

International Consolidated Uranium Inc. (TSXV:CUR)

Transforming into Near-term US Producer; Re-Rating Expected

Corporate Update
July 15, 2021

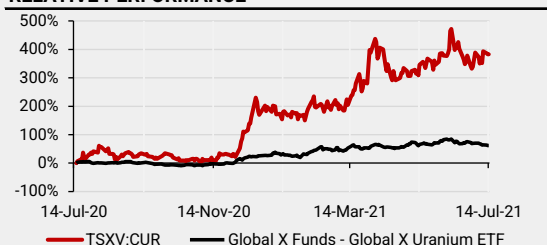
(Currency is CAD\$ unless noted otherwise)

Closing Price (\$/sh)	\$2.22	
Rating	BUY	
Target (\$/sh)	\$3.80	
Return to Target	71%	
52 Week Low / High	\$0.45 / \$2.70	
CAPITALIZATION	Basic	Diluted
Shares Outstanding (M)	43.6	62.2
Market Capitalization (\$MM)	\$96.8	
Enterprise Value (\$MM)	\$77.0	
Cash and Cash Equivalents (\$MM)	\$19.8	
Total Debt (\$MM)	\$0.1	

STOCK CHART



RELATIVE PERFORMANCE



MAJOR SHAREHOLDERS

Mega Uranium (4.2%), IsoEnergy (3.0%), Management (5.1%)

NAV Summary	(C\$M)	(C\$/sh)
Project NAV	\$202.9	\$3.51
Working Capital	\$17.8	\$0.31
Corporate NAV	\$220.7	\$3.82
RELATIVE VALUATION	US\$EV/lb	P/NAV
CUR	\$0.74	0.59x
Global Peers	\$1.57	0.62x
Canadian Peers	\$2.21	0.64x

DISCLOSURE CODE: 1,2,3,4

(Please refer to the disclosures listed on the back page)

Source: RCS, Company Information, Capital IQ

Company Description

International Consolidated Uranium Inc. acquires, develops, explores for, and evaluates early stage mineral properties, primarily uranium and gold, in Canada and Australia. It holds an 80% interest in the Mt. Roe gold project and a 100% interest in the Dieter Lake project; and the right to acquire 100% interest in the Ben Lomond project, Georgetown project, Mountain Lake project, Moran Lake project, Laguna Salada project, Matoush project, Tony M mine, Daneros mine, Rim mine and the Sage Plain project, as well as 70% interest in the Kuulu project.

Impact: Transformational

International Consolidated Uranium ("Consolidated") announced that it has entered into a strategic alliance and definitive asset purchase agreement to acquire a portfolio of uranium projects from Energy Fuels Inc. (TSX:EFR, Not Rated, David A. Talbot). We view this transformational deal very positively as it marks the company's entry into the U.S. and provides near-term production opportunities. The strategic alliance provides benefits to Consolidated that aren't shared by any other uranium junior. This is another acquisition that proves Consolidated's model of acquiring pounds on the cheap in world class mining jurisdictions. As Consolidated matures, we believe its acquisitions are improving and look forward to the next addition to its growing portfolio.

As a result of this deal, which adds 13.1M lb U₃O₈e to its existing 118.3M lb U₃O₈e resource base, and share price performance, we increase our target price to C\$3.80/sh (was C\$3.25/sh) expecting a re-rating as CUR's status changes to near-term producer with cash flow potential.

- Diversifying portfolio and entering the U.S to unlock value.** Newly acquired assets include three permitted, past-producing uranium mines (Tony M, Daneros, Rim) which may be quickly restarted, an advanced project (Sage Plain) and eight Colorado mining leases (details on pg. 4). Of importance is the Tony M mine in Utah, and its historical resource estimate of 10.9M lb U₃O₈. Plans are to complete a PEA to help understand capex and timeline to production.
- Strategic Alliance formed with Energy Fuels.** The alliance involves a toll-milling, operating and investor rights agreement (details on pg. 3) making Consolidated the only third party to gain access to Energy Fuels' nearby 100%-owned White Mesa mill. Furthermore, the assets will be managed by Energy Fuels, reducing the holding costs (estimated at US\$200k/year) and operating costs for Consolidated.
- Adding 13.1M lb U₃O₈e at ~US\$2.10/lb** (Figure 1). While total consideration of ~US\$17.3M in cash and shares may adjust upon close (terms on pg. 3), it remains about one-third the average producer peer valuation, and yet does not reflect value of the strategic alliance or other attributes. Benefits include near-term production potential, mill access, an operating agreement to help de-risk the transition, potential to participate in the US Uranium Reserve, and access to experience from EFR CEO Mark Chalmers who joins the board.
- New assets account for 18% of our NAV.** We use US\$3.00/lb for the new US mines and increase the in-situ metric for other assets by US\$0.25/lb (Figure 2) given the change to near-term producer status. We value the new assets at C\$40.5M or for 18% of our NAV estimate.

Acquisitions, share price appreciation lift target. We maintain our BUY rating and increase our target to C\$3.80/sh (was C\$3.25/sh). CUR trades at US\$0.74/lb U₃O₈ vs. Global peers at US\$1.57/lb and Canadian peers at US\$2.21/lb. We believe this valuation will close as uranium prices rise, the portfolio grows, or production nears. **Upcoming catalysts:** 1) Ongoing acquisitions, and 2) exploration/development plans (2021).

Figure 1: Consolidated's Measured, Indicated & Inferred resource summary (including V₂O₅ as U₃O₈ equivalent).

Project	Effective Date	Measured Resources			Indicated Resources			Inferred Resources			Total
		Tonnes	Grade (% U3O8)	U3O8e (Mlbs)	Tonnes	Grade (% U3O8)	U3O8e (Mlbs)	Tonnes	Grade (% U3O8)	U3O8e (Mlbs)	U3O8e (Mlbs)
Ben Lomond	November 30, 2006				1,328,466	0.27	7.90	602,585	0.21	2.80	10.7
Georgetown	July 7, 2008				3,120,000	0.09	5.95	150,000	0.11	0.38	6.3
Mountain Lake	February 15, 2005							1,600,000	0.23	8.20	8.2
Moran Lake *	January 20, 2011				14,710,000	0.03	9.08	28,340,000	0.04	12.95	22.0
Laguna Salada*	May 1, 2011				47,300,000	0.06	11.58	20,700,000	0.09	6.24	17.8
Dieter Lake	2006							19,300,000	0.06	24.40	24.4
Matoush	February 12, 2012				586,000	0.95	12.33	1,686,000	0.44	16.44	28.8
Tony M	December 31, 2011				1,533,143	0.24	8.13	780,179	0.16	2.75	10.9
Daneros	March 2, 2018				18,144	0.36	0.14	6,350	0.37	0.05	0.2
Rim*	N/A							74,389	0.20	0.60	0.6
Sage Plain*	March 18, 2015	217,724	0.16	1.3	11,793	0.10	0.04	9,072	0.13	0.04	1.4
Global U3O8 Eq.											131.4

* The following prices were used in the calculation of U3O8e resources: Vanadium price of US\$5.00/lb and Uranium price of US\$55.00/lb.

Source: Company Reports

Figure 2: Consolidated sum of the parts valuation

Assets (Ownership %)	Status	Attributable Resources	Valuation Method	Additional Cost to Acquire 100% Interest (C\$M)	In-Situ Value		(%)
					(C\$M)	(C\$/sh)	
Uranium Resources							
Ben Lomond	Pre-Feas/Scoping	10.7M lb U3O8	In-situ - US\$1.00/lb U3O8	(\$3.0)	\$11.2	\$0.19	5%
Georgetown	Resource Development	6.3M lb U3O8	In-situ - US\$1.00/lb U3O8	(\$0.8)	\$7.6	\$0.13	3%
Mountain Lake	Exploration	8.2M lb U3O8	In-situ - US\$1.25/lb U3O8	(\$1.4)	\$12.3	\$0.21	6%
Moran Lake	Exploration	22M lb U3O8e	In-situ - US\$1.00/lb U3O8	(\$1.9)	\$27.5	\$0.48	12%
Laguna Salada	Scoping	17.8M lb U3O8e	In-situ - US\$1.75/lb U3O8	\$0.0	\$41.6	\$0.72	19%
Dieter Lake	Exploration	24.4M lb U3O8	In-situ - US\$0.75/lb U3O8	\$0.0	\$24.4	\$0.42	11%
Matoush	Pre-Feas/Scoping	28.8M lb U3O8	In-situ - US\$1.00/lb U3O8	(\$3.5)	\$34.9	\$0.60	16%
Tony M	Care & Maintenance	10.9M lb U3O8	In-situ - US\$3.00/lb U3O8	(\$9.0)	\$34.5	\$0.60	16%
Daneros	Care & Maintenance	0.2M lb U3O8	In-situ - US\$3.00/lb U3O8	(\$1.0)	(\$0.2)	(\$0.00)	0%
Rim	Care & Maintenance	0.6M lb U3O8e	In-situ - US\$3.00/lb U3O8	(\$1.0)	\$1.4	\$0.02	1%
Sage Plain	Exploration	1.4M lb U3O8e	In-situ - US\$2.50/lb U3O8		\$4.8	\$0.08	2%
Non-Core Gold Properties	Exploration		In-situ value		\$3.0	\$0.05	1%
Project NAV					\$202.9	\$3.51	92%
Working Capital					\$17.8	\$0.31	8%
Total Corporate Adjustments					\$17.8	\$0.31	8%
Corporate NAV					\$220.7	\$3.82	100%

Notes:

Additional acquisition costs assumes that the acquisition price is based on our long-term US\$55/lb U3O8 Uranium price forecast

Additional acquisition cost for Ben Lomond - C\$2.5M base cost plus C\$535k based on the uranium price

Additional acquisition cost for Georgetown - C\$500k base cost plus C\$315k based on the uranium price

Additional acquisition cost for Mountain Lake - C\$1M base cost plus C\$410k based on the uranium price

Additional acquisition cost for Moran Lake - C\$1.4M base cost plus C\$0.5M based on the uranium price

Additional acquisition cost for Matoush - C\$3.5M comprised of C\$1.5M cash payment and C\$2M in shares

Additional acquisition cost for Tony M - C\$9M comprised of C\$3M cash payment in 18 months, C\$3M in 36 months and C\$3M on commercial production

Additional acquisition cost for Daneros - C\$1M cash payment on commercial production

Additional acquisition cost for Rim - C\$1M cash payment on commercial production

Per share values, adjusted to reflect the additional capital required (Additional Capital Needed = current working capital - future working capital - additional acquisition costs) divided by the recent share price (C\$22) resulting in Fully-Financed Basic S/O of 57.8M.

Source: Company Reports

Terms of Asset Purchase Agreement

Consolidate can acquire a 100% of the Tony M, Daneros and Rim mines in Utah, along with the Sage Plain project and eight mining leases in Colorado, in consideration for:

- 1) US\$2M cash on closing of the transaction
- 2) Issuance of Consolidated shares that results in Energy Fuels holding 19.9% of the company on closing (we estimate this is ~10.5M shares)
- 3) C\$3M cash on the 18-month anniversary of closing
- 4) C\$3M cash on the 36-month anniversary of closing
- 5) C\$5M in cash tied to achieving commercial production at Tony M, Daneros and Rim (C\$3M is for Tony M and C\$1M each for Daneros and Rim)

The transaction is subject to approval by the TSX Venture Exchange. In the event Consolidated defaults on its payments as mentioned above, the assets will revert back to Energy Fuels.

Terms of the Strategic Alliance

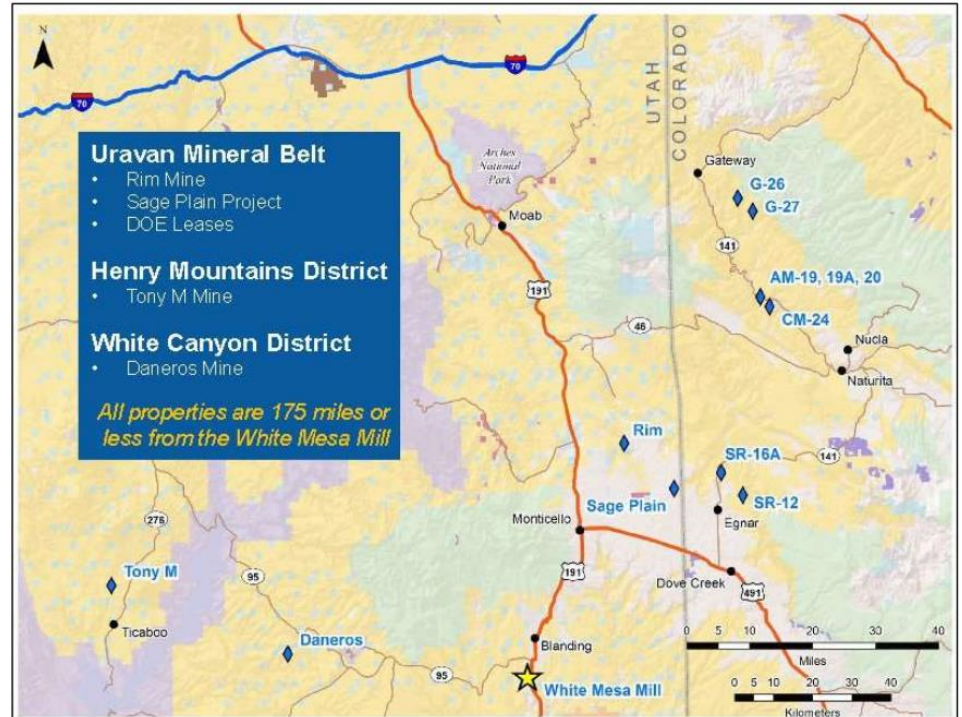
The three components of the alliance include:

- 1) **Toll-Milling Agreement.** Ore mined from any of the projects mentioned above will be processed at the White Mesa mill in Utah. A toll milling fee is applicable to any ore processed.
- 2) **Operating Agreement.** Energy Fuels (and its subsidiaries) will continue to maintain the projects in good standing. For these services, Consolidated will pay Energy Fuels a service fee.
- 3) **The Investor Rights Agreement.** While Energy Fuels maintains equity ownership of >10%, it can maintain its 19.9% pro-rata share ownership of Consolidated. Energy Fuels can also appoint one nominee to Consolidated's Board of Directors on closing of the transaction and has agreed to certain restrictions on the resale of the shares under its ownership. Energy Fuels has announced that it will be adding President & CEO, Mark Chalmers to the Board.

Asset Overview

The acquisition includes the Tony M, Daneros, and Rim mines and the Sage Plain project in Utah, along with the eight DOE leases in Colorado. Several of these assets host multiple historical uranium-vanadium mines, with the Tony M, Daneros, and Rim mines being fully developed and permitted for a rapid restart.

Figure 3: Map of newly acquired assets in the U.S



Source: Company Reports

Tony M mine

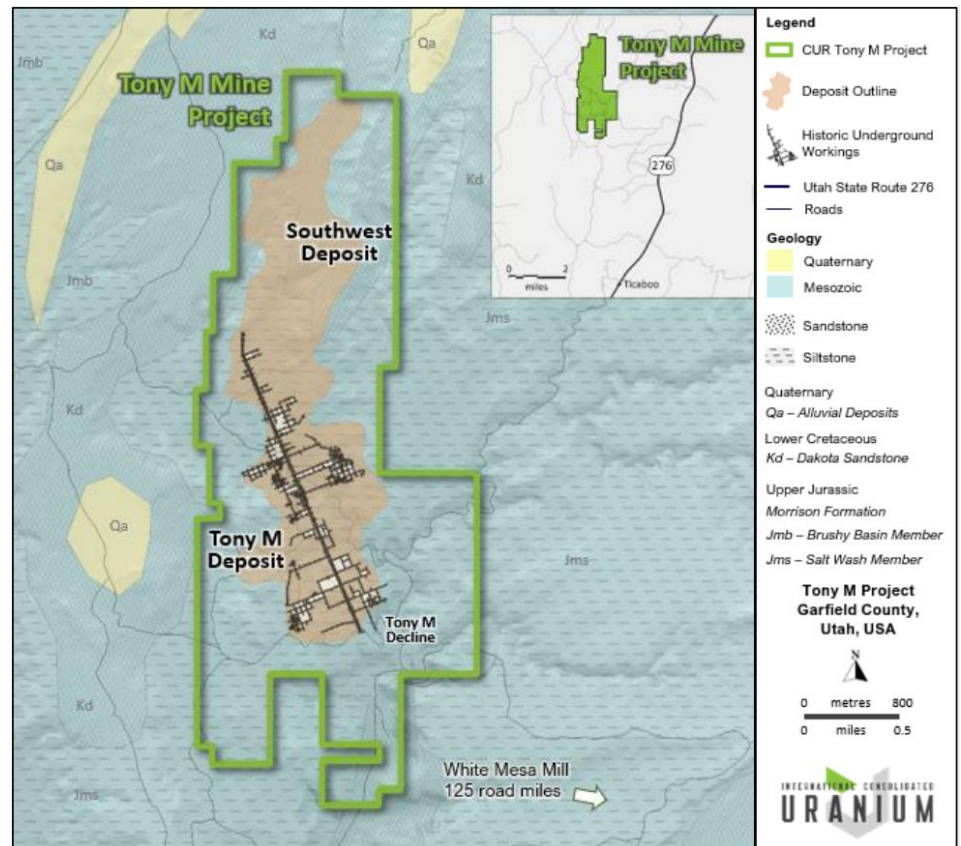
Located in the Henry Mountains area of southern Utah, the Tony M mine represents a large-scale, fully-developed and permitted underground mine that last operated in 2008. The project is favourably located 127 road miles west of the White Mesa mill.

Two uranium deposits have been identified on the property: Tony M and Southwest. Uranium mineralization is hosted by sandstone rock of the Salt Wash Member of the Morrison Formation – a principal uranium host in the US. Mineralization primarily consists of coffinite with minor uraninite, which tends to occur with vanadium.

Tony M was originally developed in the late-1970s and operated until 1984. During this period, 569k lb U₃O₈ was extracted at mining grades of 0.12% U₃O₈. Denison Mines (TSX:DML, Not Rated) purchased the asset in 2007, and mined an additional 422k lb U₃O₈ at 0.13% U₃O₈ until late-2008, when the mine was placed on care and maintenance. In 2012, Energy Fuels acquired Denison’s US uranium assets, including Tony M, and provided an updated technical report on the Henry Mountains Complex, which included a resource for Tony M (Figure 5).

Consolidated plans to confirm and update the historical resource to make it current and complete a PEA. We note that the mine is currently being maintained in a ready state, and all permits are in place to resume operations as market conditions warrant.

Figure 4: Map of Tony M



Source: Company Reports

Figure 5: 2012 Historical Resource Estimate – Tony M

Category	Tons (000s)	%U ₃ O ₈	Lbs U ₃ O ₈ (000s)
Indicated	1,690	0.24	8,130
Inferred	860	0.16	2,750

Source: Company Reports

Daneros mine

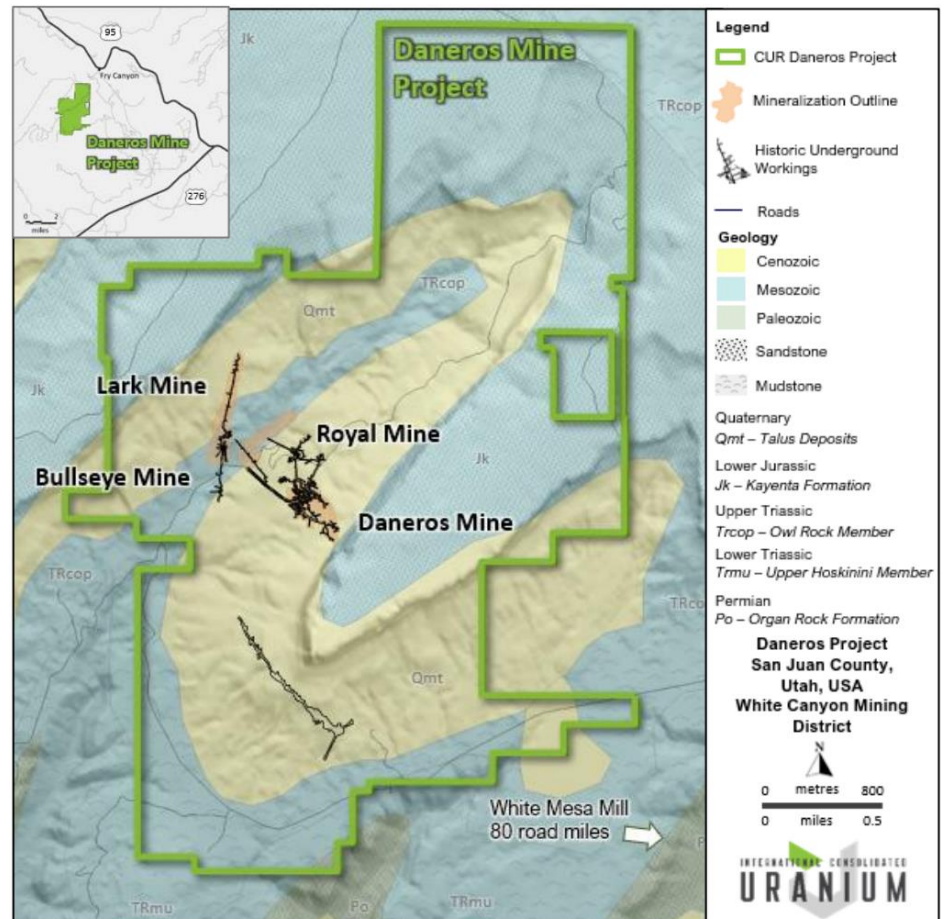
Daneros is located in the Red Canyon portion of the White Canyon District, Utah, and is a fully developed and permitted underground mine that was most recently in production in 2013. The project lies just ~70 miles west from the White Mesa mill.

Tabular zones of moderate to high-grade uranium mineralization is hosted within the Shinarump Conglomerate Member, similar to other major uranium deposits in the district. Mineralization is localized within channel sandstones beneath organic-rich sediments. Higher-grade uranium tends to occur in paleochannels that are over 20 ft thick, and the company believes that targeting these areas could lead to the discovery of additional mineralization.

The Daneros mine operated from 2009-2013, during which time, 628k lb U_3O_8 was produced at grades of 0.36% U_3O_8 , with ore shipped to White Mesa. We also note that at least three additional mines, including Cove/Lark, Bullseye, and Spook, are located within the Daneros claims, and collectively produced an additional 314 lb U_3O_8 at 0.22% U_3O_8 . The mine was initially operated by White Canyon Uranium until Denison purchased the asset in for A\$57M in 2011 and continued to operate the mine until Energy Fuels acquired Denison's US uranium portfolio in 2012. A 2018 technical report outlined a resource estimate for the project (Figure 7).

Consolidated intends to undertake a surface drilling program to confirm the historical resources. The fully developed and permitted mine is well-positioned for a rapid restart, pending market conditions. Upon the restart, Consolidated expects to perform underground drilling and grow the resource.

Figure 6: Map of Daneros



Source: Company Reports

Figure 7: 2018 Historical Resource Estimate – Daneros

Project	Tons (000s)	%U ₃ O ₈	Lbs U ₃ O ₈ (000s)
Indicated	20	0.36	142
Inferred	7	0.37	52

Source: Company Reports

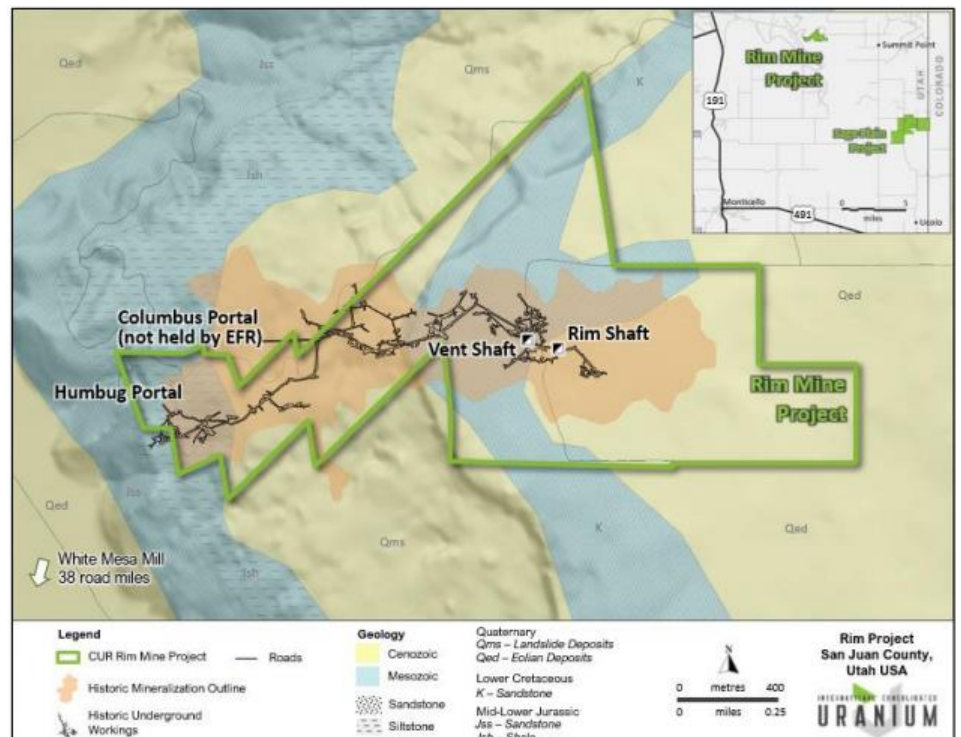
Rim mine

The Rim property comprises 26 unpatented lode mining claims and two mining leases, totaling ~1,100 acres in San Juan County, Utah, in the Urvan Mineral Belt. It is within close proximity to the White Mesa mill (62 miles by road and includes a mine that was last operated in 2012.

Mining commenced in the 1960s and has been operated periodically since. Mining last occurred from 2008-2010 by Denison. Energy Fuels has kept the asset on care and maintenance since acquiring it in 2012, such that it can be restarted with relatively little permitting or development costs.

Notably, the deposit high vanadium content (with a vanadium-to-uranium ratio of 9.25:1), as demonstrated by a previous internal resource estimate completed by Energy Fuels (Figure 9).

Figure 8: Map of Rim



Source: Company Reports

Figure 9: Historical Resource Estimate – Rim

	Tons (000s)	%U ₃ O ₈	Lbs U ₃ O ₈ (000s)	%V ₂ O ₅	Lbs V ₂ O ₅ (000s)
Inferred	82	0.20	327	1.83	3,028

Source: Company Reports

Sage Plain project

The Sage Plain property, located in the Slick Rock District (an extension of the Uravan Mineral Belt), Utah, consists of two mineral leases (Calliham and Crain) and a Utah State lease, that collectively span 1,600 acres. It is 16 miles NE of Monticello and 54 miles by road from the White Mesa mill.

Uranium and vanadium mineralization is hosted in sandstones of the Salt Wash Member of the Morrison Formation – the same host unit for the mineralization at Rim, Tony M, and the DOE leases. The deposit has higher vanadium content than other deposits on the Uravan Mineral Belt further north. It is hypothesized that vanadium may have been leached from the detrital iron-titanium mineral grains and subsequently deposited along with or prior to the uranium.

The property encompasses a portion of the Calliham uranium-vanadium mine. From the 1970s to the 1980s, the mine produced 605k lb U₃O₈ at 0.15% U₃O₈ and ~3.8M lb V₂O₅ at 0.9% V₂O₅. The mine reopened briefly in the early 1990s following a spike in vanadium prices, and produced an additional 56k lb U₃O₈ at 0.21% U₃O₈ and 343k lb V₂O₅ at 1.29% V₂O₅. The ore was milled at White Mesa. Historical mine infrastructure has since been removed and all permits have lapsed, however, underground infrastructure remains intact.

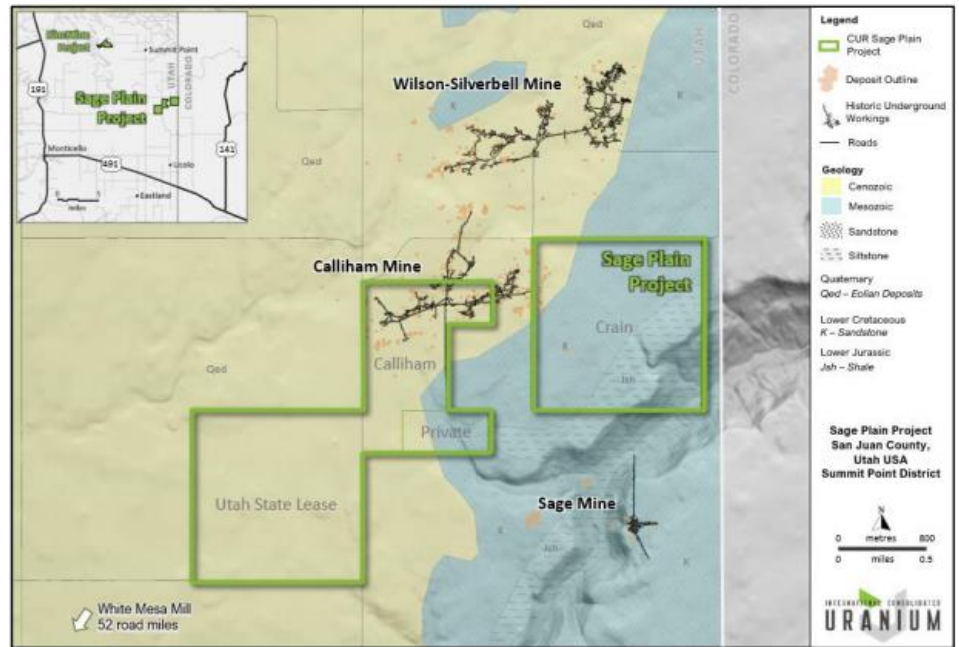
A technical report was issued in 2015, which outlined a resource estimate for the project, including the Calliham mine (Figure 10).

Figure 10: 2015 Historical Resource Estimate – Sage Plain

	Tons (000s)	%U ₃ O ₈	Lbs U ₃ O ₈ (000s)	%V ₂ O ₅	Lbs V ₂ O ₅ (000s)
Measured	240	0.16	772	1.32	6,349
Indicated	13	0.10	26	0.77	199
Inferred	10	0.13	25	0.94	188

Source: Company Reports

Figure 11: Map of Sage Plain

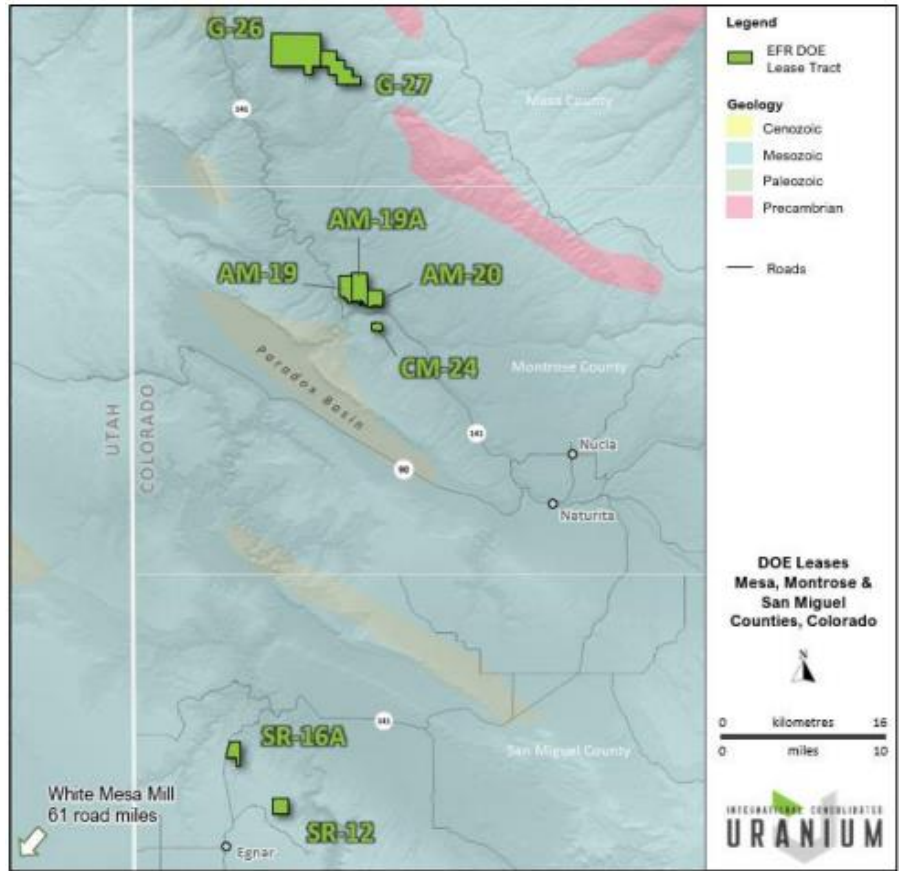


Source: Company Reports

DOE leases

The DOE leases comprise eight mining leases in western Colorado, along the prolific Uravan Mineral Belt, and are located 80-175 miles by road from the White Mesa mill. The land package includes patented mining claims on the Dolores Bench, and uranium-vanadium mineralization has been identified on all leases. New 10-year lease terms were accepted by the US Department of Energy in January 2020.

Figure 12: Map of DOE leases



Source: Company Reports

David A. Talbot | MD, Mining Analyst
Koby Kushner | Research Associate
Alina Islam | Research Associate
Daniel Kozielowicz | Research Associate
Elie Khazzaka | Research Associate

Red Cloud Securities Inc.
 105 King Street East, 2nd Floor
 Toronto ON, M5C 1G6
research@redcloudsecurities.com
www.redcloudsecurities.com/research-home

Disclosure Statement
 Updated 15 July, 2021

Recommendation / Target Change			Red Cloud Securities has this percentage of its universe assigned as the following:	
Date	Rating	Target C\$/sh	Status	%
2020-10-13	NA	NA	BUY	70%
2020-10-26	NA	NA	BUY (S)	24%
2020-11-19	NA	NA	HOLD	0%
2020-12-08	BUY	1.50	SELL / Tender	0%
2021-01-04	BUY	2.10	NA	5%
2021-02-04	BUY	2.50	Under Review	2%
2021-03-08	BUY	2.50		
2021-03-16	BUY	2.50		
2021-05-12	BUY	2.65		
2021-06-14	BUY	3.25		

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Company Name	Ticker Symbol	Disclosures
International Consolidated Uranium Inc.	TSXV:CUR	1,2,3,4

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2. The issuer paid for or reimbursed the analyst for a portion or all of the travel expense associated with a visit.

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- Hold – expected to perform with its peer group
- Sell – expected to underperform its peer group
- Tender – clients are advised to tender their shares to a takeover bid
- Not Rated – currently restricted from publishing, or our recommendation is under review
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