

## DENISON MINES CORP.

### Expansion Approved at McClean Lake Tailings Management Facility (TMF)

#### EVENT

Denison's 22.5%-owned McClean Lake mill has received approval from the Canadian Nuclear Safety Commission (CNSC) to expand its TMF. Note that Orano owns 77.5% of the mill and acts as operator.

#### BOTTOM LINE

**Positive** – An expanded TMF at McClean Lake will allow the mill to act as a central “hub” and potentially process fresh ore and/or uranium bearing solution from the many deposits and projects on the eastern side of Saskatchewan’s prolific Athabasca Basin.

#### FOCUS POINTS

- **Highly Strategic Asset** – The McClean Lake processing plant is the only uranium milling facility currently operating in Canada, the world’s lowest-risk and second largest producer of uranium oxide (U<sub>3</sub>O<sub>8</sub>).
- **An Important Step for Denison’s Future Growth** – The expanded TMF capacity will allow the McClean Lake mill to process select satellite deposits and projects on the eastern side of the Athabasca Basin. These opportunities potentially include, and are not limited to, ore from Denison’s 95%-owned Gryphon deposit (part of Wheeler River), uranium bearing solution from its 67%-owned THT deposit (formerly J Zone), and ore from its 25%-owned Midwest deposits as well.
- **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<sub>7.5%</sub> multiple on the Company’s Athabasca Basin uranium projects and 1.0x NPV on its net financial position (cash, investments, and U<sub>3</sub>O<sub>8</sub> in inventory).

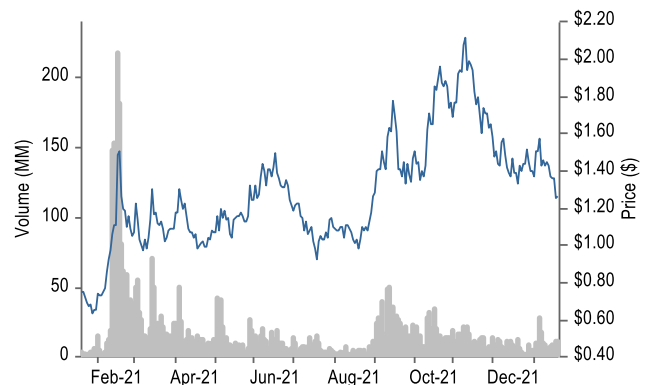
#### Recommendation:

**BUY**

Symbol/Exchange: DNN-NYSE/DML-TSX  
Sector: Metals & Mining  
*All dollar values in US\$ unless otherwise noted.*  
Current price: \$1.27/C\$1.59  
One-year target: \$3.75/C\$4.75  
Return to target: 195.3%  
Cash and U<sub>3</sub>O<sub>8</sub> inventory: ~C\$220 MM

#### Financial Summary:

Shares O/S (MM)	807.4	52-week range	\$0.62 - \$2.14	
Market cap (MM\$)	\$1,041.5	30D avg vol. ('000)	11,469.3	
Market float (MM\$)	\$1,035.9	Fiscal year-end	31-Dec	
Probable Reserves		Tonnes	U <sub>3</sub> O <sub>8</sub> Grade	Attrib. Resource
Wheeler River		1,398,000	3.54%	103.9 MMlb
M&I Resources		Tonnes	U <sub>3</sub> O <sub>8</sub> Grade	Attrib. Resource
McClean 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	U <sub>3</sub> O <sub>8</sub> Grade	Attrib. Resource
McClean 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.

## A BUSY YEAR AHEAD, FULLY FINANCED THROUGH 2024

With the McClean Lake TMF expansion approval received last night, 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 3-6 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). Following Denison's partial monetization of its interest in Goviex (GXU-TSXv, Not Covered) (note [here](#)), we estimate the Company has cash and equivalents of +C\$80 MM which should be more than sufficient to fund the Environmental Assessment and Federal Licensing processes to completion (H2/24). We note Denison also continues to hold 2.5 MMlb U<sub>3</sub>O<sub>8</sub> in inventory that it purchased at an average price of \$29.61/lb U<sub>3</sub>O<sub>8</sub>. At the current spot price of \$45.00/lb U<sub>3</sub>O<sub>8</sub>, this material has a market value of \$112 MM (C\$141 MM) that Denison can leverage toward project financing in the future.

### Exhibit 1. Denison Mines NAVPS Estimate

Asset (C\$)		Value (\$MM)	\$ Per Share	% of NAV
Wheeler River (95%)	7.5%	\$2,332.4	\$2.64	77%
McClean Lake Mill (22.5%)	7.5%	\$316.3	\$0.36	10%
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%
<b>Total Mining Assets</b>		<b>\$2,801.8</b>	<b>\$3.17</b>	<b>92%</b>
Cash and S/T Investments*		\$83.0	\$0.09	3%
U3O8 in Inventory		\$140.6	\$0.16	5%
Investment in GoviEx (GXU-TSXv)		\$16.9	\$0.02	1%
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)	
<b>Net Asset Value</b>		<b>\$2,832.4</b>	<b>\$3.21</b>	
P/NAV			0.50x	

\*Pro-forma pending transactions, Cantor estimate

Source: Cantor Fitzgerald

## 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<sub>7.5%</sub> multiple on the Company's Athabasca Basin uranium projects and 1.0x NPV on its net financial position (cash, investments, and U<sub>3</sub>O<sub>8</sub> 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. We maintain our Buy rating on the Company.

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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 (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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