CAPITAL MARKETS HAYWOOD

MARKET OUTLOOK

January 11, 2024

BEST IDEAS

2024 Top Picks

Last year was a strong year for U.S. equity indices with more moderate follow through in Canada. The S&P 500 was up 24% for the year while the Nasdaq jumped 54%, recouping losses from 2022 and lead by the magnificent seven. The TSX however was only able to post a gain of 8% in 2023. With inflation appearing to be settling down, banks have paused raising interest rates with speculation for potential rate cuts in the back half of 2024. A moderately lower U.S. dollar is likely to lead to a rise in commodity prices. With an uncertain macro environment, investors should be monitoring the health of the underlying economy, to assess whether we are indeed headed for a soft landing or a recession that is likely to create some volatility over the course of the year as we get more visibility on the health of the economy. A declining interest rate environment in H2/24 could be supportive of small-cap stocks. In this report we highlight our top picks for 2024 that we believe have the opportunity to outperform their respective peers across the various sectors that we cover.

TOP PICKS

ENERGY

- In general, we don't see a step back in overall outlooks for Canadian E&P models, that continue to emphasize capital restraint, FCF generation, operational execution, shareholder returns and sustainability. What's more, with 10% shareholder yields (dividend + buyback) at current forward commodity prices, there is plenty of margin of safety as we jab and duck through the swings of volatility, which have historically offered windows of opportunity for investors. Energy also sits on the right side as an effective hedge against geopolitics which we need to remain vigilant about.
- Our Top Energy Picks are **Headwater Exploration and Lycos Energy.**

MINING

- Gold prices also look poised to move higher in 2024, the producers pay excellent dividends, with the yields for the senior producers ranging from 2% to 5% yields, and the dividend payouts well supported by operating cash flow. On the base metals we expect slow growth in 2024 but remain cautiously optimistic the stocks can recover. The weaker US dollar will help non-US economies grow, and benefit base metals. With spot uranium sitting at a 16 year high, the market appears to be discounting the current spot rally, especially within the earlier stage assets. If uranium prices sustain current levels for longer duration, we expect equity valuations to re-base to be more reflective of the current commodity price, representing potential upside beyond our targets for our top picks.
- Our Top Mining Picks heading into 2024 are **Equinox Gold Corp., Arizona Sonoran Copper Company, Denison Mines Corp., and NexGen Energy.**

SPECIAL SITUATIONS/TECHNOLOGY

- While we believe that federal cannabis reform is a when not if issue, developments at the state level present growth opportunities in 2024 and beyond. There are several states that are still in the infancy of rolling out commercial markets, others in the process of implementing new markets, and a few with the prospect to pass some form of legalization in 2024. Cannabis stocks continue to trade at an attractive valuation relative to S&P 500 and major CPG alcohol businesses.
- At a high level, YTD through October 2023, USA has generated US$54.4B in GGR (+9.6% growth), according to the American Gaming Association. The high growth areas of sports betting and iGaming grew 50.8% and 23.1%, respectively. We look for continued online gambling regulatory movement in 2024, further supporting overall growth rates and expect the segments of sports betting and iGaming to continue leading growth.
- Our Special Situations / Technology Top Picks are **Bragg Gaming and Green Thumb Industries.**

RESEARCH TEAM

ENERGY

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MINING

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SPECIAL SITUATIONS/TECHNOLOGY

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ENERGY

2024 Starts Pretty Much Where 2023 Ended with Low Expectations and Definitely More Skeptics than Optimists, but Therein Lies the Opportunity.

A notable lack of fundamental catalysts would be a good way to describe the oil market sector at the moment. Notwithstanding the latest conflict escalation in the Middle East, crude prices have begun 2024 on a relatively downbeat footing, reenforcing complacency about the sector across all outcomes beyond a significant disruption in crude flows and mega tech implosion. As for the former, the complacency likely stems from OPEC spare capacity reaching high levels in 2023. High levels of spare capacity could suggest less sensitivity to real disruptions in supply and a price (beyond initial price spikes) that does not incorporate a rising risk premium. Macro-wise, despite middling economic forecasts (the hopeful prospect is that this leads to the potential for some uplift as the year progresses), demand trends are not flashing red, and while China's economic story remains playing in the background, overall consumer spending is ticking along, making it harder to make a case for a '24 major slowdown. All the while OPEC+ is working hard to support the front-end of the curve with aims to make shorting the oil market less palatable. While we have seen some improvement (mostly at the margin) on the latter, the former continues to remain in contango (a bearish indicator) and despite balance sheets continuing to de-lever at a healthy clip and strong cash returns to shareholders, it is becoming more apparent that the macro (and oil prices…and sentiment) will be needed to drive a stronger bull case for energy stocks in 2024. All this leaves one confused at a time when industry heads back to the office (post enjoying a few weeks of not so quiet time away). The calendar suggests the next few months should provide some additional clarity (1Q OPEC cuts/ME tensions/economic trajectory/the cadence of interest rate cuts, and the pace of US oil supply growth – let us know if we missed anything) as to what we have to work with in 2024. Until then, we believe the balance of drivers remain more positive than negative, and still think longer term capital flows into the sector should be encouraged, not discouraged – particularly given sentiment for both the commodity and stocks feels like they are near lows.

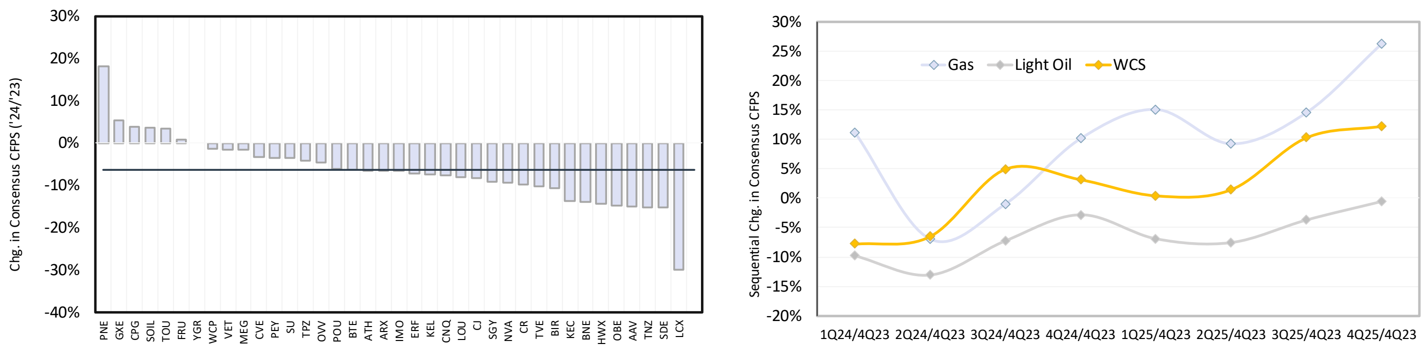
The near-term thesis for natural gas is tested in 1Q24; 2025+ positive thesis remains intact. The bullish deferred natural gas thesis does not need to be repeated here, but the combination of upstream constraint, and a view towards long-term structural demand growth (largely LNG exports) are key elements. Timing is everything on this trade and weather again has been unhelpful – creating a headwind for seasonal withdrawals and keeping storage at near 5-year highs to start the 2023/24 winter season. Encouragingly, the ever important 8-14 day temperature outlook is for below normal conditions and have been price supportive. Though current conditions are not out of the ordinary for this time of year, it has caught an overly bearish market by surprise which has driven a combination of speculative buying and short covering as prices got a bit too depressed. Price direction from here will be dependent on weather through the balance of 1Q and at least the NAM natural gas markets have an easy YoY compare. Colder temperatures should tighten balances over the next few weeks and if temperatures remain cold through February this would amplify the underlying price support event, extending it further into heating season (though we believe the long-awaited cold may have pulled forward some of this price strength). As we get through this winter focus will begin to shift towards structural growth in demand that will come from LNG export growth. However, until then loose market conditions are expected to persist for most of the year and with the delay in Golden Pass LNG there is the risk that notable price improvements do not materialize until 2025. Nevertheless, the forward curve is favourable, with NYMEX December '24 gas contracts trading at a 25% premium to front-month.

Key E&P Themes

- **Improvement in FCF offers optionality but incremental moves from here will be infrequent.** The sector's ongoing focus on capital restraint, improved capital efficiencies, and supportive benchmarks should aid in FCF generation. While we believe there is still more upside capacity for producers to return incremental cash to shareholders in 2024, and that dividend/buy back announcements will be encouraged and rewarded, we also believe that major cash return catalysts to have largely played out, and the incremental moves from here (buybacks, large dividend bumps) will be fewer and far between in 2024. As the novelty of cash returns begins to wane, we see RoC strategies as becoming less of a differentiation factor to drive individual alpha but still an important value proposition lever for the stocks.
- **Canadian egress catalysts on the horizon**. The TMX is scheduled to be fully operational in late 1Q24 which will be the first major new piece of Western Canadian oil egress capacity to impact the market in the better part of a decade and should drive structurally tighter WCS differentials, an important tailwind for medium/heavy oil producers into 2024. In addition, phase 1 of LNG Canada (~1.8 Bcf/d) is set to be commissioned in 2025. The owners collectively hold adequate volumes to supply the entirety of phase 1, but any expansion would likely double the demand for natural gas and be the impetus for new investment capital/M&A in NEBC. Pricing will be a strategic aspect and given the security of supply that western Canadian producers can offer at a time of rising geopolitical risks, this may translate into a price advantage for natural gas producers.

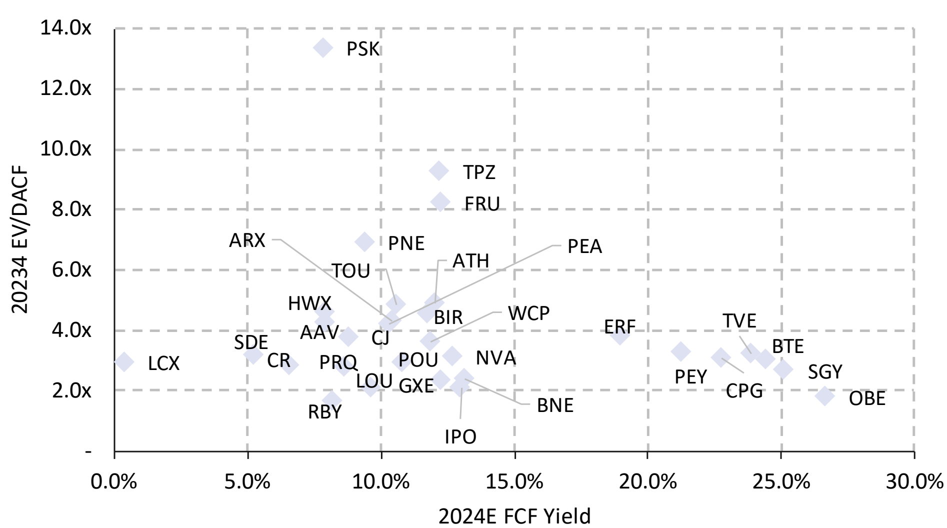
- **M&A wave will continue**. 2023 was an active year for consolidation as producers looked to add quality locations and extend asset duration. With organic growth sidelined by investors, we believe M&A continues to screen as the best way to bulk up, though strategic fit, price, the number of undrilled locations and synergy potential (i.e. lower proforma break-even prices) should drive market reaction. Similar to last year, we believe the Montney, the Duvernay, the Clearwater, and the Mannville will be key plays for consolidation in 2024 as operators emphasize asset concentration over regional diversification. Importantly, low natural gas prices may loosen up the market and allow more M&A in the Deep Basin. Names like CR, KEL, LGN, SDE could be takeover candidates within the next 24 months.
- **How are forward looking CFPS estimates shaping up?** As the chart on the left below illustrates, the Canadian upstream CAL24 CFPS revision momentum have been mostly negative since the beginning of 4Q23, coinciding with lower forward price curves for oil and natural gas prices. The highest impact within the group (perhaps surprisingly) comes through the heavy oil trade. Meanwhile, the chart on the right shows that the sequential change in consensus CFPS from 4Q23 for the gas group descends through 2H24 before ascending in 3Q24 through 2025, reflecting the improvement in fundamentals given the rise in export demand that is expected to take place over this period.

CFPS Consensus Estimate Revisions



Source: FactSet, Haywood Securities Inc.

2024 EV/DACF and FCF Yields



Source: FactSet, Haywood Securities Inc.

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HAYWOOD CAPITAL MARKETS

Headwater Exploration Inc.

(HWX-T)

SECTOR: Energy

STOCK PRICE	$5.99
RATING	BUY
TARGET PRICE	$9.50

TOP DOMESTIC OIL PICK

A Two-Way Producer Exceling at Both Offense and Defense

OUR TAKE: Headwater remains a top idea in 2024. Our constructive stance on the company's outlook stems from its capable management team, and strong Clearwater development and exploration successes. We expect the focus on FCF, and its allocation will remain at the forefront for investors, with our forecasts pointing to a near doubling of FCF in 2024, providing the ability for investors to reap expanded cash returns via dividend growth assuming a constructive commodity backdrop. Should the macro decline, the company is well positioned to navigate this with a net cash position and reasonable capex needs. With more exploration successes, continued positive waterflood response, meaningful exposure to non-Clearwater exploration acreage, and FCF/balance sheet strength, there is a lot to like which we believe will keep investors encouraged.

KEY HIGHLIGHTS

- **2024 outlook implies 11% volume growth**. HWX's 2024 budget outlined a capital outlook of $180 MM, split between maintenance/growth capital of $135 MM; exploration capital of $20 MM and $25 MM towards waterflood initiatives to moderate decline rates. The program is expected to drive average production of 20,000 boe/d with growth capex weighted to 2H to align with the expected timing of TMX with 4Q production expected to reach 20,500 boe/d (representing 4% exit-to-exit). At US$70 WTI and ~US$16 WCS differentials, HWX expects to generate $275 MM in funds flow, or a 66% plowback ratio (capex as a % of cash flow) versus SMID cap peers at 70%.
- **Focus on Execution.** HWX remains laser focused on execution, whether that be its 2024 operational targets, adding incremental prospects through low-cost strategic land acquisitions and accretive M&A, or shareholder friendly initiatives via dividend growth. Operations-wise, with a large land base, this year the Company will work through an active program including 60 Clearwater development wells, 12 multi-leg injection wells, and 10 exploration wells across the Clearwater and non-Clearwater lands. Strong exploration successes at West Nipisi/Greater Peavine and West Marten Hills have expanded commercial acreage which will continue to be developed in 2024. HWX has also been quietly accumulating land outside of the Clearwater, adding 141 net sections of non-Clearwater acreage with multiple oil-prone prospects. Though the team has not disclosed this acreage, HWX plans for 5-7 exploration wells in 2024, which will be incremental to the value proposition and inventory runway.
- **Free cash flow inflection**. In 2024, with production growth expected to moderate to 11% from a 2-year CAGR of 21%, we see a significant ramp-up in FCF to $95 MM (7% FCF yield) at STRIP. We forecast 2024 net cash of $130 MM, which provides significant financial flexibility to either support the base dividend, pursue additional acquisitions, and/or accelerate shareholder returns.
- **Relative valuation.** On our 2024 estimates, at STRIP HWX is trading at 5x DACF, a 1.2x turn premium to the SMID-cap average but below the 3-year average of 6.7x. We believe a premium is warranted given managements track record of delivering above-average growth, its net cash position, and solid exploration/development successes.

RECOMMENDED ACTION

Recommend building a position in this differentiated investment opportunity

- **Maintaining our Buy rating and Target Price of $9.50/sh.** Our target price maps to a 2024E EV/DACF multiple of 6x at our price deck.
- We continue to see HWX as offering investors a balanced value proposition with a strong self-funded growth profile, a pristine balance sheet, fixed dividend, and exploration and waterflood upside.

PROJECTED RETURN	59%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$4.00	$5.99	$9.50
↓33%		↑59%

KEY STATISTICS AND METRICS

52-Week High/Low	$7.79 / $5.41
YTD Performance	-4%
Dividend Yield	6.7%
Shares O/S	235.3 MM (basic)
Market Capitalization	$1,409 MM
Net Debt 3Q23	-$36 MM
Enterprise Value	$1,374 MM
Daily Volume (3 mos.)	540,000
Currency	C$ unless noted

HAYWOOD ESTIMATES (CAD)

	2022A	2023E	2024E
Production (boe/d)	12,841	18,000	20,500
% Oil	89%	91%	93%
CAPEX - E&D (MM)	$245	$235	$180
Cash Flow (MM)	$280	$307	$324
CFPS (fd)	$1.21	$1.29	$1.37
D/CF	-0.4x	-0.3x	-0.4x
EV/DACF	5.2x	4.5x	4.0x
EV/BOE/D	$111,669	$74,720	$63,171

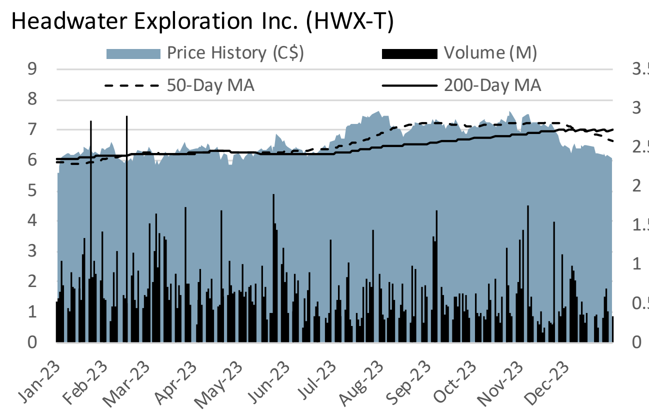
VALUATION

At STRIP - HWX currently trades at a 2024E EV/DACF multiple of 5x versus peers at 4x.

INVESTMENT THESIS

HWX continues to offer direct exposure to the Clearwater where it continues to deliver solid results in the core Marten Hills as well as strong delineation drilling at West Nipisi and Marten Hills West where well results have been strong and pool/resource boundaries have been expanding. A focus is the FCF inflection point coming in 2024 where the set up shows a significant increase in excess cash flow available for shareholders or to further pad liquidity. Finally, the Company has accumulated 141 net sections of oil-focused exploration acreage targeting multiple plays outside of the Clearwater, with multiple wells targeted for 2024, providing the potential for significant inventory expansion.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of $9.50 per share is based on a 2024E EV/DACF multiple of 6x on our deck.

DOWNSIDE CASE

Our downside case of $4.00 per share is based on a 2024E EV/DACF multiple of 2.0x on our deck.

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.

KEY RISKS

- **Appetite for smaller producers in the energy space is limited at this time.** Investors are focusing on large cap E&Ps for oil-exposure given the stronger relative liquidity and sharper visibility to generating cash flow and shareholder returns. However, what sets HWX apart, and the reasons why we think investors could move down market for energy exposure, include the Company's best-in-class balance sheet and managements' track record of creating value for shareholders, which significantly reduces the risk profile relative to its market capitalization.

Company Profile

Headwater Energy Inc. is a Canadian oil and gas producer that has laid out an ambitious strategy to build a sustainable, owners focused E&P revolving around FCF, earnings, and timely return of capital to shareholders. The Company was formed through a reorganization of Corridor Resources Inc. in March 2020 and a concurrent private placement of $50MM.

Company Website

www.headwaterexp.com

Key Management

Jason Jaskela (CEO)

Brad Christman (COO)

Terry Danku (VP Engineering)

Jonathan Grimwood (VP Exploration)

Ali Horvath (VP Finance)

Scott Rideout (VP Land)

Headwater Exploration Inc.

www.headwaterexp.com

STOCK DATA	
52-week High-Low (C$)	$7.79 - $5.41
Shares Outstanding (MM)	235.3
Net Debt Q3/23 (MM)	-$36
Market Cap. (MM)	$1,409
Enterprise Value (MM)	$1,374

PRODUCTION	2021A	2022A	2023E	2024E
Oil & NGL's (bbls/d)	6,668	11,468	16,452	18,963
Nat. Gas (mcf/d)	4,352	8,240	9,288	9,225
Boe/d (6:1)	7,393	12,841	18,000	20,500
% Oil + NGL	*90%*	*89%*	*91%*	*93%*
Production growth	738%	74%	40%	14%

PRICING	2021A	2022A	2023E	2024E
Crude Oil WTI (US$/bbl)	$67.78	$94.27	$79.34	$85.00
Edmonton Light (C$/bbl)	$68.91	$97.41	$84.97	$87.08
Nat. Gas NYMEX (US$/mcf)	$3.72	$6.52	$2.75	$3.50
AECO (C$/mcf)	$0.00	$5.41	$2.74	$3.10
Realized Oil & NGL's ($/bbl)	$68.68	$94.77	$82.53	$77.52
Realized Nat. Gas ($/mcf)	$7.18	$10.60	$4.22	$4.03
Corporate Realized Sales ($/boe)	$66.55	$91.74	$77.61	$73.52

NETBACKS ($/boe)	2021A	2022A	2023E	2024E
Revenue	$66.55	$91.74	$77.61	$73.52
Hedging	$0.35	$0.01	$0.98	$0.59
Royalties	$9.61	$18.17	$13.26	$11.03
Operating & Trans. Costs	$12.18	$10.21	$12.53	$12.86
Field Netback	$45.11	$63.37	$52.81	$50.22
Cash Netback	$43.72	$59.68	$45.11	$43.31

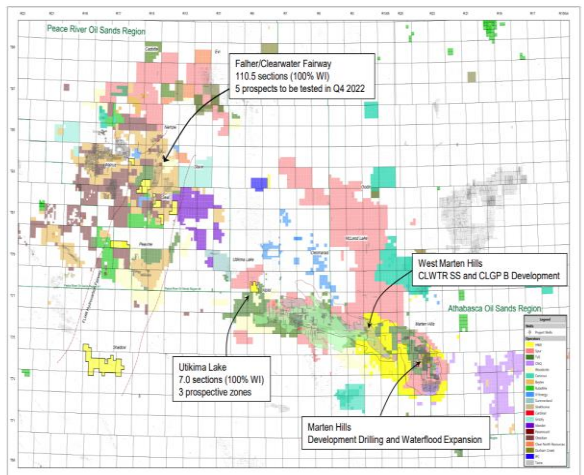
FINANCIALS	2021A	2022A	2023E	2024E
Funds Flow (MM)	$118	$280	$307	$324
CFPS - diluted	$0.55	$1.21	$1.29	$1.37
E&D Capex (MM)	$140	$244	$235	$180
Capex - Net A&D (MM)	$139	$247	$235	$180
Net Debt (MM)	-$93	-$105	-$78	-$121

PAYOUT ANALYSIS	2021A	2022A	2023E	2024E
Dividends (DPS)	$0.00	$0.00	$0.40	$0.40
Annual Dividend (MM)	$0	$0	$94	$94
Basic Payout	0%	8%	31%	29%
Total Payout	119%	96%	109%	85%
Net Payout	119%	87%	109%	85%

VALUATION	2021A	2022A	2023E	2024E
P/CF	7.9x	5.4x	4.6x	4.4x
EV/DACF	7.4x	5.2x	4.5x	4.0x
Net Debt / CF	-0.8x	-0.4x	-0.3x	-0.4x
EV/BOE/D	$116,996	$111,669	$74,720	$63,171

Rating	**Buy**	**Target Price**	**$9.50**
Current Price	**$5.99**	**Return to Target**	**59%**
Dividend Yield	**6.7%**	**Implied Total Return**	**65%**

AREAS OF OPERATIONS



RESERVES (MMboe)	2020A	2021A	2022A	% Liquids
Engineer: GLJ				
Proved	9.5	15.7	21.1	82%
Probable	3.6	8.1	13.2	
Total	13.1	23.8	34.3	84%
PDP/2P	38%	41%	48%	
FD&A - Proved (incl. FDC)	$26.89	$20.43	$24.70	
FD&A - P+P (incl. FDC)	$18.87	$13.92	$20.38	

MANAGEMENT	DIRECTORS
Jason Jaskela (CEO)	Neil Roszell
Brad Christman (COO)	Jason Jaskela
Jonathan Grimwood	Kevin Olson
Ali Horvath	Chandra Henry
Scott Rideout	Stephen Larke
Terry Danku	Dave Pearce
Dieter Deines	Phillip Knoll
Georgia Little	Kam Sandhar
	Elena Dumitrascu
	Devery Corbin

SHARE OWNERSHIP [1]	Basic	FD
Management and board	10%	19%

(1) as per Sedi

Source: Company Reports, and Haywood Securities

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CAPITAL MARKETS
HAYWOOD

Lycos Energy Inc.

(LCX-V)

SECTOR: Energy

STOCK PRICE	$3.32
RATING	BUY
TARGET PRICE	$7.50

TOP DOMESTIC OIL PICK

Setting a Higher Bar

OUR TAKE: Lycos ticks the boxes for what we believe are two important investment characteristics of a successful operator; strong management execution and an inventory of high-quality drilling locations. The Company has established a well-defined inventory, and importantly an undeveloped land base that will underpin above average growth rates for the next few years (all self-funded). Multi-lateral activity is accelerating in the Mannville, and we believe LCX has emerged as a leader in the application of multi-lateral and fishbone style wells, and with stacked potential in up to 6 formations, the upside is material. In addition, the companies trade at a reasonable valuation of 4.1x EV/'24E DACFs at STRIP. While a smaller cap and lower liquidity name, execution suggests a broader audience is warranted.

KEY HIGHLIGHTS

- **Strong technical acumen validating the thesis.** The Company has validated the potential of its undeveloped land base with flow rates supporting the technical thesis in utilizing the fishbone and multilateral well design across its platform. Notably, we have observed an improvement in productivity over time as the team continues to deploy a variety of fit-for-purpose well designs based on localized geology, fluid and surface considerations, and to overall optimize the strategy. Extended reach fishbone wells (including two sweeper fishbone wells of 17 km and 20 km of drilled reservoir respectively) have shown substantially higher rates (IP25 375 boe/d) than shorter fishbones (IP30 ~160 boe/d on average), without a material increase in well costs ($2 MM for sweeper wells vs. $1.6 MM for shorter fishbones). We see potential for similar profitable productivity improvements across the platform and ultimately believe the market will soon begin to better appreciate the running room (and associated economics) associated with the Company's assets and how they are poised to transform growth, and cash flow, with a view towards > $12/share in unrisked, undiscounted (bluesky) value.
- **Defined inventory supports medium-term outlook**. Management has outlined 219 risked prospective drilling locations within its heavy oil portfolio with about 90% (182 locations) of those locations expected to generate well payouts w/in 12 months with a weighted-average NPV10 of around $4 MM – at commodity prices that approximate strip. The Mannville has been delineated with vertical drilling development for decades so remains in the mature stage and as such has a lower risk profile, that we expect will continue to be revitalized with multi-lateral drilling and we view LCX as well positioned to benefit from this acceleration.
- **2024 outlook.** We view the above characteristics as providing the launch pad for self-funded growth and estimate that the company will grow production to 5.3 mboe/d in 2024 from 3.0 mboe/d in 2023 (29% DAPPSG) with a 2024 capital program of $65 MM that is funded by $63 MM in cash flow at STRIP/$76 MM on our deck. With a recently expanded (unutilized) $50 MM credit facility and cash flow break-even '24 program, LCX has the financial flexibility to pursue further inventory expansion through M&A.

RECOMMENDED ACTION

Recommend buying this differentiated heavy oil producer

- **We are maintaining our Buy rating and $7.50 target price.** The LCX business model continues to tick along here, with the recent drilling successes reaffirming the company's positive operational momentum.

PROJECTED RETURN	126%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$2.00	$3.32	$7.50
↓40%		126%

KEY STATISTICS AND METRICS

52-Week High/Low	$4.96 / $3.12
YTD Performance	1%
Dividend Yield	n/a
Shares O/S	53.1 MM
Market Capitalization	$175 MM
Net Debt (4Q23E)	0 MM
Enterprise Value	$176 MM
Daily Volume (3 mos.)	35,000
Currency	CAD

HAYWOOD ESTIMATES (CAD)

	2022A	2023E	2024E
Production (boe/d)	1,006	3,030	5,250
% Oil	99%	99%	99%
CAPEX - E&D (MM)	$10	$55	$60
Adj. FF (MM)	$6	$33	$76
Adj. FFPS (fd)	$0.06	$0.61	$1.26
D/CF	-10.1x	0.0x	-0.2x
EV/DACF	28.2x	4.0x	2.3x
EV/BOE/D	$154,851	$43,474	$33,284

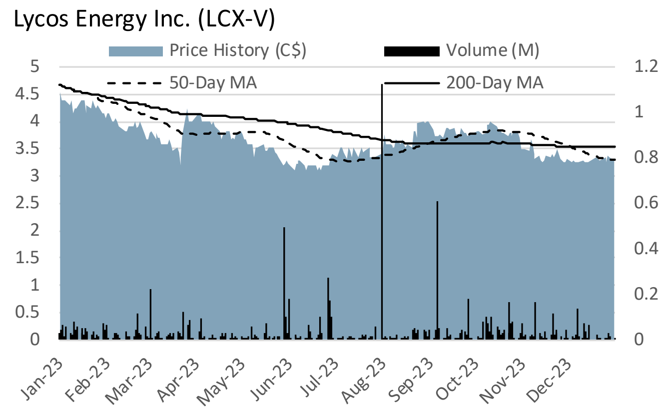
VALUATION

At STRIP - LCX currently trades at a 2024E EV/DACF multiple of 4.1x versus peer consensus at 4.0x.

INVESTMENT THESIS

We believe LCX has identified a unique business; namely, with a seasoned and aligned management team and board, the Company has outlined a differentiated strategy and has assembled an asset base that will serve to underpin sustainable returns and value (with material upside) through an advanced (but low risk) development and optimization model. The strength of the base business is compounded by a high propensity to acquire and assemble a dominant position in high-return conventional oil plays with large OOIP and low-recovery factors that can be unlocked with a new generation of heavy oil redevelopment technology.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of $7.50 is based on a 50/50 weighting of 4.5x 2024 EV/DACF and 1.0x our heavily risked NAV estimate and maps to a 6x implied target multiple.

DOWNSIDE CASE

We have a downside scenario for LCX's shares at $2.00 per share which is based on a 2024E EV/DACF multiple of 1.5x on our price deck.

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.

KEY RISKS

- **Challenges in the M&A market.** Part of the Company's core strategy is to purchase producing assets and/or undeveloped assets. While LCX has been able to successfully execute on this strategy in the past, there is no guarantee that it can be replicated, and the ability to identify and acquire assets that are both accretive to current valuation as well as providing inventory upside could prove challenging.
- **Variable drilling program results.** LCX's development program and future development success are highly dependent on successful fishbone and multilateral drilling results in core regions. While early results have been positive, longer-term production data is still limited. If actual results differ relative to expectations, the wider application of the fishbone well design across the heavy oil fairway could prove to be uneconomic, which could adversely impact the Company's stock price.
- **High operating costs.** LCX has higher operating costs relative to its peers due to 1) higher inactive well count, 2) higher water cut, and 3) the mature nature of its assets (higher workover and maintenance costs).

Company Profile

Lycos Energy Inc. is a Canadian oil-focused, exploration, development, and production company that was formed through the business combination of Chronos Resources Ltd. and Samoth Oilfield Inc. in conjunction with non-brokered private placements for aggregate proceeds of $65 MM. The Company's operations are focused on its core areas of Lloydminster (AB/SK) and Gull Lake (SK).

Company Website

www.lycosenergy.com

Key Management

Dave Burton (CEO)
Kyle Boon (COO)
Lindsay Goos (CFO)
Jamie Conboy (VP, Exploration)
Barret Henschel (VP, Production)
Jeff Ridout (VP, Land)

Lycos Energy Inc.

www.lycosenergy.com

STOCK DATA			
52-week High-Low (C$)			$4.96 - $3.12
Shares Outstanding (MM)			53.1
Net Debt 4Q23E (MM)			$0
Market Cap. (MM)			$176
Enterprise Value (MM)			$176

PRODUCTION	2022A	2023E	2024E
Oil & NGL's (bbls/d)	996	3,011	5,198
Nat. Gas (mcf/d)	62	115	315
Boe/d (6:1)	1,006	3,030	5,250
% Oil	*99%*	*99%*	*99%*

PRICING	2022A	2023E	2024E
Crude Oil WTI (US$/bbl)	$94.27	$79.34	$85.00
WCS (C$/bbl)	$97.41	$84.52	$93.00
Nat. Gas NYMEX (US$/mcf)	$6.52	$2.75	$3.50
AECO (C$/mcf)	$5.41	$2.74	$3.10
Realized Oil & NGL's ($/bbl)	$85.88	$73.85	$79.13
Realized Nat. Gas ($/mcf)	$5.16	$2.26	$2.73
Realized Wellhead ($/boe) [1]	$85.51	$62.75	$76.07

NETBACKS ($/boe)	2022A	2023E	2024E
Revenue	$85.51	$62.75	$76.07
Hedging	$0.00	-$10.73	-$2.44
Royalties	$13.85	$9.77	$10.99
Operating & Trans. Costs	$48.42	$25.33	$22.80
Field Netback	$23.25	$16.92	$39.84
Cash Netback	$16.03	$12.17	$37.34

FINANCIALS	2022A	2023E	2024E
Adjusted Funds Flow (MM)	$6	$33	$76
Adj. Funds Flow - diluted ($/sh)	$0.06	$0.61	$1.26
E&D Capex (MM)	$10	$55	$60
Capex - Net A&D (MM)	$10	$128	$60
Net Debt (MM)	-$56	$0	-$17

VALUATION	2022A	2023E	2024E
P/CF	9.5x	5.4x	2.6x
EV/DACF	28.2x	4.0x	2.3x
Net Debt / CF	-10.1x	0.0x	-0.2x
EV/BOE/D	$154,851	$43,474	$33,284
P/NAVPS			
EV/boe P+P			

Rating	Buy	Target Price	$7.50
Current Price	$3.32	Return to Target	126%

AREAS OF OPERATIONS

RESERVES (mmboe)	2022A	% Liquids
Engineer: McDaniel		
Proved	3.9	99%
Probable	3.6	
Total	7.5	99%
Proved/2P	52%	

MANAGEMENT	DIRECTORS
Dave Burton	Kevin Olson
Lindsay Goos	Ali Horvath
Jamie Conboy	Bruce Beynon
Kyle Boon	Geri Greenall
Barret Henschel	Kel Johnston
Jeff Rideout	

SHARE OWNERSHIP	BASIC
Management & Board	14%

Note: 1) Realized price is net of blending costs

Source: Company Reports, and Haywood Securities

MINING

Precious Metals

Gold Price Hits an All-Time High in 2023….and Stocks are Still Trading at a Discount

Gold Price Remains Strong – Gold closed the year at ~US$2,070 per ounce, close to the all-time intra-day high in Asia of US$2,144 per ounce in early December. Gold was up 12.2% in 2023, and up ~60% over the last five years and almost 400% over the last 20 years. Silver prices were basically flat in 2023, but have rallied sharply since October, up 8.3%, while gold over the same period is up 10.1%. Treasury yields have moderated and are expected to decline slightly in 2024, which would provide additional support for gold and silver. The commercial short position in gold has been elevated since the October rally started, and some of these commercial dealers must be feeling the pinch from higher gold prices.

Central Bank Buying Offset by ETF Selling in 2023 – Central banks continue to add gold to their holdings, adding 288 tonnes in 2023, to the end of November. ETF sales in 2023 were 231 tonnes, and we expect ETF selling will slow down as gold holds recent price gains.

Gold Remains Strong but the Stocks Continue to Underperform – Since October 1st, when gold was US$1,847 per ounce, the GDX and GDXJ indexes have roughly matched the gold price appreciation, which was a significant improvement over the performance in 2023, when gold was up 11%, the GDX was down 3% and the GDXJ was down 6%. Gold shares continue to trade at discounted valuations, with the senior producers trading at an average of 7.5x consensus EV/2024 CFPS, the intermediate producers at 4.8x and the junior producers at 4.6x. P/NAV valuations are also at low multiples, with these three groups trading at 1.06x, 0.74x and 0.6x NAV respectively. Historically, multiples were in the 10-15x EV/CFPS and 1.0-1.5x NAV, and we expect these valuation gaps to diminish at current gold prices. Gold prices also look poised to move higher in 2024, the producers pay excellent dividends, with the yields for the senior producers ranging from 2% to 5% yields, and the dividend payouts well supported by operating cash flow.

Bases Metals

Coming off a tough year for developers…The year 2023 was lackluster for producers (S&P/TSX Base Metals index was just +1% in 2023), making base metals among the underperforming indices last year, in the context of the S&P/TSX which registered a gain of 7.4%. Most explorers and developers struggled (companies we track averaged -9% in 2023), reflecting a reluctance of the market to back companies with no cash flow and a long path to production. Looking ahead to 2024, we are cautiously optimistic for these stocks to recover.

Slow growth expected for 2024, but we are optimistic. Economic growth will slow in 2024, but we believe the global economy will remain resilient. Consensus (World Bank, IMF, United Nation, the Conference Board, and OECD) is projecting global GDP growth to slow from 2.6% in 2023 to 2.4% in 2024, improving to 3% in 2025. Despite the slowdown, the consensus is for no broad economic deterioration. We believe the US Fed is done raising interest rates and may even cut moderately in 2H24. Citibank expects US inflation to dip to 2.5% by end-2024, and the 10-year Treasury yields to fall from 5% to 3.75%. The weaker US dollar will help non-US economies grow, and benefit base metals. There are still broad fears about a recession, with the main risks including further supply shocks or a weakening of the Chinese economy. In addition, geopolitics, and elections in 2024 may cause investor anxiety or reticence. Nevertheless, we believe the global economy is set for recovery, and that investor expectations are becoming more positive. We advocate exposure to economic growth drivers, in particular the transition to green energy and opportunities for battery metals.

China holding up. Despite the drag from China's property sector and deteriorating economic activity in other sectors, the Chinese economy is on track to achieve its 5% growth target in 2023 v. 2022 growth of 3%. The IMF expects China's economy to grow by 4.2% in 2024 and 4.1% in 2025. Key factory activity data in December suggests more aggressive stimulus measures will be needed to spur economic growth, as indicated by the official purchasing managers' index (PMI) falling to 49 in December (49.4 in November), marking the third straight month of contraction. Policy measures implemented in 2023 included mortgage rate cuts, relaxed purchase requirements and financing aid to property developers, but concerns remain. To boost growth this year, the Chinese government is expected to provide fiscal stimulus, and continue infrastructure spending.

Tighter copper market. For 2024, our thesis remains constructive on copper. Following the shutdown of Cobre Panama and supply cuts from Anglo American, the consensus forecast of a surplus for refined copper in 2024 has now turned to a deficit. Estimates vary, but some projections are for a shortfall that could reach half a million tonnes. Regardless of the deficit size, with long lead times for development of new projects, we believe that copper market will be tightening for the foreseeable future that could eventually lead to a new copper cycle.

Zinc and nickel surplus to continue. The International Lead and Zinc Study Group (ILZSG) expects a small surplus this year and the following years as more mines come online and smelter capacity increases. At current zinc price levels (US$1.10/lb), the lack of new mines and the potential for mine closures could help to rebalance the market, becoming more supportive of zinc prices. For nickel, the excess supply from Indonesia and weak demand from China created a steep imbalance in the market for both Class 1 (nickel cathodes and sulfate) and Class 2 (nickel pig iron and ferronickel) in 2023. The International Nickel Study Group (INSG) expects the surplus to continue into 2024.

We are positive for our companies in 2024 but remain cautious. We believe the combination of recovering metals prices, improving market conditions, better economic stability, and key catalysts for some companies, will help developers recover lost ground in 2024. As these projects come into focus, producers will need to turn to developers to grow their portfolios and maintain their pipeline of projects for the future. Given the growing resource nationalism and higher political risk in many jurisdictions, we believe producers may intensify their efforts to focus on North America as future source of supply.

Uranium

At 16-year Highs in Tight Market with no Short-Term Solution to Undersupply

Uranium Price – How'd we Get Here: Uranium prices finished 2023 up a stunning 90%, closing the year at US$91.00/lb U_3O_8, and completing a 4-year stretch of consecutive double-digit YoY gains. Currently sitting at US$94.00/lb U3O8, a new 16-year high, uranium prices are reflecting the undeniable supply crunch the sector faces following years of undersupply (2018-current). The extended undersupplied condition followed a slow post-Fukushima supply side response that left the market over-supplied from 2011-2017 (including secondary sources of supply), pushing uranium prices as low as US$18.00/lb U3O8 in 2016. The uranium market was marked by significant inventory overhang built up in the initial post-Fukushima period, where major mines were still being commissioned despite the loss of Japanese and other demand, that heavily moderated uranium price, finally leading to production curtailments that reversed the structural oversupply to the current undersupply condition of recent years.

Inventory Fund Buying Exposed Tight Market: Enter the Sprott Physical Uranium Trust (SPUT) (U.UN-T, U'U-T, not rated). Since SPUT absorbed Uranium Participation Corp. in mid-2021 (spot uranium US$32.50/lb), it has gone to work purchasing more than 45Mlb U_3O_8, growing its physical inventory to >63Mlb at present. SPUT bought ~23Mlb in the second half of 2021 (22.8% of spot market volume of 101.8Mlb) as spot uranium price gapped up 40% YoY, with the gains almost entirely notched in the second half, coincident with SPUT's entry. SPUT bought another ~18Mlb in 2022 (29.6% of spot market volume 60.8Mlb), with more than 75% of that weight purchased in the first 4-months of the year as uranium prices pushed up to US$63.75/lb by mid-April. SPUT buying substantially tapered off in 2023, adding less than 3.9Mlb U_3O_8 to its physical inventory. The ~90% increase in spot uranium price in 2023, in the relative absence of SPUT buying pressure, is clear evidence that the spot market has tightened dramatically, rising well into incentive price territory required for new production.

Supply Response will be Protracted: Aside from Kazakhstan's plan to increase production to ~80.6Mlb U3O8 by 2025 (mid-point of Kazatomprom guidance, 100%-basis of 30.5-31.5k tU), reflecting an ~48% increase over the mid-point of 2023 guidance of ~54.6Mlb U3O8 (21.0k tU), the McArthur River/Key Lake JV's plan to increase production from 14Mlb U3O8 (2023 guidance) to 18Mlb (2024 guidance), and the Cigar Lake/McClean Lake JV's plan to ramp up from 16.3Mlb (2023 guidance) to 18.0Mlb (2024 guidance), there are only a handful of other sources of new production expected in the next couple of years, with major new potential tier-1 sources of production at least a few years from production. We see a supply shortfall persisting into the latter half of the decade amid a tight spot market, applying continued upward pressure on uranium price. Beyond 2030, significant additional sources of supply will be required to avoid further shortfalls to support expected demand, painting a robust fundamental picture for uranium price. Any delays, which aren't uncommon in mine development, in the above noted expected supply additions, and/or other expected sources of production would only exacerbate the problem.

Demand will Continue to Rise: There are 414 reactors presently operating reactors globally, including 10 Japanese restarts currently in commercial operation post-Fukushima. Including 23 deemed 'Operable', but not currently operating, within the Japanese fleet, there are a total of 437 units classified as "Operable" globally, along with 61 currently under construction and 113 'planned'. Recently, at the UN's Climate Change Conference ('COP28 UAE'), 22 countries signed a pledge to triple nuclear power generating capacity from 2020 levels by 2050. At the same time, the U.S. announced measures to "increase the access to safe and secure nuclear energy supply." The measures are, in part, designed to support the deployment of U.S. based small modular reactor (SMR) technology globally to advance "climate and energy security goals." In addition, the Sapporo 5 nations (U.S.A., Canada, Japan, France, U.K.), as a group, highlighted its commitment to "pursue at least USD $4.2 billion in government-led and private investment in our five nations' collective enrichment and conversion capacity over the next three years."

Uranium Stocks Still Lag Historic Valuations: Aside from the 'producers' / neo-producers, there are only a small handful of uranium names within our uranium comps universe (including top picks, Denison and NexGen) that are trading above the level reached when spot uranium price rallied to US$63.75/lb U_3O_8 in April of 2022 (See Figure 6 of our Uranium Weekly). With spot uranium sitting ~47% above that level currently, the market appears to be discounting the current spot rally, especially within the earlier stage assets, with our 'Explorers' and 'Developers' sub-groups trading at an average of 39% and 26%, respectively, below levels seen in April, 2022. If uranium prices sustain current levels for longer duration, we expect equity valuations to re-base to be more reflective of the current commodity price, representing potential upside beyond our targets for our top picks.

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CAPITAL MARKETS
HAYWOOD

Equinox Gold Corp.

(EQX-T)

SECTOR: Mining

STOCK PRICE	$6.10
RATING	BUY
TARGET PRICE	$11.50

TOP GOLD PRODUCER PICK

Sector Leading Growth for a Mid-Tier

OUR TAKE: Equinox has moved from a non-producer in mid-2018 to a Company with seven operating gold mines and a pipeline of growth projects today. The Company continues to advance its 60% owned Greenstone project, which will be their eighth mine. Equinox today has ~17 million ounces of reserves and a further ~16 million ounces of Measured and indicated resources and is an Americas focused company. Despite its goal to becoming a 1-million-ounce producer by 2026, the Company continues to trade at a NAV discount to its peers, which we believe should close over time, and the shares are a good buying opportunity at current levels. We believe Equinox is also best positioned to acquire the minority 40% interest in Greenstone from Orion Mine Finance, should they choose to sell their interest.

KEY HIGHLIGHTS

- **Sector Leading Growth Profile –** In addition to seven mines in production, the development of Equinox's Greenstone project plus several ongoing expansion projects could add over 500,000 ounces of annual production over the next five years, a significant increase over the ~590,000 ounces expected to be produced in 2023.
- **Greenstone Remains on Schedule and on Budget –** As of early November, the project was 96% complete overall, with the first gold pour expected in H1/24 and remains on budget. As of September 30, 2023, US$1,087 million (89%) of the US$1.225 billion construction capital had been spent. Detailed engineering is now complete, and procurement and construction were 92% and 96% complete, respectively. The focus is now on completion of the mill (currently 96% complete, with pre-commissioning of the crushing circuit underway) and the tailings facility, now completed with commissioning set to have begun in December 2023. The mine has been operating since Q3/2022 and has mined more than 15 million tonnes to date, with the ore stockpile at the mill now over 630,000 tonnes, and 800,000 tonnes of ore expected by start of hot commissioning. Hot commissioning of the plant (running ore through the mill) will start in early 2024. The mining fleet includes ten haul trucks, five drills, two shovels and four dozers at site, with additional mining equipment arriving in Q1/24. Hiring remains on schedule, with more than 290 employees hired. All key operations positions are now filled, and employment will peak at 550 personnel eventually.
- **An Improved Balance Sheet –** At the end of Q3/23, Equinox's cash balance increased to US$356.7M, up from US$340M as of June 30th, 2023. The increase follows a US$127M drawdown on August 1st on their revolving credit facility, which has an accordion for a further US$100M subject to lenders approval, and US$172.5M of new convertible notes, slightly offset by ongoing capital exploration, predominantly at Greenstone as well as significant interest payments on US$948M of debt. Greenstone is on track for first gold pour in H1/24, and we see the opportunity for this timing to be conservative. Equinox also has over US$110M in equity investments, generated US$219.7M in cash flow before working capital changes in the first nine months, and with Greenstone spending coming to an end (US$1,087 million spent by September 30th out of a budget of US$1.23 billion, with EQX responsible for 60%), the Company continues to be in decent financial shape.

RECOMMENDED ACTION

We continue to recommend the shares as one of the leading growth companies in the gold space

- Equinox has moved from a non-producer in mid-2018 to a Company with seven operating gold mines and a pipeline of growth projects today. With higher-cost production, Equinox is highly leveraged to the gold price.

CATALYSTS

- **H1 2024 –** Greenstone First Gold Pour

PROJECTED RETURN	89%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$3.30	$6.10	$11.50
↓ 46%		↑89%

KEY STATISTICS AND METRICS

52-Week High/Low	$7.89/$4.61
YTD Performance	-5%
Dividend Yield	0
Shares O/S (basic)	313M
Shares O/S (F/D)	393M
Market Capitalization	$1,909M
Cash	$485M
Long-Term Debt	$1,290M
Enterprise Value	$2,714M
Daily Volume (3 mon avg.)	416,940
Currency	C$ unless noted

HAYWOOD ESTIMATES (USD)

	2022A	2023E	2024E
Revenue (US$M)	952	1,108	1,460
Op. Cash Flow (US$M)	144	282	316
CFPS (US$)	0.48	0.92	1.03
FCF (US$M)	-413	-168	-227
Capex (US$M)	-557	-450	-543

VALUATION

Our $11.50 target is derived from a blended NAV and EV/2024 CFPS multiple (30% 6.0x EV/2024 CFPS + 70% 0.85x NAV).

Equinox currently trades at 6.1x EV/2024 CFPS versus the peer group at 5.3x, and 0.54x P/NAV vs peers at 0.93x.

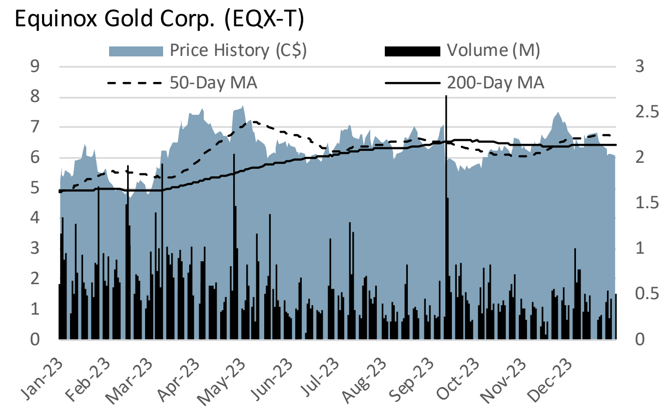
INVESTMENT THESIS

Equinox Gold Corp. is a Canadian-based gold producer that completed a friendly merger with Leagold Mining in March 2020 and took the Company's producing project portfolio from two to six mines (with the seventh mine at Castle Mountain also now producing) and added another development project to their pipeline at Santa Luz, which is now in production. The recent acquisition of Premier Gold added the producing Mercedes mine (now sold) as well as the Greenstone mine which is now in construction. This acquisition gives Equinox a sight line to production of ~1.0 Moz by 2025 in our model.

In Q3/20 the Company poured first gold at Castle Mountain in San Bernardino County, California and is evaluating optimal expansion scenarios for its Los Filos mine complex in Mexico, which is expected to increase production from the current rate of 180-200,000 oz per year to over 300,000 oz per year, at lower costs, once an 8,000 tpd mill is built at site, however this project is on hold until Greenstone is built and Castle Mountain Phase 2 is funded.

Equinox Gold Corp. offers the opportunity to invest in a new, growing gold producer led by a leadership team that is very experienced. Insider ownership at Equinox is high with Chairman Ross Beaty owning 8.0% of the shares.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our $11.50 target is derived from a blended NAV and EV/2024 CFPS multiple (30% 6.0x EV/2024 CFPS + 70% 0.85x NAV).

DOWNSIDE CASE

Our downside case utilizes a discounted gold price to our long-term gold price assumption of US$1,950/oz in 2027+. At a US$1,500/oz gold price our target price drops to $3.30 per share.

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.

KEY RISKS

- **Forecast:** Our forecasts are derived from consideration of management guidance, discussions with management, recent and historical performance, evaluation of comparable operations and available technical reports as well as our commodity price deck forecast.
- **Financing:** Equinox is engaged in capital-intensive exploration and development.
- **Technical/Permitting:** Equinox faces project execution risk with development of the Castle Mountain mine (Phase 2), expansion of the Los Filos operation, construction of Santa Luz and financing/construction of Greenstone. Managing and scheduling these four projects will be critical. Community unrest at Los Filos has resulted in blockades historically, and strong community relations are critical.

Company Profile

Equinox Gold Corp. is a multi-asset gold producer with seven producing mines, a multi-million-ounce gold reserve base and a strong growth profile from a pipeline of development and expansion projects.

Website

www.equinoxgold.com

Key Management

Greg Smith – CEO & Director

Equinox Gold Corp. (EQX-T, $6.10)			
Rating: BUY			
Risk: Very High			
Target Price Metric:			
30% 6.0x EV/2024 CFPS + 70% 0.85x NAV			

Target Price (C$)	**$11.50**	**Basic Mkt. Cap, C$M**	**$1,909**
Return (%)	89%	Company CEO	Greg Smith
52 Week High/Low (C$)	$7.89/$4.61	Website	www.equinoxgold.com
Daily Volume (3-month avg)	416,940	**Shares Outstanding (million)**	**313.0**
		Fully Diluted Shares (million)	**392.8**

Balance Sheet and Capitalization

	US$M	US$ / O/S Share	C$M	C$ / O/S Share
Market Capitalization	$1,427	$4.56	$1,909	$6.10
Current Cash	$357	$1.14	$485	$1.55
F/D Cash Adds	$35	$0.11	$47	$0.15
Working Capital	$510	$1.63	$694	$2.22
Long Term Debt	$949	$3.03	$1,290	$4.12
Book Value	$2,375	$7.59	$3,231	$10.32
Enterprise Value (EV)	$2,028	$6.48	$2,714	$8.67

EV = Market Capitalization - Cash + Long-term Debt

Current Debt

US$700M Revolving Credit Facility - LIBOR + 2.5% - 3.75%, due July 28, 2026
US$150M Mubadala Notes, Matures April 12 2024, 5% I-rate, convert. at US$5.25/sh
US$150M Mubadala Notes, Matures March 10 2025, 4.75% I-rate, convert at US$7.80/sh
US$172.5M Senior Unsecured Notes, Matures October 2028, 4.75% I-rate, convert at US$6.30/sh

Equity Positions	Shares M	% Held	Value C$M	Book Value C$M	Market Value $ per EQX share
i-80 Gold Corp.*	49.2	17.8%	$98	$122	$0.31
Bear Creek Mining	25.4	16.4%	$5	$29	$0.01
Sanbox**	58.1	34.4%			
Inca One	8.1	20.0%	$1.09		$0.00

*Assuming all warrants are exercised as part of March 8 2023 sale
**Currently a private company

FINANCIAL SUMMARY(US$mln)

Year-end December 31st	2022A	2023E	2024E	2025E	2026E	2027E
Shares Outstanding, mln	307.4	307.4	307.4	307.4	307.4	307.4
FD Shares, mln	343.4	344.9	346.4	348.0	349.5	351.1
EBITDA	168.7	267.6	379.1	697.7	1021.2	1205.2
EPS	(0.35)	0.01	0.31	0.95	1.55	1.85
CFPS	**0.48**	**0.92**	**1.03**	**2.00**	**2.84**	**3.34**
P/CF	9.3x	4.9x	4.4x	2.2x	1.6x	1.3x
Income Statement (US$mln)						
Revenue	952	1,108	1,460	1,736	2,280	2,534
Operating Expenses	588.2	916.9	991.4	967.1	1190.1	1259.7
Depreciation	141.7	217.3	197.9	262.8	330.5	393.4
General & Admin	46.7	45.0	45.0	45.0	45.0	45.0
General Exploration	18.4	25.0	20.0	2.5	0.0	0.0
Net Income	(106.0)	2.5	95.2	285.5	478.1	568.9
Balance Sheet (US$mln)						
Cash & Equivalents	237.6	36.9	29.4	27.8	670.0	1499.3
Debt	851.8	884.6	884.6	884.6	745.3	745.3
Cash Flow Statement (US$mln)						
Op. CF (before W/C)	144.3	282.3	315.7	614.5	873.8	1027.5
Financing CF	254.3	226.1	(54.3)	(54.3)	(53.2)	(53.2)
Investing CF	(557.1)	(449.8)	(542.7)	(561.9)	(178.4)	(145.1)
Change in Cash	(246.3)	73.1	(281.3)	(1.6)	642.3	829.3

PRODUCTION ESTIMATES

	2022E	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Gold (US$/oz)	$1,807	$1,925	$2,075	$2,200	$2,100	$1,950
Exchange Rate (Cdn$/US$)	1.27	1.34	1.36	1.36	1.36	1.36
Mesquite Ore Stacked, Mt	10.2	11.0	10.0	10.0	10.0	10.0
Mesquite Gold Production, 000oz	124	92	68	106	113	201
Mesquite AISC, US$/oz	$1,285	$1,300	$1,500	$1,080	$1,065	$555
Total Capex, US$M	$42	$21	$8	$8	$5	$5
Aurizona Ore Milled, Mt	3.3	3.1	2.9	2.9	2.9	2.9
Aurizona Gold Production, 000oz	102	123	114	133	163	166
Aurizona AISC, US$/oz	$1,505	$1,520	$1,440	$1,225	$1,140	$1,060
Total Capex, US$M	$52	$51	$159	$25	$34	$25
Los Filos Ore Mined O/P, Mt	7.7	19.1	20.9	7.6	5.6	4.8
Los Filos U/G Ore Milled (000 t)	-	-	-	-	-	700
Los Filos Gold Production, 000oz	135	160	210	105	160	260
Los Filos AISC, US$/oz	$2,090	$1,915	$1,590	$1,860	$1,115	$885
Total Capex, US$M	$64	$40	$42	$221	$77	$52
Fazenda Ore Milled, Mt	1.2	1.2	1.2	1.2	1.2	1.2
Fazenda Gold Production, 000oz	65	65	70	70	70	70
Fazenda AISC, US$/oz	$1,215	$1,395	$1,170	$1,170	$1,170	$1,165
Total Capex, US$M	$13	$26	$8	$8	$8	$8
RDM Ore Milled, Mt	2.0	2.7	2.7	2.7	2.7	2.7
RDM Gold Production, 000oz	32	52	67	74	74	74
RDM AISC, US$/oz	$1,680	$1,640	$1,335	$1,210	$1,165	$1,160
Total Capex, US$M	$29	$13	$13	$12	$9	$9
Santa Luz Ore Milled, Mt	1.36	1.9	2.2	2.2	2.2	2.2
Santa Luz Gold Production, 000oz	38	62	72	86	73	62
Santa Luz AISC, US$/oz	$1,862	$1,770	$1,832	$1,782	$1,977	$2,494
Santa Luz Total Capex, US$M	$52	$19	$10	$8	$5	$5
Castle Mountain Ore Mined, Mt	4.56	4.31	4.31	4.35	14.61	16.41
Castle Mountain Gold Prod., 000oz	23	22	31	30	205	190
Castle Mountain AISC, US$/oz	$1,700	$1,585	$2,000	$2,350	$1,500	$1,780
Total Capex, US$M	$16	$13	$257	$245	$12	$12
Greenstone Ore Milled, Mt (Attrib.)	-	-	2.10	5.91	5.91	5.91
Greenstone Gold Prod., 000oz (Attrib.)	-	-	80	230	257	276
Greenstone AISC, US$/oz	-	-	$1,714	$930	$838	$787
Total Capex, US$M (Attrib.)	$197	$285	$45	$15	$17	$18
Total Gold Production, 000oz	**532**	**578**	**712**	**835**	**1,115**	**1,300**
Total Cash Costs, US$/oz	**$1,328**	**$1,370**	**$1,380**	**$1,155**	**$1,070**	**$965**
AISC, US$/oz	**$1,622**	**$1,620**	**$1,550**	**$1,295**	**$1,185**	**$1,075**
Total Capex, US$M	**$465**	**$468**	**$543**	**$562**	**$178**	**$145**

2023 Guidance: 550,000 - 625,000 oz at TCC US$1,355-$1,469/oz, AISC US$1,575- US$1,695/oz (Feb '23)
2022 Guidance: 540,000 oz at TCC >$1,250/oz, AISC > US$1,530/oz (Nov '22)
2022 Guidance: 550,000 - 615,000 oz at TCC US$1,200-$1,250/oz, AISC US$1,470- US$1,530/oz (Aug '22)
2022 Guidance: 625,000 - 710,000 oz at TCC US$1,080-$1,140/oz, AISC US$1,330 - US$1,415/oz (Jan '22)
2021 Guidance: 560,000 - 625,000 oz at TCC US$1,025-$1,075/oz, AISC US$1,300 - US$1,375/oz (Aug 5/'21)
2020 Guidance: 470,000 - 530,000 oz at AISC US$975 - US$1,025/oz (Aug 10/'20)
2020 Guidance: 540,000 - 560,000 oz at AISC US$1,000 - US$1,060/oz (March 31/'20)
2019 Guidance: 200,000 - 235,000 oz at AISC US$940 - US$990/oz

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CAPITAL STRUCTURE	Shares Millions
Shares Outstanding	313.0
Options	1.2
RSU's	6.9
Warrants	71.8
Fully Diluted Shares	392.8

MAJOR SHAREHOLDERS	Shares O/S (mln)	% O/S
Van Eck	31.6	10.1%
Ross Beaty	25.6	8.2%
Kopernik	11.3	3.6%
Vanguard	8.8	2.8%
Cobas Asset Management	6.3	2.0%
Sprott	6.3	2.0%
Other Management	1.3	0.4%

Recent Financings / M&A Activity

September 21, 2023 - US$172.5M of unsecured senior notes raised in bought deal, convertible at US$6.30/sh, i-rate of 4.75%
March 29, 2023 - US$140 million gold prepay, to be settled by delivery of 79,310 ounces in total, at a rate of 3,605 ounces per month from October 2024 to July 2026. EQX also announced a US$50 million capped gold stream with Sandbox Royalties, for monthly deliveries of the greater of 333 oz/mo or 1.2% of Greenstone production (100% basis), with payments at 20% of spot, and capped at 60,000 ounces delivered.
March 8, 2023 - Equinox sold 11.6M units of i-80 Gold for C$32 million. Each unit consists of 1 common share and 1/2 of one common share purchase warrant of i-80 Gold Corp.
Dec. 6, 2022 - Equinox sold 11M common shares, or C$70.4M, of Solaris Resources
October 2022 - US$112.7M drawn down from amended credit facility. US$127.2M remaining as undrawn balance from US$700M facility
Dec. 17, 2021 - US$125M (US$100M in cash and 24.7M BCM shares) + 2% NSR royalty on Mercedes production
April 16, 2021 - Sale of the Pilar Mine for US$38M payment plus 9.9% interest in Pilar Gold and 1% NSR on Pilar Mine
April 7, 2021 - At market acquisition of PG-T for 0.1967EQX share per PG share (total consideration US$460M) including spin-out of i-80
March 30, 2021 - 10M shares of SLS-T sold to Augusta(70%) et al. at C$8.25/share + 5M warrant exc. at C$10.00 12 mo.
April 13, 2020 - YRI sells 12M units at $10.00/unit; 1 unit = 1 share + 0.5 warrant exc. at $13.50 for 9 mos.
March 10, 2020 - US$40M Private Placement to Ross Beaty at C$8.15
March 10, 2020 - US$139.3M 5-Year convert. notes purchased by Mubadala/Pac Road at a 4.75% i-rate (conv. at US$7.80/sh)
Jan 28, 2020 - At-market all-share acquisition of LMC: 0.331 EQX shares per LMC share
April 11, 2019 - US$139.7M 5-Year convert. notes purchased by Mubadala/Pac Road at a 5% i-rate (conv. at US$5.25/sh)
October 2018 - Mesquite gold mine acquired for US$158M (funded via $97.5M equity at $0.95/sh and US$120M debt)
February 12, 2018 - Pac Roads exercises non-dilution right: C$19.2 milion (21M share at C$0.91/sh)
December 2017 - 3 way merger to form Equinox Gold: 0.873 TREK-V per NCA-T, 0.407 TREK-V per ANF-V share
March 2017 - C$83M non-brokered private placement ($2.00/unit, 1 unit = 1 share + 1 warrant at C$3.00 to April 2021)
March 2017 - JDL and Luna merger to form Trek: 1.105 JDL shares per Luna share

Corporate NAV Summary and Sensitivity (C$)

Forecast Gold Price, US$/oz	Base Case	$1,500	$1,800	$2,300	Spot $2,035
Aurizona Mine	$872	$312	$643	$1,192	$901
Castle Mountain	$521	-	$114	$1,328	$683
Mesquite	$621	$300	$484	$787	$626
Los Filos	$838	$66	$544	$1,305	$905
Greenstone (60% Interest)	$1,476	$278	$1,008	$2,218	$1,577
Fazenda	$324	$138	$244	$416	$325
RDM	$378	$134	$279	$508	$388
Santa Luz	$67	-	($71)	$233	$72
Equity Investments	$98	$98	$98	$98	$98
Exploration and Resource Credit	$952	$649	$779	$995	$881
Corporate Adjustments, C$ / F/D share	($820)	($820)	($820)	($820)	($820)
Corporate NAV, C$M	**$5,329**	**$1,156**	**$3,302**	**$8,262**	**$5,637**
Corporate NAV, C$ / F/D share	$17.05	$3.69	$10.55	$26.40	$18.01
Current Price / Corporate NAV	0.4x	1.7x	0.6x	0.2x	0.3x
Target Price / Corporate NAV	0.7x	3.1x	1.1x	0.4x	0.6x
2023 CFPS, US$	$0.92	$0.71	$0.85	$1.09	$0.96
2024 CFPS, US$	$1.03	$0.79	$0.95	$1.21	$1.07
Target Price at 30% 6.0x EV/2024 CF + 70% 0.85xNAV	**$11.50**	**$2.93**	**$6.67**	**$15.09**	**$10.63**
Target Price at 5x EV/2024 CF	$4.25	($2.96)	$1.50	$5.90	$3.95
Target Price at 1.0x NAV	$17.05	$3.65	$10.50	$26.35	$18.24

Base case gold price assumption of US$1,925/oz in 2023, US$2,075/oz in 2024, US$2,200/oz in 2025, US$2,100/oz in 2026 and US$1,950/oz in 2027+.

Equinox Gold Consensus Estimate Summary (Reuters data sourced from Capital IQ)

	Analysts	Mean EPS	High / Low	vs. Cons.	Mean CFPS	High / Low	vs. Cons.
2023 Consensus Estimate	8	(US$0.00)	$0.04 / ($0.07)	23488%	US$1.07	$1.34 / $0.80	-55%
2024 Consensus Estimate	6	US$0.23	$0.31 / $0.15	-97%	US$1.07	$1.23 / $0.91	-14%
	Analysts	**SO Rating**	**SP Rating**	**SU Rating**	**Mean Target**	**High / Low**	**vs. Cons.**
Consensus Valuation	9	4	6	-	C$8.11	$11.33 / $7.01	42%

Peer Group Comparables

Company	PriceC$	NAVC$	P/NAV	2023 CFPS	2024 CFPS	2023E EV/CFPS	2024E EV/CFPS
Alamos Gold (AGI-T)	$16.86	$15.51	1.1x	US$1.29	US$1.29	**9.3x**	**9.3x**
B2Gold Corp. (BTO-T)	$4.12	$4.92	0.8x	US$0.63	US$0.58	**4.7x**	**5.1x**
Endeavour Mining (EDV-T)	$24.60	$31.23	0.8x	US$3.11	US$4.24	**6.8x**	**5.0x**
Evolution Mining (EVN-A)	$3.37	$3.12	1.1x	US$0.26	US$0.40	**12.0x**	**7.8x**
Lundin Gold (LUG-T)	$15.03	$14.95	1.0x	US$1.96	US$1.71	**5.8x**	**6.7x**
New Gold (NGD-T)	$1.82	$2.30	0.8x	US$0.44	US$0.55	**3.8x**	**3.1x**
Northern Star Resources (NST-A)	$11.36	$11.02	1.0x	US$0.80	US$1.12	**10.8x**	**7.7x**
Regis Resources (RRL-A)	$1.94	$1.70	1.1x	US$0.36	US$0.35	**4.5x**	**4.6x**
Resolute Mining (RSG-A)	$0.36	$0.56	0.6x	US$0.07	US$0.09	**4.0x**	**2.9x**
SSR Mining (SSR-T)	$1.72	$2.07	0.8x	US$2.27	US$1.69	**0.5x**	**0.6x**
Peer Group Average			**0.92x**			**6.2x**	**5.3x**
Peer Group Average (excluding high/low)			**0.93x**			**6.2x**	**5.3x**
Equinox Gold (EQX-T)	**$6.10**	**$11.36**	**0.54x**	**US$1.07**	**US$1.07**	**5.7x**	**6.1x**

Spot C$/US$ FX Rate: 1.36

Mineable Resources as of Jan 2021	Tonnes	Grade	Recovery	Gold (Koz)	2P Au (Koz)	Mine Life (2022+)
Aurizona	27,513	1.29	91%	1,138	958	8.0
Mesquite	74,262	0.45	75%	1,070	471	6.0
Castle Mountain	242,000	0.55	67%,94%	4,280	4,168	18.0
Los Filos	98,083	1.10	60%,83%	3,473	4,395	10.0
Greenstone (Attrib.)	85,228	1.32	91%	3,630	3,323	14.0
Fazenda	7,969	1.06	91%	271	315	7.0
RDM	23,383	0.99	86%	744	556	9.0
Santa Luz	26,990	1.06	84%	924	1,075	10.0
Haywood Total Mineable Resources	585,428	0.82		15,530		

Source: CapitalIQ, Company Reports, and Haywood Securities

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CAPITAL MARKETS
HAYWOOD

Arizona Sonoran Copper Company Inc.

(ASCU-T)

SECTOR: Mining

STOCK PRICE	$1.55
RATING	BUY
TARGET PRICE	$3.00

TOP BASE METAL EXPLORATION PICK

Well Positioned with Key Milestones Ahead

OUR TAKE: We believe 2024 will be a transformative year for ASCU, as the Company completes a PFS, integrates Nuton technology and advances toward a feasibility study.

HIGHLIGHTS

- **Promising PFS potential.** In November, we revised our mine model for ASCU to reflect our projections for the Cactus Project ahead of the PFS in 1Q24. Our updated model incorporates an expanded mine plan which includes the Parks/Sayler (P/S) deposit as part of a four-phase open pit and underground development with a 25-year mine life. We estimate an average annual copper production of 49kt, and life of mine copper production of 1,226kt, based on a construction capex of $400M, and additional expansion and sustaining capex of $780M over the life of mine. We estimate an after-tax $NPV_{8\%}$ of $607M and an IRR of 16% at Haywood's long-term copper price of $4.25/lb for the project.
- **Joint-venture partnership with Rio Tinto.** In December 2023, ASCU and Nuton LLC (Nuton), a subsidiary of Rio Tinto, entered into an option for a joint venture agreement that establishes a strategic alliance for the use of the Nuton technology to leach primary ore at the Cactus Project. Nuton has the right to acquire a 35%-40% interest in the project in return for the technology and funding of up to $33M in cash. Rio Tinto (ASX:RIO, Not Rated) will remain below 9.9% interest in ASCU.
- **MainSpring potential.** Drilling at MainSpring could lead to a larger resource and provide operational flexibility toward the development of an open pit at MainSpring which would lead to a ramp into the adjacent underground deposit at P/S, mirroring the same development scenario at Cactus West (open pit) and Cactus East (underground).

OUTLOOK

- **Attractive upside with Nuton.** The application of Nuton technology will unlock value from an additional 22% of the resource at Cactus and provide greater flexibility for development of the individual deposits. ASCU estimates that the production profile could grow from 50ktpa (oxide and enriched ore) to 75-100ktpa by adding development of primary ore, and potentially extend the mine life beyond 25 years. While ASCU's interest in the project is reduced with Nuton, its attributable copper production grows. In addition to higher production at reasonable operating costs, the NAV will benefit from ASCU's reduced pro-rata contribution to construction costs.
- **Strong cash position heading into 2024.** With the cash contribution from Nuton, in addition to existing cash, we believe ASCU has sufficient funds for technical studies, permitting, Nuton testwork and drilling at MainSpring through 2024 and will not need to come to market for the next 12-15 months.

RECOMMENDED ACTION

Buy Ahead of PFS and Other catalysts in 2024

- **Key milestones for 2024.** The stock has reacted positively to the Nuton JV partnership (+2.6% since the announcement), and we expect momentum to continue into 2024 with results from the PFS in 1Q24, subsequent project catalysts, and a stronger copper price. The focus remains on the PFS, but we believe Phase 2 Nuton testing and further drilling of MainSpring will add value, and lead to a larger integrated Feasibility Study and a higher valuation of the stock. ASCU is our top base metal pick for the prospect of relatively near-term development of a substantial resource at a reasonable cost.

CATALYSTS

- **1Q24 –** Preliminary Feasibility Study, not incorporating Nuton ("Standalone Case"),
- **1H24 -** Initial Inferred resource at MainSpring
- **3Q24 –** Updated PFS with MainSpring, not incorporating Nuton
- **4Q24 –** Bankable Feasibility Study with MainSpring, not incorporating Nuton.
- **1Q25 –** Preliminary Feasibility Study with MainSpring and integrating Nuton for primary ore.

PROJECTED RETURN	94%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$0.95	$1.55	$3.00
↓63%		↑94%

KEY STATISTICS AND METRICS

52-Week High/Low ($C)	$2.40 / $1.30
YTD Performance	-12.9%
Dividend Yield	N/A
Shares O/S (B)	109M
Shares O/S (F/D)	118M
Market Capitalization	$126M
Cash	$20M
Debt	$0M
Enterprise Value	$106M
Daily Volume (3 mos.)	61,080
Currency	US$ unless noted

HAYWOOD ESTIMATES (CAD)

	2026E	2027E	2028E
Net Revenue ($M)	0.0	162.0	252.7
EBITDA ($M)	(20.1)	(1.1)	42.7
EPS ($)	(0.09)	(0.44)	(0.33)
CFPS ($)	(0.09)	(0.00)	0.20
FCFPS ($)	(1.00)	(0.09)	(0.24)

VALUATION

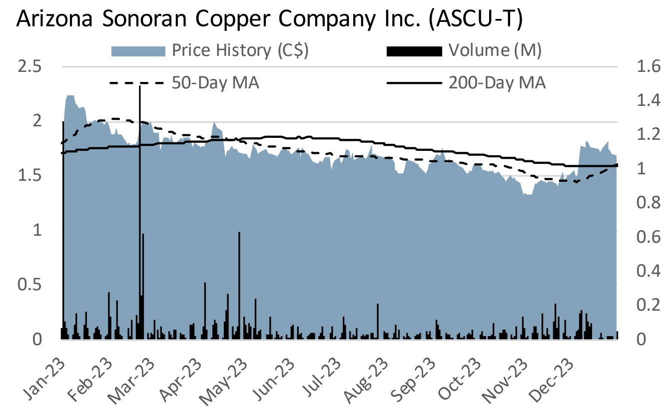
ASCU trades at a $P/NAV_{10\%}$ of 0.40x, compared to peers at 0.45x.

Our target price of $3.00/sh is based on a 0.76x multiple of our corporate $NAV_{10\%}$ based on our valuation of a future mine at Cactus.

INVESTMENT THESIS

- **Attractive valuation.** ASCU trades at a P/NAV$_{10\%}$ of 0.40x, compared to peers at 0.45x. Based on assumptions ahead of the PFS we estimate an average annual after-tax cash flow of $154M ($3.4B over 25 years). Accordingly, we have a Buy rating and $3.00/sh target price. Our target price is based on a P/NAV$_{10\%}$ of 0.76x based on a mine plan for the Cactus Project starting commercial production in 2027.
- **A large copper resource in a major district.** The Cactus project in Arizona holds a strategic position at the convergence of three major copper porphyry belts. With a focus on oxide and transitional (enriched) ore, the project boasts a substantial mineral resource estimate of 4.4 Blbs (Indicated) supporting a 25-year operational span and positive cash flow. In addition, there is 1.3 Blbs of leachable ore in the Inferred category. Assuming a 50-60% conversion rate of resources to reserves, we estimate the mine plan could be extended another 6 years or more.
- **Encouraging results from Nuton testwork.** Recent results from December 2023, demonstrate an improvement in the extraction rates from columns reported in June 2023, with the recovery of primary sulphide at elevated temperatures now ranging from 80% to 85%. Secondary sulfide (enriched) at elevated temperatures ranges from 85% to 95%+. The acid consumption for primary sulfide ores is significant, ranging from 10-60 kg/t.
- **Potential for primary ore production.** The possible application of Nuton technology to recover copper from primary copper ore would unlock significant potential, from 1.65 Blbs of Indicated and Inferred sulfide resources, accounting for 22% of the total mineral resource.
- **Key milestones leading to production ahead.** A PFS is planned for 1Q24, followed by a feasibility study (FS) by year-end, to be complemented by a FS integrating Nuton, possibly in 2025. Based on current plans to develop the Cactus Project and allowing for sufficient time to complete work and submit applications, ASCU expects to receive most of the updated permits in 2024. Assuming milestones are achieved, we estimate that mine construction could start in 2025, leading to commercial production in 2027.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Arizona Sonoran Copper Company Inc. trades at a P/NAV$_{10\%}$ of 0.40x, compared to peers at 0.45x. Our target price of $3.00/sh is based on a 0.76x multiple of our fully diluted, fully financed NAV$_{10\%}$, based on our valuation of a future mine at Cactus.

DOWNSIDE CASE

Our downside case of $0.95/sh is justified by a further price retreat for copper, coupled with development delays at the Cactus Project.

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.

KEY RISKS

- **Risk of delays.** Management at ASCU has executed well and formed strong relationships with governments and regulators that we believe will help advance the project. However, there is always a risk of development and construction delays depending on critical approvals, financing, and market constraints.
- **Challenges of developing, permitting and financing.** Other risks associated with the project are: ASCU's small market capitalization and the potential for equity dilution to finance the project; operating and capital cost escalation, challenges with regulatory requirements, and the ability to complete financing for a project that could eventually cost in excess of $750M to build, after accounting for underground expansions.

Company Profile

Arizona Sonoran Copper Company Inc. is a Toronto-based mining company engaged in the exploration and development of the 100%-owned Cactus copper Project, which includes the past producing Sacaton Mine, located in Arizona, on private land. The project, which contains a total copper resource in excess of 7B lbs, comprises total landholdings of approximately 5,400 acres.

Website

www.arizonasonoran.com

Key Management

George Ogilvie – President, CEO & Director
Nicholas Nikolakakis – CFO & VP Finance
Bernie Loyer – Senior VP, Projects

Arizona Sonoran Copper Company (TSX:ASCU)				
Rating: BUY Risk: Very-High	Target Price, C$	$3.00	Shares O/S, million	109.0
Target Price: C$3.00	Current Price, C$	$1.55	Shares F/D, million	118.4
Metric: 0.76x P/NAV10%	Return, %	94%	Market Capitalization, US$M	$126.3
	52-Week High / Low, C$	$2.40 / $1.30	Company CEO	George Ogilvie
	Daily Volume (100-day avg)	61,080	Company Web Site	arizonasonoran.com

Balance Sheet and Capitalization — As of 3Q/23A

	US$M	US$ / O/S Share	C$M	C$ / O/S Share
Market Capitalization	$ 126	$ 1.16	$ 169	$ 1.55
Current Cash	$ 20	$ 0.18	$ 27	$ 0.25
Working Capital	$ 5	$ 0.04	$ 6	$ 0.06
Total Debt	$ -	$ -	$ -	$ -
Book Value	$ 101	$ 0.92	$ 135	$ 1.24
Enterprise Value (EV)	$ 106	$ 0.97	$ 142	$ 1.30

*Balance sheet figures reflect last reported period — *C$/US$ FX Rate: $1.34*

Financial Forecast

	2026E	2027E	2028E
Forecast Copper Price, US$/lb	4.25	4.25	4.25
Shares O/S (basic), millions	211	211	211
Revenue, US$M	$0	$162	$253
Operating Income, US$M	$0	$11	$55
Earnings, US$M	($20)	($96)	($72)
EPS, US$	**($0.09)**	**($0.44)**	**($0.33)**
Operating Cash Flow, US$M	($20)	($1)	$43
CFPS, US$	**($0.09)**	**($0.00)**	**$0.20**
Development Capex, US$M	($207)	($0.5)	($75)
Sustaining Capex, US$M	$0	($20)	($20)
Free Cash Flow, US$M	($220)	($21)	($52)
FCFPS, US$	**($1.00)**	**($0.09)**	**($0.24)**

*Assuming 2027 as first full year of production

Cactus Mine:

	2026E	2027E	2028E
Production:			
Stockpile Grade, %	0.00%	0.13%	0.13%
Stockpile (Contained Cu), k ton	**0**	**16**	**16**
Cactus West Grade, %	0.00%	0.25%	0.25%
Cactus West (Contained Cu), k ton	**0.0**	**20.0**	**30.0**
Cactus East Grade, %	0.00%	0.00%	0.00%
Cactus East (Contained Cu), k ton	**0**	**0**	**0**
Parks/Sayler Grade, %	0.00%	0.00%	0.00%
Parks/Sayler (Contained Cu), k ton	**0**	**0**	**0**
Total Contained Cu, k ton	**0**	**36**	**46**
Total Cu Production to Cathode, k ton	**0.0**	**19.2**	**30.0**
Total Cu Production to Cathode, k lbs	00	38,485	60,013
Costs:			
C1 cash cost (including royalities), US$/oz	0.00	3.92	3.29
AISC (including royalties), US$/oz	0.00	4.44	3.63

Summary of Cactus PEA 2021

Copper Price, US$/lb	3.35	Avg. C1 Cash Cost, US$/lb	1.55
Total Mineralized Material Mined, M tons	179	Avg. AISC, US$/lb	1.88
Average Processing Rate (LOM), M tons/yr	10	Initial Capex, US$M	124
CuAS Recovery (LOM), %	90	Sustaining Capex (LOM), US$M	340
Average Production (LOM)	28 ktpa / 56 Mlbs	Operating Cost, US$/ton process	9.06
Life of Mine, years	18		

Major Shareholders

	Shares (M)	% of Shares Outstanding
Tembo Capital Management Limited	33.5	30.7%
Rio Tinto	8.1	7.4%
Commodity Capital AG	4.0	3.7%
Konwave AG (Gold 2000)	2.0	1.8%
Ogilvie, George O'Neil	1.1	1.0%
U.S. Global Investors, Inc.	0.6	0.6%
	49.3	**45%**

Source: Capital IQ

Share Capital

	As of	Number	Avg. Price	Proceeds	ITM	Expiry
Shares Outstanding	Jan-24	109.0M				
Options	Jan-24	6.2M	C$1.34	C$8.3M	C$5.5M	Jul-23 - Jun-28
Warrants	Jan-24	2.5M	C$1.88	C$4.7M	C$0.0M	Jun-24 - Sep-24
Fully Diluted Shares		118.4M		C$13.0M	C$5.5M	

Corporate NAV Summary and Sensitivity

	Haywood					Spot
Copper Price, US$/lb	**$ 4.25**	**$ 3.00**	**$ 3.50**	**$ 4.00**	**$ 4.50**	**$ 3.76**
Forecast C$/US$ Fx Rate	**$ 1.36**	**$ 1.15**	**$ 1.20**	**$ 1.25**	**$ 1.30**	**$ 1.34**
Corporate Adjustments, US$M	$250	$250	$250	$250	$250	$250
Valuation for Primary Ore Resource Not Used in Mine Plan ($0.04/lb for 1.6 Blbs)	$66	$66	$66	$66	$66	$66
Cactus After-Tax NAV 10.0% , US$M	$330	($232)	($3)	$220	$439	$113
Corporate NAV, US$M	**$646**	**$83**	**$313**	**$536**	**$755**	**$429**
Corporate NAV, C$ / F/D share	**$3.92**	**$0.51**	**$1.90**	**$3.25**	**$4.58**	**$2.60**

*NAV discounted to 2024 — *C$/US$ FX Rate: $1.34*

Mineral Resource As of August 31, 2023	Tons (Kt)	Cu Grade (%)	Contained Cu (Mlbs)
Stockpile			
Indicated (Oxide)	71,100	0.15	217
Cactus Open Pit, inclusive of Cactus West and Cactus East			
Measured & Indicated (Leachable)	220,300	0.42	1,868
Cactus East, Underground Resource outside of Cactus West			
Indicated (Leachable)	10,400	0.88	183
Parks/Sayler			
Indicated (Leachable)	143,900	1.01	2,906
Total Measured & Indicated	**445,700**	**0.58**	**5,174**
Leachable	357,600	0.62	4,429
Primary	88,000	0.42	745
Total Inferred	**233,800**	**0.47**	**2,208**
Leachable	107,700	0.61	1,308
Primary	126,200	0.36	900

Peer-Group Comparables

	Share Price	Corp NAV	Price/ Nav
Adventus Mining Corporation (TSXV:ADZN)	C$0.28	US$ 0.88	**0.23x**
Excelsior Mining Corp. (TSX:MIN)	C$0.16	-	**-**
Filo Corp. (TSX:FIL)	C$22.28	US$ 27.53	**0.60x**
Trilogy Metals Inc. (TSX:TMQ)	C$0.61	US$ 2.00	**0.23x**
NGEx Minerals Ltd. (TSXV:NGEX)	C$8.17	US$ 7.96	**0.77x**
Foran Mining Corporation (TSX:FOM)	C$4.13	US$ 3.30	**0.93x**
Marimaca Copper Corp. (TSX:MARI)	C$3.07	US$ 6.18	**0.37x**
Los Andes Copper Ltd. (TSXV:LA)	C$11.00	-	**-**
Group Average			**0.45x**
Group Average (excluding high/low)			**0.44x**
Arizona Sonoran Copper Company Inc. (Consensus) (TSX:ASCU)	**C$1.55**	**US$ 3.22**	**0.36x**
Arizona Sonoran Copper Company Inc. (Haywood) (TSX:ASCU)	**C$1.55**	**US$ 2.93**	**0.40x**

C$/US$ FX Rate: $1.34

Sensitivity for Project Economics (Haywood Assumptions)	Haywood					PEA Price
Copper Price, US$/lb	$ 3.50	$ 3.75	$ 4.25	$ 4.75	$ 5.00	**$ 3.65**
Pre-tax NPV8%, US$M	$ 296	$ 488	$ 872	$ 1,256	$ 1,448	$ 411
Post-tax NPV8%, US$M	$ 153	$ 306	$ 607	$ 904	$ 1,052	$ 245
Pre-tax NPV10%, US$M	$ 98	$ 251	$ 557	$ 863	$ 1,016	$ 189
Post-tax NPV10%, US$M	$ (4)	$ 120	$ 363	$ 602	$ 720	$ 71
Pre-tax NPV12%, US$M	$ (37)	$ 87	$ 336	$ 585	$ 709	$ 38
Post-tax NPV12%, US$M	$ (109)	$ (7)	$ 192	$ 388	$ 484	$ (48)
Pre-tax IRR, %	11%	13%	18%	22%	24%	13%
Post-tax IRR, %	10%	12%	16%	19%	21%	11%

Recent Financings

Feb 16, 2023 - Closed Bought Deal Financing of 15,000,000 common shares at C$2.00 per share for gross proceeds of C$30M

May 16, 2022 - Non-brokered private placement of 17.5M shares at C$2.00 per share for gross proceeds of C$35M.

November 16, 2021 - Initial public offering and secondary offering for an aggregate of 19.1M shares at C$2.45 per share for total gross proceeds of C$46.7M.

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

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CAPITAL MARKETS HAYWOOD

Denison Mines Corp.

(DML-T, DNN-US)

SECTOR: Mining

STOCK PRICE	$2.34
RATING	BUY
TARGET PRICE	$2.90
RISK	Very High

TOP PICKS: EASTERN ATHABASCA URANIUM EXPLORER & DEVELOPER

Positioning to be Next New Producer in the Basin

OUR TAKE: We continue to highlight Denison as one of our top picks in the uranium mining sector in 2024. Denison continues to do 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 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.

KEY HIGHLIGHTS

- **2023 Major De-risking Year for Phoenix with Feasibility Study.** Denison had already positioned Phoenix as an ultra-low-cost ISR operation with the 2018 Preliminary Feasibility Study, which included sequential mining of the Gryphon conventional deposit. In June of 2023 Denison solidified the potential of its Wheeler River project, advancing the Phoenix component to Feasibility-level confidence and providing a significant update to the Gryphon economics as well. On a post-tax basis, the Phoenix deposit FS $NPV_{8\%}$ ($1.56B), plus the Gryphon deposit PFS $NPV_{8\%}$ ($864M) total ~$2.42B.
- **Phoenix ISR FS_{2023}: Base case post-tax: $NPV_{8\%}$ of $1.56B, IRR of 90.0%** at US$66-70/lb U_3O_8 and $1.35/US$. Upfront CAPEX of $419.4M, sustaining CAPEX of $322.9M, LoM OPEX of $8.51/lb, all-in cost of $21.73/lb. Ten-year mine life, producing ~57Mlb LoM, with average annual production of 5.7 Mlb/year, peak of 9.2 Mlb (y2-3).
- **Gryphon Underground PFS_{2023}: Base case post-tax: $NPV_{8\%}$ of $864M, IRR of 37.6%** at US$75/lb U_3O_8 and $1.35/US$. Upfront CAPEX of $737.4M, sustaining CAPEX of $103.7M, LoM OPEX of $17.27/lb, all-in cost of $34.50/lb. Six-and-a-half year mine life, producing ~50Mlb LoM, average annual production of 7.6 Mlb/year, peak of 9.0 Mlb (y3-6).
- **Leveraging knowledge equity to unlock value:** In 2023, DML was able to substantially leverage the knowledge and experience it has gained from the development of ISR technology applicable to the Phoenix deposit elsewhere in its portfolio, completing its first ISR field test program on the Tthe Heldeth Túé (THT) deposit at the 67.41%-owned Waterbury Lake uranium project in the eastern Athabasca Basin. DML made a leap in terms of de-risking the 2020 PEA on the project which scoped a 1.6 Mlb U_3O_8/year ISR operation (6-year, 9.7 Mlb LoM) with average cash OPEX of US$12.23/lb and 'all-in' production costs of US$24.93/lb U_3O_8, including initial CAPEX (C$112M) and LoM sustaining capital costs (C$50M) for a 39.1% pre-tax IRR and C$177M pre-tax $NPV_{8\%}$ at an average uranium price of US$53.59. Sensitivity analysis indicated a pre-tax $NPV_{8\%}$ of C$265M (C$162.9M post-tax) (100%-basis) and a 50% post-tax $NPV_{8\%}$ with an 18-month pay-back at US$65/lb U_3O_8.

OUTLOOK

- **Denison significantly de-risked Wheeler River in 2023, watch for market recognition to continue to drive the stock:** Denison has carried out a huge amount of technical work to validate the ISR potential of the first phase of production from Wheeler River (ISR mining of the Phoenix deposit) and is well positioned to become the next producer in the Basin.

RECOMMENDED ACTION

We recommend adding exposure as DML advances key assets toward production...

- **Attractive entry point as risk/reward proposition improving**. A core strength of Denison is 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's plan to in-situ leach the Phoenix deposit is expected to have a cost profile among the lowest in the world. **We continue to see great upside in this 'Top-Pick' with an attractive risk/reward profile.**

CATALYSTS

- **2024 -** Advancement of permitting and key milestones: Advancement of Phoenix project permitting (SK Ministerial Approval, Approval to file final EIS with CNSC).
- **2024 -** Exploration results - seeking satellite deposits at Wheeler River; and advanced, Studies for other potentially ISR amenable projects similar to THT/Waterbury (e.g. Midwest).

PROJECTED RETURN	24%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$2.00	$2.34	2.90
↓15%		↑24%

KEY STATISTICS AND METRICS

52-Week High/Low	$2.57/$1.28
YTD Performance	0.9%
Dividend Yield	N/A
Shares O/S	890.9M
Market Capitalization	$2,085M
Cash (as of Sept. 30th, 2023)	$60.8M
Debt (as of Sept. 30th, 2023)	NIL
Enterprise Value	$2,024M
Daily Volume (3 mos.)	1,913,807
Currency	C$ unless noted

HAYWOOD ESTIMATES (CAD)

	2022A	2023E	2024E
Revenue ($M)	$16.9	$13.5	$12.5
U_3O_8 Production	-	-	-
EBITDA ($M)	($30.4)	($33.4)	($31.7)
CFPS ($/share)	($0.03)	($0.03)	($0.02)

VALUATION

Our $2.90 target is based on a 1.0x multiple of our corporate NAV derived from a sum-of-parts assessment of Denison's full suite of interests, including a $DCF_{6\%}$ assessment of the Wheeler River project and other credits.

Net of corporate adjustments, our NAV is $2.80 billion, or $2.94 per fully diluted share.

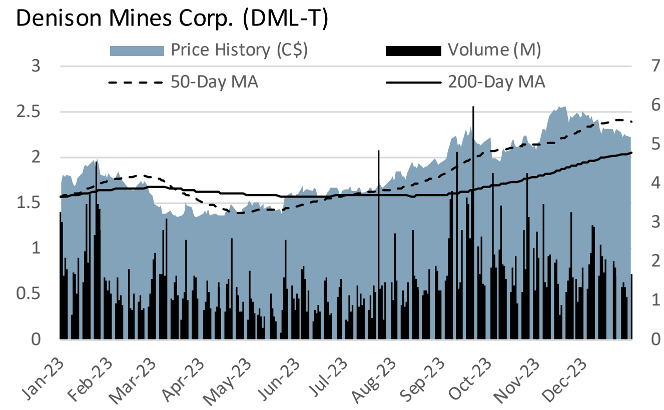
INVESTMENT THESIS

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 FS-supported cost profile among the lowest in the world, due to the extremely high grades at Phoenix, complemented by the sequential conventional underground mining of the Gryphon deposit, rounding out Wheeler production.

- **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 95%). 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 Feasibility Study advanced and further de-risked the cause indicating a base case post-tax $NPV_{8\%}$ of $1.56B and IRR of 90.0% at US$66-70/lb U_3O_8 and $1.35/US$. Upfront CAPEX of $419.4M, sustaining CAPEX of $322.9M, LoM OPEX of $8.51/lb, all-in cost of $21.73/lb for the ten-year mine, set to produce an average of 5.7 Mlb/year, peak of 9.2 Mlb (y2-3). The Gryphon deposit is expected to sequence into production following peak production from Phoenix, and the updated 2023 PFS indicates a base case post-tax $NPV_{8\%}$ of $864M and IRR of 37.6% at US$75/lb U_3O_8 and $1.35/US$. Upfront CAPEX of $737.4M, sustaining CAPEX of $103.7M, LoM OPEX of $17.27/lb, all-in cost of $34.50/lb set to produce an average of 7.6 Mlb/year, peak of 9.0 Mlb (y3-6), over its 6.5-year life. **The high asset quality, low initial CAPEX burden at Phoenix and industry leading cost profile potential make Denison a very compelling name in the junior uranium sector.**

- **Phoenix now supported by Feasibility Study level economics with Gryphon cost profile updated.** Since the Wheeler River project PFS_{2018}, the global financial landscape has significantly evolved, with inflation and shifting yields curves impacting all mining projects globally. With its 2023 Wheeler River FS/PFS update, Denison has fully integrated the new reality, giving us a clear picture of Wheeler River development and operating costs in the context of the current environment, shedding significant uncertainty regarding these macro factors.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our $2.90 target (unchanged) is based on a 1.0x multiple to our corporate NAV sum-of-parts assessment of Denison's full suite of interests, including a $DCF_{6\%}$ assessment of the Wheeler River project and other credits. Net of corporate adjustments, our NAV is $2.80 billion, or $2.94 per fully diluted share.

DOWNSIDE CASE

Our downside case of $2.00/share is based on a flat US$50/lb U3O8 uranium price assumption, aligned with the CY2022 average spot uranium price, reflecting a 47% discount to the current spot price of US$94/lb, applied to our DCF NAV model underlying our formal valuation of Denison.

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.

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 elevated 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.

Company Profile

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

Key Management

David Cates – President & CEO

Denison Mines Corp.	TSX:DML Price:	CDN $2.34	Shares O/S (M)	890.9	Rating: Buy	
	NYSEAM:DNN Price:	US $1.77	MCap (CDN$ M)	$2,084.6	Target (CDN $): $2.90	Return: 24%

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 95%-owned (90% direct, 5% indirect via JCU) flagship Wheeler River Project in the eastern Athabasca Basin.

► The 2023 Feasibility Study (Phoenix) and updated Prefeasibility Study (Gryphon) for the Wheeler River project indicated an after-tax $1.6B NPV for Phoenix and $0.9B NPV for Gryphon in the base case scenario (100%-basis), with robust all-in production costs of US$16/lb and $25.5/lb respectively positioning Wheeler as potentially one of the lowest cost mines globally.

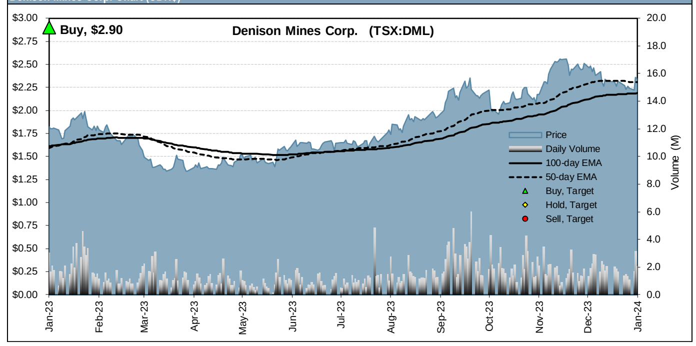
► In 2024 we expect DML to focus on further technical de-risking of ISR mining at Phoenix, including potential future field programs in support of the EA process. Progress with permitting / Environmental Assessment and Initial discussions on project financing / commercial developments to support the funding of future construction. **Denison's 2.5 Mlb U3O8 of physical uranium inventory is currently worth US$235M at spot uranium price of US$94/lb.**

Catalysts:

2024 – Advancement of permitting and key milestones: Advancement of Phoenix project permitting (SK Ministerial Approval, Approval to file final EIS with CNSC).

2024 - Exploration results - Expect Denison to carry out significant exploartion work in 2024, with the potential to deliver meaningful satellite deposits at Wheeler River (e.g., Moon South); and further de-risking and/or advanced studies for other potentially ISR amenable projects

Denison Mines Corp. Chart (CDN$)



Financials

(Year End 12/31)	2019	2020	2021	2022	2023	2024
Forecast U3O8 Spot Price, US$/lb	$26	$29	$40	$50	$55	$64
Forecast U3O8 LT Contract Price, US$/lb	$32	$32	$35	$48	$63	$70
C$/US$ FX Rate	1.33	1.34	1.25	1.27	1.34	1.36
A$/US$ FX Rate	1.45	1.45	1.33	1.38	1.34	1.56
Shares O/S, millions	597.2	679.0	812.4	826.3	890.9	908.7
Revenue, C$M	**$15.5**	**$14.4**	**$20.0**	**$16.9**	**$13.5**	**$12.5**
Mine Site Expense	$14.4	$10.6	$12.9	$30.3	$28.0	$26.0
Corporate G&A	$9.2	$9.0	$11.1	$14.0	$12.5	$13.5
EBITDA	**($14.9)**	**($7.3)**	**($16.8)**	**($30.4)**	**($33.4)**	**($31.7)**
EV / EBITDA	-	-	-	-	-	-
DD&A	$8.7	$7.1	$7.4	$8.7	$9.0	$8.5
Earnings	**($18.1)**	**($15.4)**	**$19.0**	**$14.4**	**$76.9**	**$8.3**
Adjusted EPS, C$	($0.03)	($0.03)	$0.02	$0.02	$0.09	$0.01
Current Price / EPS	-	-	96.6x	133.5x	27.1x	231.0x
Target Price / EPS	-	-	119.8x	165.4x	33.6x	286.3x
Cash Flow Before W/C Changes	**($21.1)**	**($13.2)**	**($21.0)**	**($29.9)**	**($30.1)**	**($21.3)**
CFPS, C$	($0.03)	($0.02)	($0.03)	($0.03)	($0.03)	($0.02)
Current Price / CFPS	-	-	-	-	-	-
Target Price / CFPS	-	-	-	-	-	-
Operating Cash Flow, C$M	($19)	($13)	($21)	($28)	($34)	($21)
Financing Cash Flow, C$M	$5	$31	$160	$21	$95	$30
Investing Cash Flow, C$M	($1)	$0	($99)	($7)	($18)	($15)
Change in Cash, C$M	($15)	$17	$40	($14)	$43	($6)
Working Capital (excl. uranium inventory)	**$2**	**$21**	**$56**	**$41**	**$66**	**$59**
Current Ratio	1.1x	2.8x	4.5x	4.5x	3.2x	3.2x
LT Debt, US$M	$0	$0	$0	$0	$0	$0
Debt as % of Capitalization	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Bloomberg Consensus Data (excluding Haywood estimates)	**2022**	**2023**
OCFPS	($0.03)	($0.02)
EPS	($0.00)	($0.03)

Trading Statistics (CDN$); Capital Structure

52 Week High/Low	$2.57 / $1.28			Average Daily Volume (90 day)	1,913,807
Ownership	Management / Institutional			Major Shareholders	
Shares (million)	4.14	301.38		Mirae Asset Global Investments Co., Ltd.	5.1%
% O/S	0.5%	33.8%		ALPS Advisors, Inc.	4.5%
Last Financing					
16-Oct-23	US$55.13M - bought deal share offering - 37.0M shares at US$1.49 per share				
Shares O/S - Basic, F.D.		890.9		953.4	
(C$M)	Av Strike (C$)	Units (M)		ITM Units (M)	Proceeds (C$)
Working Capital					$75
Options/Warrants	$2.68	62.54		62.54	$168
Convertible Bonds					
Total NWC & ITM		62.54		62.54	$243
Market Cap (C$)					$2,085

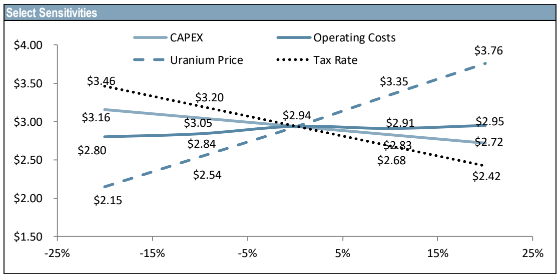
NAV Summary, Target Generation and Sensitivity		Base	-20%	-10%	+10%	+20%
Average Realized U3O8 (US$/lb)		$65	$52	$59	$72	$78
McClean Lake/Midwest DCF (C$M)	(@6%)	$74.2	$30.0	$45.2	$119.5	$163.4
Wheeler River DCF (C$M)	(@6%)	$1,838.4	$1,094.6	$1,493.3	$2,183.0	$2,525.2
NPV of Corporate CF	(@6%)	-$30.3	-$30.3	-$30.3	-$30.3	-$30.3
Total Project NAV - Net of Corporate CFs		$1,882.3	$1,094.3	$1,508.3	$2,272.2	$2,658.3
McClean Lake Mill 22.5% Value (C$M)		$225.0	$225.0	$225.0	$225.0	$225.0
Canada - Waterbury, Millennium, others (C$M)		$298.9	$298.9	$298.9	$298.9	$298.9
Equity interest in Goviex (C$M)		$5.2	$5.2	$5.2	$5.2	$5.2
Corporate NAV Subtotal (CDN$)		**$2,411.4**	**$1,623.4**	**$2,037.4**	**$2,801.3**	**$3,187.4**
Working Capital (est. year end 2023) + Uranium Inventory (LT price)		$222.0	$222.0	$222.0	$222.0	$222.0
Dilutive Capital		$167.8	$167.8	$167.8	$167.8	$167.8
Corporate NAV (CDN$)		**$2,801.1**	**$2,013.2**	**$2,427.1**	**$3,191.0**	**$3,577.1**
Corporate NAVPS		$2.94	$2.11	$2.55	$3.35	$3.75
Current P/NAV		0.8x	1.1x	0.9x	0.7x	0.6x
Target P/NAV		1.0x	1.0x	1.0x	1.0x	1.0x
Target (CDN$)		**$2.90**	**$2.10**	**$2.50**	**$3.30**	**$3.80**

Peer Group Comparables

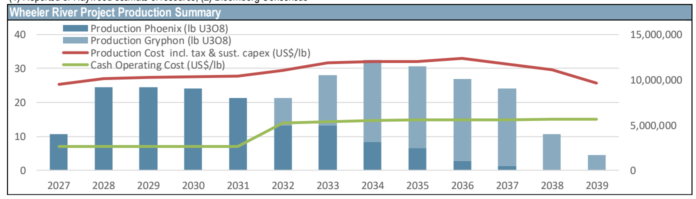
	Symbol	Price (C$)	M.CAP C$	EV US$	EV / lb Res(1)
Denison Mines Corp.	**TSX:DML**	**$2.34**	**$2,085**	**$1,417.0**	**$6.85**
NexGen Energy Ltd.	TSX:NXE	$9.42	$4,949	$3,368.6	$9.97
Fission Uranium Corp.	TSX:FCU	$1.10	$839	$550.2	$4.22
IsoEnergy Ltd.	TSXV:ISO	$4.20	$726	$520.4	$10.15
Average					**$7.80**

(1) Reported or Haywood estimate of resource, (2) Bloomberg Consensus

Select Sensitivities



Wheeler River Project Production Summary



Sales & Production Profile

Sales & Production Profile	2027	2028	2029	2030	2031
Production Attrib. Wheeler River U_3O_8 (Mlb)	4.0	9.2	9.2	9.0	8.0
Sales Attrib. Wheeler River U_3O_8 (Mlb)	4.0	9.2	9.2	9.0	8.0
U_3O_8 Realized Price, US$/lb	$65	$65	$65	$65	$65
U_3O_8 Cash Cost, US$/lb	$7.0	$7.0	$7.0	$7.0	$7.0
U_3O_8 Product. Cost after tax & sust. capex, b/f interest, US$/lb	$25.4	$26.9	$27.3	$27.5	$27.8

Corporate Contact

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Emma Boggio, MSA, CPA, CA - Research Associate — eboggio@haywood.com 604-697-6166

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

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CAPITAL MARKETS
HAYWOOD

NexGen Energy Ltd.

(NXE-T)

SECTOR: Mining

STOCK PRICE	$9.42
RATING	BUY
TARGET PRICE	$11.00
RISK	Very High

TOP PICK: ATHABASCA BASIN-BASED URANIUM EXPLORER & DEVELOPER

Best Undeveloped Uranium Asset Globally

OUR TAKE: NexGen's Arrow deposit has scale, grade, extremely low-cost potential and resides in a premier uranium mining jurisdiction. The February 2021 Feasibility Study outlined a >21 Mlb U_3O_8 per year, 10-year mine operation with an after-tax $NPV_{8\%}$ of $3.47B at US$50/lb uranium. Feasibility Study results served to further confirm our thesis that the Rook 1 project, with its Arrow uranium deposit, is, in our view, the '**best undeveloped uranium asset globally and highly strategic'**. **Sensitivity analysis applied to our NXE model indicates a $7.4B ($13.70/share) corporate NAV at Q4/23 average spot uranium price of US$78/lb U_3O_8, reflecting significant upside to our $11.00 target which is underpinned by US$65/lb.** With the disruptive potential of the Arrow deposit, we believe that a major uranium miner must control this asset and should be willing to pay a substantial premium for it.

KEY HIGHLIGHTS

- **Unrivaled Development Play.** The Company's 2021 FS of Arrow **shows potential to generate ~$7 billion in cumulative cash flow at US$50/lb U_3O_8, and ~$2.5B in average annual EBITDA in the first 5-years of production at US$75/lb U_3O_8.** The FS base case (US$50/lb, USD/CAD FX rate of $0.75) highlights a mine life of 10.7 years, avg. annual production of 21.7 Mlb (28.8 Mlb pa first 5-years), after-tax $NPV_{8\%}$ of $3.47B, after-tax IRR of 52.4%, after-tax payback of 0.9 years, pre-production CAPEX of $1.3B, and LoM avg. OPEX of $7.58/lb or US$5.69/lb, driving after-tax avg. annual net cash-flow of $763M/year ($1.04B/year first 5-years). The Arrow FS suggests a $5.80B project $NPV_{8\%}$ at US$75/lb uranium price, and $8.13B at US$100/lb, implying excellent leverage to uranium price, confirmed in our model.
- **Acquisition Attractiveness.** We continue to highlight the strategic importance of the Rook 1 property. We believe that it is critical for a major producer to control NXE's Arrow deposit because of its disruptive potential. Controlling Arrow could be the strategic key to preserving the value of existing deposits and maintaining the ability to affect price with output decisions. In our opinion there is a strong case for a major producer to acquire NXE to gain control of this disruptive asset and are surprised it has not happened. **Acquisition potential aside, NXE is a 'must-own' as one of the best undeveloped assets in any commodity globally.**

OUTLOOK

- **Financing and Licensing progress.** NexGen is fully funded with ~363M in cash to continue to advance its 2024 priorities and through its pre-development capital programs. NexGen made extensive progress in 2023 on the permitting/licensing front, receiving Ministerial approval from the **Saskatchewan Minister of Environment for the development of its flagship Rook 1 project, the first project to receive this approval in 20-years, which bodes well for the success of the remaining Federal Environmental Assessment approval process which is well advanced**, with all responses to the Federal technical review already submitted**.**

RECOMMENDED ACTION

We recommend having exposure to NexGen given our thesis that a major miner must control Arrow due to its disruptive potential…

- We continue to be very bullish on NexGen and view the Arrow deposit as 'the best undeveloped uranium asset globally and highly strategic'. We see NexGen as perfectly positioned to fill the supply gap beyond 2026. We expect Arrow will be ramping up production just as major sources of production (Cigar Lake) are nearing end-of-life. We believe that it is critical for existing major producers to control this deposit because of its disruptive potential and that this is key to preserving the value of their existing deposits and maintaining their ability to affect price with production management strategies. NXE trades at 0.94x Consensus NAV, versus high-quality development peers (eg. DML, 0.80x, FCU, 0.73x) and behind tier 1 producer, Cameco at 1.44x. **NXE is a 'must-own' for exposure to the uranium sector.**

CATALYSTS

- **2024 - Setting of Federal CNSC hearing date for approval of Final EIS**
- **2024 - Details of Rook 1 Project Development Financing package**
- **Q1/2024 - Details of large-scale exploration programs for 2024**

PROJECTED RETURN 17%

RISK FACTOR Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
$7.80	$9.42	$11.00
↓ 17%		↑ 17%

KEY STATISTICS AND METRICS

52-Week High/Low	$9.69/$4.75
YTD Performance	1.6%
Dividend Yield	NA
Shares O/S	525.3M
Market Capitalization	$4,949M
Cash (as of Sept. 30th, 2023)	$370.4M
Debt (as of Sept. 30, 2023)	$189.2M
Enterprise Value	$4,768M
Daily Volume (3 mos.)	1,618,764
Currency	CAD

HAYWOOD ESTIMATES (CAD)

	2022A	2023E	2024E
U3O8 Production	0.0	0.0	0.0
Revenue ($M)	0.0	0.0	0.0
EBITDA ($M)	(58.8)	(70.8)	(35.1)
CFPS ($)	(0.04)	(0.07)	(0.06)

VALUATION

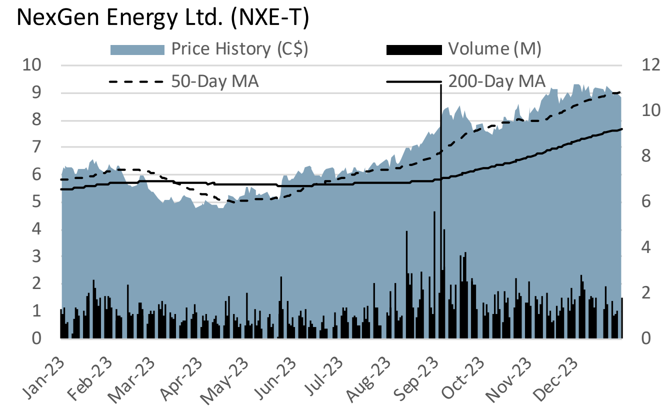
Our $11.00 target is based on a 1.0x multiple of our estimated corporate net asset value (NAV) per share of $11.06, based on a discounted cash flow ($DCF_{6\%}$) analysis of our conceptual uranium mining operation at Arrow plus a credit for exploration potential.

INVESTMENT THESIS

We believe NexGen is peerless in the Athabasca Basin and globally as an exploration / development play, as it controls a large, world-class, high-grade uranium deposit in a proven operating district, with the scale, grade and setting to deliver top decile economics when developed.

- **We view the Arrow deposit as 'the best undeveloped uranium asset globally and highly strategic'.** We believe that it is critical for existing major producers to control this deposit because of its disruptive potential and that this is their only option to preserve the value of their existing deposits and maintain their ability to affect price with production curtailments. The Arrow FS suggests cash operating costs of US$5.69/lb and a $2.53B project $NPV_{8\%}$ at US$40/lb uranium price, implying an industry leading margin for a tier 1 scale operation.
- **We estimate NexGen controls the largest and most strategically important undeveloped high-grade uranium deposit in a world class jurisdiction, with expansion potential, as the deposit remains open in all directions.** Growth potential exists within and around the Arrow Zone. Future drilling could easily yield additional resource at the deposit with the potential to report to a future mining operation, serving to extend life and augment economics.
- **More than 80 Mlb U_3O_8 in resources not included in Feasibility Study suggests significant mine life extension beyond FS, and more attractive economics than those captured in 'Probable Reserves' alone.** NexGen has delineated 80.7 Mlb U_3O_8 in 'Inferred Resources' at Arrow that do not report to the FS mine plan but are very likely to be part of a future mining operation at the project. Our mining concept integrates ~50% of these 'untapped' resources, leaving still further upside.
- **Future exploration work at the SW1/2/3 land packages could lead to additional discovery.** NexGen also has the potential to discover new deposits on the Rook I project beyond the Arrow, with the Bow and Harpoon zones and from elsewhere within NexGen's expansive western Athabasca land package. Our valuation includes a $250M credit for this discovery potential amounting to less than 5% of our total corporate NAV.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our $11.00 target is based on a 1.0x multiple of our estimated corporate net asset value (NAV) per share of $11.06, based on a discounted cash flow ($DCF_{6\%}$) analysis of our conceptual uranium mining operation at Arrow plus a credit of less than 5% of our total corporate NAV for discovery potential within the portfolio.

DOWNSIDE CASE

Our downside case of $7.80/share is based on a flat US$50/lb U3O8 uranium price assumption, aligned with the CY2022 average spot uranium price, reflecting a 47% discount to the current spot price of US$94/lb, applied to our DCF NAV model underlying our formal valuation of NexGen.

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.

KEY RISKS

- **Financial:** NexGen is a pre-revenue, development-stage company, and will almost certainly rely on external funding source in the form of future equity dilution or debt capital.
- **Commodity Price:** Our forecasts include a substantial increase in uranium price from current market prices. Failure for this to materialize would negatively impact our valuation.

Company Profile

NexGen is a British Columbia corporation with a focus on the acquisition, exploration and development of Canadian uranium projects. Specifically, it's focused on advancing its portfolio of high-impact uranium projects across the Athabasca Basin.

Website

www.nexgenenergy.ca

Key Management

Leigh Curyer – CEO

NexGen Energy Ltd.	TSX:NXE Price: $9.42	Shares O/S (M) 525.3	Rating: Buy	
January 10, 2024		MCap (C$ M) $4,949	Target (C$): $11.00	Return: 17%

Alpha: NexGen Energy is the premier pre-resource uranium exploration play globally, with an expansive, highly prospective land package on the southwestern perimeter of a prolific uranium district. The Athabasca Basin (Sask.) is an excellent operating jurisdiction, and home to multiple world class, ultra high-grade uranium deposits with an extensive history of uranium mine permitting and production.

Investment Highlights

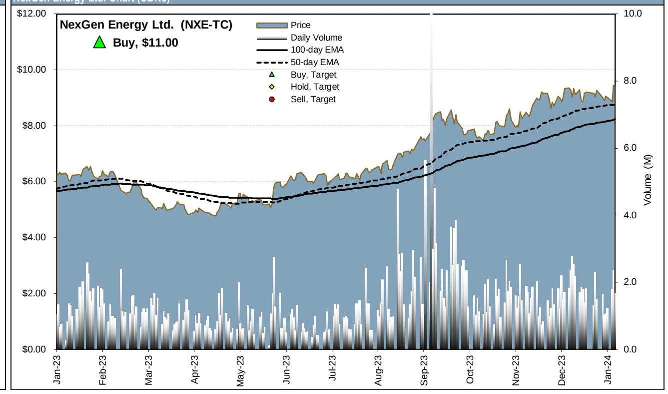
- **NexGen - *the* Premier Global Pure Uranium Exploration Play:** With regional concentration becoming a reality, we expect NexGen will land peerless in the Athabasca Basin and globally, with its **world class high-grade uranium resource exceeding 337 Mlb U_3O_8,** with expansion potential both at Arrow and broadly across the Rook 1 Projectx, and from elsewhere within NexGen's expansive western Athabasca assets.
- **February 2021 Feasibility Study Highlights:**
  - **Mine Life: 10.7 years**
  - **Average Annual Production: 21.7 Mlb pa** (28.8 Mlb pa first 5-years)
  - **After-Tax NPV8%: $3.47B**
  - **After-Tax IRR: 52.4%**
  - **After-Tax Payback: 0.9 years**
  - **Pre-Production CAPEX: $1.3B**
  - **LoM Avg. OPEX: $7.58/lb** (US$5.69/lb)
  - **After-Tax Avg. Annual Net Cash-Flow: $763M/year** ($1.04B/year first 5-years)

- **Expansive Land Package with Exploration Upside:** When looking for needles in a haystack, it helps to be the dominant owner of the haystack: NexGen's Rook 1 claims represent the largest aggregate land position of any claimholder in the southwestern region of the Athabasca Basin.

Catalysts

2024 – Setting of Federal CNSC hearing date for approval of Final EIS
2024 – Details of Rook 1 Project Development Financing package
Q1/2024 – Details of large-scale exploration programs for 2024

NexGen Energy Ltd. Chart (CDN$)



Financials & Assumptions	F`18A	F`19A	F`20A	F`21A	F`22A	F`23E	F`24E
(Year-End Dec-31)	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Spot Uranium (US$ / lb)	$25	$26	$29	$40	$50	$55	$64
Long-term Uranium (US$ / lb)	$31	$32	$32	$35	$48	$63	$70
C$/US$ FX Rate	1.33	1.33	1.33	1.28	1.28	1.34	1.36
Revenue (C$M)	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**	**$0.0**
Cost of Goods Sold (C$M)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Corporate G&A (incl. stock-based comp) (C$M)	$24.4	$23.2	$21.3	$49.0	$58.0	$72.3	$35.1
EBITDA (C$M)	**($24.6)**	**($24.0)**	**($22.3)**	**($50.0)**	**($58.8)**	**($70.8)**	**($35.1)**
EV / EBITDA							
DD&A (C$M) & Write downs	$1.7	$2.6	$2.8	$2.3	$2.0	$1.8	$1.8
Earnings (C$M)	**$3.0**	**($20.7)**	**($146.1)**	**($152.4)**	**($72.4)**	**($105.0)**	**($49.4)**
Adjusted EPS (C$)	$0.01	($0.04)	($0.30)	($0.26)	($0.12)	($0.20)	($0.09)
Current Price / EPS	1435.5x	-	-	-	-	-	-
Target Price / EPS	1676.3x	-	-	-	-	-	-
Cash Flow Before W/C Changes (C$M)	**($8.3)**	**($11.3)**	**($11.4)**	**($16.9)**	**($20.2)**	**($38.0)**	**($29.4)**
Shares O/S, millions	351.4	357.9	426.0	480.4	486.0	525.3	535.8
CFPS, C$	($0.02)	($0.04)	($0.02)	($0.03)	($0.04)	($0.07)	($0.06)
Current Price / CFPS	-	-	-	-	-	-	-
Target Price / CFPS	-	-	-	-	-	-	-
Operating Cash Flow (C$M)	($8.5)	($12.8)	($10.6)	($16.8)	($20.2)	($37.5)	($29.0)
Financing Cash Flow (C$M)	$2.4	($1.4)	$51.2	$191.4	$19.9	$342.0	$20.0
Investing Cash Flow (C$M)	($37.8)	($57.7)	($18.2)	($46.7)	($68.1)	($101.3)	($90.0)
Change in Cash (C$M)	($39.9)	($72.9)	$21.9	$127.8	($67.4)	$203.2	$16.7
Working Capital (C$M)	**$119.2**	**$48.7**	**$67.7**	**$205.1**	**$127.6**	**$330.8**	**$347.5**

Trading Statistics (C$); Capital Structure				
52 Week High/Low	$9.69 / $4.75		Average Daily Volume (90 day)	1,618,764
Ownership (M)	Management / Institutional		Major Shareholders	
Shares	9,281,189	201,272,626	Mirae Asset Global Investments Co., Ltd.	4.5%
% O/S	1.8%	38.3%	L1 Capital Pty. Limited	4.2%

Last Financing

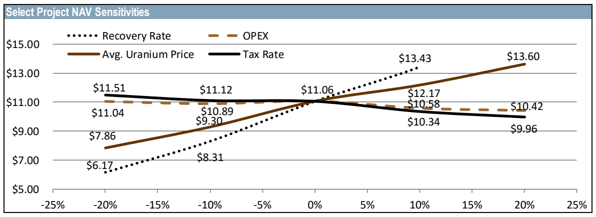
Aug-23 US$110M unsecured Convertible Debenture Financing - 9% coupon, 5-year term, convertible at US$6.76 into 16.27M NXE shares
YTD 2023 issued 24.7M shares via at-the-market equity program for $177.3M proceeds net of issuance costs for the 9-months ended Sept. 30, 2023

Shares O/S (million)- Basic / FD 525,340,525 / 542,499,686

(C$M)	Av Strike (C$)	Units (M)	ITM Units (M)	Proceeds (C$)
Working Capital				$370.4
Options	$2.19	17.16	17.16	$37.5
Warrants		0.00	0.00	$0
Total Cash & ITM	$2.19	17.16	17.16	$408

NAV Summary, Target Generation and Sensitivity		Base	-20%	-10%	+10%	+20%
Average Realized Uranium Price (US$/lb)		$65	$52	$59	$72	$78
C$ millions						
Rook 1 (Arrow) Mine DCF	(@6%)	$5,050	$3,667	$4,359	$5,741.6	$6,432.5
NPV of Corporate CF	(@6%)	-$106	-$106	-$106	-106	-106
Total NAV (C$M)		$4,944	$3,561	$4,699.3	$6,144.7	$6,866.4
Other Project Credits (C$M)		$250.0	$250.0	$250.0	$250.0	$250.0
Corporate NAV (unadjusted) (C$M)		**$5,194.5**	**$3,811.0**	**$4,949.3**	**$6,394.7**	**$7,116.4**
Working Capital (est. Dec 2023)		$330.8	$330.8	$330.8	$330.8	$330.8
Dilutive Capital		$37.5	$37.5	$37.5	$37.5	$37.5
Total Corporate NAV (C$M)		**$5,562.8**	**$4,179.3**	**$5,317.6**	**$6,763.0**	**$7,484.8**
Corporate NAVPS		$11.06	$8.16	$9.55	$12.32	$13.70
Current P/NAV		0.9x	1.2x	1.0x	0.8x	0.7x
Target Price / NAV		**1.0x**	1.0x	1.0x	1.0x	1.0x
Target (C$)		**$11.00**	**$8.20**	**$9.60**	**$12.30**	**$13.70**

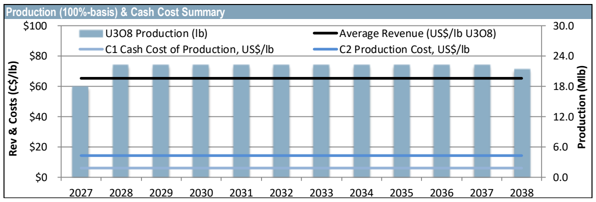
Select Project NAV Sensitivities



Rook 1 - Arrow Zone - Conceptual Resource & Mining Concept - Underlying Mining Inventory Assumption			
Haywood Est. Mining Inventory	**k Tonnes**	**Grade (% U_3O_8)**	**Insitu U_3O_8 (M)lb**
	4,870	2.62%	281.3

Rook 1 - Arrow Zone - Conceptual Resource & Mining Concept - Underlying Cost Assumptions			
CAPEX	**US$ M**	**OPEX**	**US$/t**
Total Pre-Production CAPEX	**1128.3**		
Sustaining Capital, Closure & Reclamation	274.0		
LoM Total CAPEX	**1402.3**	**OPEX per t RoM ore:** (incl. surface G&A)	**289.2**

Production (100%-basis) & Cash Cost Summary



Production Profile (attributable)	31-Dec-27	31-Dec-28	31-Dec-29	31-Dec-30	31-Dec-31	31-Dec-32	31-Dec-33
Total U3O8 Production (Mlb)	**17.8**	**22.0**	**22.0**	**22.0**	**22.0**	**22.0**	**22.0**
Uranium - Realized Price, US$/lb	$65	$65	$65	$65	$65	$65	$65
C1 Cash Cost of Production, US$/lb	$6.1	$6.1	$6.1	$6.1	$6.1	$6.1	$6.1
C2 Production Cost, US$/lb	$14.2	$14.2	$14.2	$14.2	$14.2	$14.2	$14.2
Production Cost, US$/lb (incl. royalties, interest)	$32	$30	$29	$28	$27	$26	$26
All-in After Tax Prod. Cost, US$/lb	$41	$39	$39	$38	$37	$37	$37

Peer Group Comparables (Haywood Securities estimates & Bloomberg Consensus Data)							
Company Name	**Price (LoC)**	MCAP C$M	**EV C$M**	**NAV****	**P/NAV**	Cons. Target*	**Implied Return**
Cameco Corporation (CCO-T)	$60.42	$26,224	$24,684	$41.93	1.44x	$70.59	17%
NexGen Energy (NXE-T)	**$9.42**	**$4,949**	**$4,793**	**$10.02**	**0.94x**	**$11.50**	**22%**
Uranium Energy (UEC-US)	$6.86	$3,608	$3,543	$6.11	1.12x	$7.39	8%
Denison Mines (DML-T)	$2.34	$2,085	$2,001	$2.91	0.80x	$2.65	13%
Fission Uranium (FCU-T)	$1.10	$839	$789	$1.50	0.73x	$1.44	31%
*** Bloomberg Consensus Data**	**** S&PCapital IQ data**			**Average:**	**1.01x**		**18%**

Corporate Contact

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Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

SPECIAL SITUATIONS & TECHNOLOGY

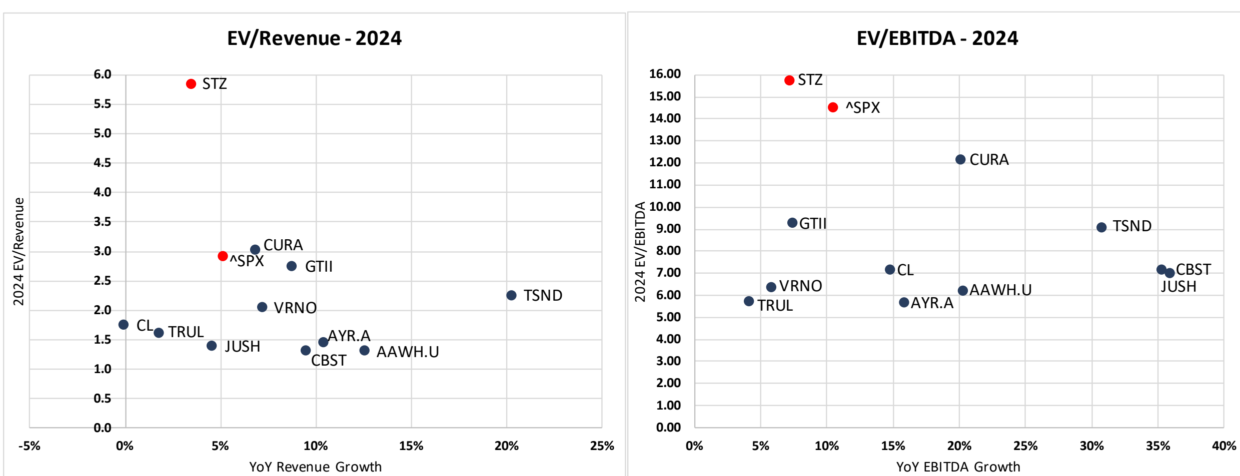
Cannabis

As we look into 2024, we believe the Cannabis Sector is primed for material share price appreciation following a shift in long-term sentiment. The Cannabis Sector has been in a three-year down trend since its peak in February 2021 following the election of Joe Biden and Democrats taking control of the Senate as well as the House. Speculation of legalization drove equites to all-time highs before falling roughly +85% as investors waited for progress on reform. As a result of the lack of progress, investors have become increasingly immune to the words of lawmakers. While price action continues to be driven by headlines, the volatility has decreased with the MSOS ETF essentially flat over the past year. We believe the drawn out down trend has exhausted a substantial amount of the selling pressure which sets up for strong price action once sentiment becomes more constructive.

With really no tangible progress on banking reform, investors are focused on the prospects of rescheduling marijuana. Late August, The Department of Health & Human Services (HHS) recommended to the DEA that marijuana be rescheduled under the Controlled Substance Act from Schedule I to Schedule III. This followed a statement from President Biden in October 2022 asking the HHS and Attorney General to expeditiously initiate a process on how marijuana is scheduled under federal law. If the DEA agrees with the Department of HHS and proposes to reclassify marijuana under Schedule III, this would undoubtedly be the trigger to shift long-term sentiment, in our view. We believe that given the medical benefits of cannabis, increasing state-level adoption, along with the HHS recommendation, that the DEA will propose Schedule III as well. While the timing of a ruling is uncertain, it is known that the DEA review process is currently ongoing, and we expect a decision by the end of Q2 2024.

While we believe that federal cannabis reform is a when not if issue, developments at the state level present significant growth opportunities in 2024 and beyond. There are several states that are still in the infancy of rolling out commercial markets, others in the process of implementing new markets, and a few with the prospect to pass some form of legalization in 2024. Cannabis stocks continue to trade at an attractive valuation relative to S&P 500 and major CPG alcohol businesses. Most of the larger cannabis stocks trade at around 1.0x-2.0x 2024 revenue, a discount compared to the S&P at 2.9x and Constellation Brands (STZ US | Not Rated) at 5.8x, despite higher growth expectations. The industry trades at an even deeper discount in terms of EBITDA.

U.S. MSOs Valuation vs. Growth Analysis



Source: Source: Capital IQ, and Haywood Securities

iGaming

Online gambling has become legal in the USA at a rapid pace since the federal repeal of PASPA in 2018, however, hundreds of millions of people still lack access to legalised online gambling in their respective states. Grand View Research expects the global online gambling market to grow at a 11.7% CAGR from 2023 to 2030 and reach US$137.8B. While online sports betting is now legal in nearly 30 states (Arizona, Arkansas, Colorado, Connecticut, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Nevada, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Virginia, Washington DC, West Virginia, Wyoming), online casino legalisation has experienced a much slower progression with it being legal in only six states (Connecticut, Delaware, Michigan, New Jersey, West Virginia) with Rhode Island set to open its online casino market on March 1, 2024. A big event in late 2023 was the relaunch of Hard Rock online in Florida following a two-year legal limbo after an October 2023 SCOTUS ruling denying a request to stop the Seminole Tribe, which owns Hard Rock, from offering sports betting in Florida. While further legal hurdles are on tap for 2024, presently Hard Rock is the only operator in Florida offering online sports betting.

At a high level, YTD through October 2023, USA has generated US$54.4B in GGR (+9.6% growth), according to the American Gaming Association. The high growth areas of sports betting and iGaming grew 50.8% and 23.1%, respectively. We look for continued online gambling regulatory movement in 2024, further supporting overall growth rates and expect the segments of sports betting and iGaming to continue leading growth.

USA Commercial Gaming Revenue

OCTOBER 2023 GGR PER GAMING VERTICAL, ANNUAL CHANGE*

	Total GGR	Slot GGR	Table Game GGR	Sports Betting GGR	iGaming GGR
Over Oct. 2022	$5.62B	$3.95B	$804.0M	$1.31B	$533.6M
	+5.9% ▲	-0.7% ▼	-4.5% ▼	+38.8% ▲	+17.8% ▲

YTD GGR PER GAMING VERTICAL, ANNUAL CHANGE*

	Total GGR	Slot GGR	Table Game GGR	Sports Betting GGR	iGaming GGR
Over Jan.-Oct. 2022	$54.40B	$29.60B	$8.41B	$8.33B	$5.02B
	+9.6% ▲	+3.3% ▲	+1.6% ▲	+50.8% ▲	+23.1% ▲

*Michigan and Louisiana are not included in the separate slot and table game revenue numbers, but combined revenue from the two verticals is included in the total. As of the publication date, sports betting revenue for Arizona for October was not available. Tennessee sports betting revenue is no longer publicly disclosed and has consequently been omitted from the aggregated data presented in this report.

Source: American Gaming Association

Source: American Gaming Association

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Colin George, 416-507-2383, cgeorge@haywood.com

CAPITAL MARKETS HAYWOOD

Green Thumb Industries Inc.

CSE: GTII | OTCQX:GTBIF

SECTOR: Special Situations

STOCK PRICE	C$14.53
RATING	BUY
TARGET PRICE	C$19.50

CANNABIS TOP PICK

Strong Fundamentals to Support New Growth

OUR TAKE: Our Top Pick for the Cannabis Sector is Green Thumb Industries (GTI) for 2024 given the health of its balance sheet, operational track record, and attractive footprint. These key elements should enable GTI to navigate any near-term volatility associated with potential headlines relating to federal reform. Green Thumb's footprint in adult-use markets that recently commenced, as well as those expected to pass adult-use legalization should drive growth well beyond 2024. Additionally, the prospect of marijuana rescheduling by the DEA would materially improve Green Thumb's industry leading ability to generate cash flow.

KEY HIGHLIGHTS

- **Operating History:** GTI has delivered five consecutive years of top-line growth and is on pace to deliver its sixth following the release of its Q4 2024 results. Gross and adj. EBITDA margins of approximately 50% and 30% respectively are amongst the strongest of U.S. MSOs. The Company's balance sheet is also one of the most robust within the peer group. GTI finished Q3 2023 with a cash balance of US$136.8M and has generated $224.2M in OCF (inclusive of taxes due) over the prior four quarters. Green Thumb finished the period with total debt outstanding (not including lease liabilities) of US$298.5M, the bulk of which is the US$250M April 2021 notes with interest of 7.0% per annum. The balance consists of mortgage notes with maturities ranging from August 2025 to June 2035 with interest rates from 5.0% to 9.5%.
- **Growth Opportunity:** Despite the downturn in the overall Cannabis Sector, Green Thumb's financial position and impressive operating history enabled it to continue with its growth objectives. Full-year 2023 CAPEX is expected to be approximately US$230M, significantly more than its peers. The Company is positioned to capitalize on several state-level legalization initiatives. GTI has a presence in Connecticut, Maryland, New Jersey, New York, and Rhode Island, all of which have recently commenced adult-use sales. The Company is also one of the limited license holders in Ohio, Minnesota, and Virginia, all of which have passed adult-use legalization but are in the process of implementing a commercial program. Lastly, Green Thumb has a strong footprint in both Florida and Pennsylvania the two states most likely to pass adult-use legalization in 2024.

OUTLOOK

- We believe Green Thumb has set the bar within the MSO group for balance sheet strength, cash flow generation, exposure to attractive markets all while remaining current with taxes due. While the share price performance will largely be influenced by federal headlines that tends to drive the sector, GTII was one of the better performers in 2023 with the shares up approximately 24% last year despite the head fakes by politicians. It remains to be seen when some sort of reform will transpire, but in our view investors with exposure to GTI stand to benefit based both on its operational performance and also when that catalyst unfolds.

RECOMMENDED ACTION

We recommend accumulating shares at current levels

- **We reiterate our Top-Pick and Buy recommendation.** We continue to favour the U.S. cannabis market and GTI continues to demonstrate a leading position in the industry. The Company has regularly reported strong financials with consistently strong revenue growth combined with impressive margins. We continue to recommend investors have exposure to GTI.

CATALYSTS

- **March 2024 –** Q4/2023 financial results
- **Early 2024 –** Commence adult-use sales in New York
- **F2024 & F2025 –** Commencement of sales in new programs and expansion of existing ones
- **Ongoing –** Potential partnerships and M&A to expand its product offering and geographic

PROJECTED RETURN	34%
RISK FACTOR	Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
C$10.00	C$14.53	C$19.50
↓ 31%		↑34%

KEY STATISTICS AND METRICS (Q3/23)

52-Week High/Low (C$)	$16.94 / $8.62
YTD Performance	-2.29%
Dividend Yield	N/A
Shares O/S (FD)	236.6M
Market Capitalization	$2,569M
Cash	$137M
Debt	$560M
Enterprise Value	$2,992M
Daily Volume (3 mos.)	235,628
Currency	US$ unless noted

HAYWOOD ESTIMATES (USD)

	2022A	2023E	2024E
Revenue ($M)	1,017.4	1,046.2	1,100.8
EBITDA ($M)	311.5	311.2	330.5
EPS FD ($)	0.05	0.21	0.30

VALUATION

We apply a 13x EV/EBITDA multiple to our F2024 EBITDA estimate, then discounted by 15%.

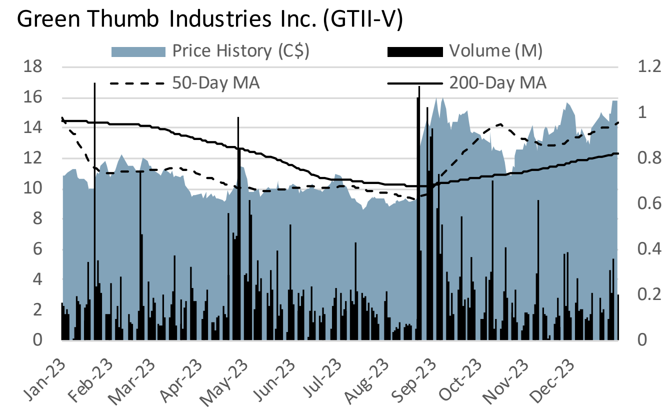
GTII is currently trading at 9.2x our F2024 EV/EBITDA estimates, compared to peers trading at 7.7x consensus F2024 EV/EBITDA estimates (excl. hi/lo).

INVESTMENT THESIS

Green Thumb is one of the leading multi-state cannabis operators in the U.S. headquartered in Chicago, Illinois. The Company is rapidly expanding its footprint in the U.S. with licenses for 90 operational retail locations along with 18 manufacturing facilities across 14 markets. With a portfolio of branded products that includes &Shine, Beboe, Dogwalkers, Doctor Solomon's, Good Green, incredibles, and RHYTHM. Green Thumb is well positioned to expand its market presence in those states in which it has licenses. The Company also continues to leverage its knowledge and experience to achieve new license wins and execute on potential acquisitions.

- **Family of Brands:** Core to Green Thumb's business plan is the development of its brand portfolio to distribute at scale across the markets in which it operates. The Company has developed its brands with strategic co-manufacturing partnerships.
- **Significant Retail Pipeline:** Green Thumb now has 90 retail locations open with licenses to open 110+ locations across 14 states. The Company continues to build out its retail footprint with further locations expected to open throughout 2024.
- **Management Team:** The Company has a strong management team with a significant degree of consumer experience across many leading consumer brands. We believe this should enable Green Thumb to continue to capture market share for its brand portfolio while also building its retail presence.

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of C$19.50 uses a 13x EV/EBITDA multiple on our F2024 EBITDA estimate, then discounted by 15%.

DOWNSIDE CASE

Our downside case reflects the low-end of the group multiple range of 7x 2024E EV/EBITDA discounted at 15%.

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.

KEY RISKS

- **U.S. Federal Classification of Cannabis as Schedule I Drug:** The U.S. currently classifies cannabis as a schedule I controlled substance, the most restrictive classification for any narcotic. We believe that this creates the largest concern for investors considering investment in the sector.
- **Execution Risk:** As with many growing companies, Green Thumb is at risk to the completion of its projects on schedule and the resulting operations performing sufficiently to support its business strategy.
- **Competition:** The cannabis industry has attracted many companies to the industry that should drive high levels of competition as other companies establish their presence.

Company Profile

Green Thumb Industries is a U.S. based Multi-State Operator headquartered in Chicago, IL. The Company brands itself as a cannabis consumer goods company and produces a suite of house brands including &Shine, Beboe, Dogwalkers, Doctor Solomon's, Good Green, incredibles, and RHYTHM.

Company Website

www.gtigrows.com

Key Management

Ben Kovler – Founder, CEO and Chairman
Anthony Georgiadis – President & Director
Matt Faulkner

Green Thumb Industries Inc. (CNSX:GTII)				
Rating: Buy	Target Price (C$)	$19.50	Mkt. Cap, C$M	3,438.1
Risk: Very High	Return (%)	34%	Shares Outstanding (M)	236.6
Target Price Metric: 13x EV/EBITDA	Current Price	$14.53	Fully Diluted Shares (M)	251.3
	52 Week High/Low (C$)	$16.94 / $8.62	Company CEO	Ben Kovler
	Daily Volume (3-mth avg)	235,628	Website	www.gtigrows.com

BALANCE SHEET AND CAPITALIZATION	Q3/2023
	$M
Market Capitalization	$2,569
Current Cash	$137
Working Capital	$170
Debt	$560
Enterprise Value (EV)	$2,992

CAPITAL STRUCTURE	Shares (M)
Shares Outstanding	236.6
Fully Diluted Shares	251.3

ANNUAL FINANCIAL SUMMARY ($M)				
Year-end Dec 31st	2021A	2022A	2023E	2024E
Income Statement ($M except per share items)				
Net Revenue	893.6	1,017.4	1,046.2	1,100.8
Cost of Goods Sold	401.6	513.4	534.2	550.3
Gross Profit	491.9	504.0	512.0	550.5
Adjusted EBITDA	307.8	311.5	311.2	330.5
Net Income	80.4	13.7	49.8	76.4
EPS FD	0.35	0.05	0.21	0.30
Balance Sheet ($M)				
Cash & Equivalents	230.4	177.7	133.0	420.4
Debt	239.9	275.7	298.5	298.5
Cash Flow ($M)				
Op. CF (before W/C)	197.3	228.8	228.1	228.4
Op.CF	132.0	158.6	195.0	189.7
Financing CF	295.3	8.6	(7.3)	147.8
Investing CF	(280.7)	(219.9)	(232.4)	(50.0)
Change in Cash	146.7	(52.7)	(44.7)	287.5

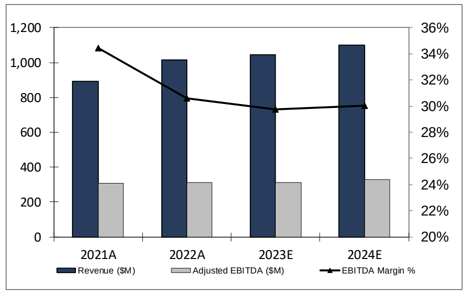
QUARTERLY RESULTS ($M)				
Revenue	**Q1**	**Q2**	**Q3**	**Q4**
2022	242.6	254.3	261.2	259.3
2023	248.5	252.4	275.4	269.9
2024	259.1	270.7	278.9	292.1
ADJ. EBITDA	**Q1**	**Q2**	**Q3**	**Q4**
2022	67.0	78.7	84.5	81.2
2023	76.2	75.8	83.0	76.2
2024	74.0	82.7	86.2	87.6

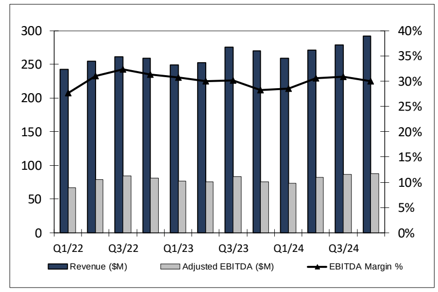
VALUATION RATIOS	2021A	2022A	2023E	2024E
EV / Revenue	3.3x	2.9x	2.9x	2.7x
EV / ADJ. EBITDA	9.7x	9.6x	9.6x	9.1x

GROWTH ANALYSIS	2021A	2022A	2023E	2024E
Revenue	0%	14%	3%	5%
ADJ. EBITDA	0%	1%	0%	6%
Net Income	nmf	-83%	265%	53%

MARGIN ANALYSIS	2021A	2022A	2023E	2024E
Gross Margin	55%	50%	49%	50%
ADJ. EBITDA	34%	31%	30%	30%
Net Income	9%	1%	5%	7%

ANNUAL and QUARTERLY REVENUE, EBITDA, and EBITDA MARGIN %





Recent Financings / M&A Activity

July 14, 2022 - Green Thumb announced it exercised its right to extend the maturity date of its senior non-brokered debt by one year, from April 30, 2024 to April 30, 2025
June 29, 2022 - GTI entered into the third amendment to its existing lease agreement which provided an additional tenant improvement allowance of $55M
December 30, 2021 - Enters Minnesota through acquisition of LeafLine Industries, one of only two vertical integrated licensed in the state
September 1, 2021 - Announced the acquisition of GreenStar Herbals, the owner of two operational Massachusetts adult-use retail locations with a third set to open
August 2, 2021 - Closes transaction to acquire a vertically integrated business in Rhode Island, including a production facility and one of three retail locations in the state
July 1, 2021 - Closes acquisition of vertically integrated Dharma Pharmaceuticals in Virginia, including an operational production facility and dispensary and an option to open 5 more dispensaries

Company Photos

PEER-GROUP COMPARABLES			EV/REVENUE		EV/EBITDA	
Company	Ticker	Share ($)	2023E	2024E	2023E	2024E
Consensus Estimates						
Ascend Wellness Holdings, Inc.	CNSX:AAWH.U	1.22	1.5x	1.3x	7.5x	6.2x
Ayr Wellness Inc.	CNSX:AYR.A	2.68	1.6x	1.4x	6.5x	5.6x
The Cannabist Company Holdings Inc.	NEOE:CBST	0.63	1.4x	1.3x	9.5x	7.0x
Cresco Labs Inc.	CNSX:CL	2.11	1.7x	1.7x	7.8x	6.8x
Curaleaf Holdings, Inc.	TSX:CURA	5.61	3.1x	2.9x	14.2x	11.8x
TerrAscend Corp.	TSX:TSND	2.23	2.7x	2.2x	11.7x	8.9x
Trulieve Cannabis Corp.	CNSX:TRUL	7.35	1.6x	1.6x	5.8x	5.5x
Verano Holdings Corp.	NEOE:VRNO	6.15	2.1x	2.0x	6.5x	6.2x
Haywood Estimate						
Green Thumb Industries Inc.	**CNSX:GTII**	**14.53**	**2.9x**	**2.7x**	**9.6x**	**9.1x**
Selected Company Average			**2.1x**	**1.9x**	**8.8x**	**7.5x**
Selected Company Average Excl. Hi / Low			**2.0x**	**1.8x**	**8.4x**	**7.1x**

Source: Company Reports, Capital IQ and Haywood Securities

Gianluca Tucci, 416-507-2612, gtucci@haywood.com

CAPITAL MARKETS
HAYWOOD

Bragg Gaming Group Inc.

(BRAG-TSX; BRAG-Nasdaq)

SECTOR: Technology & Gaming

STOCK PRICE	C$6.85
RATING	BUY
TARGET PRICE	C$15.00

TOP TECH/IGAMING PICK

Position of Strength

2023 in Review: We dubbed 2023 a year of organic rollout and expansion in our last year's Top Picks report and BRAG has done exactly that, announcing 18 different agreements covering various regions with Tier 1 operators throughout the year (see pg. 2). With the puts and takes associated with its recent Entain/BetCity PAM extension, growth should accelerate in the years ahead on an apples-to-apples basis as announced content deals scale and larger deals become the norm. The Company is on its best fundamental footing in its history and committed to shareholder value creation. In 2023 BRAG shares reflected its fundamental momentum, delivering a 29% return, outperforming both the S&P/TSX Small Cap and BETZ-US ETF.

OUR THESIS: BRAG has been hard at work building a foundation for scalable growth and one that delivers on shareholder value. Along with momentous fundamental improvement over the last year, BRAG's industry has seen notable consolidation, with deals such as Aristocrat purchasing NeoGames for 4.5x EV/Rev and 14.7x EV/EBITDA, Light&Wonder acquiring the remaining SciPlay shares it does not own, valuing the business at 3.3x EV/Rev and 12x EV/EBITDA, and Sega Sammy acquiring money loosing GAN for ~US$100M. BRAG has scaled into a must have content supplier for online casino operators who continues to trade at materially undervalued multiples. Our DCF-based PT is justified in the context of peer multiples and recent B2B iGaming takeout multiples, which we highlight in our recent note here.

HIGHLIGHTS

- **CEO Change.** The Company recently announced Matevž Mazij as CEO, which we view as positive for shareholders. See our original comment here.
- **Revenue & Margin Growth.** The Company is targeting 60% gross margins exiting 2024 with 25% EBITDA margins. The path to higher margins lays in the proportion of revenue from proprietary content.
- **USA Provides Growth Upside.** The US online gambling market was valued at US$9.4B in 2022 and is expected to grow at a 12.2% CAGR to reach US$29.2B in 2032, according to Custom Market Insights. ~55% of this market is attributable to sports betting and ~25% to casino product. In our view, the path to higher revenues is moderately de-risked by its existing penetration rate into Tier 1's, allowing for a relatively unobstructed way to scale. We remind readers that market share is dominated by Tier 1 operators which are BRAG customers. TTM, USA accounted for only 6% of revenue, highlighting a significant growth avenue for BRAG.

OUTLOOK

- **We expect a continued re-rate in 2024.** We look for continued organic growth from the Company and a focus on shareholder value creation. With Matz at the helm, fundamentals robust, and a more constructive macro backdrop, we believe BRAG is in a position of strength to deliver on value creation should a continued re-rate not occur in the year ahead, providing optionality for investors.
- **Financial Outlook.** We look for 13% and 19% organic revenue/Adj.EBITDA growth in 2024, respectively, with FCF of ~€8M. We expect organic growth to more than offset declines associated with its Entain/BetCity extension in 2024, however overall growth will be impacted by the aforementioned.

RECOMMENDED ACTION

We recommend investors continue to accumulate Bragg shares

- **We maintain our Buy recommendation and our target price of C$15.00.** We believe BRAG has a highly scalable B2B igaming platform that should continue to grow in tandem with new market entrances, while penetrating deeper in existing markets.

CATALYSTS

- **March 2024 –** Q4/23 results, 2024 guidance
- **Ongoing -** Continued launch of proprietary games and addition of third-party unique titles to its platform; margin expansion
- **Ongoing -** Expansion into new markets, deepening scope in existing markets

PROJECTED RETURN 119%

RISK FACTOR Very High

SCENARIO ANALYSIS

Downside Scenario	Current Price	Price Target
C$5.00	C$6.85	C$15.00
↓27%		↑119%

KEY STATISTICS AND METRICS

52-Week High/Low	$3.91 - $7.85
YTD Performance	1.03%
Dividend Yield	N/A
Shares O/S (fd)	24.7M
Market Capitalization	€114M
Cash	€8M
Net Debt	€1M
Enterprise Value	€115M
Daily Volume (3 mos.)	25,586
Currency	EUR unless noted

HAYWOOD ESTIMATES (€M)

	2022	2023E	2024E
Revenue	84.7	96.0	108.5
Gross Mgn %	53%	54%	58%
Adj. EBITDA	12.1	16.2	19.2
EPS (€FD)	-0.16	-0.17	0.01

VALUATION

Our C$15.00 DCF-based price target implies a 2.3x EV/Revenue multiple and 13.0x EV/EBITDA multiple on our 2024 estimates.

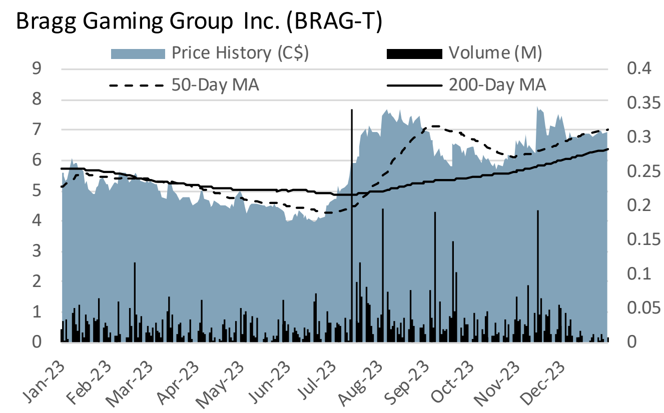
BRAG is currently trading at a 1.1x and 6.0x, EV/Revenue and EV/EBITDA multiple, respectively, on our 2024 estimates, versus its gaming technology vendors peer average of 2.9x and 9.1x, respectively.

INVESTMENT THESIS

Bragg is well positioned to continue capturing market share while expanding within its existing client base.

- **North American Expansion Opportunity.** BRAG continues to expand its presence across its main geographies in Europe but has its eye on monetizing the lucrative North American opportunity.
- **Revenue & Margin Growth.** The Company is targeting 60% gross margins by end of 2024 (from 50%+ today) with 25% EBITDA margins.
- **Acquisitions a Wild Card**. The iGaming landscape continues to be highly fragmented. We believe M&A will be a theme to continue to watch in the sector as consolidation opportunities arise.
- **Q3/23 Operational Updates.** In Q3, BRAG launched in a new regulated market, obtaining a Gibraltar B2B remote gambling license, launching with leading iGaming operator bet365 in Ontario, Canada, and by launching content with new customers in the United Kingdom, Switzerland and Italy. It launched a total of eight proprietary titles online in Europe, three proprietary titles online in North America, and seven powered by Bragg titles in Europe and eight in North America.
- **2023 Year in Review:** In 2023, BRAG announced the following agreements: DraftKings (NJ), Napoleon (Belgium), Caesars (NJ), ResortsCasino (NJ), Caliente (Mexico), Microgame (Italy), Rush Street (PA), WynnBet (NJ), Adjarabet (Georgia), 888 (Global Dist.), FanDuel (MI), FanDuel (CT), PokerStars (Global Dist.), bet365 (Ontario), Lottomatica (Italy), BetMGM (NJ), Entain (BetCity) extension, and Superbet (Brazil).

SCENARIO ANALYSIS



Source: Capital IQ, and Haywood Securities

TARGET PRICE

Our target price of C$15.00 is based on a DCF-model thru 2030 at a 15% discount rate and 10x terminal EV/EBITDA multiple.

DOWNSIDE CASE

Our downside price of C$5.00 is based on a 0.6x 2024 EV/Revenue multiple (rounded).

Our downside scenario case is theoretical based on notional valuation metrics and market assumptions. The downside price is solely intended for illustrative 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 regarded as such.

KEY RISKS

- **Regulatory Landscape.** The regulatory environment and legality of online gambling continues to develop. As a result, the scope, enforcement and interpretation of laws are vague and may be conflicting in some cases. The regulations resulting to privacy, IP, taxation and distribution are evolving. Laws and regulatory environments in existing markets as well as future markets are subject to change which may impact Bragg's operations or strategic objectives.
- **Dependence on Licenses.** Online gambling platforms require licenses to operate in jurisdictions, presenting somewhat of a barrier of entry for new markets. Bragg is subject to an application process and licensing fee when entering new jurisdictions which may be a competitive process. Existing license structures are subject to change as markets develop.

Company Profile

Bragg Gaming is a global B2B gaming technology company providing turnkey gaming solutions to casino operators. The Company generates the majority of its revenue in Europe, while expanding into North America and Latin America.

Website

www.bragg.games

Key Management

Matevž Mazij – CEO
Ronen Kannor – CFO
Yaniv Spielberg – CSO

Bragg Gaming Group Inc. (TSX:BRAG)	Target Price (C$)	$15.00	Mkt. Cap, C$M	167.5
Rating: Buy	Return (%)	119%	Shares Outstanding (M)	22.7
Risk: Very High	Current Price (C$)	$6.85	Fully Diluted Shares (M)	24.7
Target Price Metric: DCF	52 Week High/Low (C$)	$3.91 - $7.85	Company CEO	Matevž Mazij
	Daily Volume (3-mth avg)	25,586	Website	bragg.games

BALANCE SHEET AND CAPITALIZATION (€M)	Q323
	EUR (€M)
Market Capitalization	€114
Cash	€8
Net Debt	€1
Enterprise Value (EV)	€115

CAPITAL STRUCTURE	Shares (M)
Shares Outstanding	22.7
Options, Warrants (ITM) & Acq Shares	2.0

ANNUAL FINANCIAL SUMMARY (€M)				
Year-end Dec 31	2021	2022	2023E	2024E
Operating Items (€M)				
Total Revenue	58.3	84.7	96.0	108.5
Total Gross Profit	28.3	45.1	52.1	63.2
Adj. EBITDA	7.2	12.1	16.2	19.2
Net Income (Loss)	(7.5)	(3.5)	(4.0)	0.3
Diluted EPS	(0.39)	(0.16)	(0.17)	0.01
Balance Sheet (€M)				
Cash	16.0	11.3	9.2	15.8
Net Debt	(15.4)	(0.6)	(0.9)	(9.1)
Cash Flow (€M)				
Operating Cash Flow	(0.0)	5.8	10.6	15.8
Investing Cash Flow	(23.9)	(16.9)	(9.3)	(7.6)
Financing Cash Flow	12.4	7.0	(3.0)	(1.5)
Net Change in Cash	(10.1)	(4.7)	(2.1)	6.7

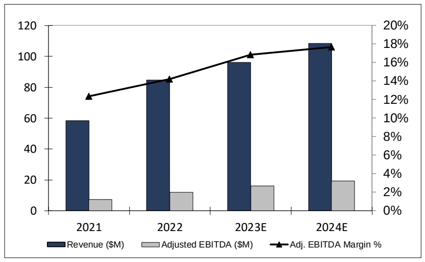
QUARTERLY RESULTS (€M)				
Revenue	**Q1**	**Q2**	**Q3**	**Q4**
2022	19.4	20.8	20.9	23.7
2023	22.9	24.7	22.6	25.8
2024	25.8	27.9	25.5	29.2
ADJ. EBITDA	**Q1**	**Q2**	**Q3**	**Q4**
2022	3.0	3.1	2.2	3.7
2023	3.9	4.7	3.8	3.7
2024	4.8	4.8	4.8	4.9

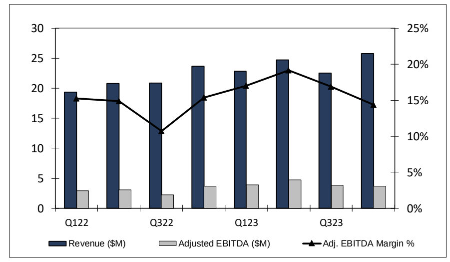
VALUATION RATIOS	2021	2022	2023E	2024E
EV / Revenue	2.0x	1.4x	1.2x	1.1x
EV / Adj. EBITDA	16.0x	9.5x	7.1x	6.0x

GROWTH ANALYSIS	2021	2022	2023E	2024E
Revenue	-	45%	13%	13%
Adj. EBITDA	-	68%	34%	19%
Net Income	-	nmf	nmf	nmf

MARGIN ANALYSIS	2021	2022	2023E	2024E
Gross Margin	49%	53%	54%	58%
Adj. EBITDA	12%	14%	17%	18%
Net Income	nmf	nmf	-4%	0%

ANNUAL and QUARTERLY REVENUE, Adj. EBITDA, and Adj. EBITDA MARGIN %





Recent Highlights

- Dec 2023 - Bragg Gaming Supplies Online Casino Game Aggregation for Superbet in Brazil
- Nov 2023 - Bragg Gaming Extends Agreement with Entain for Provision of PAM to BetCity.nl
- Nov 2023 - Bragg Gaming Launches New Content Portfolio with BetMGM in New Jersey
- Oct 2023 - Bragg Gaming Expands iGaming Content Reach in Italy with Lottomatica
- Oct 2023 - Bragg Gaming Group Expands with Internet Vikings as Hosting Partner for Pennsylvania Launch
- Aug 2023 - Bragg Gaming Group Appoints Matevž Mazij CEO

Company Logo

BRAGG

PEER-GROUP COMPARABLES				EV/REVENUE		EV/EBITDA	
Company	Ticker	Share		2023	2024	2023	2024
Consensus Estimates							
International Game Technology PLC	IGT	$	25.80	2.6x	2.5x	6.4x	5.9x
Aristocrat Leisure Limited	ALL-AU	$	40.10	4.2x	3.9x	12.5x	11.4x
Light & Wonder, Inc.	LNW	$	79.09	3.7x	3.4x	9.8x	8.6x
Evolution AB	EVO-SE	$	1,170.00	12.5x	10.3x	17.8x	14.6x
Genius Sports Limited	GENI	$	5.69	2.9x	2.3x	22.8x	14.9x
PlayAGS, Inc.	AGS	$	7.77	2.4x	2.2x	5.4x	5.0x
NeoGames SA	NGMS	$	28.10	4.6x	4.4x	14.8x	13.4x
Haywood Estimate							
Bragg Gaming Group Inc.	**BRAG-CA**	**$**	**6.85**	**1.2x**	**1.1x**	**7.1x**	**6.0x**
Selected Company Average				**4.7x**	**4.1x**	**12.8x**	**10.6x**
Selected Company Average Excl. Hi / Low				**3.6x**	**3.3x**	**12.3x**	**10.8x**

Source: Bloomberg, Capital IQ, Company Reports, and Haywood Securities

Important Information and Legal Disclosures

This report may be distributed in the following states: nil. Otherwise, this report may only be distributed into those states with an institutional buyer state securities registration exemption.

Analyst Certification

We, Christopher Jones, Kerry Smith, Colin Healey, Pierre Vaillancourt, Neal Gilmer, Gianluca Tucci, 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:

Ticker	Company	1	2	3	4	5	6	7	8
TSX:ASCU	Arizona Sonoran Copper Company Inc.			X	X		X		
TSX:BRAG	Bragg Gaming Group Inc.			X					
TSX:DML	Denison Mines Corp.			X	X				
TSX:EQX	Equinox Gold Corp.	X		X					
CNSX:GTII	Green Thumb Industries Inc.			X					
TSX:HWX	Headwater Exploration Inc.								
TSXV:LCX	Lycos Energy Inc.				X				
TSX:NXE	NexGen Energy Ltd.			X					

1	The Analyst(s) preparing this report (or a member of the Analysts' households) have a financial interest in this company.
2	As of the end of the month immediately preceding this publication either Haywood Securities, Inc., one of its subsidiaries, its officers or directors beneficially owned 1% or more of this company.
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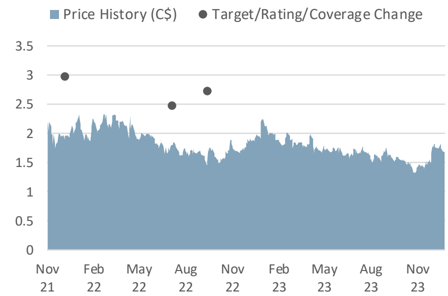
Distribution of Ratings (as of January 11, 2024)

	%	#	IB Clients (TTM)
Buy	72.8%	67	84.2%
Hold	5.4%	5	10.5%
Sell	1.1%	1	0.0%
Tender	2.2%	2	5.3%
UR (Buy)	0.0%	0	0.0%
UR (Hold)	0.0%	0	0.0%
UR (Sell)	0.0%	0	0.0%
Dropped (TTM)	18.5%	17	0.0%

Price Chart, Rating and Target Price History (as of January 11, 2024)

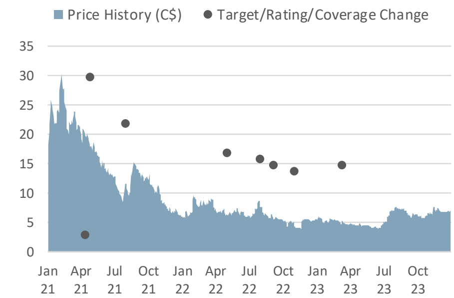
Arizona Sonoran Copper Company Inc. (ASCU-T)



Date	Target(C$)	Rating
11/27/23	$3.00	Buy
9/29/22	$2.75	Buy
7/21/22	$2.50	Buy
12/21/21	$3.00	Buy

Initiated Coverage: 12/21/2021

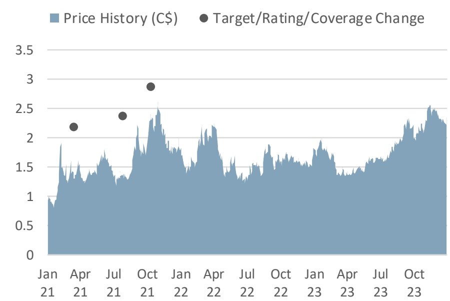
Bragg Gaming Group Inc. (BRAG-T)



Date	Target(C$)	Rating
3/21/23	$15.00	Buy
11/10/22	$14.00	Buy
9/19/22	$15.00	Buy
8/9/22	$16.00	Buy
5/11/22	$17.00	Buy
8/11/21	$22.00	Buy
5/7/21	$30.00	Buy
4/26/21	$3.00	Buy

Initiated Coverage: 4/26/2021; 10:1 Share Consolidation: 5/7/2021; Transferred Coverage 9/19/2022

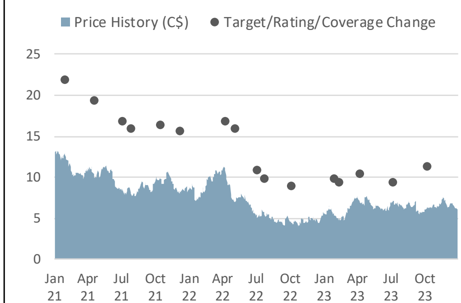
Denison Mines Corp. (DML-T)



Date	Target(C$)	Rating
10/22/21	$2.90	Buy
8/4/21	$2.40	Buy
3/25/21	$2.20	Buy

Transferred & Re-initiated Coverage 08/20/12

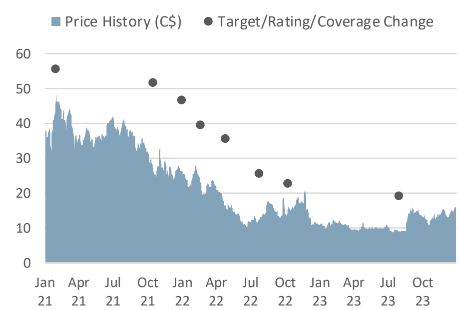
Equinox Gold Corp. (EQX-T)



Date	Target(C$)	Rating
10/19/23	$11.50	Buy
7/19/23	$9.50	Buy
4/19/23	$10.50	Buy
2/23/23	$9.50	Buy
2/9/23	$10.00	Buy
10/14/22	$9.00	Buy
8/5/22	$10.00	Buy
7/15/22	$11.00	Buy
5/17/22	$16.00	Buy
4/20/22	$17.00	Buy
12/17/21	$15.75	Buy
10/26/21	$16.50	Buy
8/6/21	$16.00	Buy
7/15/21	$17.00	Buy
4/28/21	$19.50	Buy
2/10/21	$22.00	Buy

Initiated Coverage: 4/4/2017; August 2019 - 5:1 Share Consolidation

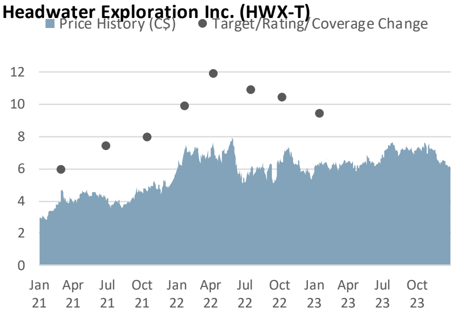
Green Thumb Industries Inc. (GTII-V)



Date	Target(C$)	Rating
8/11/23	$19.50	Buy
10/18/22	$23.00	Buy
8/4/22	$26.00	Buy
5/5/22	$36.00	Buy
3/2/22	$40.00	Buy
1/11/22	$47.00	Buy
10/26/21	$52.00	Buy
2/10/21	$56.00	Buy

Initiated Coverage: 7/17/19

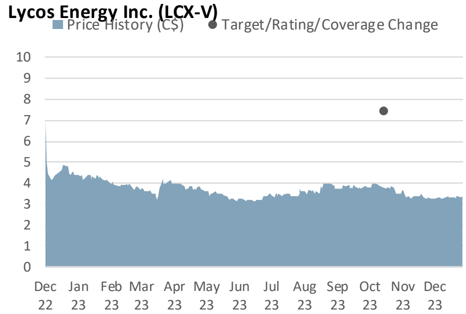
Headwater Exploration Inc. (HWX-T)



Date	Target(C$)	Rating
1/30/23	$9.50	Buy
10/20/22	$10.50	Buy
7/27/22	$11.00	Buy
4/21/22	$12.00	Buy
2/2/22	$10.00	Buy
10/27/21	$8.00	Buy
7/8/21	$7.50	Buy
3/12/21	$6.00	Buy

Initiated Coverage: 10/9/2020

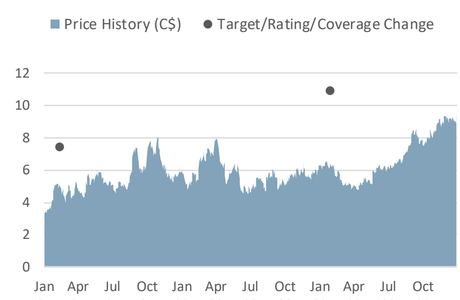
Lycos Energy Inc. (LCX-V)



Date	Target(C$)	Rating
10/31/23	$7.50	Buy

Initiated Coverage: 10/31/2023

NexGen Energy Ltd. (NXE-T)



Date	Target(C$)	Rating
2/8/23	$11.00	Buy
2/23/21	$7.50	Buy

Initiated Coverage 11/05/15

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