

Tisdale Clean Energy Corp. (TCEC)

Amended Earn-In Provides Added Flexibility

Event

Earlier this week, Tisdale Clean Energy Corp announced an agreement with Skyharbour Resources (SYH) to amend the current earn-in agreement for a 75% interest in the South Falcon East deposit, located in the periphery of the Athabasca Basin. Slightly accretive to NAV owing to the lower non-work financial commitment for 2024 and 2025, the amended terms provide for much welcomed flexibility given the current market volatility. The ultimate timeframe and pathway to 75% ownership remains intact by 2028. The new terms are also a testament to Skyharbour's long-term commitment to seeing work progress at the South Falcon East deposit.

Details

- **Amended Terms Provide for a slight NAV Uplift** – The newly negotiated earn-in terms re-affirm Skyharbour's commitment to seeing work progress at the South Falcon East deposit. The new terms provide a slight NAV uplift given that the amendments to the 2024-2025 non-work financial commitment decreases the total non-work financial commitment until 2028. The new figure goes from the previous C\$10.75M to the current C\$8.92M.
- **Investment Thesis Reaffirmed** – With Tisdale 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. Given the required ~C\$10.0M exploration spend required until 2028, the risk remains on the upside for meaningful resource and grade expansion.
- **Discounted In-situ Valuation Versus Peers** – Isolating the dedicated cash payments and share payments are more representative of the earn-in (asset) cost. These pro-rata valuations would equate to C\$1.67/lb (at 51%) or C\$2.08/lb (at 75%). These amounts being considerably lower to some of the more recently seen transaction valuations in the Athabasca Basin.

Conclusion

We maintain a conservative \$4.50/lb in-situ valuation for the Fraser Lakes B Inferred deposit at South Falcon East. Factoring in current corporate adjustments and a NAV multiple of 0.35x, we derive an in-situ based price objective (12-months) of C\$0.14 per share, representing an increase to the previous C\$0.13 per share prior to the earn-in amendments. Our price objective equates to upside of +133% from the most recent close. Shares of Tisdale Clean Energy currently trade at a 0.15x NAV multiple. The full online note can be found [here](#):

Company Profile

Sector	Mining
Sub-Sector	Uranium
Company	Tisdale Clean Energy Corp.
Ticker	TCEC
Current Price (C\$)	C\$0.06
12-Mth Price Objective (C\$)	C\$0.14
Potential Upside	133%
Mkt Cap, Basic (C\$M)	\$2.4
EV (C\$M)	\$2.2
Shares O/S Basic (M)	39.69
1-Mth Return	-20.0%
3-Mth Return	-36.8%
YTD Return	-63.8%

Measured & Indicated	Grade U308	Attrib. lbs
South Falcon East	n/a	n/a

Inferred Resources	Grade U308	Attrib. lbs
South Falcon East	0.03%	6.9M lbs*

* South Falcon East at 100%

Company Description

Tisdale 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 2026, increasing to 75% by 2028.

2-Year Stock Chart



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EARN-IN AMENDMENT PROVIDES FOR NEAR TERM FLEXIBILITY

Recall that the previously announced earn-in was negotiated by a prior management team and announced in nearly two years ago in October 2022. Ultimately, the newly negotiated earn-in terms re-affirm Skyharbour's commitment to seeing work progress at the South Falcon East deposit. The new terms provide a slight NAV uplift given that the amendments to the 2024-2025 non-work financial commitment decreases the total non-work financial commitment until 2028. The new figure goes from the previous C\$10.75M to the current C\$8.92M.

Exhibit 1. Earn-In Amendments

Tisdale Clean Energy Corp. - South Falcon East (SkyHarbour Resources)					
Year	Work	Cash	Shares	Total	% Earn-in
<i>Previous 2024 plan</i>	<i>\$1.25M</i>	<i>\$0.45M</i>	<i>\$1.00M</i>	<i>\$2.70M</i>	
Amended FY/2024	\$0.60M		\$0.15M	C\$0.75M	
<i>Previous 2025 plan</i>	<i>\$1.75M</i>	<i>\$0.80M</i>	<i>\$1.00M</i>	<i>\$3.55M</i>	
February 28, 2025		\$0.45M	\$0.82M	\$1.27M	
May 31, 2025	\$1.75M			\$1.75M	
Amended FY/2025	\$1.75M	\$0.45M	\$0.82M	\$3.02M	
FY/2026	\$2.50M	\$1.00M	\$1.50M	\$5.00M	
Cumulative for 51%	\$4.85M	\$1.45M	\$2.47M	\$8.77M	51%
FY/2027	\$2.50M	\$2.00M	\$3.00M	\$7.50M	
FY/2028	\$2.50M			\$2.50M	
Cumulative for 24%	\$5.00M	\$2.00M	\$3.00M	\$10.00M	24%
Total for 75%	\$9.85M	\$3.45M	\$5.47M	\$18.77M	75%
					\$ 18.77M

*FY/2024 total spend includes 2.5M shares issued at C\$0.06 (C\$150,000), Aug 20, 2024

* February 28, 2025 assuming C\$820,000 paid in shares

Source: HoldCo Markets

Our investment thesis remains intact: with Tisdale 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. Given the required ~C\$10.0M exploration spend required until 2028, the risk remains on the upside for meaningful resource and grade expansion.

Tisdale currently trades at a market capitalization of C\$2.35M. That would equate to a pro-rata valuation of C\$0.45/lb given the 6.9M lb Inferred resource (or 5.2M lbs at 75%). Since the earn-in is still a few years away from completion, more telling is the remaining spend/lb metric, for both 51% ownership of South Falcon East and at 75% ownership.

COMPANY VALUATION
Exhibit 2. In-Situ Valuation

	Ownership	
	at 51%	at 75%
TCEC current mcap C\$M	\$2.35	
South Falcon East lbs	6.9M lbs	
Pro-rata lbs	3.5M lbs	5.2M lbs
Valuation/lb	\$0.67	\$0.45
Remaining earn-in spend (ex-work) C\$M *	\$5.75	\$10.75
Remaining earn-in spend (all) C\$M *	\$11.25	\$21.25
\$/lb (ex-work)	\$1.67	\$2.08
\$/lb (all)	\$3.26	\$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\$1.67/lb (at 51%) or C\$2.08/lb (at 75%). These amounts being considerably lower to some of the more recently seen valuations in the Athabasca Basin.

Exhibit 3. Historic Transactions

Athabasca Basin Transactions:		Transaction Valuation		Uranium\$/lb	
Date	Counterparties	Target Asset	C\$/lb	Spot \$/lb	% of spot*
2011-Aug	Rio Tinto-Hathor	Roughrider	\$11.22	\$50.15	17.9%
2012-Mar	Cameco-Millennium	27.94% Millennium	\$7.96	\$50.80	12.5%
2012-Nov	Denison Mines-JNR Resources	Falcon (Fraser Lakes)	\$1.45	\$41.25	2.8%
2013-Jan	Denison Mines-Fission Uranium	Waterbury	\$9.12	\$42.30	17.2%
2015-Dec	Fission Uranium-CGN Mining	19.99% Investment	\$2.78	\$35.90	6.2%
2021-Jun	Denison Mines-UEX Corp	50% JCU	\$0.33	\$32.00	0.8%
2022-Jun	Uranium Energy Corp-UEX Corp	5% JCU	\$3.76	\$63.00	4.8%
2022-Oct	Uranium Energy Corp-Rio Tinto	Roughrider	\$2.59	\$51.10	4.1%
2024-Jun	Paladin Energy-Fission Uranium	Triple R	\$8.75	\$86.00	8.1%
	Average		\$5.33	\$50.28	8.3%

* in C\$

Source: HoldCo Markets

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Exhibit 4. NAV and Corresponding Sensitivities

		Value (C\$M)	\$ Per Share	% of NAV
South Falcon East (75%)	\$4.50/lb	\$23.3	\$0.63	100%
Total Mining Assets		\$23.3	\$0.63	100%
Cash & ST Investments	Q3/2024	\$0.5	\$0.01	
Corporate/Prepays/Other	Q3/2024	\$0.9	\$0.02	
Current Debt	Q3/2024	-\$0.4	-\$0.01	
Earn-in Liability (ex-work)	Q3/2024	-\$8.9	-\$0.24	
		-\$7.9	-\$0.21	
Net Asset Value		\$15.4	\$0.41	
P/NAV			0.15x	

	NAV Multiple							
	0.20x	0.25x	0.30x	0.35x	0.40x	0.45x	0.50x	
\$3.00	\$0.04	\$0.05	\$0.06	\$0.07	\$0.08	\$0.09	\$0.10	
\$3.50	\$0.05	\$0.07	\$0.08	\$0.10	\$0.11	\$0.12	\$0.14	
\$4.00	\$0.07	\$0.09	\$0.10	\$0.12	\$0.14	\$0.15	\$0.17	
\$4.50	\$0.08	\$0.10	\$0.12	\$0.14	\$0.17	\$0.19	\$0.21	
\$5.00	\$0.10	\$0.12	\$0.14	\$0.17	\$0.19	\$0.22	\$0.24	
\$5.50	\$0.11	\$0.14	\$0.17	\$0.19	\$0.22	\$0.25	\$0.28	
\$6.00	\$0.12	\$0.16	\$0.19	\$0.22	\$0.25	\$0.28	\$0.31	

Source: HoldCo Markets

CONCLUSION

Ultimately, the rationale for investing in Tisdale Clean Energy is the tradeoff between investing in an exploreco which owns a property which in future may (or may not) eventually prove out an established resource, or invest in an earn-in play such as Tisdale which has a pathway to a 75% ownership stake into an established 6.9M lb shallow resource at a reasonable \$2.08/lb valuation metric (75%). Given that the deposit remains open in most directions, additional work spend may lead to an increase in both grade and resource size. We believe that at the current microcap valuation, the risk remains on the upside for future drilling success. Additionally, we believe that Tisdale shares will act as a torqued proxy for future uranium pricing strength. As can be seen in the sensitivity table above, from our conservative base \$4.50/lb in-situ valuation for the current Fraser Lakes B deposit, every ~\$0.50/lb increase to the valuation metric translates to a NAV uplift of ~15%.

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