

## DENISON MINES CORP.

### Uranium Bearing Solution Recovered at Phoenix Feasibility Field Test

#### EVENT

As of this morning, uranium bearing solution (UBS) has successfully been recovered from the in-situ recovery (ISR) Feasibility Field Test (FFT) at the Phoenix deposit, the most important component of Denison's 95%-owned Wheeler River project.

#### BOTTOM LINE

**Positive** – This is a critical technical de-risking event for Phoenix that has been 4-5 years in the making. The test results validate/support the ongoing Feasibility Study (FS) and Environmental Assessment (EA) process currently underway.

#### FOCUS POINTS

- **Phoenix FFT Results** – Importantly, according to the Company, the recovery of UBS from the Phoenix FFT was “at targeted rates and grades” and based on initial analysis, metallurgical recoveries are “meeting expectations.” We note that the UBS recovered by Denison from the FFT at Phoenix represents the first time that low-cost ISR recovery methods have been applied to a project in the Athabasca Basin, home to the highest-grade uranium deposits in the world. This technical breakthrough at Phoenix can potentially be applied to other uranium deposits in the Basin as well, including those owned by Denison.
- **Next Steps** – The successful recovery of UBS concludes the first phase (leaching) of the FFT. The second phase (neutralization) is targeted for completion by year-end, putting the final phase (recovered solution management) on schedule to commence in H1/23.
- **Maintaining Buy Rating, Target** – Based on an unchanged target multiple of 1.5x NAVPS<sub>7.5%</sub> we continue to rate Denison Mines a Buy with a price target of \$4.25/C\$5.25/share.

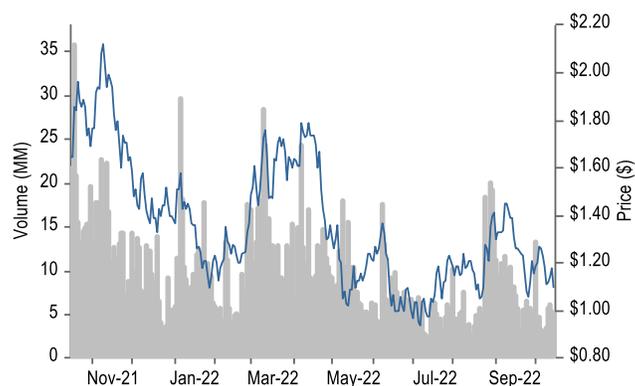
#### Recommendation:

**BUY**

Symbol/Exchange: DNN-NYSE/DML-TSX  
Sector: Metals & Mining  
*All dollar values in US\$ unless otherwise noted.*  
Current price: \$1.10/C\$1.52  
One-year target: \$4.25/C\$5.25  
Return to target: 286.4%  
Cash and U<sub>3</sub>O<sub>8</sub> inventory: ~C\$218 MM

#### Financial Summary:

Shares O/S (MM)	818.4	52-week range	\$0.91 - \$2.14
Market cap (MM\$)	\$900.2	30D avg vol. ('000)	6,540.5
Market float (MM\$)	\$895.4	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.

## UBS RECOVERY A MAJOR DE-RISKING MILESTONE

In a press release this morning, Denison announced that uranium bearing solution has successfully been recovered from the in-situ recovery Feasibility Field Test at the Phoenix deposit, the most important component of Denison's 95%-owned Wheeler River project. The recovery of UBS from the ISR FFT at Phoenix has been 4-5 years in the making and is a critical technical de-risking event for the Tier One-Wheeler River project and Denison Mines as a Company. The FFT test results validate/support the ongoing Feasibility Study and Environmental Assessment process currently underway. Importantly, according to the Company, the recovery of UBS from the Phoenix FFT was "at targeted rates and grades" and based on initial analysis, metallurgical recoveries are "meeting expectations."

## POTENTIAL APPLICATIONS BEYOND PHOENIX

We note that the UBS recovered by Denison from the FFT at Phoenix represents the first time that low-cost ISR recovery methods have been applied to a project in the Athabasca Basin, home to the highest-grade uranium deposits in the world. This technical breakthrough at Phoenix can potentially be applied to other non-basement hosted uranium deposits in the Basin as well, including several being advanced by Denison (the The Heldeth Túc "THT" deposit and the Midwest deposits, specifically.)

## NEXT STEPS

The FFT is expected to be the final technical field test ahead of feasibility, permitting, and eventual construction of a commercial ISR operation at Wheeler River. The successful recovery of UBS announced this morning concludes the first phase (leaching) of the FFT. The second phase (neutralization) is targeted for completion by year-end, putting the final phase (recovered solution management) on schedule to commence in H1/23. An overview of the three phases is provided below:

***The leaching phase (concluded)*** involved the controlled injection of an acidic solution into a high-grade portion of the Phoenix orebody, approximately 400m below surface (the "Leaching Zone"), via the existing Test Pattern, and the recovery of the solution back to surface using existing test wells. The mineralized solution is expected to contain high concentrations of dissolved uranium in addition to by-product copper, iron, molybdenum, and zinc. The recovered solution is being stored in surface tanks (up to a maximum of 500 m<sup>3</sup>) with approved environmental protection measures.

***The neutralization phase (now underway)*** involves the recovery of the remaining solution in the Leaching Zone to verify the effectiveness of the ISR process at returning the mineralized zone to near baseline conditions. A mild alkaline solution will be injected into the Leaching Zone to neutralize the area, reverse any residual effects from the leaching phase, and recover up to an additional 500 m<sup>3</sup> of solution that will also be stored in surface tanks also with approved environmental protection measures.

***The recovered solution management phase*** involves separating the solution recovered from the prior two phases into 1) mineralized precipitates, and 2) a neutralized treated solution. Recoverable uranium will report to the former and be temporarily stored on site in surface steel tanks, and the latter

(a neutralized solution) will be re-injected into a designated subsurface area. We note that this phase (recovered solution management) will continue beyond the H1/23 FFT timeline outlined by Denison.

### **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.

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**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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