

DENISON MINES CORP.

Monetizes GoviEx Stake for up to C\$41.6 MM

EVENT

Denison has entered into a private agreement to sell 32.5 MM shares and 32.5 MM purchase warrants of GoviEx (GXU-TSXv, Not Covered) for C\$15.6 MM in cash upfront, and up to C\$41.6 MM in total consideration if the warrants are exercised in full.

BOTTOM LINE

Modest Positive – Denison has held this equity stake in GoviEx since early 2016, and with GXU shares up 104% year-to-date, in our view, it is a prudent time to monetize.

FOCUS POINTS

- GoviEx Brief Overview** – GoviEx purchased Denison’s African uranium interests (Mutanga-Zambia, Falea-Mali, and Dome-Namibia) in March of 2016 for 56.1 MM GXU shares and 22.4 MM GXU purchase warrants. GoviEx has been advancing these assets since that time, in addition to developing its Madaouela uranium project in Niger. With Denison’s focus entirely on the Athabasca Basin in Northern Saskatchewan, Canada, we have long considered its equity stake in GoviEx as non-core.
- Monetizing GoviEx** – Denison is selling effectively half of its GoviEx stake for C\$15.6 MM (32.5 MM shares at C\$0.48/share) and will continue to hold 32.6 MM shares of GXU. If the purchase warrants (C\$0.80/share for a term of 18-months) are exercised in full, DNN will receive further gross proceeds of C\$26.0 MM, reducing its equity stake in GXU to near zero.
- Maintaining Buy Rating and Price Target** – We are maintaining our Buy rating and target price of \$3.75/C\$4.75/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).

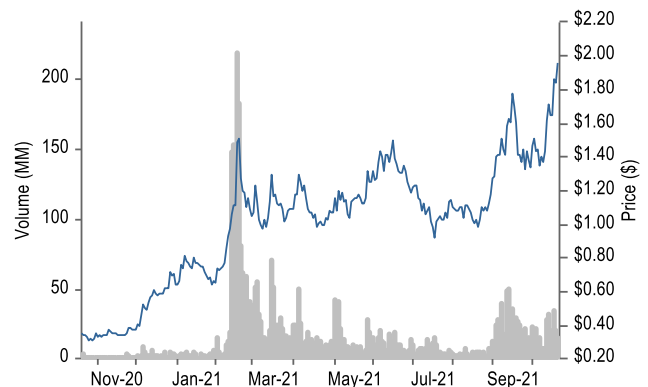
Recommendation:

BUY

Symbol/Exchange: DNN-NYSE/DML-TSX
Sector: Metals & Mining
All dollar values in US\$ unless otherwise noted.
Current price: \$1.96/C\$2.41
One-year target: \$3.75/C\$4.75
Return to target: 91.3%
Cash and U₃O₈ inventory: ~C\$220 MM

Financial Summary:

Shares O/S (MM)	805.7	52-week range	\$0.30 - \$1.97
Market cap (MM\$)	\$1,579.3	30D avg vol. ('000)	14,608.8
Market float (MM\$)	\$1,570.7	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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See disclosure and a description of our recommendation structure at the end of this report.

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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.

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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.

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