

DENISON MINES CORP.

Gryphon Zone Maiden Resource Announced at 43M lbs

EVENT

Denison Mines yesterday announced a maiden resource estimate for the Gryphon deposit, located on the Wheeler River property in the Athabasca Basin.

BOTTOM LINE

Positive – Denison Mines has significantly increased the resource at its 60% owned Wheeler River property. The announced 43.0M lb inferred resource estimate (100% basis at a 0.20% U₃O₈ cut-off grade) adds to the current global resource of 71.3M lbs (100% basis 70.2M lbs indicated, 1.1M lbs inferred) from the Phoenix deposit. Together, the Wheeler River property has grown to become one of the largest undeveloped uranium deposits in the Athabasca Basin. With this new resource update, at just over 114M lbs, the property ranks in the Basin just above Fission Uranium's (FCU-TSX, Buy, Target \$1.55) wholly owned Triple R deposit (105M lbs) and below Cameco's (CCO-TSX, CCJ-NYSE, Buy, Target \$26.05) Cigar Lake (318M lbs, 100% basis). We re-iterate our BUY recommendation and increase our target price to \$1.60 (from \$1.25 previously) given the updated resource estimate.

FOCUS POINTS

- **Third largest deposit:** Given the updated resource, Wheeler River now stands at just over 114M lbs and ranks third in the Athabasca Basin in terms of size, behind giants McArthur River and Cigar Lake.
- **PEA in the works:** A Preliminary Economic Assessment is underway and considering the viability of co-developing both Gryphon and Phoenix, which are located just 3km away.

Recommendation:

BUY

Symbol/Exchange:	DML-TSX / DNN-NYSE
Sector:	Metals & Mining
<i>All dollar values in C\$ unless otherwise noted.</i>	
Current price:	C\$0.53; US\$041
One-year target:	C\$1.60↑
Return Target:	201%
Cash on hand:	\$14.8M

Company Summary

Shares O/S (M)	518.4	52-week range	\$0.48 - \$1.18
Market cap (\$M)	\$280.0	Avg. weekly vol. (M)	3.0
Market float (\$M)	\$243.0	Fiscal year-end	31-Dec

Revenue Generating Assets

McLean Lake Mill			
Uranium Participation Management Contract			
Measured & Indicated Resource	Tonnes	U ₃ O ₈ Grade	Attrib Resource
Gurvan Saihan JV	12,261,000	0.07%	16.81 M lbs
Falea	15,670,000	0.09%	29.58 M lbs
McClellan Lake Deposits	778,700	2.44%	4.25 M lbs
Midwest	818,000	4.91%	12.26 M lbs
Mutanga	10,280,000	0.03%	7.81 M lbs
Waterbury Lake	307,000	2.00%	7.69 M lbs
Wheeler River Project	175,000	19.10%	42.12 M lbs
Inferred Resource		U ₃ O ₈ Grade	Resource
Gurvan Saihan JV	5,536,000	0.05%	4.94 M lbs
McClellan Lake Deposits	510,900	0.68%	1.70 M lbs
Midwest	34,200	6.30%	1.18 M lbs
Mutanga	65,270,000	0.03%	41.40 M lbs
Waterbury Lake	0	0.00%	N/A
Wheeler River Project	834,000	2.30%	26.46 M lbs

Source: Company reports and Cantor Fitzgerald estimates



Company profile: Denison Mines is a uranium exploration company with interests primarily focused in the Athabasca Basin, but also located in Zambia, Mali and Mongolia.

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

MAIDEN GRYPHON RESOURCE TOTALS 43.0M LBS

Denison Mines has significantly increased the resource at its 60% owned Wheeler River property. The announced 43.0M lb inferred resource estimate (100% basis at a 0.2% U₃O₈ cut-off grade) adds to the current resource of 71.3m lbs (100% basis, 70.2M lbs indicated, 1.1M lbs inferred) from the Phoenix deposit.

Exhibit 1. Wheeler River Resource Summary

Deposit	Category	Tonnes	Grade (% U ₃ O ₈)	Million lbs U ₃ O ₈ (100% Basis)	Million lbs U ₃ O ₈ (Denison's Share)
Gryphon	Inferred	834,000	2.3	43.0	25.8
Phoenix	Indicated	166,000	19.1	70.2	42.1
Phoenix	Inferred	9,000	5.8	1.1	0.7

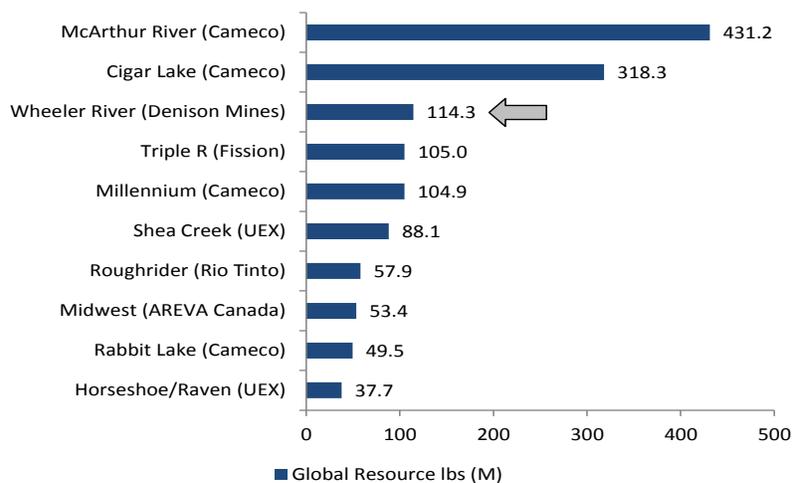
Notes:

1. CIM Definitions were followed for classification of mineral resources.
2. Mineral resources for the Gryphon deposit are reported above a cut-off grade of 0.2% U₃O₈.
3. Mineral resources for the Phoenix deposit are reported above a cut-off grade of 0.8% U₃O₈.
4. The cut-off grade is based on internal conceptual studies and a price of US\$50 per lb U₃O₈.
5. Mineral resources for the Phoenix deposit were last estimated in 2014 to reflect the expansion of the high-grade zone. As no new drilling has been completed at Phoenix since that time, the mineral resource estimates for the Phoenix deposit remain current.

Source: Denison Mines

Factoring in both the Phoenix deposit and Gryphon, the Wheeler River property has grown to become one of the largest and highest grade undeveloped uranium deposits in the Athabasca Basin. With this new resource update, at just over 114M lbs, the property ranks in the Basin just above Fission Uranium's (FCU-TSX; Buy, Target \$1.55) wholly owned Triple R Deposit (105M lbs) and Cameco's (CCO-TSX, CCJ-NYSE: Buy, Target C\$26.05) Cigar Lake (318M lbs, 100% basis).

Exhibit 2. Top Ten Uranium Deposits (M lbs) in the Athabasca Basin



Source: Cantor Fitzgerald Canada Research, Company Reports

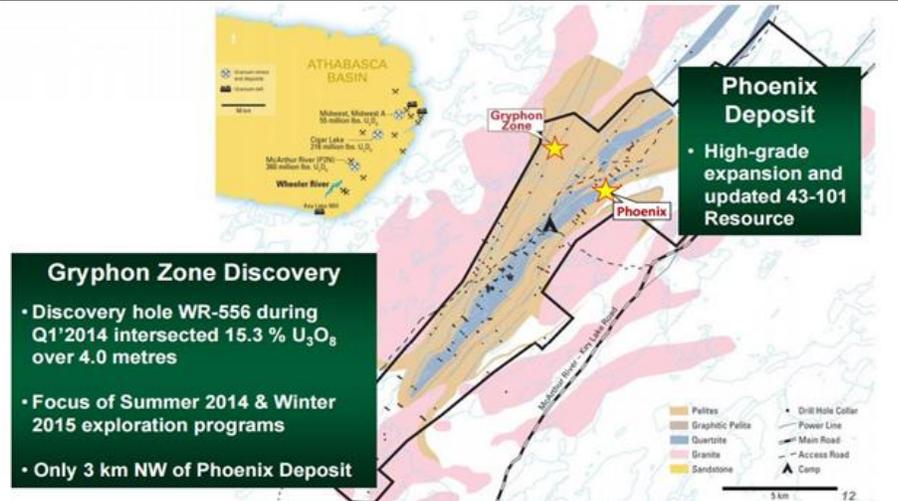
Recall that the Gryphon zone was discovered in early 2014. Denison has since completed 35 drill holes at a spacing of approximately 50m x 50m in order to define the deposit over an area measuring 450m x 80m.

Mineralization at Gryphon occurs 720m below surface and is centered approximately 220m below the sub-Athabasca unconformity. At its highest point, it is within 80m of the unconformity and it is 370m below the unconformity at its deepest point. The deposit consists of a set of parallel, stacked, elongated lenses that are broadly conformable with the basement geology and associated with a significant fault that separates a thin unit of quartzite from an overlying graphitic pelite. Gryphon belongs to a select group of large basement hosted uranium deposits on the east side of the Athabasca Basin that includes Cameco Corp.'s Eagle Point mine and Millennium deposit, and Rio Tinto's Roughrider deposit.

PEA AND UPCOMING EXPLORATION

Given the close proximity (3km) to the Phoenix zone, Denison is considering co-developing the two deposits as a single uranium project. Work on a Preliminary Economic Assessment (“PEA”) has already begun in order to validate the potential.

Exhibit 3. Wheeler River Location



Source: Denison Mines

Exploration is expected to continue around the Gryphon deposit, where recent drilling has continued to return encouraging results that suggest the area around Gryphon and the entire K-North trend has the potential to host additional zones of significant basement and unconformity mineralization related to the Gryphon deposit.

Note that the Wheeler River project is located between the McArthur River mine and Key Lake mill complex in the eastern portion of the Athabasca Basin in northern Saskatchewan. Moreover, the project is located in the infrastructure rich eastern portion of the Athabasca Basin between the McArthur River mine and Key Lake mill complex which are in close proximity to the provincial power grid, provincial highways, air transportation, and multiple uranium processing

facilities, including the 22.5% Denison owned McClean Lake mill. Denison is the operator and holds a 60% interest in the project. Cameco holds a 30% interest and JCU (Canada) Exploration Company Limited holds the remaining 10% interest.

VALUATION & RECOMMENDATION

We are maintaining our BUY recommendation while increasing our target price to \$1.60 per share (from \$1.25 previously). The target price increase is a result of factoring in Denison's 60% share of the Gryphon deposit's resource. Our target price continues to be derived by applying a 1.0x multiple to NAV.

Exhibit 4. Current Denison Mines Net Asset Value

Asset	Attributable		Value (\$M)	Per share	Ownership	Notes
	M Lbs U3O8	EV/Lb				
Revenue Generating Assets						
McClean Lake Mill			\$26.9	\$0.05	22.5%	8% Discounted Cash Flow for processing Cigar Lake feed
UPC Contract Value			\$44.8	\$0.09		Minimum annual fee at a 5% Discount Rate
In-Situ Valuation						
Falea	45.3	\$0.50	\$22.6	\$0.04	100%	Mali with Silver and Copper converted to Uranium Equivalent
Gurvan Saihan JV	21.8	\$0.50	\$10.9	\$0.02	100%	Mongolia
McClean Lake Deposits	5.9	\$7.00	\$41.6	\$0.08	22.5%	McClean Lake, McClean Lake North, & Sue D; Areva 70% & OURD 7.5%
Midwest	13.4	\$7.00	\$94.1	\$0.18	25.17%	Areva 69.16% & OURD 5.67%; Development on hold reviewed every 6 months
Mutanga	49.2	\$0.50	\$24.6	\$0.05	100%	Zambia
Waterbury Lake	7.8	\$7.00	\$54.7	\$0.11	60%	40% KEPCO
Wheeler River Project	68.6	\$7.00	\$480.2	\$0.93	60%	Cameco 30% & JCU 10%
Other Assets						
Working Capital Net of Cash			\$5.8	\$0.01		As of Q2/15 Financials
Cash + proceeds from options and warrants			\$14.9	\$0.03		As of Q2/15 Financials
Valuation			\$821.1	\$1.58		

Source: Cantor Fitzgerald Research

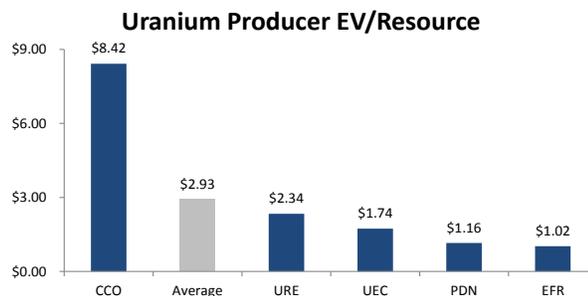
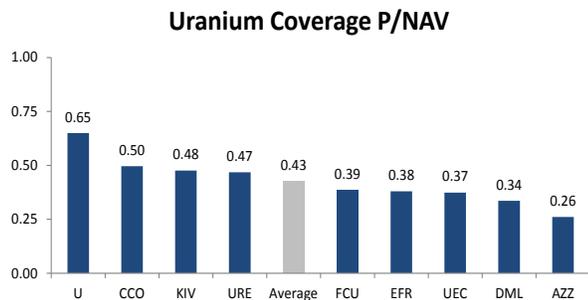
Exhibit 5. Peer Comparables

Uranium Producer Company Name	Stage	Stock Price (Local \$)	Market Cap (\$'000)	Enterprise Value (\$'000)	43-101 Resources (M lbs)				MKT / LB	EV / LB	Cash Cost / LB	
					Avg Grade	P&P	M&I	Inferred				Total
Cameco Corporation (TSX:CCO)	Production	17.65	6,985,738.0	8,413,841.0	7.576%	465.1	245.9	288.8	999.8	\$6.99	\$8.42	\$24.97
Energy Fuels Inc. (TSX:EFR)	Production	3.60	162,616.5	142,454.2	0.086%	0.0	100.0	39.2	139.2	\$1.17	\$1.02	\$34.63
Paladin Energy Ltd (ASX:PDN)	Production	0.25	428,042.2	602,789.2	0.079%	174.3	193.6	153.8	521.7	\$0.82	\$1.16	\$24.97
Uranium Energy Corp. (NYSE:UEC)	Production	1.11	109,597.5	119,262.6	0.062%	0.0	32.4	36.3	68.7	\$1.59	\$1.74	\$25.42
UR-Energy Inc. (TSX:URE)	Production	0.73	95,037.8	95,666.2	0.088%	0.0	32.3	8.6	40.9	\$2.32	\$2.34	\$20.50
Producer Average			\$1,556,206.4	\$1,874,802.7		127.9	120.8	105.4	354.1	\$2.58	\$2.93	\$26.10

Uranium Explorer/Developer Company Name	Stage	Stock Price (\$Local)	Market Cap (C\$'000)	Enterprise Value (C\$'000)	43-101 Resources (M lbs)				MKT / LB	EV / LB	
					Avg Grade	M&I	Inferred	Total			
Hathor Exploration (Acquired)	Exploration	4.70	654,240.0	581,240.0	8.628%	17.2		40.7	57.9	\$11.29	\$10.03
Denison Mines (TSX:DML)	Exploration	0.53	274,772.5	187,559.6	2.16%	118.8		107.0	226.0	\$1.22	\$0.83
Fission Uranium Corp. (TSX:FCU)	Exploration	0.60	231,742.9	206,967.1	1.51%	79.6		25.9	105.5	\$2.20	\$1.96
NexGen Energy (TSXV:NXE)*	Exploration	0.72	182,859.9	155,653.0	0.75%	0.0		0.0	127.3	\$1.44	\$1.22
Kivalliq Energy Corp. (TSXV:KIV)	Exploration	0.08	17,345.7	15,065.3	0.69%	0.0		43.3	43.3	\$0.40	\$0.35
UEX Corp. (TSX:UEX)	Exploration	0.12	29,521.8	21,759.3	0.84%	68.2		16.5	84.7	\$0.35	\$0.26
Peninsula Energy Ltd. (ASX:PEN)**	Development	1.12	182,088.5	154,447.8	0.05%	17.2		30.2	47.4	\$3.84	\$3.26
Azarga Uranium (TSX:AZZ)	Development	0.31	18,703.0	16,498.2	0.17%	18.1		5.7	23.8	\$0.79	\$0.69
Average			\$198,909.3	\$167,398.8		39.9		33.7	89.5	\$2.69	\$2.33

* Until a maiden resource is published, given drilling to date, Cantor Fitzgerald Canada currently estimates a 127.3M lb resource at 0.75% U3O8 for NexGen Energy

** Market Cap and Enterprise value for Peninsula Energy has been converted to \$CAD at the prevailing \$AUD/\$CAD market exchange rate



Source: Cantor Fitzgerald Research; Bloomberg

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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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