

Athabasca-Basin Developers (DML & NXE)

The Basin is Back! Positive Milestones on the Permitting Front

Event

Following a quiet last few months, the month of November brought renewed attention and interest to the Athabasca Basin. On back of achieving major permitting milestones, both Denison Mines (DNN, DML) and NexGen Energy (NXE) are on track to end the month of November by outperforming peers given monthly gains of +10.9% and +4.0% respectively (November 28 close). Given the historic Canadian Nuclear Safety Commission (CNSC) technical reviews for each respective project (Wheeler River and Rook I), on back of the positive reviews we increase our target NAV multiple (and as such corresponding price objectives) for each company.

Details

- **Denison Mines** – On November 25, Denison Mines announced that it filed a final Environmental Impact Statement (EIS) for the Wheeler River Uranium Project with the CNSC. This comes after completing the rigorous technical review portion of the federal Environmental Assessment (EA) approval process. The CNSC staff will now review Denison’s final EIS submission for acceptance and will prepare their recommendations to the Commission members who will sit on the panel for the project’s public hearing (expected early next year). A positive outcome from the hearing and ministerial sign-off will conclude the federal permitting process. On the Provincial level, permitting is expected to conclude in the next few months ahead. The final investment decision should come in mid 2025, then it will be on for an estimated 2 year construction period.
- **NexGen Energy** - On November 19 the CNSC provided to NexGen Energy formal confirmation that the company has successfully addressed all information requests received as part of the Federal technical review. Much like with Denison, the next and final steps in the Federal approval process include scheduling a Commission Hearing Date for the project, subject to which the CNSC will render an approval decision on the project. The wholly-owned Rook I project represents the largest development stage uranium project in Canada. With front end engineering (FEED) having already been completed in Q2/2024, when fully built and consistently producing over 20.0M lbs of uranium per year, NexGen will be one of the world's largest mining companies, for any commodity.

Conclusion

The timing of Wheeler River and Rook I coming online in ~2028 signifies a critical point in what we continue to see as material uranium deficit which will steadily grow into 2040. This deficit will be accentuated by steady demand growth at ~3% CAGR coupled with an increase in resource depletion in the years ahead. This all points to higher incentivized prices needed to fast track new projects. That said, though some of the deficit (projected to be as much as ~50M lbs by 2040) will be met by new secondary supply (global laser enrichment) and state backed projects (China and Uzbekistan), the need for new publicly backed projects such as Wheeler River and Rook I will be critical. Given the news, we increase our NAV multiple from 1.15x to 1.20x for Denison Mines and from 1.05x to 1.10x for NexGen Energy. As such, our 12-month price objectives increase to C\$5.60 (previously C\$5.25) and C\$17.30 (previously C\$16.45) respectively. The full details can be found [here](#):

Company Profile

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	Denison Mines
Ticker	DML, DNN

Current Price (C\$)	\$3.27
12-Mth Price Objective (C\$)	\$5.60
Potential Upside	+72.0%
Mkt Cap, Basic (C\$M)	\$2,860
EV (C\$M)	\$2,752

Shares O/S Basic (M)	892.47
1-Mth Return	+4.0%
3-Mth Return	+45.9%
YTD Return	+26.5%

Sector	Mining - Inventory
Sub-Sector	Uranium
Company	NexGen Energy
Ticker	NXE

Current Price (C\$)	\$11.78
12-Mth Price Objective (C\$)	\$17.30
Potential Upside	+46.5%
Mkt Cap, Basic (C\$ M)	\$6,580
EV (C\$ M)	\$6,671

Shares O/S Basic (M)	564.69
1-Mth Return	+10.9%
3-Mth Return	+43.9%
YTD Return	+26.5%

2-Year Stock Chart – DML



2-Year Stock Chart - NXE



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