

DENISON MINES CORP.

New High-Grade Discovery at Waterfound River JV

EVENT

This morning Denison reported the discovery of a new high-grade zone at its 24.7%-owned Waterfound River uranium property on the eastern side of the Athabasca Basin in Northern Saskatchewan, Canada.

BOTTOM LINE

Positive – Diamond drill hole WF-68 returned 3.9m @ 5.91% U₃O_{8e} at the unconformity (474m downhole) including a higher-grade intersection of 0.7m @ 25.3% U₃O_{8e}.

FOCUS POINTS

- WF-68 Confirms a New High-Grade Zone** – The intersection in hole WF-68 represents a new high-grade zone of mineralization given that it was located ~800m west of the Alligator zone originally discovered in 1991 (WF08: 10.5m @ 4.49% U₃O₈) along the same La Rocque Conductive Corridor. This new zone has yet to be named and remains open in both directions along strike.
- Waterfound River JV** – Located ~40 km northwest of Denison's 22.5%-owned McLean Lake mill, the Waterfound River JV property is majority-owned (62.4%) and operated by Orano. Denison holds an effective 24.7% minority interest in the property through its direct interest in the JV (11.8%) and its 50% ownership of JCU (25.8%). Hole WF-68 was part of the six-hole 2022 winter drill program that has now been completed. Exploration drilling will recommence at the property in the coming months.
- Maintaining Buy Rating and Price Target** – We are maintaining our Buy rating and target price of \$4.25/C\$5.25/share on Denison Mines. The Company remains a prime takeover candidate and our preferred uranium developer.

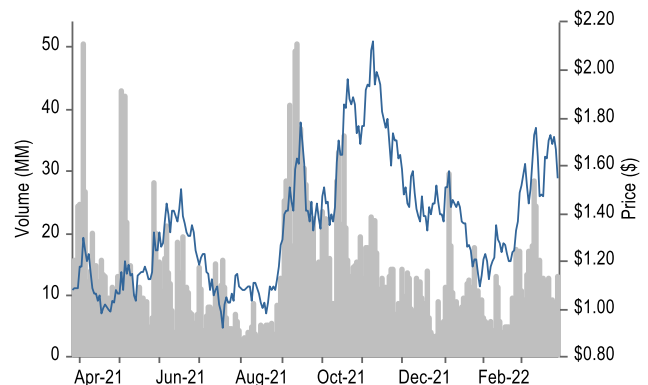
Recommendation:

BUY

Symbol/Exchange: DNN-NYSE/DML-TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$1.55/C\$1.94
One-year target: \$4.25/C\$5.25
Return to target: 174.2%
Cash and U₃O₈ inventory: ~C\$245 MM

Financial Summary:

Shares O/S (MM)	814.7	52-week range	\$0.92 - \$2.14
Market cap (MM\$)	\$1,262.8	30D avg vol. ('000)	10,803.7
Market float (MM\$)	\$1,256.0	Fiscal year-end	31-Dec
Probable Reserves	Tonnes	U₃O₈ Grade	Attrib. Resource
Wheeler River	1,398,000	3.54%	103.9 MMlb
M&I Resources	Tonnes	U₃O₈ Grade	Attrib. Resource
McClellan Lake Deposits	376,400	2.18%	4.0 MMlb
Midwest + Waterbury	1,310,000	2.20%	21.4 MMlb
JCU Interests	1,978,387	0.76%	32.9 MMlb
Wheeler River	1,809,000	3.30%	125.5 MMlb
Inferred Resources	Tonnes	U₃O₈ Grade	Attrib. Resource
McClellan Lake Deposits	510,900	0.68%	1.6 MMlb
Midwest + Waterbury	1,114,000	0.98%	8.4 MMlb
JCU Interests	283,890	1.40%	8.8 MMlb
Wheeler River	82,000	1.70%	2.9 MMlb



Company profile: Denison Mines is a uranium exploration company and development company focused on the Athabasca Basin. Its 95%-owned Wheeler River project is one of the highest-grade uranium projects globally.

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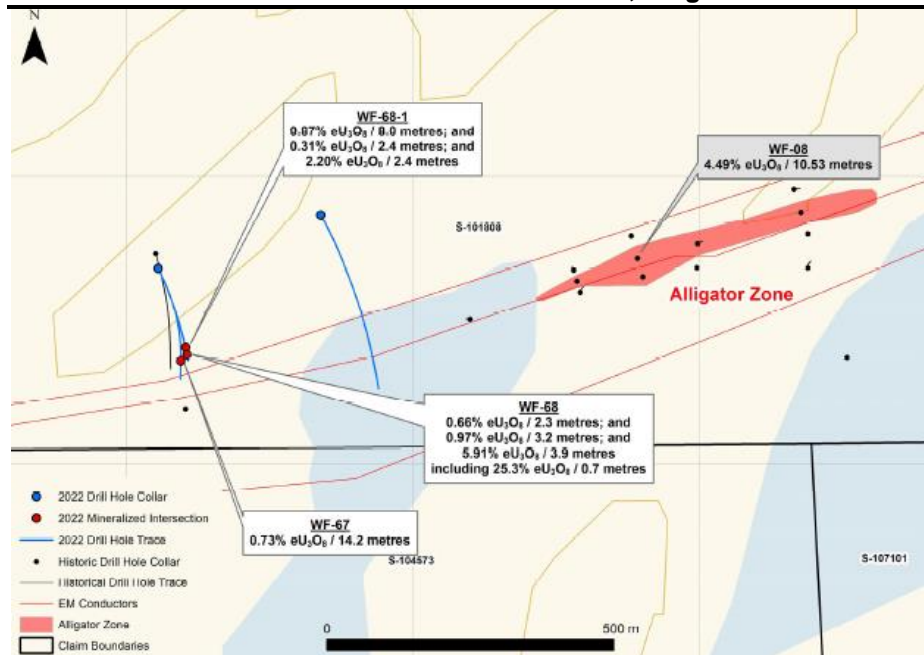
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See disclosure and a description of our recommendation structure at the end of this report.

NEW HIGH-GRADE DISCOVERY AT WATERFOUND RIVER

This morning Denison reported the discovery of a new high-grade zone at its 24.7%-owned Waterfound River uranium property on the eastern side of the Athabasca Basin in Northern Saskatchewan, Canada. Assay results from three diamond drill holes were reported (WF-67, WF-68, and WF-68-1) concluding the six-hole 2022 winter drill program. Diamond drill hole WF-68 returned 3.9m @ 5.91% U_3O_8e at the unconformity (474m downhole) including a higher-grade intersection of 0.7m @ 25.3% U_3O_8e . This intersection represents a new high-grade zone of mineralization given that it was located ~800m west of the Alligator zone originally discovered in 1991 (WF08: 10.5m @ 4.49% U_3O_8) along the same La Rocque Conductive Corridor. Note that this mineralized corridor also hosts Cameco's (CCJ-NYSE/CCO-TSX, Buy - \$35.50/C\$44.25 target) La Rocque Lake Zone and IsoEnergy's (ISO-TSXv, Not Covered) Hurricane Zone. This new zone of mineralization at Waterfound River has yet to be named and remains open in both directions along strike (Exhibit 1). Complementing the highlight intersection returned in diamond drill hole WF-68 were results from holes WF-67 and WF-68-1 that returned 14.2m @ 0.73% U_3O_8e and 8.0m @ 0.87% U_3O_8e , respectively, at the unconformity. Holes WF-67, 68, and 68-1 were the final three holes of the six-hole 2022 winter drill program totaling 3,175m that has now been completed. Exploration drilling will recommence at the Waterfound River property during the summer season, with Orano planning a six-hole program totaling 4,225m. Presumably the forthcoming drill program will focus on stepping-out to the east and west along strike from hole WF-68 at the unconformity.

Exhibit 1. Waterfound River JV 2022 Drill Results, Alligator Extension



Source: Denison Mines

WATERFOUND RIVER JOINT-VENTURE

Located ~40 km northwest of Denison's 22.5%-owned McLean Lake mill, the Waterfound River JV property is majority-owned (62.4%) and operated by Orano, the fully integrated uranium miner and nuclear power conglomerate

majority owned by the French government. Denison holds an effective 24.7% minority interest in the Waterfound River property through its direct interest in the JV (11.8%) and its 50% ownership of JCU (25.8%).

CATALYSTS AHEAD FOR DENISON MINES

Denison is off to a good start in what is set to be a very busy year ahead for the Company. The successful field test program at Wheeler River last year provided sufficient data to prepare and permit a lixiviant test planned for the Phoenix Test Pattern in the coming 3-4 months. This test will support a Definitive Feasibility Study set for Q4/22 and be a critical de-risking element to the Environmental Assessment process (the draft Environmental Impact Statement will be submitted in H1/22). Denison is very well capitalized with cash and equivalents of C\$64 MM (as of exit Q4/21) that should be more than sufficient to fund the Environmental Assessment and Federal Licensing processes at Phoenix to completion (H2/24). Exploration results from the new high-grade discovery at the Waterfound River JV should also act as a positive catalyst for Denison's share price, with the 2022 summer program likely to commence in July putting assay results on target for late September or early October (Cantor estimate). We note Denison also continues to hold 2.5 MMlb U₃O₈ in inventory that it purchased at an average price of \$29.61/lb U₃O₈. At the current spot price of \$58/lb U₃O₈, this material has a market value of \$145 MM (C\$181 MM) that Denison can leverage toward project financing in the future.

Exhibit 2. Denison Mines NAVPS Estimate

Asset (C\$)		Value (\$MM)	\$ Per Share	% of NAV
Wheeler River (95%)	7.5%	\$2,763.9	\$3.12	79%
McClellan Lake Mill (22.5%)	7.5%	\$316.3	\$0.36	9%
Waterbury Lake (66.9%)	7.5%	\$72.0	\$0.08	2%
Athabasca Properties (\$/lb)	\$1.00/lb	\$28.9	\$0.03	1%
JCU Properties (\$/lb)	\$1.00/lb	\$52.2	\$0.06	2%
Total Mining Assets		\$3,233.3	\$3.65	93%
Cash and S/T Investments		\$64.0	\$0.07	2%
U ₃ O ₈ in Inventory		\$180.5	\$0.20	5%
Investment in GoviEx (GXU-TSXv)		\$13.5	\$0.02	0%
Current Debt + S/T Leases		\$0.0	\$0.00	
Long Term Debt + Leases		\$0.0	\$0.00	
Future Equity Financing		\$0.0	\$0.00	
Future Debt Financing		(\$210.0)	(\$0.24)	
Net Asset Value		\$3,281.3	\$3.71	
P/NAV			0.52x	

Source: Cantor Fitzgerald

MAINTAINING BUY RATING AND PRICE TARGET

We are maintaining our Buy rating and target price of \$4.25/C\$5.25/share on Denison Mines, based on a 1.5x NPV_{7.5%} multiple on the Company's Athabasca Basin uranium projects and 1.0x NPV on its net financial position (cash, investments, and U₃O₈ in inventory). Given the Tier One status of the Wheeler River project, its top spot on the list of potential takeover candidates in the

uranium sector, and the Company's balance sheet which is fully cashed-up through to construction, Denison should be a core holding for any/all institutional investors with a uranium focus, energy allocation, or Environmental, Social, and Governance (ESG) criteria. The Company remains our preferred uranium developer.

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Disclosures as of March 29, 2022

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The analysts responsible for this research report *do not have*, either directly or indirectly, a long or short position in the shares or options of Denison.

The analyst responsible for this report *has* visited the material operations of Denison. No payment or reimbursement was received for the related travel costs.

Analyst certification

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Definitions of recommendations

BUY: The stock is attractively priced relative to the company's fundamentals and we expect it to appreciate significantly from the current price over the next 6 to 12 months.

BUY (Speculative): The stock is attractively priced relative to the company's fundamentals, however investment in the security carries a higher degree of risk.

HOLD: The stock is fairly valued, lacks a near term catalyst, or its execution risk is such that we expect it to trade within a narrow range of the current price in the next 6 to 12 months. The longer term fundamental value of the company may be materially higher, but certain milestones/catalysts have yet to be fully realized.

SELL: The stock is overpriced relative to the company's fundamentals, and we expect it to decline from the current price over the next 6 to 12 months.

TENDER: We believe the offer price by the acquirer is fair and thus recommend investors tender their shares to the offer.

UNDER REVIEW: We are temporarily placing our recommendation under review until further information is disclosed.

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