

## DENISON MINES CORP.

### Zone C Shaping Up to be Additional Phase at Phoenix

#### EVENT

This morning Denison Mines reported high-grade exploration results at the Zone C area at Phoenix, part of its 90%-owned high-grade Wheeler River uranium project in Canada's Athabasca Basin.

#### BOTTOM LINE

**Positive** – The drilling was focused on an area proximal to the Phoenix deposit referred to as Zone C, where a maiden NI 43-101 compliant resource has yet to be calculated. The presence of high-grade mineralization raises the possibility of this zone being incorporated into the project's future development plans, likely later in the mining sequence.

#### FOCUS POINTS

- **High Grade Intercepts:** Highlight intersections of 5.69% U<sub>3</sub>O<sub>8</sub> over 5.0m and 8.84% U<sub>3</sub>O<sub>8</sub> over 2.5m show that Zone C has the potential to be an additional high-grade portion of the Wheeler River project. The Zone C results released this morning are the highest ever encountered at the satellite target.
- **Drill Program Focused on Step-Outs:** Of the drilling completed in the 2020 season, eleven holes targeted the Zone C to test the extension of high-grade mineralization. An additional eight holes were drilled to test the extension of mineralization at Zones A and B, most of which encountered very weak grades, with one exception at Zone B returning 0.36% U<sub>3</sub>O<sub>8</sub> over 3.5m.
- **Maintaining Rating and Target:** We are maintaining our Buy rating and \$1.05/C\$1.35 target price on Denison Mines.

#### Recommendation:

**BUY**

Symbol/Exchange: DNN-NYSE / DML-TSX  
Sector: Metals & Mining  
*All dollar values in US\$ unless otherwise noted.*  
Current price: \$0.86; C\$1.09  
One-year target: \$1.05; C\$1.35  
Return to target: 22.1%  
Cash and equivalents: ~C\$29 MM

#### Company Summary

Shares O/S (MM)	677.7	52-week range	\$0.19 - \$0.88
Market cap (\$MM)	\$582.8	30D avg vol. ('000)	4,698.9
Market float (\$MM)	\$579.6	Fiscal year-end	31-Dec
<b>Probable Reserves</b>	<b>Tonnes</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade</b>	<b>Attrib. Resource</b>
Wheeler River	1,398,000	3.54%	98.4 MMlb
<b>M&amp;I Resources</b>	<b>Tonnes</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade</b>	<b>Attrib. Resource</b>
McClellan Lake Deposits	376,400	2.18%	4.0 MMlb
Midwest	1,019,000	2.26%	12.8 MMlb
Waterbury Lake	291,000	2.00%	8.6 MMlb
Wheeler River	1,809,000	3.30%	118.9 MMlb
<b>Inferred Resources</b>	<b>Tonnes</b>	<b>U<sub>3</sub>O<sub>8</sub> Grade</b>	<b>Attrib. Resource</b>
McClellan Lake Deposits	510,900	0.68%	1.6 MMlb
Midwest	846,000	0.98%	4.6 MMlb
Waterbury Lake	268,000	0.96%	3.8 MMlb
Wheeler River	82,000	1.70%	2.7 MMlb



**Company profile:** Denison Mines is a uranium exploration company and development company focused on the Athabasca Basin. Its 90%-owned Wheeler River project is one of the highest-grade uranium projects globally.

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

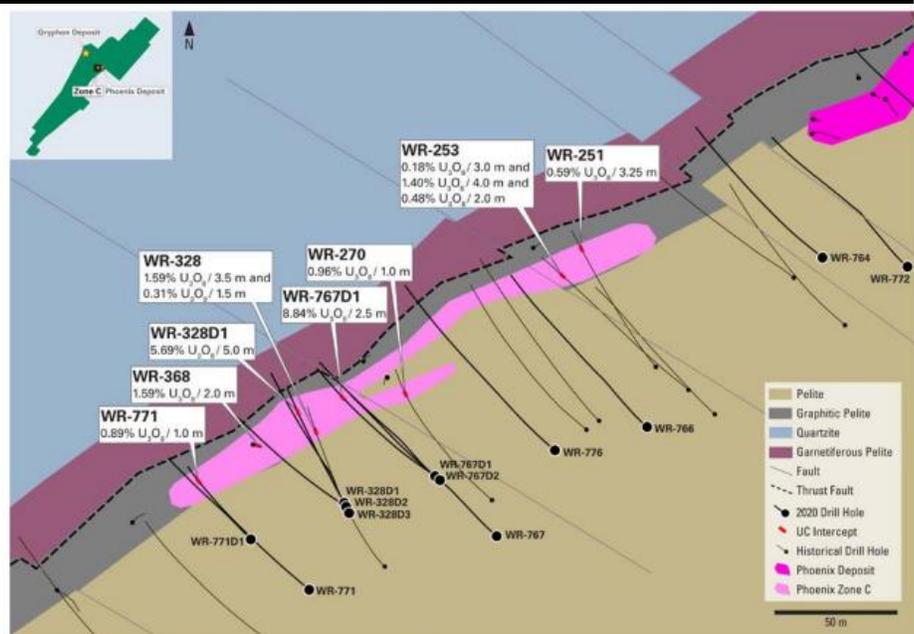
## ZONE C LIKELY ADDITIVE TO MINING SEQUENCE

Zone C is the southwestern-most mineralized zone at the Phoenix deposit, part of Denison's high-grade Wheeler River project on the eastern side of the Athabasca Basin. The goal of the 2020 drill program was to test the extension of mineralization at Zones A, B, and C with eight holes testing Zones A and B and the remaining eleven holes focused on Zone C. The drilling successfully extended the known strike length at Zone C by 20m to the southwest, bringing the total strike extent to ~270m. The highlight of the 2020 program however was discovering a high-grade mineralized "core" at Zone C, which will warrant follow-up drilling later this year. The three mineralization intercepts reported were:

- WR-328D1: 5.0m of 5.69%  $U_3O_8$
- WR-767D1: 2.5m of 8.84%  $U_3O_8$
- WR-771: 1.0m of 0.89%  $U_3O_8$

The two high-grade intercepts occurred in the center of Zone C, while the lower-grade hole WR-771 was drilled on the periphery, lending to the theory that the zone has a high-grade "core" (Exhibit 1). We note that diamond drill holes 328D1 and 767D1 reported this morning are the two best results in terms of grade-thickness returned to date at Zone C. Much of the satellite exploration drilling to date at Phoenix has focused on Zones A and B and as a result, none of the Zone C results have yet been incorporated into a 43-101 compliant resource. All the exploration results reported this morning are therefore "additive" and given the exceptional grades and strong continuity seen thus far, Zone C is quickly shaping up to be a future "phase" in the Phoenix mine plan, likely later in the production sequence.

### Exhibit 1. Phoenix Zone C Mineralized Intercepts



Source: Denison Mines

### WELL-FUNDED FOR 2021

On October 14, 2020, Denison completed a \$19 MM (C\$25.3 MM) equity financing in which Cantor Fitzgerald participated as lead underwriter. More

recently, the Company also entered into an at-the-market (ATM) equity offering program allowing it to potentially raise gross proceeds of up to \$20 MM, taking advantage of market conditions when prudent. Net proceeds from the October 2020 financing and potentially tapping its ATM facility should cover Denison's planned activities through 2021 (Cantor estimate).

### **VALUATION, RECOMMENDATION AND TARGET PRICE**

Our target multiple on Denison Mines of 1.0x NAVPS (rounded) is unchanged, driven via DCF-based NAVPS<sup>7.5%</sup> on Wheeler River, the McClean Lake Mill, and the Waterbury Lake project, and option value of \$2.00/lb U<sub>3</sub>O<sub>8</sub> in-situ for Denison's earlier stage exploration properties in the Athabasca Basin. Denison is very well capitalized with ~C\$29 MM in cash and equivalents and no outstanding debt. We maintain our Buy recommendation and \$1.05/C\$1.35/share target price.

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

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**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.

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

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