



# Denison Mines Corp.

{DML-T, DNN-US}

SECTOR: Mining

STOCK PRICE	\$1.68
RATING	<b>BUY</b>
TARGET PRICE	\$2.90
RISK	Very High

## DENISON CONTINUES TO ADVANCE WHEELER RIVER

# Denison Submits Draft EIS in Milestone for Wheeler River Project

**OUR TAKE:** In positive news for the Company's Wheeler River Project, this morning **DML announced the submission of its draft Environmental Impact Statement ("EIS") to both the Saskatchewan Ministry of Environment ("MOE") and the Canadian Nuclear Safety Commission ("CNSC") for review.** The submission of the draft EIS marks a significant regulatory milestone for the Company's flagship Wheeler River Project in the eastern Athabasca Basin. It comes following the formal initiation of the Project's Environmental Assessment process which was started back in 2019 with the submission and acceptance by the MOE and the CNSC of the project description. **Today's announcement marks another important milestone for the Wheeler River Project as the Company continues to posture to be the next new uranium producer in the Basin.** The joint Federal and Provincial EA process allows for the submission of one EIS conforming to the requirements of both bodies. The next steps include the CNSC's review of the document for a completeness, at which time the CNSC will formally 'accept' the EIS. It is expected that DML will receive further requests for information/clarification before the final EIS is accepted by the regulatory agencies; a process that can take multiple years to complete. The EIS submission provides a framework of the Company's assessment of the potential effects, including related mitigation measures, of its proposed ISR uranium mine and processing plant at Wheeler River. The EIS considers years of collected baseline environmental data, technical assessments, and includes engagement and consultation with Indigenous and non-Indigenous interested parties. The approved EIS is expected to form the basis for which future regulatory licensing approvals will be framed. **Denison has built a strong track record on regulatory matters with respect to Wheeler.** Recall that last August, the CNSC granted Denison a Nuclear Substance License which together with the approval from the Saskatchewan MOE, allowed Denison to "Possess, Use, Store and Transfer a Nuclear Substance", enabling the handling and transfer of uranium bearing fluids and materials recovered from the Phoenix deposit during the Feasibility Field Test still underway.

### HIGHLIGHTS

- ◆ **Denison completes major milestone in path to production for Wheeler River Project:** The EIS was submitted to both the Saskatchewan Ministry of Environment and the Canadian Nuclear Safety Commission for review. The joint Federal and Provincial review process allows for the submission of one EIS conforming to the requirements of both bodies. Next steps include CNSC review of the document for a completeness, at which time the CNSC will formally 'accept' the EIS and commence the multi-year formal review process. The submission of the draft EIS marks a major milestone for the Wheeler River project, which is positioned to be one of the next new uranium producers in the Basin.
- ◆ **Denison has significantly de-risked Wheeler River over the last year:** Denison has carried out a huge amount of technical work to validate the ISR potential of the first phase of production from Wheeler River, which is the planned ISR mining of the Phoenix deposit. Most recently, a critical lixiviant injection test via a commercial scale injection/recovery well pattern at Phoenix was successful in recovering uranium bearing solution at "targeted rates and grades" and demonstrated that the hydrogeological system responded to lixiviant injection as expected in terms of fluid flow characteristics, uranium recovery and pH trends ([see report dated October 17, 2022](#)). This was critical to advancing the Project as scoped and provides confidence around one of the biggest unknowns with respect to the ISR plan. We look forward to DML providing further data with respect to recovered solution chemistry and other key data points of the test work conducted. Denison is currently conducting the 'Neutralization Phase' of the Feasibility Field Test on the Phoenix deposit, which will validate the remediation process for returning the mining area to "environmentally acceptable" conditions and is thus also a high-value activity in terms of de-risking the project and informing future technical studies.

### RECOMMENDED ACTION

*We recommend adding exposure as Denison continues to de-risk the Wheeler River project...*

- ◆ **We maintain our \$2.90 target and a Buy rating.** Denison continues to be rated a top-pick in the uranium space with a top notch technical and management team unlocking significant value in the basin with its unique (to the Athabasca) plan to in-situ leach the Phoenix deposit, part of its flagship Wheeler River project. The approach is perceived as technically challenging, but with a very high potential reward with a PFS-supported cost profile among the lowest in the world, due to the extremely high grades at Phoenix. Ongoing work continues to de-risk the Project and we recommend adding to positions. DML is currently trading at 0.59x consensus NAV and 0.52x our NAV, in-line with premium development-stage Canadian peers and development-stage US ISR peers.

#### KEY STATISTICS AND METRICS

52-Week High/Low	\$2.64/\$1.19
YTD Performance	-3%
Dividend Yield	N/A
Shares O/S	818.4M
Market Capitalization	\$1,375M
Cash	\$56M
Debt	NIL
Enterprise Value	\$1,319M
Daily Volume (3 mos.)	1,911,790
Currency	C\$ unless noted

#### HAYWOOD ESTIMATES (CAD)

	2021A	2022E	2023E
Revenue (\$M)	\$20.0	\$13.5	\$13.5
U <sub>3</sub> O <sub>8</sub> Production	-	-	-
EBITDA (\$M)	(\$16.8)	(\$15.6)	(\$15.6)
CFPS (\$/share)	(\$0.03)	(\$0.01)	(\$0.01)

#### VALUATION

**Our target** is based on a corporate NAV sum-of-parts assessment of Denison's full suite of interests, including a DCF<sub>6%</sub> assessment of future production from the Wheeler River project and other credits.

Net of corporate adjustments, our NAV is \$2.45 billion, or \$2.85 per fully diluted share.

## Important Information and Legal Disclosures

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: all states are exempt. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

### Analyst Certification

I, Colin Healey, hereby certify that the views expressed in this report (which includes the rating assigned to the issuer's shares as well as the analytical substance and tone of the report) accurately reflect my/our personal views about the subject securities and the issuer. No part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations.

### Important Disclosures

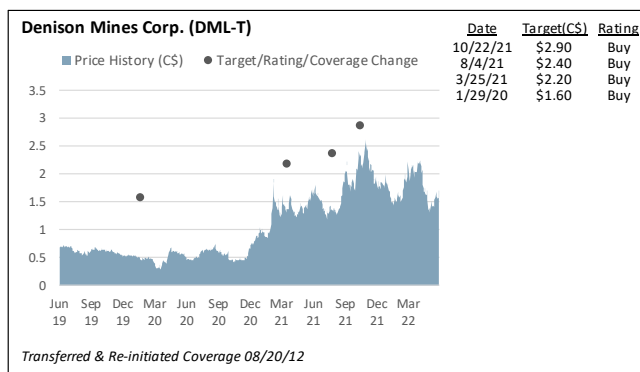
Of the companies included in the report the following Important Disclosures apply:

- ◆ Haywood Securities, Inc. has reviewed lead projects of Denison Mines Corp. (DML-T) and a portion of the expenses for this travel may have been reimbursed by the issuer.
- ◆ Haywood Securities, Inc. or one of its subsidiaries has received compensation for investment banking services from Denison Mines Corp. (DML-T) in the past 24 months.

### Distribution of Ratings (as of October 26, 2022)

	%	#	IB Clients (TTM)
<b>Buy</b>	77.0%	77	72.7%
<b>Hold</b>	10.0%	10	13.6%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	1.0%	1	4.5%
<b>UR (Buy)</b>	0.0%	0	0.0%
<b>UR (Hold)</b>	0.0%	0	0.0%
<b>UR (Sell)</b>	0.0%	0	0.0%
<b>Dropped (TTM)</b>	12.0%	12	9.1%

### Price Chart, Rating and Target Price History (as of October 26, 2022)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review  
Source: Capital IQ and Haywood Securities

**Link to Research Policy:** <http://haywood.com/what-we-offer/research/research-policy>

**Member of the Canadian Investor Protection Fund**

