

## DENISON MINES CORP.

### Cashed-up Through Feasibility and Permitting

#### EVENT

Denison has taken full advantage of the recent strength in the uranium equities, raising gross proceeds of +C\$70 MM over the last five months. Its share price has appreciated by 169.8% over this same period.

#### BOTTOM LINE

**Positive** – We are off research restriction following completion of the most recent C\$8.0 MM flow-through and \$28.75 MM secondary financing in which Cantor Fitzgerald participated as co-lead underwriter. Wheeler River is now fully funded through Feasibility Study (FS) and the completion of the Environmental Assessment (EA) process. Denison's planned exploration programs at Phoenix, Gryphon, and Waterbury Lake (The Heldeth Túé deposit) are also now fully funded.

#### FOCUS POINTS

- Cashed-up to Construction Decision:** The Wheeler River development budget for 2021 has been set at C\$24.0 MM (C\$19.4 MM net to Denison) and the work program is fully permitted. The In-Situ Recovery (ISR) field program to be undertaken this year will support the completion of a FS at Wheeler River in early 2022 in coordination with the submission of a draft Environmental Impact Statement (EIS), also targeted for early 2022. We expect completion of the EA process in H2/2023 at which point Wheeler River will be construction ready. With ~C\$78 MM in cash and no debt, Denison is fully financed through to a construction go-ahead decision.
- Maintaining Buy Rating and Increasing Target:** We are maintaining our Buy rating and increasing our target price on Denison Mines to \$1.75/C\$2.25/share, up from \$1.05/C\$1.35/share previously.

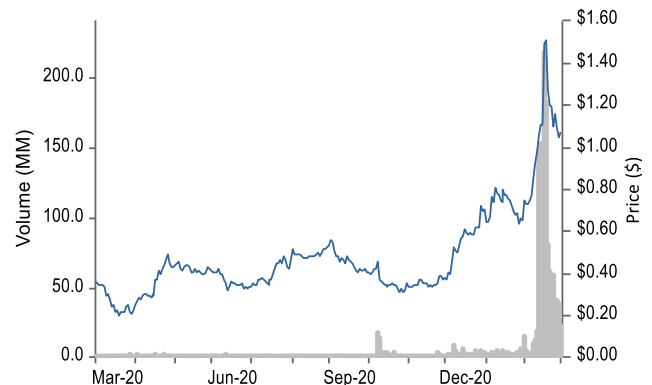
#### Recommendation:

**BUY**

Symbol/Exchange: DNN-NYSE / DML-TSX  
Sector: Metals & Mining  
*All dollar values in US\$ unless otherwise noted.*  
Current price: \$1.14; C\$1.43  
One-year target: \$1.75; C\$2.25↑  
Return to target: 53.5%  
Cash and equivalents: ~C\$78 MM

#### Company Summary

Shares O/S (MM)	715.2	52-week range	\$0.19 - \$1.81
Market cap (\$MM)	\$815.4	30D avg vol. ('000)	40,864.0
Market float (\$MM)	\$811.0	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.

**Mike Kozak**  
mike.kozak@cantor.com  
(416) 350-8152

**Associate: Carter Smith**  
carter.smith@cantor.com  
(416) 350-8159

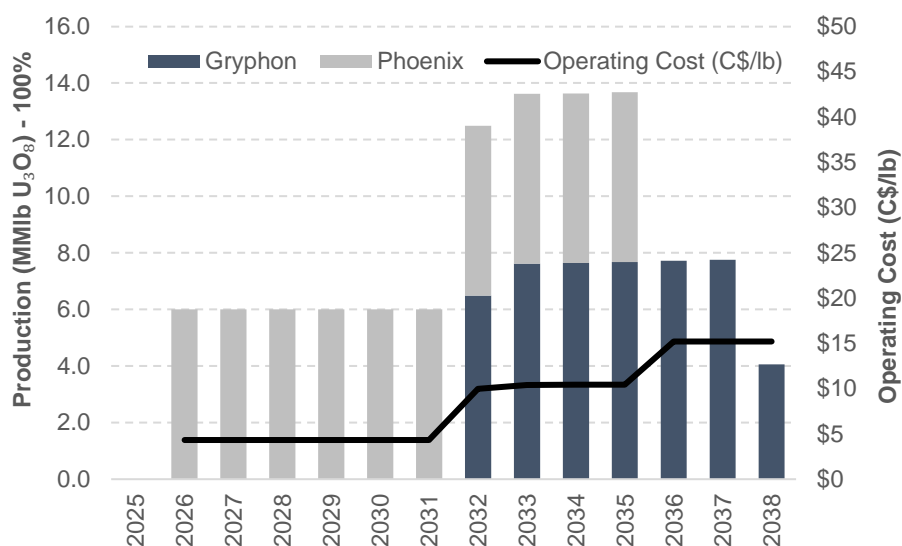
**Sales/Trading — Toronto:** (416) 363-5757, (866) 442-4485

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

## FULLY FUNDED THROUGH TO CONSTRUCTION

Denison has taken full advantage of the recent strength in the uranium equities, raising gross proceeds of +C\$70 MM over the last five months in a combination of secondary and flow-through financings. Its share price has appreciated by 169.8% over this same period. We are off research restriction following completion of the most recent C\$8.0 MM flow-through and \$28.75 MM secondary financing in which Cantor Fitzgerald participated as co-lead underwriter. Wheeler River is now fully funded through Feasibility Study and the completion of the Environmental Assessment process. Denison's planned exploration programs at Phoenix, Gryphon, and Waterbury Lake (The Heldeth Tué deposit) are also now fully funded. Pro-forma the most recent financings, Denison Mines is very well capitalized with ~C\$78 MM in cash and no debt. There are 15.6 MM in-the-money options outstanding with a weighted average strike price of C\$0.67/share potentially adding another C\$10.5 MM net to Denison in the coming years as well. The Wheeler River development budget for 2021 has been set at C\$24.0 MM (C\$19.4 MM net to Denison) and the work program is fully permitted. The ISR field program to be undertaken this year will support the completion of a FS at Wheeler River in early 2022 in coordination with the submission of a draft EIS, also targeted for early 2022. We expect completion of the EA process in H2/2023 at which point Wheeler River will be construction ready. With ~C\$78 MM in cash and no debt, Denison is fully financed through to a construction decision.

### Exhibit 1. Wheeler River Project Production Forecast (Cantor estimates)



Source: Cantor Fitzgerald

### ISR TEST RESULTS KEY TO PERMITTING TIMELINE

The Wheeler River project is designed as an in-situ recovery operation and test work to further de-risk its amenability to this mining method will be ramped up over the course of this year. The primary objectives for 2021 are to model the hydrogeological characteristics of the Phoenix ore body, finalize the production well design pattern, and confirm cost estimates for the commercial-scale wells (CSWs). As such, the results from the 2021 test program will have significant implications to the overall economics of the project. The test program this year should provide all the necessary data to design and permit a lixiviant test in 2022,

which if successful, will be key to confirming the technical feasibility of using ISR at Wheeler River, including verifying the permeability, leachability, and containment parameters needed.

## FEASIBILITY STUDY AND DRAFT EIS EXPECTED IN H1/22

The ISR field programs to be undertaken this year will support the initiation of a Feasibility Study at Wheeler River by year-end. The FS should then be completed in early 2022 in coordination with the submission of a draft Environmental Impact Statement. This is a pro-active approach being taken by Denison management as it allows for integration of the Environmental Assessment process, including extensive community consultation, in the final design elements of the Wheeler River FS.

### Exhibit 2. Updated NAVPS of Denison Mines

Asset (C\$)		Value (\$MM)	\$ Per Share	% of NAV
Wheeler River (90%)	7.5%	\$1,225.4	\$1.17	69%
McClean Lake Mill (22.5%)	7.5%	\$316.3	\$0.30	18%
Waterbury Lake (66.9%)	7.5%	\$72.0	\$0.07	4%
Athabasca Properties (\$/lb)	\$2.00/lb	\$57.8	\$0.06	3%
<b>Total Mining Assets</b>		<b>\$1,671.6</b>	<b>\$1.60</b>	<b>94%</b>
Cash and S/T Investments		\$78.0	\$0.07	4%
Investment in GoviEx (GXU-TSXv)		\$22.1	\$0.02	1%
Current Debt + S/T Leases		\$0.0	\$0.00	
Long Term Debt + Leases		\$0.0	\$0.00	
Future Equity Financing		\$340.5	\$0.33	
Future Debt Financing		(\$510.7)	(\$0.49)	
<b>Net Asset Value</b>		<b>\$1,601.5</b>	<b>\$1.53</b>	
P/NAV			0.93x	

Source: Cantor Fitzgerald

## TIER ONE PROJECT BY ALL ACCOUNTS

In terms of size, grade, location (eastern side of the Athabasca Basin), cash costs, capital intensity, and overall project economics, Denison's 90%-owned Wheeler River uranium project is by all accounts, Tier One in status. In our view, its only comparables are Cameco's (CCJ-NYSE/CCO-TSX, Hold - \$15.75/C\$20.50 /share target) McArthur River and Cigar Lake mines, currently on care-and-maintenance, and to a lesser extent, NexGen Energy's (NXE-NYSE/TSX, Not Covered) Rook 1 (Arrow) project, located on the western side of the Athabasca Basin. With Denison now fully cashed-up to advance Wheeler River through final Feasibility and the Environmental Assessment process, we expect potential large-cap suitors and/or JV-partners to begin "sharpening their pencils" and looking at the Company through the lens of M&A. Wheeler River enjoys all the infrastructure already in place on the eastern side of the Athabasca Basin, and Denison already owns a 22.5% minority stake in the McClean Lake Mill (operated by Orano) that will ultimately process the high-grade ore mined from the Gryphon deposit (Phase II of Wheeler). Denison Mines and the Wheeler River project have always topped the list of potential takeover candidates in the uranium

sector, and with sufficient cash to bring the project to a construction go-ahead decision, we expect potential suitors will begin to line up.

### **SENTIMENT SHIFTING POSITIVE IN URANIUM**

Over the last 3-4 months, sentiment in the uranium sector has turned increasingly positive, as we originally highlighted in our recent Macro Report: *A Green Economy and Electric Vehicles Start with Metals* on January 25 (link [here](#)). Under the Biden Administration, the United States has rejoined the Paris Climate Agreement that calls for net-zero carbon emissions for most of the developed-world by 2050. With uranium currently generating 80% of carbon-free grid power in the United States, coupled with the aggressive nuclear power expansion plans of China (the world's second largest economy), it has become abundantly clear that nuclear power has a critically important and *growing* role to play in the energy mix of the future. As a long-standing ally of the United States, Canada and its uranium mines in Northern Saskatchewan's Athabasca Basin have always been a preferred supplier to the U.S. utilities, which operate the largest fleet of nuclear reactors in the world. Denison's Wheeler River, as a Tier One project, will have an important role to play in filling the growing uranium supply-demand imbalance in the coming years (2025+) as the United States, and the developed-world, move toward net-zero carbon emissions.

### **MAINTAINING BUY RATING, RAISING PRICE TARGET**

With the financing overhang completely removed through to a construction decision, we are increasing our target multiple on Denison Mines to 1.5x NAVPS<sub>7.5%</sub> (rounded) on its projects, and 1.0x NAVPS on its net financial position, up from a straight 1.0x NAVPS<sub>7.5%</sub> (rounded) previously. A 1.5x multiple is typical for projects such as Wheeler River once they have a clear path to construction, as they are extremely scarce (given their size, grade, and location) and highly sought after by the top industry players. The 1.5x premium multiple is also meant to reflect the improving sentiment in the uranium sector, in which there are only a limited number of equities with sufficient market capitalization and trading liquidity to be suitable investment candidates. We are maintaining our Buy rating on Denison Mines and increasing our target price to \$1.75/C\$2.25/share, up from \$1.05/C\$1.35/share previously.

## DISCLAIMERS AND DISCLOSURES

### *Disclaimers*

The opinions, estimates and projections contained in this report are those of Cantor Fitzgerald Canada Corporation. ("CFCC") as of the date hereof and are subject to change without notice. CFCC makes every effort to ensure that the contents have been compiled or derived from sources believed to be reliable and that contain information and opinions that are accurate and complete; however, CFCC makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions which may be contained herein and accepts no liability whatsoever for any loss arising from any use of or reliance on this report or its contents. Information may be available to CFCC that is not herein.

This report is provided, for informational purposes only, to institutional investor clients of CFCC, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such offer or solicitation would be prohibited. This report is issued and approved for distribution in Canada, CFCC, a member of the Investment Industry Regulatory Organization of Canada ("IIROC"), the Toronto Stock Exchange, the TSX Venture Exchange and the CIPF. This report is has not been reviewed or approved by Cantor Fitzgerald USA., a member of FINRA. This report is intended for distribution in the United States only to Major Institutional Investors (as such term is defined in SEC 15a-6 and Section 15 of the Securities Exchange Act of 1934, as amended) and is not intended for the use of any person or entity that is not a major institutional investor. Major Institutional Investors receiving this report should effect transactions in securities discussed in the report through Cantor Fitzgerald USA.

**Non US Broker Dealer 15a-6 disclosure:** This report is being distributed by (CF Canada/CF Europe/CF Hong Kong) in the United States and is intended for distribution in the United States solely to "major U.S. institutional investors" (as such term is defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934 and applicable interpretations relating thereto) and is not intended for the use of any person or entity that is not a major institutional investor. This material is intended solely for institutional investors and investors who CFCC reasonably believes are institutional investors. It is prohibited for distribution to non-institutional clients including retail clients, private clients and individual investors. Major Institutional Investors receiving this report should effect transactions in securities discussed in this report through CFCC. This report has been prepared in whole or in part by research analysts employed by non-US affiliates of Cantor Fitzgerald & Co that are not registered as broker-dealers in the United States. These non-US research analysts are not registered as associated persons of Cantor Fitzgerald & Co. and are not licensed or qualified as research analysts with FINRA or any other US regulatory authority and, accordingly, may not be subject (among other things) to FINRA's restrictions regarding communications by a research analyst with a subject company, public appearances by research analysts, and trading securities held by a research analyst account.

### *Potential conflicts of interest*

The author of this report is compensated based in part on the overall revenues of CFCC, a portion of which are generated by investment banking activities. CFCC may have had, or seek to have, an investment banking relationship with companies mentioned in this report. CFCC and/or its officers, directors and employees may from time to time acquire, hold or sell securities mentioned herein as principal or agent. Although CFCC makes every effort possible to avoid conflicts of interest, readers should assume that a conflict might exist, and therefore not rely solely on this report when evaluating whether or not to buy or sell the securities of subject companies.

### *Disclosures as of March 4, 2021*

CFCC *has* provided investment banking services or received investment banking related compensation from Denison within the past 12 months.

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*

The research analyst whose name appears on this report hereby certifies that the opinions and recommendations expressed herein accurately reflect his personal views about the securities, issuers or industries discussed herein.

### *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.

### **Member-Canadian Investor Protection Fund.**

Customers' accounts are protected by the Canadian Investor Protection Fund within specified limits. A brochure describing the nature and limits of coverage is available upon request.