

IsoEnergy (ISO-CN)

Bid for Anfield Energy Adds Critical Mass to the US Footprint

Event

On October 2nd before the market open, IsoEnergy announced that it had entered into a definitive agreement pursuant to which the company would acquire all of the issued and outstanding shares of Anfield Energy (AEC) by way of court-approved plan of arrangement. With the addition of Anfield's Velvet Wood, West Slope and Slick Rock Projects (among others), IsoEnergy looks solidify its rank as having one of the larger total uranium resource inventories in the US. With this comes a larger platform for further M&A along with higher liquidity and access to capital. We maintain our C\$5.00 per share price objective which equates to upside of 57% from the most recent close. Shares of IsoEnergy currently trade at 0.65x discount to NAV.

Details

- **Prioritizing US Uranium Expansion** – Though on paper Anfield's largest asset is the wholly-owned Shootaring Canyon Mill (one of only three constructed, licensed and permitted conventional uranium mills located in the US), IsoEnergy's strategic rationale for takeover is simply to increase in size by adding acreage and now more than doubling its US based resource portfolio. This focus on US expansion has also been accentuated by the recent departure of President Tim Gabruch, who was instrumental in all developments from the Athabasca Basin (most notably Larocque East).
- **Shootaring Mill Aside, per lb Acquisition is fair** – Under the terms of the agreement, Anfield shareholders will receive 0.031 of a common share of IsoEnergy for each Anfield Share held. Existing shareholders of IsoEnergy and Anfield will own approximately 83.8% and 16.2% on a fully-diluted in-the-money basis, respectively, of the outstanding ISO shares on closing of the transaction. The exchange ratio implies a consideration of \$0.103 per Anfield share, representing a 32% premium to Anfield's pre-announcement closing price on October 1, 2024. Ultimately, strictly on a per (global) lb basis, IsoEnergy's offer equates to \$5.77 per contained lb. This is below the amount IsoEnergy paid in September 2023 for Consolidated Uranium and below the recently announced Paladin takeout of Fission Energy. Given the significant capex requirements needed, we don't expect the Shootaring mill to be operational anytime soon.
- **For Now, Value Driver Remains Larocque East** – Though the shift to prioritize and gain critical mass in the US is clear, ahead of transaction close, IsoEnergy's Larocque East project (Hurricane deposit) continues to be the largest value driver. With 207,000 hectares spread over 20 properties in the infrastructure-rich, eastern portion of the Athabasca Basin, the Hurricane deposit happens to be the world's highest grade uranium deposit at 48.6M lbs grading 34.5% U3O8 (Indicated).

Conclusion

Applying a 1.0x NAV multiple, our price objective of C\$5.00 (rounded) is derived, implying 57% upside from the most recent close. IsoEnergy needs to be considered for anyone looking for combined exposure to the Athabasca Basin along with a growing portfolio of conventional, near term US production optionality. Shares currently trade at 0.65x discount to NAV. The full details can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Ticker	ISO-CN
Ticker	ISENF.OTC

Current Price (\$)	C\$3.18
12-Mth Price Objective (\$)	C\$5.00
Potential Upside	+57%
Mkt Cap, Basic (\$M)	C\$568.5M
Mkt Cap, FD (\$M)	C\$573.8M
EV (\$M)	C\$549.3M
Shares O/S Basic (M)	178.6M
1-Mth Return	+18.7%
3-Mth Return	-17.6%
YTD Return	13.8%

	2024e	2025e	2026e
U Production lbs '000	n/a	n/a	n/a

LOM Production lbs	-
LOM avg. C1 cost\$/lb	-
LOM avg. AISC\$/lb	-

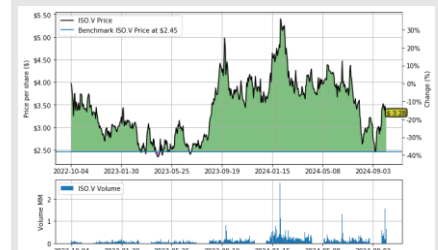
Uranium - Indicated	Tons '000	M lbs	% U3O8
Hurricane	63.8	48.61M	34.50%

Uranium - Inferred	Tons '000	M lbs	% U3O8
Hurricane	54.3	2.66M	2.20%

Company Description

IsoEnergy Ltd. is a uranium exploration and development company with a portfolio of prospective projects highlighted by the Hurricane deposit, located in the Athabasca Basin. Hurricane's current Indicated resource amounts to 48.6M lbs grading 34.5% U3O8. Additional properties include conventional uranium mines in the US along with projects in Australia and Argentina.

2-Year Stock Chart



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