Focused.
Experienced.
Growing.
# 2019 First Quarter Report

For the Three Months Ended

March 31, 2019

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This Management's Discussion and Analysis (‘MD&A’) of Denison Mines Corp. and its subsidiary companies and joint 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 May 1, 2019 and should be read in conjunction with the Company’s unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2019. The unaudited interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards (‘IFRS’) as issued by the International Accounting Standards Board (‘IASB’). Readers are also encouraged to consult the audited consolidated financial statements and MD&A for the year ended December 31, 2018. 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 FIRST QUARTER PERFORMANCE HIGHLIGHTS

- Execution of activities to advance the Wheeler River Project
  
  During the first quarter of 2019, the Company executed on its decision to advance the Wheeler River Project (‘Wheeler River’) following the release of the project’s Pre-Feasibility Study (‘PFS’) in 2018. Activities in the quarter include the submission of the Project Description (‘PD’) to the Canadian Nuclear Safety Commission (‘CNSC’) and a Technical Proposal to the Saskatchewan Ministry of Environment – acceptance of which are required to officially initiate the Environmental Assessment (‘EA’) process. In addition, engineering activities continue in regards to the proposed Phoenix In-Situ Recovery (‘ISR’) project – including the advancement of the ISR field test planned for the summer of 2019, as well as certain other studies designed to support the future Feasibility Study (‘FS’).

- Successful completion of winter exploration drilling programs
  
  At Wheeler River, the Company discovered unconformity-hosted uranium mineralization along the southern portion of the K West trend, including 0.08% eU₃O₈ over 1.3 metres in drill hole WR-756, accompanied by strong sulphide mineralization and other geological features commonly associated with unconformity-related uranium deposits. Follow up of the result in drill hole WR-756 is warranted, particularly given the wide spacing of reconnaissance drill holes completed on this portion of the K West trend – roughly 600 metre spacing of drill holes along strike.

  At Waterbury Lake, follow-up drilling completed at the GB Zone intersected basement-hosted mineralization in multiple drill holes, including 0.15% U₃O₈ over 6.0 metres in drill hole WAT19-480, and 0.25% U₃O₈ over 2.0 metres and 0.22% U₃O₈ over 1.5 metres in drill hole WAT19-486.

- Renewal of Management Services Agreement with Uranium Participation Corp.
  
  The Company, through its subsidiary, Denison Mines Inc., has entered into a new five year agreement to provide management services to Uranium Participation Corp. (‘UPC’). The Company’s 2019 Outlook includes $1,920,000 in estimated management fees from UPC, based on a uranium price of US$28.75 per pound U₃O₈, and excludes any additional fees that may become payable to Denison as a result of future uranium purchases or sales. Based on the fees estimated for 2019, the new agreement has the potential to generate over $9,000,000 in management fees to Denison over the five year term.

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. In addition to its 90% owned Wheeler River project, which hosts the high grade Phoenix and Gryphon uranium deposits, Denison’s exploration portfolio consists of numerous projects covering approximately 310,000 hectares in the Athabasca Basin region. 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 65.92% 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.

Denison is engaged in mine decommissioning and environmental services through its Denison Environmental Services ('DES') division, which manages Denison’s Elliot Lake reclamation projects and provides post-closure mine and maintenance services as well as environmental consulting services to a variety of industry and government clients.

Denison is also the manager of UPC, a publicly traded company listed on the TSX under the symbol 'U', which invests in uranium oxide in concentrates (‘U₃O₈’) and uranium hexafluoride (‘UF₆’).

**SELECTED ANNUAL FINANCIAL INFORMATION**

<table>
<thead>
<tr>
<th>Financial Position:</th>
<th>As at March 31, 2019</th>
<th>As at December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 19,027</td>
<td>$ 23,207</td>
</tr>
<tr>
<td>Working capital</td>
<td>$ 14,125</td>
<td>$ 19,221</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>$ 258,241</td>
<td>$ 258,291</td>
</tr>
<tr>
<td>Total assets</td>
<td>$ 307,664</td>
<td>$ 312,187</td>
</tr>
<tr>
<td>Total long-term liabilities(1)</td>
<td>$ 76,935</td>
<td>$ 77,455</td>
</tr>
</tbody>
</table>

(1) Predominantly comprised of the non-current portion of deferred revenue, non-current reclamation obligations, and deferred income tax liabilities.

**SELECTED QUARTERLY FINANCIAL INFORMATION**

<table>
<thead>
<tr>
<th>Continuing Operations:</th>
<th>2019</th>
<th>2018</th>
<th>2018</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q4</td>
<td>Q3</td>
<td>Q2</td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 3,976</td>
<td>$ 4,144</td>
<td>$ 3,729</td>
<td>$ 4,104</td>
</tr>
<tr>
<td>Net loss</td>
<td>$ (5,335)</td>
<td>$ (13,642)</td>
<td>$ (3,884)</td>
<td>$ (5,583)</td>
</tr>
<tr>
<td>Basic and diluted loss per share</td>
<td>$ (0.01)</td>
<td>$ (0.02)</td>
<td>$ (0.01)</td>
<td>$ (0.01)</td>
</tr>
</tbody>
</table>

|                                            | Q1    | Q4    | Q3    | Q2    |
| Total revenues                             | $ 3,573 | $ 4,536 | $ 3,753 | $ 4,043 |
| Net loss                                   | $ (6,968) | $ (1,833) | $ (7,627) | $ (8,870) |
| Basic and diluted loss per share           | $ (0.01) | -     | $ (0.01) | $ (0.02) |

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 mill as well as changes to the estimated mineral resources of the Cigar Lake mine.
- Revenues from DES fluctuate due to the timing of projects, 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.
RESULTS OF OPERATIONS

REVENUES

McClean Lake Uranium Mill

McClean Lake 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, which is currently processing ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a joint venture between Orano Canada Inc. (‘Orano Canada,’ formerly AREVA Resources Canada Inc.) with a 70% interest, Denison with a 22.5% interest, and OURD (Canada) Co. Ltd. with a 7.5% interest.

In February 2017, Denison closed an arrangement 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 three months ended March 31, 2019, the McClean Lake mill processed 4.9 million pounds U₃O₈ for the CLJV (March 31, 2018 – 4.4 million pounds U₃O₈) and recorded toll milling revenue of $1,263,000 (March 31, 2018 – $780,000). The increase in toll milling revenue in the current quarter, as compared to the prior year, is due to several factors. Firstly, the mill processed more pounds U₃O₈ in the first quarter of 2019 as compared to the first quarter of 2018. Secondly, during the first quarter of 2018, as a result in an update to the published Cigar Lake mineral resource estimate in the quarter, the Company recorded a negative non-cash cumulative catch-up accounting adjustment of $322,000, which reduced the toll milling activity in that period. During the current quarter, the Company recorded a nominal $26,000 positive non-cash cumulative accounting adjustment related to the Cigar Lake mineral resource estimate update published in the first quarter of 2019.

During the three months ended March 31, 2019, the Company also recorded accounting accretion expense of $800,000 on the toll milling deferred revenue balance (March 31, 2018 – $829,000). The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

Denison Environmental Services

Mine decommissioning and environmental services are provided through Denison’s DES division – providing long-term care and maintenance for closed mine sites since 1997. With operations in Ontario, the Yukon Territory and Quebec, DES manages Denison’s Elliot Lake reclamation projects and provides post-closure mine care and maintenance services as well as environmental consulting services to various customers.

Revenue from DES during the three months ended March 31, 2019 was $2,237,000 (March 31, 2018 - $2,378,000). The decrease in revenue in the first quarter of 2019, as compared to 2018, was due to a decrease in activity at certain care and maintenance sites.

Management Services Agreement with UPC

Denison provides general administrative and management services to UPC. Management fees and commissions earned by Denison provide a source of cash flow to partly offset corporate administrative expenditures incurred by the Company during the year.

During the three months ended March 31, 2019, revenue from the Company’s management contract with UPC was $476,000 (March 31, 2018 - $415,000). The increase in revenues during the first quarter of 2019, compared to the prior year, was due to an increase in management fees earned based on UPC’s monthly net asset value (‘NAV’), partially offset by a decrease in commission-based fees. UPC’s balance sheet consists primarily of uranium held either in the form of U₃O₈ or UF₆, which is accounted for at its fair value. The increase in NAV-based management fees was due to the increase in the average fair value of UPC’s uranium holdings during the three months ended March 31, 2019, compared to the prior year, resulting from both higher uranium spot prices and increased uranium holdings. The decrease in commission-based fees was due to a decrease in uranium purchases 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

Canada Mining

Operating expenses of the Canadian mining segment include depreciation and development costs, and may also include certain adjustments to the estimates of future reclamation liabilities at McClean Lake, Midwest and Elliot Lake.

Operating expenses in the three months ended March 31, 2019 were $1,210,000 (March 31, 2018 – $1,442,000). In the first quarter of 2019, operating expenses included depreciation of the McClean Lake mill of $855,000 (March 31, 2018 – $839,000), as a result of processing approximately 4.9 million pounds U₃O₈ for the CLJV (March 31, 2018 – 4.4 million pounds).

In the three months ended March 31, 2019, operating expenses also included development and other operating costs related to the MLJV of $355,000 (March 31, 2018 – $603,000), predominantly due to the advancement of the Surface Access Borehole Resource Extraction (‘SABRE’) mining technology, as part of a multi-year test mining program operated by Orano Canada within the MLJV.

Environmental Services

Operating expenses during the three months ended March 31, 2019 totaled $2,052,000 (March 31, 2018 - $2,024,000). The expenses relate primarily to care and maintenance and consulting services provided to clients, and include labour and other costs.

CANADIAN MINERAL PROPERTY EXPLORATION & EVALUATION

During the first quarter of 2019, Denison’s share of exploration and evaluation expenditures was $4,229,000 (March 31, 2018 - $6,254,000). The decrease in exploration and evaluation expenditures, compared to the prior period, was due to a decrease in winter exploration activities.

Exploration spending in the Athabasca Basin is generally seasonal in nature, with spending higher during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October). The following table summarizes the 2019 winter exploration activities, which were completed by the end of March 2019. All exploration and evaluation expenditure information in this MD&A covers the quarter ended March 31, 2019.

<table>
<thead>
<tr>
<th>Property</th>
<th>Denison’s ownership</th>
<th>Drilling in metres (m) (1)</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheeler River</td>
<td>90% (1)</td>
<td>7,434 (14 holes)</td>
<td>Engineering and EA activities</td>
</tr>
<tr>
<td>Waterbury Lake</td>
<td>65.92% (2)</td>
<td>5,735 (15 holes)</td>
<td>-</td>
</tr>
<tr>
<td>Hook-Carter</td>
<td>80% (3)</td>
<td>4,797 (6 holes)</td>
<td>-</td>
</tr>
<tr>
<td>Waterfound River</td>
<td>14.42% (4)</td>
<td>5,110 (7 holes)</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>23,076 (42 holes)</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1. JCU (Canada) Exploration Company Limited (‘JCU’) is currently funding their 10% portion of exploration and evaluation expenditure and therefore ownership interests are not expected to change during 2019.
2. The Company’s ownership as at December 31, 2018. The partner, Korea Waterbury Uranium Limited Partnership (‘KWULP’), has elected not to fund the 2019 exploration program and will dilute its ownership interest. As a result, Denison’s interest will increase.
3. 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 CAD$12.0 million in expenditures on the project.
4. Denison has elected not to fund its 14.42% share of the $1,600,000 2019 drilling program planned by the operator, Orano Canada. Accordingly, Denison’s ownership interest will decrease.
5. The Company reports total metres drilled and the number of holes that were successfully completed to their target depth.

The Company’s land position in the Athabasca Basin, as of March 31, 2019, is illustrated in the figure below. The Company’s Athabasca land package decreased during the first quarter of 2019 from 320,834 hectares (292 claims) to 311,908 hectares (291 claims) due to the lapsing of low-priority claims belonging to the Johnston Lake, Bell Lake and Stevenson River properties, offset by the staking of additional claims at the Hook-Carter property.
Wheeler River Project

Project Highlights:

- **PFS results suggest Phoenix may become 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 U₃O₈.

  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 U₃O₈ 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.

- **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 U₃O₈** (Phoenix 59.7 million pounds U₃O₈ from 141,000 tonnes at 19.1% U₃O₈; Gryphon 49.7 million pounds U₃O₈ from 1,257,000 tonnes at 1.8% U₃O₈);

- **Indicated mineral resources (inclusive of reserves) of 132.1 million pounds U₃O₈** (1,809,000 tonnes at an average grade of 3.3% U₃O₈); plus

- **Inferred mineral resources of 3.0 million pounds U₃O₈** (82,000 tonnes at an average grade of 1.7% U₃O₈).

**Potential for resource growth**

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 regional high-priority target areas in accordance with the Company’s latest exploration models. Many of the target areas have the potential to host high-grade uniformity-hosted deposits, similar to Phoenix, that may be amenable to the use of the low-cost ISR mining method identified for the Phoenix deposit in the Company’s PFS. Following almost ten years of exploration drilling focused largely on the Phoenix and Gryphon deposits, a multi-year plan has been developed to explore these target areas, which commenced in 2018, and is continuing in 2019.

Further details regarding Wheeler River, including the estimated mineral reserves and resources, 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 the first quarter of 2019, Denison’s share of evaluation costs at Wheeler River amounted to $442,000 (March 31, 2018 - $866,000), which consisted primarily of work related to the EA as well as engineering activities in support of a FS.

**Environmental and Sustainability Activities**

During the first quarter of 2019, the company prepared and submitted the Wheeler River PD to the CNSC, which is the lead federal regulatory agency for the project. The Company also prepared and submitted the complimentary provincial submissions (the Technical Proposal and Terms of Reference) to the Saskatchewan Ministry of Environment. Acceptance of these documents, by the respective regulatory agencies, is expected to officially initiate the federal and provincial EA processes.

Environmental baseline data collection activities continued during the quarter, with additional environmental baseline field programs planned for the balance of 2019. Certain data collection activities require warm weather; accordingly, field activities are expected to ramp up during the second quarter, as the spring weather permits.

In addition, during the first quarter of 2019, the Company continued with its ongoing community consultation and engagement efforts – including meetings with community leadership and economic development groups, as well as more informal correspondence with stakeholders.
**Engineering Activities**

To optimize future work leading into the FS, a series of third party reviews were initiated in the first quarter of 2019 on key aspects of the PFS designs – including capital cost estimates, surface facilities designs, earthworks designs related to the Phoenix site, electrical designs for the Phoenix operation, as well as certain elements of the Gryphon mine design.

The Company also advanced the design of its detailed plans for the ISR field test which is scheduled to commence late in the second quarter of 2019. The scope of the work required as part of the ISR field test includes both the test work required to support the FS, as well as the test work required to provide sufficient data for the environmental monitoring requirements of the EA permitting process. To date, indications are that the cost of the program will be higher than as disclosed in the 2019 Outlook.

**Exploration Program**

Denison’s share of exploration costs at Wheeler River were $1,575,000 during the quarter ended March 31, 2019 (March 31, 2018 – $3,127,000). 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 is focused on initial testing of regional targets at the sub-Athabasca unconformity, with the potential to discover additional ISR amenable uranium deposits.

The winter 2019 drilling program commenced in early January and was concluded by the end of March. A single diamond drill rig was utilized, which completed 7,434 metres in 14 drill holes.

<table>
<thead>
<tr>
<th>Target Areas</th>
<th>Total Holes Completed</th>
<th>Total Meters</th>
</tr>
</thead>
<tbody>
<tr>
<td>O Zone</td>
<td>4</td>
<td>2,091</td>
</tr>
<tr>
<td>Q South East</td>
<td>2</td>
<td>714</td>
</tr>
<tr>
<td>K South</td>
<td>2</td>
<td>1,017</td>
</tr>
<tr>
<td>K West</td>
<td>3</td>
<td>1,899</td>
</tr>
<tr>
<td>M Zone</td>
<td>2</td>
<td>1,116</td>
</tr>
<tr>
<td>Gryphon South</td>
<td>1</td>
<td>597</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>14</strong></td>
<td><strong>7,434</strong></td>
</tr>
</tbody>
</table>

The locations 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 0.08% eU₂O₆ over 1.3 metres from 540.9 metres (unconformity intersected at 543.8 metres). The mineralization was accompanied by strong sulphide mineralization and 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. These initial drill holes have provided the early geological indicators needed for further systematic drill testing along this largely untested 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.

**Exploration Pipeline Properties**

During the 2019 winter season, Denison also carried out drilling programs at Waterbury Lake and Hook-Carter, and a winter drilling program at the Waterfound River project was carried out by the operator, Orano Canada. While spending on exploration pipeline projects has generally been reduced compared to prior years, exploration activities continue to deliver encouraging results generally warranting follow-up.

**Waterbury Lake Project**

Denison’s 65.92% owned 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 and Midwest A deposits. The project partner, KWULP (34.06% interest), has elected not to fund the 2019 program and will dilute their ownership interest. Total exploration costs incurred during the three months ended March 31, 2019 were $1,133,000 (March 31, 2018 - $1,715,000). Denison’s share of the exploration costs during the first quarter of 2019 was $747,000 (March 31, 2018 - $1,101,000).
The winter 2019 drilling program commenced in January and was concluded in March. 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. A detailed interpretation of the drilling results is underway to evaluate additional targets. Highlight assay results are provided in the table below.

<table>
<thead>
<tr>
<th>Hole Number</th>
<th>From (m)</th>
<th>To (m)</th>
<th>Length (m)</th>
<th>Grade (% $U_3O_8$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WAT19-480</td>
<td>263.0</td>
<td>269.0</td>
<td>6.0</td>
<td>0.15</td>
</tr>
<tr>
<td>including</td>
<td>263.0</td>
<td>266.0</td>
<td>3.0</td>
<td>0.26</td>
</tr>
<tr>
<td>WAT19-486</td>
<td>293.5</td>
<td>294.5</td>
<td>1.0</td>
<td>0.15</td>
</tr>
<tr>
<td>and</td>
<td>300.0</td>
<td>301.0</td>
<td>1.0</td>
<td>0.10</td>
</tr>
<tr>
<td>and</td>
<td>309.5</td>
<td>311.5</td>
<td>2.0</td>
<td>0.25</td>
</tr>
<tr>
<td>and</td>
<td>325.0</td>
<td>326.0</td>
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<td>0.10</td>
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<tr>
<td>and</td>
<td>330.0</td>
<td>331.5</td>
<td>1.5</td>
<td>0.22</td>
</tr>
</tbody>
</table>

**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.
Hook-Carter Project

The Hook-Carter property consists of 82 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 Lake 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 historical drill holes (pre-2018) located along the 15 kilometres of Patterson Lake Corridor strike length. The property also covers significant portions of the Dyskson 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 CAD$12M in expenditures (see Denison’s Press Releases dated October 13 and November 7, 2016). Total exploration costs incurred during the three months ended March 31, 2019 were $1,638,000, (March 31, 2018 - $1,286,000). As at March 31, 2019, the Company has spent $6,564,000 on the project, since acquisition.

During the first quarter, a diamond drilling program was carried out 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 in 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 resistivity anomaly located along the eastern edge of the 2017 geophysical grid. The hole intersected weak to moderate hydrothermal alteration in the sandstone. Geochemical results returned anomalous boron values of up to 762 ppm throughout the sandstone column. An additional 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 of 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 of up to 170 cps, measured with a handheld RS-125 spectrometer, was recorded in some of the fault zones in the basement. Collared approximately 1.2 kilometres northeast of HC19-013A, drill hole HC19-014A encountered similar sandstone structure and alteration; however, it was restricted to the basal portion of the sandstone column. A massive white clay zone, approximately 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 graphic unit extending about 10 metres into the underlying quartz-flooded granitic gneiss. Geochemical results for HC19-013A and HC19-014A are pending.

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 historical drill hole HK-002. Sandstone structure included several narrow zones of blocky and locally brecciated core. Significant hydrothermal alteration was noted in the sandstone. Geochemical samples analyzed from this hole returned strongly anomalous boron values up to 1000 ppm for the entire sandstone column. Structurally-controlled clay alteration was observed in multi-metre sections. A weakly to moderately bleached, locally sheared, weakly graphic unit was intersected in the basement below HK-002.

HC19-015 – Completed approximately three 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. Geochemical results for HC19-015 are pending.

**GENERAL AND ADMINISTRATIVE EXPENSES**

Total general and administrative expenses were $2,366,000 during the three months ended March 31, 2019 (March 31, 2018 - $1,832,000). 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. The increase in general and administrative expenses during the first quarter of 2019 was predominantly the result of an increase in share-based compensation expense related to RSU and PSU share options 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.

**OTHER INCOME AND EXPENSES**

During the three months ended March 31, 2019, the Company recognized a loss of $353,000 in other income/expense (March 31, 2018 – loss of $3,456,000). The loss in the current period is predominantly due to losses on investments carried at fair value of $238,000 (March 31, 2018 – losses of $3,405,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at end of the quarter. The losses recorded in both the current and prior periods were mainly due to unfavourable mark-to-market adjustments on the Company’s investments in common share purchase warrants of GoviEx Uranium Inc. (‘GoviEx’) and common shares of Skyharbour Resources Ltd.
EQUITY SHARE OF LOSS FROM ASSOCIATES

During the three months ended March 31, 2019, the Company recognized a loss of $277,000 from its equity share of its associate GoviEx (March 31, 2018 – loss of $643,000). The loss in 2019 is due to an equity loss of $275,000 (March 31, 2018 – equity loss of $663,000), based on the Company’s share of GoviEx’s net loss during the period, plus a net dilution loss of $2,000 (March 31, 2018 – dilution gain of $20,000) 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 (18.72% at December 31, 2017), to 16.20% at March 31, 2019. The Company records its share of income or loss from associates a quarter in arrears, based on the most recent publicly available financial information, adjusted for any subsequent material publicly disclosed share issuance transactions that have occurred.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $19,027,000 at March 31, 2019 (December 31, 2018 – $23,207,000).

The decrease in cash and cash equivalents of $4,180,000 was due to net cash used in operations of $3,679,000, net cash used in investing activities of $433,000 and net cash used in financing activities of $68,000.

Net cash used in operating activities of $3,679,000 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 $433,000 consists primarily of an increase in restricted cash mainly due to the Company’s funding the Elliot Lake reclamation trust fund, as well as the purchase of other portfolio investments.

As at March 31, 2019, the Company has spent $3,965,000 towards its obligation to spend $5,000,000 on eligible Canadian exploration expenditures under the flow-through share financing completed in November 2018.

Refer to 2019 OUTLOOK below for details of the Company’s working capital requirements for the remainder of 2019.

Revolving Term Credit Facility

On January 29, 2019, 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, 2020 (‘2019 Credit Facility’). Under the 2019 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 2019 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 2019 Credit Facility.

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 U3O8 or UF6); and d) a commission of 1.0% of the gross value of any purchases or sales of U3O8 or UF6 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 periods ended:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2019</td>
</tr>
<tr>
<td>Management Fee Revenue</td>
<td></td>
</tr>
<tr>
<td>Base and variable fees</td>
<td>$474</td>
</tr>
<tr>
<td>Commission fees</td>
<td>$2</td>
</tr>
<tr>
<td></td>
<td>$476</td>
</tr>
</tbody>
</table>

At March 31, 2019, accounts receivable includes $257,000 (December 31, 2018 – $303,000) due from UPC with respect to the fees and transactions discussed above.

**Korea Electric Power Corporation (‘KEPCO’) and Korea Hydro & Nuclear Power (‘KHNP’)**

As at March 31, 2019, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.89%. KHNP Canada Energy Ltd., a subsidiary of KEPCO’s subsidiary KHNP, is the holder of the majority of Denison’s shares and is also the majority member of 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.

**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:

- At March 31, 2019, the Company had an outstanding loan receivable amount of $250,000 from GoviEx pursuant to a credit agreement between the parties. The loan was unsecured and bore interest at 7.5% per annum. In April 2019, the loan was repaid in full, together with the interest thereon.

- During the three months ended March 31, 2019, the Company incurred investor relations, administrative service fees and other expenses of $21,000 (March 31, 2018 – $66,000) 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 March 31, 2019, an amount of $nil (December 31, 2018 – $nil) was due to this company.

**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:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31, 2019</td>
</tr>
<tr>
<td>Salaries and short-term employee benefits</td>
<td>$ (705)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>$ (504)</td>
</tr>
<tr>
<td></td>
<td>$ (1,209)</td>
</tr>
</tbody>
</table>

**OFF-BALANCE SHEET ARRANGEMENTS**

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

At May 1, 2019, there were 589,128,908 common shares issued and outstanding, stock options outstanding for 15,642,693 Denison common shares, 5,314,432 share units, and 1,673,077 share purchase warrants outstanding for a total of 611,759,110 common shares on a fully-diluted basis.

OUTLOOK FOR 2019

Denison’s plans for 2019 continue to focus on the activities necessary to position the Company as the next uranium producer in Canada. Accordingly, the 2019 budget is focused on the advancement of Wheeler River through the EA process and the necessary de-risking ahead of the completion of a FS. The budget for Mineral Property Exploration & Evaluation is currently under review, as indications suggest that the cost of the ISR field program planned for the summer of 2019 will be higher than those estimated within the 2019 Outlook.

<table>
<thead>
<tr>
<th>(in thousands)</th>
<th>2019 BUDGET</th>
<th>Actual to March 31, 2019(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada Mining Segment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mineral Sales</td>
<td>970</td>
<td>-</td>
</tr>
<tr>
<td>Development &amp; Operations</td>
<td>(3,640)</td>
<td>(535)</td>
</tr>
<tr>
<td>Mineral Property Exploration &amp; Evaluation</td>
<td>(12,350)</td>
<td>(4,590)</td>
</tr>
<tr>
<td>Total</td>
<td>(15,020)</td>
<td>(5,125)</td>
</tr>
<tr>
<td>DES Segment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DES Environmental Services</td>
<td>1,520</td>
<td>227</td>
</tr>
<tr>
<td>Total</td>
<td>1,520</td>
<td>227</td>
</tr>
<tr>
<td>Corporate and Other Segment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>UPC Management Services</td>
<td>1,920</td>
<td>476</td>
</tr>
<tr>
<td>Corporate Administration &amp; Other</td>
<td>(5,170)</td>
<td>(1,689)</td>
</tr>
<tr>
<td>Total</td>
<td>(3,250)</td>
<td>(1,213)</td>
</tr>
<tr>
<td>Total(1)</td>
<td>$ (16,750)</td>
<td>$ (6,111)</td>
</tr>
</tbody>
</table>

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

ADDITIONAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

The Company has changed its accounting policies in its audited annual consolidated financial statements for the year ended December 31, 2018 for ‘Leases.’ On January 1, 2019, Denison adopted the provisions of IFRS 16 Leases (‘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’). Denison’s new accounting policy for leases is as follows:

A. Leases

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, 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 lease payments 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. The Company accounts for the lease and non-lease components separately. 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.

QUALIFIED PERSON

The disclosure of scientific and technical information regarding Denison’s properties in the MD&A was prepared or reviewed by Dale Verran, MSc, Pr.Sci.Nat., the Company’s Vice President, Exploration, a Qualified Person in accordance with the requirements of NI 43-101.

ASSAY PROCEDURES AND DATA VERIFICATION

The Company reports preliminary radiometric equivalent grades (‘eU₃O₇’), derived from a calibrated down-hole total gamma probe, during or upon completion of its exploration programs and subsequently reports definitive U₃O₇ assay grades following sampling and chemical analysis of the mineralized drill core. Uranium assays are performed on split core samples by the Saskatchewan Research Council (‘SRC’) Geoanalytical Laboratories using an ISO/IEC 17025:2005 accredited method for the determination of U₃O₇ weight %. Sample preparation involves crushing and pulverizing core samples to 90% passing -106 microns. The resultant pulp is digested using aqua-regia and the solution analyzed for U₃O₇ weight % using ICP-OES. Geochemical results from composite core samples are reported as parts per million (‘ppm’) obtained from a partial HNO₃:HCl digest with an ICP-MS finish. Boron values are obtained through NaO₂/NaCO₃ fusion followed by an ICP-OES finish. All data are subject to verification procedures by qualified persons employed by Denison prior to disclosure. For further details on Denison’s sampling, analysis, quality assurance program and quality control measures and data verification procedures please see Denison’s Annual Information Form dated March 12, 2019 available on the Company’s website and filed under the Company’s profile on SEDAR (www.sedar.com) and in 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 projections made in the 2019 Outlook; the benefits to be derived from corporate transactions; the estimates of Denison's mineral reserves and mineral resources, including the new mineral resource estimate for the Huskie deposit; exploration, development and expansion plans and objectives, including the results of, and estimates and assumptions within, the PFS, and statements regarding anticipated budgets, fees and expenditures; expectations regarding Denison’s joint venture ownership interests and the continuity of its agreements with its partners; 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 DES; expectations regarding revenues from the UPC management contract; and the annual operating budget and capital expenditure programs, estimated exploration and development expenditures and reclamation costs and Denison's share of same. 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
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 in Denison’s Annual Information Form dated March 12, 2019 under the heading ‘Risk Factors’. 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 while 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, the United States Securities and Exchange Commission (‘SEC’) does not recognize them. ‘Inferred mineral resources’ have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **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. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.** The estimates of mineral reserves in this MD&A have been prepared in accordance with NI 43-101. The definition of probable mineral reserves used in NI 43-101 differs from the definition used by the SEC in the SEC's Industry Guide 7. Under the requirements of the SEC, mineralization may not be classified as a ‘reserve’ unless the determination has been made, pursuant to a ‘final’ feasibility study that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Denison has not prepared a feasibility study for the purposes of NI 43-101 or the requirements of the SEC. Accordingly, Denison's probable mineral reserves disclosure may not be comparable to information from U.S. companies subject to the reporting and disclosure requirements of the SEC.
### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited - Expressed in thousands of Canadian dollars (“CAD”) except for share amounts)

<table>
<thead>
<tr>
<th></th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents (note 5)</td>
<td>$19,027</td>
<td>$23,207</td>
</tr>
<tr>
<td>Trade and other receivables (note 6)</td>
<td>4,157</td>
<td>4,072</td>
</tr>
<tr>
<td>Inventories (note 7)</td>
<td>3,520</td>
<td>3,584</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>632</td>
<td>843</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$27,336</td>
<td>$31,706</td>
</tr>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories-ore in stockpiles (note 7)</td>
<td>2,098</td>
<td>2,098</td>
</tr>
<tr>
<td>Investments (note 8)</td>
<td>2,132</td>
<td>2,255</td>
</tr>
<tr>
<td>Investments in associates (note 9)</td>
<td>5,305</td>
<td>5,582</td>
</tr>
<tr>
<td>Restricted cash and investments (note 10)</td>
<td>12,552</td>
<td>12,255</td>
</tr>
<tr>
<td>Property, plant and equipment (note 11)</td>
<td>258,241</td>
<td>258,291</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$307,664</td>
<td>$312,187</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$7,338</td>
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<tr>
<td>Deferred revenue (note 12)</td>
<td>4,580</td>
<td>4,567</td>
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<tr>
<td>Post-employment benefits (note 13)</td>
<td>150</td>
<td>150</td>
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<tr>
<td>Reclamation obligations (note 14)</td>
<td>863</td>
<td>877</td>
</tr>
<tr>
<td>Other liabilities (note 15)</td>
<td>280</td>
<td>1,337</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>13,211</td>
<td>12,485</td>
</tr>
<tr>
<td><strong>Non-Current</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred revenue (note 12)</td>
<td>32,684</td>
<td>33,160</td>
</tr>
<tr>
<td>Post-employment benefits (note 13)</td>
<td>2,123</td>
<td>2,145</td>
</tr>
<tr>
<td>Reclamation obligations (note 14)</td>
<td>29,360</td>
<td>29,187</td>
</tr>
<tr>
<td>Other liabilities (note 15)</td>
<td>654</td>
<td>-</td>
</tr>
<tr>
<td>Deferred income tax liability</td>
<td>12,114</td>
<td>12,963</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>90,146</td>
<td>89,940</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital (note 16)</td>
<td>1,331,214</td>
<td>1,331,214</td>
</tr>
<tr>
<td>Share purchase warrants (note 17)</td>
<td>435</td>
<td>435</td>
</tr>
<tr>
<td>Contributed surplus (note 18)</td>
<td>64,237</td>
<td>63,634</td>
</tr>
<tr>
<td>Deficit</td>
<td>(1,179,498)</td>
<td>(1,174,163)</td>
</tr>
<tr>
<td>Accumulated other comprehensive income (note 19)</td>
<td>1,130</td>
<td>1,127</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>217,518</td>
<td>222,247</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>$307,664</td>
<td>$312,187</td>
</tr>
<tr>
<td>Issued and outstanding common shares (note 16)</td>
<td>589,128,908</td>
<td>589,175,086</td>
</tr>
</tbody>
</table>

The accompanying notes are integral to the condensed interim consolidated financial statements
## Condensed Interim Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Unaudited - Expressed in thousands of CAD dollars except for share and per share amounts)

<table>
<thead>
<tr>
<th></th>
<th>March 31 2019</th>
<th>March 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong> (note 21)</td>
<td>$ 3,976</td>
<td>$ 3,573</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses (note 20, 21)</td>
<td>(3,262)</td>
<td>(3,593)</td>
</tr>
<tr>
<td>Exploration and evaluation (note 21)</td>
<td>(4,229)</td>
<td>(6,254)</td>
</tr>
<tr>
<td>General and administrative (note 21)</td>
<td>(2,366)</td>
<td>(1,832)</td>
</tr>
<tr>
<td>Impairment reversal (note 21)</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>Other income (expense) (note 20)</td>
<td>(353)</td>
<td>(3,456)</td>
</tr>
<tr>
<td><strong>Loss before finance charges, equity accounting</strong></td>
<td>(10,210)</td>
<td>(15,124)</td>
</tr>
<tr>
<td>Finance expense (note 20)</td>
<td>(1,010)</td>
<td>(711)</td>
</tr>
<tr>
<td>Equity share of loss of associate (note 9)</td>
<td>(277)</td>
<td>(643)</td>
</tr>
<tr>
<td><strong>Loss before taxes</strong></td>
<td>(7,521)</td>
<td>(12,905)</td>
</tr>
<tr>
<td>Income tax recovery (note 23)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred</td>
<td>2,186</td>
<td>5,937</td>
</tr>
<tr>
<td><strong>Net loss for the period</strong></td>
<td>$ (5,335)</td>
<td>$ (6,968)</td>
</tr>
</tbody>
</table>

Other comprehensive income (loss) (note 19):
- Items that may be reclassified to income (loss):
  - Foreign currency translation change | 3 | (4) |
- **Comprehensive loss for the period** | $ (5,332) | $ (6,972) |

Basic and diluted net loss per share:
- **All operations** | $ (0.01) | $ (0.01) |

Weighted-average number of shares outstanding (in thousands):
- **Basic and diluted** | 589,129 | 559,183 |

The accompanying notes are integral to the condensed interim consolidated financial statements.
## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in thousands of CAD dollars)

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>$1,331,214</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>1,331,214</td>
</tr>
<tr>
<td>Share purchase warrants</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>435</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>435</td>
</tr>
<tr>
<td>Contributed surplus</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>63,634</td>
</tr>
<tr>
<td>Share-based compensation expense (note 18)</td>
<td>603</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>64,237</td>
</tr>
<tr>
<td>Deficit</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>(1,174,163)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(5,335)</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>(1,179,498)</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>1,127</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>3</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>1,130</td>
</tr>
<tr>
<td>Total Equity</td>
<td></td>
</tr>
<tr>
<td>Balance-beginning of period</td>
<td>222,247</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>$217,518</td>
</tr>
</tbody>
</table>

The accompanying notes are integral to the condensed interim consolidated financial statements.
### CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - Expressed in thousands of CAD dollars)

<table>
<thead>
<tr>
<th>CASH PROVIDED BY (USED IN):</th>
<th>Three Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>March 31 2019</td>
<td>2018</td>
</tr>
<tr>
<td>OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss for the period</td>
<td>(5,335)</td>
<td>(6,968)</td>
</tr>
<tr>
<td>Items not affecting cash and cash equivalents:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depletion, depreciation, amortization and accretion</td>
<td>2,236</td>
<td>2,186</td>
</tr>
<tr>
<td>Impairment reversal</td>
<td>-</td>
<td>(11)</td>
</tr>
<tr>
<td>Share-based compensation (note 18)</td>
<td>603</td>
<td>363</td>
</tr>
<tr>
<td>Recognition of deferred revenue (note 12)</td>
<td>(1,263)</td>
<td>(780)</td>
</tr>
<tr>
<td>Gains on property, plant and equipment disposals (note 20)</td>
<td>-</td>
<td>(36)</td>
</tr>
<tr>
<td>Losses on investments (note 8)</td>
<td>238</td>
<td>3,405</td>
</tr>
<tr>
<td>Equity loss of associate (note 9)</td>
<td>275</td>
<td>663</td>
</tr>
<tr>
<td>Dilution loss (gain) of associate (note 9)</td>
<td>2</td>
<td>(20)</td>
</tr>
<tr>
<td>Deferred income tax recovery</td>
<td>(2,186)</td>
<td>(5,937)</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Post-employment benefits (note 13)</td>
<td>(39)</td>
<td>(24)</td>
</tr>
<tr>
<td>Reclamation obligations (note 14)</td>
<td>(181)</td>
<td>(189)</td>
</tr>
<tr>
<td>Change in non-cash working capital items (note 20)</td>
<td>1,971</td>
<td>2,644</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>(3,679)</td>
<td>(4,701)</td>
</tr>
<tr>
<td>INVESTING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sale of investments (note 8)</td>
<td>-</td>
<td>37,500</td>
</tr>
<tr>
<td>Purchase of investments (note 8)</td>
<td>(115)</td>
<td>-</td>
</tr>
<tr>
<td>Expenditures on property, plant and equipment (note 11)</td>
<td>(21)</td>
<td>(83)</td>
</tr>
<tr>
<td>Proceeds on sale of property, plant and equipment</td>
<td>-</td>
<td>47</td>
</tr>
<tr>
<td>Increase in restricted cash and investments</td>
<td>(297)</td>
<td>(631)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(433)</td>
<td>36,833</td>
</tr>
<tr>
<td>FINANCING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment of lease obligations</td>
<td>(68)</td>
<td>-</td>
</tr>
<tr>
<td>Net cash used in financing activities</td>
<td>(68)</td>
<td>-</td>
</tr>
</tbody>
</table>

Increase (decrease) in cash and cash equivalents (4,180) $32,132
Cash and cash equivalents, beginning of period 23,207 $3,636
Cash and cash equivalents, end of period $19,027 $35,768

The accompanying notes are integral to the condensed interim consolidated financial statements.
1. NATURE OF OPERATIONS

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

The Company has a 90.00% interest in the Wheeler River Joint Venture ("WRJV"), a 65.92% interest in the Waterbury Lake Limited Partnership ("WLULP"), a 22.50% 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 12). 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 environmental consulting services (collectively "environmental services") to third parties through its Denison Environmental Services ("DES") division and is also the manager of Uranium Participation Corporation ("UPC"), a publicly-listed investment holding company formed to invest substantially all of its assets in uranium oxide concentrates ("U₃O₈") and uranium hexafluoride ("UF₆"). The Company has no ownership interest in UPC but receives fees for management services and commissions from the purchase and sale of U₃O₈ and UF₆ 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.

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2018. The Company’s presentation currency is Canadian dollars.

These financial statements were approved by the board of directors for issue on May 1, 2019.

3. ACCOUNTING POLICIES AND ACCOUNTING CHANGES

Significant Accounting Policies and Accounting Changes in Fiscal 2019

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company’s audited annual consolidated financial statements for the year ended December 31, 2018, with the exception of the Company’s accounting for leases.

On January 1, 2019, Denison adopted the provisions of IFRS 16 Leases ("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 4 and additional disclosures related to Denison’s IFRS 16 right-of-use assets and lease liabilities are disclosed in notes 11 and 15, respectively. Denison’s new accounting policy for leases is as follows:
A. Leases

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, 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 lease payments 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. The Company accounts for the lease and non-lease components separately. 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.

4. ADOPTION OF NEW ACCOUNTING STANDARDS – IMPACT ON FINANCIAL STATEMENTS

As noted above, 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 11) and an additional $944,000 of lease liabilities (reported within “Other Liabilities” – see note 15).

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:

<table>
<thead>
<tr>
<th>Description</th>
<th>At January 1 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands of CAD dollars)</td>
<td></td>
</tr>
<tr>
<td>Operating lease and other commitments per Denison’s December 31, 2018 annual financial statements</td>
<td>$1,259</td>
</tr>
<tr>
<td>Adjustments to IFRS 16:</td>
<td></td>
</tr>
<tr>
<td>Recognition exemption for short-term leases</td>
<td>(13)</td>
</tr>
<tr>
<td>Other</td>
<td>(75)</td>
</tr>
<tr>
<td>Lease liabilities - undiscounted</td>
<td>1,171</td>
</tr>
<tr>
<td>Present value discount adjustment</td>
<td>(227)</td>
</tr>
<tr>
<td>Lease liabilities on transition to IFRS 16</td>
<td>$944</td>
</tr>
</tbody>
</table>
5. **CASH AND CASH EQUIVALENTS**

The cash and cash equivalent balance consists of:

<table>
<thead>
<tr>
<th></th>
<th>At March 31 (in thousands of CAD dollars)</th>
<th>At December 31 (in thousands of CAD dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$1,390</td>
<td>$1,152</td>
</tr>
<tr>
<td>Cash in MLJV and MWJV</td>
<td>1,488</td>
<td>654</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>16,149</td>
<td>21,401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$19,027</td>
<td>$23,207</td>
</tr>
</tbody>
</table>

6. **TRADE AND OTHER RECEIVABLES**

The trade and other receivables balance consists of:

<table>
<thead>
<tr>
<th></th>
<th>At March 31 (in thousands of CAD dollars)</th>
<th>At December 31 (in thousands of CAD dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>$3,542</td>
<td>$2,952</td>
</tr>
<tr>
<td>Receivables in MLJV and MWJV</td>
<td>197</td>
<td>571</td>
</tr>
<tr>
<td>Sales tax receivables</td>
<td>142</td>
<td>98</td>
</tr>
<tr>
<td>Sundry receivables</td>
<td>26</td>
<td>201</td>
</tr>
<tr>
<td>Loan receivable (note 22)</td>
<td>250</td>
<td>250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$4,157</td>
<td>$4,072</td>
</tr>
</tbody>
</table>

7. **INVENTORIES**

The inventories balance consists of:

<table>
<thead>
<tr>
<th></th>
<th>At March 31 (in thousands of CAD dollars)</th>
<th>At December 31 (in thousands of CAD dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uranium concentrates</td>
<td>$526</td>
<td>$526</td>
</tr>
<tr>
<td>Inventory of ore in stockpiles</td>
<td>2,098</td>
<td>2,098</td>
</tr>
<tr>
<td>Mine and mill supplies in MLJV</td>
<td>2,994</td>
<td>3,058</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,618</td>
<td>$5,682</td>
</tr>
</tbody>
</table>

**Inventories-by balance sheet presentation:**

<table>
<thead>
<tr>
<th></th>
<th>At March 31 (in thousands of CAD dollars)</th>
<th>At December 31 (in thousands of CAD dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td>$3,520</td>
<td>$3,584</td>
</tr>
<tr>
<td>Long-term-ore in stockpiles</td>
<td>2,098</td>
<td>2,098</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$5,618</td>
<td>$5,682</td>
</tr>
</tbody>
</table>
8. INVESTMENTS

The investments balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investments:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>$ 2,132</td>
<td>$ 2,255</td>
</tr>
<tr>
<td>Investments-by balance sheet presentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long-term</td>
<td>2,132</td>
<td>2,255</td>
</tr>
<tr>
<td></td>
<td>$ 2,132</td>
<td>$ 2,255</td>
</tr>
</tbody>
</table>

The investments continuity summary is as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-beginning of period</td>
<td>$ 2,255</td>
</tr>
<tr>
<td>Purchases</td>
<td></td>
</tr>
<tr>
<td>Equity instruments</td>
<td>$ 115</td>
</tr>
<tr>
<td>Fair value loss to profit and loss</td>
<td>(238)</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>$ 2,132</td>
</tr>
</tbody>
</table>

9. INVESTMENT IN ASSOCIATES

The investment in associates balance consists of the Company’s investment in GoviEx Uranium Inc ("GoviEx"). A summary of the investment in GoviEx is as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars except share amounts)</th>
<th>Number of Common Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-December 31, 2018</td>
<td>65,144,021 $ 5,582</td>
</tr>
<tr>
<td>Equity share of net income (loss)</td>
<td>- (275)</td>
</tr>
<tr>
<td>Dilution gain (loss)</td>
<td>- (2)</td>
</tr>
<tr>
<td>Balance-March 31, 2019</td>
<td>65,144,021 $ 5,305</td>
</tr>
</tbody>
</table>

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 March 31, 2019, Denison holds an approximate 16.20% interest in GoviEx based on publicly available information (December 31, 2018: 16.21%) and has one director appointed to the GoviEx board of directors. Through the extent of its share ownership interest and its seat on the board of directors, Denison has the ability to exercise significant influence over GoviEx and accordingly, is using the equity method to account for this investment.

The trading price of GoviEx on March 31, 2019 was $0.16 per share which corresponds to a quoted market value of $10,423,000 (December 31, 2018: $9,772,000) for the Company’s investment in GoviEx common shares.

The following table is a summary of the consolidated financial information of GoviEx on a 100% basis taking into account adjustments made by Denison for equity accounting purposes for fair value adjustments and differences in accounting policy. Denison records 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 have occurred. A reconciliation of GoviEx’s summarized information to Denison’s investment carrying value is also included.
## INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### At March 31 and December 31

<table>
<thead>
<tr>
<th>(in thousands of USD dollars)</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total current assets</td>
<td>$ 4,116</td>
<td>$ 4,800</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td>$ 32,426</td>
<td>$ 32,432</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>(8,719)</td>
<td>(8,315)</td>
</tr>
<tr>
<td>Total net assets</td>
<td>$ 27,823</td>
<td>$ 28,917</td>
</tr>
</tbody>
</table>

### 3 Months Ended March 31 and 12 Months Ended December 31

<table>
<thead>
<tr>
<th>(in thousands of USD dollars)</th>
<th>3 Months Ended March 31 2019</th>
<th>12 Months Ended December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Net loss</td>
<td>(1,277)</td>
<td>(1,892)</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>(1,277)</td>
<td>(1,892)</td>
</tr>
</tbody>
</table>

### (in thousands)

Reconciliation of GoviEx net assets to Denison investment carrying value:

<table>
<thead>
<tr>
<th>Description</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets of GoviEx-beginning of period-USD</td>
<td>$ 28,917</td>
<td>$ 23,604</td>
</tr>
<tr>
<td>Share issue proceeds</td>
<td>(76)</td>
<td>6,654</td>
</tr>
<tr>
<td>Contributed surplus change</td>
<td>86</td>
<td>74</td>
</tr>
<tr>
<td>Share-based payment reserve change</td>
<td>173</td>
<td>477</td>
</tr>
<tr>
<td>Net loss</td>
<td>(1,277)</td>
<td>(1,892)</td>
</tr>
<tr>
<td>Net assets of GoviEx–end of period-USD</td>
<td>$ 27,823</td>
<td>$ 28,917</td>
</tr>
<tr>
<td>Denison ownership interest</td>
<td>16.20%</td>
<td>16.21%</td>
</tr>
<tr>
<td>Denison share of net assets of GoviEx</td>
<td>4,507</td>
<td>4,687</td>
</tr>
<tr>
<td>Other adjustments</td>
<td>(311)</td>
<td>(283)</td>
</tr>
<tr>
<td>Investment in GoviEx–USD</td>
<td>4,196</td>
<td>4,404</td>
</tr>
<tr>
<td>At historical exchange rate</td>
<td>1.2645</td>
<td>1.2675</td>
</tr>
<tr>
<td>Investment in GoviEx–CAD</td>
<td>$ 5,305</td>
<td>$ 5,582</td>
</tr>
</tbody>
</table>

### 10. RESTRICTED CASH AND INVESTMENTS

The restricted cash and investments balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 3,417</td>
<td>$ 85</td>
</tr>
<tr>
<td>Investments</td>
<td>9,135</td>
<td>12,170</td>
</tr>
<tr>
<td></td>
<td>$ 12,552</td>
<td>$ 12,255</td>
</tr>
</tbody>
</table>

Restricted cash and investments-by item:

<table>
<thead>
<tr>
<th>Description</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elliot Lake reclamation trust fund</td>
<td>$ 3,417</td>
<td>$ 3,120</td>
</tr>
<tr>
<td>Letters of credit facility pledged assets</td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td>Letters of credit additional collateral</td>
<td>135</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td>$ 12,552</td>
<td>$ 12,255</td>
</tr>
</tbody>
</table>

At March 31, 2019, investments consist of guaranteed investment certificates with maturities of more than 90 days.

**Elliot Lake Reclamation Trust Fund**

During the three months ended March 31, 2019, the Company deposited an additional $453,000 into the Elliot Lake Reclamation Trust Fund and withdrew $175,000.
Letters of Credit Facility Pledged Assets

As at March 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 14 and 15).

Letters of Credit Additional Collateral

As at March 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 14 and 15).

11. PROPERTY, PLANT AND EQUIPMENT

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

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Plant and Equipment</th>
<th>Mineral Properties</th>
<th>Total PP&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Owned</td>
<td>Right-of-Use</td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance – December 31, 2018</td>
<td>$103,430</td>
<td>-</td>
<td>$178,947</td>
</tr>
<tr>
<td>Adoption of IFRS 16 (note 4)</td>
<td>-</td>
<td>944</td>
<td>-</td>
</tr>
<tr>
<td>Additions</td>
<td>8</td>
<td>38</td>
<td>13</td>
</tr>
<tr>
<td>Balance – March 31, 2019</td>
<td>$103,438</td>
<td>982</td>
<td>$178,960</td>
</tr>
</tbody>
</table>

Accumulated amortization, depreciation:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance – December 31, 2018</td>
<td>$(24,086)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>(53)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(942)</td>
<td>(58)</td>
<td>-</td>
</tr>
<tr>
<td>Balance – March 31, 2019</td>
<td>$(25,081)</td>
<td>(58)</td>
<td>-</td>
</tr>
</tbody>
</table>

Carrying value:

<p>| | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance – December 31, 2018</td>
<td>$79,344</td>
<td>-</td>
<td>$178,947</td>
</tr>
<tr>
<td>Balance – March 31, 2019</td>
<td>$78,357</td>
<td>924</td>
<td>$178,960</td>
</tr>
</tbody>
</table>

Plant and Equipment – Owned

The Company has a 22.50% 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 $70,477,000, or 89.9%, of the March 2019 total carrying value amount.

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 its PP&E carrying value amount. These 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 / or warehousing space located in Toronto, Saskatoon and Sudbury.

Mineral Properties

As at March 31, 2019, the Company has various interests in development, evaluation and exploration projects located in Canada which are either held directly or through option or various contractual agreements. The properties with significant carrying values, being Wheeler River, Waterbury Lake, Midwest, Mann Lake, Wolly, Johnston Lake and McClean Lake, represent $161,883,000, or 90.5%, of the March 2019 total mineral property carrying amount. Significant updates from the December 31, 2018 year-end are listed below.
Hook Carter

In November 2016, Denison completed the purchase of an 80% interest in the Hook-Carter property from ALX Uranium Corp (“ALX”). Under terms in the agreement, Denison has agreed to provide ALX with a carried interest on the first $12,000,000 in expenditures. As at March 31, 2019, the Company has spent $6,564,000 on the project, since acquisition.

12. DEFERRED REVENUE

The deferred revenue balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31 2019</th>
<th>At December 31 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue – CLJV toll milling – APG</td>
<td>$37,264</td>
<td>$37,727</td>
</tr>
<tr>
<td>做合计</td>
<td>$37,264</td>
<td>$37,727</td>
</tr>
<tr>
<td>Deferred revenue-by balance sheet presentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$4,580</td>
<td>$4,567</td>
</tr>
<tr>
<td>Non-current</td>
<td>32,684</td>
<td>33,160</td>
</tr>
<tr>
<td>做合计</td>
<td>$37,264</td>
<td>$37,727</td>
</tr>
</tbody>
</table>

The deferred revenue liability continuity summary is as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-beginning of period</td>
<td>$37,727</td>
</tr>
<tr>
<td>Revenue recognized during the period</td>
<td>(1,263)</td>
</tr>
<tr>
<td>Accretion</td>
<td>800</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>$37,264</td>
</tr>
</tbody>
</table>

Arrangement with Anglo Pacific Group (“APG”) PLC

In February 2017, Denison closed an arrangement with APG under which Denison received an upfront payment in exchange for its right to receive specified future toll milling cash receipts from the MLJV under the current toll milling agreement with the CLJV from July 1, 2016 onwards. 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 specified Cigar Lake ore through the McClean Lake mill.

In the three months ended March 31, 2019, the Company has recognized $1,263,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 4,863,000 pounds U₃O₈ (100% basis). The drawdown for the three months includes a retroactive $26,000 increase in revenue resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2019.
13. POST-EMPLOYMENT BENEFITS

The post-employment benefits balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31</th>
<th>At December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Accrued benefit obligation</td>
<td>$ 2,273</td>
<td>$ 2,295</td>
</tr>
<tr>
<td></td>
<td>$ 2,273</td>
<td>$ 2,295</td>
</tr>
<tr>
<td>Post-employment benefits-by balance sheet presentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ 150</td>
<td>$ 150</td>
</tr>
<tr>
<td>Non-current</td>
<td>2,123</td>
<td>2,145</td>
</tr>
<tr>
<td></td>
<td>$ 2,273</td>
<td>$ 2,295</td>
</tr>
</tbody>
</table>

The post-employment benefits continuity summary is as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-beginning of period</td>
<td>$ 2,295</td>
</tr>
<tr>
<td>Accretion</td>
<td>17</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>(39)</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>$ 2,273</td>
</tr>
</tbody>
</table>

14. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31</th>
<th>At December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Reclamation obligations-by location:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elliot Lake</td>
<td>$ 17,233</td>
<td>$ 17,205</td>
</tr>
<tr>
<td>McClean and Midwest Joint Ventures</td>
<td>12,968</td>
<td>12,837</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>$ 30,223</td>
<td>$ 30,064</td>
</tr>
<tr>
<td>Reclamation obligations-by balance sheet presentation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ 863</td>
<td>$ 877</td>
</tr>
<tr>
<td>Non-current</td>
<td>29,360</td>
<td>29,187</td>
</tr>
<tr>
<td></td>
<td>$ 30,223</td>
<td>$ 30,064</td>
</tr>
</tbody>
</table>

The reclamation obligations continuity summary is as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-beginning of period</td>
<td>$ 30,064</td>
</tr>
<tr>
<td>Accretion</td>
<td>340</td>
</tr>
<tr>
<td>Expenditures incurred</td>
<td>(181)</td>
</tr>
<tr>
<td>Balance-end of period</td>
<td>$ 30,223</td>
</tr>
</tbody>
</table>

Site Restoration: Elliot Lake

Spending on restoration activities at the Elliot Lake site is funded from monies in the Elliot Lake Reclamation Trust fund (see note 10).
Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

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 relating to future decommissioning and reclamation plans that have been filed and approved by the applicable regulatory authorities. As at March 31, 2019, the Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of Environment, totalling $24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

15. OTHER LIABILITIES

The other liabilities balance consists of:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>At March 31</th>
<th>At December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Debt obligations:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease liabilities</td>
<td>$ 934</td>
<td>$ -</td>
</tr>
<tr>
<td>Flow-through share premium obligation (note 16)</td>
<td>-</td>
<td>$ 1,337</td>
</tr>
<tr>
<td><strong>Total Debt obligations</strong></td>
<td>$ 934</td>
<td>$ 1,337</td>
</tr>
<tr>
<td><strong>Other long-term liabilities-by balance sheet presentation:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>$ 280</td>
<td>$ 1,337</td>
</tr>
<tr>
<td>Non-current</td>
<td>$ 654</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Total Other long-term liabilities</strong></td>
<td>$ 934</td>
<td>$ 1,337</td>
</tr>
</tbody>
</table>

Letters of Credit Facility

In January 2019, the Company entered into an amending agreement for its letters of credit facility with BNS (the “2019 facility”). Under the amendment, the maturity date of the 2019 facility has been extended to January 31, 2020. All other terms of the 2019 facility (tangible net worth covenant, pledged cash, investment amounts and security for the facility) remain unchanged from those of the 2018 facility. The 2019 facility continues to provide the Company with 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) subject to letter of credit and standby fees of 2.40% (0.40% on the first $9,000,000) and 0.75% respectively.

At March 31, 2019, the Company is in compliance with its facility covenants and $24,000,000 (December 31, 2018: $24,000,000) of the facility is being utilized as collateral for letters of credit issued in respect of the reclamation obligations for the MLJV and MWJV. During the three months ended March 31, 2019, the Company incurred letter of credit fees of $98,000.

Debt Obligations

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

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-beginning of period</td>
<td>$ -</td>
</tr>
<tr>
<td>Adoption of IFRS 16 (note 4)</td>
<td>944</td>
</tr>
<tr>
<td>Accretion</td>
<td>20</td>
</tr>
<tr>
<td>Additions</td>
<td>38</td>
</tr>
<tr>
<td>Repayments</td>
<td>(68)</td>
</tr>
<tr>
<td><strong>Balance-end of period</strong></td>
<td>$ 934</td>
</tr>
</tbody>
</table>
Debt Obligations – Scheduled Maturities

The following table outlines the Company’s scheduled maturities of its debt obligations as at March 31, 2019:

<table>
<thead>
<tr>
<th>Maturity analysis – contractual undiscounted cash flows:</th>
<th>Lease Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Next 12 months</td>
<td>$ 280</td>
</tr>
<tr>
<td>One to five years</td>
<td>698</td>
</tr>
<tr>
<td>More than five years</td>
<td>173</td>
</tr>
<tr>
<td>Total obligation – end of period – undiscounted</td>
<td>1,151</td>
</tr>
<tr>
<td>Present value discount adjustment</td>
<td>(217)</td>
</tr>
<tr>
<td>Total obligation – end of period - discounted</td>
<td>$ 934</td>
</tr>
</tbody>
</table>

16. 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:

<table>
<thead>
<tr>
<th>Number of Common Shares (in thousands of CAD dollars except share amounts)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance-December 31, 2018</td>
</tr>
<tr>
<td>Share cancellations</td>
</tr>
<tr>
<td>Balance-March 31, 2019</td>
</tr>
</tbody>
</table>

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 March 31, 2019, the Company estimates that it has incurred $3,965,000 of its obligation to spend $5,000,000 on eligible exploration expenditures 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 has been extinguished and a deferred tax recovery has been recognized in the first quarter of 2019 (see notes 15 and 23).
17. 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:

<table>
<thead>
<tr>
<th>Weighted Average Exercise Price Per Share (CAD)</th>
<th>Number of Common Shares Issuable</th>
<th>Fair Value Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands of CAD dollars except share amounts)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance-December 31, 2018 and March 31, 2019</td>
<td>$1.27</td>
<td>1,673,077</td>
</tr>
</tbody>
</table>

The warrants noted above were issued in February 2017 and expire on February 14, 2020.

18. SHARE-BASED COMPENSATION

The Company's share based compensation arrangements include stock 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:

<table>
<thead>
<tr>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>(in thousands of CAD dollars)</td>
</tr>
</tbody>
</table>

- Share based compensation expense for:
  - Stock options: $ (270) $ (363)
  - RSUs: (181) -
  - PSUs: (152) -
- Share based compensation expense: $ (603) $ (363)

As at March 31, 2019, an additional $3,042,000 in share-based compensation expense remains to be recognized up until April 2023.

Stock Options

A continuity summary of the stock options granted under the Company's stock-based compensation plan is presented below:

<table>
<thead>
<tr>
<th>Weighted-Average Exercise Price per Share (CAD)</th>
<th>Number of Common Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock options outstanding – December 31, 2018</td>
<td>13,865,193 $ 0.83</td>
</tr>
<tr>
<td>Granted</td>
<td>2,691,000 0.68</td>
</tr>
<tr>
<td>Expires</td>
<td>(855,000) 1.82</td>
</tr>
<tr>
<td>Forfeitures</td>
<td>(58,500) 0.64</td>
</tr>
<tr>
<td>Stock options outstanding – March 31, 2019</td>
<td>15,642,693 $ 0.75</td>
</tr>
<tr>
<td>Stock options exercisable – March 31, 2019</td>
<td>11,195,921 $ 0.80</td>
</tr>
</tbody>
</table>
A summary of the Company’s stock options outstanding at March 31, 2019 is presented below:

<table>
<thead>
<tr>
<th>Range of Exercise Prices per Share (CAD)</th>
<th>Weighted Average Remaining Contractual Life (Years)</th>
<th>Weighted Average Exercise Number of Common Shares</th>
<th>Price per Share (CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.50 to $0.74</td>
<td>3.72</td>
<td>8,262,293</td>
<td>$0.63</td>
</tr>
<tr>
<td>$0.75 to $0.99</td>
<td>2.95</td>
<td>6,167,400</td>
<td>0.85</td>
</tr>
<tr>
<td>$1.00 to $1.39</td>
<td>0.94</td>
<td>1,213,000</td>
<td>1.09</td>
</tr>
<tr>
<td>Stock options outstanding</td>
<td>3.20</td>
<td>15,642,693</td>
<td>$0.75</td>
</tr>
</tbody>
</table>

Options outstanding at March 31, 2019 expire between May 2019 and March 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 assumptions used in the model to determine the fair value of options granted:

<table>
<thead>
<tr>
<th>Three Months Ended</th>
<th>March 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk-free interest rate</td>
<td>1.65%</td>
</tr>
<tr>
<td>Expected stock price volatility</td>
<td>49.46%</td>
</tr>
<tr>
<td>Expected life</td>
<td>3.5 years</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>-</td>
</tr>
<tr>
<td>Fair value per share under options granted</td>
<td>CAD$0.26</td>
</tr>
</tbody>
</table>

**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. 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 to-date, 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 the performance vesting conditions – no PSUs had been granted in 2019 as at March 31, 2019.

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

<table>
<thead>
<tr>
<th></th>
<th>RSUs</th>
<th></th>
<th>PSUs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Common Shares</td>
<td>Weighted Average Fair Value Per RSU (CAD)</td>
<td>Number of Common Shares</td>
<td>Weighted Average Fair Value Per PSU (CAD)</td>
</tr>
<tr>
<td>Units outstanding – December 31, 2018</td>
<td>1,200,432</td>
<td>$0.65</td>
<td>2,200,000</td>
<td>$0.65</td>
</tr>
<tr>
<td>Granted</td>
<td>1,914,000</td>
<td>0.73</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Units outstanding – March 31, 2019</td>
<td>3,114,432</td>
<td>$0.70</td>
<td>2,200,000</td>
<td>$0.65</td>
</tr>
<tr>
<td>Units vested – March 31, 2019</td>
<td>-</td>
<td>$ -</td>
<td>-</td>
<td>$ -</td>
</tr>
</tbody>
</table>
19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The accumulated other comprehensive income (loss) balance consists of:

<table>
<thead>
<tr>
<th></th>
<th>At March 31</th>
<th>At December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
<td>2018</td>
</tr>
<tr>
<td>Cumulative foreign currency translation</td>
<td>$ 406</td>
<td>$ 403</td>
</tr>
<tr>
<td>Unamortized experience gain-post employment liability</td>
<td>983</td>
<td>983</td>
</tr>
<tr>
<td>Gross</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax effect</td>
<td>(259)</td>
<td>(259)</td>
</tr>
<tr>
<td></td>
<td>$ 1,130</td>
<td>$ 1,127</td>
</tr>
</tbody>
</table>

20. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Cost of goods and services sold:</td>
<td></td>
</tr>
<tr>
<td>Operating overheads:</td>
<td></td>
</tr>
<tr>
<td>Mining, other development expense</td>
<td>(308)</td>
</tr>
<tr>
<td>Milling, conversion expense</td>
<td>(862)</td>
</tr>
<tr>
<td>Less absorption:</td>
<td></td>
</tr>
<tr>
<td>- Mineral properties</td>
<td>13</td>
</tr>
<tr>
<td>Cost of services</td>
<td>(2,052)</td>
</tr>
<tr>
<td>Cost of goods and services sold</td>
<td>(3,209)</td>
</tr>
<tr>
<td>Reclamation asset amortization</td>
<td>(53)</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(3,262)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Gains (losses) on:</td>
<td></td>
</tr>
<tr>
<td>Foreign exchange</td>
<td>-</td>
</tr>
<tr>
<td>Disposal of property, plant and equipment</td>
<td>-</td>
</tr>
<tr>
<td>Investment fair value through profit (loss)</td>
<td>(238)</td>
</tr>
<tr>
<td>Other</td>
<td>(115)</td>
</tr>
<tr>
<td>Other income (expense)</td>
<td>$ (353)</td>
</tr>
</tbody>
</table>
The components of finance income (expense) are as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Interest income</td>
<td>$169</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2)</td>
</tr>
<tr>
<td>Accretion expense</td>
<td></td>
</tr>
<tr>
<td>Deferred revenue (note 12)</td>
<td>(800)</td>
</tr>
<tr>
<td>Post-employment benefits (note 13)</td>
<td>(17)</td>
</tr>
<tr>
<td>Reclamation obligations (note 14)</td>
<td>(340)</td>
</tr>
<tr>
<td>Debt obligations (note 15)</td>
<td>(20)</td>
</tr>
<tr>
<td>Finance income (expense)</td>
<td>(1,010)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Operating expenses</td>
<td></td>
</tr>
<tr>
<td>Mining, other development expense</td>
<td>(1)</td>
</tr>
<tr>
<td>Milling, conversion expense</td>
<td>(855)</td>
</tr>
<tr>
<td>Cost of services</td>
<td>(60)</td>
</tr>
<tr>
<td>Exploration and evaluation</td>
<td>(53)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>(31)</td>
</tr>
<tr>
<td>Depreciation expense-gross</td>
<td>$1,000</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Salaries and short-term employee benefits</td>
<td>$2,572</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(603)</td>
</tr>
<tr>
<td>Termination benefits</td>
<td>-</td>
</tr>
<tr>
<td>Employee benefits expense</td>
<td>$3,175</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Change in non-cash working capital items:</td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(85)</td>
</tr>
<tr>
<td>Inventories</td>
<td>64</td>
</tr>
<tr>
<td>Prepaid expenses and other assets</td>
<td>205</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>1,787</td>
</tr>
<tr>
<td>Change in non-cash working capital items</td>
<td>$1,971</td>
</tr>
</tbody>
</table>

21. 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, DES. 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 from UPC has been included with general corporate expenses due to the shared infrastructure between the two activities.

For the three months ended March 31, 2019, reportable segment results were as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Mining</th>
<th>DES</th>
<th>Corporate and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statement of Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>1,263</td>
<td>2,237</td>
<td>476</td>
<td>3,976</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,210)</td>
<td>(2,052)</td>
<td>-</td>
<td>(3,262)</td>
</tr>
<tr>
<td>Exploration and evaluation</td>
<td>(4,229)</td>
<td>-</td>
<td>-</td>
<td>(4,229)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>-</td>
<td>-</td>
<td>(2,366)</td>
<td>(2,366)</td>
</tr>
<tr>
<td></td>
<td>(5,439)</td>
<td>(2,052)</td>
<td>(2,366)</td>
<td>(9,857)</td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>(4,176)</td>
<td>185</td>
<td>(1,890)</td>
<td>(5,881)</td>
</tr>
<tr>
<td>Revenues – supplemental:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental services</td>
<td>-</td>
<td>2,237</td>
<td>-</td>
<td>2,237</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>-</td>
<td>476</td>
<td>476</td>
</tr>
<tr>
<td>Toll milling services–deferred revenue</td>
<td>1,263</td>
<td>-</td>
<td>-</td>
<td>1,263</td>
</tr>
<tr>
<td></td>
<td>1,263</td>
<td>2,237</td>
<td>476</td>
<td>3,976</td>
</tr>
<tr>
<td>Capital additions:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>13</td>
<td>8</td>
<td>38</td>
<td>59</td>
</tr>
<tr>
<td>Long-lived assets:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>99,028</td>
<td>4,484</td>
<td>908</td>
<td>104,420</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(21,944)</td>
<td>(2,987)</td>
<td>(208)</td>
<td>(25,139)</td>
</tr>
<tr>
<td>Mineral properties</td>
<td>178,960</td>
<td>-</td>
<td>-</td>
<td>178,960</td>
</tr>
<tr>
<td></td>
<td>256,044</td>
<td>1,497</td>
<td>700</td>
<td>258,241</td>
</tr>
</tbody>
</table>
For the three months ended March 31, 2018, reportable segment results were as follows:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Mining</th>
<th>DES</th>
<th>Corporate and Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Statement of Operations:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>780</td>
<td>2,378</td>
<td>415</td>
<td>3,573</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>(1,442)</td>
<td>(2,024)</td>
<td>(127)</td>
<td>(3,593)</td>
</tr>
<tr>
<td>Exploration and evaluation</td>
<td>(6,254)</td>
<td>-</td>
<td>-</td>
<td>(6,254)</td>
</tr>
<tr>
<td>General and administrative</td>
<td>-</td>
<td>-</td>
<td>(1,832)</td>
<td>(1,832)</td>
</tr>
<tr>
<td>Impairment reversal</td>
<td>11</td>
<td>-</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>(7,685)</td>
<td>(2,024)</td>
<td>(1,959)</td>
<td>(11,668)</td>
</tr>
<tr>
<td>Segment income (loss)</td>
<td>(6,905)</td>
<td>354</td>
<td>(1,544)</td>
<td>(8,095)</td>
</tr>
<tr>
<td><strong>Revenues – supplemental:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental services</td>
<td>-</td>
<td>2,378</td>
<td>-</td>
<td>2,378</td>
</tr>
<tr>
<td>Management fees</td>
<td>-</td>
<td>-</td>
<td>415</td>
<td>415</td>
</tr>
<tr>
<td>Toll milling services–deferred revenue</td>
<td>780</td>
<td>-</td>
<td>-</td>
<td>780</td>
</tr>
<tr>
<td></td>
<td>780</td>
<td>2,378</td>
<td>415</td>
<td>3,573</td>
</tr>
<tr>
<td><strong>Capital additions:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>83</td>
<td>-</td>
<td>-</td>
<td>83</td>
</tr>
<tr>
<td><strong>Long-lived assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Plant and equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>98,573</td>
<td>4,303</td>
<td>294</td>
<td>103,170</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(18,516)</td>
<td>(2,762)</td>
<td>(151)</td>
<td>(21,429)</td>
</tr>
<tr>
<td>Mineral properties</td>
<td>166,347</td>
<td>-</td>
<td>-</td>
<td>166,347</td>
</tr>
<tr>
<td></td>
<td>246,404</td>
<td>1,541</td>
<td>143</td>
<td>248,088</td>
</tr>
</tbody>
</table>

22. 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 ongoing monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U3O8 or UF6); and d) a commission of 1.0% of the gross value of any purchases or sales of U3O8 or UF6 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:

<table>
<thead>
<tr>
<th>Management fees:</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Base and variable fees</td>
<td>$ 474</td>
</tr>
<tr>
<td>Commission fees</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>$ 476</td>
</tr>
</tbody>
</table>

At March 31, 2019, accounts receivable includes $257,000 (December 31, 2018: $303,000) due from UPC with respect to the fees indicated above.

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

As at March 31, 2019, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.89%. KHNP Canada Energy Ltd., a subsidiary of KEPCO’s subsidiary KHNP, is the holder of the majority of Denison’s shares and is also the majority member of 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 Waterbury Lake Uranium Limited Partnership ("WLULP"), entities whose key asset is the Waterbury Lake property.

Other

At March 31, 2019, the Company had an outstanding loan receivable amount of $250,000 with GoviEx related to a credit agreement between the parties (see note 6). 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 the three months ended March 31, 2019, the Company incurred investor relations, administrative service fees and other expenses of $21,000 (March 31, 2018: $66,000) 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 March 31, 2019, an amount of $nil (December 31, 2018: $nil) was due to this company.

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:

<table>
<thead>
<tr>
<th>(in thousands of CAD dollars)</th>
<th>Three Months Ended March 31</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>Salaries and short-term employee benefits</td>
<td>$ (705)</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>(504)</td>
</tr>
<tr>
<td>Key management personnel compensation</td>
<td>(1,209)</td>
</tr>
</tbody>
</table>

23. INCOME TAXES

For the three months ended March 31, 2019, Denison has recognized deferred tax recoveries of $2,186,000. The deferred tax recovery includes the recognition of previously unrecognized Canadian tax assets of $1,337,000 relating to the February 2019 renunciation of the tax benefits associated with the Company’s $5,000,000 flow-through share issue in November 2018.
24. 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, or the variable interest rate associated with the instruments, or the fixed interest rate of the instruments being similar to market rates.

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

<table>
<thead>
<tr>
<th>Financial Instrument Category</th>
<th>March 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category B</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and equivalents</td>
<td>$19,027</td>
<td>$23,207</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>$4,157</td>
<td>$4,072</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity instruments-shares</td>
<td>Category A, Level 1</td>
<td>2,019</td>
</tr>
<tr>
<td>Equity instruments-warrants</td>
<td>Category A, Level 2</td>
<td>113</td>
</tr>
<tr>
<td>Restricted cash and equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Elliot Lake reclamation trust fund</td>
<td>Category B</td>
<td>3,417</td>
</tr>
<tr>
<td>Credit facility pledged assets</td>
<td>Category B</td>
<td>9,000</td>
</tr>
<tr>
<td>Reclamation letter of credit collateral</td>
<td>Category B</td>
<td>135</td>
</tr>
<tr>
<td></td>
<td>$37,868</td>
<td>$41,789</td>
</tr>
</tbody>
</table>

Financial Liabilities:

<table>
<thead>
<tr>
<th>Financial Instrument Category</th>
<th>March 31, 2019</th>
<th>December 31, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>Category C</td>
<td>7,338</td>
</tr>
<tr>
<td>Debt obligations</td>
<td>Category C</td>
<td>934</td>
</tr>
<tr>
<td></td>
<td>$8,272</td>
<td>$5,554</td>
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</tbody>
</table>

(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.

25. CONTINGENCIES

25.1 Specific Legal Matters

Mongolia Mining Division Sale – Arbitration Proceedings with Uranium Industry

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, and formal submissions have been made by each party. As of the date hereof, arbitration proceedings are continuing with hearings scheduled for Q4 2019.
# Corporate Information

## BOARD OF DIRECTORS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>City, Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catherine J.G. Stefan</td>
<td>Chair of the Board</td>
<td>Ontario, Canada</td>
</tr>
<tr>
<td>David D. Cates</td>
<td></td>
<td>Ontario, Canada</td>
</tr>
<tr>
<td>W. Robert Dengler</td>
<td></td>
<td>Ontario, Canada</td>
</tr>
<tr>
<td>Brian D. Edgar</td>
<td></td>
<td>British Columbia, Canada</td>
</tr>
<tr>
<td>Ron F. Hochstein</td>
<td></td>
<td>British Columbia, Canada</td>
</tr>
<tr>
<td>Jack O.A. Lundin</td>
<td></td>
<td>British Columbia, Canada</td>
</tr>
<tr>
<td>William A. Rand</td>
<td></td>
<td>British Columbia, Canada</td>
</tr>
<tr>
<td>Geun Park</td>
<td></td>
<td>Gyeonggi-do, Korea</td>
</tr>
<tr>
<td>Patricia M. Volker</td>
<td></td>
<td>Ontario, Canada</td>
</tr>
</tbody>
</table>

## OFFICERS

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>City, Country</th>
</tr>
</thead>
<tbody>
<tr>
<td>David D. Cates</td>
<td>President and Chief Executive Officer</td>
<td></td>
</tr>
<tr>
<td>Mac McDonald</td>
<td>Vice President, Finance and Chief Financial Officer</td>
<td></td>
</tr>
<tr>
<td>Tim Gabruch</td>
<td>Vice President, Commercial</td>
<td></td>
</tr>
<tr>
<td>Michael J. Schoonderwoerd</td>
<td>Vice President, Controller</td>
<td></td>
</tr>
<tr>
<td>Dale Verran</td>
<td>Vice President, Exploration</td>
<td></td>
</tr>
<tr>
<td>Amanda Willett</td>
<td>Corporate Counsel and Corporate Secretary</td>
<td></td>
</tr>
</tbody>
</table>

## OFFICES

- **Head Office**
  Denison Mines Corp.
  1100 – 40 University Ave
  Toronto, Ontario M5J 1T1
  Telephone: 416-979-1991
  Facsimile: 416-979-5893
  [www.denisonmines.com](http://www.denisonmines.com)
  
- **Denison Mines Corp.**
  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
  
- **Denison Mines Corp.**
  230 – 22nd Street East, Suite 200
  Saskatoon, Saskatchewan S7K 0E9
  Telephone: 306-652-8200
  Facsimile: 306-652-8202
  
- **Denison Environmental Services**
  1 Home Walk, Suite 200
  Elliot Lake, Ontario P5A 2A5
  Telephone: 705-848-9191
  Facsimile: 705-848-5814
  [www.denisonenvironmental.com](http://www.denisonenvironmental.com)

## 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