

enison Mines

POWERING PEOPLE, PARTNERSHIPS AND PASSION

2021 First Quarter Report



#3 Wellfield

enison Mines

ISR Field Test

Program Objectives:

- Select an extensive database of hydrogeological data in order to evaluate the ISR mining conditions present at the Pease uniform deposit.
- Focus on the testing of the process, using water to extract hydrocarbon substances that can be used for paving, reducing gas flow between a series of test wells.
- The information collected through this process is expected to increase the overall confidence of the application of the test and facilitate detailed mine planning, as necessary for the ISR well to support the ISR process.

Testing using existing exploration holes

Application of ISR mining to the Hibbasa Basin



**2021 FIRST QUARTER REPORT
FOR THE THREE MONTHS ENDED
MARCH 31, 2021**

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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 6, 2021 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, 2021. 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, 2020. 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').

Q1 2021 PERFORMANCE HIGHLIGHTS

▪ **Successful completion of equity financing to fund the Environmental Assessment ('EA') and Feasibility Study ('FS') process for the Wheeler River Uranium project ('Wheeler River' or the 'Project')**

Denison completed equity financings for gross proceeds of \$40.2 million (including \$3.9 million from an At-the-Market ('ATM') offering) in the first quarter of 2021. Subject to a decision to advance to a formal FS for the high-grade Phoenix uranium deposit ('Phoenix'), the proceeds from the offerings are expected, based on current estimates, to be sufficient to complete such FS process and the EA process.

▪ **Financing completed for 2021 and 2022 high potential exploration programs**

The Company completed a flow-through equity financing of \$8.0 million in March 2021. Proceeds of the financing will be used for eligible Canadian exploration activities in 2021 and 2022 – including the Company's planned follow up on the discovery of high-grade uranium mineralization at the K-West target area, located approximately 4 km west of Phoenix on the Wheeler River property.

▪ **Funded a project financing initiative involving the strategic acquisition of physical uranium**

In March 2021, Denison successfully completed a public offering for gross proceeds of \$107,949,000. The majority of the net proceeds of the offering are anticipated to fund the strategic purchase of uranium concentrates ('U₃O₈') to be held by Denison as a long-term investment, which is intended to support the potential future financing of the advancement and/or construction of Wheeler River. At March 31, 2021, the Company has committed to purchase 2.5 million pounds of U₃O₈ at a weighted average price of US\$29.61 per pound U₃O₈.

▪ **Executed agreements with the English River First Nation**

In April 2021, Denison announced that it has entered into a Participation and Funding Agreement and Letter of Intent with the English River First Nation ('ERFN') in connection with the advancement of the proposed in-situ recovery ('ISR') operation at Wheeler River. The Company also entered into an Exploration Agreement in respect of Denison's exploration and evaluation activities within the ERFN traditional territories. These agreements reflect Denison's desire to operate its business in a progressive and sustainable manner that respects ERFN rights and advances reconciliation with Indigenous peoples. The agreements provide ERFN with economic opportunities and other benefits, and establish a foundation for future collaboration in an authentic, cooperative, and respectful way.

▪ **Commenced the 2021 ISR field program at Wheeler River**

During the first quarter of 2021, the Company initiated the 2021 ISR Field Program (the '2021 Field Program'), including the installation of a five-spot commercial scale well ('CSW') ISR test pattern ('Test Pattern') at Wheeler River. Mobilization of drilling equipment necessary to complete the large diameter drill holes was completed in early April, and all five CSWs have been successfully drilled to target depths, cased, and cemented into position. The installation of the Test Pattern is the first step in the 2021 Field Program, which is designed to support the further de-risking of the application of ISR mining at Phoenix.

▪ **Discovery of new high-grade uranium mineralization at McClean Lake South**

New high-grade unconformity-hosted uranium mineralization was discovered during the winter 2021 exploration program completed at the Company's 22.5% owned McClean Lake Joint Venture ('McClean Lake' or 'MLJV'). Three

of the final four drill holes completed by Orano Canada Inc. ('Orano Canada'), 77.5% owner and operator of the MLJV, returned uranium mineralization at the McClean South target area, with the results highlighted by drill hole MCS-34, which returned 5.04% eU₃O₈ over 14.0 metres (including 14.86% eU₃O₈ over 3.9 metres).

ABOUT DENISON

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

Denison is a uranium exploration and development company with interests focused in the Athabasca Basin region of northern Saskatchewan, Canada. The Company's flagship asset is a 90% interest in Wheeler River, which is the largest undeveloped uranium project in the infrastructure rich eastern portion of the Athabasca Basin region. A Pre-Feasibility study ('PFS') was completed for Wheeler River in late 2018, considering the potential economic merit of developing Phoenix as an ISR operation and the Gryphon deposit as a conventional underground mining operation. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the MLJV, which includes several uranium deposits and the McClean Lake uranium mill, which is contracted to process the ore from the Cigar Lake mine under a toll milling agreement (see RESULTS OF OPERATIONS below for more details), plus a 25.17% interest in the Midwest deposits and a 66.90% interest in the THT (formerly J Zone) and Huskie deposits on the Waterbury Lake property. The Midwest, THT and Huskie deposits are located within 20 kilometres of the McClean Lake mill. In addition, Denison has an extensive portfolio of 280,000 hectares of exploration ground in the Athabasca Basin region.

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

Denison is also the manager of Uranium Participation Corporation ('UPC'), a publicly traded company listed on the TSX under the symbol 'U', which invests in uranium oxide in concentrates ('U₃O₈') and uranium hexafluoride ('UF₆'). See SUBSEQUENT EVENTS below for further details.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands)	As at March 31, 2021	As at December 31, 2020
Financial Position:		
Cash and cash equivalents	\$ 172,757	\$ 24,992
Working capital ⁽¹⁾	\$ 180,589	\$ 37,571
Property, plant and equipment	\$ 256,983	\$ 256,870
Total assets	\$ 467,934	\$ 320,690
Total long-term liabilities ⁽²⁾	\$ 96,226	\$ 81,565

(1) At March 31, 2021, the Company's working capital includes \$16,286,000 in portfolio investments and \$3,898,000 in a non-cash deferred revenue liability (December 31, 2020 – \$16,657,000 in portfolio investments, and \$3,478,000 of non-cash deferred revenue).

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

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands, except for per share amounts)	2021 Q1	2020 Q4	2020 Q3	2020 Q2
Total revenues	\$ 2,496	\$ 4,094	\$ 2,743	\$ 2,926
Net loss	\$ (8,884)	\$ (3,095)	\$ (5,482)	\$ (1,043)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.00)

(in thousands, except for per share amounts)	2020 Q1	2019 Q4	2019 Q3	2019 Q2
Total revenues	\$ 4,660	\$ 3,956	\$ 3,478	\$ 4,139
Net loss	\$ (6,663)	\$ (1,498)	\$ (6,424)	\$ (4,884)
Basic and diluted loss per share	\$ (0.01)	\$ (0.00)	\$ (0.01)	\$ (0.01)

Significant items causing variations in quarterly results

- The Company's toll milling revenues fluctuate due to the timing of uranium processing at the McClean Lake mill as well as changes to the estimated mineral resources of the Cigar Lake mine. Toll milling at McClean Lake was suspended during Q2 and Q3 of 2020 and again during Q1 of 2021 due to the suspension of mining at the Cigar Lake mine as a result of the COVID-19 pandemic ('COVID-19'). See RESULTS OF OPERATIONS below for further details.
- Revenues from the Closed Mines group fluctuate due to the timing of projects, which vary throughout the year in the normal course of business.
- Operating expenses fluctuate due to the timing of projects at both the MLJV and the Closed Mines group, which vary throughout the year in the normal course of business.
- Exploration expenses are generally largest in the first and third quarters, due to the timing of the winter and summer exploration programs in Saskatchewan.
- The Company's results are also impacted, from time to time, by other non-recurring events arising from its ongoing activities, as discussed below where applicable.

RESULTS OF OPERATIONS

REVENUES

McClean Lake Uranium Mill

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 contracted to process ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a joint venture between Orano Canada with a 77.5% interest and Denison with a 22.5% interest.

In February 2017, Denison closed an arrangement with Anglo Pacific Group PLC ('APG') 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.

In response to the COVID-19 pandemic, the CLJV temporarily suspended production at the Cigar Lake mine from the end of March 2020 until September 2020, and then again from the end of December 2020 until April 2021. The MLJV temporarily suspended operations at the mill for the duration of the CLJV shutdowns. As noted above, Denison sold the toll milling revenue to be earned from the processing of the Cigar Lake ore pursuant to the APG Arrangement. While the temporary suspension of operations at the McClean Lake mill has resulted in a decrease in revenue recognized by Denison, the impact is non-cash and is limited to a reduction in the drawdown of the Company's deferred revenue balance.

During the three months ended March 31, 2021, as a result of the CLJV temporary shutdown, the McClean Lake mill processed nil pounds U₃O₈ for the CLJV (March 31, 2020 – 4.2 million pounds U₃O₈) and recorded toll milling revenue of \$137,000 (March 31, 2020 – \$963,000). The decrease in toll milling revenue in the current quarter, as compared to the prior year, is predominantly due to the temporary shutdown of the mill, slightly offset by a \$137,000 non-cash cumulative accounting adjustment related to the Cigar Lake mineral resource estimate update published in the first quarter of 2021.

During the three months ended March 31, 2021, the Company also recorded accounting accretion expense of \$754,000 on the toll milling deferred revenue balance (March 31, 2020 – \$782,000). The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

Mineral Sales

Mineral sales revenue for the three months ended March 31, 2021 was \$nil (March 31, 2020 - \$852,000 from the sale of 26,004 pounds U₃O₈ from inventory at an average price of \$32.76 per pound).

Closed Mine Services

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

Revenue from Closed Mines services during the three months ended March 31, 2021 was \$1,744,000 (March 31, 2020 - \$2,028,000). The decrease in revenue in the first quarter of 2021, as compared to 2020, was due to a decrease in activity at certain care and maintenance sites and one customer contract that was not renewed for 2021.

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. See SUBSEQUENT EVENTS for further details.

During the three months ended March 31, 2021, revenue from the Company's management contract with UPC was \$615,000 (March 31, 2020 - \$817,000). The decrease in revenues during the first quarter of 2021, compared to the prior year, is predominantly due to a decrease in discretionary fees and commission-based fees, offset by a slight increase in management fees earned based on UPC's monthly net asset value ('NAV'). Discretionary management fees are awarded to Denison for non-routine activities performed by the Company. During the three months ended March 31, 2021, the Company earned discretionary management fees of \$140,000, compared to a discretionary fee of \$300,000 during the first quarter of 2020. Denison earns a 1% commission on the gross value of UPC's uranium purchases and sales. The decrease in commission-based management fees during the first quarter of 2021 was due to a decrease in uranium purchase and sales transactions, as compared to the prior year.

OPERATING EXPENSES

Mining

Operating expenses of the mining segment include depreciation and development costs, as well as cost of sales related to the sale of uranium.

Operating expenses in the three months ended March 31, 2021 were \$295,000 (March 31, 2020 – \$1,605,000). In the first quarter of 2021, the mill was temporarily shut and did not process any ore from the CLJV (March 31, 2020 – 4.2 million pounds U₃O₈ processed for the CLJV). Accordingly, operating expenses in the first quarter of 2021 included \$nil depreciation of the McClean Lake mill (March 31, 2020 - \$736,000).

In the three months ended March 31, 2021, operating expenses also included development and other operating costs related to the MLJV of \$295,000 (March 31, 2020 – \$869,000), including \$180,000 in costs related 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.

Closed Mine Services

Operating expenses during the three months ended March 31, 2021 totaled \$1,593,000 (March 31, 2020 - \$1,715,000). The expenses relate primarily to care and maintenance services provided to clients, and include labour and other costs. The decrease in operating expenses in the current period, as compared to the prior year, is predominantly due to a reduction in activity at certain care and maintenance sites

MINERAL PROPERTY EVALUATION

During the first quarter of 2021, Denison's share of evaluation expenditures was \$2,761,000 (March 31, 2020 – \$1,491,000). The increase in evaluation expenditures, compared to the prior period, was due to an increase in Wheeler River evaluation activities, including the commencement of the 2021 Field Program.

The following table summarize the evaluation activities completed during the first quarter of 2021 and up until the end of April 2021.

PROJECT EVALUATION ACTIVITIES			
Property	Denison's ownership ⁽¹⁾	Evaluation drilling ⁽²⁾	Other activities
Wheeler River	90%	2,048.8 metres (5 CSWs)	ISR Field Testing, Engineering, Metallurgical testing, Environmental and Sustainability activities

Notes:

(1) The Company's ownership interest as at March 31, 2021.

(2) CSW evaluation drilling includes mud-rotary drilling of new large-diameter holes for the purposes of further evaluation of the ISR mining conditions at Phoenix. Amounts include total evaluation metres drilled and total number of holes completed.

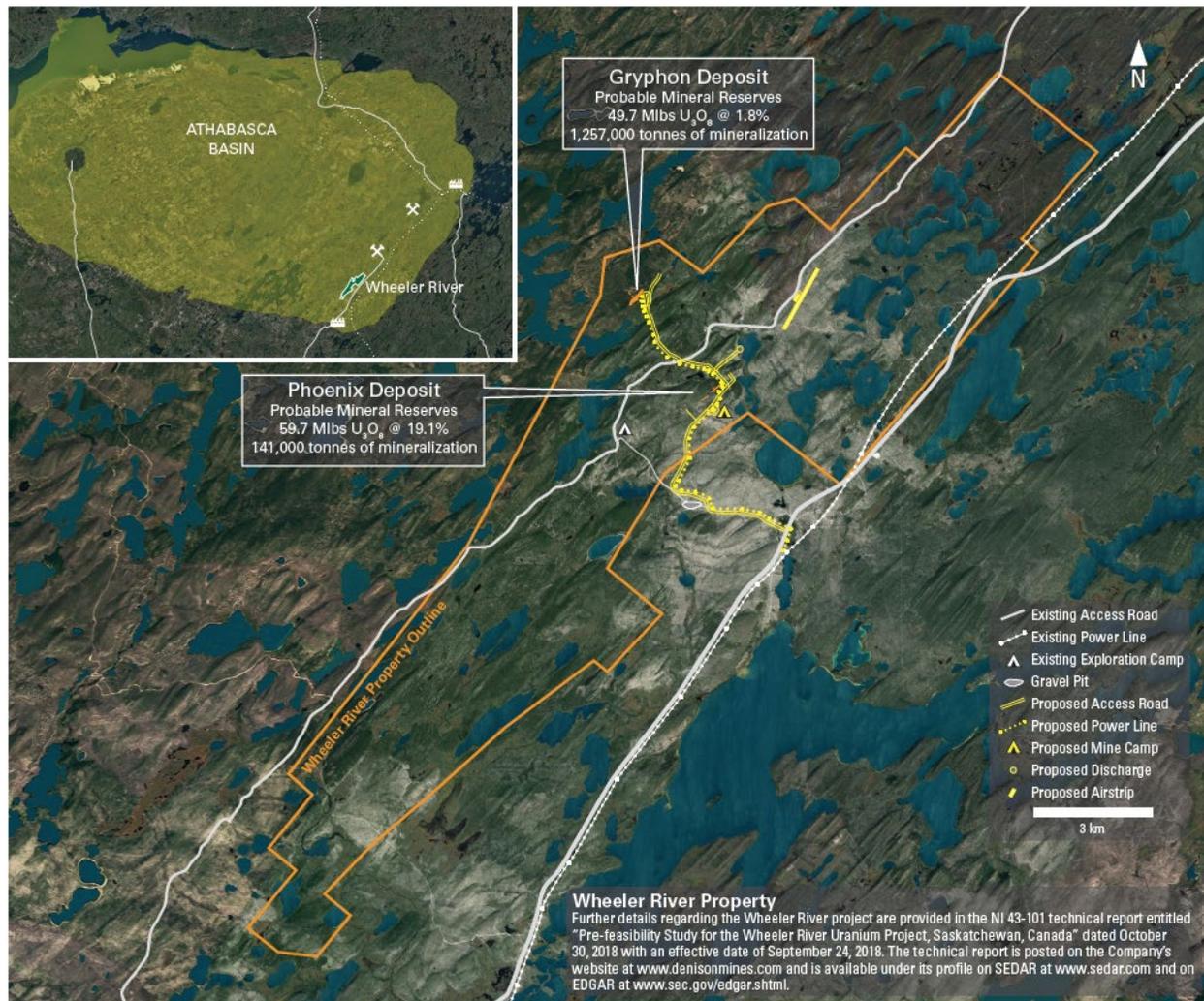
Wheeler River Uranium Project

A PFS was completed for Wheeler River in late 2018, considering the potential economic merit of developing the Phoenix deposit as an ISR operation and the Gryphon deposit as a conventional underground mining operation.

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' 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.

Given the social, financial and market disruptions in early 2020, Denison temporarily suspended certain activities at Wheeler River, including the EA program, which is on the critical path to achieving the project development schedule outlined in the PFS. The Company is not currently able to estimate the impact to the project development schedule outlined in the PFS, and users are cautioned that the estimates provided therein regarding the start of pre-production activities in 2021 and first production in 2024 should not be relied upon.

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 2021, Denison's share of evaluation costs at Wheeler River was \$2,678,000 (March 31, 2020 – \$1,437,000).

Engineering Activities

2021 Field Program:

The 2021 ISR Field Program commenced in the first quarter and is expected to involve the following key components:

- **Installation of a 5-spot Test Pattern:** The Test Pattern will be located in the planned first mining area ('Phase 1') of the Phoenix deposit and consists of five new CSWs. The Test Pattern has been designed to facilitate the further evaluation of the ISR mining conditions at Phoenix – for incorporation into detailed mine planning expected to be included as part of the completion of a future FS for the Project;
- **Installation of 11 additional monitoring wells ('MWs'):** Eleven additional small-diameter MWs are planned to be installed in the Phase 1 area and are designed to surround the Test Pattern on all sides and above the ore zone horizon in order to facilitate detailed monitoring of pressure changes and observations of fluid flow patterns during active hydrogeological tests. Certain monitoring wells will also allow for water quality sampling over the duration of test work;

- **Extensive Hydrogeologic Testing:** Approximately twenty-five hydrogeologic tests are planned to be completed during the 2021 Field Program. Tests are expected to first evaluate baseline conditions and the effectiveness of permeability enhancement tools deployed on an individual well basis, and are then expected to progress to assessing the Test Pattern's total permeability on a full-scale basis. Tracer tests are also expected to be conducted on the full Test Pattern to establish breakthrough times for each CSW and confirm sub-surface pathways. These tests are expected to provide a more complete understanding of the hydrogeologic characteristics expected throughout Phase 1 in order to support the permitting and design of a lixiviant test, utilizing the existing Test Pattern, planned for 2022.

During the first quarter, 2021 Field Program activities related to site preparation, mobilization of drill crews, the commencement of CSW drilling, and the initiation of additional permeameter analysis.

- *Site Preparation at Wheeler River*

In early March, Denison mobilized excavation equipment to the Wheeler River site in order to:

- Open the access road to the Wheeler River camp and access to the Phoenix deposit;
 - Widen the access road where necessary to allow the mobilization of the large-sized mud/rotary drill;
 - Clear snow from the planned Test Pattern and dig collection pits for cuttings; and
 - Expand certain camp facilities to accommodate larger drill crews and support COVID-19 physical distancing and isolation protocols.
- *Mobilization of Drill Crews and Commencement of Drilling of CSWs*

Drill crews mobilized to site in late March 2021 and made excellent progress advancing the installation of the five-spot Test Pattern, which continued into the start of the second quarter. Collaring of the CSWs was completed in March and the five planned CSWs were successfully drilled to target depths, cased and cemented into position by the end of April. The installation of the Test Pattern is the first step in an ambitious 2021 ISR Field Program, designed to support the further de-risking of the application of the ISR mining method at Phoenix.

- *Permeameter Analysis*

Permeameter analysis of additional areas within Phoenix resumed in the first quarter of 2021 to refine the understanding of the mineralized hydrogeologic horizons.

Metallurgical Testing

Metallurgical test work continued in the first quarter of 2021 with SRC Laboratories in Saskatoon ('SRC').

- *Column Leach Tests:*

The main purpose of the column leach tests is to produce uranium bearing solution ('UBS') for bench scale tests of unit operations simulating the plant flowsheet. A secondary purpose for the column Leach Test is to assess sensitivity of the leaching rate.

Due to the high-grade nature of the testing material, a special "shielded room" was constructed at SRC to hold the column apparatus. The Company plans to complete three column leach tests in 2021, with the first large diameter column leach tests commencing during the quarter.

- *Core Leach Tests:*

The core leach tests are specialized leach tests involving the testing of intact mineralized core samples, representative of the in-situ conditions at Phoenix, to evaluate uranium recovery specifically for the ISR mining method.

In late 2020, core leach testing resumed and it continued throughout the first quarter of 2021.

Environmental and Sustainability Activities

EA Activities

Technical studies related to the hydrogeological model continued in the first quarter of 2021, with the Denison technical team validating the assumptions in the model provided by the Company's consultant to ensure that the model is aligned with Denison's current mining strategy and decommissioning plans.

In addition, progression on the EA methodology and the integration of Indigenous Knowledge ('IK') within the Company's draft Environmental Impact Statement ('EIS') document also continued in first quarter, with significant emphasis placed on determining how IK and engagement records will be included throughout the EIS by the various discipline leads. This method of integration represents a uniquely progressive approach for an EIS in relation to a Saskatchewan based uranium mining project.

Community Engagement Activities

During the first quarter of 2021, engagement activities related to the EA process progressed significantly, with various groups of interested parties – including (1) well attended virtual meetings with several local municipalities in northern Saskatchewan to discuss the Wheeler River project and ISR mining and (2) the execution of agreements with the ERFN.

ERFN is located about 500 km north of Saskatoon in Treaty 10, with a main settlement at Patuanak, alongside the Churchill River. ERFN has seven different reserves: Porter Island, Cree Lake, Elak Dase, Knee Lake, Dipper Rapids, Wapachewunak and La Plonge, and is a multilingual community with various combinations of Dene, Cree, Michif, English and French spoken by over 1,400 members.

Denison signed a Participation and Funding Agreement and Letter of Intent with ERFN, which outline a mutually agreeable framework and applicable funding arrangement to facilitate ERFN's participation and engagement in the EA process for Wheeler River. Denison and ERFN also signed an Exploration Agreement, which establishes a framework for a cooperative and mutually beneficial relationship between Denison and ERFN whereby the Company's exploration and evaluation activities are consented to by ERFN and Denison agrees to support ERFN's interests in relation to community development and benefits, environmental protection and monitoring, as well as sustainable and predictable consultation and engagement processes.

MINERAL PROPERTY EXPLORATION

During the first quarter of 2021, Denison's share of exploration expenditures was \$1,348,000, (March 31, 2020 – \$1,700,000). The decrease in exploration expenditures compared to the prior year was due to decrease in winter exploration activities.

Exploration spending in the Athabasca Basin is generally seasonal in nature, with spending typically higher during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October).

The following table summarize the exploration activities completed during the first quarter of 2021. The exploration drilling relates to the winter drilling programs at three of the Company's non-operated properties.

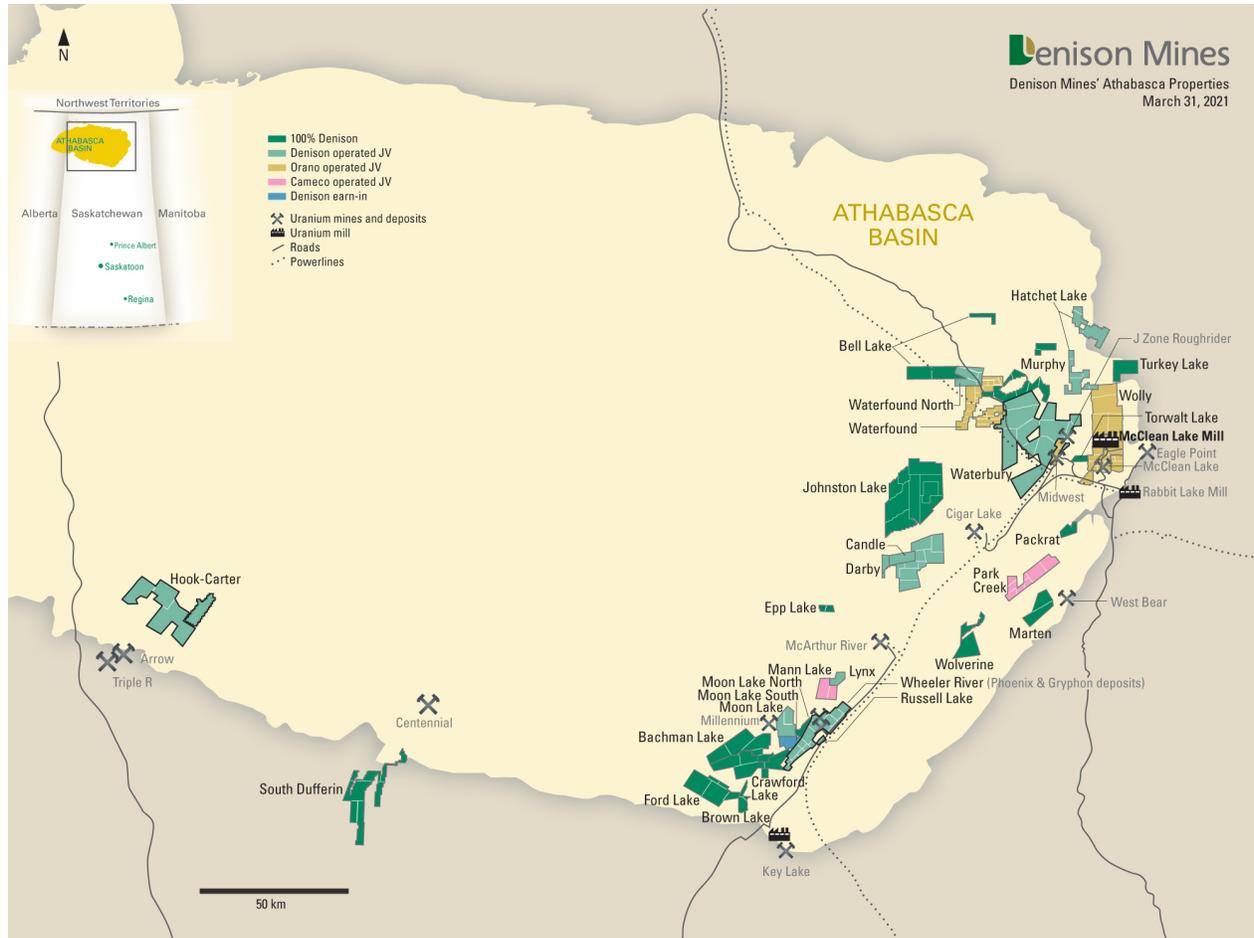
EXPLORATION & EVALUATION ACTIVITIES			
Property	Denison's ownership	Drilling in metres (m) ⁽¹⁾	Other activities
Ford Lake	100.00%	-	Geophysical Survey
McClellan Lake	22.50%	4,083.0 (15 holes)	-
Midwest	25.17%	2,669.0 (8 holes)	Geophysical Survey
Waterfound	12.32% ⁽²⁾	-	Geophysical Survey
Wolly	21.89% ⁽³⁾	2,118.5 (11 holes)	-
Total		8,870.5 (34 holes)	

(1) The Company reports total exploration metres drilled and the number of holes that were successfully completed to their target depth.

(2) Represents Denison's ownership position at December 31, 2020. Denison has elected not to fund its 12.32% share of the 2021 exploration program implemented by the operator, Orano Canada. Accordingly, Denison's ownership share will decrease.

(3) Represents Denison's ownership position at December 31, 2020. Denison has elected not to fund its 21.89% share of the 2021 exploration program implemented by the operator, Orano Canada. Accordingly, Denison's ownership share will decrease.

The Company's land position in the Athabasca Basin, as of March 31, 2021, is illustrated in the figure below. The Company's Athabasca land package increased during the first quarter of 2021 from 268,725 hectares (204 claims) to 280,107 hectares (207 claims) due to staking of three additional claims bordering the Company's Johnston Lake property.



Wheeler River Exploration

Denison's share of exploration costs at Wheeler River was \$260,000 during the quarter ended March 31, 2021 (March 31, 2020 – \$206,000), which includes a portion of camp set-up and stand-by costs incurred in the quarter.

Exploration field work at Wheeler River is planned to begin in the third quarter of 2021. During the three months ended March 31, 2020, exploration work related to Wheeler River included desktop analysis and interpretation of the results of the 2020 exploration program and the initiation of detailed planning of a 2021 exploration drilling program – which is expected to include an estimated 7,500 metres in approximately 12 to 15 drill holes. The program is likely to be focused at the K West and M Zone target areas, where additional exploration drilling is required to follow up on mineralization encountered in each of these areas from the 2020 exploration drilling program.

Exploration Pipeline Properties

During the first quarter, five exploration field programs were carried out at Denison's pipeline properties (one operated by Denison) and Denison's share of exploration costs for these properties was \$850,000 during the three months ended March 31, 2021 (March 31, 2020 - \$1,307,000).

Additionally, numerous desk-top reviews were completed to prioritize properties for potential future exploration. The Company continues to review, prioritize and rationalize its Athabasca Basin exploration portfolio with the objective of continuing to explore its highest priority projects, with the potential to deliver significant and meaningful new discoveries.

Ford Lake

During the first quarter of 2021, a Small Moving Loop EM survey was initiated on the Company's Ford Lake property to resolve a complex, multiple conductor trend and to generate targets for future drill testing on the project. The survey was in progress at the end of the first quarter, with 5 of 6 survey lines completed, and was completed subsequent to quarter end.

McClellan Lake

The McClellan Lake property is operated by Orano Canada and is host to the McClellan mill and several unmined uranium deposits, including Caribou, Sue D, Sue E (partially mined out) and the McClellan North and South pods. A diamond drilling program consisting of 15 drill holes totaling 4,083 metres was recently completed at McClellan Lake.

The 2021 exploration program was designed to test for the potential expansion of previously discovered mineralization in the McClellan South 8W and 8E pods, as well as to test for new mineralization in the surrounding area. Three of the final four drill holes completed by Orano Canada returned uranium mineralization at the McClellan South target area, with the results highlighted by drill hole MCS-34, which returned 5.04% eU₃O₈ over 14.0 metres (including 14.86% eU₃O₈ over 3.9 metres). For more information regarding the use of radiometric equivalent grades and sampling procedures at McClellan Lake, see Denison's press release dated April 14, 2021. Assay results for the 2021 program are pending.

Midwest

The Midwest property is operated by Orano Canada and is host to the high-grade Midwest Main and Midwest A uranium deposits which lie along strike and within six kilometres of the THT and Huskie deposits on Denison's 66.90% owned Waterbury Lake project. The Midwest and Waterbury deposits are all located in close proximity to existing uranium mining and milling infrastructure – including provincial highways, powerlines, and Denison's 22.5% owned McClellan Lake mill.

The 2021 Midwest exploration program consisted of 2,669 metres of diamond drilling in 8 holes completed over four different target areas: The Camille Zone (4 holes), Midwest Main (1 hole), the Dam Zone (1), and the Points North Zone (2). Elevated radioactivity and alteration indicative of a potentially mineralizing system were identified from drilling in each of these areas. Assay results for the 2021 program are pending.

In addition to the completed diamond drilling, 7.75 km of ML-TEM data was collected from four survey lines at the Points North Zone (2 lines), the Dam Zone (1 line), and the Simon Zone (1 line).

Waterfound

The Waterfound River project is operated by Orano Canada. A total of 30.5 km of moving-loop transient electromagnetic (ML-TEM) data was collected over the northeastern portion of the D-1 and E-2 conductors. Modelling and interpretation of the 2021 ML-TEM data is expected to be completed in the second quarter of 2021.

Wolly

The Wolly project is operated by Orano Canada. The 2021 Wolly exploration program consisted of 2,118.5 metres of diamond drilling in 11 completed drill holes. Drilling was focused on three areas: Top Creek, Moonlight, and Geneva. Elevated radioactivity and alteration indicative of a potentially mineralizing system were encountered in all three areas. Assay results for the 2021 program are pending.

GENERAL AND ADMINISTRATIVE EXPENSES

Total general and administrative expenses were \$2,625,000 during the three months ended March 31, 2021 (March 31, 2020 - \$2,188,000). 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 2021 was predominantly driven by an increase in the expense recognized for bonuses.

In order to preserve cash in early 2020, the Company settled 2019 bonuses for the executive team and the majority of staff with a grant of restricted share units ('RSUs'). The cost of RSUs is expensed over the three-year vesting period of the units, whereas cash bonuses, by comparison, are fully expensed at the time of approval. During 2021, the 2020 bonuses awarded to staff and executives were paid in cash resulting in a change in the timing of the recognition of the expense.

The increase in bonus expense was partially offset by a decrease in legal costs during the first quarter of 2021. Legal costs in 2020 were related to arbitration proceedings between the Company and a third party.

OTHER INCOME AND EXPENSES

During the three months ended March 31, 2021, the Company recognized a loss of \$2,041,000 in other income/expense (March 31, 2020 – loss of \$3,192,000). The loss in the current period is predominantly due to a fair value loss adjustment and issuance costs related to the share purchase warrants issued by the Company during the first quarter of 2021.

In February and March 2021, Denison issued units which were comprised of one common share and one half of a common share purchase warrant. Each full warrant entitles the holder to acquire one common share of the Company at a pre-determined exercise price for 24 months after issuance. The exercise prices for the share purchase warrants are denominated in US dollars, which differs from Company's Canadian dollar functional currency, and therefore they are classified as a non-cash derivative liability, rather than equity, on the Company's statement of financial position.

At the date of issuance of the units, the gross proceeds of each offering were allocated between the common shares and the common share purchase warrants issued using the relative fair value basis approach, and the amount related to the warrants was recorded as a non-current derivative liability. At each period end until the common share purchase warrants are exercised or expire, the warrants are revalued with the revaluation gains or losses recorded in other income and expense. The fair value of the warrants will fluctuate based on changes in the valuation model inputs, including the value of the Company's shares and the US dollar to Canadian dollar exchange rate.

During the current quarter, the Company recorded a \$1,564,000 fair value loss on the share purchase warrants. As noted above, on initial recognition, the warrants were valued using the relative fair value basis approach, which allocates value to the issued warrants and shares based on the relative fair value of the two instruments. On the date of issuance the fair value of the individual instruments exceeded the unit price of the offering, and therefore this allocation resulted in the warrants being recognized at an amount that was less than their actual fair value. The fair value loss of \$1,564,000 was predominantly to recognize the change from the amount allocated using the relative fair value approach to the actual fair value at March 31, 2021. During the quarter, the Company also incurred share purchase warrant issue expenses of \$789,000, which represents a relative allocation of the unit issue expenses incurred.

During the first quarter of 2021, the Company also recognized a loss on investments carried at fair value of \$91,000. 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. During the comparative quarter ended March 31, 2020, the loss in other expense was predominantly due to losses on investments carried at fair value of \$2,950,000.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$172,757,000 at March 31, 2021 (December 31, 2020 – \$24,992,000).

The increase in cash and cash equivalents, during the first quarter of 2021, of \$147,765,000 was due to net cash provided by financing activities of \$150,180,000, slightly offset by net cash used in operations of \$1,983,000, and net cash used in investing activities of \$871,000.

Cashflow changes

Net cash used in operating activities of \$1,983,000 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 \$871,000 consists primarily of an increase in restricted cash due to the Company's funding the Elliot Lake reclamation trust fund, as well as an increase in property plant & equipment, mainly due to an expansion of the accommodation facilities at the Wheeler River camp.

Net cash provided by financing activities of \$150,180,000 due to the net proceeds from the Company's ATM program, February 2021 unit offering, March flow-through share offering, March 2021 unit offering, as well as stock option exercises. See below for further details regarding these transactions.

On June 2, 2020, the Company filed a short form base shelf prospectus ('2020 Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories in Canada and in the United States. Under the 2020 Shelf Prospectus, the Company was allowed to issue securities, in amounts, at prices, and on terms to be determined based

on market conditions at the time of sale and as set forth in the 2020 Shelf Prospectus, for an aggregate offering amount of up to \$175,000,000 during the 25 month period beginning on June 2, 2020.

In November 2020, Denison entered into an equity distribution agreement providing for an ATM equity offering program, qualified by a prospectus supplement to the 2020 Shelf Prospectus. The ATM was to allow Denison, through its agents, to, from time to time, offer and sell, in Canada and the United States, such number of common shares as would have an aggregate offering price of up to USD\$20,000,000. In January and February 2021, Denison issued 4,230,186 common shares under the ATM program, at an average price of \$0.93 per share, for aggregate gross proceeds of \$3,914,000, and incurred issue expenses of \$466,000, including purchase commissions of \$78,000. The ATM program was terminated in connection with the March 2021 unit offering (described below).

In February 2021, Denison issued 31,593,950 units, pursuant to a public offering of units qualified by a prospectus supplement to the 2020 Base Shelf Prospectus. The units were issued at a price of US\$0.91 for gross proceeds of \$36,265,000 (US\$28,750,000) and consisted of one common share and one half warrant. Each full warrant entitles the holder to acquire one common share of the Company at an exercise price of US\$2.00 over a 24 month period.

In March 2021, Denison issued 78,430,000 units of the Company pursuant to a public offering of units qualified by a prospectus supplement to the 2020 Base Shelf Prospectus. The units were issued at a price of US\$1.10 for gross proceeds of \$107,949,000 (US\$86,273,000) and consisted of one common share and one half warrant. Each full warrant entitles the holder to acquire one common share of the Company at an exercise price of US\$2.25 over a 24 month period.

In March 2021, Denison issued 5,926,000 common shares on a flow-through basis at a price of \$1.35 for gross proceeds of \$8,000,000.

Also during the first quarter of 2021, the Company received share issue proceeds of \$3,711,000 related to the issuance of 5,016,000 shares upon the exercise of employee stock options.

Use of Proceeds

2020 Flow Through Financing

As at March 31, 2021, the Company has fulfilled its obligation to spend \$930,000 on eligible Canadian exploration expenditures as a result of the issuance of common shares on a flow-through basis in December 2020.

October 2020 Equity Financing

As disclosed in the Company's Prospectus Supplement to the 2020 Base Shelf Prospectus ('October 2020 Prospectus Supplement') dated October 8, 2020, the net proceeds of the October 2020 Offering will be utilized to fund Wheeler River evaluation and EA activities as well as general, corporate and administrative expenses. During the period between the close of the financing in October 2020 and March 31, 2021, the Company's use of proceeds has been in line with that disclosed in the October 2020 Prospectus Supplement.

February 2021 Unit Financing

As disclosed in the Company's Prospectus Supplement to the 2020 Base Shelf Prospectus ('February 2021 Prospectus Supplement') dated February 16, 2021, the net proceeds of the February 2021 Offering will be utilized to fund Wheeler River evaluation and detailed project engineering activities as well as general, corporate and administrative expenses. During the period between the close of the financing in February 2021 and March 31, 2021, the Company's use of proceeds has been in line with that disclosed in the February 2021 Prospectus Supplement.

March 2021 Unit Financing

As disclosed in the Company's Prospectus Supplement to the 2020 Base Shelf Prospectus ('March 2021 Prospectus Supplement') dated March 17, 2021, the majority of the net proceeds of the March 2021 Offering will be utilized to purchase physical uranium as well as general, corporate and administrative expenses, including storage costs for the purchased uranium. During the period between the close of the financing in March 2021 and March 31, 2021, the Company's use of proceeds has been in line with that disclosed in the March 2021 Prospectus Supplement, and as at March 31, 2021 the Company has committed to purchases of 2,500,000 pounds of U₃O₈ at a weighted average price of US\$29.61.

2021 Flow Through Financing

As at March 31, 2021, the Company has spent \$79,000 toward its obligation to spend \$8,000,000 on eligible Canadian exploration expenditures under the flow-through share financing completed in March 2021. The Company is on track to complete the required spending before December 31, 2022.

Revolving Term Credit Facility

On January 14, 2021, 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, 2022 ('2021 Credit Facility'). Under the 2021 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 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 2021 Credit Facility.

TRANSACTIONS WITH RELATED PARTIES**Uranium Participation Corporation**

The Company's current management services agreement with UPC ('MSA') has a term of five years (the 'Term'), expiring on March 31, 2024. Under the MSA, Denison receives the following management fees from UPC: 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.

See SUBSEQUENT EVENTS for further details.

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

(in thousands)	Three Months Ended	
	March 31, 2021	March 31, 2020
Management Fee Revenue		
Base and variable fees	\$ 475	\$ 463
Commission fees	-	54
Discretionary fees	140	300
	\$ 615	\$ 817

At March 31, 2021, accounts receivable includes \$340,000 (December 31, 2020 – \$265,000) 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, 2021, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 7.24%. 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 related parties listed below were made on terms equivalent to those that prevail with arm's length transactions:

- During the three months ended March 31, 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of \$20,000 (March 31, 2019 – \$21,000) 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, 2021, an amount of \$5,000 (December 31, 2020 – \$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:

(in thousands)	Three Months Ended	
	March 31, 2021	March 31, 2020
Salaries and short-term employee benefits	\$ (1,043)	\$ (584)
Share-based compensation	(320)	(430)
	\$ (1,363)	\$ (1,014)

The increase in the compensation awarded to key management is predominantly driven by an increase in the expense recognized for bonuses, as discussed in more detail in General and Administrative Expenses, above.

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS**Uranium Participation Corporation**

On April 27, 2021, UPC and Sprott Asset Management LP ('Sprott') reached an agreement to convert UPC into the Sprott Physical Uranium Trust (the 'Trust') – effectively aligning UPC's business with the world's leading physical commodity investment vehicles and making it eligible to pursue a listing in the United States (the 'UPC Transaction'). Upon completion of the UPC Transaction, Sprott will become the manager of the Trust and the MSA will be terminated. Denison estimates the termination payment due from UPC will be approximately \$5.3 million. The actual termination payment may differ, as it will be based on UPC's NAV as of the month-end immediately prior to the date of a formal notice of termination to Denison by UPC in accordance with the MSA.

Offer to Acquire JCU (Canada) Exploration Company, Limited ('JCU')

On May 4, 2021, Denison announced that it has delivered a binding offer to Overseas Uranium Resources Development Co., Ltd. ('OURD') to acquire 100% ownership of OURD's wholly-owned subsidiary, JCU. JCU holds a portfolio of uranium project joint venture interests in Canada, including a 10% interest in Denison's 90% owned Wheeler River project.

The offer includes the following key features: (a) consideration including cash payments of up to \$40.5 million and the assumption of JCU's existing liabilities, including any outstanding liabilities owed to Japan Atomic Energy Agency; (b) binding subject to definitive documentation, regulatory approvals (if required) and the termination of OURD's existing definitive purchase agreement with UEX Corporation in accordance with its terms; (c) no conditions for due diligence

on the assets of JCU, or obtaining the necessary financing to fund the purchase price; and (d) a commitment to OURD that JCU will be maintained as a corporate subsidiary in order for JCU to meet its joint venture commitments.

OUTSTANDING SHARE DATA

Common Shares

At May 6, 2021, there were 804,905,431 common shares issued and outstanding and a total of 880,976,406 common shares on a fully-diluted basis.

Stock Options and Share Units

At May 6, 2021, the Company had 12,816,995 stock options and 8,232,005 share units outstanding,

Share Purchase Warrants

At May 6, 2021, the Company had 15,796,975 share purchase warrants with a US\$2.00 strike price and a February 2023 expiry, and 39,215,000 share purchase warrants with a US\$2.25 strike price and a March 2023 expiry.

OUTLOOK FOR 2021

Refer to the Company's annual MD&A for the year ended December 31, 2020 for a detailed discussion of the previously disclosed 2021 budget.

During the first quarter of 2021, the Company increased its outlook for income from UPC management services by \$4,103,000. The increase is related to the estimated termination payment that the Company will receive upon the completion of the UPC Transaction (See SUBSEQUENT EVENTS for further details) offset by a reduction in the management fees that the Company expects to earn in the normal course in 2021 due to the contract being terminated mid-year.

In addition, during the first quarter of 2021 the Company increased its outlook for corporate administration and other expenses by \$1,410,000. The increase was driven by several factors including (i) the addition of carrying charges related to Denison's strategic initiative to acquire 2.5 million pounds of U₃O₈, (ii) an increase in employee bonus and salary costs as discussed in GENERAL AND ADMINISTRATIVE EXPENSES above, (iii) an increase in director compensation; offset by (iv) an increase in interest income due to the equity financings that took place in the quarter. The U₃O₈ carrying charge payments are currently estimated at \$789,000 and include commissions, storage costs and account fees associated with the uranium holdings. The storage cost amounts include the prepayment of storage costs on 2.1 million pounds U₃O₈ for the period up to the end of December 2023.

(in thousands)	2021 BUDGET	CURRENT 2021 OUTLOOK ⁽³⁾	Actual to March 31, 2021 ⁽²⁾
Mining Segment			
Mineral Sales	3,709	3,709	-
Development & Operations	(4,972)	(4,972)	(543)
Exploration	(4,178)	(4,178)	(1,602)
Evaluation	(19,413)	(19,413)	(2,752)
	(24,854)	(24,854)	(4,897)
Closed Mines Segment			
Closed Mines Environmental Services	964	964	212
	964	964	212
Corporate and Other Segment			
UPC Management Services	2,536	6,639	615
Corporate Administration & Other	(5,444)	(6,854)	(2,228)
	(2,908)	(215)	(1,608)
Total⁽¹⁾	\$ (26,798)	\$ (24,105)	\$ (6,293)

Notes:

1. Only material operations shown.
2. The budget is prepared on a cash basis. As a result, actual amounts represent a non-GAAP measure. Compared to segment loss as presented in the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2021, actual amounts reported above excludes \$166,000 net impact of non-cash items and other adjustments.
3. Does not include the cash outflows to purchase 2.5 million pounds of U₃O₈ at a weighted average price of US\$29.61.

ADDITIONAL INFORMATION

QUALIFIED PERSON

David Bronkhorst, P.Eng., Denison's Vice President Operations, who is a 'Qualified Person' within the meaning of this term in NI 43-101, has prepared and/or reviewed and confirmed the scientific and technical disclosure pertaining to the Company's evaluation programs.

Andy Yackulic, P.Geo., Denison's Director Exploration, who is a 'Qualified Person' within the meaning of this term in NI 43-101, has prepared and/or reviewed and confirmed the scientific and technical disclosure pertaining to the Company's exploration programs.

For more information regarding each of Denison's material projects discussed herein, you are encouraged to refer to the applicable technical reports available on the Company's website and under the Company's profile on SEDAR (www.sedar.com) and EDGAR (www.sec.gov/edgar.shtml):

- For the Wheeler River project, the 'Prefeasibility Study Report for the Wheeler River Uranium Project Saskatchewan, Canada' dated October 30, 2018;
- For the Waterbury Lake project, 'Preliminary Economic Assessment for the Tthe Heldeth Túé (J Zone) Deposit, Waterbury Lake Property, Northern Saskatchewan, Canada' with an effective date of October 30, 2020;
- For the Midwest project, 'Technical Report with an Updated Mineral Resource Estimate for the Midwest Property, Northern Saskatchewan, Canada' dated March 26, 2018; and
- For the McClean Lake project, (A) the 'Technical Report on the Denison Mines Inc. Uranium Properties, Saskatchewan, Canada' dated November 21, 2005, as revised February 16, 2006, (B) the 'Technical Report on the Sue D Uranium Deposit Mineral Resource Estimate, Saskatchewan, Canada' dated March 31, 2006, and (C) the 'Technical Report on the Mineral Resource Estimate for the McClean North Uranium Deposits, Saskatchewan' dated January 31, 2007.

ASSAY PROCEDURES AND DATA VERIFICATION

The Company reports preliminary radiometric equivalent grades ('eU₃O₈'), derived from a calibrated down-hole total gamma probe, during or upon completion of its exploration programs and subsequently reports definitive U₃O₈ 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 U₃O₈ 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 U₃O₈ 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 Na₂O₂/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 13, 2020 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: Denison's plans and objectives for 2021 and beyond, including the proposed use of proceeds of recent equity financings; the benefits to be derived from corporate transactions, including commitments to acquire physical uranium, and estimates of related expenditures, such as projected increases in uranium storage costs; the estimates of Denison's mineral reserves and mineral resources; exploration, development and expansion plans and objectives, including Denison's planned engineering, environmental assessment and other evaluation programs, the results of, and estimates and assumptions within, the PFS, and statements regarding anticipated budgets, fees, expenditures and timelines; expectations regarding Denison's community engagement activities and related agreements, including the Participation and Funding Agreement and Exploration Agreement with ERFN and the anticipated continuity thereof; 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, including the impacts of COVID-19; expectations regarding revenues and expenditures from its Closed Mines operations; expectations regarding revenues from the UPC management contract, the UPC Transaction and the termination of the MSA in connection with the closing of UPC Transaction; 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 statements. For example, the results of the Denison's studies, including the PFS, trade-off study, and field work, may not be maintained after further testing or be representative of actual mining plans for the Phoenix deposit after further design and studies are completed. In addition, Denison may decide or otherwise be required to discontinue testing, evaluation and development work at Wheeler River or other projects or its exploration plans if it is unable to maintain or otherwise secure the necessary resources (such as testing facilities, capital funding, regulatory approvals, etc.) or operations are otherwise affected by COVID-19 and its potentially far-reaching impacts. The UPC Transaction may not be completed or, if completed, may not be on the terms described herein and/or the termination payment may be materially different than the amount stated herein.

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 26, 2021 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, these terms are not defined under Industry Guide 7 under the United States Securities Act and, until recently, have not been permitted to be used in reports and registration statements filed with the United States Securities and Exchange Commission ('SEC'). '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.** In addition, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" for the purposes of NI 43-101 differ from the definitions and allowable usage in Industry Guide 7.

Effective February 2019, the SEC adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act and as a result, the SEC now recognizes estimates of "measured mineral resources", "indicated mineral resources" and "inferred mineral resources". In addition, the SEC has amended its definitions of "proven mineral reserves" and "probable mineral reserves" to be "substantially similar" to the corresponding definitions under the CIM Standards, as required under NI 43-101. However, information regarding mineral resources or mineral reserves in Denison's disclosure may not be comparable to similar information made public by United States companies.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	At March 31 2021	At December 31 2020
ASSETS		
Current		
Cash and cash equivalents (note 4)	\$ 172,757	\$ 24,992
Trade and other receivables (note 5)	2,759	3,374
Inventories (note 6)	3,124	3,015
Investments (note 7)	16,286	16,657
Prepaid expenses and other	758	1,373
	195,684	49,411
Non-Current		
Inventories-ore in stockpiles (note 6)	2,098	2,098
Investments (note 7)	573	293
Restricted cash and investments (note 8)	12,596	12,018
Property, plant and equipment (note 9)	256,983	256,870
Total assets	\$ 467,934	\$ 320,690
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 10,042	\$ 7,178
Current portion of long-term liabilities:		
Deferred revenue (note 10)	3,898	3,478
Post-employment benefits (note 11)	120	120
Reclamation obligations (note 12)	802	802
Other liabilities (note 14)	233	262
	15,095	11,840
Non-Current		
Deferred revenue (note 10)	33,336	33,139
Post-employment benefits (note 11)	1,199	1,241
Reclamation obligations (note 12)	37,692	37,618
Share purchase warrants liability (note 13)	14,798	-
Other liabilities (note 14)	335	375
Deferred income tax liability	8,906	9,192
Total liabilities	111,361	93,405
EQUITY		
Share capital (note 15)	1,505,937	1,366,710
Contributed surplus (note 16)	66,329	67,387
Deficit	(1,217,471)	(1,208,587)
Accumulated other comprehensive income (note 17)	1,778	1,775
Total equity	356,573	227,285
Total liabilities and equity	\$ 467,934	\$ 320,690
Issued and outstanding common shares (note 15)	804,477,684	678,981,882
Commitments and contingencies (note 23)		
Subsequent events (note 24)		

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)

	Three Months Ended March 31	
	2021	2020
REVENUES (note 19)	\$ 2,496	\$ 4,660
EXPENSES		
Operating expenses (note 18, 19)	(1,888)	(3,320)
Evaluation (note 19)	(2,761)	(1,491)
Exploration (note 19)	(1,348)	(1,700)
General and administrative (note 19)	(2,625)	(2,188)
Other expense (note 18)	(2,041)	(3,192)
	<u>(10,663)</u>	<u>(11,891)</u>
Loss before net finance expense	(8,167)	(7,231)
Finance expense, net (note 18)	(1,025)	(1,063)
Loss before taxes	(9,192)	(8,294)
Income tax recovery (note 21)		
Deferred	308	1,631
Net loss for the period	<u>\$ (8,884)</u>	<u>\$ (6,663)</u>
Other comprehensive income (loss) (note 17):		
Items that may be reclassified to income (loss):		
Foreign currency translation change	3	(14)
Comprehensive loss for the period	<u>\$ (8,881)</u>	<u>\$ (6,677)</u>
Basic and diluted net loss per share:		
All operations	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>
Weighted-average number of shares outstanding (in thousands):		
Basic and diluted	714,424	597,198

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)

	Three Months Ended March 31	
	2021	2020
Share capital (note 15)		
Balance-beginning of period	\$ 1,366,710	\$ 1,335,467
Shares issued for cash, net of issue costs	134,083	3
Share options exercised-cash	3,711	-
Share options exercised-fair value adjustment	1,266	-
Share units exercised-fair value adjustment	167	28
Balance-end of period	1,505,937	1,335,498
Share purchase warrants		
Balance-beginning of period	-	435
Warrants expired	-	(435)
Balance-end of period	-	-
Contributed surplus		
Balance-beginning of period	67,387	65,417
Share-based compensation expense (note 16)	375	483
Share options exercised-fair value adjustment	(1,266)	-
Share units exercised-fair value adjustment	(167)	(28)
Warrants expired	-	435
Balance-end of period	66,329	66,307
Deficit		
Balance-beginning of period	(1,208,587)	(1,192,304)
Net loss	(8,884)	(6,663)
Balance-end of period	(1,217,471)	(1,198,967)
Accumulated other comprehensive income (note 17)		
Balance-beginning of period	1,775	1,134
Foreign currency translation	3	(14)
Balance-end of period	1,778	1,120
Total Equity		
Balance-beginning of period	227,285	210,149
Balance-end of period	\$ 356,573	\$ 203,958

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)

CASH PROVIDED BY (USED IN):	Three Months Ended March 31	
	2021	2020
OPERATING ACTIVITIES		
Net loss for the period	\$ (8,884)	\$ (6,663)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	1,294	2,209
Share-based compensation (note 16)	375	483
Recognition of deferred revenue (note 10)	(137)	(963)
Gains on property, plant and equipment disposals (note 18)	-	(2)
Losses on investments (note 18)	91	2,950
Losses on share warrant liabilities (note 18)	1,564	-
Warrant liabilities issue costs expensed (note 15)	789	-
Foreign exchange gains (note 18)	(441)	-
Deferred income tax recovery	(308)	(1,631)
Post-employment benefits (note 11)	(48)	(27)
Reclamation obligations (note 12)	(262)	(238)
Change in non-cash working capital items (note 18)	3,984	1,503
Net cash used in operating activities	(1,983)	(2,379)
INVESTING ACTIVITIES		
Expenditures on property, plant and equipment (note 9)	(293)	(22)
Proceeds on sale of property, plant and equipment	-	2
Increase in restricted cash and investments	(578)	(609)
Net cash used in investing activities	(871)	(629)
FINANCING ACTIVITIES		
Repayment of debt obligations (note 14)	(59)	(283)
Proceeds from unit issues, net of issue costs (note 15)	135,660	-
Proceeds from other share issues, net of issue costs (note 15)	10,868	3
Share option exercise proceeds (note 15)	3,711	-
Net cash provided by (used in) financing activities	150,180	(280)
Increase (decrease) in cash and cash equivalents	147,326	(3,288)
Foreign exchange effect on cash and cash equivalents	439	-
Cash and cash equivalents, beginning of period	24,992	8,190
Cash and cash equivalents, end of period	\$ 172,757	\$ 4,902

The accompanying notes are integral to the condensed interim consolidated financial statements

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2021

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

1. NATURE OF OPERATIONS

Denison Mines Corp. (“DMC”) and its subsidiary companies and joint 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 90.0% interest in the Wheeler River Joint Venture (“WRJV”), a 66.90% interest in the Waterbury Lake Limited Partnership (“WLULP”), a 22.5% interest in the McClean Lake Joint Venture (“MLJV”) (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture (“MWJV”), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill is contracted to provide toll milling services to the Cigar Lake Joint Venture (“CLJV”) under the terms of a toll milling agreement between the parties (see note 10). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

The Company provides mine decommissioning and other services (collectively “environmental services”) to third parties through its Closed Mines group 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 it provides and commissions from the purchase and sale of U₃O₈ and UF₆ by UPC. See note 24 for an update on the Company’s management services agreement with 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, 2020. The Company’s presentation currency is Canadian dollars (“CAD”).

These financial statements were approved by the board of directors for issue on May 6, 2021

3. ACCOUNTING POLICIES AND COMPARATIVE NUMBERS

Accounting Policies

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, 2020.

Comparative numbers

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

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Cash	\$ 110,844	\$ 12,004
Cash in MLJV and MWJV	1,083	540
Cash equivalents	60,830	12,448
	\$ 172,757	\$ 24,992

5. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Trade receivables	\$ 2,508	\$ 2,644
Receivables in MLJV and MWJV	99	394
Sales tax receivables	150	154
Sundry receivables	2	182
	\$ 2,759	\$ 3,374

6. INVENTORIES

The inventories balance consists of:

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Inventory of ore in stockpiles	\$ 2,098	\$ 2,098
Mine and mill supplies in MLJV	3,124	3,015
	\$ 5,222	\$ 5,113
Inventories-by balance sheet presentation:		
Current	\$ 3,124	\$ 3,015
Long-term-ore in stockpiles	2,098	2,098
	\$ 5,222	\$ 5,113

7. INVESTMENTS

The investments balance consists of:

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Investments:		
Equity instruments	\$ 16,859	\$ 16,950
	\$ 16,859	\$ 16,950
Investments-by balance sheet presentation:		
Current	\$ 16,286	\$ 16,657
Long-term	573	293
	\$ 16,859	\$ 16,950

The investments continuity summary is as follows:

(in thousands of CAD dollars)	Investments	
Balance - December 31, 2020	\$	16,950
Fair value gain (loss) to profit and loss (note 18)		(91)
Balance - March 31, 2021	\$	16,859

8. RESTRICTED CASH AND INVESTMENTS

The restricted cash and investments balance consists of:

(in thousands of CAD dollars)	At March 31 2021		At December 31 2020	
Cash and cash equivalents	\$	12,596	\$	2,883
Investments		-		9,135
	\$	12,596	\$	12,018
Restricted cash and investments-by item:				
Elliot Lake reclamation trust fund	\$	3,461	\$	2,883
Letters of credit facility pledged assets		9,000		9,000
Letters of credit additional collateral		135		135
	\$	12,596	\$	12,018

At March 31, 2021, all guaranteed investment certificates have maturities of less than 90 days at date of purchase.

Elliot Lake Reclamation Trust Fund

During the three months ended March 31, 2021, the Company deposited an additional \$793,000 into the Elliot Lake Reclamation Trust Fund and withdrew \$216,000.

Letters of Credit Facility Pledged Assets

At March 31, 2021, 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 12 and 14).

Letters of Credit Additional Collateral

At March 31, 2021, 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 12 and 14).

9. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands of CAD dollars)	Plant and Equipment		Mineral Properties	Total PP&E
	Owned	Right-of-Use		
Cost:				
Balance – December 31, 2020	\$ 106,087	\$ 891	\$ 179,743	\$ 286,721
Additions	282	-	11	293
Balance – March 31, 2021	\$ 106,369	\$ 891	\$ 179,754	\$ 287,014
Accumulated amortization, depreciation:				
Balance – December 31, 2020	\$ (29,495)	\$ (356)	\$ -	\$ (29,851)
Amortization	(70)	-	-	(70)
Depreciation	(62)	(48)	-	(110)
Balance – March 31, 2021	\$ (29,627)	\$ (404)	\$ -	\$ (30,031)
Carrying value:				
Balance – December 31, 2020	\$ 76,592	\$ 535	\$ 179,743	\$ 256,870
Balance – March 31, 2021	\$ 76,742	\$ 487	\$ 179,754	\$ 256,983

Plant and Equipment – Owned

The Company has a 22.5% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents \$68,839,000, or 89.7%, of the March 2021 PP&E total carrying value amount. See note 10 for the current operating status of the McClean Lake mill.

Plant and Equipment – Right-of-Use

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, 90.9%, is attributable to the building lease assets for the Company's office and warehousing space located in Toronto and Saskatoon.

Mineral Properties

As at March 31, 2021, the Company has various interests in development, evaluation and exploration projects located in Saskatchewan, 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 \$162,652,000, or 90.5%, of the March 2021 total mineral property carrying amount.

10. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Deferred revenue – pre-sold toll milling:		
CLJV toll milling – APG	\$ 37,234	\$ 36,617
	\$ 37,234	\$ 36,617
Deferred revenue-by balance sheet presentation:		
Current	\$ 3,898	\$ 3,478
Non-current	33,336	33,139
	\$ 37,234	\$ 36,617

The deferred revenue liability continuity summary is as follows:

(in thousands of CAD dollars)	Deferred Revenue	
Balance - December 31, 2020	\$	36,617
Accretion		754
Revenue recognized during the period (note 19)		(137)
Balance - March 31, 2021	\$	37,234

Arrangement with Anglo Pacific Group PLC ("APG")

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. The deferred revenue balance represents a non-cash liability, which is adjusted as any toll milling revenue received by Denison is passed through to APG or any changes in Cigar Lake Phase 1 and Phase 2 toll milling production estimates are recognized.

In the three months ended March 31, 2021, the Company has recognized \$137,000 of toll milling revenue from the draw-down of deferred revenue consisting of \$Nil based on Cigar Lake toll milling production in the quarter (Nil pounds U₃O₈ on a 100% basis) and a retroactive \$137,000 increase in revenue resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2021. For the comparative three months ended March 31, 2020, the Company recognized \$963,000 of toll milling revenue from the draw-down of deferred revenue comprised of \$1,059,000 based on Cigar Lake toll milling production in the quarter (4,192,000 pounds U₃O₈ on a 100% basis) and a retroactive \$96,000 decrease in revenue resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2020.

Production at the Cigar Lake mine and the McClean Lake mill has been temporarily suspended since the beginning of 2021, in response to the COVID-19 pandemic. Cameco has restarted production at the Cigar Lake mine in April 2021 and toll-milling production at McClean Lake is expected to resume in May 2021. The current portion of the deferred revenue liability at March 2021 reflects Denison's estimate of Cigar Lake toll milling over the next 12 months. This assumption will be reassessed in the second quarter as more information becomes available.

11. POST-EMPLOYMENT BENEFITS

The post-employment benefits balance consists of:

(in thousands of CAD dollars)	At March 31 2021		At December 31 2020	
Accrued benefit obligation	\$	1,319	\$	1,361
	\$	1,319	\$	1,361
Post-employment benefits-by balance sheet presentation:				
Current	\$	120	\$	120
Non-current		1,199		1,241
	\$	1,319	\$	1,361

The post-employment benefits continuity summary is as follows:

(in thousands of CAD dollars)	Post-Employment Benefits	
Balance - December 31, 2020	\$	1,361
Accretion		6
Benefits paid		(48)
Balance - March 31, 2021	\$	1,319

12. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2020
Reclamation obligations-by location:		
Elliot Lake	\$ 21,450	\$ 21,523
McClellan and Midwest Joint Ventures	17,022	16,875
Other	22	22
	\$ 38,494	\$ 38,420
Reclamation obligations-by balance sheet presentation:		
Current	\$ 802	\$ 802
Non-current	37,692	37,618
	\$ 38,494	\$ 38,420

The reclamation obligations continuity summary is as follows:

(in thousands of CAD dollars)	Reclamation Obligations
Balance - December 31, 2020	\$ 38,420
Accretion	336
Expenditures incurred	(262)
Balance - March 31, 2021	\$ 38,494

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 8).

Site Restoration: McClellan 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, 2021, 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.

13. SHARE PURCHASE WARRANTS LIABILITY

In connection with the public offerings of units in February 2021 and March 2021 (see note 15), the Company issued 15,796,975 and 39,215,000 share purchase warrants to unit holders, respectively. The February 2021 warrants entitle the holder to acquire one common share of the Company at an exercise price of USD\$2.00 for 24 months after issuance. The March 2021 warrants entitle the holder to acquire one common share of the Company at an exercise price of USD\$2.25 for 24 months after issuance.

Since both of these warrants are exercisable in U.S dollars ("USD"), which differs from the Company's CAD functional currency, they are classified as derivative liabilities and are required to be carried as liabilities at fair value through profit and loss. When the fair value of the warrants is revalued at each reporting period, the change in the liability is recorded through net profit or loss.

The fair value of the February 2021 warrants was estimated to be \$0.2215 on the date of issue, based on a relative fair value basis approach, using a USD to CAD foreign exchange rate of 0.7928 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 67.3%, risk-free interest rate of 0.22%, dividend yield of 0% and an expected term of 2 years.

The fair value of the March 2021 warrants was estimated to be \$0.2482 on the date of issue, based on a relative fair value basis approach, using a USD to CAD foreign exchange rate of 0.7992 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 71.54%, risk-free interest rate of 0.27%, dividend yield of 0% and an expected term of 2 years.

The share purchase warrants liability continuity is as follows:

(in thousands of CAD dollars except warrant amounts)	Number of Warrants		Warrant Liability
Balance - December 31, 2020	-	\$	-
Warrants issued on February 19, 2021	15,796,975		3,499
Warrants issued on March 22, 2021	39,215,000		9,735
Change in fair value estimates	-		1,564
Balance - March 31, 2021	55,011,975	\$	14,798

14. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands of CAD dollars)	At March 31 2021		At December 31 2020	
Debt obligations:				
Lease liabilities	\$	537	\$	582
Loan liabilities		31		33
Flow-through share premium obligation (note 16)		-		22
	\$	568	\$	637
Other liabilities-by balance sheet presentation:				
Current	\$	233	\$	262
Non-current		335		375
	\$	568	\$	637

Debt Obligations

At March 31, 2021, the Company's debt obligations are comprised of lease liabilities and loan liabilities. The debt obligations continuity summary is as follows:

(in thousands of CAD dollars)	Lease Liabilities		Loan Liabilities		Total Debt Obligations	
Balance – December 31, 2020	\$	582	\$	33	\$	615
Accretion		12		-		12
Repayments		(57)		(2)		(59)
Balance – March 31, 2021	\$	537	\$	31	\$	568

Debt Obligations – Scheduled Maturities

The following table outlines the Company's scheduled maturities of its debt obligations at March 31, 2021:

(in thousands of CAD dollars)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Maturity analysis – contractual undiscounted cash flows:			
Next 12 months	\$ 224	\$ 9	\$ 233
One to five years	407	24	431
More than five years	-	-	-
Total obligation – March 31, 2021 – undiscounted	631	33	664
Present value discount adjustment	(94)	(2)	(96)
Total obligation – March 31, 2021 – discounted	\$ 537	\$ 31	\$ 568

Letters of Credit Facility

In January 2021, the Company entered into an amending agreement for its letters of credit facility with BNS (the "2021 Facility"). Under the amendment, the maturity date of the 2021 Facility has been extended to January 31, 2022. All other terms of the 2021 Facility (tangible net worth covenant, pledged cash, investment amounts and security for the facility) remain unchanged from the previous facility. Accordingly, the 2021 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 fees of 2.40% (0.40% on the \$9,000,000 covered by pledged cash collateral) and standby fees of 0.75%.

At March 31, 2021, the Company is in compliance with its facility covenants and \$24,000,000 (December 31, 2020: \$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, 2021, the Company incurred letter of credit fees of \$98,000 (March 31, 2020: \$100,000).

15. SHARE CAPITAL

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

(in thousands of CAD dollars except share amounts)	Number of Common Shares	Share Capital
Balance - December 31, 2020	678,981,882	\$ 1,366,710
Issued for cash:		
Unit issue proceeds – total	110,023,950	144,214
Less: allocation to share warrants liability	-	(13,234)
Unit issue costs - total	-	(8,554)
Less: allocation to share warrants issue expense	-	789
Other share issue proceeds – total	10,156,186	11,914
Less: other share issue costs	-	(1,046)
Share option exercises	5,016,000	3,711
Share option exercises – fair value adjustment	-	1,266
Share units exercises – fair value adjustment	299,666	167
	125,495,802	139,227
Balance - March 31, 2021	804,477,684	\$ 1,505,937

Unit and Other Share Issues

In January and February 2021, Denison, through its agents, issued 4,230,186 common shares under its at-the-market ("ATM") program at an average price of \$0.93 per share for aggregate gross proceeds of \$3,914,000. The Company also recognized issue costs of \$466,000 related to its ATM share issuances which includes \$78,000 of commissions and \$384,000 associated with the set-up of the ATM program which were previously deferred on the balance sheet and included in Prepaid expenses and other at December 31, 2020. In connection with the public

offering completed on March 22, 2021 (see below), the Company terminated its ATM program and has ceased any distributions thereunder.

On February 19, 2021, the Company completed a public offering by way of a prospectus supplement to the 2020 Shelf Prospectus of 31,593,950 units of the Company at USD\$0.91 per unit for gross proceeds of \$36,265,000 (USD\$28,750,000), including the full exercise of the underwriters' over-allotment option of 4,120,950 units. Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each full warrant is exercisable to acquire one common share of the Company at an exercise price of USD\$2.00 for 24 months after issuance. A portion of the gross proceeds (\$3,499,000 – see note 13) has been allocated to share warrant liabilities on a relative fair value basis and the pro-rata share of the issue costs associated with the offering has been expensed within Other expense (see note 18).

On March 3, 2021, the Company completed a private placement of 5,926,000 flow-through common shares at a price of \$1.35 per share for gross proceeds of approximately \$8,000,000. The income tax benefits of this issue will be renounced to subscribers with an effective date of December 31, 2021. The related flow-through share premium liability was valued at \$ Nil as the issue price was less than the Company's observed share price on the date of issue.

On March 22, 2021, the Company completed a public offering by way of a prospectus supplement to the 2020 Shelf Prospectus of 78,430,000 units of the Company at USD\$1.10 per unit for gross proceeds of \$107,949,000 (USD\$86,273,000), including the full exercise of the underwriters' over-allotment option of 10,230,000 units. Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each full warrant is exercisable to acquire one common share of the Company at an exercise price of USD\$2.25 for 24 months after issuance. A portion of the gross proceeds (\$9,735,000 – see note 13) has been allocated to share warrant liabilities on a relative fair value basis and the pro-rata share of the issue costs associated with the offering has been expensed within Other expense (see note 18).

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, 2021, the Company estimates that it has satisfied its obligation to spend \$930,485 on eligible exploration expenditures in fiscal 2021 due to the issuance of flow-through shares in December 2020. The Company renounced the income tax benefits of this issue in February 2021, with an effective date of renunciation to its subscribers of December 31, 2020. In conjunction with the renunciation, the flow-through share premium liability at December 31, 2020 has been extinguished and a deferred tax recovery has been recognized in the first quarter of 2021 (see notes 14 and 21).

As at March 31, 2021, the Company estimates that it has incurred \$79,000 of expenditures towards its obligation to spend \$8,000,000 on eligible exploration expenditures by the end of fiscal 2022 due to the issuance of flow-through shares in March 2021.

16. 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:

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Share based compensation expense for:		
Stock options	\$ (195)	\$ (157)
RSUs	(206)	(228)
PSUs	26	(98)
Share based compensation expense	\$ (375)	\$ (483)

An additional \$4,824,000 in share-based compensation expense remains to be recognized, up until March 2024, on outstanding options and share units at March 31, 2021.

Stock Options

Stock options granted in 2021 vest over a period of 24 months. A continuity summary of the stock options granted under the Company's stock-based compensation plan is presented below:

	Number of Common Shares	Weighted- Average Exercise Price per Share (CAD)
Stock options outstanding – December 31, 2020	15,077,243	\$ 0.67
Grants	3,666,000	1.26
Exercises ⁽¹⁾	(5,016,000)	0.74
Expiries	(15,000)	0.64
Forfeitures	(520,500)	0.53
Stock options outstanding – March 31, 2021	13,191,743	\$ 0.81
Stock options exercisable – March 31, 2021	7,766,243	\$ 0.68

(1) The weighted average share price at the date of exercise was \$1.19.

A summary of the Company's stock options outstanding at March 31, 2021 is presented below:

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted- Average Exercise Price per Share (CAD)
Stock options outstanding			
\$ 0.25 to \$ 0.49	3.97	2,916,000	\$ 0.45
\$ 0.50 to \$ 0.74	2.51	4,055,143	0.64
\$ 0.75 to \$ 0.99	0.94	2,554,600	0.85
\$ 1.00 to \$ 1.39	4.94	3,666,000	1.26
Stock options outstanding – March 31, 2021	3.20	13,191,743	\$ 0.81

Options outstanding at March 31, 2021 expire between August 2021 and March 2026.

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 during the current period:

	Three Months Ended March 31, 2021
Risk-free interest rate	0.76%
Expected stock price volatility	66.11%
Expected life	3.4 years
Expected dividend yield	-
Fair value per share under options granted	\$0.59

Share Units

RSUs granted under the plan in 2021 vest ratably over a period of three years. No PSUs have been granted in 2021 as at March 31, 2021.

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

	RSUs		PSUs	
	Number of Common Shares	Weighted Average Fair Value Per RSU (CAD)	Number of Common Shares	Weighted Average Fair Value Per PSU (CAD)
Units outstanding – December 31, 2020	5,691,899	\$ 0.52	2,020,000	\$ 0.63
Grants	1,730,000	1.42	-	-
Exercises ⁽¹⁾	(239,666)	0.52	(60,000)	0.69
Forfeitures	(649,896)	0.46	(180,000)	0.69
Units outstanding – March 31, 2021	6,532,337	\$ 0.76	1,780,000	\$ 0.62
Units vested – March 31, 2021	2,053,672	\$ 0.58	640,000	\$ 0.65

(1) The weighted average share price at the date of exercise was \$1.22 for RSUs and \$0.85 for PSUs.

The fair value of each RSU and PSU granted is estimated on the date of grant using the Company's closing share price on the day before the grant date.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(in thousands of CAD dollars)	At March 31 2021	At December 31 2020
Cumulative foreign currency translation	\$ 416	\$ 413
Unamortized experience gain-post employment liability		
Gross	1,847	1,847
Tax effect	(485)	(485)
	\$ 1,778	\$ 1,775

18. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Cost of goods and services sold:		
Cost of goods sold – mineral concentrates	\$ -	\$ (526)
Operating overheads:		
Mining, other development expense	(232)	(213)
Milling, conversion expense	(4)	(740)
Less absorption:		
-Mineral properties	11	12
Cost of services	(1,593)	(1,715)
Cost of goods and services sold	(1,818)	(3,182)
Reclamation asset amortization	(70)	(60)
Selling expenses	-	(14)
Sales royalties and non-income taxes	-	(64)
Operating expenses	\$ (1,888)	\$ (3,320)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Gains (losses) on:		
Foreign exchange	\$ 441	\$ 20
Disposal of property, plant and equipment	-	2
Fair value changes - investments (note 7)	(91)	(2,950)
Fair value changes – warrant liabilities (note 13)	(1,564)	-
Issue costs – warrant liabilities (note 15)	(789)	-
Other	(38)	(264)
Other income (expense)	\$ (2,041)	\$ (3,192)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Interest income	\$ 83	\$ 92
Interest expense	-	(2)
Accretion expense		
Deferred revenue (note 10)	(754)	(782)
Post-employment benefits (note 11)	(6)	(17)
Reclamation obligations (note 12)	(336)	(338)
Debt obligations (note 13)	(12)	(16)
Finance income (expense)	\$ (1,025)	\$ (1,063)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Operating expenses		
Mining, other development expense	\$ (1)	\$ (1)
Milling, conversion expense	-	(736)
Cost of services	(45)	(53)
Evaluation	(9)	(9)
Exploration	(30)	(41)
General and administrative	(25)	(32)
Depreciation expense-gross	\$ (110)	\$ (872)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Salaries and short-term employee benefits	\$ (3,035)	\$ (2,158)
Share-based compensation (note 16)	(375)	(483)
Termination benefits	(28)	-
Employee benefits expense	\$ (3,438)	\$ (2,641)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Change in non-cash working capital items:		
Trade and other receivables	\$ 615	\$ 471
Inventories	(109)	641
Prepaid expenses and other assets	609	(81)
Accounts payable and accrued liabilities	2,869	472
Change in non-cash working capital items	\$ 3,984	\$ 1,503

19. SEGMENTED INFORMATION

Business Segments

The Company operates in three primary segments – the Mining segment, the Closed Mine 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 Closed Mine Services segment includes the results of the Company's environmental services business which provides mine decommissioning and other services to third parties. 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, 2021, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	137	1,744	615	2,496
Expenses:				
Operating expenses	(295)	(1,593)	-	(1,888)
Evaluation	(2,761)	-	-	(2,761)
Exploration	(1,348)	-	-	(1,348)
General and administrative	(17)	-	(2,608)	(2,625)
	(4,421)	(1,593)	(2,608)	(8,622)
Segment income (loss)	(4,284)	151	(1,993)	(6,126)
Revenues – supplemental:				
Environmental services	-	1,744	-	1,744
Management fees	-	-	615	615
Toll milling services—deferred revenue (note 10)	137	-	-	137
	137	1,744	615	2,496
Capital additions:				
Property, plant and equipment	293	-	-	293
Long-lived assets:				
Plant and equipment				
Cost	101,823	4,545	892	107,260
Accumulated depreciation	(26,351)	(3,238)	(442)	(30,031)
Mineral properties	179,754	-	-	179,754
	255,226	1,307	450	256,983

For the three months ended March 31, 2020, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	1,815	2,028	817	4,660
Expenses:				
Operating expenses	(1,605)	(1,715)	-	(3,320)
Evaluation	(1,491)	-	-	(1,491)
Exploration	(1,700)	-	-	(1,700)
General and administrative	(14)	-	(2,174)	(2,188)
	(4,810)	(1,715)	(2,174)	(8,699)
Segment income (loss)	(2,995)	313	(1,357)	(4,039)
Revenues – supplemental:				
Uranium concentrate sales	852	-	-	852
Environmental services	-	2,028	-	2,028
Management fees	-	-	817	817
Toll milling services—deferred revenue (note 10)	963	-	-	963
	1,815	2,028	817	4,660
Capital additions:				
Property, plant and equipment	7	15	-	22
Long-lived assets:				
Plant and equipment				
Cost	99,994	4,546	908	105,448
Accumulated depreciation	(25,196)	(3,055)	(336)	(28,587)
Mineral properties	179,488	-	-	179,488
	254,286	1,491	572	256,349

20. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The current management services agreement (“MSA”) with UPC became effective on April 1, 2019 and has a term of five years (the “Term”). Under the MSA, Denison receives the following management fees from UPC: 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. See note 24 for an update on the Company’s management services agreement with UPC.

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Management fees:		
Base and variable fees	\$ 475	\$ 463
Commission fees	-	54
Discretionary fees	140	300
	\$ 615	\$ 817

At March 31, 2021, accounts receivable includes \$340,000 (December 31, 2020: \$265,000) 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, 2021, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 7.24%. 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

During the three months ended March 31, 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of \$20,000 (March 31, 2020: \$21,000) 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, 2021, an amount of \$5,000 (December 31, 2020: \$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:

(in thousands of CAD dollars)	Three Months Ended March 31	
	2021	2020
Salaries and short-term employee benefits	\$ (1,043)	\$ (584)
Share-based compensation	(320)	(430)
Key management personnel compensation	\$ (1,363)	\$ (1,014)

21. INCOME TAXES

For the three months ended March 31, 2021, Denison has recognized deferred tax recoveries of \$308,000. The deferred tax recovery includes the recognition of previously unrecognized Canadian tax assets of \$247,000 relating to the February 2021 renunciation of the tax benefits associated with the Company’s \$930,485 flow-through share issue in December 2020.

22. 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.

During the three months ended March 31, 2021, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at March 31, 2021 and December 31, 2020:

(in thousands of CAD dollars)	Financial Instrument Category ⁽¹⁾	Fair Value Hierarchy	March 31 2021 Fair Value	December 31, 2020 Fair Value
Financial Assets:				
Cash and equivalents	Category B		\$ 172,757	\$ 24,992
Trade and other receivables	Category B		2,759	3,374
Investments				
Equity instruments-shares	Category A	Level 1	16,286	16,657
Equity instruments-warrants	Category A	Level 2	573	293
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		3,461	2,883
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			\$ 204,971	\$ 57,334
Financial Liabilities:				
Accounts payable and accrued liabilities	Category C		10,042	7,178
Share purchase warrants liability	Category A	Level 2	14,798	-
Debt obligations	Category C		568	615
			\$ 25,408	\$ 7,793

(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.

23. COMMITMENTS AND CONTINGENCIES

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 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. Hearings in front of the arbitration panel were held in December 2019. The final award was rendered by an arbitration panel on July 27, 2020, with the panel finding in favour of Denison and ordering UI to pay the Company USD\$10,000,000 plus interest at a rate of 5% per annum from November 16, 2016, plus certain legal and arbitration costs. Denison and UI have exchanged correspondence, and award recovery options are being considered.

Uranium Purchase Commitments

Denison has entered into agreements to purchase 2,500,000 pounds of U₃O₈, for delivery, at various times between April 1, 2021 and October 31, 2021. The average price per pound and total purchase commitment amounts are shown below:

(in thousands of dollars, except per pound amounts)	March 2021	
	USD\$	CAD\$ ⁽¹⁾
Purchase commitment of 2,500,000 pounds:		
Purchase price	\$ 74,034	\$ 93,097
Add: purchase commissions	106	133
Total purchase price, including commissions	\$ 74,140	\$ 93,230
Purchase commitment cost per pound:		
Purchase price	\$ 29.61	\$ 37.23
Add: purchase commissions	0.05	0.06
Total purchase price, including commissions	\$ 29.66	\$ 37.29

(1) The purchase commitment amounts have been translated to Canadian dollars using the March 31, 2021 closing foreign exchange rate of 1.2575. The actual Canadian dollar commitment realized will fluctuate depending upon the foreign exchange rate in effect at the transaction date.

24. SUBSEQUENT EVENTS

Uranium Participation Corporation

On April 27, 2021, UPC and Sprott Asset Management LP (“Sprott”) reached an agreement to convert UPC into the Sprott Physical Uranium Trust (the “Trust”) – effectively aligning UPC’s business with the world’s leading physical commodity investment vehicles and making it eligible to pursue a listing in the United States (the “UPC Transaction”). Upon completion of the UPC Transaction, Sprott will become the manager of the Trust and the MSA will be terminated – Denison will remain the manager of UPC until such time up until the UPC Transaction is completed. Denison estimates the termination payment due from UPC will be approximately \$5.3 million. The actual termination payment may differ, as it will be based on UPC’s NAV as of the month-end immediately prior to the date of a formal notice of termination to Denison by UPC in accordance with the MSA.

Offer to Acquire JCU (Canada) Exploration Company, Limited (‘JCU’)

On May 4, 2021, Denison announced that it has delivered a binding offer to Overseas Uranium Resources Development Co., Ltd. (‘OURD’) to acquire 100% ownership of OURD’s wholly-owned subsidiary, JCU. JCU holds a portfolio of uranium project joint venture interests in Canada, including a 10% interest in Denison’s 90% owned Wheeler River project.

The offer includes the following key features: (a) consideration including cash payments of up to \$40.5 million and the assumption of JCU's existing liabilities, including any outstanding liabilities owed to Japan Atomic Energy Agency; (b) binding subject to definitive documentation, regulatory approvals (if required) and the termination of OURD's existing definitive purchase agreement with UEX Corporation in accordance with its terms; (c) no conditions for due diligence on the assets of JCU, or obtaining the necessary financing to fund the purchase price; and (d) a commitment to OURD that JCU will be maintained as a corporate subsidiary in order for JCU to meet its joint venture commitments.

Corporate Information

BOARD OF DIRECTORS

Ron F. Hochstein
Chair of the Board
British Columbia, Canada

David D. Cates
Ontario, Canada

W. Robert Dengler
Ontario, Canada

Brian D. Edgar
British Columbia, Canada

Jun Gon Kim
Gyeongsangbuk-do, Korea

David Neuburger
Saskatchewan, Canada

Jennifer Traub
British Columbia, Canada

Patricia M. Volker
Ontario, Canada

OFFICERS

David D. Cates
President and
Chief Executive Officer

Mac McDonald
Executive Vice President and
Chief Financial Officer

David Bronkhorst
Vice President, Operations

Michael J. Schoonderwoerd
Vice President, Controller

Amanda Willett
Vice President, Legal and
Corporate Secretary

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)
Trading Symbol: DML

NYSE American
Trading Symbol: DNN

SHARE REGISTRAR AND TRANSFER AGENT

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Toronto, Ontario M5J 2Y1
Telephone: 1-800-564-6253

AUDITOR

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ADDITIONAL INFORMATION

Further information about Denison is available by contacting Investor Relations at Denison's Head Office or by email to: info@denisonmines.com

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 [@DenisonMinesCo](https://twitter.com/DenisonMinesCo)

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In 2019 Denison Mines' executives and its Wheeler River Project team met with leaders from various communities of interest at the Wheeler River Project site for a tour. Engaging with these important communities is part of our commitment to sustainability. We thank the Pinehouse Photography club for this and other images captured that day.

