

## DENISON MINES CORP.

### Positive Metallurgical Test Results

#### EVENT

This morning, Denison reported positive metallurgical test results that are important de-risking events for the high-grade Phoenix deposit, the core component of the Company's 95%-owned Wheeler River uranium project.

#### BOTTOM LINE

**Modest Positive** – The test work confirmed DNN's ability to successfully produce industry standard specification U<sub>3</sub>O<sub>8</sub> at the bench-scale using core samples taken from the Phoenix deposit. The results also validated the suitability of the Phoenix processing plant's mechanical components as outlined in the 2018 Pre-Feasibility Study (PFS).

#### FOCUS POINTS

- **Successful U<sub>3</sub>O<sub>8</sub> Production** – Following over a year of lab test work, Denison has successfully produced industry standard specification uranium oxide (U<sub>3</sub>O<sub>8</sub>) at the bench-scale from uranium bearing solution (UBS) that was previously recovered via the leaching of core samples taken from the Phoenix deposit. The core samples and UBS product used were intended to be representative of what will be recovered from the in-situ recovery (ISR) commercial-scale wellfield at Phoenix.
- **De-Risking Wheeler River** – The results of the metallurgical test work contribute to the ongoing Wheeler River Feasibility Study (FS) and Environmental Assessment, technically de-risking the project. We note that the U<sub>3</sub>O<sub>8</sub> produced at the bench-scale was recovered via simple chemical precipitation stages, suggesting that no solvent extraction (SX) or ion exchange circuits will be required at the Phoenix plant.
- **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.

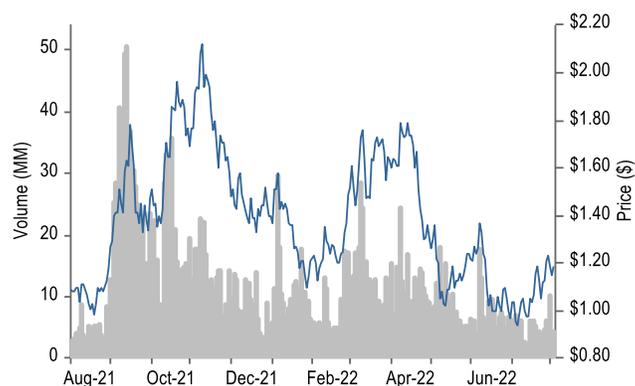
#### Recommendation:

**BUY**

Symbol/Exchange: DNN-NYSE/DML-TSX  
Sector: Metals & Mining  
*All dollar values in US\$ unless otherwise noted.*  
Current price: \$1.19/C\$1.54  
One-year target: \$4.25/C\$5.25  
Return to target: 257.1%  
Cash and U<sub>3</sub>O<sub>8</sub> inventory: ~C\$220 MM

#### Financial Summary:

Shares O/S (MM)	817.8	52-week range	\$0.91 - \$2.14
Market cap (MM\$)	\$973.2	30D avg vol. ('000)	6,845.1
Market float (MM\$)	\$967.9	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%	103.9 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	374,900	2.22%	3.9 MMlb
Midwest + Waterbury	1,310,000	2.20%	21.4 MMlb
JCU Interests	11,860,600	0.70%	32.9 MMlb
Wheeler River	1,809,000	3.30%	125.5 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 + Waterbury	1,114,000	0.98%	8.4 MMlb
JCU Interests	1,731,400	1.41%	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.

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

**Associate: Kate Nakagawa**  
kate.nakagawa@cantor.com  
(416) 849-5001

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

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

## SUCCESSFUL BENCH-SCALE U<sub>3</sub>O<sub>8</sub> PRODUCTION

This morning, Denison reported positive metallurgical test results that are important de-risking events for the high-grade Phoenix deposit, the core component of the Company's 95%-owned Wheeler River uranium project. Following over a year of lab test work, Denison has successfully produced industry standard specification uranium oxide (U<sub>3</sub>O<sub>8</sub>) at the bench-scale from uranium bearing solution (UBS) that was previously recovered via the leaching of core samples taken from the Phoenix deposit. The core samples and UBS product used were intended to be representative of what will be recovered from the in-situ recovery (ISR) commercial-scale wellfield at Phoenix. We note that the uranium oxide was recovered through simple chemical precipitation stages, suggesting that no solvent-extraction (SX) or ion exchange circuits will be required at the Phoenix processing plant. Additional test work continues, including core leach testing intended to support optimization of metallurgical recovery curves for the Phoenix ISR operation, lab scale leaching and remediation testing of crushed core to determine recovery, leaching rates, and remediation plans for discrete areas within the Phoenix deposit, and the performance of specialized test work intended to improve the effluent treatment process.

### Exhibit 1. Denison Mines NAVPS Estimate

Asset (C\$)		Value (\$MM)	\$ Per Share	% of NAV
Wheeler River (95%)	7.5%	\$2,763.9	\$3.11	79%
McClean Lake Mill (22.5%)	7.5%	\$328.7	\$0.37	9%
Waterbury Lake (66.9%)	7.5%	\$72.0	\$0.08	2%
Athabasca Properties (\$/lb)	\$1.00/lb	\$30.0	\$0.03	1%
JCU Properties (\$/lb)	\$1.00/lb	\$54.2	\$0.06	2%
<b>Total Mining Assets</b>		<b>\$3,248.8</b>	<b>\$3.66</b>	<b>93%</b>
Cash and S/T Investments		\$65.3	\$0.07	2%
U3O8 in Inventory		\$156.7	\$0.18	5%
Investment in GXU, SYH		\$11.4	\$0.01	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)	
<b>Net Asset Value</b>		<b>\$3,272.1</b>	<b>\$3.68</b>	
P/NAV			0.42x	

Source: Cantor Fitzgerald

## DE-RISKING PHOENIX AND WHEELER RIVER

The test work completed also contributes to both the ongoing FS and Environmental Assessment at Wheeler River, overall supporting technical de-risking of the project. Several critical inputs contributing to the progression of the Feasibility Study's plant and process designs were obtained from the test results, including confirmation that the mechanical components of the Phoenix processing plant outlined in the 2018 PFS are appropriate. The results support the plant's ability to process UBS head grades averaging 15 g/L uranium, 50% higher than what was assumed in the PFS. The test results also indicated metallurgical recovery rates of over 95% through the UBS to U<sub>3</sub>O<sub>8</sub> stage and

produced the bench-scale industry standard yellowcake product without utilizing the high-capital cost method of calcination or needing to use ammonia. Additionally, the test results released this morning confirm Denison's ability to meet final plant effluent quality discharge criteria, supporting the draft Environmental Impact Statement and the ongoing Environmental Assessment.

### **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<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. The Company remains our preferred uranium developer.

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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.

**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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