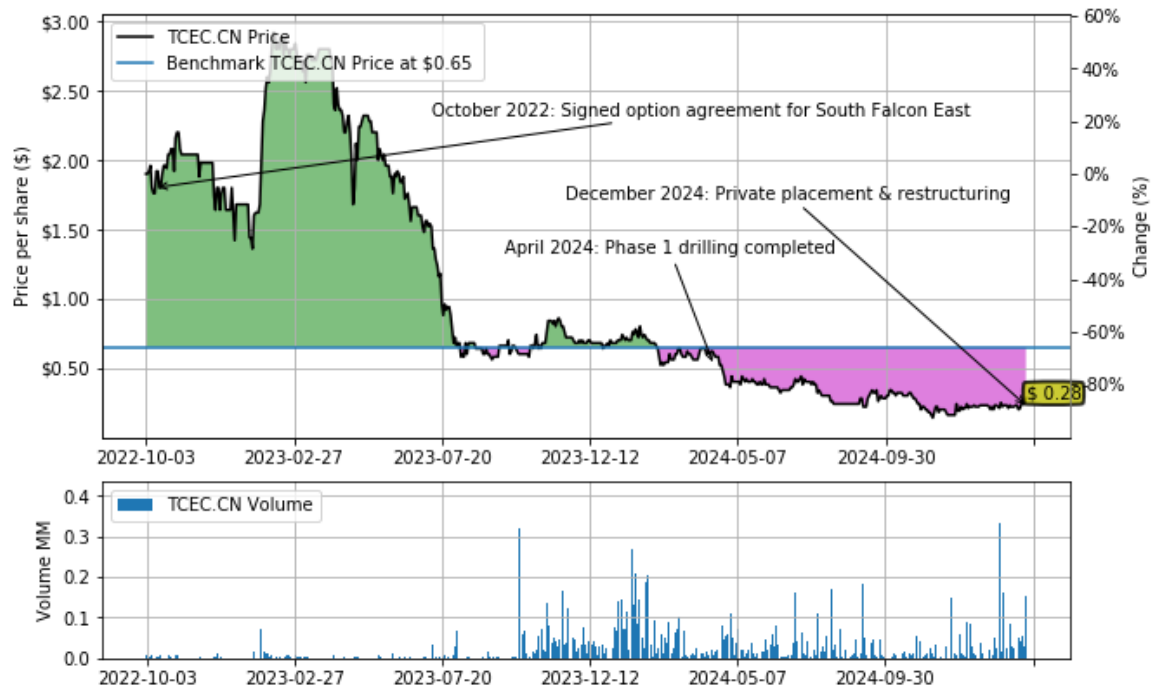
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LARGEST DRILLING CAMPAIGN IN DECADES SET TO BEGIN AT FRASER LAKES ZONE B

Late last week, Terra Clean Energy (TCEC) announced the mobilization of crew and equipment to begin an extensive drilling campaign at the South Falcon East Project, located at the south-east periphery of the Athabasca Basin. The winter field program will consist of both infill and step-out drilling, up to 2,500 total meters. This upcoming drilling campaign will build upon last year's inaugural Phase 1 campaign (442m) while targeting as much as 5x more in terms of total meters drilled. The infill and step-out drilling planned at Fraser Lakes B is intended to confirm the presence and continuity of existing mineralization and expand the footprint of the deposit. Turnaround time is expected to be quick with assay results expected next quarter.

Exhibit 1. Share Price Performance



Source: HoldCo Markets

Recall that last year's drilling campaign confirmed the presence of uranium mineralized pegmatites along the Way Lake Conductor. In addition to building upon last year's inaugural drilling campaign, the winter 2025 campaign will set out to test nearby targets with prospective alteration and structure identified in historical drilling conducted by JNR Resources between 2008-2011. Modeling of the existing data indicates the presence of a north-northwest trending structure crosscutting the way Lake conductor through the Fraser Lakes B deposit. Mineralization remains open both down dip and along strike.

UPDATED NI43-101 RESOURCE ESTIMATE EXPECTED THIS SUMMER

The results of upcoming infill and step-out drilling will be used in preparation for an updated NI43-101 compliant resource estimate and deposit model for the Fraser Lakes B deposit. The upgraded resource will also integrate other results not included in the historical resource estimate – this includes drillhole FP-15-05. This particular drill hole returned 0.165% U₃O₈ and 0.112% ThO₂ over 2.0m at 135.0m depth within a broader interval containing 0.103% U₃O₈ and 0.062% ThO₂ over 6.0m at a depth of 134.5m, and a second high grade intercept of 0.172% U₃O₈ and 0.113% ThO₂ over 2.5m at 146.0m depth. Mineralization at Fraser Lakes B is accompanied by

anomalous pathfinder elements, including Bi, Mo, Pb, and Zn, that are also associated with ultra high-grade basement-hosted unconformity uranium deposits in the Athabasca Basin.

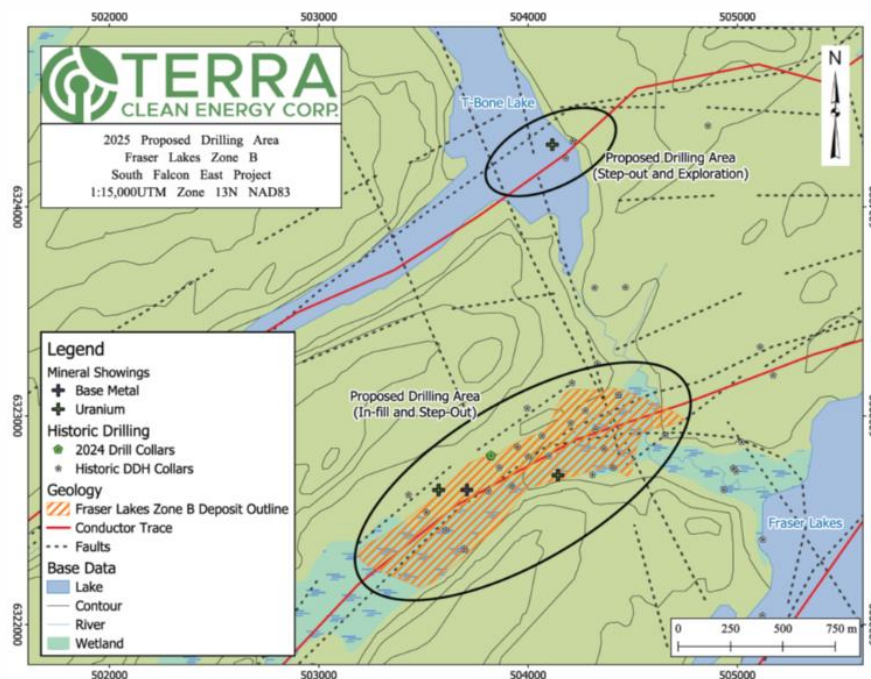
Exhibit 2. Historic & Current Drilling Programs at the Fraser Lakes B Deposit

Zone B Historic drilling (JNR Resources)

Drill Program	No. of Holes Drilled	Meters Drilled
2008 (Summer)	3	740
2009 (Winter)	16	2,175
2010 (Winter)	10	1,922
2011 (Winter)	3	858
Total	32	5,695

Zone B drilling (Terra Clean Energy)

Drill Program	No. of Holes Drilled	Meters Drilled
2024 (winter)	2	442
2025 (winter)		2,000+



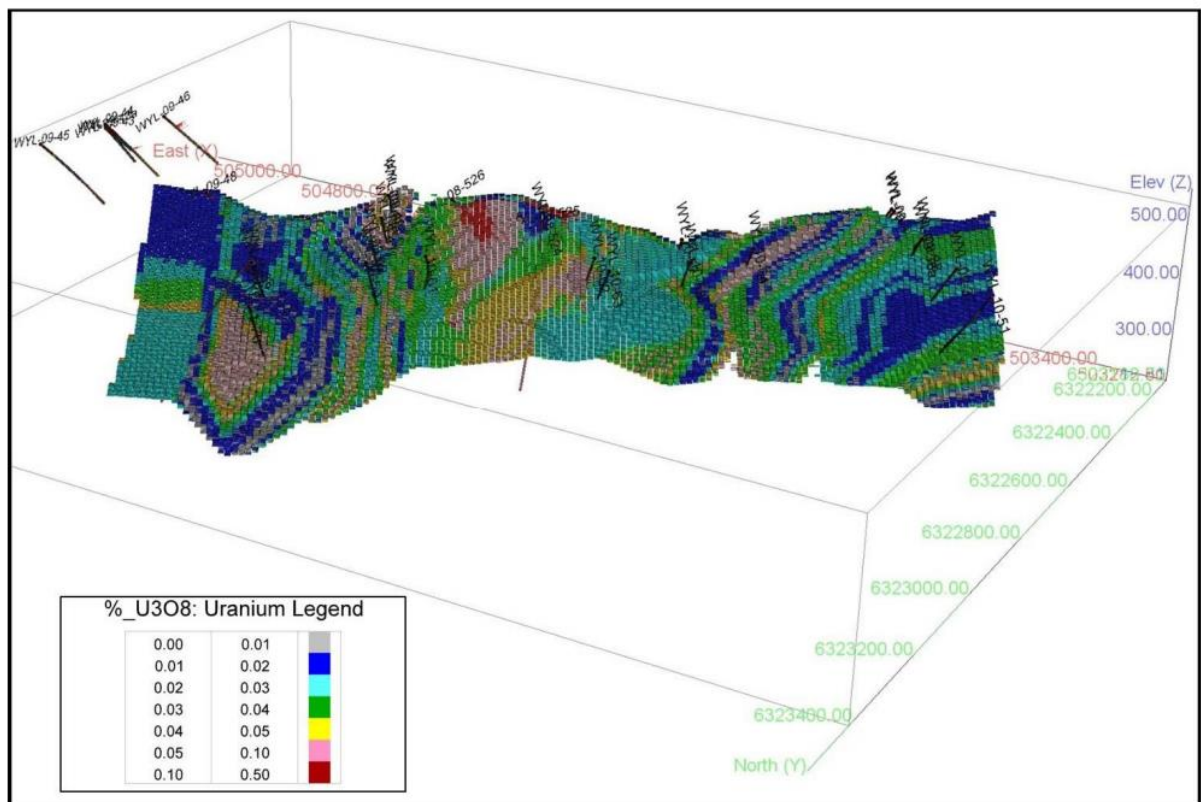
Source: HoldCo Markets, Terra Clean Energy Corp.

RECAPPING THE SOUTH FALCON EAST PROJECT

Strategically situated at the periphery of the Athabasca Basin, the South Falcon East Project is located 50km east of Cameco's (CCJ, CCO) Key Lake uranium mill and just 7km north of the powerline servicing the Key Lake operations. Terra's upcoming drill program will encompass up to 2,500m. As previously defined, the Fraser Lakes B currently hosts a NI43-101 compliant uranium resource (Inferred) estimated to be 10.35Mt grading 0.03% U3O8 for 6.96M lbs, along with thorium (ThO2) mineralization. Mineralization remains open both down dip and along strike.

Exhibit 3. Fraser Lakes B Resource Estimate

Cut-off % % U3O8	Tonnes (M)	U3O8		ThO2	
		Grade (%)	Lbs (M)	Grade (%)	Lbs (M)
<0.01%	12.94	0.025%	7.106	0.019%	5.503
0.01%	10.35	0.030%	6.960	0.023%	5.339
0.02%	7.25	0.037%	5.948	0.028%	4.549
0.03%	4.25	0.046%	4.275	0.034%	3.164
0.04%	2.21	0.056%	2.744	0.042%	2.047
0.05%	1.03	0.069%	1.576	0.047%	1.058



Source: Technical Report on the Falcon Point Project – March 20, 2015 by GeoVector Management Inc.

AMENDED EARN-IN AGREEMENT

Recall that Skyharbour Resources (SYH) optioned the project to Terra in October 2022. The earn-in agreement was amended with slightly new terms as announced on December 31, 2024. Essentially, in exchange for C\$5.0M in exploration expenditures along with an additional C\$6.39M (cash and stock), Terra will have a path to earn a 51% stake in the Project by 2027. This ownership interest increases to 75% following an additional C\$5.0M spend on exploration along with C\$5.0M (cash and stock) by 2029. A large part of the amended agreement amounts to dates which have shifted one year forward, providing the company with additional flexibility given the now extended timeframe to 75% ownership (now by year 2029).

Exhibit 4. South Falcon East Option Agreement With SkyHarbour Resources

Amended December 31, 2024:

Deadline	Work	Cash	Shares	Total	% Earn-in
2024 (completed)		\$0.35M	277,778		
2024 (completed)	\$0.75M		625,000		
2025 (due Feb. 28)		\$0.25M			
2025 (due May 31)*	\$1.50M		\$0.82M		
2026 (due Feb. 28)*		\$0.30M	\$1.32M		
2026 (due May 31)	\$1.50M				
2027 (due Feb. 28)		\$1.70M	\$2.00M		
2027 (due May 31)	\$2.00M				
Total Outstanding (2025-2027)	\$5.00M	\$2.25M	\$4.14M	\$11.39M	51%
2028 (Feb. 28)		\$2.00M	\$3.00M		
2028 (May 31)	\$2.50M				
2029 (May 31)	\$2.50M				
Total Outstanding (2028-2029)	\$5.00M	\$2.00M	\$3.00M	\$10.00M	24%
Total Outstanding (2025-2029)	\$10.00M	\$4.25M	\$7.14M	\$21.39M	75%

* conditions apply

Source: Terra Clean Energy Corp.

ADDITIONAL EXPLORATION TARGETS

While the Fraser Lakes B uranium deposit will remain the primary focus of the company with the proposed infill and step-out campaign, additional drill-ready targets along the Way Lake conductor at South Falcon East are also in the longer term pipeline. These additional targets include the T-Bone Lake area, just north of Fraser Lakes B, where limited drilling encountered highly prospective clay alteration, anomalous radioactivity, and uranium mineralization (including up to 0.055% U3O8 over 0.9m at 39.5m depth in drillhole WYL-10-53) associated with a north-northwest trending fault cross-cutting the northeast-trending Way Lake conductor. The alteration encountered at T-Bone Lake is similar to that encompassing several high-grade basement-hosted uranium deposits in the eastern Athabasca Basin, including the former Eagle Point Mine and the Millenium uranium deposits.

ADDITIONAL CORPORATE UPDATES

On December 17 a private placement consisting of both 14.68M units and 11.13M flow-through common shares was closed. Together, gross proceeds of over C\$3.3M was raised. Since then, drilling permits for the South Falcon East Project were received and a debt settlement agreement with Terralogic Exploration Inc. was announced. New President & CEO Greg Cameron officially took the reigns on January 2nd. Mr. Cameron brings extensive capital markets experience in business development, strategy, acquisitions and divestitures as well as corporate restructurings. He was a former Senior Investment Banker at leading Canadian and International Investment Banks including Canaccord Genuity, Orion Securities and Macquarie. He currently is the Managing Director of Colby Capital Limited, a private merchant bank in Toronto. Mr. Cameron has spent the past two decades serving on numerous public and private company boards from startups to seasoned public companies, having helped raise hundreds of millions in financings.

CONCLUSION & VALUATION

Our investment thesis remains intact: with Terra Clean Energy we see a microcap valuation leading to exposure to a pre-established, 6.9M lb Inferred shallow uranium resource situated near the needed infrastructure required for mining. The large scale winter drilling campaign will provide for additional near term catalysts including assay results in Q2/2025 and an updated resource sometime this summer.

Exhibit 5. Pathway to Project Ownership: Spend to In-Situ Valuation

	Ownership	
	at 51%	at 75%
TCEC current mcap C\$M	\$10.36	
South Falcon East lbs	6.9M lbs	
Pro-rata lbs	3.5M lbs	5.2M lbs
Valuation/lb	\$2.94	\$2.00
Remaining earn-in spend (ex-work) C\$M	\$6.39	\$11.39
Remaining earn-in spend (all) C\$M	\$11.39	\$21.39
C\$/lb (ex-work)	\$1.85	\$2.20
C\$/lb (all)	\$3.30	\$4.11

Source: HoldCo Markets

Since exploration work and robust drilling campaigns are necessary standards for all exploration companies, we look at both all-in, earn-in cost and the earn-in ex work cost. Once backing out of the work budget, isolating the dedicated cash and share payments are more representative of the earn-in (asset) cost. These pro-rata valuations would equate to C\$1.85/lb (at 51%) or C\$2.20/lb (at 75%). These amounts being considerably lower to some of the more recently seen transaction valuations in the Athabasca Basin. See our August 22, 2024 initiation report for more details. Note as well that the numbers in Exhibit 5 above are for benchmarking purposes to the current 6.9M lb Inferred resource. We will wait until the updated resource estimate for any possible resource expansion.

Exhibit 6. NAV and Corresponding Sensitivities

		Value (C\$M)	\$ Per Share	% of NAV
South Falcon East (75%)	\$4.75/lb	\$24.6	\$0.68	100%
Total Mining Assets		\$24.6	\$0.68	100%
Cash & ST Investments	Current	\$3.3	\$0.09	
Corporate/Prepays/Other	Q3/2024	\$0.7	\$0.02	
Current Debt	Q3/2024	-\$0.4	-\$0.01	
Earn-in Liability (ex-work)*	As calculated	-\$11.3	-\$0.31	
		-\$7.7	-\$0.21	
Net Asset Value		\$16.9	\$0.46	
P/NAV			0.61x	

*cash component includes 1/2 of possible share component

	NAV Multiple						
\$0.30	0.55x	0.60x	0.65x	0.70x	0.75x	0.80x	0.85x
\$3.25	\$0.14	\$0.15	\$0.16	\$0.18	\$0.19	\$0.20	\$0.21
\$3.75	\$0.18	\$0.19	\$0.21	\$0.23	\$0.24	\$0.26	\$0.27
\$4.25	\$0.22	\$0.24	\$0.26	\$0.28	\$0.30	\$0.31	\$0.33
\$4.75	\$0.26	\$0.28	\$0.30	\$0.33	\$0.35	\$0.37	\$0.39
\$5.25	\$0.29	\$0.32	\$0.35	\$0.38	\$0.40	\$0.43	\$0.46
\$5.75	\$0.33	\$0.36	\$0.39	\$0.42	\$0.46	\$0.49	\$0.52
\$6.25	\$0.37	\$0.41	\$0.44	\$0.47	\$0.51	\$0.54	\$0.58

Source: HoldCo Markets

Combined with a recently closed financing, share consolidation, debt settlement and management change, we feel that the numerous overhangs which plagued the company of late have now been addressed. We now see an unencumbered return to the primary objective of the company – drilling, de-risking and updating the Fraser Lakes B uranium deposit. We continue to believe that at the current microcap valuation, the risk remains on the upside, provided future drilling success. Turnaround should be relatively quick with assay results likely to be returned in Q2/2025 followed by an updated resource estimate expected by the summer. Seeing that the deposit remains open in most directions, additional work spend may lead to an increase in both grade and resource size.

That said, we re-establish a new in-situ driven price objective of C\$0.33 per share. Acknowledging the recent price appreciation in an otherwise down YTD uranium market, our target equates to 16% upside from the most recent close. We add that given the robust near-term drilling plans, the risk remains on the upside for a material valuation re-rate.

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