Denison Mines
2019 ANNUAL REPORT

Focused.
Experienced.
Growing.

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2019

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April 6, 2020

Dear Shareholders,

2019 represented a year of transition for Denison, as we aggressively advanced de-risking the use of the In-Situ Recovery ('ISR') mining method at Phoenix – following the completion of the highly successful Wheeler River Pre-Feasibility Study ('PFS') and the Board's decision to advance the project into permitting, in late 2018. In early 2019 we launched the Environmental Assessment ('EA') process, with our Project Description being accepted by the Federal and Provincial regulators. By the end of the year, we received a positive project scoping decision from the Federal regulators.

An important element of the EA process, however, is the completion of extensive in-person engagement and consultation activities with various interested parties and community groups. Accordingly, in early 2020 Denison decided to suspend the EA process, and certain other exploration and project evaluation activities, owing to the significant social and economic disruption that has emerged as a result of the COVID-19 pandemic and the Company's commitment to ensure employee safety, support public health efforts to limit transmission of COVID-19, and exercise prudent financial discipline.

While this temporary suspension of the Wheeler River EA is necessary, we should not lose sight of the fact that our team made great progress in 2019 and early 2020 towards advancing the EA and de-risking the proposed ISR uranium mine planned for the Phoenix deposit.

In the field during 2019, we completed a 23-week first-of-its-kind ISR field test program designed to validate the permeability of the Phoenix orebody, which was identified as the most significant technical risk for the Phoenix ISR operation in the Wheeler River PFS. The field program was implemented in a staged manner, progressing from the completion of preliminary hydrogeological tests in a series of small diameter test wells, to the completion of two large diameter, commercial scale wells – the first wells in the history of the Athabasca Basin intended for ISR mining. The results from this test work show significant hydraulic connectivity within the test areas of the Phoenix orebody and have confirmed our ability to achieve bulk hydraulic conductivity values, in a commercial scale well, that are consistent with those used in the PFS.

Additionally, in early 2020 we reported results from a specialized core leach test that indicate the uranium concentrations from the solution expected to be recovered from the wellfield have the potential to significantly exceed the concentrations assumed in the PFS. Taken together, these results have meaningfully increased our confidence in the application of ISR mining at Phoenix. Today, the prospect of successfully bringing ISR mining to the Athabasca Basin is higher than it has ever been.

Our plans for the balance of 2020 are designed to focus on making the most of our positive momentum, despite the temporary suspension of the Wheeler River EA and certain other activities. We will continue to monitor the COVID-19 situation closely, and we are also keeping a close eye on the uranium market – which has recently displayed some encouraging strengthening. The cumulative impact of production curtailments continues to add up and the fragile nature of primary supply has been highlighted by recent favourable uranium price moves connected to COVID-19 related shut-downs. With this as the backdrop, we are focused on positioning ourselves to quickly resume our activities to support the advancement of Wheeler River when appropriate.

As always, on behalf of the management team and Board of Directors, thank you for your continued support and interest in Denison.

Best Regards,

David Cates
Director, President & CEO

This Management's Discussion and Analysis ('MD&A') of Denison Mines Corp. and its subsidiary companies, joint arrangements, and contractual arrangements (collectively, 'Denison' or the 'Company') provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated as of March 5, 2020 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2019. The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise noted.

Additional information about Denison, including the Company's press releases, quarterly and annual reports, Annual Information Form and Form 40-F is available through the Company's filings with the securities regulatory authorities in Canada at www.sedar.com ('SEDAR') and the United States at www.sec.gov/edgar.shtml ('EDGAR').

2019 PERFORMANCE HIGHLIGHTS

- **Initiation of the Environmental Assessment ('EA') at Wheeler River**

During the first quarter of 2019, Denison submitted a Project Description ('PD') to the Canadian Nuclear Safety Commission ('CNSC') and a Technical Proposal to the Saskatchewan Ministry of Environment ('SK MOE') to support the advancement of an In-Situ Recovery ('ISR') uranium mine at the Company's 90% owned Wheeler River Uranium Project ('Wheeler River' or 'the Project'). The documents were accepted in the second quarter of 2019, initiating the EA process for the project in accordance with the requirements of both the Canadian Environmental Assessment Act, 2012 ('CEAA 2012') and the Saskatchewan Environmental Assessment Act. The submission of the PD followed a decision by Denison's Board of Directors to approve the advancement of the Phoenix ISR operation outlined in the Pre-Feasibility Study ('PFS') completed for Wheeler River in 2018. In late December 2019, Denison received a Record of Decision from the CNSC on the scope of the factors to be taken into account for the Wheeler EA, which indicate that the EA will follow the CNSC's generic guidelines.

- **Completion of Highly Successful 2019 ISR Field Test at Phoenix**

In December 2019, Denison reported the completion of a highly successful ISR field test program, which was carried out at the high-grade Phoenix uranium deposit ('Phoenix') on the Wheeler River property. The ISR field test program was designed to validate the permeability of Phoenix, and to collect an extensive database of hydrogeological data to further evaluate the ISR mining conditions present at Phoenix. This detailed data is expected to facilitate detailed mine planning as part of the completion of a future Feasibility Study ('FS'). The ISR field test program included preliminary hydrogeological tests completed by using a series of small diameter and large diameter test wells to move water through two test areas defined within the Phoenix ore zone. The ISR field test successfully achieved each of the program's planned objectives, and is highlighted by several key de-risking accomplishments, including the following:

- Confirmation of significant hydraulic connectivity within the Phoenix ore zone;
- Installation of the Athabasca Basin's first Commercial Scale Wells ('CSWs') for ISR;
- Confirmation of limited hydraulic connectivity within the underlying basement units; and
- Demonstration of the effectiveness of MaxPerf to increase access to existing permeability from a CSW.

Extensive hydrogeological data sets were collected during the 2019 ISR field program, and are being incorporated into a hydrogeological model being developed for Phoenix. In February 2020, Denison reported that the results from the hydrogeological test work, completed to-date, have confirmed the ability to achieve bulk hydraulic conductivity values (a measure of permeability) consistent with the PFS (see Denison press release dated February 24, 2020).

- **Denison Initiates ISR Metallurgical Testing for the Phoenix Deposit and Reports Uranium Concentrations from Initial Core Leach Tests up to Four Times the Amount Assumed in PFS for Phoenix ISR**

In December 2019, Denison announced the initiation of the next phase of ISR metallurgical laboratory testing for uranium recovery, which will utilize the mineralized drill core recovered through the installation of various test wells during the 2019 ISR field test program. The metallurgical laboratory test program builds upon the laboratory tests completed for the recovery of uranium as part of the project's PFS and is expected to further increase confidence and reduce risk associated with the application of ISR. The results are expected to facilitate detailed mine and process plant planning as part of a future FS, and will provide key inputs for the EA process. Significant components of the metallurgical laboratory test program include core leach tests, column leach tests, bench-scale tests and metallurgical modelling.

In February 2020, Denison reported that initial data from core leach tests includes elemental uranium concentrations, after test startup, in the range of 13.5 grams per litre ('g/L') to 39.8 g/L, with an average of 29.8 g/L over 20 days of testing (see Denison's press release dated February 19, 2020). This compares favourably to the previous metallurgical test work completed to assess the use of the ISR mining method at Phoenix – which supported a uranium concentration of 10 g/L for the ISR processing plant design used in the PFS.

- **Denison Reports Favorable Results from Exploration at Wheeler River and Waterbury Lake**

Denison conducted winter and summer diamond drilling programs at Wheeler River during 2019 – totaling 10,573 metres in 20 holes. The programs were focused on initial testing of regional target areas (K West, Q South East, K South, O Zone) with the potential to result in the discovery of additional high-grade deposits that could form satellite ISR operations. During the 2019 winter program, unconformity-hosted uranium mineralization was discovered along the southern portion of the K West trend (approximately 2 kilometres southwest of the Gryphon deposit) accompanied by strong sulphide mineralization and other geological features commonly associated with unconformity-related uranium deposits. Drill hole WR-756 was highlighted by 0.03% U_3O_8 over 1.5 metres, 1.3% Cu over 4.0 metres, 0.13% Ni over 4.0 metres, and 0.18% Co over 6.0 metres, located immediately above the sub-Athabasca unconformity. Additional follow-up drilling during the 2019 summer program at K West intersected strong hydrothermal alteration associated with highly anomalous geochemistry within the basal Athabasca sandstone, indicative of a fertile uranium mineralizing system along the K West trend and providing evidence for additional exploration targets.

At Waterbury Lake a winter diamond drilling program was completed during 2019 – totaling 5,735 metres in 15 holes. The program was focused on drill testing priority target areas (GB Zone, Oban South, GB Northeast and the Midwest Extension) associated with the regional Midwest Structure, which is interpreted to be located along the eastern portion of the Waterbury Lake property. The program was highlighted by intersections of basement-hosted uranium mineralization at the GB Zone including 0.15% U_3O_8 over 6.0 metres in drill hole WAT19-480, and 0.25% U_3O_8 over 2.0 metres and 0.22% U_3O_8 over 1.5 metres in drill hole WAT19-486.

- **Execution of Memoranda of Understanding ('MOUs') with Local Communities for Wheeler River**

As reported in the PD, Denison executed a series of MOUs, in support of the advancement of Wheeler River, with certain Indigenous communities who assert that Wheeler River falls partially or entirely within their traditional territories and where traditional land use activities are currently practiced within the local and regional area surrounding the project. These non-binding MOUs formalize the signing parties' intent to work together in the spirit of mutual respect and cooperation, in order to collectively identify practical means by which to avoid, mitigate, or otherwise address potential impacts of the project upon the exercise of Indigenous rights, Treaty rights, and other interests, as well as to facilitate sharing in the benefits that are expected to flow from the project.

- **Renewal of Management Services Agreement with Uranium Participation Corp.**

The Company, through its wholly owned subsidiary Denison Mines Inc., entered into a new five year agreement to provide management services to Uranium Participation Corp. ('UPC'). The new agreement has the potential to generate $10,000,000 in management fees to Denison over the five year term.

- **Denison's Closed Mines Group Renews Cornerstone Environmental Services Contract with BHP Group Limited ('BHP')**

Effective July 1, 2019, Denison's Closed Mines group entered into a new two year services agreement with Rio Algom Limited, a subsidiary of BHP. Under the terms of the agreement, the Closed Mines group is responsible for carrying out the management and operation of nine of BHP's decommissioned mine sites in Ontario and Quebec.

- **Obtained Financing for the Company's 2020 Canadian Exploration Activities**

In December 2019, the Company completed a $4,715,000 bought deal private placement equity offering for the issuance of 6,934,500 common shares on a flow-through basis at a price of $0.68 per share. The proceeds from the financing will be used to fund Canadian exploration activities through to the end of 2020.

ABOUT DENISON

Denison Mines Corp. was formed under the laws of Ontario and is a reporting issuer in all Canadian provinces. Denison's common shares are listed on the Toronto Stock Exchange (the 'TSX') under the symbol 'DML' and on the NYSE American exchange under the symbol 'DNN'.

Denison is a uranium exploration and development company with interests focused in the Athabasca Basin region of northern Saskatchewan, Canada. The Company's flagship project is the 90% owned Wheeler River Uranium Project, which is the largest undeveloped uranium project in the infrastructure rich eastern portion of the Athabasca Basin region of northern Saskatchewan. A PFS was completed for Wheeler River in late 2018, considering the potential economic merit of developing the Phoenix deposit as an ISR operation and the Gryphon deposit as a conventional underground mining operation. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the McClean Lake Joint Venture ('MLJV'), which includes several uranium deposits and the McClean Lake uranium mill, which is currently processing ore from the Cigar Lake mine under a toll milling agreement, plus a 25.17% interest in the Midwest deposits and a 66.57% interest in the J Zone and Huskie deposits on the Waterbury Lake property. The Midwest, J Zone and Huskie deposits are located within 20 kilometres of the McClean Lake mill. In addition, Denison has an extensive portfolio of exploration projects in the Athabasca Basin region.

Denison is engaged in mine decommissioning and environmental services through its Closed Mines group (formerly Denison Environmental Services), which manages Denison's Elliot Lake reclamation projects and provides post-closure mine and maintenance services to a variety of industry and government clients.

Denison is also the manager of Uranium Participation Corporation ('UPC'), a publicly traded company listed on the TSX under the symbol 'U', which invests in uranium oxide in concentrates ('U_3O_8') and uranium hexafluoride ('UF_6').

STRATEGY

Denison's strategy is focused on leveraging its uniquely diversified asset base to position the Company to take advantage of the strong long-term fundamentals of the uranium market. The Company has built a portfolio of strategic uranium deposits, properties, and investments highlighted by a 90% interest in Wheeler River and a minority interest in an operating and licensed uranium milling facility in the MLJV, both located in the infrastructure rich eastern portion of the Athabasca Basin region. While active in exploring for new uranium discoveries in the region, Denison's present focus is on advancing Wheeler River to a development decision, with the potential to become the next large scale uranium producer in Canada. With a shortage of low cost uranium development projects in the global project pipeline, Denison offers shareholders exposure to value creation through the potential future development of Wheeler River as well as an anticipated increase in future uranium prices.

URANIUM INDUSTRY OVERVIEW

Much of 2019 was defined and influenced by policy matters in the United States ('US'), which effectively created an overhang of uncertainty throughout the uranium market. In July 2019, the US Presidential Administration completed an investigation into a trade petition, launched under Section 232 of the Trade Expansion Act of 1962 ('Section 232'), and no trade actions were implemented. The US President indicated that the Administration's investigation did not agree with findings of the US Department of Commerce ('DOC') that uranium imports threaten to impair US national security. This announcement was expected to provide clarity to the uranium market; however, the Administration followed the decision with an order to review the nuclear fuel supply chain in the US. Accordingly, a Nuclear Fuel Working Group ('NFWG') was commissioned to examine the current state of domestic nuclear fuel production to reinvigorate the entire nuclear fuel supply chain, consistent with United States national security and nonproliferation goals and to make recommendations, if needed, to further enable US domestic nuclear fuel production. A report from the NFWG was submitted, after a brief extension, to the White House in late 2019. To date, no official recommendations have been made public, however, the President's recent Budget Request for Fiscal Year 2021 included $150 million in the Department of Energy budget to establish a uranium reserve. The budget request also set out a schedule for a similar amount to be approved in the budget in each of the next ten years.

Another source of uranium market uncertainty stems from policies relating to Russian deliveries of nuclear fuel into the US. Since breaking from the Joint Comprehensive Plan of Action with Iran, commonly known as the Iran Nuclear Deal, the US Administration has put in place sanctions against Iran. The US has also issued waivers to certain of Iran's trading partners, allowing entities from particular nations, including Russia, to continue working with Iran on civilian nuclear programs. On December 15, 2019, one of those waivers, related to Iran's Fordow Fuel Enrichment Plant, was lifted, which raised concern among market participants regarding the possibility of other waivers being revoked. The waiver causing uranium market participants particular concern relates to the Bushehr nuclear power plant, which Russia is involved in building. If this waiver is removed, there is concern that Russia could face sanctions in the US, which would halt deliveries of Russian nuclear fuel to US utilities and represent a significant supply-side development.

Also relevant to Russian nuclear fuel supply into the US is the Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation (also known as the Russian Suspension Agreement, or the 'RSA'), which established annual quotas limiting the delivery of nuclear fuel into the US from Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine and Uzbekistan. This agreement is set to expire at the end of 2020 and is currently under review. Before the agreement expires, a decision needs to be made by the US DOC as to whether there will be an extension and, if so, whether an extension will be under existing or revised terms. If the RSA expires, Russian-origin uranium products and services could be sold into the US without any restrictions - adding further uncertainty to the uranium market.

These market dynamics contributed to a soft uranium price throughout the year. In 2019, the spot uranium price traded within a narrow band, beginning the year at USD$28.50 per pound U_3O_8 and ending it down over 12% at USD$25.00 per pound U_3O_8. Lower prices near the end of the year were attributed to limited demand in the spot market. While spot uranium volumes did not match the historic high reached in 2018 (almost 89 million pounds U_3O_8), 2019 spot buying remained reasonably strong at 65 million pounds U_3O_8. Similar to 2018, however, despite seeing fairly robust spot market volumes, long-term utility contracting remained low in 2019.

Despite the impact of these policy matters, there are several indications that uranium supply and demand fundamentals continue to improve underneath the cloud of uncertainty that has dominated the market in 2019. This was underscored in the bi-annual Nuclear Fuel Report released by the World Nuclear Association ('WNA') at its annual symposium in September 2019. The report evaluates nuclear fuel demand and supply scenarios for the period from 2019 to 2040, using reference, low and high cases. For the first time in several years, the WNA's outlook for global uranium demand increased for all three scenarios, which is positive for the future outlook on demand and reflects industry consensus that the demand picture has improved significantly in recent years. This has been supported by many positive news stories on the demand side, including increasing public recognition of the critical role nuclear energy has to play in combatting climate change. One of the most significant acknowledgments of this was made by the European Union ('EU'), with its leaders recently agreeing that nuclear energy must be included as part of the solution required to meet the EU's goal of becoming carbon neutral by 2050. The EU's 'European Green Deal' officially acknowledged the importance of nuclear energy in meeting the region's comprehensive climate action goals.

- In the US, there were a number of positive announcements through the course of 2019. In Ohio, a long-awaited energy bill was passed supporting the continued operation of the Davis-Besse and Perry nuclear power plants. Previous attempts to secure subsidies for these plants were unsuccessful, which had led most in the industry to believe the plants would be shut down by calendar year 2021. Recognizing the long-term viability of existing nuclear power plants, the Turkey Point nuclear units 3 and 4 received approval for an additional 20 years of operating life from the US Nuclear Regulatory Commission ('NRC'). This additional extension will take the reactors to a total of 80 years of operating life, which is the longest license ever issued by the NRC. Turkey Point 3 and 4 are now licensed to operate to 2052 and 2053, respectively. In the US Midwest, the life of the Monticello nuclear plant was extended by another decade to 2040.

- In Mexico, the country's national nuclear utility, the Federal Electricity Commission ('CFE'), is considering building four new nuclear reactors, to add to its existing two units at Laguna Verde. CFE shared its plans to present a feasibility study to management and the government in 2020. The study will examine a project to build 1,400 megawatts electric ('MWe') reactors, with an estimated cost of US$7 billion each.

- In Canada, with the longer-term future of nuclear in mind, the provincial governments of New Brunswick, Ontario and Saskatchewan demonstrated support for future nuclear new builds. The leaders of these provinces announced that they had joined efforts to collaborate on advancing small modular reactor ('SMR') technologies. The leaders see SMRs as a practical solution to help curb carbon emissions, move away from coal-fired power generation, and create an opportunity for new economic growth in the provinces.

- In India, the government continued to demonstrate its commitment to increase its use of nuclear energy. At a recent nuclear conference, the Chairman of India's Atomic Energy Commission and Secretary of the Department of Atomic Energy reinforced the country's aggressive pursuit of new nuclear power plants in order to improve the reliability of the country's power supply. The government's Union Minister for Atomic Energy also confirmed that there are currently nine reactors under construction in India and indicated that the government had given administrative and financial support to build an additional 12 new reactors with a capacity of 9,000 MWe.

- In the United Kingdom ('UK'), a leaked government analysis stressed the need to build a fleet of new nuclear or carbon capture power plants in order to meet climate targets. The UK government believes that up to 40,000 MWe of low carbon power stations could be needed in 2050 to reduce Britain's emissions to 'net zero' and currently there is just one nuclear power plant under construction – EDF Energy's 3,200 MWe Hinkley Point C in England.

- In South Korea, Korea Hydro & Nuclear Power ('KHNP') announced the successful start-up of its Shin Kori 4 nuclear power plant. Initial criticality was reached and the unit was connected to the grid in April 2019. The Shin Kori 4 unit is a 1,400 MWe APR-1400, which is the same design as those currently under construction in the United Arab Emirates at the Barakah nuclear power plant, which is expected to begin supplying electricity early in 2020.

- In Taiwan, sentiment has shifted away from a previous policy to eliminate nuclear power from the Taiwan energy mix. In May 2019, the country passed an amendment to eliminate the 'Nuclear Free Homeland 2025' mandate that was imposed by the anti-nuclear Democratic Progressive Party in early 2017. This amendment has opened the door for future pro-nuclear decisions to be made regarding extending the lives of existing nuclear power plants in the country, as well as the possible completion of the Lungmen nuclear power plant, where construction was halted in 2014.

- In Germany, positive sentiment towards nuclear also appears to be growing. In 2019 the government received escalating calls from several of the country's most prominent businesses to delay the country's plans to implement a full-scale nuclear phase-out by the end of 2022. Some of these businesses emphasized the importance of nuclear power, highlighting that Germany needs to run its nuclear power plants longer if climate protection really matters to the country.

Though much of the nuclear news out of Asia was positive, news emerged from Japan early in 2019 that the requirements set by the country's Nuclear Regulation Authority ('NRA') for utilities to complete anti-terrorism protection work on each reactor's emergency facilities were unlikely to be met on schedule. All three utilities currently operating units in Japan have said they require between one and two and a half additional years to complete the required work. The NRA has indicated, however, that it will not extend the deadline. Due to this, it was recently announced that reactors 3 and 4 at the Takahama nuclear power plant will stop operating by the summer of 2020, with work aimed at meeting the NRA commitment about one year behind schedule.

Overall, uranium demand has grown in recent years, having now exceeded the annual levels that existed prior to Japan shutting all of its nuclear units following the 2011 Fukushima Daichii nuclear incident.

The supply side of the uranium market has also been progressing in the right direction. This has resulted in a growing gap between annual utility requirements and primary production, which continues to be filled by drawing down on inventories and other secondary sources of supply. Some of the positive supply indicators include:

- The world's largest and lowest cost uranium producer, National Atomic Company Kazatomprom announced in August 2019, that it was reaffirming its commitment to reach and maintain a more commercial balance between supply and demand by extending its previously announced 20% production curtailment through to 2021.

- Other important supply side changes included Rio Tinto finalizing the sale of its Rössing operation in Namibia to China's China National Uranium Corporation ('CNUC'). Taken together with the slow wind down of Rio Tinto's Ranger operation in Australia, we expect to see Rio Tinto, one of the world's largest mining companies and a long-term major producer in the uranium industry, completely exit the market.

- In Niger, it was announced that the Cominak mine will cease operation in March 2021 due to depletion of ore. The operation has been a source of supply to the industry since 1978.

With a significant shortfall having developed between annual nuclear utility requirements and primary production, inventories and other secondary sources of supply are being drawn down to meet utility needs. This process of inventory drawdowns suggests that we are nearing an inflection point – where end-users of uranium begin to question where long-term uranium supplies will come from and how secure that supply will be over the long lives of their nuclear reactors. There is already a growing sense that market participants are beginning to look beyond near-term market conditions in an attempt to understand what the supply environment will look like in the mid-2020s and beyond. With a renewed focus on nuclear energy as a critical element in battling climate change, it is expected that global utilities will be looking to source future supply from operations that are not only low-cost, reliable, and situated in stable jurisdictions (the typical criteria for a good supplier), but also those which are flexible and environmentally responsible.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands, except for per share amounts)	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017
Continuing Operations:			
Total revenues	$ 15,549	$ 15,550	$ 16,067
Exploration and evaluation	$ (15,238)	$ (15,457)	$ (16,643)
Operating expenses	$ (14,436)	$ (15,579)	$ (13,687)
Impairment reversal (expense)	$ -	$ (6,086)	$ 331
Net loss	$ (18,141)	$ (30,077)	$ (19,454)
Basic and diluted loss per share	$ (0.03)	$ (0.05)	$ (0.04)
Discontinued Operations:			
Net loss	$ -	$ -	$ (109)
Basic and diluted loss per share	$ -	$ -	$ -

(in thousands)	As at December 31, 2019	As at December 31, 2018	As at December 31, 2017
Financial Position:			
Cash and cash equivalents	$ 8,190	$ 23,207	$ 3,636
Investments in debt instruments (GICs)	$ -	$ -	$ 37,807
Cash, cash equivalents and GICs	$ 8,190	$ 23,207	$ 41,443
Working capital	$ 1,597	$ 19,221	$ 34,756
Property, plant and equipment	$ 257,259	$ 258,291	$ 249,002
Total assets	$ 299,998	$ 312,187	$ 326,300
Total long-term liabilities	$ 74,903	$ 77,455	$ 80,943

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands, except for per share amounts)	2019 Q4	2019 Q3	2019 Q2	2019 Q1
Total revenues	$ 3,956	$ 3,478	$ 4,139	$ 3,976
Net loss	$ (1,498)	$ (6,424)	$ (4,884)	$ (5,335)
Basic and diluted loss per share	$ (0.00)	$ (0.01)	$ (0.01)	$ (0.01)

(in thousands, except for per share amounts)	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Total revenues	$ 4,144	$ 3,729	$ 4,104	$ 3,573
Net loss	$ (13,642)	$ (3,884)	$ (5,583)	$ (6,968)
Basic and diluted loss per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

Significant items causing variations in quarterly results

- The Company's toll milling revenues fluctuate due to the timing of uranium processing at the McClean Lake uranium mill as well as changes to the estimated mineral resources of the Cigar Lake mine.
- Revenues from the Closed Mines group fluctuate due to the timing of projects, which vary throughout the year in the normal course of business.
- Operating expenses fluctuate due to the timing of projects at both the MLJV and the Closed Mines group, which vary throughout the year in the normal course of business.
- Exploration expenses are generally largest in the first and third quarters, due to the timing of the winter and summer exploration programs in Saskatchewan.

- The Company's results are also impacted, from time to time, by other non-recurring events arising from its ongoing activities, as discussed below where applicable.

RESULTS OF OPERATIONS

REVENUES

McClean Lake Uranium Mill

The McClean Lake property is located on the eastern edge of the Athabasca Basin in northern Saskatchewan, approximately 750 kilometres north of Saskatoon. Denison holds a 22.5% ownership interest in the MLJV and the McClean Lake uranium mill, one of the world's largest uranium processing facilities. The mill has licensed annual production capacity of 24.0 million pounds U_3O_8, and is currently operating under a 10-year license expiring in 2027. The mill is currently processing ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a unincorporated contractual arrangement between Orano Canada Inc. ('Orano Canada') with a 70% interest, Denison with a 22.5% interest, and OURD (Canada) Co. Ltd. with a 7.5% interest.

In February 2017, Denison completed a transaction with Anglo Pacific Group PLC and one of its wholly owned subsidiaries (the 'APG Arrangement'), under which Denison received an upfront payment of $43,500,000 in exchange for its right to receive future toll milling cash receipts from the MLJV under the current toll milling agreement with the Cigar Lake Joint Venture ('CLJV') from July 1, 2016 onwards. The APG Arrangement consists of certain contractual obligations of Denison to forward to APG the cash proceeds of future toll milling revenue earned by the Company related to the processing of the specified Cigar Lake ore through the McClean Lake mill, and as such, the upfront payment was accounted for as deferred revenue.

During the year ended December 31, 2019, the McClean Lake mill processed 18.0 million pounds U_3O_8 for the CLJV (2018 – 18.0 million pounds U_3O_8). In 2019, the Company recorded toll milling revenue of $4,609,000 (2018 – $4,239,000). The increase in toll milling revenue in 2019 compared to the prior year is predominantly the result of an update to the published Cigar Lake mineral resource estimate in the first quarter of 2018, which resulted in the Company recording a negative non-cash cumulative catch-up accounting adjustment of $332,000, which reduced the recorded toll milling revenue in 2018. During the first quarter of 2019, the Company recorded a nominal $26,000 positive non-cash cumulative accounting adjustment related to the Cigar Lake mineral resource estimate update published in that quarter.

During the year ended December 31, 2019, the Company also recorded an accretion expense of $3,203,000 on the toll milling deferred revenue balance (2018 – $3,314,000). The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

During the fourth quarter of 2019, the McClean Lake Union Unifor Local 48-S ratified a new collective bargaining agreement. The new three-year agreement includes the implementation of a new two-weeks-in two-weeks-out rotation, which will be implemented early in 2020.

Denison Closed Mines Services

Mine decommissioning and environmental services are provided through Denison's Closed Mines group, which has provided long-term care and maintenance for closed mine sites since 1997. With offices in Ontario, the Yukon Territory and Quebec, the Closed Mines group manages Denison's Elliot Lake reclamation projects and provides post-closure mine care and maintenance services to various customers.

Revenue from Closed Mines services during 2019 was $8,974,000 (2018 - $9,298,000). The decrease in revenue in 2019, as compared to 2018, was due to a decrease in activity at certain care and maintenance sites, as well as a decrease in environmental consulting activities during the year.

Management Services Agreement with UPC

Denison provides general administrative and management services to UPC pursuant to a management services agreement. The current agreement has an effective date of April 1, 2019, and is for a five year term. Management fees and commissions earned by Denison provide a source of cash flow to partly offset corporate administrative expenditures incurred by the Company.

During 2019, revenue from the Company's management contract with UPC was $1,966,000 (2018 - $2,013,000). The decrease in revenues during 2019, compared to the prior year, was due to a decrease in commission-based and discretionary fees, partly offset by an increase in NAV-based management fees. UPC's balance sheet consists primarily of uranium held either in the form of U_3O_8 or UF_6, which is accounted for at its fair value. The increase in NAV-based management fees during the year, as compared to the prior period, was due to the increase in the average fair value of UPC's uranium holdings, resulting from both increased uranium spot prices and increased uranium holdings. The decrease in commission-based fees in the year was due to a decrease in uranium purchases, and a decrease in sales of conversion services, by UPC during the current period, as compared to the prior year. Denison earns a 1% commission on the gross value of UPC's uranium purchases and sales.

OPERATING EXPENSES

Mining

Operating expenses of the mining segment include depreciation and development costs.

Operating expenses in 2019 were $6,090,000 (2018 - $7,159,000). In 2019, operating expenses included depreciation of the McClean Lake mill of $3,165,000 (2018 - $3,264,000), as a result of processing approximately 18.0 million pounds U_3O_8 for the CLJV (2018 – 18.0 million pounds). The decrease in depreciation during 2019 was primarily driven by a reduction in the units-of-production depreciation rate due to an increase in the estimate of the future CLJV production to be processed through the mill.

In 2019, operating expenses also included development and other operating costs related to the MLJV of $2,925,000 (2018 – $3,893,000), which relate predominantly to the multi-year test mining program, operated by Orano Canada within the MLJV, to support the advancement of the novel Surface Access Borehole Resource Extraction ('SABRE') mining technology.

Closed Mines Services

Operating expenses during 2019 totaled $8,346,000 (2018 - $8,211,000). The expenses relate primarily to care and maintenance services provided to clients, and include labour and other costs. The increase in operating expenses in 2019, compared to 2018, is predominantly due to a restructuring that was undertaken in the fourth quarter of 2019, to discontinue environmental consulting activities in order to focus on the providing care and maintenance services, resulting in a reduction in headcount and associated severance expenditures.

CANADIAN MINERAL PROPERTY EXPLORATION & EVALUATION

During 2019, the Company continued to focus on its high priority projects in the Athabasca Basin region in Saskatchewan. Denison's share of exploration and evaluation expenditures in 2019 was $15,238,000 (2018 – $15,457,000). Exploration spending in Canada is seasonal, with spending higher during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October) in the Athabasca Basin. During 2019, the Company's exploration and evaluation expenditures decreased, primarily due to decreased exploration activity, partially offset by increased evaluation activities at Wheeler River.

The following tables summarize the 2019 exploration and evaluation activities completed through the middle of February 2020. The exploration drilling relates to the Company's summer and winter 2019 exploration programs, while the evaluation drilling relates to the Wheeler River ISR field test which ran from June to December 2019 and included the installation of preliminary ISR test wells in small diameter diamond drill holes and the completion of two large diameter drill holes used for the installation of two commercial scale wells (CSWs).

All exploration and evaluation expenditure information in this MD&A covers the twelve months ending December 31, 2019.

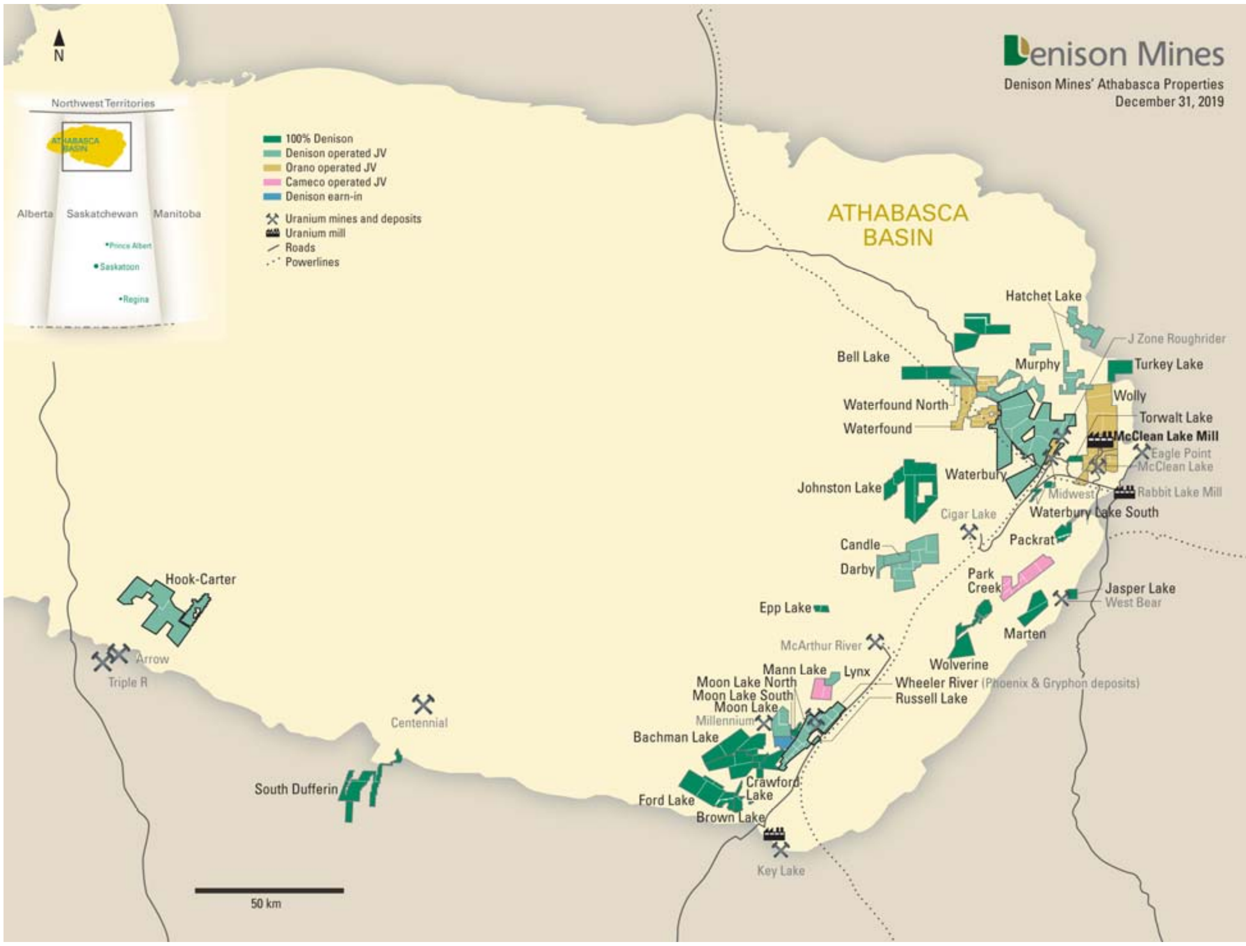
EXPLORATION ACTIVITIES		
Property	**Denison's Ownership(1)**	**Exploration Drilling(6)**
Wheeler River	90%(2)	10,573 m (20 holes)
Waterbury Lake	66.57%(3)	5,735 m (15 holes)
Hook-Carter	80%(4)	4,797 m (6 holes)
Waterfound River	12.32%(5)	5,110 m (7 holes)
Total		**26,215 m (48 holes)**

Notes:
(1) The Company's ownership as at December 31, 2019.
(2) JCU (Canada) Exploration Company Limited ('JCU') funded their 10% portion of exploration and evaluation expenditures during 2019 and ownership interests are unchanged for 2019.
(3) Denison earned an additional 0.65% interest in the Waterbury Lake property during 2019. The partner, Korea Waterbury Uranium Limited Partnership ('KWULP'), elected not to fund the 2019 exploration program and therefore diluted its ownership interest. Refer to RELATED PARTY TRANSACTIONS for further details.
(4) The Company acquired an 80% ownership in the Hook-Carter project in November 2016 from ALX Uranium Corp. ('ALX') and has agreed to fund ALX's share of the first $12.0 million in expenditures on the project. See below for further details.
(5) Denison elected not to fund its 14.42% share of the $1,508,286 2019 drilling program implemented by the operator, Orano Canada. Accordingly, Denison's ownership interest decreased by 2.1% to 12.32%.
(6) The Company reports total exploration metres drilled and the number of holes that were successfully completed to their target depth.

EVALUATION ACTIVITIES			
Property	**Denison's Ownership(1)**	**Evaluation Drilling**	**Other Activities**
Wheeler River	90%(2)	9,632 m (30 small diameter wells)(3) 821 m (2 large diameter wells)(4)	ISR Field Testing, Engineering, Environmental Assessment
Total		**10,453 m (32 holes)**	

Notes:
(1) The Company's ownership as at December 31, 2019.
(2) JCU (Canada) Exploration Company Limited ('JCU') funded their 10% portion of exploration and evaluation expenditures during 2019 and ownership interests are unchanged for 2019.
(3) Small diameter evaluation drilling includes HQ/PQ sized diamond drilling either as the widening (reaming) of existing exploration drill holes, or the drilling of new holes, for the purposes of installing test wells for ISR field testing at Phoenix. Figures include total evaluation metres drilled and total number of holes completed.
(4) Large diameter evaluation drilling relates to the drilling and installation of new large diameter CSWs from surface for the purposes of ISR field testing at Phoenix. Figures include total evaluation metres drilled and total number of holes completed.

The Company's Athabasca land package decreased during the fourth quarter of 2019 from 305,658 hectares (213 claims) to 279,883 hectares (214 claims) due to area reductions of claims belonging to the Darby, Epp Lake, Hatchet Lake, Johnston Lake, Murphy Lake and South Dufferin properties, and lapsing of claims belonging to the Perpete Lake and Waterbury North properties. Claim area reductions allow the Company to extend tenure of the higher priority portions of claims and reduce the annual expenditure requirements going forward.



Wheeler River Project

Project Highlights:

- **PFS results suggest Phoenix could become one of the lowest-cost uranium mining operation globally**

  On September 24, 2018, the Company announced the results of the PFS for Wheeler River. The PFS was completed in accordance with NI 43-101 and is highlighted by the selection of the ISR mining method for the development of the Phoenix deposit, with an estimated average operating cost of \$4.33 (USD\$3.33) per pound U_3O_8.

  The PFS considers the potential economic merit of co-developing the Phoenix and Gryphon deposits. The high-grade Phoenix deposit is designed as an ISR mining operation, with associated processing to a finished product occurring at a plant to be built on site at Wheeler River. The Gryphon deposit is designed as an underground mining operation, utilizing a conventional long hole mining approach with processing of mine production assumed at Denison's 22.5% owned McClean Lake mill. Taken together, the project is estimated to have mine production of 109.4 million pounds U_3O_8 over a 14-year mine life, with a base case pre-tax net present value ('NPV') of \$1.31 billion (8% discount rate), internal rate of return ('IRR') of 38.7%, and initial pre-production capital expenditures of \$322.5 million.

  The PFS was prepared on a project (100% ownership) and pre-tax basis. Denison completed an indicative post-tax assessment based on a 90% ownership interest, yielding a base case post-tax NPV of \$755.9 million and post-tax IRR of 32.7%, with initial capital costs to Denison of \$290.3 million.

  On December 18, 2018, Denison reported that the Company's Board of Directors and the Wheeler River Joint Venture ('WRJV') approved the advancement of Wheeler River, following a detailed assessment of the PFS results. In support of the decision to advance Wheeler River, in 2019 the WRJV initiated the EA process as well as engineering studies and related programs required to advance the high-grade Phoenix deposit as an ISR mining operation.

- **Environmental advantages of the proposed Wheeler River ISR mine**

  The Company's evaluation of the ISR mining method in the PFS has identified several significant environmental and permitting advantages – particularly when compared to the impacts associated with conventional uranium mining in Canada. The Project's ISR mining operation is expected to produce no tailings, generate very small volumes of waste rock, and has the potential for low volumes or possibly no water discharge to surface water bodies, as well as the potential to use the existing power grid to operate on a near zero carbon emissions basis. The planned use of a freeze wall to encapsulate the ore zone and contain the mining solution used in the ISR operation streamlines the mining process, minimizes interaction with the environment, and facilitates controlled reclamation of the site at decommissioning. Taken together, the Project has the potential to be one of the most environmentally friendly uranium mining and processing operations in the world. Owing largely to these benefits, engagement with local Indigenous communities, the public, and federal and provincial representatives, to date, has been encouraging regarding the use of ISR mining.

- **The largest undeveloped uranium project in the eastern Athabasca Basin**

  Upon completion of the PFS and in accordance with NI 43-101 standards, the Company has declared the following mineral reserves and resources.

  - **Probable mineral reserves of 109.4 million pounds U_3O_8** (Phoenix 59.7 million pounds U_3O_8 from 141,000 tonnes at 19.1% U_3O_8; Gryphon 49.7 million pounds U_3O_8 from 1,257,000 tonnes at 1.8% U_3O_8);

  - **Indicated mineral resources (inclusive of reserves) of 132.1 million pounds U_3O_8** (1,809,000 tonnes at an average grade of 3.3% U_3O_8); plus

  - **Inferred mineral resources of 3.0 million pounds U_3O_8** (82,000 tonnes at an average grade of 1.7% U_3O_8).

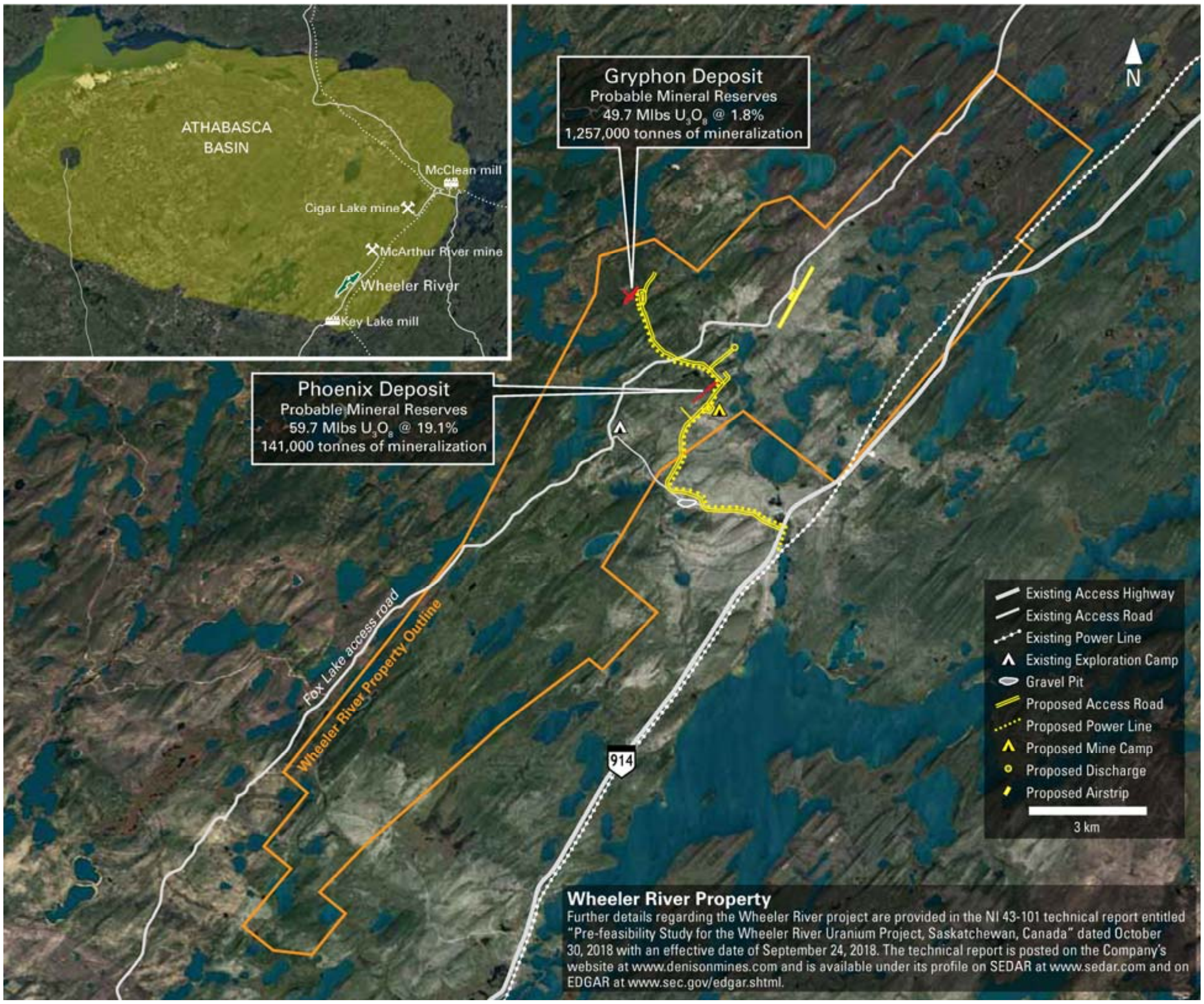
- **Potential for resource growth**

  Potential exists for resource growth, outside of the currently defined mineral resources, at both the Phoenix and Gryphon deposits. At Phoenix, potential exists particularly around Zone B, where previous mineralized results remain open on section or the interpreted optimal exploration target remains untested, and at Zone C, which is not currently included in the mineral resource estimate, where similar targets exist. At Gryphon, potential exists to expand mineral resources both along strike and down-plunge of the currently defined A Series Lenses.

  Outside of the Phoenix and Gryphon deposits, Wheeler River has significant exploration potential for the discovery of additional high-grade uranium deposits. The Project's significant repository of geophysical and historic drilling data has facilitated the identification of numerous high-priority regional target areas in accordance with the Company's latest exploration models. Many of the target areas have the potential to host high-grade sandstone-hosted deposits, similar to Phoenix, that may be amenable to the use of the low-cost ISR mining method. Following almost ten years of exploration drilling focused largely on the Phoenix and Gryphon deposits, a multi-year plan has been developed to explore the regional target areas, which commenced in 2018, and continued in 2019.

Further details regarding Wheeler River, including the estimated mineral reserves and resources and PFS, are provided in the Technical Report for the Wheeler River project titled 'Pre-feasibility Study Report for the Wheeler River Uranium Project, Saskatchewan, Canada' prepared by Mark Liskowich, P.Geo. of SRK Consulting (Canada) Inc. with an effective date of September 24, 2018 ('PFS Technical Report'). A copy of the PFS Technical Report is available on Denison's website and under its profile on each of SEDAR and EDGAR.

The location of the Wheeler River property, as well as the Phoenix and Gryphon deposits, and existing and proposed infrastructure, is shown on the map provided below.



Evaluation Program

During 2019, Denison's share of evaluation costs at Wheeler River amounted to $9,867,000 (2018 - $3,130,000), which consisted primarily of work related to the ISR field test program, other engineering activities (including metallurgical testing) in support of a future FS, and activities related to the EA process.

Engineering Activities

ISR Field Test

The ISR field test program was designed to assess the permeability of Phoenix, and to collect an extensive database of hydrogeological data to further evaluate the ISR mining conditions present at Phoenix (see Figure 1). This data is of critical importance to the advancement of Phoenix as an ISR mining operation – as it is expected to support a detailed assessment of the ISR requirements related to permeability, and to be further incorporated into a detailed ISR mine plan as part of the completion of a future FS.

The Company successfully completed the planned ISR field test work and safely concluded operations on site at Wheeler River during the fourth quarter of 2019 (see Denison's press release dated December 18, 2019). The field activities associated with the 2019 ISR field test program were completed over a period of approximately 23 weeks (starting in June and completed in late November), and required the support of approximately 40 Denison employees and contractor staff.

The objectives of the program were extensive, and the scope of the work completed on site during the program was considerable. The following represent the key components of field work completed as part of the 2019 ISR field test program:

- Installation of 4 small-diameter pump/injection ('P/I') wells with a 2.5-inch diameter PVC pipe and slotted well-screen set within the ore zone of Test Area 1 and Test Area 2.
- Installation of 5 small-diameter observation wells with a 1.5-inch diameter PVC pipe and slotted well-screen set at various depths within the ore zone of Test Area 1 and Test Area 2.
- Installation of 6 small-diameter observation wells with a 1.5 inch diameter PVC pipe and slotted well-screen set at various depths outside of the ore zone of Test Area 1 and Test Area 2, including wells situated in the basement formation below Phoenix and in the sandstone above and adjacent to Phoenix.
- Installation of 2 test wells containing Vibrating Wire Piezometers ('VWPs') in each of Test Area 1 and Test Area 2, equipped with pressure transducers at five different depth locations – including the overburden (1 transducer), overlying sandstone (2 transducers), ore zone (1 transducer), and underlying basement (1 transducer).
- Installation of 12 small-diameter regional observation wells with a 1.5 inch diameter PVC pipe and slotted well-screen set at various depths and located approximately between 100 metres and 700 metres outside of the boundaries of the ore zone at Phoenix, for the purposes of environmental monitoring and baseline data collection.
- Installation of 1 re-charge well with a 2.5-inch diameter PVC pipe and slotted well-screen set within the ore zone horizon for the purposes of recharging formation test waters.
- Completion of a series of short-duration preliminary hydrogeological tests, using the P/I wells to pump water from or inject water into the ore zone to collect hydrogeological data and identify hydraulic connectivity between test wells – validating the ability to move water, and the existence of significant permeability, within the Phoenix ore zone.
- Installation of 2 large-diameter CSWs within the ore zone – one located in each of Test Area 1 and Test Area 2 and both designed to meet expected regulatory and environmental requirements such that they can ultimately form part of the production ISR well field at Phoenix.
- Completion of a series of short-duration preliminary hydrogeological tests, using the CSWs to pump water from or inject water into the ore zone to collect further hydrogeological data and assess the extent of permeability prior to testing the MaxPERF Drilling Tool.
- Deployment of the MaxPERF Drilling Tool in each of CSW1 and CSW2 to complete an array of lateral drill holes (penetration tunnels) designed to enhance access from each CSW to the existing permeability within the ore zone.
- Completion of a further series of short-duration preliminary hydrogeological tests, using each of CSW1 and CSW2 to pump water from or inject water into the ore zone following the deployment of the MaxPERF Drilling Tool – indicating potential increased flow rates following the application of the MaxPERF drilling.
- Completion of long-duration hydrogeological tests, using each of CSW1 and CSW2 to pump water from or inject water into the ore zone for an extended period of time, to collect further detailed hydrogeological data designed to simulate fluid flow under conditions similar to an envisioned commercial production environment.
- Completion of approximately 23 individual hydraulic conductivity tests (downhole packer testing) in 15 boreholes at various depths within and adjacent to the ore zone of Test Area 1 and Test Area 2 – including hydraulic conductivity tests within the underlying basement formation below Phoenix and in the sandstone above and adjacent to Phoenix.
- Completion of downhole geophysics including nuclear magnetic resonance, dual neutron, and cement-bond log in CSW2 and dual neutron in GWR-001, GWR-010, GWR-019 and GWR-022.
- Recovery of approximately 100 metres of mineralized drill core in 14 individual drill holes from the installation of P/I and observation wells, as well as CSWs, within Test Area 1 and Test Area 2 – subject to detailed on-site geological and geotechnical logging as well as permeability (permeameter) testing, prior to portions of the core being preserved for laboratory-based metallurgical test work.
- Completion of extensive permeameter testing in the field, utilizing a portable nitrogen gas probe permeameter adapted for testing whole drill core pieces. Permeameter measurements were taken on core at approximate 10 centimetre intervals, resulting in a total of over 1,200 measurements collected from the 2019 ISR field test program.

The ISR field test successfully achieved each of the program's planned objectives, and is highlighted by several key de-risking accomplishments, including the following:

Confirmation of significant hydraulic connectivity within the Phoenix ore zone:

- 85% of test wells located within Test Area 1 and Test Area 2 of the Phoenix deposit showed hydraulic connectivity with another test well (see Figure 2 and Figure 3);

- Hydraulic connectivity was observed over 77% of the total strike length tested in Test Area 1 and Test Area 2 combined, and over 100% of the total across-strike length tested;
- Taken together, the extent of hydraulic connectivity observed during the ISR field test program is supportive of the permeability of the ore zone and the potential suitability for ISR mining.

Installation of the Athabasca Basin's first CSWs for ISR:

- ISR mining of the Phoenix deposit is expected to require the installation of approximately 300 large-diameter/commercial-scale vertical wells into and surrounding the Phoenix deposit at approximately 400 metres below surface;
- The installation of CSW1 (GWR-031) and CSW2 (GWR-032) represent a historic milestone for the advancement of ISR mining within the Athabasca Basin – as the first wells to have been installed for the purpose of ISR mining (see Figure 2 and Figure 3);
- Completion of these wells represents a notable de-risking accomplishment for the project, as it confirms the ability to drill these large-diameter holes and install the materials necessary for ISR mining in a complex and highly altered geological setting that has not previously been tested for the suitability of the installation of ISR wells.

Confirmation of limited hydraulic connectivity within the underlying basement units:

- During preliminary tests in Test Area 1 and Test Area 2, negligible hydraulic responses were observed in the observation wells situated in the basement rock units underlying the Phoenix deposit;
- This result is indicative of the basement units having relatively low permeability and is supportive of the PFS design for the Phoenix ISR operation, which relies on the basement units providing containment of the ISR mining solution in conjunction with the planned freeze dome.

Demonstration of the effectiveness of MaxPERF to increase CSW access to existing permeability:

- The MaxPERF Drilling Tool was successfully deployed in CSW1 and CSW2 to create a series of lateral drill holes (penetration tunnels) roughly 0.7 inches (1.78 centimetres) in diameter, which extend up to 72 inches (1.83 metres) from the CSW;
- Initial short-duration hydrogeological tests confirmed increased flow rates in Test Area 1 following the completion of the MaxPERF drilling (see Denison's press release dated August 27, 2019). In Test Area 2, initial short-duration hydrogeological tests confirmed similar flow rates both before and after the completion of the MaxPERF drilling (See Denison's press release dated December 18, 2019);
- These results confirm that the MaxPERF Drilling Tool can be deployed successfully within a CSW to mechanically engineer increased access to the existing permeability of the ore formation. This tool could be of significant utility in areas of the Phoenix deposit where natural access to permeability is challenged.

Confirmation of ability to achieve hydraulic conductivity values consistent with PFS

- In February 2020, the Company reported further results of the pump and injection tests performed on the two CSWs. These tests were designed to allow for the simulation of fluid flow under conditions similar to an envisioned commercial ISR production environment – ultimately facilitating a quantitative assessment of the bulk hydraulic conductivity of the Phoenix orebody and surrounding rock formations.
- For ISR mining operations, the term 'hydraulic conductivity' is used to describe the ease with which a fluid can move through the pore spaces or fractures within a host rock. Hydraulic conductivity, commonly represented by the symbol 'K', is often stated as a rate of flow (under a unit hydraulic gradient through a unit cross-sectional area of aquifer) and is typically reported in units of metres/sec ('m/s') or metres/day ('m/d').
- The Pump and injection tests completed during the 2019 Field Test from CSW2 (drill hole GWR-032), after deployment of the MaxPerf Drilling Tool, produced K values ranging from 3.7×10^{-7} to 9.6×10^{-7} (or 0.033 m/d to 0.084 m/d – consistent with the K values used in the PFS.

The extensive hydrogeological data sets collected during the 2019 field program will be incorporated into the hydrogeological model being developed for Phoenix, which is expected to facilitate detailed mine planning. The hydrogeological testing and modelling are being undertaken by Petrotek Corporation ('Petrotek') – specialists in the technical evaluation and field operation of subsurface fluid flow and injection projects, including significant ISR experience in various jurisdictions. Denison expects the hydrogeological model and final report to be completed in Q1 2020.

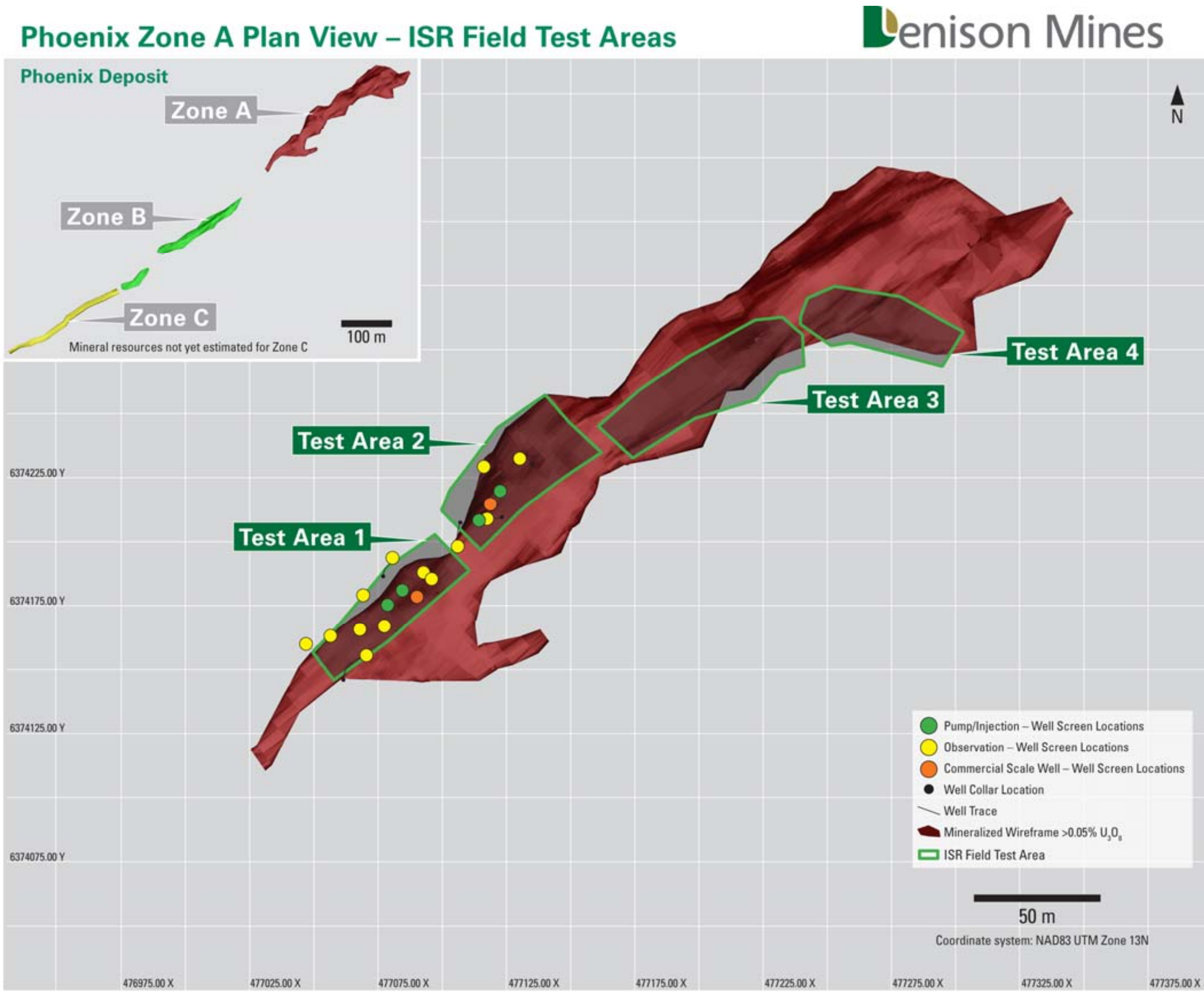


Figure 1: Phoenix Zone A plan view showing Test Areas and well installations completed during 2019.

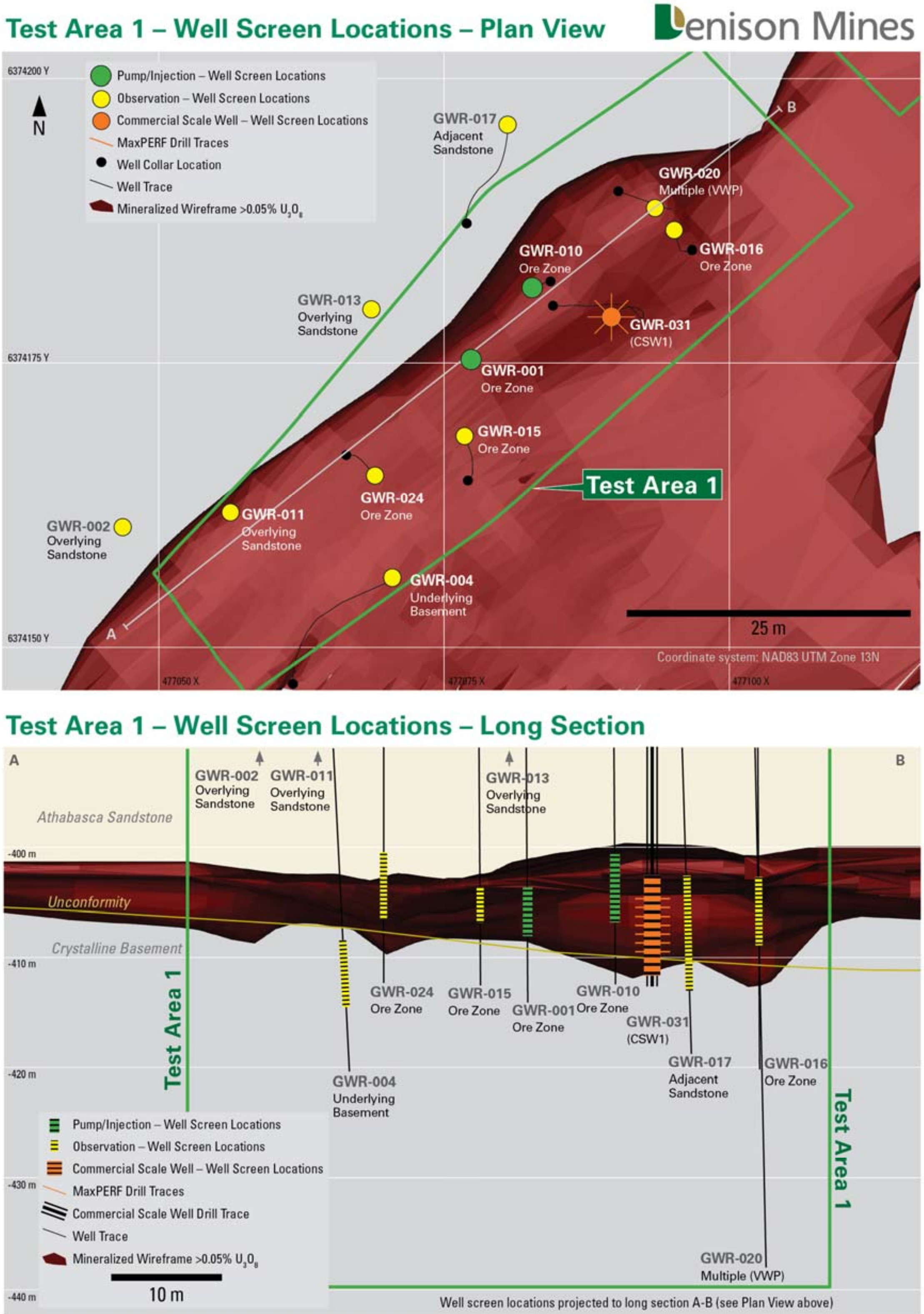


Figure 2: Plan map and long section showing Pump/Injection wells, Observation wells and CSW1 completed for ISR field testing in Test Area 1.

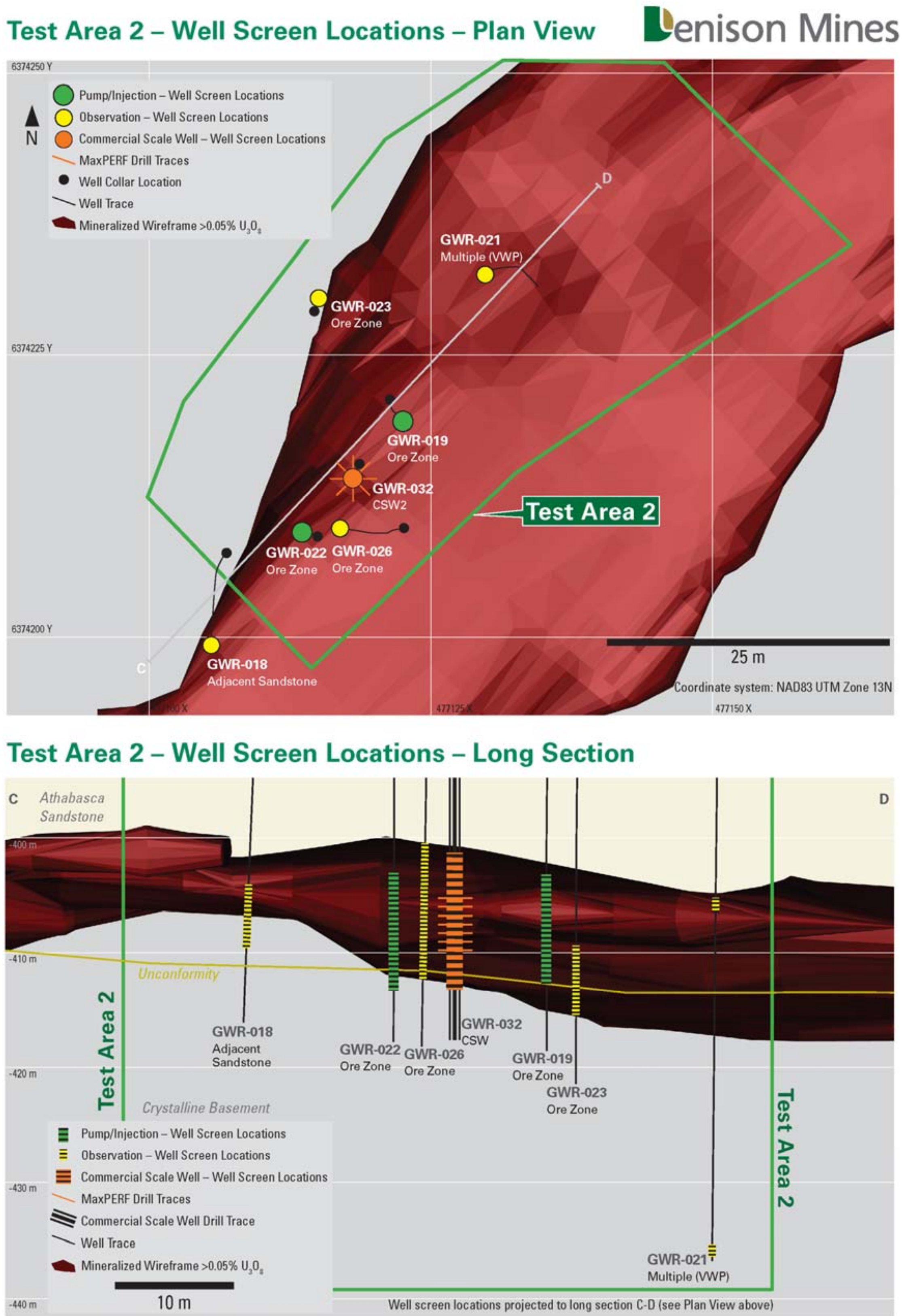


Figure 3: Plan map and long section showing Pump/Injection wells, Observation wells and CSW2 completed for ISR field testing in Test Area 2.

Other Engineering Activities

Metallurgical Testing

Metallurgical test work commenced in the fourth quarter of 2019, utilizing core samples collected during the ISR field test program. The metallurgical test program is expected to include the following:

Core Leach Tests: These specialized tests involve the testing of intact mineralized core samples, representative of the in-situ conditions at Phoenix, to evaluate uranium recovery specifically for the ISR mining method. Mineralized core samples of between 0.75 metres and 1.5 metres in length were obtained from the 2019 ISR field test program. A triple-tube method of core recovery was employed to ensure the core could be recovered with minimal breakage and would be representative of the in-situ Phoenix ore. Core samples were collected to represent the various ore types and grade ranges (~1% to 60% U_3O_8) at Phoenix.

A specialized laboratory apparatus will be utilized to completely seal the outer diameter of the intact mineralized core, thus ensuring that the leach solution travels through the intact core sample (25 centimetres to 50 centimetres in length). The tests are expected to utilize mining solution (or lixiviant) with acid and oxidant concentrations, and injection pressures, similar to those envisaged during commercial ISR operations. Denison considers this type of specialized test of intact competent core samples to be the most representative available laboratory test of the natural leach conditions of the host rock. Accordingly, these tests are expected to provide important detailed metallurgical recovery data that is expected to inform the Company's understanding of the potential scope of the start-up, steady state, and closure of ISR wells.

In February 2020, the Company reported on the results from the initial core leach tests (see Denison press release dated February 19, 2020). At that time, over 50 days of testing had been completed on a mineralized core sample recovered from drill hole GWR-016. The core sample was recovered from between 405 and 407 metres below surface within the extent of the high-grade core of Phoenix Zone A. Various parameters for lixiviant composition (including both acid and oxidant concentration) have been tested to date. In all cases, the lixiviant is injected into the core continuously and only interrupted periodically if a change in the lixiviant composition is required. After the initial test startup, uranium bearing solution recovered from the core sample returned uranium content in the range of 13.5 g/L to 39.8 g/L. The average uranium concentration returned over the last 20 days of testing was 29.8 g/L – which represents a uranium content that is approximately 200% higher than (or three times) the minimum level used for the ISR process plant design in the PFS of 10 g/L.

Column Leach Tests: Additional core samples in the same grade ranges (~1% to 60% U_3O_8) were obtained from the 2019 ISR field test program and preserved for metallurgical tests. These samples will be crushed and packed into test columns at the test facility in order to complete traditional column leach tests utilizing the same mining solutions as the Core Leach Tests. The testing is expected to provide additional data on the recovery of uranium, and any other metals, from the various ore types and grade ranges associated with the Phoenix deposit under the envisaged ISR mining conditions. The purpose of the Column Leach Tests is to correlate data from the specialized Core Leach Tests to the traditional ISR laboratory testing methods used during the PFS. Additionally, the Column Leach Tests are able to generate uranium bearing solutions in larger quantities for further laboratory testing of the process plant flowsheet.

Bench-Scale Tests: Upon completion of the Core Leach Tests and Column Leach Tests (together, the 'Leach Tests'), Bench-Scale Tests of each unit operation in the proposed flowsheet is planned. These tests are expected to use the uranium-bearing solution produced from the Leach Tests. The data from the Bench-Scale Tests will provide key details to proceed with the next stage of process plant design for impurity removal, uranium precipitation, solid liquid separation, reagent usage and water treatment.

Metallurgical Modelling: Concurrent with these tests, Denison is building a metallurgical simulation model with the basic parameters for mass, energy and water balances. The data from all laboratory tests will be incorporated into a model update once testing is completed.

The timing of the above noted elements of the metallurgical test program will be contingent on the Company raising sufficient capital.

Electrical Power Studies

In July 2019, Denison submitted a request to the provincial power utility (SaskPower) for the completion of an interconnection study. The study is expected to provide Denison with guidance on the connection schedule, as well as capital and engineering costs expected to be required to connect the Wheeler River site to the existing overhead power lines located approximately six kilometres from the proposed Phoenix ISR operation.

Additional Engineering Activities

Certain additional engineering activities have commenced to complement the environmental program, including those required to confirm the water, heat and mass balances for the ISR operation and process plant. These efforts will provide valuable inputs to the EA.

Environmental and Sustainability Activities

Project Description and Environmental Assessment

In 2019, the Company submitted a PD to the CNSC and a Technical Proposal to the SK MOE to support the advancement of an ISR uranium mine at Wheeler River. Acceptance of these documents was announced by both the SK MOE and the CNSC on June 1st, 2019. This milestone marked the official commencement of the EA process. Additionally, in December 2019, final confirmation of the EA scope for the Project was received from the CNSC.

The Company identified the EA process as a key element of the Project's critical path. Accordingly, Denison has initiated various studies and assessments as part of the EA process, which is intended to culminate in the preparation of the Project EIS. The EA is a planning and decision-making tool, which involves predicting potential environmental effects throughout the project lifecycle (construction, operation, decommissioning and post-decommissioning) at the site, and within the local and regional assessment areas.

In late December 2019, Denison received a Record of Decision from the CNSC on the scope of the factors to be taken into account for the Wheeler EA, which indicate that the EA will follow the CNSC's generic guidelines.

Environmental Baseline Data Collection

Baseline work completed during 2019 included ongoing monitoring of ambient radon and dust in the air, groundwater quality, and waste rock barrel leachate chemistry. In addition, ambient gamma, sulphur dioxide and nitrogen dioxide monitoring programs were initiated during the year, and aquatic, terrestrial and heritage baseline surveys were conducted to build upon the work completed to date, improving Denison's understanding of the existing environment around the Project area, and supporting the completion of the EA.

In 2019, 12 regional observation wells were also installed for the purpose of regional hydrogeological testing outside of the Phoenix deposit (see 'Completion of ISR Field Test Program' above). The wells will be used to establish baseline conditions within the local and regional groundwater system and the data collected (including groundwater levels, flow and quality) will form key inputs to groundwater models for the EA.

Corporate Social Responsibility

The overall focus of Denison's corporate social responsibility program for 2019 has been to build and strengthen relationships with Indigenous and non-Indigenous communities who have a strong connection to the land in which the Project is located.

In addition to various community engagement activities carried out during the year, Denison conducted site tours during the third quarter for various Indigenous and municipal leaders, which introduced the leaders to the site, provided an overview of the summer field testing activities, and offered an opportunity for collaboration regarding the advancement of the Project.

Exploration Program

Denison's share of exploration costs at Wheeler River during 2019 were $2,679,000 (2018 – $6,883,000).

Following the completion of the PFS in the third quarter of 2018, and given the highly encouraging results from the proposed Phoenix ISR operation, the 2019 exploration drilling program was focused on initial testing of regional targets at the sub-Athabasca unconformity, with the potential to discover additional high-grade deposits that could form satellite ISR operations.

The winter 2019 drilling program commenced in early January 2019 and was concluded by the end of March 2019. A single diamond drill rig was utilized, which completed 7,434 metres in 14 drill holes across regional target areas including O Zone (2,091 metres; 4 holes), Q South East (714 metres; 2 holes), K South (1,017 metres; 2 holes), K West (1,899 metres; 3 holes), M Zone (1,116 metres; 2 holes) and Gryphon South (597 metres; 1 holes).

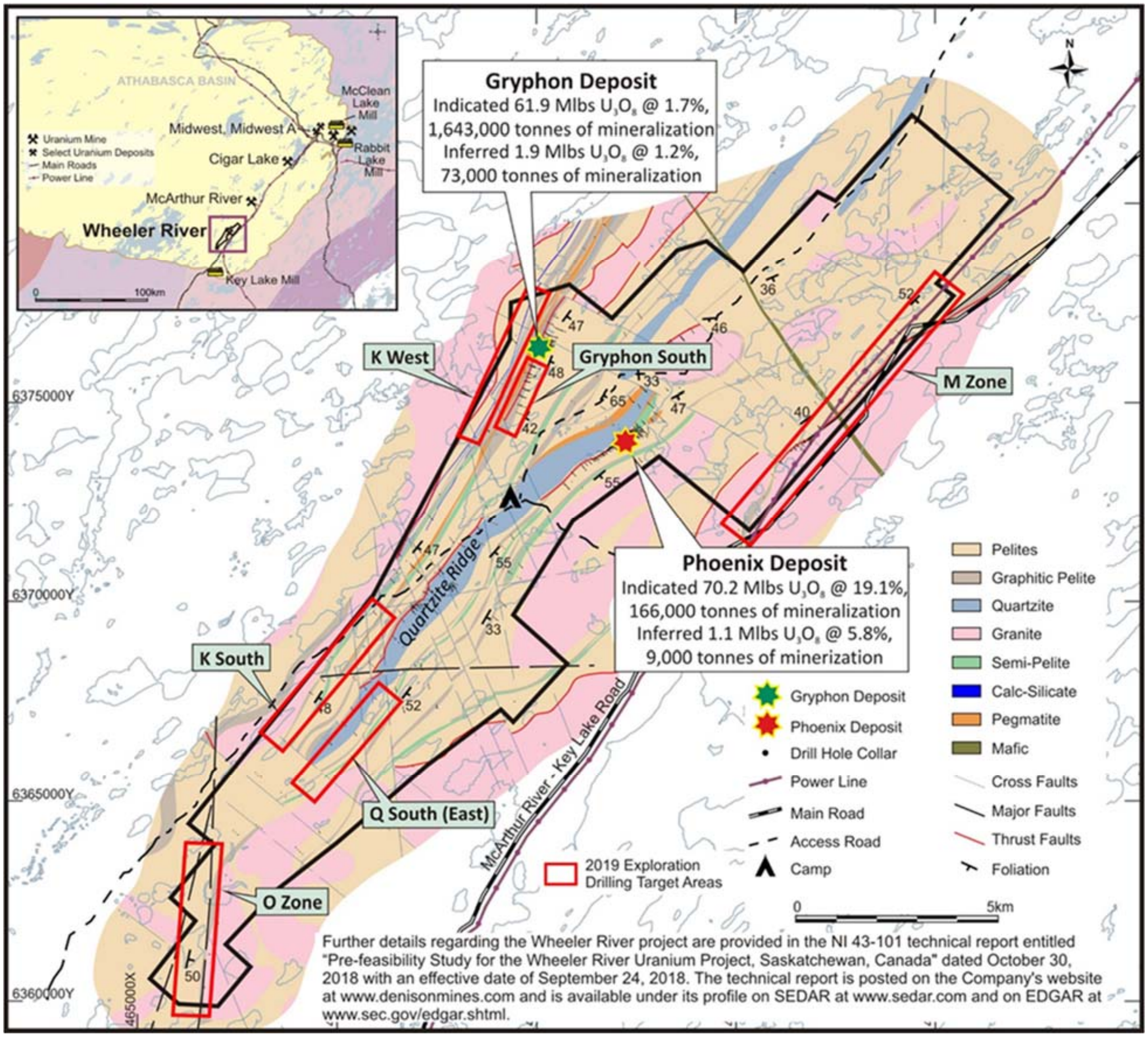
The location of the regional target areas are provided in the figure below. Highlight drilling results included:

K West – Unconformity-hosted mineralization was intersected in drill hole WR-756, highlighted by 0.03% U_3O_8 over 1.5 metres, 1.3% Cu over 4.0 metres, 0.13% Ni over 4.0 metres and 0.18% Co over 6.0 metres, immediately above the sub-Athabasca unconformity which was intersected at 543.8 metres below surface. The mineralization was accompanied by other geological features commonly associated with unconformity-related deposits, including highly structured and hydrothermally altered sandstone and faulted graphitic basement rocks. Significant fault zones both within the lower sandstone and upper basement indicate additional unconformity targets exist to the southeast and northwest along section, respectively. While the other two holes completed at K West, on 600 metre centers along strike, did not intersect the optimal target area on their respective sections, they both intersected significant structure and alteration in the sandstone – confirming the presence of a mineralizing system along the southern portion of the K West trend.

Q South East – Two drill holes, completed as a fence, were designed to test an unconformity target on the eastern edge of the Quartzite Ridge - a geological setting analogous to the Phoenix deposit. The drill holes intersected structured and hydrothermally altered sandstone, an unconformity offset of 16 metres and basement stratigraphy identical to the Phoenix deposit. Targets exist along strike, particularly to the northeast along the eastern edge of the Quartzite Ridge, which is largely untested for 8.8 kilometres.

K South – Drill hole WR-749 intersected anomalous uranium in both the upper sandstone (average 1.29 parts per million ('ppm') uranium from 15 to 130 metres) and the lower sandstone (average 1.03 ppm uranium from 360 to 435 metres). The lower sandstone was also marked by significant hydrothermal alteration including anomalous clay signatures up to 80 metres above the unconformity. The granite intersected at the unconformity, at 465 metres, indicates the drill hole overshot the optimal target. The highly anomalous sandstone signatures indicate compelling future targets remain to the southeast, and along strike, where graphitic basement rocks and associated structure are interpreted to occur (subcrop) at the unconformity.

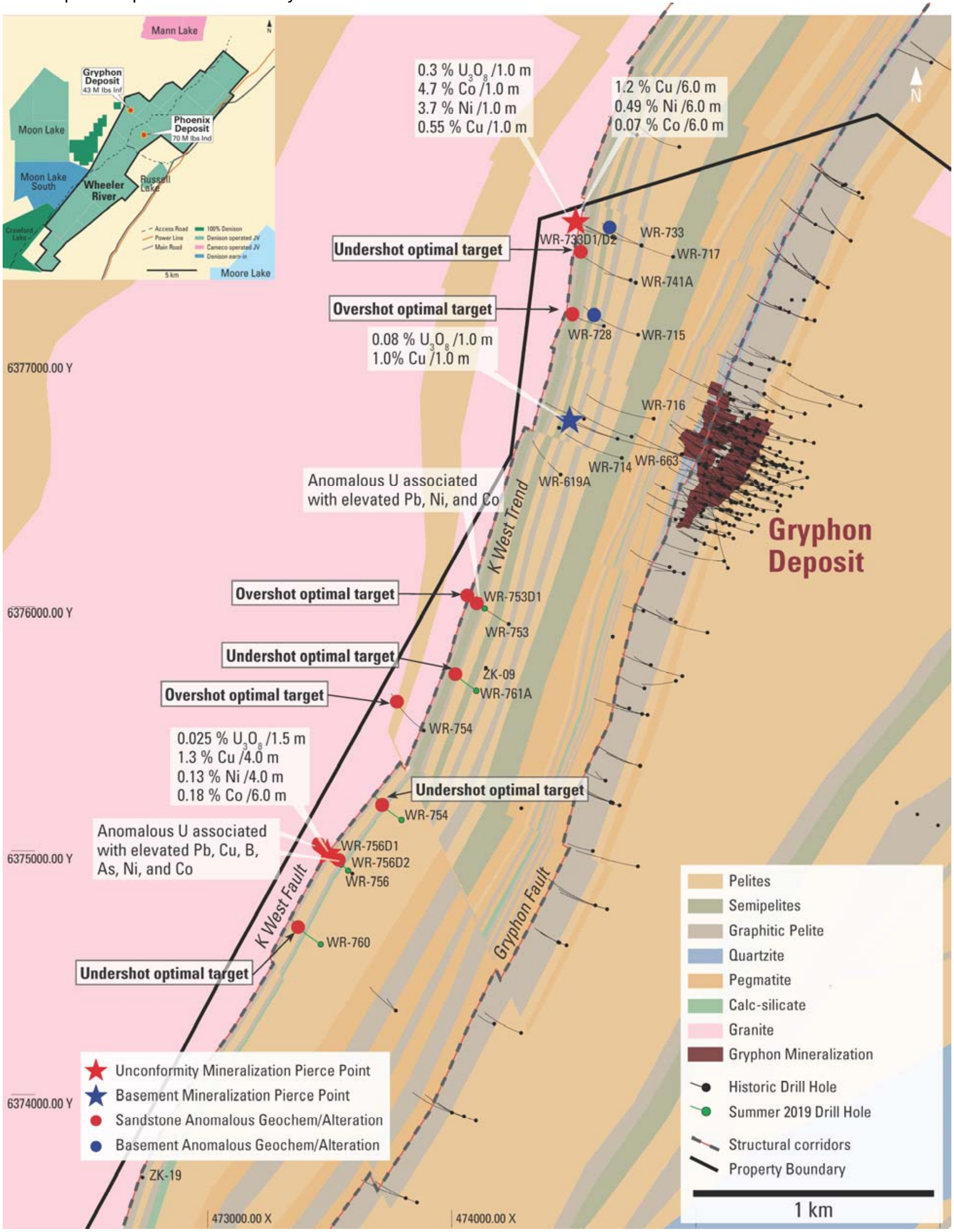
O Zone – The testing of DCIP resistivity targets confirmed the presence of a major post-Athabasca thrust fault with an unconformity offset of over 60 vertical metres and associated significant sandstone structure and hydrothermal alteration. Additional targets exist over the 3 kilometres of interpreted strike length along the O Zone thrust fault.



During the summer 2019 exploration program, which commenced in late July and was concluded by early September, a total of 3,139 metres of diamond drilling was undertaken in six completed holes utilizing one drill rig. The drill hole locations are provided in the figure below. The summer drill holes were undertaken as a follow-up to the winter 2019 program along the southern portion of the K-West trend and designed to follow-up certain targets on existing drill sections, and to test along strike of previous drill holes.

In summary, the six drill holes completed during the third quarter all intersected favorable hydrothermal alteration within the basal sandstone associated with the K-West graphitic fault, including bleaching, desilification, and grey alteration. Three drill holes (WR-756D1, WR-756D2 and WR753D1) were completed as a wedge (or daughter) hole from existing drill holes, to follow-up on results from the winter 2019 exploration program. These drill holes intersected strong alteration associated with highly anomalous geochemistry, highlighted by WR-756D1 which averaged 3 ppm uranium (partial digest) over the basal 230 metres of sandstone, indicative of a potentially fertile uranium mineralizing system along the K-West trend. Somewhat weaker geochemical results were returned from the other three holes completed (WR759, WR-760, WR761A) along strike of the winter 2019 drill holes on an approximate 300 metre spacing. The drill holes completed along strike are, however, interpreted to have undershot the optimal target by 45 to 65 metres. Accordingly, additional exploration along the K-West trend is warranted, particularly along the northern portion (west and northwest of the Gryphon deposit), where the strongest geochemical anomalism along the K-West trend occurs and unconformity targets are largely untested.

The map below provides a summary of drill results for K-West.



Exploration Pipeline Properties

During the 2019 winter season, Denison carried out drilling programs at Waterbury Lake and Hook-Carter. Additionally, Orano Canada, as operator, carried out a winter drilling program at the Waterfound River project. No field exploration programs were conducted during the fourth quarter of 2019, however, desk-top interpretations of 2019 results and planning activities for the 2020 work programs were carried out. Exploration pipeline property highlights for 2019 include the results of the Company's exploration program at its Waterbury Lake and Hook-Carter properties, as described below.

Waterbury Lake

Denison's Waterbury Lake project, which includes the J Zone and Huskie uranium deposits, is located within 20 kilometres of the McClean Lake mill, and is situated near the Roughrider, Midwest Main and Midwest A deposits. The project is the sole asset of the Waterbury Lake Uranium Limited Partnership ('WLULP'), which is owned by Denison (66.57%) and its project partner, Korea Waterbury Uranium Limited Partnership ('KWULP') (33.41%). The remaining 0.02% interest in the WLULP is held by the WLULP's general partner, Waterbury Lake Uranium Corporation (jointly owned by Denison (60%) and KWULP (40%)). KWULP consists of a consortium of investors in which Korea Hydro & Nuclear Power ('KHNP') holds a majority position. KWULP elected not to fund the 2019 program and to dilute their ownership interest.

Total exploration costs incurred during 2019 were $1,276,000 (2018 – $3,275,000). While the Company is funding 100% of the project cost, it accounts for its ownership share of spending by the WLULP (66.57% effective December 31, 2019) as exploration expense during the period, and will ultimately account for a large portion of the remaining expenditures as a mineral property addition related to the periodic cash contributions made by the Company to the WLULP, and the subsequent dilution of KWULP's interest. Accordingly, Denison's share of the exploration expenditures during 2019 were $842,000 (2018 – $2,120,000). Refer to 'Transactions With Related Parties' below for further details regarding the dilution of KHNP's interest that occurred during the year.

The winter 2019 drilling program commenced in January and was concluded in March 2019. Activities focused on drill testing priority target areas associated with the regional Midwest Structure, which is interpreted to be located along the eastern portion of the Waterbury Lake property (see figure below). Target areas tested included the GB Zone (3,385 metres; 9 drill holes), Oban South (1,127 metres; 3 drill holes), GB Northeast (323 metres; 1 drill hole) and the Midwest Extension (900 metres; 2 drill holes), with highlight results described below:

GB Zone – Nine drill holes were completed to follow-up on basement-hosted mineralization discovered during the summer 2018 drilling program (see Denison's press release dated September 17, 2018). The winter 2019 drill holes were oriented steeply to the northeast on an approximate 100 x 100 metre spacing to test the faulted graphitic basement sequence, which dips steeply to the southwest. Basement-hosted mineralization was intersected in drill hole WAT19-480, highlighted by 0.15% U_3O_8 over 6.0 metres, including 0.26% U_3O_8 over 3.0 metres. Additional basement-hosted mineralized intercepts were obtained approximately 100 metres to the southeast of WAT19-480 in drill hole WAT19-486 highlighted by 0.25% U_3O_8 over 2.0 metres and 0.22% U_3O_8 over 1.5 metres. The remainder of the holes encountered variable amounts of basement structure and alteration, often associated with anomalous geochemistry. The up-dip projection of the mineralized faults was tested at the unconformity, where two drill holes encountered significant hydrothermal alteration but no significant mineralization. Highlight assay results are provided in the table below.

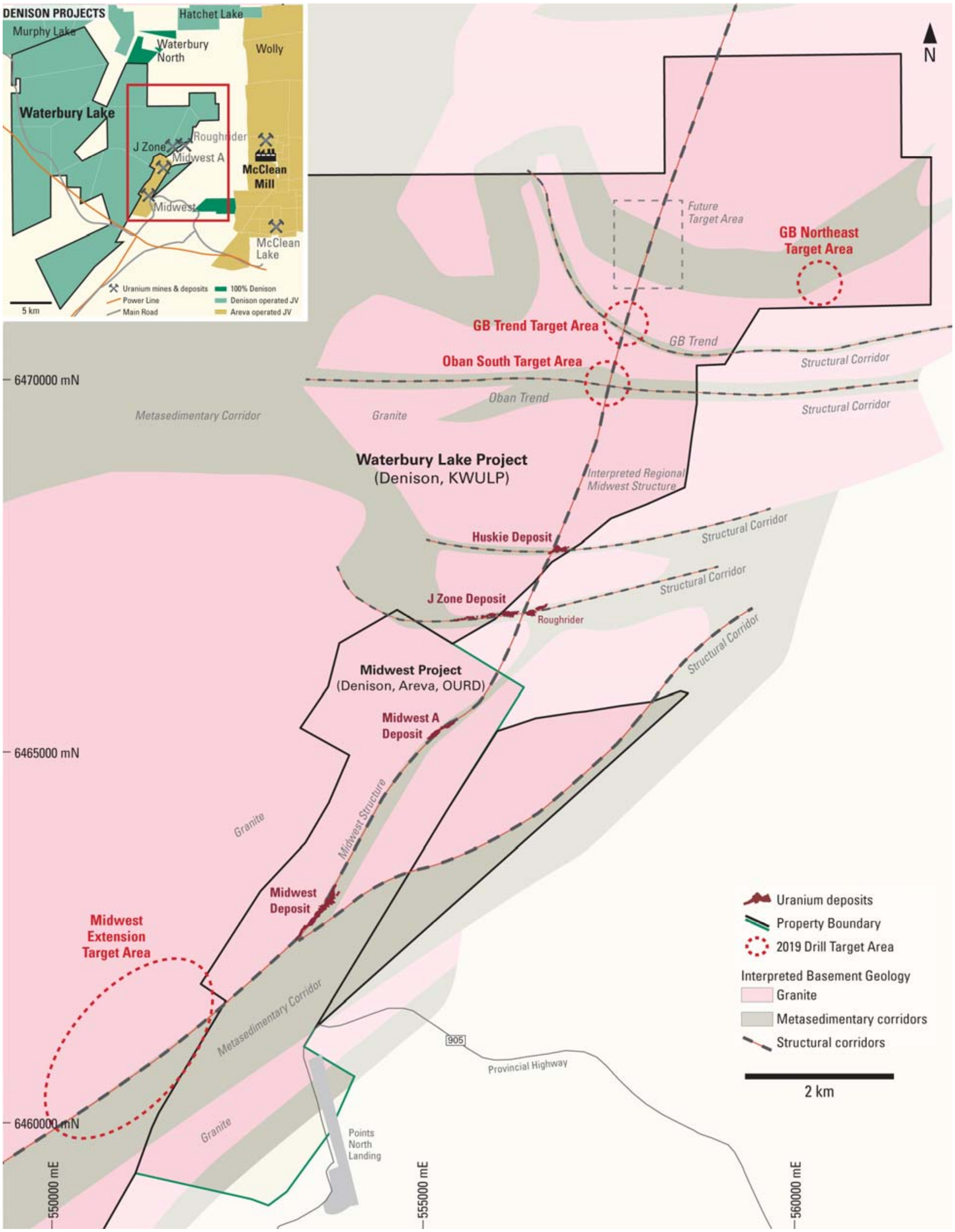
HIGHLIGHTS OF WINTER 2019 ASSAY RESULTS FOR GB ZONE DRILL HOLES				
Hole Number	**From (m)**	**To (m)**	**Length[5] (m)**	**Grade (% U_3O_8)[1,2,4]**
WAT19-480	263.0	269.0	6.0	0.15
including[(3)]	263.0	266.0	3.0	0.26
WAT19-486	293.5	294.5	1.0	0.15
and	300.0	301.0	1.0	0.10
and	309.5	311.5	2.0	0.25
and	325.0	326.0	1.0	0.10
and	330.0	331.5	1.5	0.22

1. U_3O_8 is the chemical assay of mineralized split core samples.
2. Intersection interval is composited above a cut-off grade of 0.05% U_3O_8 unless otherwise indicated.
3. Intersection interval is composited above a cut-off grade of 0.1% U_3O_8.
4. Composites are compiled using 1.0 metre minimum thickness and 2.0 metres maximum waste.
5. As the drill holes are oriented steeply toward the northeast and the mineralized lenses are interpreted to dip steeply to the southwest, the true thickness of mineralization is expected to be approximately 75% of the intersection lengths.

Oban South – The target area at Oban South comprises the interpreted intersection of the east-west trending Oban South graphitic conductor and the north-northeast trending regional Midwest structure. Three drill holes were completed as an initial test of the geological concept. The drilling successfully identified a faulted graphitic unit within the basement, which was hydrothermally altered, and a broad zone of desilicification within the lower sandstone, which included 10 ppm uranium and over 100 ppm boron within the basal 12.5 metres of sandstone immediately overlying the unconformity.

GB Northeast – A single reconnaissance drill hole was completed to test a coincident airborne electromagnetic conductor and magnetic low approximately 2.5 kilometres to the northeast of the GB Zone. The drill hole intersected moderately to locally strong sandstone alteration and an altered and faulted graphitic pelite unit immediately below the unconformity. The drill hole was highlighted by a discrete spike in basement radioactivity of 1,520 counts per second ('cps'), measured with an RS-125 gamma hand-held spectrometer, within the faulted graphitic pelite unit accompanied by elevated uranium (up to 200 ppm over 0.5 metres) and pathfinder geochemistry.

More information regarding the Waterbury Lake project is available in the technical report titled "Technical Report with an Updated Mineral Resource Estimate for the Waterbury Lake Property, Northern Saskatchewan, Canada", dated December 21, 2018, by Serdar Donmez, P.Geo., E.I.T., Dale Verran, Pr.Sci.Nat., P.Geo., and Paul Burry, P.Geo. of Denison Mines Corp., Oy Leuangthong, P.Eng and Cliff Revering, P.Eng of SRK Consulting (Canada) Inc., Allan Armitage, P.Geo of SGS Geostat, and Alan Sexton, P.Geo of GeoVector Management Inc.


DENISON PROJECTS
Murphy Lake
Hatchet Lake
Waterbury North
Wolly
Waterbury Lake
J Zone
Roughrider
Midwest A
McClean Mill
Midwest
McClean Lake
Uranium mines & deposits
Power Line
Main Road
100% Denison
Denison operated JV
Areva operated JV
5 km
N
Future Target Area
GB Northeast Target Area
GB Trend Target Area
GB Trend
Structural Corridor
Oban South Target Area
Oban Trend
6470000 mN
Metasedimentary Corridor
Granite
Waterbury Lake Project
(Denison, KWULP)
Interpreted Regional Midwest Structure
Huskie Deposit
J Zone Deposit
Roughrider
Midwest Project
(Denison, Areva, OURD)
Midwest A Deposit
6465000 mN
Midwest Structure
Midwest Deposit
Midwest Extension Target Area
Metasedimentary Corridor
905
Provincial Highway
Points North Landing
6460000 mN
550000 mE
555000 mE
560000 mE
Uranium deposits
Property Boundary
2019 Drill Target Area
Interpreted Basement Geology
Granite
Metasedimentary corridors
Structural corridors
2 km

Hook-Carter Project

The Hook-Carter property consists of 6 claims covering 24,262 hectares and is located in the western portion of the Athabasca Basin. The project is highlighted by 15 kilometres of strike potential along the prolific Patterson Corridor – host to the Arrow deposit (NexGen Energy Ltd.), Triple R deposit (Fission Uranium Corp.), and Spitfire discovery (Purepoint Uranium Group Inc., Cameco Corp., and Orano Canada), which occur within 8 to 20 kilometres of the property. The property is significantly underexplored compared to other properties along this trend, with only five of eight historic drill holes (pre-2018) located along the 15 kilometres of Patterson Corridor strike length. The property also covers significant portions of the Derkson and Carter Corridors, which provide additional target areas.

The property is owned 80% by Denison and 20% by ALX. Denison has agreed to fund ALX's share of the first $12,000,000 in expenditures (see Denison's Press Releases dated October 13 and November 7, 2016).

Total exploration costs incurred during 2019 were $1,787,000, (2018 - $2,818,000). As at December 31, 2019, the Company has spent $6,712,000 on the project, since acquisition.

During the first quarter of 2019, a diamond drilling program was completed consisting of 4,797 metres in six completed holes (see drill hole locations in the figure below). The program was aimed at testing high-priority geophysical targets identified from the 2017 electromagnetic (moving loop TEM) and resistivity (DCIP) surveys within the interpreted extension of the Patterson Lake Corridor.

Favorable structure and alteration was encountered in the majority of the drill holes completed in the 2019 drilling program, and the initial batches of geochemical results show significant concentrations of uranium pathfinder elements, which confirm the presence of a mineralizing system on the Hook Carter property. Completion of the 2018 and 2019 drilling programs has provided reconnaissance level drill hole coverage along the Patterson Lake Corridor at an approximate 1,200 metre spacing within the 2017 geophysical survey area. These reconnaissance drill holes form an important initial repository of drilling data, which is expected to be used to prioritize target horizons and plan future exploration programs.

Drill hole highlights from the 2019 drilling program include:

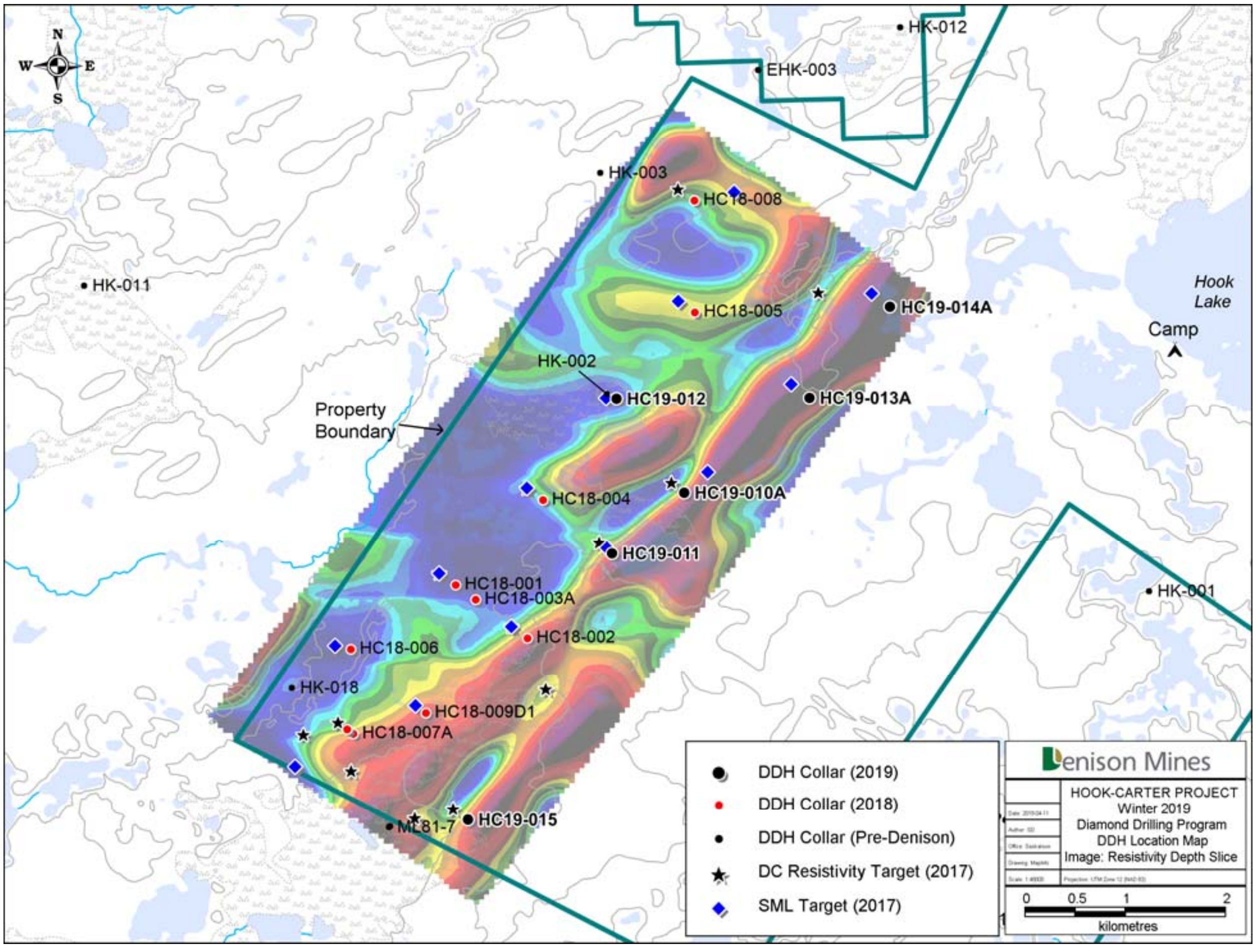
HC19-010A - Targeted a DC resistivity anomaly located along the eastern edge of the 2017 geophysical grid. The hole intersected weak to moderate hydrothermal alteration in the sandstone. Geochemistry results returned anomalous boron values up to 762 ppm throughout the sandstone column. An additional DC resistivity target is located to the southeast on this section.

HC19-011 – Tested a roughly coincident electromagnetic-resistivity anomaly 900 metres along strike to the southwest of HC19-010A. Drill hole HC19-011 intersected moderate to locally strong hydrothermal alteration in the sandstone and weakly elevated radioactivity in hematized clay near the unconformity (up to 225 cps with a handheld RS-125 spectrometer). Elevated levels of boron, up to 3,320 ppm, were reported in the sandstone and immediately below the unconformity. It has been interpreted that HC19-011 likely overshot the optimal target and additional targets may exist to the southeast on section.

HC19-013A and **HC19-014A** – These drill holes tested electromagnetic targets 1.5 kilometres and 2.7 kilometres along strike to the northeast of HC19-010A, respectively. HC19-013A encountered multiple zones of strongly brecciated, faulted and hydrothermally altered sandstone, particularly near the unconformity. Strongly silicified pelitic gneisses and a graphite-rich pelitic gneiss were intersected within the basement that exhibited extensive shearing, faulting and brecciation. Elevated radioactivity, with handheld RS-125 spectrometer values of up to 170 cps, was recorded in some of the fault zones in the basement. The sandstone column returned highly anomalous boron values ranging from 45 to 1,110 ppm in the basal 300 metres. One 10-metre composite sandstone sample, from 100 – 110 metres, averaged 5.79 ppm uranium (partial digest). Collared approximately 1.2 kilometres northeast of HC19-013A, drill hole HC19-014A encountered similar sandstone structure and alteration restricted to the basal portion of the sandstone column. A massive white clay zone about three metres in thickness was encountered at the unconformity. HC19-014A encountered strongly sheared, faulted and brecciated graphitic pelitic gneiss in the basement. Strong clay alteration and hematization followed the graphitic unit extending about 10 metres into the underlying quartz-flooded granitic gneiss. Lithogeochemical samples from HC19-014A did not yield anomalous uranium values, however one sample from the basal 3 metres of the sandstone column returned 1,380 ppm boron.

HC19-012 – Targeted a strong electromagnetic anomaly in the central portion of the 2017 geophysical survey area. The hole was designed to test the basement below historic drill hole HK-002. Sandstone structure included several narrow zones of blocky and locally brecciated core. Significant hydrothermal alteration was noted in the sandstone. Lithogeochemical samples analyzed from this hole returned strongly anomalous boron values up to 1,000 ppm for the entire sandstone column. Structurally-controlled clay alteration was observed in multi-metre sections. A weakly to moderately bleached, locally sheared, weakly graphitic unit was intersected in the basement below HK-002.

HC19-015 – Completed approximately 3 kilometres southwest of HC19-011, to test a resistivity target that is coincident with a historical electromagnetic anomaly. Weak dravite and pyrite alteration was noted mostly in the upper portions of the sandstone column. The basal 30 metres were desilicified with several unconsolidated sections. Basement lithologies encountered included a graphitic breccia and a weakly graphitic pelite unit. Pervasive strong quartz flooding was observed throughout the basement and elevated radioactivity of up to 350 cps was measured with a hand-held RS-125 scintillometer in a hematized zone below the unconformity.



Midwest Project

The Midwest project is owned by Denison (25.17%) and its partners, Orano Canada (69.16%) and OURD (5.67%) pursuant to the Midwest Joint Venture Agreement. Orano Canada is the operator of the project. The project is host to two uranium deposits within close proximity to existing uranium mining and milling infrastructure.

Total exploration costs incurred during 2019 were nil (2018 – $1,251,000), and Denison's share of the exploration costs during 2019 was $nil (2018 – $315,000). There is no significant activity planned for Midwest at this time.

On March 27, 2018, Denison reported an updated mineral resource estimate for the Midwest Main and Midwest A deposits located on the Midwest property, which is available on the Company's profile on the SEDAR website at www.sedar.com.

GENERAL AND ADMINISTRATIVE EXPENSES

Total general and administrative expenses were $7,811,000 during 2019 (2018 - $7,189,000). These costs are mainly comprised of head office salaries and benefits, office costs in multiple regions, audit and regulatory costs, legal fees, investor relations expenses, project costs, and all other costs related to operating a public company with listings in Canada and the United States. Included in general and administrative expense is $2,222,000 in non-cash share-based compensation expense (2018 - $1,835,000). The increase in general and administrative expenses during 2019, as compared to the prior period, was predominantly the result of an increase in share-based compensation expense related to vesting of the Company's initial grants of restricted share units ('RSUs') and performance share units ('PSUs') issued in the second quarter of fiscal 2018, an increase in employee salaries and benefits, as well as an increase in non-recurring legal costs, offset by a legal recovery received during the second quarter of 2019.

IMPAIRMENT – MINERAL PROPERTIES

During 2018, the Company recognized an impairment expense of $6,086,000, due to the Company's intention to let claims on three of its Canadian properties lapse in the normal course.

OTHER INCOME AND EXPENSES

During 2019, the Company recognized a gain of $2,970,000 in other income/expense (2018 – loss of $6,234,000). The gain in 2019 is predominantly due to a deconsolidation gain of $5,267,000 related to the change in accounting for the Company's investment in GoviEx (see below), offset by fair value adjustments related to the Company's other investments carried at fair value.

As discussed more fully below, on October 1, 2019, the Company ceased to use the equity method to account for its investment in the common shares of GoviEx, and began to account for this as a portfolio investment at fair value through profit and loss. As a result, the Company recorded other income of $5,267,000 to increase the carrying value associated with its investment in GoviEx, from its equity method carrying value as at September 30, 2019, to the fair value of the common shares at October 1, 2019.

Gains and losses on investments carried at fair value are driven by the changes in share prices of the Company's portfolio investments. During 2019, the Company recorded a loss of $1,085,000 on its portfolio investments (2018 – loss of $5,411,000) due to unfavourable mark-to-market adjustments.

During 2019, the Company recorded an expense of $845,000 in other income and expense related to an increase in the estimate of reclamation liabilities at Elliot Lake (2018 - $369,000). In 2019, the increase in the reclamation liability was predominantly due to changes in the long-term discount rate used to estimate the present value of the reclamation liability (2018 – changes in the long-term discount rate and changes in labour cost estimates). Refer to Reclamation Sites below for further detail.

EQUITY SHARE OF INCOME (LOSS) FROM ASSOCIATES

During 2019, the Company recognized a loss of $426,000 from its equity share of its associate GoviEx (2018 – gain of $277,000). The loss in 2019 is due to an equity loss of $678,000 (2018 – equity loss of $472,000), based on the Company's share of GoviEx's net loss during the period ending September 30, 2019, offset by a net dilution gain of $252,000 (2018 – dilution gain of $749,000) as a result of equity issuances completed by GoviEx, which reduced the Company's ownership position in GoviEx from 16.21% at December 31, 2018, to approximately 15.39% at September 30, 2019. The Company recorded its share of income from associates a quarter in arrears, based on the most recent publicly available financial information, adjusted for any subsequent material transactions that have occurred.

On October 1, 2019, the Company determined that it no longer exercised significant influence over GoviEx and began to account for its investment in the common shares of GoviEx as a portfolio investment at fair value through profit and loss. See 'Other Income and Expenses' above for the accounting adjustment required to bring the Company's investment in GoviEx to fair value as at October 1, 2019.

INCOME TAX RECOVERY AND EXPENSE

During 2019, the Company recorded an income tax recovery of $5,376,000 (2018 - $8,294,000). The decrease in the income tax recovery in 2019 was predominantly due to the reduced magnitude of tax attributes renounced to investors from the issuance of flow through shares. The Company's accounting policy for flow through shares results in the recognition of previously unrecognized tax assets upon the renunciation of tax attributes to investors in the year following the issuance of the flow through shares. The flow through share offering in 2018, renounced in 2019, was smaller than the Company's 2017 flow through offering, renounced in 2018, resulting in a smaller deferred tax recovery in 2019.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $8,190,000 at December 31, 2019 (December 31, 2018 – $23,207,000).

The decrease in cash and cash equivalents of $15,017,000 was due to net cash used in operations of $18,801,000 and net cash used in investing activities of $921,000, partially offset by net cash provided by financing activities of $4,705,000.

Net cash used in operating activities of $18,801,000 during 2019 was predominantly due to the net loss for the period, adjusted for non-cash items and changes in working capital items.

Net cash used in investing activities of $921,000 consists primarily of expenditures for property, plant and equipment, as well as the purchase of portfolio investments

Net cash provided by financing activities of $4,705,000 reflects the net proceeds received from the Company's December 2019 private placement issuance of 6,934,500 common shares, on a flow-through basis, at a price of $0.68, for gross proceeds of $4,715,000 ('2019 FT Offering'), as well as the cash proceeds received upon the exercise of employee stock options. The proceeds of 2019 FT Offering will be used to fund the Company's Athabasca Basin exploration programs through to the end of 2020.

As at December 31, 2019, the Company has fulfilled its obligation to spend $5,000,000 on eligible Canadian exploration expenditures as a result of the issuance of common shares on a flow-through basis in November 2018.

As at December 31, 2019, the Company has spent $120,000 towards its obligation to spend $4,715,000 on eligible Canadian exploration expenditures related to the 2019 FT Offering

Refer to 'OUTLOOK for 2020' below for details of the Company's working capital requirements for the next twelve months.

Going Concern Assumption

At December 31, 2019, the Company does not have sufficient liquidity on hand to meet all its obligations over the next 12 months as they become due. In order to both fund operations and maintain rights under existing agreements, the Company must secure additional future funding. The Company is actively pursuing access to different sources of funding and while it has been successful in the past in obtaining financing for its activities, there is no assurance that it will be able to obtain adequate financing in the future. These events and conditions indicate the existence of material uncertainties that may cast substantial doubt as to the Company's ability to continue as a going concern.

Accordingly, additional sources of financing will be required in 2020 to fund the Company's operations – including the evaluation activities required to advance Wheeler River in accordance with the Company's plans. In order to raise the capital necessary to fund future operations, the Company plans to pursue various capital raising avenues, including asset sales, equity financing, debt financing, or an alternative financing transaction such as the sale of a stream and/or royalty on the Wheeler River project There is no assurance, however, that the Company will be successful in completing a capital raising transaction in order to secure additional financing on terms acceptable to the Company.

Revolving Term Credit Facility

On January 29, 2020, the Company entered into an agreement with the Bank of Nova Scotia ('BNS') to extend the maturity date of the Company's credit facility to January 31, 2021 ('2020 Credit Facility'). Under the 2020 Credit Facility, the Company continues to have access to letters of credit of up to $24,000,000, which is fully utilized for non-financial letters of credit in support of reclamation obligations. All other terms of the 2020 Credit Facility (tangible net worth covenant, pledged cash, investments amount and security for the facility) remain unchanged by the amendment – including a requirement to provide $9,000,000 in cash collateral on deposit with BNS to maintain the 2020 Credit Facility.

Contractual Obligations and Contingencies

The Company has the following contractual obligations at December 31, 2019:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 7,930	$ 7,930	$ -	$ -	$ -
Lease liabilities	899	235	353	218	93
Debt obligations	270	235	19	16	-
	$ 9,099	$ 8,400	$ 372	$ 234	$ 93

Exploration Spending Required to Maintain Exploration Portfolio in Good Standing

The Company has a portfolio of mineral properties, predominantly composed of 214 mineral claims in the Athabasca Basin region of Saskatchewan, Canada as at December 31, 2019. Under The Mineral Tenure Registry Regulations in Saskatchewan, once a claim has been 'staked', it may be held for an initial two-year period, and this period may be renewed year to year, subject to the holder expending a minimum required amount on exploration on the claim lands. Exploration expenditures that exceed the annual spending requirements may be carried forward and applied against future spending requirements.

In order to maintain the Company's current exploration portfolio in good standing for a period of five years, the Company's share of the required exploration expenditures is outlined in the table below.

The Company routinely assesses its exploration portfolio in order to rank properties in accordance with their exploration potential. From time to time, strategic decisions are made to either acquire new claims, through staking or purchase, or to allow claims to lapse. Claims are allowed to lapse if the Company determines that no further exploration work is warranted by the Company. In calculating the amounts in the table below, the Company assumed that land claims held at the date of the MD&A would be maintained for the duration of five years. In addition, where Denison holds a claim with a partner, the Company has assumed that each partner will fund their share of the required expenditures.

(in thousands)	Total	1 Year	2 Year	3 Year	4-5 Years
Exploration expenditures required to maintain claim status	$ 3,333	$ 106	$ 376	$ 800	$ 2,051
Surface lease payments	1,085	217	217	217	434
	$ 4,418	$ 323	$ 593	$ 1,017	$ 2,485

Reclamation Sites

The Company periodically reviews the anticipated costs of decommissioning and reclaiming its mill and mine sites as part of its environmental planning process. The Company's reclamation liability, at December 31, 2019, is estimated to be $32,512,000, which is expected to be sufficient to cover the projected future costs for reclamation of the Company's mill and mine operations. There can be no assurance, however, that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained in the Company's financial statements.

<u>Elliot Lake</u> – The Elliot Lake uranium mine was closed in 1992 and capital works to decommission the site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Denison and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to licenses issued by the CNSC. In the fourth quarter of 2019, an adjustment of $845,000 was made to increase the reclamation liability to reflect the Company's best estimate of the present value of the total reclamation cost that will be required in the future. Spending on restoration activities at the Elliot Lake sites is funded from the Elliot Lake reclamation trust fund. At December 31, 2019, the amount of restricted cash and investments relating to the Elliot Lake reclamation trust fund was $2,859,000.

<u>McClean Lake and Midwest</u> – The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the CNSC. Cost estimates of future decommissioning and reclamation activities are prepared every 5 years and filed with the applicable regulatory authorities for approval. The most recent approved reclamation plan is dated March 2016 and the Company's best estimate of its share of the present value of

the total reclamation liability is derived from this plan. In the fourth quarter of 2019, the Company increased the liability by $1,097,000 to reflect changes in the long-term discount rate used to estimate the present value of the reclamation liability. The majority of the reclamation costs are expected to be incurred between 2036 and 2054.

Under the *Mineral Industry Environmental Protection Regulations, 1996*, the Company is required to provide its pro-rata share of financial assurances to the Province of Saskatchewan. Under the March 2016 approved plan, the Company has put in place financial assurances of $24,135,000, providing irrevocable standby letters of credit from BNS in favour of Saskatchewan's Ministry of Environment. At present, to provide the required standby letters of credit, the Company is utilizing the full capacity of the 2020 Credit Facility and has committed an additional $135,000 with BNS as restricted cash collateral.

FINANCIAL INSTRUMENTS

(in thousands)	Financial Instrument Category [1]	Fair Value Hierarchy	December 31, 2019 Fair Value	December 31, 2018 Fair Value
Financial Assets:				
Cash and equivalents	Category B		$ 8,190	$ 23,207
Trade and other receivables	Category B		4,023	4,072
Investments				
Debt instruments (GIC's)	Category A	Level 2	-	-
Equity instruments (shares)	Category A	Level 1	11,971	2,007
Equity instruments (warrants)	Category A	Level 2	133	248
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		2,859	3,120
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			$ 36,311	$ 41,789
Financial Liabilities:				
Account payable and accrued liabilities	Category C		7,930	5,554
Debt obligations	Category C		1,002	-
			$ 8,932	$ 5,554

Notes:
1. Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Financial assets at amortized cost; Category C=Financial liabilities at amortized cost.

The Company is exposed to credit risk and liquidity risk in relation to its financial instruments. Its credit risk in relation to its cash and cash equivalents, debt instruments and restricted cash and cash equivalents is limited by dealing with credit worthy financial institutions. The Company's trade and other receivables balance relates to a small number of customers who are considered credit worthy and with whom the Company has established a relationship through its past dealings.

Liquidity risk, in which the Company may encounter difficulties in meeting obligations associated with its financial liabilities as they become due, is managed through the Company's planning and budgeting process, which determines the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient committed capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and equivalents and debt instruments and its access to credit facilities and capital markets, if required. See Going Concern Assumption, above, for further details regarding the Company's assessment as at December 31, 2019 that it does not have sufficient liquidity on hand to meet all its obligations over the next 12 months as they become due. As outlined above, in order to fund operations, advance the evaluation of Wheeler River, and maintain rights under existing agreements, the Company must secure additional future funding.

The Company's investments that are designated as financial assets at fair value through profit or loss have resulted in other income of $4,182,000 during 2019 (2018 – other expense of $5,411,000). See OTHER INCOME AND EXPENSES above for further details.

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

The previous management services agreement with UPC expired on March 31, 2019. Effective April 1, 2019, a new management services agreement ('MSA') was entered into for a term of five years (the 'Term'). Under the MSA, Denison continues to receive the following management fees from UPC, unchanged from the previous agreement: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 or gross interest fees payable to UPC in connection with any uranium loan arrangements.

The MSA may be terminated during the Term by Denison upon the provision of 180 days written notice. The MSA may be terminated during the Term by UPC (i) in the event of a material breach, (ii) within 90 days of certain events surrounding a change of both of the individuals serving as Chief Executive Officer and Chief Financial Officer of UPC, and / or a change of control of Denison, or (iii) upon the provision of 30 days written notice and, subject to certain exceptions, a cash payment to Denison of an amount equal to the base and variable management fees that would otherwise be payable to Denison (calculated based on UPC's current uranium holdings at the time of termination) for the lesser period of a) three years, or b) the remaining term of the MSA.

The following amounts were earned from UPC for the years ended:

(in thousands)		Year Ended December 31, 2019		Year Ended December 31, 2018
Management Fee Revenue				
Base and variable fees	$	1,822	$	1,739
Discretionary fees		-		50
Commission fees		144		224
	$	1,966	$	2,013

At December 31, 2019, accounts receivable includes $236,000 (December 31, 2018 – $303,000) due from UPC with respect to the fees and transactions discussed above.

Korea Electric Power Corporation ('KEPCO') and KHNP

In connection with KEPCO's investment in Denison in June 2009, KEPCO and Denison were parties to a strategic relationship agreement. In December 2016, Denison was notified that KEPCO's indirect ownership of Denison's shares had been transferred from an affiliate of KEPCO to an affiliate of KEPCO's wholly-owned subsidiary, KHNP. In September 2017, Denison and KHNP's affiliate, KHNP Canada Energy Ltd. ('KHNP Canada') entered into an amended and restated strategic relationship agreement, in large part providing KHNP Canada with the same rights as those previously given to KEPCO under the prior agreement, including entitling KHNP Canada to: (a) subscribe for additional common shares in Denison's future public equity offerings; (b) a right of first opportunity if Denison intends to sell any of its substantial assets; (c) a right to participate in certain purchases of substantial assets which Denison proposes to acquire; and (d) a right to nominate one director to Denison's board so long as its share interest in Denison is above 5.0%.

As at December 31, 2019, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.76%. KHNP Canada is the holder of the majority of these Denison shares.

KHNP Canada is also the majority member of the KWULP. KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation ('WLUC') and Waterbury Lake Uranium Limited Partnership ('WLULP'), entities whose key asset is the Waterbury Lake property. At December 31, 2019, WLUC was owned by Denison (60%) and KWULP (40%) and the partnership interests in WLULP were Denison (66.57%), KWULP (33.41%) and WLUC, as general partner (0.02%). When a spending program is approved, each of Denison and KWULP is required to fund WLUC and KWULP based upon its respective ownership interests or be diluted accordingly. Generally, spending program approval requires 75% of the limited partners' voting interest.

In January 2014, Denison agreed to allow KWULP to defer a decision regarding its funding obligation to WLUC and WLULP until September 30, 2015 and to not be immediately diluted as per the dilution provisions in the relevant agreements ('Dilution Agreement'). Instead, under the Dilution Agreement, dilution would be delayed until September 30, 2015 and then applied in each subsequent period, if applicable, in accordance with the original agreements. In exchange, Denison received authorization to approve spending programs on the property, up to an aggregate $10,000,000, until September 30, 2016 without obtaining approval from 75% of the voting interest. Under subsequent amendments, Denison and KWULP have agreed to extend Denison's authorization under the Dilution Agreement to approve program spending up to an aggregate $15,000,000 until December 31, 2020.

In 2019, Denison funded 100% of the approved fiscal 2019 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 65.92% to 66.57%, in two steps, which has been accounted for using effective dates of May 31, 2019 and November 30, 2019. The increased ownership interest resulted in Denison recording its increased pro-rata share of the assets and liabilities of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $448,000.

In 2018, Denison funded 100% of the approved fiscal 2018 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 64.22% to 65.92%, in two steps, which has been accounted for using effective dates of May 31, 2018 and October 31, 2018. The increased ownership interest resulted in Denison recording its increased pro-rata share of the assets and liabilities of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $1,141,000.

Other

All services and transactions with the following related parties listed below were made on terms equivalent to those that prevail with arm's length transactions:

- In December 2018, the Company lent GoviEx $250,000 pursuant to a credit agreement between the parties. In April 2019, the loan was repaid in full, together with the interest thereon. The terms of the loan included certain fees and interest on outstanding amounts at a rate of 7.5% per annum, resulting in combined fees and interest of $256,000 paid to Denison in 2019.

- During 2019, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $217,000 (2018 – $209,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2019 and 2018, the fees were paid in full.

- During 2018, the Company incurred office and certain pass-through expenses of $81,000 with Lundin S.A, a company which provides office and administration services to the former executive chairman, other directors and management of Denison. The agreement for the office and administration services was terminated effective September 30, 2018.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers, vice-presidents and members of its Board of Directors.

The following compensation was awarded to key management personnel:

(in thousands)	Year Ended December 31, 2019	Year Ended December 31, 2018
Salaries and short-term employee benefits	$ (2,024)	$ (1,759)
Share-based compensation	(1,881)	(1,522)
Termination benefits	(481)	-
	$ (4,386)	$ (3,281)

OFF-BALANCE SHEET ARRANGEMENTS

The Company does not have any off-balance sheet arrangements.

SUBSEQUENT EVENTS

Bank of Nova Scotia Credit Facility Renewal

On January 29, 2020, the Company entered into an agreement with BNS to extend the maturity date of the credit facility. Under the current terms of the 2020 Credit Facility, the maturity date has been extended to January 31, 2021 and the Company continues to have access to credit up to $24,000,000 – the use of which is restricted to non-financial letters of credit in support of reclamation obligations. All other terms of the 2020 Credit Facility (tangible net worth covenant, pledged cash, investments amount and security for the facility) remain unchanged from those of the earlier credit facility.

The 2020 Credit Facility is subject to letter of credit and standby fees of 2.40% (0.40% on the first $9,000,000) and 0.75% respectively.

OUTSTANDING SHARE DATA

At March 5, 2020, there company has the following share instruments issued and outstanding: (1) 597,192,153 common shares; (2) stock options entitling the holders to acquire 13,528,743 common shares; and (3) share units entitling the holders to convert the units into 4,808,432 common shares. On a fully diluted basis, the Company would have 615,529,328 common shares outstanding.

OUTLOOK FOR 2020

The 2020 Outlook, and discussion below, represents the Company's best estimate of its cash flows for the year:

('000)		2020 OUTLOOK[(2)]
Mining Segment		
Mineral Sales		791
Development & Operations		(5,181)
Exploration & Evaluation		(8,973)
		(13,363)
Closed Mines Segment		
Closed Mines Environmental Services		1,014
		1,014
Corporate and Other Segment		
UPC Management Services		2,009
Corporate Administration & Other		(5,200)
		(3,191)
Net forecasted cash outflow [(1)]	**$**	**(15,540)**

Notes:
1. Only material operations shown.
2. The outlook is prepared on a cash basis.

Based on the Company's net working capital position at December 31, 2019, adjusted for non-cash working capital items like deferred revenue, Denison expects that completion of the activities contained within the Outlook for 2020 will require approximately $9,000,000 in additional funding. See 'Going Concern Assumption' above.

MINERAL SALES

Denison's revenue, net of sales taxes, from the sale of approximately 26,000 pounds of U_3O_8 currently held in inventory, is planned to be $0.8 million. The sale of this material was previously forecasted to occur in 2019, but was ultimately deferred into 2020.

DEVELOPMENT & OPERATIONS

In 2020, Denison's share of operating and capital expenditures at the Orano Canada operated McClean Lake and Midwest joint ventures are budgeted to be $4.1 million. Most of these expenditures relate to McClean Lake – including $3.6 million in respect of Denison's share of SABRE related activities. The 2020 SABRE program includes the completion of test mining activities within the McClean North orebody, the completion of mill modifications required to refurbish the grinding circuit at the McClean Lake mill, in order to facilitate the possible processing of the ore generated by test mining activities, and the expected milling costs related to the possible processing of the SABRE mined ore.

Operating expenditures in 2020 are also expected to include $891,000 for reclamation costs related to Denison's legacy mine sites in Elliot Lake.

EXPLORATION & EVALUATION

The total cost of exploration and evaluation activities in 2020 is expected to be approximately $9.0 million (Denison's share). Highlights of the planned spending is as follows:

Wheeler River – Evaluation and Exploration:

Denison's share of evaluation expenditures for Wheeler River is expected to be $3.0 million. The forecasted expenditures include maintaining Denison's current technical services project workforce throughout 2020 and the costs associated with engineering, environmental, and corporate social responsibility work planned and in progress during the first quarter of 2020.

Denison's share of the exploration expenditures for Wheeler River is expected to be $3.4 million. Planned exploration activities involve a diamond drilling program of an estimated 12,310 metres in approximately 27 to 30 drill holes. The program is expected to be focused at the Phoenix deposit, where additional exploration and delineation drilling is warranted based on previous exploration drilling and the positive results returned from recent ISR field tests. The objective of the planned exploration at Phoenix is to increase mineral resources that may be incorporated into a future FS. Potential to add additional mineral resources at Phoenix exists within the boundaries of the existing design of the ISR freeze dome, but outside of the currently defined extents of the deposit – particularly around Zone B, where previous mineralized results remain open on section or the interpreted optimal exploration target remains untested, and at Zone C, which is not currently included in the mineral resource estimate, where similar targets exist.

Other Properties – Exploration:

Exploration expenditures of $2.6 million are planned for Denison's other properties (Denison's share $2.6 million). Planned project work includes geophysical surveying during the winter months and various small-scale field activities during the summer months. A total of five ground geophysical surveys are planned for six of Denison's pipeline properties during 2020 – including Waterbury Lake, Ford Lake, Moon Lake, Murphy Lake, and Moon Lake North and South (shared survey). The purpose of these surveys is to generate targets for future drill testing in areas considered to have significant exploration potential, and in certain cases to protect the associated claims from lapsing.

MANAGEMENT AND ENVIRONMENTAL SERVICES

Net management fees from the management services agreement with UPC are budgeted at $2.0 million in 2020. A portion of the management fees earned from UPC is based on UPC's net asset value and is therefore dependent upon the spot price for uranium. Denison's budget for 2020 assumes a uranium spot price of USD$29.57 per pound U_3O_8 (estimated average spot price for 2020 per UxC). Each USD$2 per pound U_3O_8 increase (decrease) is expected to translate into approximately $0.1 million in additional (reduced) management fees to Denison.

Revenue from operations at Denison's Closed Mines group during 2020 is budgeted to be $7.9 million, with operating, overhead, and capital expenditures budgeted to be $6.9 million, resulting in a net contribution of approximately $1.0 million.

CORPORATE ADMINISTRATION AND OTHER

Cash corporate administration expenses are budgeted to be $5.2 million in 2020, and include head office salaries and benefits, office costs, audit and regulatory costs, legal fees, investor relations expenses and all other costs related to operating a public company with listings in Canada and the United States. The forecast also includes the internal cost of providing the UPC management services.

In addition to Corporate administration expenses in 2020, letter of credit and standby fees relating to the 2020 Credit Facility are expected to be approximately $400,000, which is expected to be partly offset by estimated interest income of $299,000 on the Company's unrestricted and restricted cash and short-term investments, for a net cash outflow of $101,000.

ADDITIONAL DISCRETIONARY EXPENDITURES AND FINANCING IMPACTS

Denison has also identified a number of discretionary spending programs, in support of Wheeler River, that could be included in the Company's 2020 plans if sufficient additional capital is available on terms considered acceptable to the Company. These further programs, not included in the 2020 Outlook above, include the following:

Wheeler River – Evaluation:

EIS submission

The objective of this program would be to complete the work required to enable the Company to submit a draft EIS to the Federal and Provincial regulators. In order to achieve this milestone, the Company will have to fund various associated activities, including (a) continued environmental baseline work, (b) further metallurgical test work, (c) completion of technical assessments, (d) drafting of the EIS document for the project, and (e) related expenditures on corporate social responsibility activities and community engagement. The expenses associated with completing this work are estimated to total approximately $7.0 million.

ISR Field Program

The objective of this program would be to complete a further ISR field test at Phoenix. The field test is expected to involve the installation of a series of CSWs in a single well pattern located within Test Area 2 of the Phoenix deposit. The program is designed to result in the collection of further data to support detailed wellfield designs for the FS and is expected to cost approximately $6.6 million.

ADDITIONAL INFORMATION

CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of its management, including the President and Chief Executive Officer and the Vice-President Finance and Chief Financial Officer, of the effectiveness of the design and operation of the Company's 'disclosure controls and procedures' (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and the Vice-President Finance and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of December 31, 2019.

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control – Integrated Framework, 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019.

There has not been any change in the Company's internal control over financial reporting that occurred during 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements that affect the amounts reported. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Although the Company regularly reviews the estimates and judgements made that affect these financial statements, actual results may be materially different.

Significant estimates and judgements made by management relate to:

Determination of a mineral property being sufficiently advanced

The Company follows a policy of capitalizing non-exploration related expenditures on properties it considers to be sufficiently advanced. Once a mineral property is determined to be sufficiently advanced, that determination is irrevocable and the capitalization policy continues to apply over the life of the property. In determining whether or not a mineral property is sufficiently advanced, management considers a number of factors, including, but not limited to: current uranium market conditions, the quality of resources identified, access to the resource, the suitability of the resource to current mining methods, ease of permitting, confidence in the jurisdiction in which the resource is located and milling complexity.

Many of these factors are subject to risks and uncertainties that can support a "sufficiently advanced" determination as at one point in time but not support it at another. The final determination requires significant judgment on the part of the Company's management and directly impacts the carrying value of the Company's mineral properties.

Mineral property impairment reviews and impairment adjustments

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator is identified, the Company determines the recoverable amount of the property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

Deferred revenue – pre-sold toll milling – classification

In February 2017, Denison closed an arrangement with Anglo Pacific Group PLC and its subsidiaries (the 'APG Arrangement' and 'APG' respectively). Under the APG Arrangement, Denison monetized its right to receive future toll milling cash receipts from July 1, 2016 onwards from the MLJV under the current toll milling agreement with the CLJV for an upfront cash payment. The APG Arrangement consisted of a loan structure and a stream arrangement. Significant judgement was required to determine whether the APG Arrangement should be accounted for as a financial obligation (i.e. debt) or deferred revenue.

Key factors that support the deferred revenue conclusion reached by management include, but are not limited to: a) Limited recourse loan structure – amounts due to APG are generally repayable only to the extent of Denison's share of the toll milling revenues earned by the MLJV from the processing of the first 215 million pounds of U3O8 from the Cigar Lake mine on or after July 1, 2016, under the terms of the current Cigar Lake toll milling agreement; and b) No warranty of the future rate of production - no warranty is provided by Denison to APG regarding the future rate of production at the Cigar Lake mine and / or the McClean Lake mill, or the amount and / or collectability of cash receipts to be received by the MLJV in respect of toll milling of Cigar Lake ore.

Deferred revenue – pre-sold toll milling – revenue recognition

In February 2017, Denison closed the APG Arrangement and effectively monetized its right to receive specified future toll milling cash receipts from the MLJV related to the current toll milling agreement with the CLJV. In exchange, Denison received a net up-front payment of $39,980,000 which has been accounted for as a deferred revenue liability as at the transaction close date.

Under IFRS 15, the Company is required to recognize a revenue component and a financing component as it draws down the deferred revenue associated with the APG Arrangement over the life of the specified toll milling production included in the APG Arrangement. In estimating both of these components, the Company is required to make assumptions relating to the future toll milling production volume associated with Cigar Lake Phase 1 and 2 ore reserves and resources (to end of mine life) and estimates of the annual timing of that production. Changes in these estimates affect the underlying production profile which in turn affects the average toll milling drawdown rate used to recognize revenue.

When the average toll milling drawdown rate is changed, the impact is reflected on a life-to-date production basis with a retroactive adjustment to revenue recorded in the current period. Going forward, each time the Company updates its estimates of the underlying production profile for the APG Arrangement (typically in the quarter that information relating to Cigar Lake uranium resource updates and / or production schedules becomes publicly available), retroactive adjustments to revenue will be recorded in the period that the revised estimate is determined – such adjustments, which are non-cash in nature, could be material.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed in respect of taxes that are based on taxable profit. Taxable profit will often differ from accounting profit and management may need to exercise judgement to determine whether some taxes are income taxes (and subject to deferred tax accounting) or operating expenses.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

Reclamation obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed or a constructive or legal obligation exists. The valuation of the liability typically involves identifying costs to be incurred in the future and discounting them to the present using an appropriate discount rate for the liability. The determination of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ materially from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

RISK FACTORS

There are a number of factors that could negatively affect Denison's business and the value of Denison's common shares (the 'Shares'), including the factors listed below. The following information pertains to the outlook and conditions currently known to Denison that could have a material impact on the financial condition of Denison. Other factors may arise in the future that are currently not foreseen by management of Denison, which may present additional risks in the future. Current and prospective security holders of Denison should carefully consider these risk factors.

Capital Intensive Industry and Uncertainty of Funding

The exploration and development of mineral properties and any operation of mines and facilities requires a substantial amount of capital and the ability of the Company to proceed with any of its plans with respect thereto depends on its ability to obtain financing through joint ventures, equity financing, debt financing or other means. General market conditions, volatile uranium markets, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary to fund the substantial capital that is typically required in order to continue to advance a mineral project, such as the Wheeler River project, through the testing, permitting and feasibility processes to a production decision or to place a property, such as Wheeler River, into commercial production. Similarly, there is uncertainty regarding the Company's ability to fund additional exploration of the Company's projects or the acquisition of new projects.

There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, and failure to obtain such additional financing could result in the delay or indefinite postponement of any or all of the Company's exploration, development or other growth initiatives.

Speculative Nature of Exploration and Development

Exploration for minerals and the development of mineral properties is speculative, and involves significant uncertainties and financial risks that even a combination of careful evaluation, experience and technical knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored prove to return the discovery of a commercially mineable deposit and/or are ultimately developed into producing mines. As at the date hereof, many of Denison's projects are preliminary in nature and mineral resource estimates include inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability. Major expenses may be required to properly evaluate the prospectivity of an exploration property, to develop new ore bodies and to estimate mineral resources and establish mineral reserves. There is no assurance that the Company's uranium deposits are commercially mineable.

Imprecision of Mineral Reserve and Resource Estimates

Mineral reserve and resource figures are estimates, and no assurances can be given that the estimated quantities of uranium are in the ground and could be produced or that Denison will receive the prices assumed in determining its mineral reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry best practices. Valid estimates made at a given time may significantly change when new information becomes available. While Denison believes that the Company's estimates of mineral reserves and mineral resources are well established and reflect management's best estimates, by their nature, mineral reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences and geological interpretations, which may ultimately prove inaccurate. Furthermore, market price fluctuations, as well as increased capital or production costs or reduced recovery rates, may render mineral reserves and resources uneconomic and may ultimately result in a restatement of mineral reserves and resources. The evaluation of mineral reserves or resources is always influenced by economic and technological factors, which may change over time.

Risks of, and Market Impacts on, Developing Mineral Properties

Denison's current and future uranium production is dependent in part on the successful development of its known ore bodies, discovery of new ore bodies and/or revival of previously existing mining operations. It is impossible to ensure that Denison's current exploration and development programs will result in profitable commercial mining operations. Where the Company has been able to estimate the existence of mineral resources and mineral reserves, such as for the Wheeler River project, substantial expenditures are still required to establish economic feasibility for commercial development and to obtain the required environmental approvals, permitting and assets to commence commercial operations.

Development projects are subject to the completion of successful feasibility studies, engineering studies and environmental assessments, the issuance of necessary governmental permits and the availability of adequate financing. The economic feasibility of development projects is based upon many factors, including, among others: the accuracy of mineral reserve and resource estimates; metallurgical recoveries; capital and operating costs of such projects; government regulations relating to prices, taxes, royalties, infrastructure, land tenure, land use, importing and exporting, and environmental protection; political and economic climate; and uranium prices, which are historically cyclical.

Denison is currently undertaking various studies and test work in connection with a feasibility study for Wheeler River, subject to the availability of capital. If completed, such a feasibility study, and any estimates of mineral reserves and mineral resources, development costs, operating costs and estimates of future cash flow contained therein, will be based on Denison's interpretation of the information available to-date. Development projects have no operating history upon which to base developmental and operational estimates. Particularly for development projects, economic analyses and feasibility studies contain estimates based upon many factors, including estimates of mineral reserves, the interpretation of geologic and engineering data, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of uranium from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The decision as to whether a property, such as Wheeler River, contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense and risk.

It is not unusual in the mining industry for new mining operations to take longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated. Any of the following events, among others, could affect the profitability or economic feasibility of a project or delay or stop its advancement: unavailability of necessary capital, unexpected problems during the start-up phase delaying production, unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, unavailability of labour, increased costs of processing and refining facilities, unavailability of economic sources of power and water, unanticipated transportation costs, changes in government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental, etc.), fluctuations in uranium prices, and accidents, labour actions and force majeure events.

The ability to sell and profit from the sale of any eventual mineral production from a property will be subject to the prevailing conditions in the applicable marketplace at the time of sale. The demand for uranium and other minerals is subject to global economic activity and changing attitudes of consumers and other end-users' demand. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long term viability of Denison and its operations.

Risks Associated with the Selection of Novel Mining Methods

As disclosed in the Wheeler PFS Report, Denison has selected the ISR mining method for production at the Phoenix deposit. While test work completed to date indicates that ground conditions and the mineral reserves estimated to be contained within the deposit are amenable to extraction by way of ISR, actual conditions could be materially different from those estimated based on the Company's technical studies completed to date. While industry best practices have been utilized in the development of its estimates, actual results may differ significantly. Denison will need to complete substantial additional work to further advance and/or confirm its current estimates and projections for development to the level of a feasibility study. As a result, it is possible that actual costs and economic returns of any mining operations may differ materially from Denison's best estimates.

Dependence on Obtaining Licenses and other Regulatory and Policy Risks

Uranium mining and milling operations and exploration activities, as well as the transportation and handling of the products produced, are subject to extensive regulation by federal, provincial and state governments. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations is currently, and has historically, increased the costs of exploring, drilling, developing, constructing, operating and closing Denison's mines and processing facilities. It is possible that the costs, delays and other effects associated with such laws and regulations may impact Denison's decision with respect to exploration and development properties, including whether to proceed with exploration or development, or that such laws and regulations may result in Denison incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time.

The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which involve multiple governmental agencies. Environmental and regulatory review has become a long, complex and uncertain process that can cause potentially significant delays. In addition, future changes in governments, regulations and policies, such as those affecting Denison's mining operations and uranium transport, could materially and adversely affect Denison's results of operations and financial condition in a particular period or its long-term business prospects.

The ability of the Company to obtain and maintain permits and approvals and to successfully explore and evaluate properties and/or develop and operate mines may be adversely affected by real or perceived impacts associated with its activities that affect the environment and human health and safety at its projects and in the surrounding communities. The real or perceived impacts of the activities of other mining companies, locally or globally, may also adversely affect our ability to obtain and maintain permits and approvals. The Company is uncertain as to whether all necessary permits will be obtained or renewed on acceptable terms or in a timely manner. Any significant delays in obtaining or renewing such permits or licences in the future could have a material adverse effect on Denison.

Denison expends significant financial and managerial resources to comply with such laws and regulations. Denison anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. Because legal requirements are frequently changing and subject to interpretation, Denison is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. While the Company has taken great care to ensure full compliance with its legal obligations, there can be no assurance that the Company has been or will be in full compliance with all of these laws and regulations, or with all permits and approvals that it is required to have.

Failure to comply with applicable laws, regulations and permitting requirements, even inadvertently, may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Engagement with Canada's First Nations and Métis

First Nations and Métis rights, entitlements and title claims may impact Denison's ability and that of its joint venture partners to pursue exploration, development and mining at its Saskatchewan properties. Pursuant to historical treaties, First Nations in northern Saskatchewan ceded title to most traditional lands but continue to assert title to the minerals within the lands. Métis people have not signed treaties; they assert aboriginal rights throughout Saskatchewan, including aboriginal title over most if not all of the Company's project lands.

Managing relations with the local First Nations and Métis communities is a matter of paramount importance to Denison. Engagement with, and consideration of other rights of, potentially affected indigenous peoples may require accommodations, including undertakings regarding funding, contracting, environmental practices, employment and other matters. This may affect the timetable and costs of exploration, evaluation and development of the Company's projects.

The Company's relationships with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Adverse publicity relating to the mining industry generated by non-governmental organizations and others could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this regard will mitigate this potential risk.

The inability of the Company to maintain positive relationships with local communities, including local First Nations and Métis, may result in additional obstacles to permitting, increased legal challenges, or other disruptions to the Company's exploration, development and production plans, and could have a significant adverse impact on the Company's share price and financial condition.

Environmental, Health and Safety Risks

Denison has expended significant financial and managerial resources to comply with environmental protection laws, regulations and permitting requirements in each jurisdiction where it operates, and anticipates that it will be required to continue to do so in the future as the historical trend toward stricter environmental regulation may continue. The uranium industry is subject to, not only the worker health, safety and environmental risks associated with all mining businesses, including potential liabilities to third parties for environmental damage, but also to additional risks uniquely associated with uranium mining and processing. The possibility of more stringent regulations exists in the areas of worker health and safety, the disposition of wastes, the decommissioning and reclamation of mining and processing sites, and other environmental matters each of which could have a material adverse effect on the costs or the viability of a particular project.

Denison's facilities operate under various operating and environmental permits, licences and approvals that contain conditions that must be met, and Denison's right to pursue its development plans is dependent upon receipt of, and compliance with, additional permits, licences and approvals. Failure to obtain such permits, licenses and approvals and/or meet any conditions set forth therein could have a material adverse effect on Denison's financial condition or results of operations.

Although the Company believes its operations are in compliance, in all material respects, with all relevant permits, licences and regulations involving worker health and safety as well as the environment, there can be no assurance regarding continued compliance or ability of the Company to meet stricter environmental regulation, which may also require the expenditure of significant additional financial and managerial resources.

Mining companies are often targets of actions by non-governmental organizations and environmental groups in the jurisdictions in which they operate. Such organizations and groups may take actions in the future to disrupt Denison's operations. They may also apply pressure to local, regional and national government officials to take actions which are adverse to Denison's operations. Such actions could have an adverse effect on Denison's ability to advance its projects and, as a result, on its financial position and results.

Global Demand and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is relatively small compared to other minerals, and is generally highly competitive and heavily regulated. Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions. For example, the supply and marketing of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies.

In the United States, certain uranium producers filed a petition with the U.S. DOC to investigate the import of uranium into the U.S. under Section 232 of the 1962 Trade Expansion Act. The DOC completed its investigation and, in July 2019, presented its findings to the President of the United States, whom is empowered to use tariffs or other means to adjust the imports of goods or materials from other countries if it deems the quantity or circumstances surrounding those imports to threaten national security. The U.S. President ultimately concluded that uranium imports do not threaten national security and no trade actions were implemented under Section 232. The U.S. Administration, however, ordered a further review of the nuclear supply chain in the U.S. and commissioned the NFWG. The results of the NFWG review, and any recommendations therefrom, have not yet been made public.

The uncertainty surrounding this Section 232 trade action and the subsequent NFWG review is believed to have impacted the uranium purchasing activities of nuclear utilities, especially in the U.S., and consequently negatively impacted the market price of uranium and the uranium industry as a whole. Depending on the outcome of the NWFG's review, there is the potential for this to have further negative impacts on the uranium market globally.

Restrictive trade agreements, governmental policies and/or trade restrictions are beyond the control of Denison and may affect the supply of uranium available for use in markets like the United States and Europe, which are currently the largest markets for uranium in the world. Similarly, trade restrictions could impact the ability to supply uranium to developing markets, such as China and India. If substantial changes are made to the regulations affecting global marketing and supply of uranium, the Company's business, financial condition and results of operations may be materially adversely affected.

Volatility and Sensitivity to Market Prices

The value of the Company's mineral resources, mineral reserves and estimates of the viability of future production for its projects is heavily influenced by long and short term market prices of U_3O_8. Historically, these prices have seen significant fluctuations, and have been and will continue to be affected by numerous factors beyond Denison's control. Such factors include, among others: demand for nuclear power, political and economic conditions in uranium producing and consuming countries, public and political response to nuclear incidents, reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, uranium supplies from other secondary sources, and production levels and costs of production from primary uranium suppliers. Uranium prices failing to reach or sustain projected levels can impact operations by requiring a reassessment of the economic viability of the Company's projects, and such reassessment alone may cause substantial delays and/or interruptions in project development, which could have a material adverse effect on the results of operations and financial condition of Denison.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a clean means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are, to some extent, interchangeable with nuclear energy, particularly over the longer term. Technical advancements in, and government subsidies for, renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates. Sustained lower prices of alternate forms of energy may result in lower demand for uranium concentrates.

Current estimates project increases in the world's nuclear power generating capacities, primarily as a result of a significant number of nuclear reactors that are under construction, planned, or proposed in China, India and various other countries around the world. Market projections for future demand for uranium are based on various assumptions regarding the rate of construction and approval of new nuclear power plants, as well as continued public acceptance of nuclear energy around the world. The rationale for adopting nuclear energy can be varied, but often includes the clean and environmentally friendly operation of nuclear power plants, as well as the affordability and round-the-clock reliability of nuclear power. A change in public sentiment regarding nuclear energy could have a material impact on the number of nuclear power plants under construction, planned or proposed, which could have a material impact on the market's and the Company's expectations for the future demand for uranium and the future price of uranium.

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Denison's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or changes in its financial condition or results of operations as reflected in its periodic earnings reports and/or news releases. Other factors unrelated to the performance of Denison that may have an effect on the price of the securities of Denison include the following: the extent of analytical coverage available to investors concerning the business of Denison; lessening in trading volume and general market interest in Denison's securities; the size of Denison's public float and its inclusion in market indices may limit the ability of some institutions to invest in Denison's securities; and a substantial decline in the price of the securities of Denison that persists for a significant period of time could cause Denison's securities to be delisted from an exchange. If an active market for the securities of Denison does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline such that investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of Denison at any given point in time may not accurately reflect the long-term value of Denison. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Denison may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution from Further Issuances

While active in exploring for new uranium discoveries in the Athabasca Basin region, Denison's present focus is on advancing Wheeler River to a development decision, with the potential to become the next large scale uranium producer in Canada. Denison will require additional funds to further such activities.

Denison may sell additional equity securities (including through the sale of securities convertible into common shares) and may issue additional debt or equity securities to finance its exploration, development and other operations, acquisitions or other projects. Denison is authorized to issue an unlimited number of common shares. Denison cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the common shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the common shares. With any additional sale or issuance of equity securities, investors may suffer dilution of their voting power and it could reduce the value of their investment.

Reliance on Other Operators

At some of its properties, Denison is not the operator and therefore is not in control of all of the activities and operations at the site. As a result, Denison is and will be, to a certain extent, dependent on the operators for the nature and timing of activities related to these properties and may be unable to direct or control such activities.

As an example, Orano Canada is the operator and majority owner of the McClean Lake and Midwest joint ventures in Saskatchewan, Canada. The McClean Lake mill employs unionized workers who work under collective agreements. Orano Canada, as the operator, is responsible for most operational and production decisions and all dealings with unionized employees. Orano Canada may not be successful in its attempts to renegotiate the collective agreements, which may impact mill and mining operations. Similarly, Orano Canada is responsible for all licensing and dealings with various regulatory authorities. Orano Canada maintains the regulatory licences in order to operate the McClean Lake mill, all of which are subject to renewal from time to time and are required in order for the mill to operate in compliance with applicable laws and regulations. Any lengthy work stoppages or disruption to the operation of the mill or mining operations as a result of a licensing matter or regulatory compliance may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Reliance on Contractors and Experts

In various aspects of its operations, Denison relies on the services, expertise and recommendations of its service providers and their employees and contractors, whom often are engaged at significant expense to the Company. For example, the decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend in large part upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified third party engineers and/or geologists. In addition, while Denison emphasizes the importance of conducting operations in a safe and sustainable manner, it cannot exert absolute control over the actions of these third parties when providing services to Denison or otherwise operating on Denison's properties. Any material error, omission, act of negligence or act resulting in environmental pollution, accidents or spills, industrial and transportation accidents, work stoppages or other actions could adversely affect the Company's operations and financial condition.

Benefits Not Realized From Transactions

Denison has completed a number of transactions over the last several years, including without limitation the acquisition of International Enexco Ltd, the acquisition of Fission Energy Corp., the acquisition of JNR Resources Inc., the sale of its mining assets and operations located in the United States to Energy Fuels Inc., the sale of its mining assets and operations located in Mongolia to Uranium Industry a.s., the sale of its mining assets and operations located in Africa to GoviEx, the optioning of the Moore Lake property to Skyharbour, the acquisition of an 80% interest in the Hook-Carter property from ALX, the acquisition of an interest in the Moon Lake property from CanAlaska, entering into the APG Transaction and the acquisition of Cameco's interest in the WRJV. Despite Denison's belief that these transactions, and others which may be completed in the future, will be in Denison's best interest and benefit the Company and Denison's shareholders, Denison may not realize the anticipated benefits of such transactions or realize the full value of the consideration paid or received to complete the transactions. This could result in significant accounting impairments or write-downs of the carrying values of mineral properties or other assets and could adversely impact the Company and the price of its Shares.

Inability to Expand and Replace Mineral Reserves and Resources

Denison's mineral reserves and resources at its McClean Lake, Midwest, Wheeler River and Waterbury Lake projects are Denison's material future sources of possible uranium production. Unless other mineral reserves or resources are discovered or acquired, Denison's sources of future production for uranium concentrates will decrease over time, as the deposits are being mined, if its current mineral reserves and resources are depleted. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its mineral reserves and resources. In addition, while Denison believes that many of its properties demonstrate development potential, there can be no assurance that they can or will be successfully developed and put into production in future years.

Competition for Properties

Significant competition exists for the limited supply of mineral lands available for acquisition. Participants in the mining business include large established companies with long operating histories. In certain circumstances, the Company may be at a disadvantage in acquiring new properties as competitors may have greater financial resources and more technical staff. Accordingly, there can be no assurance that the Company will be able to compete successfully to acquire new properties or that any such acquired assets would yield resources or reserves or result in commercial mining operations.

Property Title Risk

The Company has investigated its rights to explore and exploit all of its material properties and, to the best of its knowledge, those rights are in good standing. However, no assurance can be given that such rights will not be revoked, or significantly altered, to its detriment. There can also be no assurance that the Company's rights will not be challenged or impugned by third parties, including the Canadian federal, provincial and local governments, as well as by First Nations and Métis.

There is also a risk that Denison's title to, or interest in, its properties may be subject to defects or challenges. If such defects or challenges cover a material portion of Denison's property, they could have a material adverse effect on Denison's results of operations, financial condition, reported mineral reserves and resources and/or long -term business prospects.

Global Financial Conditions

Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence. Access to public financing and credit can be negatively impacted by the effect of these events on Canadian and global credit markets. The health of the global financing and credit markets may impact the ability of Denison to obtain equity or debt financing in the future and the terms at which financing or credit is available to Denison. These increased levels of volatility and market turmoil could adversely impact Denison's operations and the trading price of the Shares.

Ability to Maintain Obligations under the 2020 Credit Facility and Other Debt

The 2020 Credit Facility only has a term of one year, and will need to be renewed on or before January 31, 2021. There is no certainty what terms of any renewal may be, or any assurance that such renewal will be made available to Denison.

Denison is required to satisfy certain financial covenants in order to maintain its good standing under the 2020 Credit Facility. Denison is also subject to a number of restrictive covenants under the 2020 Credit Facility and the APG Transaction, such as restrictions on Denison's ability to incur additional indebtedness and sell, transfer of otherwise dispose of material assets. Denison may from time to time enter into other arrangements to borrow money in order to fund its operations and expansion plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. Events may occur in the future, including events out of Denison's control, which could cause Denison to fail to satisfy its obligations under the 2020 Credit Facility, APG Transaction or other debt instruments. In such circumstances, the amounts drawn under Denison's debt agreements may become due and payable before the agreed maturity date, and Denison may not have the financial resources to repay such amounts when due. The 2020 Credit Facility and APG Transaction are secured by DMI's main properties by a pledge of the shares of DMI. If Denison were to default on its obligations under the 2020 Credit Facility, APG Transaction or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize significant portions of Denison's assets.

Change of Control Restrictions

The APG Transaction and certain other of Denison's agreements contain provisions that could adversely impact Denison in the case of a transaction that would result in a change of control of Denison or certain of its subsidiaries. In the event that consent is required from our counterparty and our counterparty chooses to withhold its consent to a merger or acquisition, then such party could seek to terminate certain agreements with Denison, including certain agreements forming part of the APG Transaction, or require Denison to buy the counterparty's rights back from them, which could adversely affect Denison's financial resources and prospects. If applicable, these restrictive contractual provisions could delay or discourage a change in control of our company that could otherwise be beneficial to Denison or its shareholders.

Decommissioning and Reclamation

As owner of the Elliot Lake decommissioned sites and part owner of the McClean Lake mill, McClean Lake mines, the Midwest uranium project and certain exploration properties, and for so long as the Company remains an owner thereof, the Company is obligated to eventually reclaim or participate in the reclamation of such properties. Most, but not all, of the Company's reclamation obligations are secured, and cash and other assets of the Company have been reserved to secure this obligation. Although the Company's financial statements record a liability for the asset retirement obligation, and the security requirements are periodically reviewed by applicable regulatory authorities, there can be no assurance or guarantee that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained on the Company's financial statements.

As Denison's properties approach or go into decommissioning, regulatory review of the Company's decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required from Denison in the future by regulatory authorities.

Technical Innovation and Obsolescence

Requirements for Denison's products and services may be affected by technological changes in nuclear reactors, enrichment and used uranium fuel reprocessing. These technological changes could reduce the demand for uranium or reduce the value of Denison's environmental services to potential customers. In addition, Denison's competitors may adopt technological advancements that give them an advantage over Denison.

Mining and Insurance

Denison's business is capital intensive and subject to a number of risks and hazards, including environmental pollution, accidents or spills, industrial and transportation accidents, labour disputes, changes in the regulatory environment, natural phenomena (such as inclement weather conditions, earthquakes, pit wall failures and cave-ins) and encountering unusual or unexpected geological conditions. Many of the foregoing risks and hazards could result in damage to, or destruction of, Denison's mineral properties or processing facilities in which it has an interest; personal injury or death; environmental damage; delays in or interruption of or cessation of exploration, development, production or processing activities; or costs, monetary losses and potential legal liability and adverse governmental action. In addition, due to the radioactive nature of the materials handled in uranium exploration, mining and processing, as applicable, additional costs and risks are incurred by Denison and its joint venture partners on a regular and ongoing basis.

Although Denison maintains insurance to cover some of these risks and hazards in amounts it believes to be reasonable, such insurance may not provide adequate coverage in the event of certain circumstances. No assurance can be given that such insurance will continue to be available, that it will be available at economically feasible premiums, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

Denison may be subject to liability or sustain loss for certain risks and hazards against which it cannot insure or which it may reasonably elect not to insure because of the cost. This lack of insurance coverage could result in material economic harm to Denison.

Anti-Bribery and Anti-Corruption Laws

The Company is subject to anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada). Failure to comply with these laws could subject the Company to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect the Company's business, results from operations, and financial condition. It may not be possible for the Company to ensure compliance with anti-bribery and anti-corruption laws in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located or may be located in the future.

Climate Change

Due to changes in local and global climatic conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations, particularly if they affect the Company's sites, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. In addition, reported warming trends could result in later freeze-ups and warmer lake temperatures, affecting the Company's winter exploration programs at certain of its material projects. Any such event could result in material economic harm to Denison.

The Company is focused on operating in a manner designed to minimize the environmental impacts of its activities; however, environmental impacts from mineral exploration and mining activities are inevitable. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on Denison's financial condition or results of operations.

Information Systems and Cyber Security

The Company's operations depend upon the availability, capacity, reliability and security of its information technology (IT) infrastructure, and its ability to expand and update this infrastructure as required, to conduct daily operations. Denison relies on various IT systems in all areas of its operations, including financial reporting, contract management, exploration and development data analysis, human resource management, regulatory compliance and communications with employees and third parties.

These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as network and/or hardware disruptions resulting from incidents such as unexpected interruptions or failures, natural disasters, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

The ability of the IT function to support the Company's business in the event of any such occurrence and the ability to recover key systems from unexpected interruptions cannot be fully tested. There is a risk that, if such an event actually occurs, the Company's continuity plan may not be adequate to immediately address all repercussions of the disaster. In the event of a disaster affecting a data centre or key office location, key systems may be unavailable for a number of days, leading to inability to perform some business processes in a timely manner. As a result, the failure of Denison's IT systems or a component thereof could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. Unauthorized access to Denison's IT systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Company's business activities or its competitive position. Further, disruption of critical IT services, or breaches of information security, could have a negative effect on the Company's operational performance and its reputation. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

The Company applies technical and process controls in line with industry-accepted standards to protect information, assets and systems; however these controls may not adequately prevent cyber-security breaches. There is no assurance that the Company will not suffer losses associated with cyber-security breaches in the future, and may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Dependence on Key Personnel and Qualified and Experienced Employees

Denison's success depends on the efforts and abilities of certain senior officers and key employees. Certain of Denison's employees have significant experience in the uranium industry, and the number of individuals with significant experience in this industry is small. While Denison does not foresee any reason why such officers and key employees will not remain with Denison, if for any reason they do not, Denison could be adversely affected. Denison has not purchased key man life insurance for any of these individuals. Denison's success also depends on the availability of qualified and experienced employees to work in Denison's operations and Denison's ability to attract and retain such employees.

Conflicts of Interest

Some of the directors and officers of Denison are also directors of other companies that are similarly engaged in the business of acquiring, exploring and developing natural resource properties. Such associations may give rise to conflicts of interest from time to time. In particular, one of the consequences would be that corporate opportunities presented to a director or officer of Denison may be offered to another company or companies with which the director or officer is associated, and may not be presented or made available to Denison. The directors and officers of Denison are required by law to act honestly and in good faith with a view to the best interests of Denison, to disclose any interest which they may have in any project or opportunity of Denison, and, where applicable for directors, to abstain from voting on such matter. Conflicts of interest that arise will be subject to and governed by the procedures prescribed in the Company's Code of Ethics and by the Ontario Business Corporations Act ('OBCA').

Disclosure and Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to the company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

Potential Influence of KEPCO and KHNP

Effective December 2016, KEPCO indirectly transferred the majority of its interest in Denison to KHNP Canada. Denison and KHNP Canada subsequently entered into the KHNP SRA (on substantially similar terms as the original strategic relationship agreement between Denison and KEPCO), pursuant to which KHNP Canada is contractually entitled to Board representation. Provided KHNP Canada holds over 5% of the Shares, it is entitled to nominate one director for election to the Board at any Shareholder meeting.

KHNP Canada's shareholding level gives it a large vote on decisions to be made by shareholders of Denison, and its right to nominate a director may give KHNP Canada influence on decisions made by Denison's Board. Although KHNP Canada's director nominee will be subject to duties under the OBCA to act in the best interests of Denison as a whole, such director nominee is likely to be an employee of KHNP and he or she may give special attention to KHNP's or KEPCO's interests as indirect Shareholders. The interests of KHNP and KEPCO, as indirect Shareholders, may not always be consistent with the interests of other Shareholders.

The KHNP SRA also includes provisions granting KHNP Canada a right of first offer for certain asset sales and the right to be approached to participate in certain potential acquisitions. The right of first offer and participation right of KHNP Canada may negatively affect Denison's ability or willingness to entertain certain business opportunities, or the attractiveness of Denison as a potential party for certain business transactions. KEPCO's large indirect shareholding block may also make Denison less attractive to third parties considering an acquisition of Denison if those third parties are not able to negotiate terms with KEPCO or KHNP Canada to support such an acquisition.

QUALIFIED PERSON

The disclosure of scientific and technical information regarding Denison's material properties in this MD&A was prepared by, or reviewed and approved by, Dale Verran, MSc, Pr.Sci.Nat., the Company's Vice President Exploration, or David Bronkhorst, PEng., the Company's Vice President Operations, each a Qualified Person in accordance with the requirements of NI 43-101. For a description of the quality assurance program and quality control measures applied by Denison, please see Denison's Annual Information Form dated March 12, 2019 available under Denison's profile on SEDAR at www.sedar.com, and its Form 40-F available on EDGAR at www.sec.gov/edgar.shtml.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes 'forward-looking information', within the meaning of the applicable United States and Canadian legislation concerning the business, operations and financial performance and condition of Denison.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as 'plans', 'expects', 'budget', 'scheduled', 'estimates', 'forecasts', 'intends', 'anticipates', or 'believes', or the negatives and/or variations of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might' or 'will be taken', 'occur', 'be achieved' or 'has the potential to'.

In particular, this MD&A contains forward-looking information pertaining to the following: the expectations described in the 2020 Outlook, including operating budget and capital expenditure programs, estimated exploration and development expenditures and reclamation costs and Denison's share of same; exploration, development and expansion plans and objectives, including the results of the PFS, and statements regarding anticipated evaluation plans, budgets and expenditures; statements regarding the completion of a future FS; expectations regarding Denison's joint venture ownership interests and the continuity of its agreements with its partners; the benefits to be derived from corporate transactions; expectations regarding adding to its mineral reserves and resources through acquisitions or exploration; expectations regarding the toll milling of Cigar Lake ores; expectations regarding revenues and expenditures from operations at the Closed Mines group; and expectations regarding revenues from the UPC management contract. Statements relating to 'mineral reserves' or 'mineral resources' are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements. Denison believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and results may differ materially from those anticipated in this forward-looking information. For a discussion in respect of risks and other factors that could influence forward-looking events, please refer to the factors discussed under the heading 'Risk Factors', above. These factors are not, and should not be construed as being exhaustive.

Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Any forward-looking information and the assumptions made with respect thereto speaks only as of the date of this MD&A. Denison does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A to conform such information to actual results or to changes in Denison's expectations except as otherwise required by applicable legislation.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources and Probable Mineral Reserves: This MD&A may use the terms 'measured', 'indicated' and 'inferred' mineral resources. United States investors are advised that such terms have been prepared in accordance with the definition standards on mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in Canadian National Instrument 43-101 Mineral Disclosure Standards ("NI 43-101") and are recognized and required by Canadian regulations. These definitions differ from the definitions in Industry Guide 7 ("**Industry Guide 7**") under the United States Securities Act of 1933, as amended.

The U.S. Securities and Exchange Commission (the "**SEC**") has adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act. These amendments became effective February 25, 2019 (the "**SEC Modernization Rules**") with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules replace Industry Guide 7, which will be rescinded from and after the required compliance date of the SEC Modernization Rules. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding definitions under the CIM Standards, as required under NI 43-101. However, United States investors are cautioned that there are differences in the definitions under the SEC Modernization Rules and the CIM Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as "proven mineral reserves", "probable mineral reserves", "measured mineral resources", "indicated mineral resources" and "inferred mineral resources" under NI 43-101 would be the same had the Company prepared the reserve or resource estimates under the standards adopted under the SEC Modernization Rules.

In addition, United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves or that all or any part of an inferred mineral resource exists, or is economically or legally mineable.

Responsibility for Financial Statements

The Company's management is responsible for the integrity and fairness of presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, for review by the Audit Committee and approval by the Board of Directors.

The preparation of financial statements requires the selection of appropriate accounting policies in accordance with International Financial Reporting Standards and the use of estimates and judgements by management to present fairly and consistently the consolidated financial position of the Company. Estimates are necessary when transactions affecting the current period cannot be finalized with certainty until future information becomes available. In making certain material estimates, the Company's management has relied on the judgement of independent specialists.

The Company's management has developed and maintains a system of internal accounting controls to ensure, on a reasonable and cost-effective basis, that the financial information is timely reported and is accurate and reliable in all material respects and that the Company's assets are appropriately accounted for and adequately safeguarded.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, our independent auditor. Its report outlines the scope of its examination and expresses its opinions on the consolidated financial statements and internal control over financial reporting.

Original signed by *"David D.Cates"*

David D. Cates
President and Chief Executive Officer

Original signed by *"Gabriel (Mac) McDonald"*

Gabriel (Mac) McDonald
Vice-President Finance and Chief Financial Officer

March 5, 2020

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control – Integrated Framework, 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2019.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2019 has been audited by PricewaterhouseCoopers LLP, our independent auditor, as stated in its report which appears herein.

Changes to Internal Control over Financial Reporting

There has not been any change in the Company's internal control over financial reporting that occurred during 2019 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Denison Mines Corp.

Opinions on the financial statements and internal control over financial reporting

We have audited the accompanying consolidated statements of financial position of Denison Mines Corp. and its subsidiaries (together, the Company) as of December 31, 2019 and 2018, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flow for the years then ended, including the related notes (collectively referred to as the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2019, based on criteria established in Internal Control – Integrated Framework (2013) issued by the COSO.

Substantial doubt about the Company's ability to continue as a going concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in note 2 to the consolidated financial statements, the Company has suffered recurring losses from operations and negative cash outflows from operating activities that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in note 2. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
March 5, 2020

We have served as the Company's auditor since at least 1996. We have not been able to determine the specific year we began serving as auditor of the Company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars ("CAD") except for share amounts)

	At December 31 2019	At December 31 2018
ASSETS		
Current		
Cash and cash equivalents (note 6)	$ 8,190	$ 23,207
Trade and other receivables (note 7)	4,023	4,072
Inventories (note 8)	3,352	3,584
Prepaid expenses and other	978	843
	16,543	31,706
Non-Current		
Inventories-ore in stockpiles (note 8)	2,098	2,098
Investments (note 9)	12,104	2,255
Investment in associate (note 10)	-	5,582
Restricted cash and investments (note 11)	11,994	12,255
Property, plant and equipment (note 12)	257,259	258,291
Total assets	$ 299,998	$ 312,187
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 7,930	$ 5,554
Current portion of long-term liabilities:		
Deferred revenue (note 13)	4,580	4,567
Post-employment benefits (note 14)	150	150
Reclamation obligations (note 15)	914	877
Other liabilities (note 16)	1,372	1,337
	14,946	12,485
Non-Current		
Deferred revenue (note 13)	31,741	33,160
Post-employment benefits (note 14)	2,108	2,145
Reclamation obligations (note 15)	31,598	29,187
Other liabilities (note 16)	532	-
Deferred income tax liability (note 17)	8,924	12,963
Total liabilities	89,849	89,940
EQUITY		
Share capital (note 18)	1,335,467	1,331,214
Share purchase warrants (note 19)	435	435
Contributed surplus	65,417	63,634
Deficit	(1,192,304)	(1,174,163)
Accumulated other comprehensive income (note 21)	1,134	1,127
Total equity	210,149	222,247
Total liabilities and equity	$ 299,998	$ 312,187
Issued and outstanding common shares (note 18)	597,192,153	589,175,086

Going concern basis of accounting (note 2)
Commitments and contingencies (note 26)
Subsequent events (note 28)

The accompanying notes are an integral part of the consolidated financial statements

On behalf of the Board of Directors:

Original signed by *"Catherine J.G. Stefan"*

Catherine J.G. Stefan
Director

Original signed by *"Brian D. Edgar"*

Brian D. Edgar
Director

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in thousands of CAD dollars except for share and per share amounts)	Year Ended December 31 2019	2018
REVENUES (note 23)	$ 15,549	$ 15,550
EXPENSES		
Operating expenses (note 22, 23)	(14,436)	(15,579)
Exploration and evaluation (note 23)	(15,238)	(15,457)
General and administrative (note 23)	(7,811)	(7,189)
Impairment expense (note 12)	-	(6,086)
Other income (expense) (note 22)	2,970	(6,234)
	(34,515)	(50,545)
Loss before finance charges, equity accounting	(18,966)	(34,995)
Finance expense, net (note 22)	(4,125)	(3,653)
Equity share of income (loss) of associate (note 10)	(426)	277
Loss before taxes	(23,517)	(38,371)
Income tax recovery (note 17):		
Deferred	5,376	8,294
Net loss for the period	$ (18,141)	$ (30,077)
Other comprehensive income (loss) (note 21):		
Items that may be reclassified to loss:		
Foreign currency translation change	7	(13)
Comprehensive loss for the period	$ (18,134)	$ (30,090)
Basic and diluted net loss per share	$ (0.03)	$ (0.05)
Weighted-average number of shares outstanding (in thousands):		
Basic and diluted	590,343	564,976

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Changes in Equity

(Expressed in thousands of CAD dollars)	Year Ended December 31 2019	2018
Share capital (note 18)		
Balance-beginning of period	$ 1,331,214	$ 1,310,473
Shares issued for cash, net of issue costs	4,292	4,549
Flow-through share premium	(902)	(1,337)
Shares issued on acquisition of additional mineral property interests (note 12)	19	17,529
Share options exercised-cash	405	-
Share options exercised-fair value adjustment	140	-
Share units exercised-fair value adjustment	299	-
Balance-end of period	1,335,467	1,331,214
Share purchase warrants (note 19)		
Balance-beginning of period	435	435
Balance-end of period	435	435
Contributed surplus		
Balance-beginning of period	63,634	61,799
Share-based compensation expense (note 20)	2,222	1,835
Share options exercised-fair value adjustment	(140)	-
Share units exercised-fair value adjustment	(299)	-
Balance-end of period	65,417	63,634
Deficit		
Balance-beginning of period	(1,174,163)	(1,144,086)
Net loss	(18,141)	(30,077)
Balance-end of period	(1,192,304)	(1,174,163)
Accumulated other comprehensive income (note 21)		
Balance-beginning of period	1,127	1,140
Foreign currency translation	7	(13)
Balance-end of period	1,134	1,127
Total Equity		
Balance-beginning of period	$ 222,247	$ 229,761
Balance-end of period	$ 210,149	$ 222,247

The accompanying notes are an integral part of the consolidated financial statements

Consolidated Statements of Cash Flow

(Expressed in thousands of CAD dollars)	Year Ended December 31 2019	2018
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	$ (18,141)	$ (30,077)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	8,711	8,585
Impairment expense (note 12)	-	6,086
Share-based compensation (note 20)	2,222	1,835
Recognition of deferred revenue (note 13)	(4,609)	(4,239)
Losses on reclamation obligation revisions (note 15)	845	369
Gains on debt obligation revisions (note 16)	(26)	-
Losses on property, plant and equipment disposals (note 22)	37	135
Losses on investments (note 22)	1,085	5,411
Equity loss of associate (note 10)	678	472
Dilution gain of associate (note 10)	(252)	(749)
Gain on deconsolidation of associate	(5,267)	-
Non-cash inventory adjustments and other	-	56
Deferred income tax recovery (note 17)	(5,376)	(8,294)
Foreign exchange losses (gains) (note 22)	(2)	1
Post-employment benefits (note 14)	(107)	(142)
Reclamation obligations (note 15)	(855)	(755)
Change in non-cash working capital items (note 22)	2,256	355
Net cash used in operating activities	(18,801)	(20,951)
INVESTING ACTIVITIES		
Decrease (increase) in loans receivable (note 7, 25)	250	(250)
Sale of investments (note 9)	-	37,500
Purchase of investments (note 9)	(511)	-
Expenditures on property, plant and equipment (note 12)	(929)	(1,567)
Proceeds on sale of property, plant and equipment	8	361
Decrease (increase) in restricted cash and investments	261	(71)
Net cash provided by (used in) investing activities	(921)	35,973
FINANCING ACTIVITIES		
Issuance of debt obligations (note 16)	670	-
Repayment of debt obligations (note 16)	(662)	-
Issuance of common shares for:		
New share issues-net of issue costs (note 18)	4,292	4,549
Share options exercise proceeds (note 18)	405	-
Net cash provided by financing activities	4,705	4,549
Increase (decrease) in cash and cash equivalents	(15,017)	19,571
Cash and cash equivalents, beginning of period	23,207	3,636
Cash and cash equivalents, end of period	$ 8,190	$ 23,207

Supplemental cash flow disclosure (note 22)

The accompanying notes are an integral part of the consolidated financial statements

Notes to the consolidated financial statements for the years ended December 31, 2019 and 2018

(Expressed in CAD dollars except for shares and per share amounts)

1. NATURE OF OPERATIONS

Denison Mines Corp. ("DMC") and its subsidiary companies and joint operations (collectively, "Denison" or the "Company") are engaged in uranium mining related activities, which can include acquisition, exploration and development of uranium properties, as well as the extraction, processing and selling of uranium.

The Company has a 90.0% interest in the Wheeler River Joint Venture ("WRJV"), a 66.57% interest in the Waterbury Lake Uranium Limited Partnership ("WLULP"), a 22.5% interest in the McClean Lake Joint Venture ("MLJV") (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture ("MWJV"), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill provides toll milling services to the Cigar Lake Joint Venture ("CLJV") under the terms of a toll milling agreement between the parties (see note 13). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

The Company provides mine decommissioning and other services (collectively "environmental services") to third parties through its Denison Closed Mines Group (formerly Denison Environmental Services) and is also the manager of Uranium Participation Corporation ("UPC"), a publicly-listed company formed to invest substantially all of its assets in uranium oxide concentrates ("U_3O_8") and uranium hexafluoride ("UF_6"). The Company has no ownership interest in UPC but receives fees for management services and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC.

DMC is incorporated under the Business Corporations Act (Ontario) and domiciled in Canada. The address of its registered head office is 40 University Avenue, Suite 1100, Toronto, Ontario, Canada, M5J 1T1.

References to "2019" and "2018" refer to the year ended December 31, 2019 and the year ended December 31, 2018 respectively.

2. GOING CONCERN BASIS OF ACCOUNTING

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), on a going concern basis. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company ceases to exist as a going concern in the normal course of operations. Such adjustments could be material.

At December 31, 2019, the Company does not have sufficient liquidity on hand to fund its operations for the next twelve months and will require further financing to meet its financial obligations, execute its plans and maintain rights under existing agreements.

During 2019 and early 2020, the Company was successful in raising funds through a private placement and renegotiating the terms of the Company's credit facility as noted in note 28. However, further additional sources of financing will be required in 2020 to fund the Company's planned operations, which includes the strategic advancement of the Wheeler River uranium project. The Company believes it will be able to raise additional financing either through equity or debt financing, sale of equity investments or other assets, or by selling a stream and/or royalty on the Wheeler River project.

The Company is actively pursuing access to different sources of funding and while it has been successful in the past in obtaining financing for its activities, there is no assurance that it will be able to obtain adequate financing in the future. These events and conditions indicate the existence of material uncertainties that may cast substantial doubt as to the Company's ability to continue as a going concern.

3. STATEMENT OF COMPLIANCE, ACCOUNTING POLICIES, ACCOUNTING CHANGES AND COMPARATIVE NUMBERS

Statement of Compliance

These consolidated financial statements have been prepared in accordance with IFRS as issued by the IASB.

These financial statements were approved by the board of directors for issue on March 5, 2020.

Significant accounting policies

These consolidated financial statements are presented in Canadian dollars ("CAD") and all financial information is presented in CAD, unless otherwise noted.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue and expenses. Actual results may vary from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

The significant accounting policies used in the preparation of these consolidated financial statements are described below:

A. Consolidation principles

The financial statements of the Company include the accounts of DMC, its subsidiaries, its joint operations and its investments in associates.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the DMC group of entities has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated.

Joint Operations

Joint operations are contractual arrangements which involve joint control between the parties. In the mining industry, these arrangements govern the formation, ownership and ongoing operation and management of various mineral property interests contributed to the joint operation. A joint operation may or may not be structured through a separate financial vehicle. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

Investments in associates

An associate is an entity over which the Company has significant influence and is neither a subsidiary, nor an interest in a joint operation. Significant influence is the ability to participate in the financial and operating policy decisions of the entity without having control or joint control over those policies.

Associates are accounted for using the equity method. Under this method, the investment in associates is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the associate as if the associate had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income, and for accounting changes that relate to periods subsequent to the date of acquisition. Dilution gains or losses arising from changes in the interest in investments in associates are recognized in the statement of income or loss.

The Company assesses at each period-end whether there is any objective evidence that an investment in an associate is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount, being the higher of fair value less costs of disposal or value in use, and charged to the statement of income or loss.

B. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each entity in the DMC group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Primary and secondary indicators are used to determine the functional currency. Primary indicators include the currency that mainly influences sales prices, labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and in which receipts from operating activities are usually retained. Typically, the local currency has been determined to be the functional currency of Denison's entities.

The financial statements of entities that have a functional currency different from the presentation currency of DMC ("foreign operations") are translated into Canadian dollars as follows: assets and liabilities-at the closing rate at the date of the statement of financial position, and income and expenses-at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive income or loss as cumulative foreign currency translation adjustments.

When the Company disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income or loss related to the foreign operation are recognized in the statement of income or loss as translational foreign exchange gains or losses.

Transactions and balances

Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income or loss as transactional foreign exchange gains or losses.

C. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

D. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled or expire.

At initial recognition, the Company classifies its financial instruments in the following categories:

Financial assets and liabilities at fair value through profit or loss ("FVTPL")

A financial asset is classified in this category if it is a derivative instrument, an equity instrument for which the Company has not made the irrevocable election to classify as fair value through other comprehensive income ("FVTOCI"), or a debt instrument that is not held within a business model whose objective includes holding the financial assets in order to collect contractual cash flows that are solely payments of principal and interest. Derivative financial liabilities and contingent consideration liabilities related to business combinations are also classified in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income or loss. Gains and losses arising from changes in fair value are presented in the statement of income or loss – within other income (expense) - in the period in which they arise.

Financial assets at amortized cost

A financial asset is classified in this category if it is a debt instrument and / or other similar asset that is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows (i.e. principal and interest). Financial assets in this category are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less a provision for impairment. Interest income is recorded in the statement of income or loss through finance income.

Financial liabilities at amortized cost

All financial liabilities that are not recorded as FVTPL are classified in this category and are initially recognized less a discount (when material) to reduce the financial liabilities to fair value and less any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded in net income through finance expense.

Refer to the “Fair Value of Financial Instruments” section of note 25 for the Company’s classification of its financial assets and liabilities within the fair value hierarchy.

E. Impairment of financial assets

At each reporting date, the Company assesses the expected credit losses associated with its financial assets that are not carried at FVTPL. Expected credit losses are calculated based on the difference between the contractual cash flows and the cash flows that the Company expects to receive, discounted, where applicable, based on the assets original effective interest rate.

For “Trade and other receivables”, the Company calculates expected credit losses based on historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. In recording an impairment loss, the carrying amount of the asset is reduced by this computed amount either directly or indirectly through the use of an allowance account.

F. Inventories

Expenditures, including depreciation, depletion and amortization of production assets, incurred in the mining and processing activities that will result in future concentrate production are deferred and accumulated as ore in stockpiles, in-process inventories and concentrate inventories. These amounts are carried at the lower of average costs or net realizable value (“NRV”). NRV is calculated as the estimated future concentrate price (net of selling costs) less the estimated costs to complete production into a saleable form.

Stockpiles are comprised of coarse ore that has been extracted from the mine and is available for further processing. Mining production costs are added to the stockpile as incurred and removed from the stockpile based upon the average cost per tonne of ore produced from mines considered to be in commercial production. The current portion of ore in stockpiles represents the amount expected to be processed in the next twelve months.

In-process and concentrate inventories include the cost of the ore removed from the stockpile, a pro-rata share of the amortization of the associated mineral property, as well as production costs incurred to process the ore into a saleable product. Processing costs typically include labor, chemical reagents and directly attributable mill overhead expenditures. Items are valued at weighted average cost.

Materials and other supplies held for use in the production of inventories are carried at average cost and are not written down below that cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of concentrates indicates that the cost of the finished products exceeds NRV, the materials are written down to NRV. In such circumstances, the replacement cost of the materials may be the best available measure of their net realizable value.

G. Property, plant and equipment

Plant and equipment

Plant and equipment are recorded at acquisition or production cost and carried net of depreciation and impairments. Cost includes expenditures incurred by the Company that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced.

Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Depreciation is calculated on a straight line or unit of production basis as appropriate. Where a straight line methodology is used, the assets are depreciated to their estimated residual value over an estimated useful life which ranges from three to twenty years depending upon the asset type. Where a unit of production methodology is used, the assets are depreciated to their estimated residual value over the useful life defined by management's best estimate of recoverable reserves and resources in the current estimated mine plan. When assets are retired or sold, the resulting gains or losses are reflected in the statement of income or loss as a component of other income or expense. The Company allocates the amount initially recognized in respect of an item of plant and equipment to its significant parts and depreciates separately each such part over its useful life. Residual values, methods of depreciation and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

Where straight-line depreciation is utilized, the range of useful lives for various asset classes is generally as follows:

Buildings	15 - 20 years;
Production machinery and equipment	5 - 7 years;
Other	3 – 5 years.

Mineral property acquisition, exploration, evaluation and development costs

Costs relating to mineral and / or exploration rights acquired through a business combination or asset acquisition are capitalized and reported as part of "Property, plant and equipment".

Exploration expenditures are expensed as incurred.

Evaluation expenditures are expensed as incurred, until an area of interest is considered by management to be sufficiently advanced. Once this determination is made, the area of interest is classified as an "Advanced Evaluation Stage" mineral property, a component of the Company's mineral properties, and all further non-exploration expenditures for the current and subsequent periods are capitalized. These expenses can include further evaluation expenditures such as mining method selection and optimization, metallurgical sampling test work and costs to further delineate the ore body to a higher confidence level.

Once commercial and technical viability has been established for a property, the property is classified as a "Development Stage" mineral property and all further development costs are capitalized to the asset. Further development costs include costs related to constructing a mine, such as shaft sinking and access, lateral development, drift development, engineering studies and environmental permitting, infrastructure development and the costs of maintaining the site until commercial production.

Such capital costs represent the net expenditures incurred and capitalized as at the balance sheet date and do not necessarily reflect present or future values.

Once a development stage mineral property goes into commercial production, the property is classified as "Producing" and the accumulated costs are amortized over the estimated recoverable resources in the current mine plan using a unit of production basis. Commercial production occurs when a property is substantially complete and ready for its intended use.

Proceeds received from the sale of an interest in a property are credited against the carrying value of the property, with any difference recorded as a gain or loss on sale.

Lease assets (and lease obligations)

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases

where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either (a) the Company has the right to operate the asset; or (b) the Company designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, the Company accounts for the lease and non-lease components separately. For the lease component, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments associated with the lease liability are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance.

H. Impairment of non-financial assets

Property, plant and equipment assets are assessed at the end of each reporting period to determine if there is any indication that the asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset is made. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level, or cash generating unit ("CGU"), for which there are separately identifiable cash inflows. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

Mineral property assets are tested for impairment using the impairment indicators under IFRS 6 "Exploration for and Evaluation of Mineral Resources" up until the commercial and technical feasibility for the property is established. From that point onwards, mineral property assets are tested for impairment using the impairment indicators of IAS 36 "Impairment of Assets".

I. Employee benefits

Post-employment benefit obligations

The Company assumed the obligation of a predecessor company to provide life insurance, supplemental health care and dental benefits, excluding pensions, to its former Canadian employees who retired from active service prior to 1997. The estimated cost of providing these benefits is actuarially determined using the projected benefits method and is recorded on the balance sheet at its estimated present value. The interest cost on this unfunded liability is being accreted over the remaining lives of this retiree group. Experience gains and losses are being deferred as a component of accumulated other comprehensive income or loss and are adjusted, as required, on the obligations re-measurement date.

Stock-based compensation

The Company uses a fair value-based method of accounting for stock options to employees and to non-employees. The fair value is determined using the Black-Scholes option pricing model on the date of the grant. The cost is recognized on a graded method basis, adjusted for expected forfeitures, over the applicable vesting period as an increase in stock-based compensation expense and the contributed surplus account. When such stock options are exercised, the proceeds received by the Company, together with the respective amount from contributed surplus, are credited to share capital.

The Company also has a share unit plan pursuant to which it may grant share units to employees – the share units are equity-settled awards. The Company determines the fair value of the awards on the date of grant. The cost is recognized on a graded method basis, adjusted for expected forfeitures, over the applicable vesting period, as an increase in share-based compensation expense and the contributed surplus account. When such share units are settled for common shares, the applicable amounts of contributed surplus are credited to share capital.

Termination benefits

The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

J. Reclamation provisions

Reclamation provisions, which are legal and constructive obligations related to the retirement of tangible long-lived assets, are recognized when such obligations are incurred and a reasonable estimate of the value can be determined. These obligations are measured initially at the present value of expected cash flows using a pre-tax discount rate reflecting risks specific to the liability and the resulting costs are capitalized and added to the carrying value of the related assets. In subsequent periods, the liability is adjusted for the accretion of the discount and the expense is recorded in the statement of income or loss. Changes in the amount or timing of the underlying future cash flows or changes in the discount rate are immediately recognized as an increase or decrease in the carrying amounts of the related asset and liability. These costs are amortized to the results of operations over the life of the asset. Reductions in the amount of the liability are first applied against the amount of the net reclamation asset with any excess value being recorded in the statement of income or loss.

The Company's activities are subject to numerous governmental laws and regulations. Estimates of future reclamation liabilities for asset decommissioning and site restoration are recognized in the period when such liabilities are incurred. These estimates are updated on a periodic basis and are subject to changing laws, regulatory requirements, changing technology and other factors which will be recognized when appropriate. Liabilities related to site restoration include long-term treatment and monitoring costs and incorporate total expected costs net of recoveries. Expenditures incurred to dismantle facilities, restore and monitor closed resource properties are charged against the related reclamation liability.

K. Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized in liabilities when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the impact of the discount is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

L. Current and deferred Income tax

Current income tax payable is based on taxable income for the period. Taxable income differs from income as reported in the statement of income or loss because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income taxes are accounted for using the balance sheet liability method. Deferred income tax assets and liabilities are computed based on temporary differences between the financial statement carrying values of the existing assets and liabilities and their respective income tax bases used in the computation of taxable income. Computed deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recorded within equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

M. Flow-through common shares

The Company's Canadian exploration activities have been financed in part through the issuance of flow-through common shares, whereby the Canadian income tax deductions relating to these expenditures are claimable by the subscribers and not by the Company. The proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium when the shares are issued, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation of the tax deduction to the flow-through shareholders, is recorded - with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation to its subscribers – which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

N. Revenue recognition

Revenue from pre-sold toll milling services

Revenue from the pre-sale of toll milling arrangement cash flows is recognized as the toll milling services are provided. At contract inception, the Company estimates the expected transaction price of the toll milling services being sold based on available information and calculates an average per unit transaction price that applies over the life of the contract. This unit price is used to draw-down the deferred revenue balance as the toll milling services occur. When changes occur to the timing, or volume of toll milling services, the per unit transaction price is adjusted to reflect the change (such review to be done annually, at a minimum), and a cumulative catch up adjustment is made to reflect the updated rate. The amount of the upfront payment received from the toll milling pre-sale arrangements includes a significant financing component due to the longer term nature of such agreements. As such, the Company also recognizes accretion expense on the deferred revenue balance which is recorded in net income through "Finance expense, net".

Revenue from environmental services (i.e. Closed Mines Group)

Environmental service contracts represent a series of distinct performance obligations that are substantially the same and have the same pattern of transfer of control to the customer. The transaction price is estimated at contract inception and is recognized over the life of the contract as control is transferred to the customer. Variable consideration, where applicable, is estimated at contract inception using either the expected value method or the most likely amount method. If it is highly probable that a subsequent reversal of revenue will not occur when the uncertainty has been resolved, the Company will recognize as revenue the estimated transaction price, including the estimate of the variable portion, upon transfer of control to the customer. Where it is determined that it is highly probable that a subsequent reversal of revenue will occur upon the resolution of the uncertainty, the variable portion of the transaction price will be constrained, and will not be recognized as revenue until the uncertainty has been resolved.

Revenue from management services (i.e. UPC)

The management services arrangement with UPC represents a series of distinct performance obligations that are substantially the same and have the same pattern of transfer of control to the customer. The transaction price for the contract is estimated at contract inception and is recognized over the life of the contract as control is transferred to the customer as the services are provided. The variable consideration related to the net asset value ("NAV") based management fee was estimated at contract inception using the expected value method. It was determined that it is highly probable that a subsequent reversal of revenue would occur if the variable consideration was included in the transaction price, and as such, the variable portion of the transaction price will be measured and recognized when the uncertainty has been resolved (i.e. when the actual NAV has been calculated).

Commission revenue earned on acquisition or sale of U_3O_8 and UF_6 on behalf of UPC (or other parties where Denison acts as an agent) is recognized when control of the related U_3O_8 or UF_6 passes to the customer, which is the date when title of the U_3O_8 and UF_6 passes to the customer.

Revenue from spot sales of uranium

In a uranium supply arrangement, the Company is contractually obligated to provide uranium concentrates to the customer. Each delivery is considered a separate performance obligation under the contract – revenue is measured based on the transaction price specified in the contract and the Company recognizes revenue when control to the uranium has been transferred to the customer.

Uranium can be delivered either to the customer directly (physical deliveries) or notionally under title within a uranium storage facility (notional deliveries). For physical deliveries to customers, the terms in the supply arrangement specify the location of delivery and revenue is recognized when control transfers to the customer which is generally when the uranium has been delivered and accepted by the customer at that location. For notional deliveries at a uranium storage facility, revenue is recognized on the date that the Company specifies the storage facility to transfer title of a contractually specified quantity of uranium to a customer's account at the storage facility.

O. Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net income or loss for the period attributable to equity owners of DMC by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method.

Accounting changes for fiscal 2019

A. IFRS 16 Leases ("IFRS 16")

On January 1, 2019, Denison adopted the provisions of IFRS 16 using the modified retrospective approach. As such, comparative information has not been restated and continues to be reported under International Accounting Standard 17 Leases ("IAS 17") and International Financial Reporting Interpretation Committee 4 Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). The transitional impact of the change in accounting policy is disclosed in note 5 and additional disclosures related to Denison's IFRS 16 right-of-use assets, lease liabilities and lease amounts recognized in net income or loss are disclosed in notes 12, 16 and 22, respectively. Denison's accounting policy for leases is noted above within the accounting policy for "Property, Plant and Equipment".

Comparative numbers

Certain classifications of the comparative figures have been changed to conform to those used in the current period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements that affect the amounts reported. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Although the Company regularly reviews the estimates and judgements made that affect these financial statements, actual results may be materially different.

Significant estimates and judgements made by management relate to:

A. Determination of a mineral property being sufficiently advanced

The Company follows a policy of capitalizing non-exploration related expenditures on properties it considers to be sufficiently advanced. Once a mineral property is determined to be sufficiently advanced, that determination is irrevocable and the capitalization policy continues to apply over the life of the property. In determining whether or not a mineral property is sufficiently advanced, management considers a number of factors, including, but not limited to: current uranium market conditions, the quality of resources identified, access to the resource, the suitability of the resource to current mining methods, ease of permitting, confidence in the jurisdiction in which the resource is located and mill processing complexity.

Many of these factors are subject to risks and uncertainties that can support a "sufficiently advanced" determination as at one point in time but not support it at another. The final determination requires significant judgment on the part of the Company's management and directly impacts the carrying value of the Company's mineral properties.

B. Mineral property impairment reviews and impairment adjustments

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator is identified, the Company determines the recoverable amount of the property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

C. Deferred revenue – pre-sold toll milling: classification

In February 2017, Denison closed an arrangement with Anglo Pacific Group PLC and its subsidiaries (the "APG Arrangement" and "APG" respectively – see note 13). Under the APG Arrangement, Denison monetized its right to receive future toll milling cash receipts from July 1, 2016 onwards from the MLJV under the current toll milling agreement with the CLJV for an upfront cash payment. The APG Arrangement consisted of a loan structure and a stream arrangement. Significant judgement was required to determine whether the APG Arrangement should be accounted for as a financial obligation (i.e. debt) or deferred revenue.

Key factors that support the deferred revenue conclusion reached by management include, but are not limited to: a) Limited recourse loan structure – amounts due to APG are generally repayable only to the extent of Denison's share of the toll milling revenues earned by the MLJV from the processing of the first 215 million pounds of U_3O_8 from the Cigar Lake mine on or after July 1, 2016, under the terms of the current Cigar Lake toll milling agreement; and b) No warranty of the future rate of production - no warranty is provided by Denison to APG regarding the future rate of production at the Cigar Lake mine and / or the McClean Lake mill, or the amount and / or collectability of cash receipts to be received by the MLJV in respect of toll milling of Cigar Lake ore.

D. Deferred revenue – pre-sold toll milling: revenue recognition

In February 2017, Denison closed the APG Arrangement and effectively monetized its right to receive specified future toll milling cash receipts from the MLJV related to the current toll milling agreement with the CLJV. In exchange, Denison received a net up-front payment of $39,980,000 which has been accounted for as a deferred revenue liability as at the transaction close date.

Under IFRS 15, the Company is required to recognize a revenue component and a financing component as it draws down the deferred revenue associated with the APG Arrangement over the life of the specified toll milling production included in the APG Arrangement. In estimating both of these components, the Company is required to make assumptions relating to the future toll milling production volume associated with Cigar Lake Phase 1 and 2 ore reserves and resources (to end of mine life) and estimates of the annual timing of that production. Changes in these estimates affect the underlying production profile, which in turn affects the average toll milling drawdown rate used to recognize revenue.

When the average toll milling drawdown rate is changed, the impact is reflected on a life-to-date production basis with a retroactive adjustment to revenue recorded in the current period. Going forward, each time the Company updates its estimates of the underlying production profile for the APG Arrangement (typically in the quarter that information relating to Cigar Lake uranium resource updates and / or production schedules becomes publicly available), retroactive adjustments to revenue will be recorded in the period that the revised estimate is determined – such adjustments, which are non-cash in nature, could be material.

E. Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed in respect of taxes that are based on taxable profit. Taxable profit will often differ from accounting profit and management may need to exercise judgement to determine whether some taxes are income taxes (and subject to deferred tax accounting) or operating expenses.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards and other deferred tax assets to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

F. Reclamation obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed or a constructive or legal obligation exists. The valuation of the liability typically involves identifying costs to be incurred in the future and discounting them to the present using an appropriate discount rate for the liability. The determination of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ materially from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

5. ADOPTION OF NEW STANDARDS – IMPACT ON FINANCIAL STATEMENTS

As noted above in Note 3, Denison adopted the provisions of IFRS 16 on January 1, 2019 using the modified retrospective approach. On transition to IFRS 16, the Company recognized an additional $944,000 of right-of-use assets (reported within "Property, Plant and Equipment" – see note 12) and an additional $944,000 of lease liabilities (reported within "Other Liabilities" – see note 16).

The underlying lease payments have been discounted using the Company's incremental borrowing rate on January 1, 2019 of 8.50%. In applying IFRS 16 for the first time, Denison has used the following practical expedients permitted by the standard: a) leases with a term of less than 12 months remaining at January 1, 2019 have been accounted for as short-term leases; and b) initial direct costs for the measurement of the right-of-use asset at the date of initial application have been excluded.

A reconciliation of Denison's December 31, 2018 lease commitments to its opening lease liabilities amount recognized under IFRS 16 is as follows:

(in thousands of CAD dollars)		
Operating lease and other commitments per Denison's December 31, 2018 annual financial statements	$	1,259
Adjustments to IFRS 16:		
Recognition exemption for short-term leases		(13)
Other		(75)
Lease liabilities - undiscounted		1,171
Present value discount adjustment		(227)
Lease liabilities on transition to IFRS 16 at January 1, 2019	$	944

Under IFRS 16, Denison has recognized assets and liabilities for certain lease components which were expensed by the Company in the past. The adoption of IFRS 16 has resulted in the Company reporting: a) increased assets and liabilities; b) increased depreciation and accretion expense and decreased lease expense within the statement of income (loss); and c) decreased cash outflows from operations and increased cash outflows from financing as lease payments are recorded as financing outflows in the cash flow statement.

6. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Cash	$	1,583	$	1,152
Cash in MLJV and MWJV		1,397		654
Cash equivalents		5,210		21,401
	$	8,190	$	23,207

Cash equivalents consist of various investment savings account instruments and money market funds, all of which are short term in nature, highly liquid and readily convertible into cash.

7. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Trade receivables	$	2,608	$	2,952
Receivables in MLJV and MWJV		1,125		571
Sales tax receivables		92		98
Sundry receivables		198		201
Loan receivable (note 24)		-		250
	$	4,023	$	4,072

8. INVENTORIES

The inventories balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Uranium concentrates	$	526	$	526
Inventory of ore in stockpiles		2,098		2,098
Mine and mill supplies in MLJV		2,826		3,058
	$	5,450	$	5,682
Inventories-by balance sheet presentation:				
Current	$	3,352	$	3,584
Long term-ore in stockpiles		2,098		2,098
	$	5,450	$	5,682

Long-term ore in stockpile inventory represents an estimate of the amount of ore on the stockpile in excess of the next twelve months of planned mill production.

The uranium concentrate inventory has a fair market value, excluding selling costs, of $844,000 at December 31, 2019 ($1,011,000 - December 31, 2018).

9. INVESTMENTS

The investments balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Investments:				
Equity instruments	$	12,104	$	2,255
	$	12,104	$	2,255
Investments-by balance sheet presentation:				
Current	$	-	$	-
Long-term		12,104		2,255
	$	12,104	$	2,255

The investments continuity summary is as follows:

(in thousands)		2019		2018
Balance-January 1	$	2,255	$	45,166
Purchases				
Equity instruments		511		-
Sales / redemptions				
Debt instruments – GIC redemption.		-		(37,500)
Transfer from investment in associates at fair value (note 10)		10,423		-
Fair value loss to profit and loss (note 22)		(1,085)		(5,411)
Balance-December 31	$	12,104	$	2,255

At December 31, 2019, the Company holds equity instruments consisting of shares and warrants in publicly-traded companies and no debt instruments.

10. INVESTMENT IN ASSOCIATE

The investment in associate balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Investment in associate-by investee:				
GoviEx Uranium Inc (“GoviEx”)	$	-	$	5,582
	$	-	$	5,582

A summary of the investment in GoviEx is as follows:

(in thousands except share amounts)	Number of Common Shares		
Balance-January 1, 2018	65,144,021	$	5,305
Equity share of net loss	-		(472)
Dilution gain	-		749
Balance-December 31, 2018	65,144,021	$	5,582
Equity share of net loss	-		(678)
Dilution gain	-		252
Deconsolidation of investment in GoviEx	-		(5,156)
Balance-December 31, 2019	65,144,021	$	-

GoviEx is a mineral resource company focused on the exploration and development of its uranium properties located in Africa. GoviEx maintains a head office located in Canada and is a public company listed on the TSX Venture Exchange. At December 31, 2019, Denison holds an approximate 15.39% interest in GoviEx based on publicly available information (December 31, 2018: 16.21% and December 31, 2017: 18.72%) and has one director appointed to the GoviEx board of directors.

Through the voting power of its share ownership interest, its large warrant holdings and its seat on the board of directors, Denison had the ability to demonstrate significant influence over GoviEx and used the equity method to account for this investment up to September 30, 2019. On October 1, 2019 (the deconsolidation date), Denison discontinued use of the equity method based on a determination that Denison’s influence over GoviEx was no longer demonstrable as significant - due to the expiry of its warrant holdings and an increased ownership interest in GoviEx’s main subsidiary by the Government of Niger during GoviEx’s third quarter of 2019.

On the deconsolidation date, Denison classified its equity investment in GoviEx as FVTPL. As a result, Denison recognized a gain of $5,267,000 which represents the excess of the fair value of the investment on that date ($10,423,000) as compared to the investment’s carrying value under the equity method ($5,156,000).

The following table is a summary of the consolidated financial information of GoviEx on a 100% basis, up to September 30, 2019, taking into account adjustments made by Denison for equity accounting purposes for fair value adjustments and differences in accounting policy. Prior to the deconsolidation date, Denison recorded its equity investment entries in GoviEx one quarter in arrears (due to the information not yet being publicly available), adjusted for any material publicly disclosed share issuance transactions that occurred up to the quarter end date on which Denison is reporting. A reconciliation of GoviEx's summarized information to Denison's investment carrying value, for the period when equity accounting was used, is also included.

(in thousands of USD dollars)	At September 30 2019	At December 31 2018
Total current assets	$ 4,559	$ 4,800
Total non-current assets	32,418	32,432
Total current liabilities	(8,222)	(8,315)
Total net assets	$ 28,755	$ 28,917

(in thousands of USD dollars)	Nine Months Ended September 30, 2019	Twelve Months Ended December 31, 2018
Revenue	$ -	$ -
Net loss	(3,202)	(1,892)
Comprehensive loss	(3,202)	(1,892)

(in thousands)	At September 30 2019	At December 31 2018
Reconciliation of GoviEx net assets to Denison investment carrying value:		
Net assets of GoviEx – beginning of period - USD	$ 28,917	$ 23,604
Share issue proceeds	2,474	6,654
Contributed surplus change	86	74
Share-based payment reserve change	480	477
Deficit changes		
Net loss	(3,202)	(1,892)
Net assets of GoviEx – end of period – USD	$ 28,755	$ 28,917
Denison ownership interest	15.39%	16.21%
Denison share of net assets of GoviEx	4,425	4,687
Other adjustments	(343)	(283)
Investment in GoviEx – USD	4,082	4,404
At historical exchange rate	1.2631	1.2675
Investment in GoviEx – end of period - CAD	$ 5,156	$ 5,582

11. RESTRICTED CASH AND INVESTMENTS

The Company has certain restricted cash and investments deposited to collateralize a portion of its reclamation obligations. The restricted cash and investments balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Cash and cash equivalents	$	2,859	$	85
Investments		9,135		12,170
	$	11,994	$	12,255
Restricted cash and investments-by item:				
Elliot Lake reclamation trust fund	$	2,859	$	3,120
Letters of credit facility pledged assets		9,000		9,000
Letters of credit additional collateral		135		135
	$	11,994	$	12,255

At December 31, 2019, investments consist of guaranteed investment certificates with maturities of more than 90 days. At December 31, 2018, investments consist of guaranteed investment certificates and term deposits with maturities of more than 90 days.

Elliot Lake reclamation trust fund

The Company has the obligation to maintain its decommissioned Elliot Lake uranium mine pursuant to a Reclamation Funding Agreement effective December 21, 1995 ("Agreement") with the Governments of Canada and Ontario. The Agreement, as further amended in February 1999, requires the Company to maintain funds in the reclamation trust fund equal to estimated reclamation spending for the succeeding six calendar years, less interest expected to accrue on the funds during the period. Withdrawals from this reclamation trust fund can only be made with the approval of the Governments of Canada and Ontario to fund Elliot Lake monitoring and site restoration costs.

In 2019, the Company deposited an additional $477,000 into the Elliot Lake reclamation trust fund and withdrew $797,000. In 2018, the Company deposited an additional $670,000 into the Elliot Lake reclamation trust fund and withdrew $633,000.

Letters of credit facility pledged assets

At December 31, 2019, the Company had on deposit $9,000,000 with the Bank of Nova Scotia ("BNS") as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 13, 15 and 16). The funds were initially deposited in 2017.

Letters of credit additional collateral

At December 31, 2019, the Company had on deposit an additional $135,000 of cash collateral with BNS in respect of the portion of its issued reclamation letters of credit in excess of the collateral available under its letters of credit facility (see notes 15 and 16).

12. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment ("PP&E") continuity summary is as follows:

	Plant and Equipment		Mineral	Total
(in thousands)	Owned	Right-of-Use	Properties	PP&E
Cost:				
Balance – January 1, 2018	$ 103,186	$ -	$ 166,332	$ 269,518
Additions	173	-	18,923	19,096
Disposals	(365)	-	-	(365)
Impairment expense	-	-	(6,086)	(6,086)
Reclamation adjustment (note 15)	436	-	-	436
Recoveries	-	-	(222)	(222)
Balance – December 31, 2018	$ 103,430	$ -	$ 178,947	$ 282,377
Adoption of IFRS 16 (note 5)	-	944	-	944
Additions	376	38	534	948
Disposals	(104)	(76)	-	(180)
Reclamation adjustment (note 15)	885	-	-	885
Balance – December 31, 2019	$ 104,587	$ 906	$ 179,481	$ 284,974
Accumulated amortization, depreciation:				
Balance – January 1, 2018	$ (20,516)	$ -	$ -	$ (20,516)
Amortization	(189)	-	-	(189)
Depreciation	(3,661)	-	-	(3,661)
Disposals	91	-	-	91
Reclamation adjustment (note 15)	189	-	-	189
Balance – December 31, 2018	$ (24,086)	$ -	$ -	$ (24,086)
Amortization	(212)	-	-	(212)
Depreciation	(3,527)	(237)	-	(3,764)
Disposals	95	40	-	135
Reclamation adjustment (note 15)	212	-	-	212
Balance – December 31, 2019	$ (27,518)	$ (197)	$ -	$ (27,715)
Carrying value:				
Balance – December 31, 2018	$ 79,344	$ -	$ 178,947	$ 258,291
Balance – December 31, 2019	$ 77,069	$ 709	$ 179,481	$ 257,259

Plant and Equipment - Owned

The Company has a 22.5% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents $69,101,000, or 89.7%, of the December 2019 total carrying value amount of owned PP&E assets.

A toll milling agreement amongst the participants of the MLJV and the CLJV provides for the processing of certain future output of the Cigar Lake mine at the McClean Lake mill, for which the owners of the McClean Lake mill receive a toll milling fee and other benefits (Denison further has an agreement with APG regarding the receipt of certain toll milling fees it receives from this toll milling agreement – see note 13). In determining the units of production amortization rate for the McClean Lake mill, the amount of production attributable to the mill assets has been adjusted to include Denison's expected share of mill feed related to the CLJV toll milling contract. Milling activities in 2018 and 2019 at the McClean Lake mill have been dedicated to processing and packaging ore from the Cigar Lake mine.

Plant and Equipment – Right-of-Use

In conjunction with the adoption of IFRS 16, the Company has included the cost of various right-of-use ("ROU") assets within PP&E. ROU assets consist of building, vehicle and office equipment leases. The majority of the value is attributable to the building lease assets which represent the Company's office and warehousing space located in Toronto and Saskatoon.

Mineral Properties

The Company has various interests in development, evaluation and exploration projects located in Canada which are held directly or through option or various contractual agreements. The following projects, all located in Saskatchewan, represent $162,378,000, or 90.5%, of the carrying value amount of mineral property assets as at December 31, 2019:

a) Wheeler River - the Company has a 90.0% interest in the project (includes the Phoenix and Gryphon deposits);
b) Waterbury Lake - the Company has a 66.57% interest in the project (includes the J Zone and Huskie deposits) and also has a 2.0% net smelter return royalty on the portion of the project it does not own;
c) Midwest - the Company has a 25.17% interest in the project (includes the Midwest Main and Midwest A deposits);
d) Mann Lake - the Company has a 30.0% interest in the project;
e) Wolly - the Company has a 21.89% interest in the project;
f) Johnston Lake - the Company has a 100% interest in the project; and
g) McClean Lake - the Company has a 22.5% interest in the project (includes the Sue D, Sue E, Caribou, McClean North and McClean South deposits).

Wheeler River

In January 2017, Denison Mines Inc.(“DMI”) executed an agreement (“2017 WRJV Agreement”) with the partners of the WRJV to increase its ownership in the WRJV from 60% up to approximately 66% by the end of fiscal 2018. Under the terms of the 2017 WRJV Agreement, the partners agreed to allow for a one-time election by Cameco Corp. (“Cameco”) to fund 50% of its ordinary 30% share of the WRJV expenses for fiscal 2017 and 2018. The shortfall in Cameco’s contribution was funded by DMI (with DMI funding 75% of the WRJV expenses) in exchange for a transfer of a portion of Cameco’s interest in the WRJV. In 2017, DMI increased its interest in the WRJV from 60% to 63.3% under the terms of the 2017 WRJV Agreement.

In September 2018, DMC announced an agreement (“2018 WRJV Agreement”) with Cameco to acquire Cameco’s remaining minority interest in the WRJV. On October 26, 2018, the 2018 WRJV Agreement was completed and DMC acquired Cameco’s then 23.92% remaining interest in the WRJV in exchange for the issuance of 24,615,000 common shares of DMC (note 18).

In conjunction with the completion of the 2018 WRJV Agreement, the 2017 WRJV Agreement was terminated. At that time, in accordance with the 2017 WRJV Agreement, DMI’s interest in the WRJV was increased from 63.3% to 66.08%. Combined, Denison’s interest in the WRJV is 90%.

Cameco’s WRJV minority interest acquired by DMC via the 2018 WRJV Agreement has been accounted for as an asset acquisition with share based consideration. DMC has recorded a total acquisition value of $17,688,000, including transaction costs of $457,000. The total acquisition value includes $17,529,000 of share based consideration which has been valued using Denison’s closing share price on October 26, 2018 of $0.70 per share.

Waterbury Lake

In 2018, the Company increased its interest in the Waterbury Lake property from 64.22% to 65.92% and further increased it again in 2019 to 66.57% under the terms of the dilution provisions in the agreements governing the project (see note 24).

Hook Carter

In November 2016, Denison completed the purchase of an 80% interest in the Hook-Carter property, located in the southwestern portion of the Athabasca Basin region in northern Saskatchewan, from ALX Uranium Corp (“ALX”), with ALX retaining a 20% interest.

Under terms in the agreement, Denison agreed to fund ALX’s share of the first $12,000,000 in expenditures on the property. As at December 31, 2019, the Company has spent $6,712,000 towards ALX’s carried interest on the project since its acquisition in November 2016 (December 31, 2018: $4,926,000).

Moon Lake South

In January 2016, the Company entered into an option agreement with CanAlaska Uranium Ltd (“CanAlaska”) to earn an interest in CanAlaska’s Moon Lake South project located in the Athabasca Basin in Saskatchewan. Under the terms of the option, Denison can earn an initial 51% interest in the project by spending $200,000 by December 31, 2017 and it can increase its interest to 75% by spending an additional $500,000 by December 31, 2020.

As at December 31, 2019, the Company has spent $579,000 under the option and has earned a 51% interest in the project.

Moore Lake

In August 2016, the Company completed an agreement to option its then 100% interest in the Moore Lake property to Skyharbour Resources Ltd (“Skyharbour”) in exchange for cash ($500,000 over 5 years), stock (4,500,000 common shares of Skyharbour) and exploration spending commitments ($3,500,000 over 5 years). Denison received 4,500,000 common shares of Skyharbour on closing.

In August 2018, Denison received the final $300,000 of cash consideration from Skyharbour, completing all of the commitments required under the option agreement. In conjunction with the final cash payment received, Denison recognized a recovery of $212,000 as a reduction of the remaining carrying value of the property, a gain on disposal of $88,000 and transferred its 100% ownership interest in Moore Lake to Skyharbour.

Under the terms of the option agreement, Denison has various back-in rights to re-acquire a 51% interest in the Moore Lake property. In August 2018, Skyharbour achieved the required $3,500,000 in expenditures on the project to trigger the first stage buyback option, which Denison elected not to exercise. Denison retains a second stage buyback option on the property until a further $3,000,000 in expenditures have been incurred on the project by Skyharbour.

Under the terms of the option agreement, Denison is also entitled to nominate a member to Skyharbour’s Board of Directors for as long as Denison maintains a minimum ownership position of 5%. As at December 31, 2019, Denison’s ownership interest in Skyharbour is approximately 7.17% (December 31, 2018: 8.49%).

Murphy Lake

In November 2019, Denison completed an agreement with Eros Resources Corp (“Eros”) to acquire Eros’s minority interest in the Murphy Lake project. Denison acquired Eros’s 17.42% minority interest in Murphy Lake in exchange for the issuance of 32,262 common shares of DMC and the granting of a 1.5% net smelter return royalty on the project. Denison’s interest in Murphy Lake is now 100%.

Eros’s minority interest acquired by Denison has been accounted for as an asset acquisition with share based consideration. Denison has recorded a total acquisition value of $40,000, which includes transaction costs of $21,000 and $19,000 of share based consideration which has been fair valued using Denison’s closing share price on November 28, 2019 of $0.58 per share

Other Properties

In December 2018, due to the Company’s then current intention to let various claims on three of its Canadian properties lapse in the normal course, the Company has recognized impairment charges of $6,097,000. The impairment charge was recognized within the Mining Segment. The remaining recoverable amount of these three properties was estimated to be $1,208,000 which reflected the results of a market-based fair value less costs of disposal assessment completed using both observable and unobservable inputs, including market valuations for recent uranium property transactions, the Company’s proprietary data about its properties and management’s interpretation of that data. The Company classified its valuation within Level 3 of the fair value hierarchy. A value in use calculation was not applicable as the Company did not have any expected cash flows from using these properties at this time.

13. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Deferred revenue – pre-sold toll milling:				
CLJV Toll Milling - APG	$	36,321	$	37,727
	$	36,321	$	37,727
Deferred revenue-by balance sheet presentation:				
Current	$	4,580	$	4,567
Non-current		31,741		33,160
	$	36,321	$	37,727

The deferred revenue liability continuity summary is as follows:

(in thousands)		2019		2018
Balance-January 1	$	37,727	$	38,652
Revenue earned during the period (note 23)		(4,609)		(4,239)
Accretion		3,203		3,314
Balance-December 31	$	36,321	$	37,727

Arrangement with Anglo Pacific Group PLC

In February 2017, Denison closed an arrangement with APG under which Denison received an upfront payment of $43,500,000 in exchange for its right to receive future toll milling cash receipts from the MLJV under the current toll milling agreement with the CLJV from July 1, 2016 onwards. The up-front payment was based upon an estimate of the gross toll milling cash receipts to be received by Denison discounted at a rate of 8.50%.

The APG Arrangement represents a contractual obligation of Denison to pay onward to APG any cash proceeds of future toll milling revenue earned by the Company related to the processing of the specified Cigar Lake ore through the McClean Lake mill. At closing, the Company made payments to APG of $3,520,000, representing the Cigar Lake toll milling cash receipts received by Denison in respect of toll milling activity for the period from July 1, 2016 through January 31, 2017, and reflected those amounts as a reduction of the initial upfront amount received, thereby reducing the initial deferred revenue balance to $39,980,000 at the transaction date.

In connection with the closing of the APG Arrangement, Denison reimbursed APG for USD$100,000 in due diligence costs and granted 1,673,077 share purchase warrants to APG in satisfaction of a $435,000 arrangement fee payable. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.91%, expected stock price volatility of 51.47%, expected life of 3.0 years and expected dividend yield of nil$. The warrants have an exercise price of $1.27 per share and will be exercisable for a period of 3 years from the date of closing of the financing (see note 19). In addition, the terms of the BNS Letters of Credit Facility between BNS and Denison were amended to reflect certain changes required to facilitate an Intercreditor Agreement between APG, BNS and Denison (see note 16).

In 2018, the Company has recognized $4,239,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 18,018,000 pounds U_3O_8 (100% basis). The drawdown in 2018 includes a cumulative decrease in revenue for prior periods of $332,000 resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2018.

In 2019, the Company has recognized $4,609,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 18,012,000 pounds U_3O_8 (100% basis). The drawdown in 2019 includes a cumulative increase in revenue for prior periods of $26,000 resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2019.

14. POST-EMPLOYMENT BENEFITS

The Company provides post-employment benefits for former Canadian employees who retired on immediate pension prior to 1997. The post-employment benefits provided include life insurance and medical and dental benefits as set out in the applicable group policies. No post-employment benefits are provided to employees outside the employee group referenced above. The post-employment benefit plan is not funded.

The effective date of the most recent actuarial valuation of the accrued benefit obligation is October 1, 2016. The amount accrued is based on estimates provided by the plan administrator which are based on past experience, limits on coverage as set out in the applicable group policies and assumptions about future cost trends. The significant assumptions used in the most recent valuation are listed below:

- Discount rate of 3.10%;
- Medical cost increase trend rates of 7.00% per year in 2017, grading down by 0.125% per year to 4.625% in 2036 and using a rate at 4.00% per year thereafter; and
- Dental cost increase trend rates of 4.00% per year for ten years, followed by 3.50% for the next ten years and 3.00% per year thereafter.

The post-employment benefits balance consists of:

(in thousands)	At December 31 2019	At December 31 2018
Accrued benefit obligation	$ 2,258	$ 2,295
	$ 2,258	$ 2,295
Post-employment benefits-by balance sheet presentation:		
Current	$ 150	$ 150
Non-current	2,108	2,145
	$ 2,258	$ 2,295

The post-employment benefits continuity summary is as follows:

(in thousands)	2019	2018
Balance-January 1	$ 2,295	$ 2,365
Accretion	70	72
Benefits paid	(107)	(142)
Balance-December 31	$ 2,258	$ 2,295

15. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands)	At December 31 2019	At December 31 2018
Reclamation obligations-by item:		
Elliot Lake	$ 17,987	$ 17,205
McClean and Midwest Joint Ventures	14,503	12,837
Other	22	22
	$ 32,512	$ 30,064
Reclamation obligations-by balance sheet presentation:		
Current	$ 914	$ 877
Non-current	31,598	29,187
	$ 32,512	$ 30,064

The reclamation obligations continuity summary is as follows:

(in thousands)		2019		2018
Balance-January 1	$	30,064	$	28,509
Accretion		1,361		1,316
Expenditures incurred		(855)		(755)
Liability adjustments-income statement (note 22)		845		369
Liability adjustments-balance sheet (note 12)		1,097		625
Balance-December 31	$	32,512	$	30,064

Site Restoration: Elliot Lake

The Elliot Lake uranium mine was closed in 1992 and capital works to decommission this site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Denison and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to licenses issued by the Canadian Nuclear Safety Commission ("CNSC"). The above accrual represents the Company's best estimate of the present value of the total future reclamation cost, based on assumptions as to what levels of treatment will be required in the future, discounted at 4.16% (2018: 4.53%). As at December 31, 2019, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $31,604,000 (December 31, 2018: $32,957,000). Revisions to the reclamation liability for Elliot Lake are recognized in the income statement as there is no net reclamation asset associated with this site.

Spending on restoration activities at the Elliot Lake site is funded by the Elliot Lake Reclamation Trust fund (see note 11).

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the CNSC. Cost estimates of the estimated future decommissioning and reclamation activities are prepared periodically and filed with the applicable regulatory authorities for approval. The above accrual represents the Company's best estimate of the present value of the future reclamation cost contemplated in these cost estimates discounted at 4.16% (2018: 4.53%). As at December 31, 2019, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $23,685,000 (December 31, 2018: $23,275,000). The majority of the reclamation costs are expected to be incurred between 2036 and 2054. Revisions to the reclamation liabilities for McClean Lake and Midwest are recognized on the balance sheet as adjustments to the net reclamation assets associated with the sites.

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province of Saskatchewan based on periodic filings of estimated reclamation plans and the associated undiscounted future reclamation costs included therein. Accordingly, as at December 31, 2019, the Company has in place irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of the Environment, totalling $24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

16. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Debt obligations:				
Lease obligations	$	739	$	-
Loan obligations		263		-
Flow-through share premium obligation (note 18)		902		1,337
	$	1,904	$	1,337
Other liabilities-by balance sheet presentation:				
Current	$	1,372	$	1,337
Non-current		532		-
	$	1,904	$	1,337

Debt Obligations

At December 31, 2019, the Company's debt obligations are comprised of lease liabilities associated with the new accounting required under IFRS 16 and loan liabilities. The debt obligations continuity summary is as follows:

(in thousands)		Lease Liabilitites		Loan Liabilities		Total Debt Obligations
Balance – December 31, 2018	$	-	$	-	$	-
Adoption of IFRS 16 (note 5)		944		-		944
Accretion		76		-		76
Additions		38		632		670
Repayments		(293)		(369)		(662)
Liability adjustment gain (note 22)		(26)		-		(26)
Balance – December 31, 2019	$	739	$	263	$	1,002

Debt Obligations – Scheduled Maturities

The following table outlines the Company's scheduled maturities of its debt obligations at December 31, 2019:

(in thousands of CAD dollars)		Lease Liabilitites		Loan Liabilities		Total Debt Obligations
Maturity analysis – contractual undiscounted cash flows:						
Next 12 months	$	235	$	235	$	470
One to five years		571		35		606
More than five years		93		-		93
Total obligation – end of period - undiscounted		899		270		1,169
Present value discount adjustment		(160)		(7)		(167)
Total obligation – end of period - discounted	$	739	$	263	$	1,002

Letters of Credit Facility

In 2019, the Company had a facility in place with BNS for credit of up to $24,000,000 with a one year term and a maturity date of January 31, 2020 (the "2019 Facility"). Use of the 2019 Facility is restricted to non-financial letters of credit in support of reclamation obligations.

The 2019 Facility contains a covenant to maintain a level of tangible net worth greater than or equal to the sum of $131,000,000 and a pledge of $9,000,000 in restricted cash and investments as collateral for the facility (see note 11). As additional security for the 2019 Facility, DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects. The 2019 Facility is subject to letter of credit fees of 2.40% (0.40% on the first $9,000,000) and standby fees of 0.75%.

At December 31, 2019, the Company was in compliance with its 2019 Facility covenants and $24,000,000 of the 2019 Facility was being utilized as collateral for certain letters of credit (December 31, 2018 - $24,000,000). During 2019, the Company incurred letter of credit and standby fees of $397,000 (2018 - $397,000).

In January 2020, the Company has entered into an agreement with BNS to amend the terms of the 2019 Facility to extend the maturity date to January 31, 2021 (see note 28).

17. INCOME TAXES

The income tax recovery balance from continuing operations consists of:

(in thousands)		2019		2018
Deferred income tax:				
Origination of temporary differences	$	4,940	$	4,520
Tax benefit-previously unrecognized tax assets		1,326		3,852
Prior year over (under) provision		(890)		(78)
		5,376		8,294
Income tax recovery	$	5,376	$	8,294

The Company operates in multiple industries and jurisdictions, and the related income is subject to varying rates of taxation. The combined Canadian tax rate reflects the federal and provincial tax rates in effect in Ontario, Canada for each applicable year. A reconciliation of the combined Canadian tax rate to the Company's effective rate of income tax is as follows:

(in thousands)		2019		2018
Loss before taxes	$	(23,517)	$	(38,371)
Combined Canadian tax rate		26.50%		26.50%
Income tax recovery at combined rate		6,232		10,168
Difference in tax rates		2,048		7,573
Non-deductible amounts		(2,675)		(5,996)
Non-taxable amounts		2,362		1,439
Previously unrecognized deferred tax assets [1]		1,326		3,852
Renunciation of tax attributes-flow through shares		(403)		(1,589)
Change in deferred tax assets not recognized		(2,476)		(7,488)
Change in tax rates, legislation		(81)		-
Prior year over (under) provision		(890)		(78)
Other		(67)		413
Income tax recovery	$	5,376	$	8,294

(1) The Company has recognized certain previously unrecognized Canadian tax assets in 2019 and 2018 as a result of the renunciation of certain tax benefits to subscribers pursuant to its November 2018 $5,000,000 and March 2017 $14,499,790 flow-through share offerings.

The deferred income tax assets (liabilities) balance reported on the balance sheet is comprised of the temporary differences as presented below:

(in thousands)	At December 31 2019	At December 31 2018
Deferred income tax assets:		
Property, plant and equipment, net	$ 387	$ 381
Post-employment benefits	590	600
Reclamation obligations	9,561	8,798
Tax loss carry forwards	15,827	13,346
Other	8,537	8,164
Deferred income tax assets-gross	34,902	31,289
Set-off against deferred income tax liabilities	(34,902)	(31,289)
Deferred income tax assets-per balance sheet	$ -	$ -
Deferred income tax liabilities:		
Inventory	$ (742)	$ (742)
Property, plant and equipment, net	(41,949)	(42,307)
Other	(1,135)	(1,203)
Deferred income tax liabilities-gross	(43,826)	(44,252)
Set-off of deferred income tax assets	34,902	31,289
Deferred income tax liabilities-per balance sheet	$ (8,924)	$ (12,963)

The deferred income tax liability continuity summary is as follows:

(in thousands)	2019	2018
Balance-January 1	$ (12,963)	$ (17,422)
Recognized in income (loss)	5,376	8,294
Recognized in other liabilities (flow-through shares)	(1,337)	(3,835)
Balance-December 31	$ (8,924)	$ (12,963)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the following deferred tax assets to be utilized:

(in thousands)	At December 31 2019	At December 31 2018
Deferred income tax assets not recognized		
Property, plant and equipment	$ 7,344	$ 10,439
Tax losses – capital	66,783	66,527
Tax losses – operating	35,904	29,220
Tax credits	1,126	1,126
Other deductible temporary differences	1,571	2,220
Deferred income tax assets not recognized	$ 112,728	$ 109,532

The expiry dates of the Company's Canadian tax losses and credits is as follows:

(in thousands)	Expiry Date	At December 31 2019	At December 31 2018
Tax losses - gross	2025-2039	$ 192,197	$ 158,437
Tax benefit at tax rate of 26% - 27%		51,731	42,566
Set-off against deferred tax liabilities		(15,827)	(13,346)
Total tax loss assets not recognized		$ 35,904	$ 29,220
Tax credits	2025-2035	1,126	1,126
Total tax credit assets not recognized		$ 1,126	$ 1,126

18. SHARE CAPITAL

Denison is authorized to issue an unlimited number of common shares without par value. A continuity summary of the issued and outstanding common shares and the associated dollar amounts is presented below:

(in thousands except share amounts)	Number of Common Shares		
Balance-January 1, 2018	559,183,209	$	1,310,473
Issued for cash:			
Share issue proceeds	4,950,495		5,000
Share issue costs	-		(451)
Acquisition-Wheeler River additional interest (note 12)	24,615,000		17,231
Acquisition-Wheeler River additional interest–transaction costs (note 12)	426,382		298
Flow-through share premium liability (note 16)	-		(1,337)
	29,991,877		20,741
Balance-December 31, 2018	589,175,086	$	1,331,214
Issued for cash:			
Share issue proceeds	6,934,500		4,715
Share issue costs	-		(423)
Share option exercises	663,150		405
Share option exercises-fair value adjustment	-		140
Share unit exercises-fair value adjustment	433,333		299
Acquisition-Murphy Lake additional interest (note 12)	32,262		19
Flow-through share premium liability (note 16)	-		(902)
Share cancellations	(46,178)		-
	8,017,067		4,253
Balance-December 31, 2019	597,192,153	$	1,335,467

Share Issues

In November 2018, Denison completed a private placement of 4,950,495 flow-through common shares at a price of $1.01 per share for gross proceeds of $5,000,000. The income tax benefits of this issue were renounced to subscribers with an effective date of December 31, 2018. The related flow-through share premium liabilities are included as a component of other liabilities on the balance sheet at December 31, 2018 and were extinguished during 2019 (see note 16).

In December 2019, Denison completed a private placement of 6,934,500 flow-through common shares at a price of $0.68 per share for gross proceeds of $4,715,460. The income tax benefits of this issue were renounced to subscribers with an effective date of December 31, 2019. The related flow-through share premium liabilities are included as a component of other liabilities on the balance sheet at December 31, 2019 and will be extinguished during 2020 when the tax benefit is renounced to the shareholders (see note 16).

Share Cancellations

In February 2019, 46,178 shares were cancelled in connection with the January 2013 acquisition of JNR Resources Inc ("JNR"). JNR shareholders were entitled to exchange their JNR shares for shares of Denison in accordance with the share exchange ratio established for the acquisition. In January 2019, this right expired and the un-exchanged shares for which shareholders had not elected to exercise their exchange rights were subsequently cancelled.

Flow-Through Share Issues

The Company finances a portion of its exploration programs through the use of flow-through share issuances. Canadian income tax deductions relating to these expenditures are claimable by the investors and not by the Company.

As at December 31, 2019, the Company has satisfied its obligation to spend $5,000,000 on eligible exploration expenditures by the end of fiscal 2019 as a result of the issuance of flow-through shares in November 2018. The Company renounced the income tax benefits of this issue in February 2019, with an effective date of renunciation to its subscribers of December 31, 2018. In conjunction with the renunciation, the flow-through share premium liability at December 31, 2018 was extinguished and recognized as part of the deferred tax recovery in 2019 (see note 17).

As at December 31, 2019, the Company estimates that it incurred $120,000 of expenditures towards its obligation to spend $4,715,000 on eligible exploration expenditures by the end of fiscal 2020 as a result of the issuance of flow-through shares in December 2019.

19. SHARE PURCHASE WARRANTS

A continuity summary of the issued and outstanding share purchase warrants in terms of common shares of the Company and the associated dollar amounts is presented below:

(in thousands except share amounts)		Weighted Average Exercise Price Per Share (CAD)	Number of Common Shares Issuable		Fair Value Amount
Balance-December 31, 2018 and 2019	$	1.27	1,673,077	$	435
Share purchase warrants – by series:					
February 2017 warrants	$	1.27	1,673,077	$	435

The February 2017 warrants were issued in conjunction with the APG Arrangement (see note 13) and they expired on February 14, 2020 unexercised.

20. SHARE-BASED COMPENSATION

The Company's share based compensation arrangements include share options, restricted share units ("RSUs") and performance share units ("PSUs").

A summary of share based compensation expense recognized in the statement of income (loss) is as follows:

(in thousands)		2019		2018
Share based compensation expense for:				
Share options	$	(776)	$	(1,051)
RSUs		(1,043)		(337)
PSUs		(403)		(447)
Share based compensation expense	$	(2,222)	$	(1,835)

At December 31, 2019, an additional $1,483,000 in share-based compensation expense remains to be recognized up until April 2023.

Share Options

The Company's stock-based compensation plan (the "Plan") provides for the granting of share options up to 10% of the issued and outstanding common shares at the time of grant, subject to a maximum of 39,670,000 common shares. As at December 31, 2019, an aggregate of 21,900,093 options (December 31, 2018: 21,274,893) have been granted (less cancellations) since the Plan's inception in 1997.

Under the Plan, all share options are granted at the discretion of the Company's board of directors, including any vesting provisions if applicable. The term of any share option granted may not exceed ten years and the exercise price may not be lower than the closing price of the Company's shares on the last trading day immediately preceding the date of grant. In general, share options granted under the Plan have five year terms and vesting periods up to 24 months.

A continuity summary of the share options of the Company granted under the Plan for 2019 and 2018 is presented below:

	2019		2018	
	Number of Common Shares	Weighted Average Exercise Price per Share (CAD)	Number of Common Shares	Weighted Average Exercise Price per Share (CAD)
Share options outstanding – January 1	13,865,193	$ 0.83	11,799,650	$ 0.94
Grants	3,005,000	0.67	3,427,543	0.61
Exercises (1)	(663,150)	0.61	-	-
Expiries	(866,000)	1.81	(816,000)	1.30
Forfeitures	(1,513,800)	0.79	(546,000)	0.90
Share options outstanding – December 31	13,827,243	$ 0.75	13,865,193	$ 0.83
Share options exercisable – December 31	9,747,721	$ 0.80	7,439,950	$ 0.93

(1) The weighted average share price at the date of exercise was CAD$0.70.

A summary of the Company's share options outstanding at December 31, 2019 is presented below:

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD)
Stock options outstanding			
$ 0.50 to $ 0.74	3.08	7,390,643	$ 0.63
$ 0.75 to $ 0.99	2.19	5,332,600	0.85
$ 1.00 to $ 1.39	0.19	1,104,000	1.09
Stock options outstanding - December 31, 2019	2.51	13,827,243	$ 0.75

Options outstanding at December 31, 2019 expire between March 2020 and November 2024.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The following table outlines the range of assumptions used in the model to determine the fair value of options granted:

	2019	2018
Risk-free interest rate	1.31% - 1.65%	2.02% - 2.12%
Expected stock price volatility	43.86% - 49.46%	43.17% - 48.39%
Expected life	3.4 to 3.5 years	3.4 to 3.5 years
Estimated forfeiture rate	2.82% - 3.12%	2.86% - 3.01%
Expected dividend yield	–	–
Fair value per option granted	CAD$0.19 - CAD$0.26	CAD$0.22 - CAD$0.23

The fair values of share options with vesting provisions are amortized on a graded method basis as share-based compensation expense over the applicable vesting periods.

Share Units

The Company has a share unit plan which provides for the granting of share unit awards to directors, officers and employees of the Company. The maximum number of share units that are issuable under the share unit plan is 15,000,000. Each share unit represents the right to receive one common share from treasury, subject to the satisfaction of various time and / or performance conditions.

Under the plan, all share unit grants, vesting periods and performance conditions therein are approved by the Company's board of directors. Share unit grants are either in the form of RSUs or PSUs. RSUs granted in 2018 and 2019 vest ratably over a period of three years. PSUs granted in 2018 vest ratably over a period of five years, based upon the achievement of certain non-market performance vesting conditions and PSUs granted in 2019 vest ratably over a period of four years.

A continuity summary of the RSUs of the Company granted under the share unit plan for 2019 and 2018 is presented below:

	2019			2018		
	Number of Common Shares		Weighted Average Fair Value Per RSU (CAD)	Number of Common Shares		Weighted Average Fair Value Per RSU (CAD)
RSUs outstanding – January 1	1,200,432	$	0.65	-	$	-
Grants	1,927,000		0.73	1,299,432		0.65
Exercises	(373,333)		0.70	-		-
Forfeitures	-		-	(99,000)		0.65
RSUs outstanding – December 31	2,754,099	$	0.70	1,200,432	$	0.65
RSUs vested – December 31	303,810	$	0.65	-	$	-

A continuity summary of the PSUs of the Company granted under the share unit plan for 2019 and 2018 is presented below:

	2019			2018		
	Number of Common Shares		Weighted Average Fair Value Per PSU (CAD)	Number of Common Shares		Weighted Average Fair Value Per PSU (CAD)
PSUs outstanding – January 1	2,200,000	$	0.65	-	$	-
Grants	240,000		0.69	2,200,000		0.65
Exercises	(60,000)		0.65	-		-
Forfeitures	(240,000)		0.65	-		-
PSUs outstanding – December 31	2,140,000	$	0.65	2,200,000	$	0.65
PSUs vested – December 31	380,000	$	0.65	-	$	-

21. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The accumulated other comprehensive income balance consists of:

(in thousands)		At December 31 2019		At December 31 2018
Cumulative foreign currency translation	$	410	$	403
Unamortized experience gain – post employment liability				
Gross		983		983
Tax effect		(259)		(259)
	$	1,134	$	1,127

22. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

(in thousands)		2019		2018
Cost of goods and services sold:				
Operating Overheads:				
Mining, other development expense	$	(2,709)	$	(3,695)
Milling, conversion expense		(3,230)		(3,268)
Less absorption:				
- Mineral properties		61		50
Cost of services		(8,346)		(8,420)
Inventory-non cash adjustments		-		(57)
Cost of goods and services sold		(14,224)		(15,390)
Reclamation asset amortization		(212)		(189)
Operating expenses	$	(14,436)	$	(15,579)

The components of other income (expense) are as follows:

(in thousands)		2019		2018
Gains (losses) on:				
Foreign exchange	$	2	$	(1)
Disposal of property, plant and equipment		(37)		(135)
Investment fair value through profit (loss) (note 9)		(1,085)		(5,411)
Deconsolidation of investment in associate (note 10)		5,267		-
Reclamation obligation adjustments (note 15)		(845)		(369)
Debt obligation adjustments (note 16)		26		-
Other		(358)		(318)
Other income (expense)	$	2,970	$	(6,234)

The components of finance income (expense) are as follows:

(in thousands)		2019		2018
Interest income	$	594	$	1,049
Interest expense		(9)		-
Accretion expense:				
Deferred revenue (note 13)		(3,203)		(3,314)
Post-employment benefits (note 14)		(70)		(72)
Reclamation obligations (note 15)		(1,361)		(1,316)
Debt obligations (note 16)		(76)		-
Finance expense, net	$	(4,125)	$	(3,653)

A summary of depreciation expense recognized in the statement of income (loss) is as follows:

(in thousands)		2019		2018
Operating expenses:				
Mining, other development expense	$	(3)	$	(3)
Milling, conversion expense		(3,165)		(3,264)
Cost of services		(248)		(233)
Exploration and evaluation		(221)		(124)
General and administrative		(127)		(37)
Depreciation expense-gross (note 12)	$	(3,764)	$	(3,661)

A summary of employee benefits expense recognized in the statement of income (loss) is as follows:

(in thousands)	2019	2018
Salaries and short-term employee benefits	$ (8,407)	$ (8,236)
Share-based compensation (note 20)	(2,222)	(1,835)
Termination benefits	(633)	(20)
Employee benefits expense-gross	$ (11,262)	$ (10,091)

A summary of lease related amounts recognized in the statement of income (loss) is as follows:

(in thousands)	2019
Accretion expense on lease liabilities	$ (76)
Expenses relating to short-term leases	(5,146)
Expenses relating to non-short term low-value leases	(19)
Lease related expense-gross	$ (5,241)

The change in non-cash working capital items in the consolidated statements of cash flows is as follows:

(in thousands)	2019	2018
Change in non-cash working capital items:		
Trade and other receivables	$ (201)	$ 968
Inventories	232	(186)
Prepaid expenses and other assets	(160)	(213)
Accounts payable and accrued liabilities	2,385	(214)
Change in non-cash working capital items	$ 2,256	$ 355

The supplemental cash flow disclosure required for the consolidated statements of cash flows is as follows:

(in thousands)	2019	2018
Supplemental cash flow disclosure:		
Interest paid	$ (9)	$ -
Income taxes paid	-	-

23. SEGMENTED INFORMATION

Business Segments

The Company operates in three primary segments – the Mining segment, the Environmental Services segment and the Corporate and Other segment. The Mining segment includes activities related to exploration, evaluation and development, mining, milling (including toll milling) and the sale of mineral concentrates. The Environmental Services segment includes the results of the Company's environmental services business, the Closed Mines Group. The Corporate and Other segment includes management fee income earned from UPC and general corporate expenses not allocated to the other segments. Management fee income has been included with general corporate expenses due to the shared infrastructure between the two activities.

For the year ended December 31, 2019, reportable segment results were as follows:

(in thousands)	Mining	Closed Mines Group	Corporate and Other	Total
Statement of Operations:				
Revenues	4,609	8,974	1,966	15,549
Expenses:				
Operating expenses	(6,090)	(8,346)	-	(14,436)
Exploration and evaluation	(15,238)	-	-	(15,238)
General and administrative	(17)	-	(7,794)	(7,811)
	(21,345)	(8,346)	(7,794)	(37,485)
Segment income (loss)	(16,736)	628	(5,828)	(21,936)
Revenues – supplemental:				
Environmental services	-	8,974	-	8,974
Management fees	-	-	1,966	1,966
Toll milling services–deferred revenue (note 13)	4,609	-	-	4,609
	4,609	8,974	1,966	15,549
Capital additions:				
Property, plant and equipment	637	273	38	948
Long-lived assets:				
Plant and equipment				
Cost	99,994	4,591	908	105,493
Accumulated depreciation	(24,349)	(3,062)	(304)	(27,715)
Mineral properties	179,481	-	-	179,481
	255,126	1,529	604	257,259

For the year ended December 31, 2018, reportable segment results were as follows:

(in thousands)	Mining	Closed Mines Group	Corporate and Other	Total
Statement of Operations:				
Revenues	4,239	9,298	2,013	15,550
Expenses:				
Operating expenses	(7,159)	(8,211)	(209)	(15,579)
Exploration and evaluation	(15,457)	-	-	(15,457)
General and administrative	(17)	-	(7,172)	(7,189)
Impairment expense	(6,086)	-	-	(6,086)
	(28,719)	(8,211)	(7,381)	(44,311)
Segment income (loss)	(24,480)	1,087	(5,368)	(28,761)
Revenues – supplemental:				
Environmental services	-	9,298	-	9,298
Management fees	-	-	2,013	2,013
Toll milling services–deferred revenue (note 13)	4,239	-	-	4,239
	4,239	9,298	2,013	15,550
Capital additions:				
Property, plant and equipment	19,001	95	-	19,096
Long-lived assets:				
Plant and equipment				
Cost	98,737	4,399	294	103,430
Accumulated depreciation	(20,982)	(2,927)	(177)	(24,086)
Mineral properties	178,947	-	-	178,947
	256,702	1,472	117	258,291

Revenue Concentration

The Company's business is such that, at any given time, it sells its environmental and other services to a relatively small number of customers. During 2019, one customer from the corporate and other segment, three customers from the Closed Mines Group segment and one customer from the mining segment accounted for approximately 99% of total revenues consisting of 13%, 56% and 30% respectively. During 2018, one customer from the corporate and other segment, three customers from the Closed Mines Group segment and one customer from the mining segment accounted for approximately 97% of total revenues consisting of 13%, 57% and 27% respectively.

Revenue Commitments

Denison's revenue portfolio consists of short and long-term sales commitments. The following table summarizes the expected future revenue, by segment, based on the customer contract commitments and information that exists as at December 31, 2019:

(in thousands)	2020	2021	2022	2023	2024	There-after	Total
Revenues – by Segment:							
Mining							
Toll milling services – APG Arrangement	4,580	4,580	4,580	4,580	4,580	42,299	65,199
Closed Mines Group							
Environmental services	7,933	4,819	-	-	-	-	12,752
Corporate and Other							
Management fees	2,009	2,009	2,009	2,009	502	-	8,538
Total Revenue Commitments	14,522	11,408	6,589	6,589	5,082	42,299	86,489

With the exception of the toll milling services related to the APG Arrangement, the amounts in the table above represent the estimated consideration that Denison will be entitled to receive when it satisfies the remaining performance obligations in its customer contracts. Various assumptions, consistent with past experience, have been made where the quantity of the performance obligation may vary.

The APG Arrangement toll milling revenue commitment represents the estimated non-cash amount of the revenue component of the Company's deferred revenue balance at December 31, 2019 (see note 13). The difference between the total revenue commitment amount above and the liability on the balance sheet represents the cumulative remaining impact of discounting to the end of the APG Arrangement contract.

24. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The previous management services agreement with UPC expired on March 31, 2019. Effective April 1, 2019, a new management services agreement ("MSA") was entered into for a term of five years (the "Term"). Under the MSA, Denison continues to receive the following management fees from UPC, unchanged from the previous agreement: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 or gross interest fees payable to UPC in connection with any uranium loan arrangements.

The MSA may be terminated during the Term by Denison upon the provision of 180 days written notice. The MSA may be terminated during the Term by UPC (i) in the event of a material breach, (ii) within 90 days of certain events surrounding a change of both of the individuals serving as Chief Executive Officer and Chief Financial Officer of UPC, and / or a change of control of Denison, or (iii) upon the provision of 30 days written notice and, subject to certain exceptions, a cash payment to Denison of an amount equal to the base and variable management fees that would otherwise be payable to Denison (calculated based on UPC's current uranium holdings at the time of termination) for the lesser period of a) three years, or b) the remaining term of the MSA.

The following transactions were incurred with UPC for the periods noted:

(in thousands)		2019		2018
Management fees:				
Base and variable fees	$	1,822	$	1,739
Discretionary fees		-		50
Commission fees		144		224
	$	1,966	$	2,013

At December 31, 2019, accounts receivable includes $236,000 (December 31, 2018: $303,000) due from UPC with respect to the fees and transactions indicated above.

Korea Electric Power Corporation ("KEPCO") and Korea Hydro & Nuclear Power ("KHNP")

In connection with KEPCO's investment in Denison in June 2009, KEPCO and Denison were parties to a strategic relationship agreement. In December 2016, Denison was notified that KEPCO's indirect ownership of Denison's shares had been transferred from an affiliate of KEPCO to an affiliate of KEPCO's wholly-owned subsidiary, KHNP. In September 2017, Denison and KHNP's affiliate entered into an amended and restated strategic relationship agreement, in large part providing KHNP's affiliate with the same rights as those previously given to KEPCO under the prior agreement, including entitling KHNP's affiliate to: (a) subscribe for additional common shares in Denison's future public equity offerings; (b) a right of first opportunity if Denison intends to sell any of its substantial assets; (c) a right to participate in certain purchases of substantial assets which Denison proposes to acquire; and (d) a right to nominate one director to Denison's board so long as its share interest in Denison is above 5.0%.

As at December 31, 2019, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.76%. KHNP Canada Energy Ltd ("KHNP Canada"), a subsidiary of KHNP, is the holder of the majority of Denison's shares.

KHNP Canada is also the majority member of the Korea Waterbury Uranium Limited Partnership ("KWULP"). KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium

Corporation ("WLUC") and the WLULP, entities whose key asset is the Waterbury Lake property. At December 31, 2019, WLUC is owned by Denison (60%) and KWULP (40%) while the WLULP is owned by Denison (66.57% - limited partner), KWULP (33.41% - limited partner) and WLUC (0.02% - general partner). When a spending program is approved, each participant is required to fund these entities based upon its respective ownership interest or be diluted accordingly. Spending program approval requires 75% of the limited partners' voting interest.

In January 2014, Denison agreed to allow KWULP to defer a decision regarding its funding obligation to WLUC and WLULP until September 30, 2015 and to not be immediately diluted as per the dilution provisions in the relevant agreements ("Dilution Agreement"). Instead, under the Dilution Agreement, dilution would be delayed until September 30, 2015 and then applied in each subsequent period, if applicable, in accordance with the original agreements. In exchange, Denison received authorization to approve spending programs on the property, up to an aggregate $10,000,000, until September 30, 2016 without obtaining approval from 75% of the voting interest. Under subsequent amendments, Denison and KWULP have agreed to extend Denison's authorization under the Dilution Agreement to approve program spending up to an aggregate $15,000,000 until December 31, 2020.

In 2018, Denison funded 100% of the approved fiscal 2018 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 64.22% to 65.92%, in two steps, which has been accounted for using effective dates of May 31, 2018 and October 31, 2018. The increased ownership interest resulted in Denison recording its increased pro-rata share of the assets and liabilities of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $1,141,000.

In 2019, Denison funded 100% of the approved fiscal 2019 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 65.92% to 66.57%, in two steps, which has been accounted for using effective dates of May 31, 2019 and November 30, 2019. The increased ownership interest resulted in Denison recording its increased pro-rata share of the assets and liabilities of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $448,000.

Other

In December 2018, the Company lent $250,000 to GoviEx pursuant to a credit agreement between the parties (see note 7). The loan was unsecured and bore interest at 7.5% per annum. In April 2019, the loan was repaid in full, together with interest thereon.

During 2019, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $217,000 (2018: $209,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2019, an amount of $nil (December 31, 2018: $nil) was due to this company.

During 2018, the Company incurred office and certain pass-through expenses of $81,000 with Lundin S.A, a company which provided office, administration and other services to the former executive chairman, other directors and management of Denison. The agreement for the office and administration services was terminated effective September 30, 2018.

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel includes the Company's executive officers, vice-presidents and members of its Board of Directors.

The following compensation was awarded to key management personnel:

(in thousands)		2019		2018
Salaries and short-term employee benefits	$	(2,024)	$	(1,759)
Share-based compensation		(1,881)		(1,522)
Termination benefits		(481)		-
Key management personnel compensation	$	(4,386)	$	(3,281)

25. CAPITAL MANAGEMENT AND FINANCIAL RISK

Capital Management

The Company's capital includes cash, cash equivalents, investments in debt instruments, investments in equity instruments and the current portion of debt obligations. The Company's primary objective with respect to its capital management is to ensure that it has sufficient capital to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities (refer to Denison's Going Concern disclosure in note 2).

Planning, annual budgeting and controls over major investment decisions are the primary tools used to manage the Company's capital. The Company's cash is managed centrally and disbursed to the various business units based on a system of internal controls that require review and approval of significant expenditures by the Company's key decision makers. For example, under the Company's delegation of authority guidelines, significant debt obligations require the approval of both the CEO and the CFO before they are entered into.

The Company currently manages its capital by ongoing monitoring and review of its net cash and investment position, as well as its operating plans for the current and future periods. The Company's net cash and investment position is summarized below:

(in thousands)		At December 31 2019		At December 31 2018
Net cash and investments:				
Cash and cash equivalents	$	8,190	$	23,207
Investments		12,104		2,255
Debt obligations-current (note 16)		(470)		-
Net cash and investments	$	19,824	$	25,462

Financial Risk

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk, interest rate risk and price risk.

(a) Credit Risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument that will result in a financial loss to the Company. The Company believes that the carrying amount of its cash and cash equivalents, trade and other receivables, investments in debt instruments and restricted cash and investments represents its maximum credit exposure.

The maximum exposure to credit risk at the reporting dates is as follows:

(in thousands)		At December 31 2019		At December 31 2018
Cash and cash equivalents	$	8,190	$	23,027
Trade and other receivables		4,023		4,072
Investments in debt instruments		-		-
Restricted cash and investments		11,994		12,255
	$	24,207	$	39,354

The Company limits cash and cash equivalents, investment in debt instruments and restricted cash and investment risk by dealing with credit worthy financial institutions. The majority of the Company's normal course trade and other receivables balance relates to a small number of customers whom have established credit worthiness with the Company through past dealings.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities as they become due (refer to Denison's Going Concern disclosure in note 2). The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient committed capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and cash equivalents, its financial covenants and its access to credit and capital markets, if required.

The maturities of the Company's financial liabilities at December 31, 2019 are as follows:

(in thousands)		Within 1 Year		1 to 5 Years
Accounts payable and accrued liabilities	$	7,930	$	-
Debt obligations (note 16)		470		606
	$	8,400	$	606

(c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at December 31, 2019, the Company predominantly operates in Canada and incurs the majority of its operating and capital costs in Canadian dollars. Some small foreign exchange risk exists from assets and liabilities that are denominated in a currency that is not the functional currency for the relevant subsidiary company but the risk is minimal.

Currently, the Company does not have any foreign exchange hedge programs in place and manages its operational foreign exchange requirements through spot purchases in the foreign exchange markets.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its liabilities through its outstanding borrowings and on its assets through its investments in debt instruments. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk.

(e) Price Risk

The Company is exposed to equity price risk on its investments in equity instruments of other exploration and mining companies. The sensitivity analysis below illustrates the impact of equity price risk on the equity investments held by the Company at December 31, 2019:

(in thousands)		Change in net income (loss)
Equity price risk		
10% increase in equity prices	$	1,216
10% decrease in equity prices		(1,216)

Fair Value of Financial Instruments

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Inputs that are not based on observable market data.

The fair value of financial instruments which trade in active markets, such as share and warrant equity instruments, is based on quoted market prices at the balance sheet date. The quoted market price used to value financial assets held by the Company is the current closing price. Warrants that do not trade in active markets have been valued using the Black-Scholes pricing model. Debt instruments have been valued using the effective interest rate for the period that the Company expects to hold the instrument and not the rate to maturity.

Except as otherwise disclosed, the fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, restricted cash and cash equivalents and debt obligations approximate their carrying values as a result of the short-term nature of the instruments, the variable interest rate associated with the instruments or the fixed interest rate of the instruments being similar to market rates.
During 2019, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques, however, the Company did change its method of accounting for its GoviEx investment from the equity method to FVTPL in the fourth quarter of 2019.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at December 31, 2019 and December 31, 2018:

(in thousands)	Financial Instrument Category(1)	Fair Value Hierarchy	December 31, 2019 Fair Value	December 31, 2018 Fair Value
Financial Assets:				
Cash and equivalents	Category B		$ 8,190	$ 23,207
Trade and other receivables	Category B		4,023	4,072
Investments				
Debt instruments-GICs	Category A	Level 2	-	-
Equity instruments-shares	Category A	Level 1	11,971	2,007
Equity instruments-warrants	Category A	Level 2	133	248
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		2,859	3,120
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			$ 36,311	$ 41,789
Financial Liabilities:				
Account payable and accrued liabilities	Category C		7,930	5,554
Debt obligations	Category C		1,002	-
			$ 8,932	$ 5,554

(1) Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Financial assets at amortized cost; and Category C=Financial liabilities at amortized cost.

26. COMMITMENTS AND CONTINGENCIES

General Legal Matters

The Company is involved, from time to time, in various legal actions and claims in the ordinary course of business. In the opinion of management, the aggregate amount of any potential liability is not expected to have a material adverse effect on the Company's financial position or results.

Specific Legal Matters

Mongolia Mining Division Sale – Arbitration Proceedings with Uranium Industry a.s

In November 2015, the Company sold all of its mining assets and operations located in Mongolia to Uranium Industry a.s ("UI") pursuant to an amended and restated share purchase agreement (the "GSJV Agreement"). The primary assets at that time were the exploration licenses for the Hairhan, Haraat, Gurvan Saihan and Ulzit projects. As consideration for the sale per the GSJV Agreement, the Company received cash consideration of USD$1,250,000 prior to closing and the rights to receive additional contingent consideration of up to USD$12,000,000.

On September 20, 2016, the Mineral Resources Authority of Mongolia ("MRAM") formally issued mining license certificates for all four projects, triggering Denison's right to receive contingent consideration of USD$10,000,000 (collectively, the "Mining License Receivable"). The original due date for payment of the Mining License Receivable by UI was November 16, 2016.

Under an extension agreement between UI and the Company, the payment due date of the Mining License Receivable was extended from November 16, 2016 to July 16, 2017 (the "Extension Agreement"). As consideration for the extension, UI agreed to pay interest on the Mining License Receivable amount at a rate of 5% per year, payable monthly up to July 16, 2017 and they also agreed to pay a USD$100,000 instalment amount towards the balance of the Mining License Receivable amount. The required payments were not made.

On February 24, 2017, the Company served notice to UI that it was in default of its obligations under the GSJV Agreement and the Extension Agreement and that the Mining License Receivable and all interest payable thereon are immediately due and payable. On December 12, 2017, the Company filed a Request for Arbitration between the Company and UI under the Arbitration Rules of the London Court of International Arbitration in conjunction with the default of UI's obligations under the GSJV and Extension agreements. The three person arbitration panel was appointed on February 28, 2018. Hearings in front of the arbitration panel were held in December 2019, and all anticipated formal submissions to the panel have been made by each party. The arbitration panel's findings are expected to be issued in 2020.

Performance Bonds and Letters of Credit

In conjunction with various contracts, reclamation and other performance obligations, the Company may be required to issue performance bonds and letters of credit as security to creditors to guarantee the Company's performance. Any potential payments which might become due under these items would be related to the Company's non-performance under the applicable contract. As at December 31, 2019, the Company had: (a) outstanding letters of credit of $24,135,000 for reclamation obligations of which $24,000,000 is collateralized by the Company's 2018 credit facility (see note 16) and the remainder is collateralized by cash (see note 11); and (b) outstanding performance bonds of $790,000 as security for various contractual performance obligations.

27. INTEREST IN OTHER ENTITIES

The significant subsidiaries, associates and joint operations of the Company at December 31, 2019 are listed below. The table also includes information related to key contractual arrangements associated with the Company's mineral property interests that comprise 90.5% of the December 31, 2019 carrying value of its Mineral Property assets (see note 13). The company does not have any accounting joint ventures as defined by IFRS 11.

	Place Of Business	December 31, 2019 Ownership Interest (1)	December 31, 2018 Ownership Interest (1)	Fiscal 2019 Participating Interest (2)	Accounting Method
Subsidiaries					
Denison Mines Inc.	Canada	100.00%	100.00%	N/A	Consolidation
Denison AB Holdings Corp.	Canada	100.00%	100.00%	N/A	Consolidation
Denison Waterbury Corp	Canada	100.00%	100.00%	N/A	Consolidation
9373721 Canada Inc.	Canada	100.00%	100.00%	N/A	Consolidation
Denison Mines (Bermuda) I Ltd	Bermuda	100.00%	100.00%	N/A	Consolidation
Associates					
GoviEx Uranium Inc.	Africa	See Below	16.21%	N/A	FVTPL/Equity Method
Joint Operations					
Waterbury Lake Uranium Corp	Canada	60.00%	60.00%	100%	Voting Share (3)
Waterbury Lake Uranium LP	Canada	66.57%	65.92%	100%	Voting Share (3)
Key Contractual Arrangements					
Wheeler River Joint Venture	Canada	90.00%	90.00%	90.00%	Denison Share (3)
Midwest Joint Venture	Canada	25.17%	25.17%	25.17%	Denison Share (3)
Mann Lake Joint Venture	Canada	30.00%	30.00%	N/A (4)	Denison Share (3)
Wolly Joint Venture	Canada	21.89%	21.89%	N/A (4)	Denison Share (3)
McClean Lake Joint Venture	Canada	22.50%	22.50%	22.50%	Denison Share (3)

(1) Ownership Interest represents Denison's percentage equity / voting interest in the entity or contractual arrangement;
(2) Participating interest represents Denison's percentage funding contribution to the particular joint operation or contractual arrangement. This percentage can differ from ownership interest in instances where other parties to the arrangement have carried interests, they are earning-in to the arrangement, or they are diluting their interest in the arrangement (provided the arrangement has dilution provisions therein);
(3) Denison Share is where Denison accounts for its share of assets, liabilities, revenues and expenses in accordance with the specific terms within the contractual arrangement. – this can be by using either its ownership interest (i.e. Voting Share) or its participating interest (i.e. Funding Share), depending on the arrangement terms. The Voting Share and Funding Share approaches produce the same accounting result when the Company's ownership interest and participating interests are equal;
(4) The participating interest for 2019 for these arrangements is shown as Not Applicable as there were no approved spending programs carried out during fiscal 2019.

At December 31, 2019, Denison is using the FVTPL accounting method to account for its investment in GoviEx – at December 31, 2018, it was using the equity method (see note 10). Accordingly, at December 31, 2019, GoviEx is not classified as an "associate" and the Company's 15.39% ownership in the Company is not disclosed in the table above.

WLUC and WLULP were acquired by Denison as part of the Fission Energy Corp acquisition in April 2013. Denison uses its equity interest to account for its share of assets, liabilities, revenues and expenses for these joint operations. In 2019, Denison funded 100% of the activities in these joint operations pursuant to the terms of an agreement that allows it to approve spending for the WLULP without having the required 75% of the voting interest (see note 24).

28. SUBSEQUENT EVENTS

Bank of Nova Scotia Credit Facility Renewal

On January 29, 2020, the Company entered into an amending agreement with BNS to extend the maturity date of the 2019 Facility (see note 16). Under the facility amendment, the maturity date has been extended to January 31, 2021 (the "2020 Facility"). All other terms of the 2020 Facility (tangible net worth covenant, pledged cash, investments amounts and security for the facility) remain unchanged from those of the 2019 Facility, and the Company continues to have access to credit up to $24,000,000 the use of which is restricted to non-financial letters of credit in support of reclamation obligations.

The 2020 Facility remains subject to letter of credit and standby fees of 2.40% (0.40% on the first $9,000,000) and 0.75% respectively.

Corporate Information

BOARD OF DIRECTORS

Catherine J.G. Stefan
Chair of the Board
Ontario, Canada

David D. Cates
Ontario, Canada

W. Robert Dengler
Ontario, Canada

Brian D. Edgar
British Columbia, Canada

Ron F. Hochstein
British Columbia, Canada

Jun Gon Kim
Gyeongsangbuk-do, Korea

Jack O.A. Lundin
British Columbia, Canada

William A. Rand
British Columbia, Canada

Patricia M. Volker
Ontario, Canada

OFFICERS

David D. Cates
President and
Chief Executive Officer

Mac McDonald
Executive Vice President and
Chief Financial Officer

David Bronkhorst
Vice President, Operations

Tim Gabruch
Vice President, Commercial

Michael J. Schoonderwoerd
Vice President, Controller

Dale Verran
Vice President, Exploration

Amanda Willett
Corporate Counsel and
Corporate Secretary

DENISON MINES CORP. OFFICES

Toronto
1100 – 40 University Ave
Toronto, Ontario M5J 1T1
Telephone: 416-979-1991
Facsimile: 416-979-5893

Vancouver
885 West Georgia Street, Suite 2000
Vancouver, British Columbia V6C 3E8
Telephone: 604-689-7842
Toll Free: 1-888-689-7842
Facsimile: 604-689-4250

Saskatoon
230 – 22nd Street East, Suite 200
Saskatoon, Saskatchewan S7K 0E9
Telephone: 306-652-8200
Facsimile: 306-652-8202

Elliot Lake
1 Horne Walk, Suite 200
Elliot Lake, Ontario P5A 2A5
Telephone: 705-848-9191
Facsimile: 705-848-5814

Website: www.denisonmines.com
Twitter: @DenisonMinesCo

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)
Trading Symbol: DML

NYSE American
Trading Symbol: DNN

SHARE REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
100 University Avenue, 8th Floor
Toronto, Ontario M5J 2Y1
Telephone: 1-800-564-6253

AUDITOR

PricewaterhouseCoopers LLP
PwC Tower
18 York Street, Suite 2600
Toronto, Ontario M5J 0B2
Telephone: 416-863-1133

ADDITIONAL INFORMATION

Further information about Denison is available by contacting Investor Relations at the head office listed above or by email to: info@denisonmines.com

Denison Mines Corp.
#1100—40 University Avenue
Toronto ON M5J 1T1
T 416 979 1991 F 416 979 5893
www.denisonmines.com

TSX: DML | NYSE American: DNN