



# Denison Mines Corp.

{DML-T, DNN-US}

SECTOR: Metals & Mining

STOCK PRICE	\$1.30
RATING	BUY
TARGET PRICE ↑	\$2.20
PREVIOUS	\$1.60

## MODEL UPDATE POST FINANCING FOR 'TOP-PICK'

# Denison Doubles Down on Uranium - Moves to Acquire Pounds as Long-Term Investment

**OUR TAKE:** Denison has just closed an US\$86.3 million financing with the specific focus of using the proceeds to acquire ~2.5 Mlb U<sub>3</sub>O<sub>8</sub>, in the spot market. The move makes sense in the context of Denison's current share price which has significantly outperformed uranium. With the move, Denison will add a significant investment in physical uranium at a fraction of the dilution it would have contemplated a year ago and adds a new dimension of flexibility to the story. Our long-term price forecast of US\$65/lb U<sub>3</sub>O<sub>8</sub>, and the ever-tightening supply/demand fundamentals in the uranium space suggest significant upside if DML procures the pounds near current spot market price indicators. In the future, Denison could liquidate the investment to raise capital for development of Wheeler River or use the inventory as a buffer to initial production if it signs future delivery commitments. The pounds could be used as security against future development capital or to add comfort to a potential off-take partner. **Denison continues to be a 'top-pick' in the uranium space largely underpinned by our thesis that recent de-risking work at Wheeler River regarding the ISR mining approach to the ultra-high-grade Phoenix deposit is going under-appreciated by the market. We expect future work to demonstrate the viability of this low-cost mining approach and believe that it will translate into more positive movement in DML's share price.** Denison was highlighted in our Haywood 2021 Top Picks Report here [<Link to Haywood 2021 Top-Picks report. DML details on p.30>](#).

### KEY HIGHLIGHTS

- ◆ **Financing to Invest.** On March 22<sup>nd</sup>, DML closed its previously announced US\$86.3 million bought deal public offering. The offering was comprised of 78.4M units at US\$1.10 per unit, including 10.2M units from the full exercise of the over-allotment option. The proceeds of the financing will be used to fund the strategic purchase of ~2.5 million pounds of uranium concentrates in the spot market, to be held as a long-term investment, as discussed above. The investment will support future development / advancement of the Wheeler River Project.
- ◆ **ISR field work to continue in 2021:** Plans for 2021 include the installation of a 5-well ISR test pattern replicating a production injection/recovery well configuration using commercial-scale wells at the Phoenix deposit to "facilitate further hydrogeological evaluation and support the final production well design pattern..." DML expects to be in a position to carry out a lixiviant test in 2022 which will be a major milestone for the project and, if successful, highly de-risking from an ISR extraction feasibility perspective.

### OUTLOOK

- ◆ **Increasing target on reducing risk and sector-wide re-rating.** We are increasing our target to \$2.20 (from \$1.60) with this report, taking our project level DCF discount rate down to 6%. Valuations have significantly re-rated in the uranium sector. We view DML's Wheeler River project as highly likely to be developed in the future and is deserving of premium valuation.

### RECOMMENDED ACTION

*We recommend adding exposure as Phoenix continues to be de-risked...*

- ◆ **Attractive entry point.** DML shares have been demonstrating excellent sector leverage as of late, while it continues to de-risk its world-class Wheeler River project. Trading well off its recent highs, we see great upside in the rising uranium price environment we forecast.

### CATALYSTS

1. **H1/2021** - Further technical work to de-risk the ISR mining approach to Phoenix at Wheeler River - including potential future field programs in support of a future FS / EA process
2. **2021** - PFS update or full Feasibility Study for Wheeler River integrating the extensive technical advancements made since the 2018 PFS.
3. **2021** - Exploration results - seeking satellite deposits at Wheeler River; and Studies for other potentially ISR amenable projects similar to THT/Waterbury.

### PROJECTED RETURN

69%

### RISK FACTOR

Very High

### SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
\$0.60	\$1.30	2.20
↓54%		↑69%

### KEY STATISTICS AND METRICS

52-Week High/Low	\$2.29/\$0.28
YTD Performance	55%
Dividend Yield	N/A
Shares O/S	803.9M
Market Capitalization	\$1,045M
Cash	\$150M
Debt	NIL
Enterprise Value	\$895M
Daily Volume (3 mos.)	3,116,325
Currency	C\$ unless noted

### HAYWOOD ESTIMATES

Year	2019A	2020A	2021E
Revenue (US\$M)	\$15.5	\$14.4	\$13.5
U <sub>3</sub> O <sub>8</sub> Production	-	-	-
EBITDA (US\$M)	(\$14.8)	(\$7.2)	(\$15.1)
CFPS (US\$)	(\$0.03)	(\$0.02)	(\$0.02)

### 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 \$1.9 billion, or \$2.18 per fully diluted share.

## INVESTMENT THESIS

We believe Denison continues to make significant progress in redefining what its flagship Wheeler River project could be, especially with respect to the Phoenix deposit and the ISR mining approach it is developing. Denison's unique (to the Athabasca) plan to in-situ leach the Phoenix deposit 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.

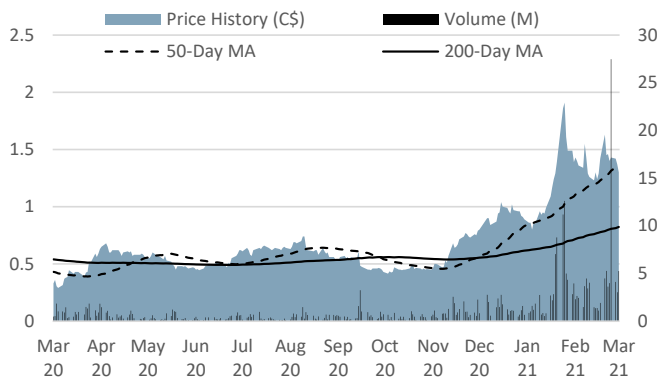
- ◆ **Innovator in the basin looking to shed risk perception.** Denison defined the ISR mining concept for its Phoenix deposit back in September of 2018 with the publication of its Prefeasibility Study on the Wheeler River project (Denison owns 90%). The approach marries for the first time several proven commercial uranium mining techniques (ISR, freeze walls) and proven conventional processing. The full Wheeler River project PFS indicated a pre-tax NPV of \$1.3 billion, with LoM blended OPEX of US\$7.1/lb, and pre-production CAPEX of just C\$323M (100% basis). The PFS sequences in the Gryphon deposit at Wheeler River, but the current focus of Denison is Phoenix, where OPEX outlined in the PFS is just US\$3.33/lb U3O8, with all-in costs of US\$8.90/lb implementing ISR mining techniques. Phoenix alone drove a **pre-tax NPV of \$930.4M** and a **pre-tax IRR of 43.3% using a ramping uranium price** ranging from US\$29 to US\$45/lb U3O8. The high asset quality, low CAPEX burden and industry leading cost profile potential make Denison a very compelling name in the junior uranium sector.
- ◆ **New approach could further improve economics.** Denison conducted a trade-off study examining the use of 'freeze walls' and sequential ISR mining phases to replace the 'freeze dome' outlined for the Phoenix deposit in the PFS. Mining of Phoenix via ISR was already a very attractive economic proposition, and with the freeze wall approach, we could see these economics improve further. Each Phase would isolate a smaller portion of the deposit than the freeze dome and would not require the use of complex and more expensive directional drilling techniques. The trade-off study is preliminary but **lower initial CAPEX is supportable as the phased freeze wall approach is much simpler less costly to initial production due to the smaller footprint and cheaper installation techniques.** We expect there will naturally be an increase in sustaining CAPEX associated with the installation of sequential freeze walls as DML moves through production phases, and therefore, some increase in all-in sustaining cost of production. That said, we believe that this is the much better proposition, as it places the bulk of the sequential CAPEX into a timeframe where it can be 'production-supported', reflecting the potential for reduced dilution to shareholders on the lower upfront financing need.

### KEY RISKS

- **Financing** – dilution from future equity financings.
- **Technical Risk** – Denison is working to prove an unconventional, but potentially extremely low-cost, ISR mining concept for the Phoenix deposit at its flagship Wheeler River Project, eastern Athabasca Basin. The concept marries several proven technologies in a way not seen before. This innovative approach carries with it the typical high risk of any new mining technique.
- **Commodity Risk** – Denison shares remain highly correlated with uranium price movements. Weakness or volatility in the commodity could induce similar outcomes in DML shares.

## SCENARIO ANALYSIS

### Denison Mines Corp. (DML-T)



Source: Capital IQ, and Haywood Securities

### TARGET PRICE

**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 \$1.9 billion, or \$2.18 per fully diluted share.

### DOWNSIDE CASE

**Acknowledging the risks.** While Denison's low-case valuation should have support from its significant 22.5% interest in the McClean Lake mill hard asset, there is no hiding from commodity price exposure and technical risk at its flagship Wheeler River project. The Company is working diligently to reduce perceived risk of ISR mining at Phoenix, but set-backs in that regard and/or further weakness in uranium price would negatively impact DML shares. In consideration of a confluence of negative factors our downside case from DML shares is \$0.60.

*Our downside scenario price is a theoretical case based on notional valuation metrics and market assumptions. The downside price is solely intended for demonstrative purposes and is not to be regarded as a reflection of all market possibilities. It is not a guarantee that this company's share price will not drop below this price level and hence should not be taken as such.*

**Denison Mines Corp.** Denison is advancing its flagship Wheeler River uranium project, the largest, highest-grade undeveloped uranium project in the prolific eastern Athabasca Basin, Saskatchewan.

### Website

[www.denisonmines.com](http://www.denisonmines.com)

### Key Management

David Cates – President & CEO



**Denison Mines Corp.** TSX:DML Price: CDN \$1.30 Shares O/S (M) 803.9 Rating: Buy  
 AMEX:DNN Price: US \$1.02 MCap (CDN\$ M) \$1,045.1 Target (CDN \$): \$2.20 Return: 69%

**Alpha:** Denison Mines is focused on becoming the preeminent exploration company in the Athabasca Basin. Following the sale of its U.S. assets, the Company has continued to expand its portfolio of strategic assets organically, and through strategic acquisition and investment in mainly in the eastern Athabasca Basin, Saskatchewan. Denison has a 22.5% interest in the McClean Lake mill.

**Investment Highlights**

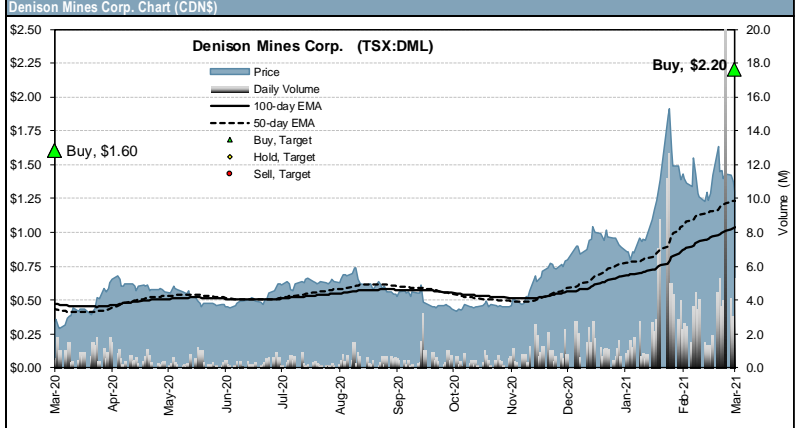
- Denison is focused on building on its diverse strategic asset base making up its portfolio of uranium development assets in Canada, led by its 90%-owned flagship Wheeler River Project in the eastern Athabasca Basin.
- In addition to the catalysts outlined below, Denison's 2021 programs will focus on further technical de-risking of ISR mining at Phoenix, including potential future field programs in support of a future FS / EA process. Progress with permitting / Environmental Assessment, including negotiations / agreements with Indigenous groups, issuance of draft EIS, etc. Initial discussions on project financing / commercial developments to support the funding of future construction. Exploration results – seeking satellite deposits at Wheeler River.

**Catalysts:**

**H1/2021** - Further technical work to de-risk the ISR mining approach to Phoenix at Wheeler River - including potential future field programs in support of a future FS / EA process

**2021** - PFS update or full Feasibility Study for Wheeler River integrating the extensive technical advancements made since the 2018 PFS.

**2021** - Exploration results – seeking satellite deposits at Wheeler River; and, Studies for other potentially ISR amenable projects similar to THT/Waterbury.

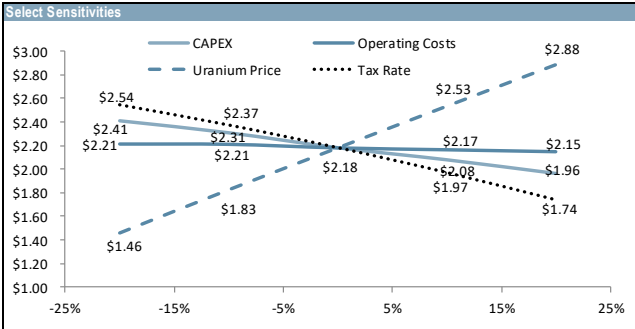


Financials					
(Year End 12/31)	2017	2018	2019	2020	2021e
Forecast U3O8 Spot Price, US\$/lb	\$22	\$25	\$26	\$29	\$39
Forecast U3O8 LT Contract Price, US\$/lb	\$31	\$31	\$32	\$32	\$46
C\$/US\$ FX Rate	1.35	1.33	1.33	1.34	1.28
A\$/US\$ FX Rate	1.38	1.38	1.45	1.45	1.33
Shares O/S, millions	559.2	589.2	597.2	679.0	803.9
<b>Revenue, C\$M</b>	<b>\$16.1</b>	<b>\$15.6</b>	<b>\$15.5</b>	<b>\$14.4</b>	<b>\$13.5</b>
Mine Site Expense	\$13.8	\$15.6	\$14.4	\$10.6	\$8.6
Corporate G&A	\$7.5	\$8.6	\$9.2	\$9.0	\$8.0
<b>EBITDA</b>	<b>(\$12.7)</b>	<b>(\$15.5)</b>	<b>(\$14.8)</b>	<b>(\$7.2)</b>	<b>(\$15.1)</b>
EV / EBITDA	-	-	-	-	-
DD&A	\$9.1	\$8.6	\$8.7	\$7.1	\$0.0
<b>Earnings</b>	<b>(\$19.6)</b>	<b>(\$30.1)</b>	<b>(\$18.1)</b>	<b>(\$15.4)</b>	<b>(\$13.6)</b>
Adjusted EPS, C\$	(\$0.04)	(\$0.05)	(\$0.03)	(\$0.03)	(\$0.02)
Current Price / EPS	-	-	-	-	-
Target Price / EPS	-	-	-	-	-
<b>Cash Flow Before W/C Changes</b>	<b>\$18.3</b>	<b>(\$21.3)</b>	<b>(\$21.1)</b>	<b>(\$13.2)</b>	<b>(\$13.7)</b>
CFPS, C\$	\$0.03	(\$0.04)	(\$0.03)	(\$0.02)	(\$0.02)
Current Price / CFPS	31.9x	-	-	-	-
Target Price / CFPS	54.0x	-	-	-	-
Operating Cash Flow, C\$M	\$17	(\$21)	(\$19)	(\$13)	(\$14)
Financing Cash Flow, C\$M	\$19	\$5	\$5	\$31	\$144
Investing Cash Flow, C\$M	(\$48)	\$36	(\$1)	\$0	\$0
Change in Cash, C\$M	(\$12)	\$20	(\$15)	\$17	\$129
<b>Working Capital</b>	<b>\$35</b>	<b>\$19</b>	<b>\$2</b>	<b>\$21</b>	<b>\$156</b>
Current Ratio	3.2x	2.5x	1.1x	2.8x	11.7x
LT Debt, US\$M	\$0	\$0	\$0	\$0	\$0
Debt as % of Capitalization	0.0%	0.0%	0.0%	0.0%	0.0%

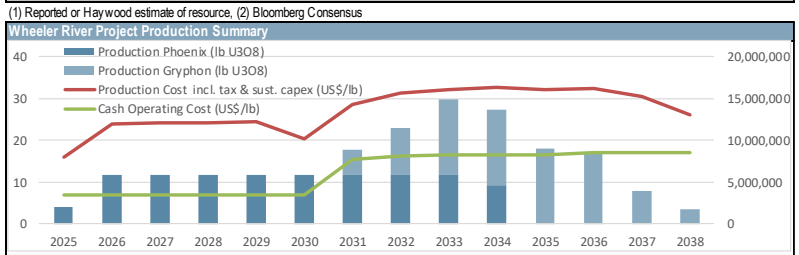
Trading Statistics (CDN\$); Capital Structure				
52 Week High/Low	\$2.29 / \$0.28	Average Daily Volume (90 day)	3,116,325	
<b>Ownership</b>	Management / Institutional	Major Shareholders		
Shares (million)	4.63	118.74	Beutel Goodman & Company Ltd. 2.7%	
% O/S	0.6%	16.4%	Old West Investment Management, LLC 2.2%	
<b>Last Financing</b>	22-Mar-21 US\$86.3 M - unit offering - 78.4M units at US\$1.10 - (each unit = 1 common share + 1/2 warrant X-price of US\$2.25 for 24 mths)			
Shares O/S - Basic, F.D.	803.9	872.6		
<b>(C\$M)</b>	Av Strike (C\$)	Units (M)	ITM Units (M)	Proceeds (C\$)
Working Capital	-	-	-	\$156
Options/Warrants	\$2.38	68.67	13.66	\$10
Convertible Bonds	-	-	-	-
Total NWC & ITM	-	68.67	13.66	\$166
Market Cap (C\$)	\$1,045			

NAV Summary, Target Generation and Sensitivity					
	Base	-20%	-10%	+10%	+20%
Average Realized U3O8 (US\$/lb)	\$65	\$52	\$59	\$72	\$78
McClean Lake/Midwest DCF (C\$M) (@6.0%)	\$88.5				
Wheeler River DCF (C\$M) (@6.0%)	\$1,485.9				
NPV of Corporate CF (@6.0%)	-\$29.1				
Total Project NAV - Net of Corporate CFs	\$1,515.4				
McClean Lake Mill 22.5% Value (C\$M)	\$150.0				
Canada - Waterbury, others (C\$M)	\$53.5				
Equity interest in Goviex (C\$M)	\$18.9				
<b>Corporate NAV Subtotal (CDN\$)</b>	<b>\$1,737.7</b>	<b>\$1,110.0</b>	<b>\$1,428.7</b>	<b>\$2,045.4</b>	<b>\$2,351.6</b>
Working Capital + Uranium Inventory (est. year end 2021)	\$155.6	\$155.6	\$155.6	\$155.6	\$155.6
Dilutive Capital	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
<b>Corporate NAV (CDN\$)</b>	<b>\$1,903.4</b>	<b>\$1,275.6</b>	<b>\$1,594.3</b>	<b>\$2,211.1</b>	<b>\$2,517.2</b>
Corporate NAVPS	\$2.18	\$1.59	\$1.98	\$2.75	\$3.13
Current P/NAV	0.6x	0.8x	0.7x	0.5x	0.4x
Target P/NAV	1.0x	1.0x	1.0x	1.0x	1.0x
<b>Target (CDN\$)</b>	<b>\$2.20</b>	<b>\$1.60</b>	<b>\$2.00</b>	<b>\$2.80</b>	<b>\$3.10</b>

Bloomberg Consensus Data (excluding Haywood estimates)		2021
OCFPS		(\$0.02)
EPS		(\$0.03)



Peer Group Comparables					
	Symbol	Price (C\$)	M.CAP C\$	EV US\$	EV / lb Res <sub>(1)</sub>
Denison Mines Corp.	TSX:DML	\$1.36	\$1,045	\$495.6	\$3.16
NexGen Energy Ltd.	TSX:NXE	\$4.39	\$2,060	\$1,201.8	\$3.45
Fission Uranium Corp.	TSX:FCU	\$0.60	\$340	\$205.7	\$1.52
UEX Corporation	TSX:UEX	\$0.32	\$145	\$96.3	\$0.97
<b>Average</b>					<b>\$2.27</b>



Sales & Production Profile					
	2025	2026	2027	2028	2029
Production Attrib. Wheeler River U <sub>3</sub> O <sub>8</sub> (Mlb)	2.0	5.9	5.9	5.9	5.9
Sales Attrib. Wheeler River U <sub>3</sub> O <sub>8</sub> (Mlb)	2.0	5.9	5.9	5.9	5.9
U <sub>3</sub> O <sub>8</sub> Realized Price, US\$/lb	\$65	\$65	\$65	\$65	\$65
U <sub>3</sub> O <sub>8</sub> Cash Cost, US\$/lb	\$7.0	\$7.0	\$7.0	\$7.0	\$7.0
U <sub>3</sub> O <sub>8</sub> Product Cost after tax & sust. capex, bff interest, US\$/lb	\$15.8	\$23.8	\$24.2	\$24.3	\$24.4

Corporate Contact	
Website:	www.denisonmines.com
Tel:	416-979-1991
CEO:	Colin Healey, MBA - Research Analyst
	emma.boggio@haywood.com 604-697-6166

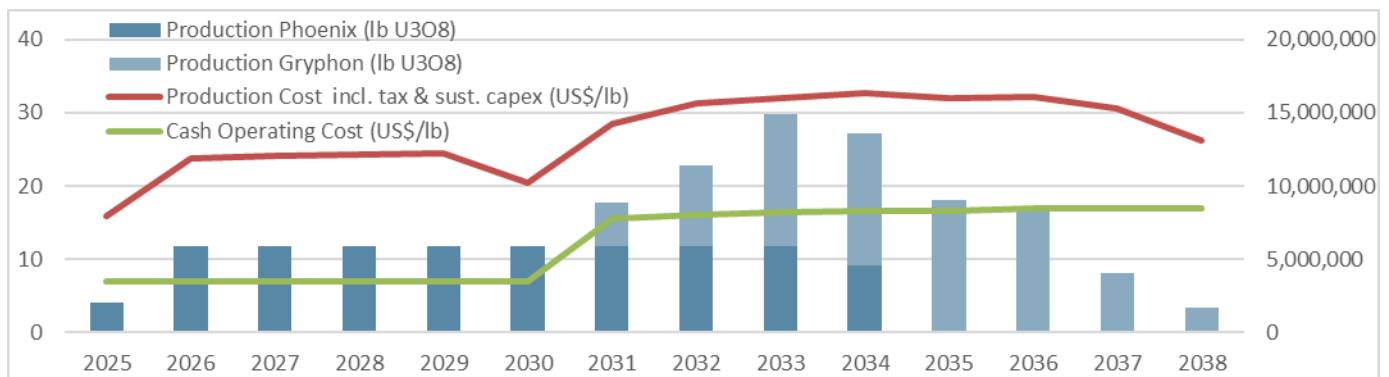


## Looking Ahead

Denison has just closed an US\$86.3 million financing with the specific focus of using the proceeds to acquire ~2.5 Mlb U<sub>3</sub>O<sub>8</sub>, in the spot market. The move makes sense in the context of Denison's current share price which has significantly outperformed uranium. With the move, Denison will add a significant investment in physical uranium at a fraction of the dilution it would have contemplated a year ago and adds a new dimension of flexibility to the story. Our long-term price forecast of US\$65/lb U<sub>3</sub>O<sub>8</sub>, and the ever-tightening supply/demand fundamentals in the uranium space suggest significant upside if DML procures the pounds near current spot market price indicators. In the future, Denison could liquidate the investment to raise capital for development of Wheeler River or use the inventory as a buffer to initial production if it signs future delivery commitments. The pounds could be used as security against future development capital or to add comfort to a potential off-take partner.

- ◆ **Financing to Invest.** On March 22<sup>nd</sup>, DML closed its previously announced US\$86.3 million bought deal public offering. The offering was comprised of 78.4M units at US\$1.10 per unit, including 10.2M units from the full exercise of the over-allotment option. The proceeds of the financing will be used to fund the strategic purchase of ~2.5 million pounds of uranium concentrates in the spot market, to be held as a long-term investment, as discussed above. The investment will support future development / advancement of the Wheeler River Project.
- ◆ **ISR field work continues in 2021:** Denison will install a 5-well ISR test pattern replicating a production injection/recovery well installation configuration using commercial-scale wells at the Phoenix deposit to "facilitate further hydrogeological evaluation and support the final production well design pattern, as well as refine cost estimates, while allowing for testing of further permeability enhancement options." DML expects to be in a position to carry out a lixiviant test in 2022 which will be a major milestone for the project and, if successful, highly de-risking from an ISR extraction feasibility perspective. DML says "[t]he 2021 field program is fully permitted, with all approvals received from the provincial government to commence work on site."
- ◆ **Continuation of metallurgical test work:** More lab work to replicate and confirm the ISR process flowsheet is planned. DML states that "studies are expected to include additional core leach tests followed by uranium bearing solution ("UBS") preparation, through column leaching, to allow for bench-scale tests planned to simulate each unit of operation in the process plant."
- ◆ **Advancement of engineering activities:** According to Denison, "[d]esktop and field investigations are planned to finalize specific Project details necessary for the EA and engineering inputs required to formally initiate the FS. Areas of investigation are expected to include site layout design and earthworks updates, electrical power studies, borrow pit investigation, geotechnical analysis, final ISR well designs and decommissioning plans."

Figure 1: Haywood Future Production Profile/Mining Concept for Wheeler River



Source: Denison Mines



## Valuation & Recommendation

### Maintaining Buy Rating on our 'Top-Pick'; Increasing Target Price to \$2.20 (from \$1.60)

- ◆ **Increasing target on reducing risk and sector-wide re-rating. We are increasing our target to \$2.20 (from \$1.60)** with this report, taking our project level DCF discount rate down to 6%. Valuations have significantly re-rated in the uranium sector. We view DML's Wheeler River project as highly likely to be developed in the future and is deserving of premium valuation. We have fully integrated the dilution impact of the recent financing and integrated the assumed physical uranium holdings into our "working capital" credit in Figure 2 in the NAV breakdown. We value the assumed 2.5 Mlb U<sub>3</sub>O<sub>8</sub> physical uranium holdings at current spot prices pending disclosure of acquisition cost, at which time, we would transition to our 12-month forward spot price assumption of US\$39. Denison says it will hold the physical uranium as a long-term investment, and once officially on the books, we will move it out of our "working capital" balance and make the adjustment, but as of now, it sits as cash. The main driver of our target price increase is the reduction in discount rate to 6% applied to our DCF NAV as the uranium sector has clearly rebased as the outlook for nuclear power and uranium continues to improve, with some of the best fundamentals from a supply/demand perspective, that we've seen in more than a decade.
- ◆ **Valuation – We value Our target** is based on a 1.0x multiple to our 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 \$1.9 billion, or \$2.18 per fully diluted share. **DML currently trades at 0.94x Consensus NAV and 0.59x Haywood NAV, where Athabasca Basin peers are currently trading at 0.90x consensus NAV.** See Figure 2 and Uranium Sector Comps on page 6.
- ◆ **Top Pick, Eastern Athabasca Uranium Explorer/ Developer:** We continue to highlight Denison as one of our top picks in the uranium mining sector in 2021. Denison has done an impressive job of redefining what its flagship Wheeler River project could be, especially with respect to the Phoenix deposit and the ISR mining approach it is developing. We believe the market is significantly underestimating the importance of the de-risking event of the recent 'freeze-wall' technical update on Phoenix and will gain the recognition it deserves over time. **Denison continues to be a 'top-pick' in the uranium space largely underpinned by our thesis that recent de-risking work at Wheeler River regarding the ISR mining approach to the ultra-high-grade Phoenix deposit is going under-appreciated by the market. We expect future work to demonstrate the viability of this low-cost mining approach and believe that it will translate into more positive movement in DML's share price.** Denison was highlighted in our Haywood 2021 Top Picks Report here [<Link to Haywood 2021 Top-Picks report. DML details on p.30>](#).

Figure 2: Valuation Breakdown

NAV Summary, Target Generation and Sensitivity	Base	-20%	-10%	+10%	+20%
Average Realized U3O8 (US\$/lb)	\$65	\$52	\$59	\$72	\$78
McClellan Lake/Midwest DCF (C\$M) (@6.0%)	\$58.5				
Wheeler River DCF (C\$M) (@6.0%)	\$1,485.9				
NPV of Corporate CF (@6.0%)	-\$29.1				
Total Project NAV - Net of Corporate CFs	\$1,515.4				
McClellan Lake Mill 22.5% Value (C\$M)	\$150.0				
Canada - Waterbury, others (C\$M)	\$53.5				
Equity interest in Goviex (C\$M)	\$18.9				
<b>Corporate NAV Subtotal (CDN\$)</b>	<b>\$1,737.7</b>	<b>\$1,110.0</b>	<b>\$1,428.7</b>	<b>\$2,045.4</b>	<b>\$2,351.6</b>
Working Capital + Uranium Inventory (est. year end 2021)	\$155.6	\$155.6	\$155.6	\$155.6	\$155.6
Dilutive Capital	\$10.0	\$10.0	\$10.0	\$10.0	\$10.0
<b>Corporate NAV (CDN\$)</b>	<b>\$1,903.4</b>	<b>\$1,275.6</b>	<b>\$1,594.3</b>	<b>\$2,211.1</b>	<b>\$2,517.2</b>
Corporate NAVPS	\$2.18	\$1.59	\$1.98	\$2.75	\$3.13
Current P/NAV	0.6x	0.8x	0.7x	0.5x	0.4x
Target P/NAV	1.0x	1.0x	1.0x	1.0x	1.0x
<b>Target (CDN\$)</b>	<b>\$2.20</b>	<b>\$1.60</b>	<b>\$2.00</b>	<b>\$2.80</b>	<b>\$3.10</b>

Source: Haywood Securities

### Recommendation

- ◆ **Attractive entry point as risk/reward proposition improving.** A core strength of Denison remains its ability to leverage its technical team and knowledge gained in studying ISR and its applicability to unconformity-hosted uranium deposits in the Basin. Denison continues to demonstrate this as it applies its growing in-house ISR skill set, unique in the Athabasca Basin, to another deposit, potentially unlocking value in a project that would otherwise likely require significant scaling to be economic by conventional mining techniques. We recommend buying Denison to gain leverage to the uranium sector and potentially ultra low cost future production from Wheeler River while Denison works to uncover additional value in its extensive portfolio of other projects. Following major global production cuts, the uranium market is in fundamental deficit. We believe key major global projects will remain offline until uranium prices climb, which will be a major catalyst for high torque names like Denison.





## Important Information and Legal Disclaimers

This report is intended for institutional investors and may only be distributed to non-institutional US clients in the following states: Alaska, Alabama, Arkansas, Arizona, California, Colorado, Connecticut, District of Columbia, Delaware, Florida, Georgia, Guam, Hawaii, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, Nevada, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Virgin Islands, Vermont, Washington, Wisconsin, West Virginia, and Wyoming. 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

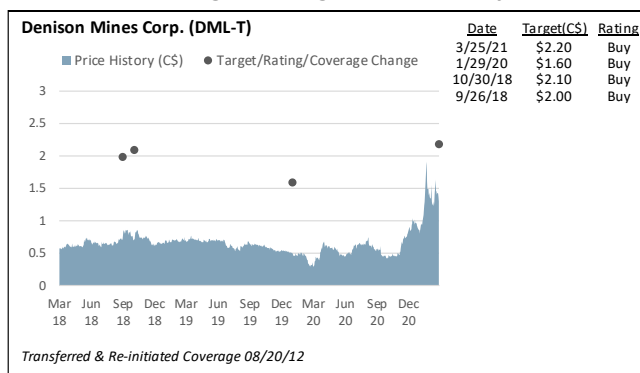
Of the companies included in the report the following Important Disclosures apply:

- ◆ Haywood Securities, Inc. has reviewed lead projects of Denison Mines Corp. (DML-T) and NexGen Energy Ltd. (NXE-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 managed or co-managed or participated as selling group in a public offering of securities for Denison Mines Corp. (DML-T) and NexGen Energy Ltd. (NXE-T) in the last 12 months.

### Distribution of Ratings (as of March 25, 2021)

	%	#	IB Clients (TTM)
<b>Buy</b>	79.8%	79	93.9%
<b>Hold</b>	6.1%	6	6.1%
<b>Sell</b>	0.0%	0	0.0%
<b>Tender</b>	1.0%	1	0.0%
<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>	13.1%	13	0.0%

### Price Chart, Rating and Target Price History (as of March 25, 2021)



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

