

Resource Maven

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the Resource Markets

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Maven Premium: Standard Uranium

This one is for the uranium bulls in the crowd. I count myself in that group; I truly believe uranium will go on another epic run sometime in the next few years.

Uranium bulls markets truly are epic. Their gains put gold bull markets to shame. But they happen really quickly, so if you wait for it to be underway before you position you will be largely too late.

It's impossible to know when the market will take off. There are signs to watch, of course, such as the signing of long-term contracts, but it's still very hard to know.

Those factors together mean uranium bulls have to position ahead and then be patient.

I've done that, with positions in the leader in the uranium space, Cameco, the best uranium development project in the world, NexGen, and one of very few active uranium explorers and one with a new high-grade discovery, IsoEnergy.

Now I'm buying another one. The company is Standard Uranium. The project is called Davidson River.

I will admit that I was hesitant to even learn about this opportunity. The reason: there is enough risk in buying uranium stocks without knowing when the bull market will happen that it seemed over the top to add in the risk of pre-discovery exploration. But then I talked with Garrett Ainsworth.

Ainsworth led the team that discovered Arrow, which is NexGen's incredible uranium discovery. Prior to that he helped discover the Triple R deposit at Patterson Lake South (PLS), another important uranium find in the Athabasca Basin.

Ainsworth knows uranium opportunity in the Athabasca Basin better than almost anyone, especially along its southern edge. That's where Arrow and PLS are located. As you might guess, it is also where Davidson River sits.

Ainsworth explained to me why he thinks Davidson River has strong potential to host a uranium discovery. I'll get into that below, but the evidence is as compelling as it can be when you cannot see the target rocks at all.

Standard Uranium was formed to pursue this project. The company is going public via a direct listing IPO in the next two months. They will drill at Davidson River shortly thereafter.

This is a uranium exploration speculation. You have to like both uranium and exploration to like this one! If you do like both but are hesitant to bet much, I will note that Standard Uranium is primarily driving to collect 70 accredited investors to its IPO financing, as part of a listing requirement. Each investor has to commit only \$1500 to the financing to be part of the list.

So while putting down a small amount is always an option, this time the team is actively encouraging anyone thinking of placing a small bet to do so to help them get across this listing hurdle. Standard has about half of the names it needs at this point.

Once listed, the company will have 43.6 million shares outstanding, plus 20.2 million warrants. Using the financing price of \$0.15 generates a market capitalization of \$6.5 million. The individual who vended the project to Standard owns just over 10% of the current count.

I will note that the team plans to raise money for drilling after listing, so the count will rise again at that point.

Units cost \$0.15 and comprise a share and a full warrant.

Warrants are exercisable at \$0.25 for four years.

Davidson River

Davidson River has not seen any uranium drilling to date, for two reasons. First, the region was off limits to mineral staking until 2012 because of oil and gas reserves. It came open to mineral staking in 2013, which was coincidentally just after the discovery hole at PLS.

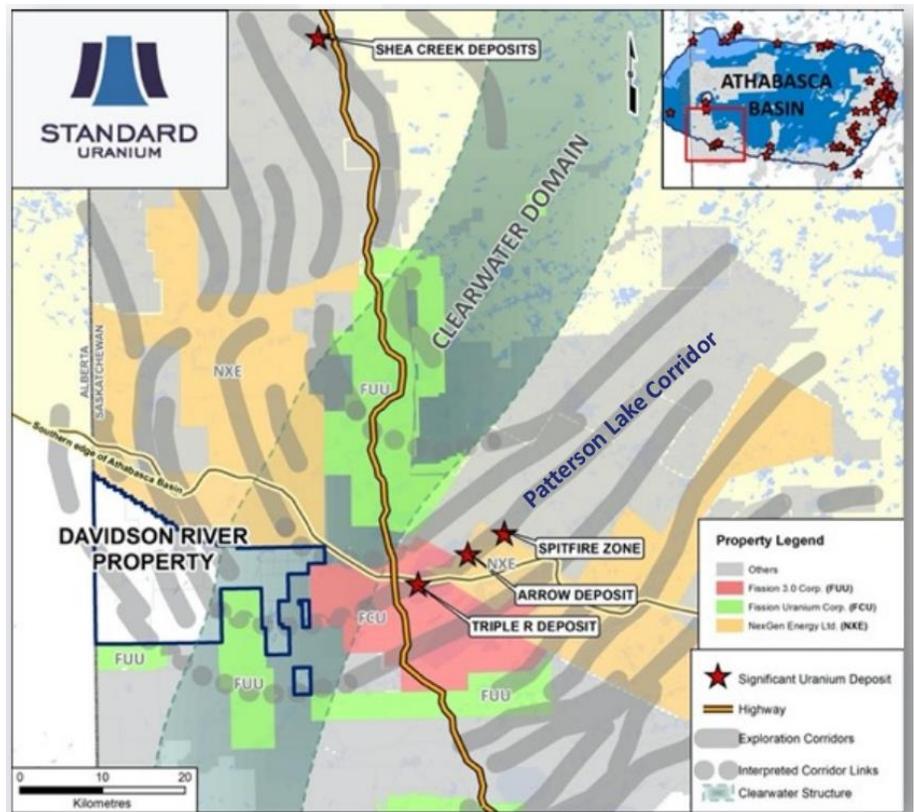
That hole was the second reason the area had not seen any uranium attention: until the discovery at PLS, everyone thought uranium only existed in the Athabasca Basin, at the contact between the sandstones that fill the basin and the granites that underlie it. The PLS discovery demonstrated that uranium could also exist outside of the basin in the granites, which suddenly opened up swaths of ground for discovery potential.

Davidson River stood out in that swath for being on trend with PLS, along the kind of conductors that explorers have long followed to find uranium in the area. Jody Dahrouge, a geologist who is as well known around the Athabasca as Ainsworth, staked the project. At the time Dahrouge was president of Fission Uranium, which made the Triple R discovery. Dahrouge offered Davidson River to Fission but they declined to focus on their new discovery. Later, when Dahrouge left Fission, Davidson River got caught in legal crossfire. In fact the project got tied up in court cases for several years. Dahrouge came out on top. He then optioned Davidson River to a junior explorer that floundered in the weak uranium market and did not advance the project. Standard got the asset in 2018.

Now let's talk about why Davidson River is so interesting.

The Patterson Lake Corridor hosts three uranium zones or deposits: the Spitfire zone, the Arrow deposit, and the Triple R deposit on the PLS project. It's clearly a trend that's loaded with uranium.

The Patterson Lake Corridor runs alongside the Clearwater Domain, which is thought to be a potential source of the uranium in the southwest Athabasca. Clearwater is an extensional structure, a line along which rocks are pulling apart. The thought is that extensional action

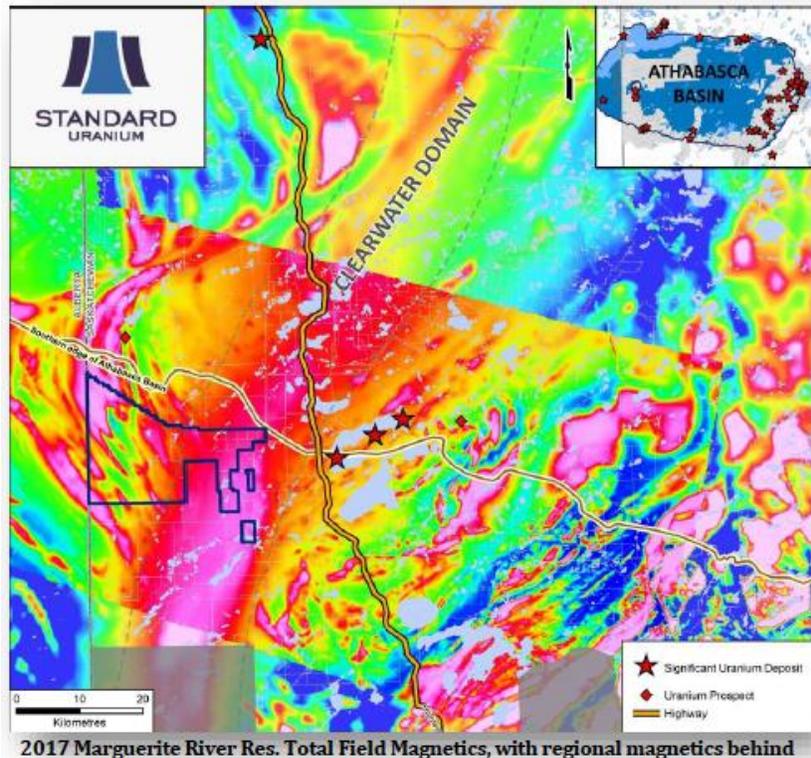


created space for fluids to rise; those fluids then spread out along graphitic corridors, since graphite allows for that.

Graphite allows fluids through but it also can act as a reductant, the chemical push that makes uranium in fluids drop out. Where that happens depends on pressure and temperature, which often came together at the right levels along cross cutting structures that add other fluids to the mix.

Long story short, the approach to finding uranium in this area of the Athabasca is to find graphitic conductors near the Clearwater Domain and then use high resolution geophysics and mapping data to identify where those conductors bend or intersect other structures.

The Clearwater Domain itself is a mag high. The structure continues well to north though thicker sandstones in the basin cloud the magnetic response there.



The east side of Davidson River sits right on the Clearwater Domain, but it's the west side of the project that is of interest. That's where the graphitic conductors emerge from the Domain and head northwest.

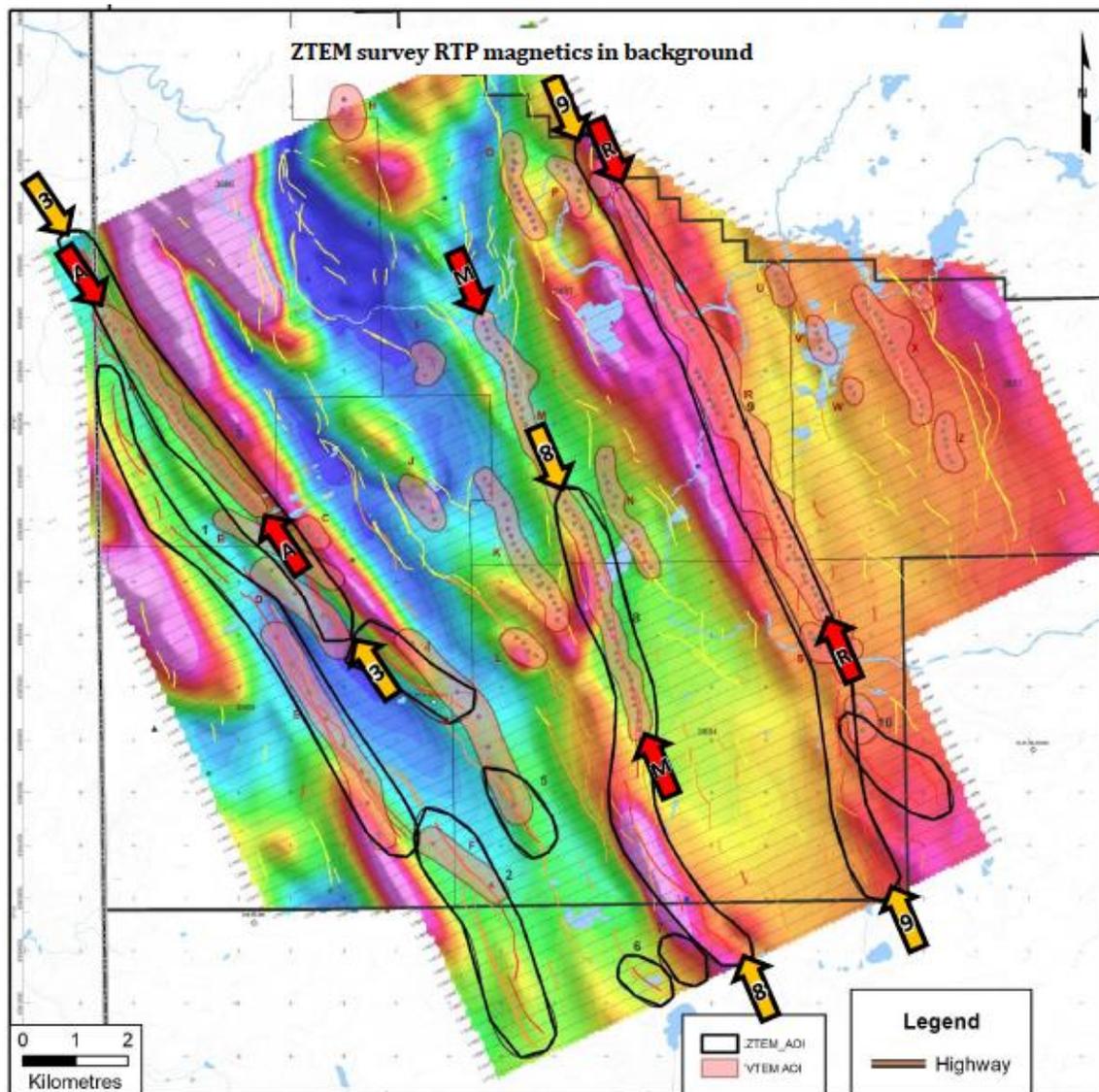
As I said, there have been several important discoveries in the exploration corridors east of the Clearwater Domain in recent years.

The corridors west of the Clearwater Domain have seen very little exploration but Ainsworth has reason to believe they have similar potential.

Now let me dive into the details that have Ainsworth excited.

In the last two years Standard has completed two geophysical surveys and had two independent geologic consulting services work the data three times from different angles.

The map below pulls two of the geophysical survey together. The black lines circle targets according to the ZTEM survey while the rose shading marks targets from the VTEM survey.



The target Ainsworth is most excited about is on the right. The arrows marked R point to the VTEM target, which is coincident with the ZTEM target marked by the 9 arrows. ZTEM looks deeper than VTEM.

From this point it's a nice graphitic conductor target that has offered up uranium several kilometers to the north, where Purepoint Uranium drilled a short intercepts of 0.18% U₃O₈. That's great, but a 10-km long target doesn't tell you where to drill.

So you zoom in more.

The graphitic conductors look to be subvertical. In places they dip slightly southwest; in other places they dip slightly northeast. Where the dip changes represents a flexure in the graphitic body, exactly the kind of environment U might have deposited. In fact, Nexgen drilled exactly such a flexure in a graphitic conductor when Ainsworth made the initial discovery at Arrow.

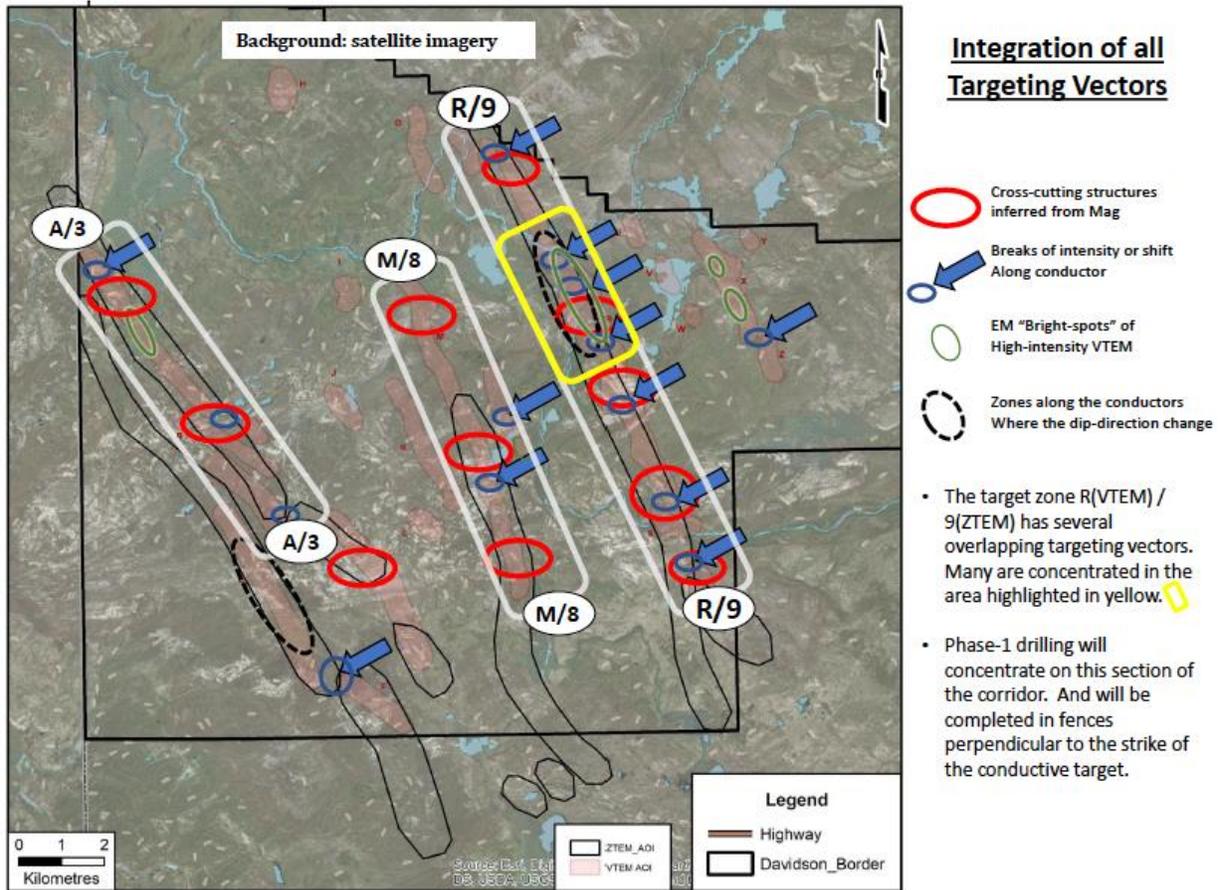
So they figured out where along the target conductors those flexures exist. One stands out.

Then Ainsworth leaned into what he had learned while exploring PLS with Fission, where the best uranium mineralization correlated strongly with the highest VTEM responses. So they filtered the VTEM data for that.

Then Ainsworth brought in an outside consultancy group – and a very good one at that – called Vector Geologics. The geologists there looked at the magnetics data in isolation, by which I mean without knowing what the other interpretations had generated, and identified structures. Turns out

they picked exactly the same cross structures that Ainsworth and the Standard team had identified, which is a very nice validation step.

That R/9 conductor has the highest density of cross-cutting structures, the best flexures, and the strongest VTEM responses. And many of those line up.



This map pulls it all together. The dashed black line marks the standout flexure in the R/9 conductor. The blue circles/arrows mark cross cutting structures interpreted by Standard from the VTEM and ZTEM data. The red circles mark cross cutting structures that Vector interpreted from the mag data. And the green circles mark the strongest VTEM response.

The yellow box then encircles the best target – the part of the conductor where all of the indicators exist. That's where Standard will start drilling.

They will march along this target with fences of holes, with three holes per fence. Ainsworth expects that overlying sand and mudstones are only about 50 metres thick, after which drills should enter basement, ideally right where the conductor comes up.

Wrap Up

That was a lot of geology. The key takeaways:

- Ainsworth was integral in discovering Nexgen's Arrow deposit and in advancing Fission's Triple R deposit at the PLS project. He pioneered how to find uranium outside of the Athabasca Basin and specifically how to find it near the Clearwater Domain.
- Those experiences left him wondering about the west side of the Clearwater. When Standard got ahold of Davidson River, he immediately joined the team. Each round of targeting work

they have done since has been complimentary, collectively building a target that is very enticing.

- Standard is a new vehicle purpose built to explore this opportunity. They do have two other Athabasca Basin uranium properties but Davidson River is the only project that matters right now.
- Good uranium discoveries make for investment success no matter what the rest of the uranium market is doing. NexGen's rise from \$0.20 to \$4 in the depths of the uranium bear market is proof.
- This is a uranium exploration speculation with a strong target. If it works, it could work very well.
- The company is actively seeking small investments from accredited investors to meet the requirements of its direct listing process. I will participate.

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