

Focused.  
Experienced.  
Growing.

An aerial photograph of a vast, snow-covered landscape. A wide, snow-covered road or path runs diagonally from the bottom center towards the horizon. The road is flanked by dense evergreen forests. In the distance, a power line tower is visible on the left side. The sky is a mix of light blue and white, suggesting a bright, overcast day. The overall scene is serene and expansive.

 Lenison Mines  
2019 THIRD QUARTER REPORT



**2019 THIRD QUARTER REPORT  
FOR THE THREE AND NINE MONTHS ENDED  
SEPTEMBER 30, 2019**

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This Management's Discussion and Analysis ('MD&A') of Denison Mines Corp. and its subsidiary companies and joint arrangements (collectively, 'Denison' or the 'Company') provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated as of November 7, 2019 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three and nine months ended September 30, 2019. The unaudited interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Readers are also encouraged to consult the audited consolidated financial statements and MD&A for the year ended December 31, 2018. All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise noted.

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

## 2019 THIRD QUARTER PERFORMANCE HIGHLIGHTS

During the third quarter of 2019, the Company made several positive announcements related to the ongoing In-Situ Recovery ('ISR') field testing taking place at the Phoenix deposit ('Phoenix') on the Company's 90% owned Wheeler River Uranium Project ('Wheeler River') in northern Saskatchewan, Canada.

- **Positive initial results from ISR field testing confirm hydraulic connectivity within the Phoenix Deposit.**

During the third quarter of 2019, the Company announced positive initial results from ISR field testing at Phoenix. The initial test results confirmed hydraulic connectivity between all of the ore zone test wells in Test Area 1 (see Denison's press release dated August 27, 2019) and a significant portion of the ore zone in Test Area 2 (see Denison's press release dated September 19, 2019) – providing significant preliminary indications of the suitability for the application of ISR mining at Phoenix.

- **Successful installation of commercial scale test wells in Test Area 1 and Test Area 2**

Following confirmation of hydraulic connectivity within Phoenix described above, Denison initiated the second stage of ISR field testing – the installation of a large-diameter Commercial Scale Wells ('CSWs') in each of Test Area 1 and Test Area 2 (see Denison's press release dated October 31, 2019). CSW1 (drill hole GWR-031, in Test Area 1) and CSW2 (drill hole GWR-032, in Test Area 2) represent the first large-diameter CSWs successfully installed, for the purposes of ISR mining, in the Athabasca Basin region. The completion of each CSW included the drilling of a large-diameter bore hole (approximately 12 inches in diameter) approximately 400 metres from surface, to intersect the Phoenix ore body, and the installation of well materials that have been designed to meet expected environmental and regulatory standards for eventual ISR mining.

- **Successful deployment and operational testing of MaxPERF drilling tool**

Penetrators Canada Inc., developers and operators of the MaxPERF drilling tool, successfully deployed the tool within CSW1 and completed 28 lateral drill holes (penetration tunnels) within a variety of ore types associated with Phoenix. Following the completion of the MaxPERF drilling array in CSW1, initial, short-duration / operational hydrogeological tests confirmed increased flow rates in Test Area 1 – demonstrating the effectiveness of the MaxPERF drilling tool in providing increased access to hydraulic connectivity associated with the existing geological formations within the ore zone. Deployment of the MaxPERF tool is planned to follow at CSW2 during the remainder of the 2019 ISR Field Test program.

- **ISR field program nearing completion with long-duration tests planned as final stage**

Based on the successful completion of CSW1 and CSW2, as well as the successful deployment of the MaxPERF tool, long-duration (commercial scale) hydrogeological tests are planned to be completed during the remainder of the 2019 ISR field test. These tests are expected to be carried out in both CSW1 and CSW2 to allow for the simulation of fluid flow, within Test Area 1 and Test Area 2 of Phoenix, under conditions similar to a commercial production environment.

## ABOUT DENISON

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

Denison is a uranium exploration and development company with interests focused in the Athabasca Basin region of northern Saskatchewan, Canada. The Company's flagship project is the 90% owned Wheeler River Uranium Project, which is the largest undeveloped uranium project in the infrastructure rich eastern portion of the Athabasca Basin region of northern Saskatchewan. A Pre-feasibility Study ('PFS') was completed for Wheeler River in late 2018, considering the potential economic merit of developing the Phoenix deposit as an ISR operation and the Gryphon deposit as a conventional underground mining operation. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the McClean Lake Joint Venture ('MLJV'), which includes several uranium deposits and the McClean Lake uranium mill, which is currently processing ore from the Cigar Lake mine under a toll milling agreement, plus a 25.17% interest in the Midwest deposits and a 66.51% interest in the J Zone and Huskie deposits on the Waterbury Lake property. The Midwest, J Zone and Huskie deposits are located within 20 kilometres of the McClean Lake mill. In addition, Denison has an extensive portfolio of exploration projects in the Athabasca Basin region.

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

Denison is also the manager of Uranium Participation Corporation ('UPC'), a publicly traded company listed on the TSX under the symbol 'U', which invests in uranium oxide in concentrates ('U<sub>3</sub>O<sub>8</sub>') and uranium hexafluoride ('UF<sub>6</sub>').

## SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands)	As at September 30, 2019	As at December 31, 2018
<b>Financial Position:</b>		
Cash and cash equivalents	\$ 10,432	\$ 23,207
Working capital	\$ 4,594	\$ 19,221
Property, plant and equipment	\$ 257,246	\$ 258,291
Total assets	\$ 296,475	\$ 312,187
Total long-term liabilities <sup>(1)</sup>	\$ 74,940	\$ 77,455

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

(in thousands, except for per share amounts)	2019 Q3	2019 Q2	2019 Q1	2018 Q4
<b>Results of Operations:</b>				
Total revenues	\$ 3,478	\$ 4,139	\$ 3,976	\$ 4,144
Net loss	\$ (6,424)	\$ (4,884)	\$ (5,335)	\$ (13,642)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.02)

(in thousands, except for per share amounts)	2018 Q3	2018 Q2	2018 Q1	2017 Q4
<b>Results of Operations:</b>				
Total revenues	\$ 3,729	\$ 4,104	\$ 3,573	\$ 4,536
Net loss	\$ (3,884)	\$ (5,583)	\$ (6,968)	\$ (1,833)
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.01)	-

### Significant items causing variations in quarterly results

- The Company's toll milling revenues fluctuate due to the timing of uranium processing at the McClean Lake uranium mill as well as changes to the estimated mineral resources of the Cigar Lake mine.
- Revenues from DES fluctuate due to the timing of projects, which vary throughout the year in the normal course of business.
- Exploration expenses are generally largest in the first and third quarters, due to the timing of the winter and summer exploration programs in Saskatchewan.
- The Company's results are also impacted, from time to time, by other non-recurring events arising from its ongoing activities.

## RESULTS OF OPERATIONS

### REVENUES

#### McClean Lake Uranium Mill

McClean Lake is located on the eastern edge of the Athabasca Basin in northern Saskatchewan, approximately 750 kilometres north of Saskatoon. Denison holds a 22.5% ownership interest in the MLJV and the McClean Lake uranium mill, one of the world's largest uranium processing facilities, which is currently processing ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a joint venture between Orano Canada Inc. ('Orano Canada') with a 70% interest, Denison with a 22.5% interest, and OURD (Canada) Co. Ltd. with a 7.5% interest.

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

During the three and nine months ended September 30, 2019, the McClean Lake mill processed 2.7 and 12.6 million pounds  $U_3O_8$  for the CLJV, respectively (September 30, 2018 – 2.9 and 13.1 million pounds  $U_3O_8$ ) and recorded toll milling revenue of \$696,000 and \$3,243,000, respectively (September 30, 2018 – \$755,000 and \$3,000,000). The decrease in toll milling revenue in the quarter ended September 30, 2019, as compared to the prior year quarter, is due to a decrease in pounds  $U_3O_8$  processed by the mill in the third quarter of 2019 as compared to the third quarter of 2018. The increase in toll milling revenue in the nine months ended September 30, 2019, as compared to the prior year period, is predominantly the result of an update to the published Cigar Lake mineral resource estimate in the first quarter of 2018 which resulted in the Company recording a negative non-cash cumulative catch-up accounting adjustment of \$332,000, which reduced the recorded toll milling revenue. During the first quarter of 2019, the Company recorded a nominal \$26,000 positive non-cash cumulative accounting adjustment related to the Cigar Lake mineral resource estimate update published in that quarter.

During the three and nine months ended September 30, 2019, the Company also recorded accounting accretion expense of \$801,000 and \$2,402,000, respectively, on the toll milling deferred revenue balance (September 30, 2018 – \$829,000 and \$2,486,000). The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

#### Denison Environmental Services

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

Revenue from DES during the three and nine months ended September 30, 2019 was \$2,222,000 and \$6,866,000 (September 30, 2018 - \$2,365,000 and \$6,883,000). The decrease in revenue during the three months ended September 30, 2019, as compared to the prior period, was due to a decrease in activity at certain care and maintenance sites, as well as a decrease in environmental consulting activities during the quarter. The decrease in revenue in the nine months ended September 30, 2019, as compared to the prior period, was due to a decrease in environmental

consulting activities, slightly offset by an increase in activity at certain care and maintenance sites during the second quarter of 2019.

### Management Services Agreement with UPC

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

During the three and nine months ended September 30, 2019, revenue from the Company's management contract with UPC was \$560,000 and \$1,484,000, respectively (September 30, 2018 - \$609,000 and \$1,523,000). The decrease in revenues during the three months ended September 30, 2019, compared to the prior year, was due to a decrease in management fees earned based on UPC's monthly net asset value ('NAV'), as well as a decrease in commission-based fees. The decrease in revenues during the nine months ended September 30, 2019, compared to the prior year, was due to an increase in NAV-based management fees, more than offset by a decrease in commission-based and discretionary fees. UPC's balance sheet consists primarily of uranium held either in the form of  $U_3O_8$  or  $UF_6$ , which is accounted for at its fair value. The decrease in NAV-based management fees during the third quarter was due to the decrease in the average fair value of UPC's uranium holdings during the three months ended September 30, 2019, compared to the prior year, resulting from lower uranium spot prices. The increase in NAV-based management fees during the nine months ended September 30, 2019, as compared to the prior period, was due to the increase in the average fair value of UPC's uranium holdings, resulting from both increased uranium spot prices and increased uranium holdings. The decrease in commission-based fees in both the three and nine months ended September 30, 2019 was due to a decrease in uranium purchases and sales by UPC during the current periods, as compared to the prior year. Denison earns a 1% commission on the gross value of UPC's uranium purchases and sales.

## OPERATING EXPENSES

### Canada Mining

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

Operating expenses in the three and nine months ended September 30, 2019 were \$818,000 and \$3,376,000, respectively (September 30, 2018 - \$2,141,000 and \$5,572,000), including depreciation expense relating to the McClean Lake mill of \$482,000 and \$2,223,000 (September 30, 2018 - \$529,000 and \$2,395,000), as a result of processing approximately 2.7 and 12.6 million pounds  $U_3O_8$ , respectively, for the CLJV (September 30, 2018 - 2.9 and 13.1 million pounds).

In the three and nine months ended September 30, 2019, operating expenses also included development and other operating costs related to the MLJV of \$335,000 and \$1,152,000 (September 30, 2018 - \$1,610,000 and \$3,176,000), predominantly due to the advancement of the Surface Access Borehole Resource Extraction ('SABRE') mining technology, as part of a multi-year test mining program operated by Orano Canada within the MLJV.

### Environmental Services

Operating expenses during the three and nine months ended September 30, 2019 totaled \$2,059,000 and \$6,362,000 respectively (September 30, 2018 - \$2,051,000 and \$5,971,000). The expenses relate primarily to care and maintenance and consulting services provided to clients, and include labour and other costs.

## CANADIAN MINERAL PROPERTY EXPLORATION & EVALUATION

During the three and nine months ended September 30, 2019, Denison's share of exploration and evaluation expenditures were \$4,591,000 and \$11,846,000, respectively (September 30, 2018 - \$3,894,000 and \$14,018,000). The increase in exploration and evaluation expenditures during the three months ended September 30, 2019, compared to the prior period, was predominantly due to an increase in evaluation expenditures, partly offset by a decrease in summer exploration activities. The decrease in exploration and evaluation expenditures during the nine months ended September 30, 2019, compared to the prior period, was predominantly due to a decrease in winter and summer exploration activities, partly offset by an increase in evaluation expenditures.

Exploration spending in the Athabasca Basin is generally seasonal in nature, with spending higher during the winter field season (January to mid-April) and summer field season (June to mid-October). The following table summarizes the 2019 exploration and evaluation activities completed through the end of October. The exploration drilling relates to

the Company's summer and winter 2019 exploration programs, while the evaluation drilling relates to the Wheeler River ISR field test – including the installation of preliminary ISR test wells in small diameter diamond drill holes, and commercial scale wells in large diameter drill holes.

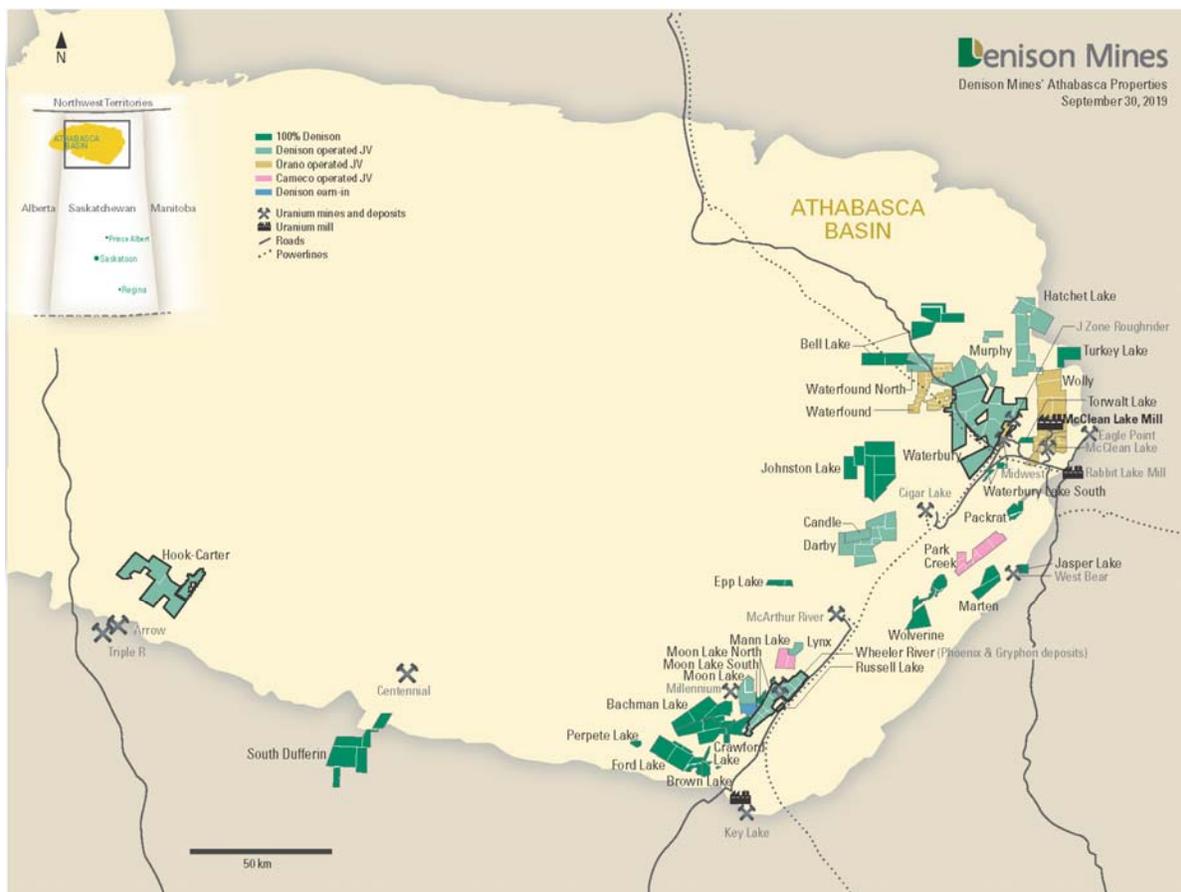
All exploration and evaluation expenditure information in this MD&A covers the three and nine months ending September 30, 2019.

CANADIAN EXPLORATION & EVALUATION ACTIVITIES				
Property	Denison's Ownership	Exploration Drilling <sup>(5)</sup>	Evaluation Drilling	Other Activities
Wheeler River	90% <sup>(1)</sup>	10,573 m (20 holes)	9,632 m (30 small diameter wells) <sup>(6)</sup> 821 m (2 large diameter well) <sup>(7)</sup>	ISR Field Testing, Engineering, EA
Waterbury Lake	66.51% <sup>(2)</sup>	5,735 m (15 holes)	-	
Hook-Carter	80% <sup>(3)</sup>	4,797 m (6 holes)	-	
Waterfound River	14.42% <sup>(4)</sup>	5,110 m (7 holes)	-	
<b>Total</b>		<b>26,215 m (48 holes)</b>	<b>10,453 m (32 holes)</b>	

Notes:

- JCU (Canada) Exploration Company Limited ('JCU') is currently funding their 10% portion of exploration and evaluation expenditures and therefore ownership interests are not expected to change during 2019.
- The Company's ownership as at September 30, 2019. The partner, Korea Waterbury Uranium Limited Partnership ('KWULP'), has elected not to fund the 2019 exploration program and will dilute its ownership interest. As a result, Denison's interest will increase.
- The Company acquired an 80% ownership in the Hook-Carter project in November 2016 from ALX Uranium Corp. ('ALX') and has agreed to fund ALX's share of the first CAD\$12.0 million in expenditures on the project.
- Denison's ownership interest as at December 31, 2018. Denison elected not to fund its 14.42% share of the \$1,600,000 2019 drilling program planned by the operator, Orano Canada. Accordingly, Denison's ownership interest will decrease.
- The Company reports total exploration metres drilled and the number of holes that were successfully completed to their target depth.
- Small diameter evaluation drilling includes HQ/PQ sized diamond drilling either as the widening (reaming) of existing exploration drill holes, or the drilling of new holes, for the purposes of installing test wells for ISR field testing at Phoenix. Figures include total evaluation metres drilled and total number of holes completed.
- Large diameter evaluation drilling relates to the drilling and installation of new large diameter CSWs from surface for the purposes of ISR field testing at Phoenix. Figures include total evaluation metres drilled and total number of holes completed.

The Company's land position in the Athabasca Basin, as of September 30, 2019, is illustrated in the figure below. The Company's Athabasca land package increased marginally during the third quarter of 2019 from 305,305 hectares (212 claims) to 305,658 hectares (213 claims) due to area reductions of claims belonging to the Moon Lake and Wolverine properties, more than offset by the staking of a claim to the north of the Bell Lake property.



## Wheeler River Project

### Project Highlights:

- **PFS results suggest Phoenix may become the lowest cost uranium mining operation globally**

On September 24, 2018, the Company announced the results of the PFS for Wheeler River. The PFS was completed in accordance with NI 43-101 and is highlighted by the selection of the ISR mining method for the development of the Phoenix deposit, with an estimated average operating cost of \$4.33 (USD\$3.33) per pound U<sub>3</sub>O<sub>8</sub>.

The PFS considers the potential economic merit of co-developing the Phoenix and Gryphon deposits. The high-grade Phoenix deposit is designed as an ISR mining operation, with associated processing to a finished product occurring at a plant to be built on site at Wheeler River. The Gryphon deposit is designed as an underground mining operation, utilizing a conventional long hole mining approach with processing of mine production assumed at Denison's 22.5% owned McClean Lake mill. Taken together, the project is estimated to have mine production of 109.4 million pounds U<sub>3</sub>O<sub>8</sub> over a 14-year mine life, with a base case pre-tax net present value ('NPV') of \$1.31 billion (8% discount rate), internal rate of return ('IRR') of 38.7%, and initial pre-production capital expenditures of \$322.5 million.

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

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

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

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

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

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

- **Probable mineral reserves of 109.4 million pounds U<sub>3</sub>O<sub>8</sub>** (Phoenix 59.7 million pounds U<sub>3</sub>O<sub>8</sub> from 141,000 tonnes at 19.1% U<sub>3</sub>O<sub>8</sub>; Gryphon 49.7 million pounds U<sub>3</sub>O<sub>8</sub> from 1,257,000 tonnes at 1.8% U<sub>3</sub>O<sub>8</sub>);
- **Indicated mineral resources (inclusive of reserves) of 132.1 million pounds U<sub>3</sub>O<sub>8</sub>** (1,809,000 tonnes at an average grade of 3.3% U<sub>3</sub>O<sub>8</sub>); plus
- **Inferred mineral resources of 3.0 million pounds U<sub>3</sub>O<sub>8</sub>** (82,000 tonnes at an average grade of 1.7% U<sub>3</sub>O<sub>8</sub>).

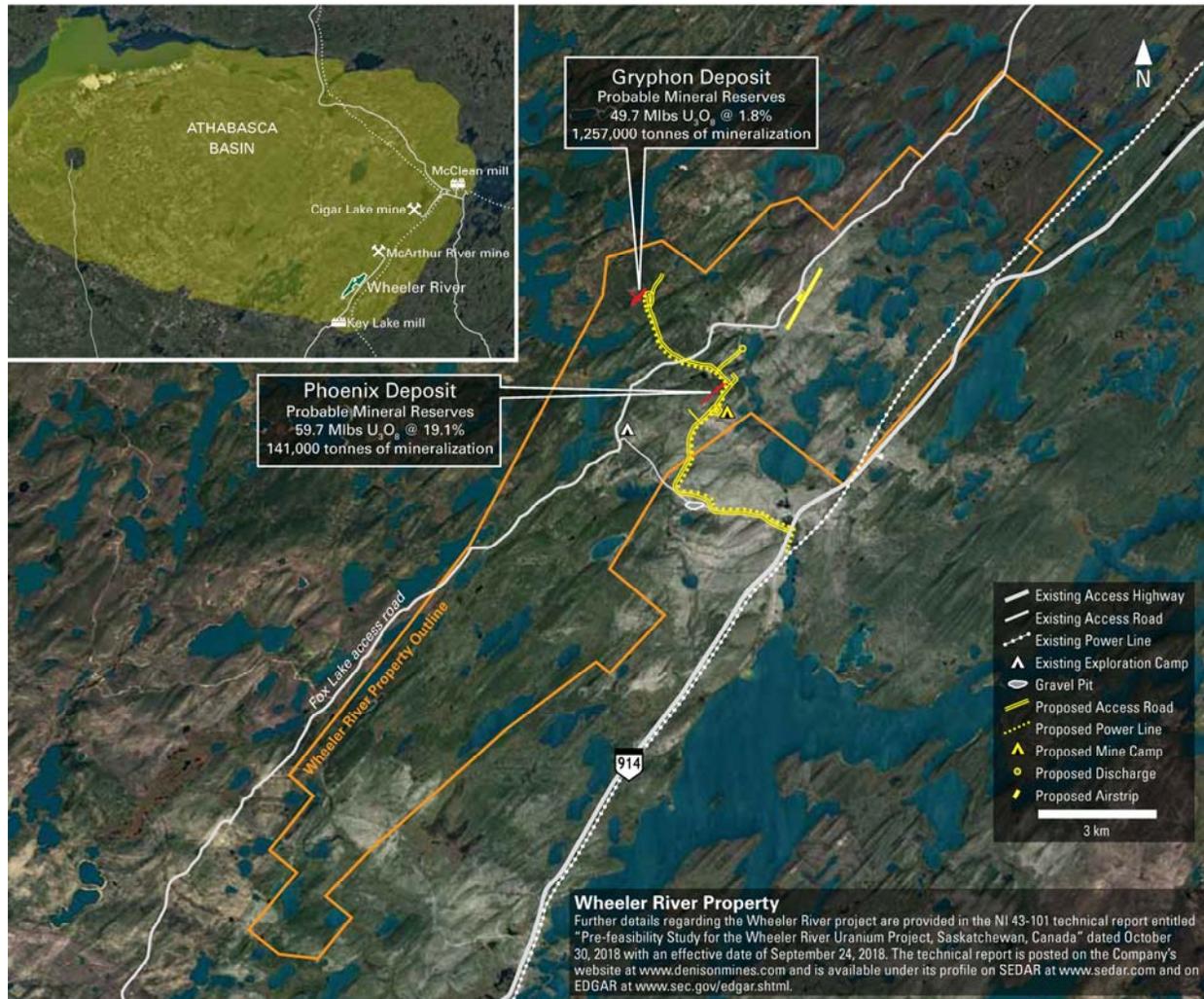
- **Potential for resource growth**

Potential exists for resource growth, outside of the currently defined mineral resources, at both the Phoenix and Gryphon deposits. At Phoenix, potential exists to expand mineral resources, particularly in the 'gap' area between Zone A and Zone B where insufficient drilling exists, and through definition drilling at Zone C. Zone C requires additional drilling in order to estimate mineral resources and is highlighted by previous mineralized drill intercepts of 1.59% U<sub>3</sub>O<sub>8</sub> over 3.5 metres (drill hole WR-328), 1.40% U<sub>3</sub>O<sub>8</sub> over 4.0 metres (drill hole WR-253), and 1.59% U<sub>3</sub>O<sub>8</sub> over 2.0 metres (drill hole WR-368). At Gryphon, potential exists to expand mineral resources both along strike, and down-plunge, of the currently defined A Series Lenses.

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

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

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



**Evaluation Program**

During the three and nine months ended September 30, 2019, Denison's share of evaluation costs at Wheeler River amounted to \$4,062,000 and \$6,741,000, respectively (September 30, 2018 - \$797,000 and \$2,606,000), which consisted primarily of work related to the planning and implementation of the ISR field test, other engineering activities in support of a future Feasibility Study ('FS'), and activities related to the EIA process.

**Engineering Activities**

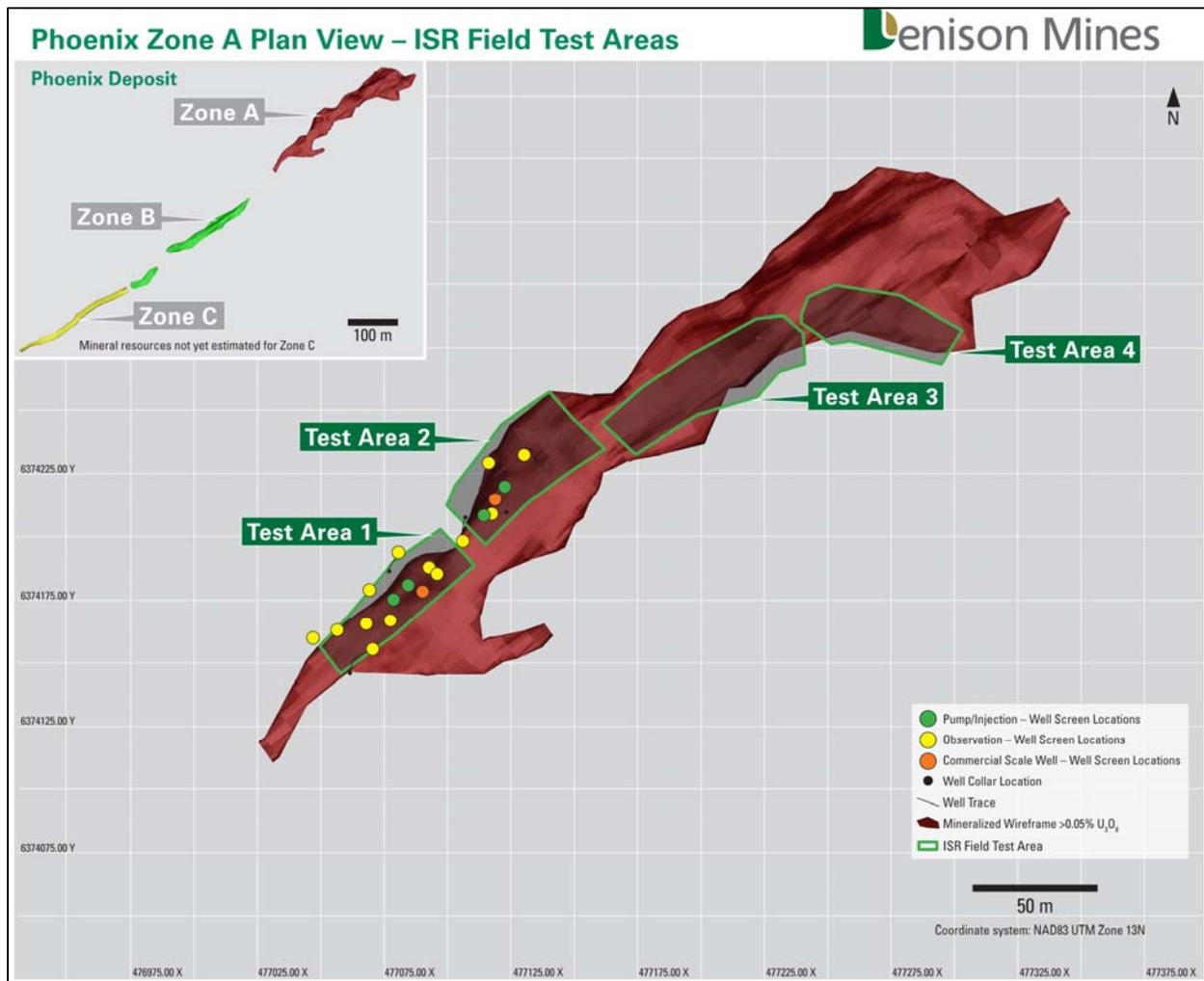
**ISR Field Test**

In June 2019, Denison announced the commencement of ISR field testing at the Phoenix uranium deposit, as part of an active summer 2019 field program planned for Wheeler River (see Denison's press release dated June 26, 2019). The ISR field test program is designed to collect an extensive database of hydrogeological data that will be used to evaluate the ISR mining conditions present at the deposit, and is expected to be incorporated into a detailed ISR mine plan, as part of the completion of a future FS for the project.

The ISR field testing program has been designed specific to the unique geological characteristics of the Phoenix deposit and aims to provide hydrogeological testing across multiple Test Areas of Phoenix Zone A (see figure below), covering up to approximately 65% of the Indicated Mineral Resource estimated for the deposit. The Test Areas have been selected with the objective of assessing various fluid flow domains, and combinations thereof, expected to exist within

the deposit. The domains have been defined from detailed geological databases and associated models, with the intention that the Test Areas are collectively representative of the deposit as a whole. The main objective within each Test Area is to efficiently establish the fundamental hydrogeologic characteristics of the orebody, the overlying sandstone and overburden formations, and the underlying basement rocks. Data acquired from the ISR field testing is expected to be utilized to create an integrated hydrogeological model, which will form the basis for the ISR wellfield and freeze dome design necessary for a future FS and to support the EIA process.

The summer 2019 program was designed to assess Test Area 1 and Test Area 2. The figure below shows the Test Areas delineated for ISR field testing and the location of the wells installed during 2019.

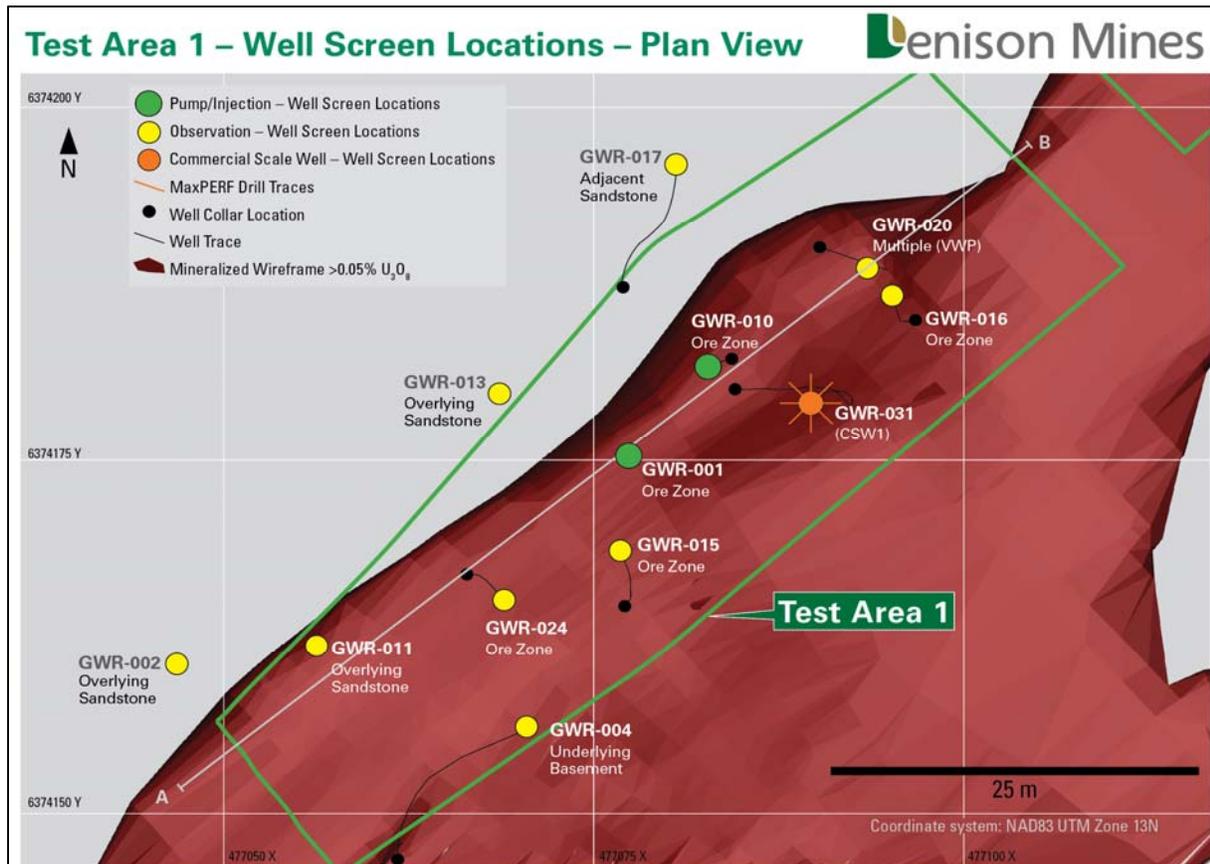


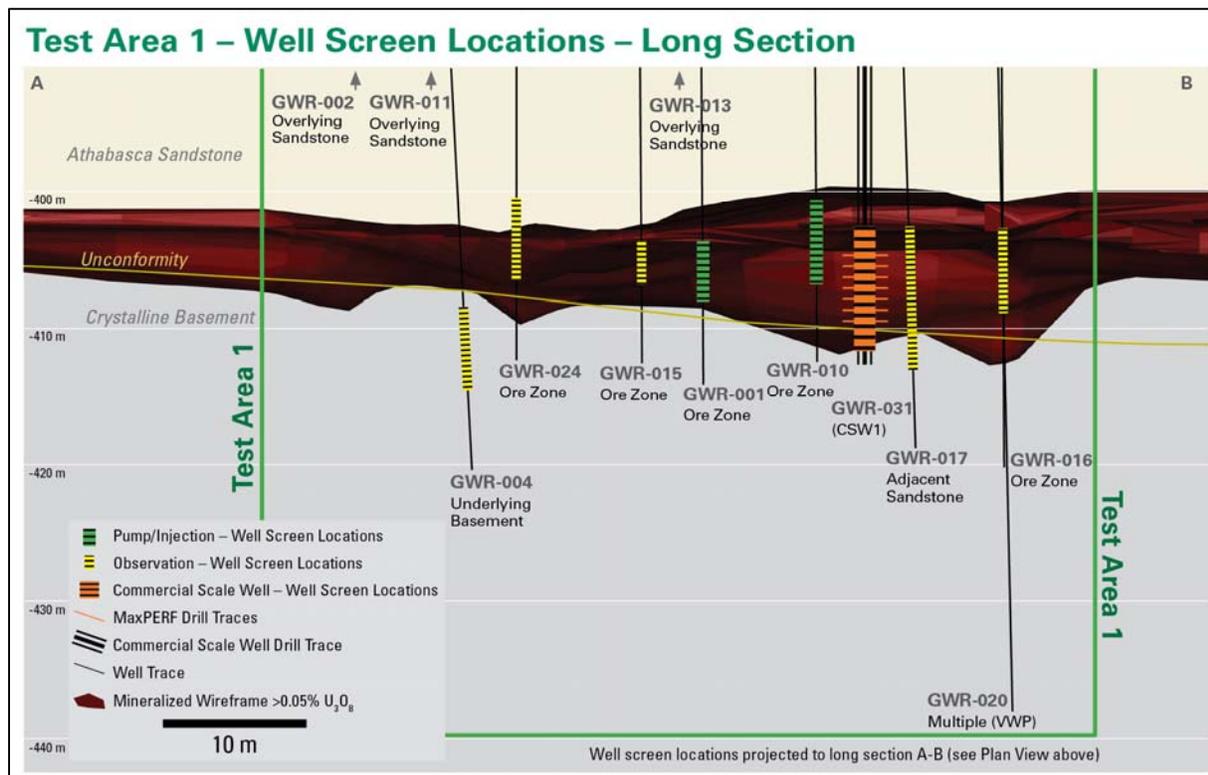
### Test Area 1

In late August 2019, Denison announced positive initial results from Test Area 1 with initial pump and injection tests confirming hydraulic connectivity between all of the test wells within the ore zone (see Denison’s press release dated August 27, 2019). A total of two Pump/Injection (‘P/I’) wells and nine Observation wells were successfully installed within Test Area 1 at Phoenix Zone A (see figure below). One of the Observation wells (GWR-020) was fitted with a Vibrating Wire Piezometer (‘VWP’) equipped with pressure transducers at various depth locations. Initial pump and injection tests were completed by pumping water from, or injecting water into, the P/I wells. In each of the tests completed, a hydraulic response has been observed at the other P/I well and at all four Observation wells located within the ore zone test formation (GWR-015, GWR-016, GWR-020 and GWR-024). Taken together, hydraulic responses have been observed over the entire 34 metres of strike length associated with the ore zone formation within Test Area 1 (from GWR-024 to GWR-016 and GWR-020 VWP) – representing the maximum strike length response possible in Test Area 1 given the design of the field test.

Additionally, no hydraulic response was observed in GWR-004, which was located in the basement rock underlying the Phoenix deposit. This is indicative of low permeability conditions within the basement units below the Phoenix Zone A ore body, which is generally supportive of the Company's expectations that the basement units below Phoenix will be able to provide containment of the ISR mining solution in conjunction with the planned freeze dome.

The figures below show the plan map and long section showing P/I wells, observation wells, and CSW1 completed for ISR field testing in Test Area 1.





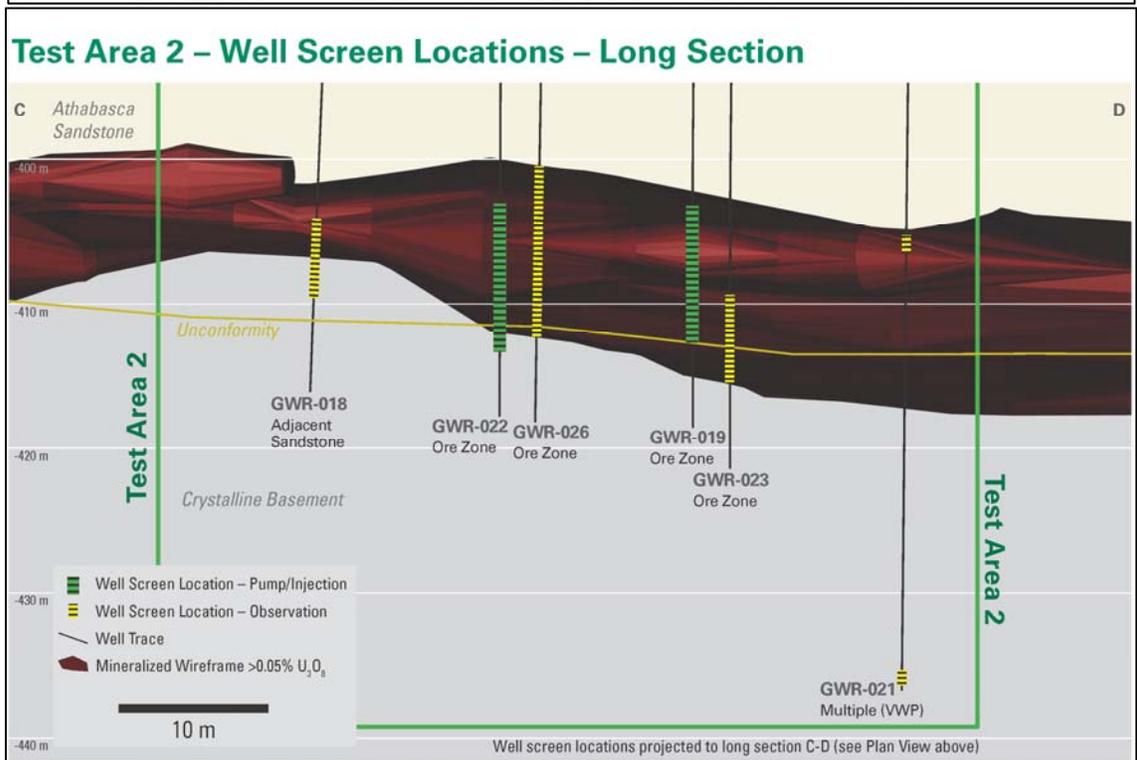
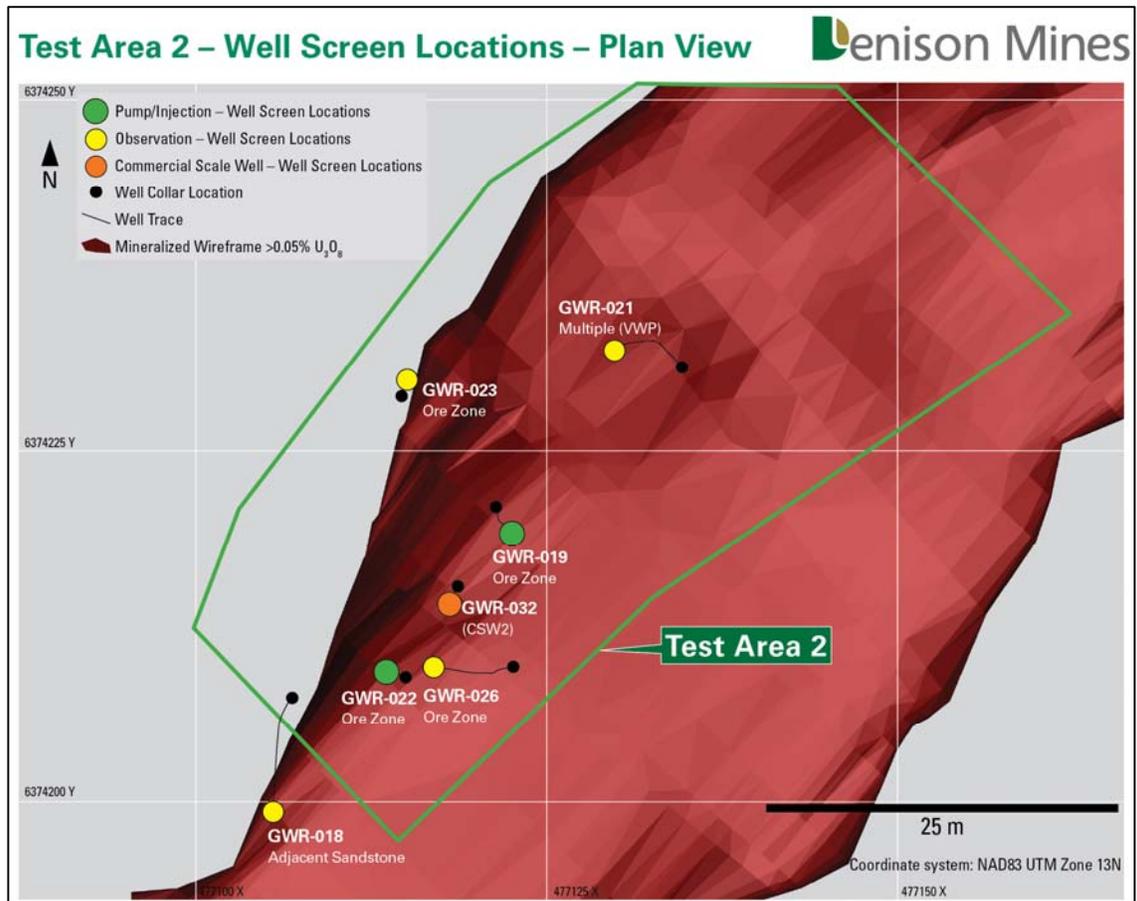
## Test Area 2

In mid-September 2019, Denison announced positive initial results from Test Area 2 with initial pump and injection tests confirming hydraulic connectivity within a significant portion of the ore zone tested (see Denison's press release dated September 19, 2019). A total of two P/I wells and four Observation wells were successfully installed within Test Area 2 at Phoenix Zone A (see figure below). One of the Observation wells (GWR-021) was fitted with a VWP equipped with pressure transducers at various depth locations. Initial pump and injection tests were completed by pumping water from, or injecting water into, the P/I wells. In tests completed within P/I well GWR-019, a hydraulic response has been observed at two of three Observation wells located within the ore zone (GWR-023 and GWR-026). No response was observed in P/I well GWR-022 or Observation well GWR-021 (Ore Zone - VWP), which are also located within the ore zone. In tests completed within P/I well GWR-022, no hydraulic responses were observed at the two Observation wells within the ore zone (GWR-023 and GWR-026), the other P/I well (GWR-019) or Observation well GWR-021 (Ore Zone - VWP). These results are consistent with the hydraulic tests conducted within P/I well GWR-019 and the geologic observations of drill core recovered from GWR-022, which indicate high clay contents.

Taken together, hydraulic responses have been observed within a significant portion of the ore zone contained within Test Area 2 – with hydraulic connectivity observed over an approximate strike length of 15 metres (of a possible 30 metres) and across-strike length of 16 metres (of a possible 16 metres) – representing the maximum across-strike length response possible in Test Area 2, given the design of the field test.

Similar to the results reported for Test Area 1, no hydraulic response was reported in the basement from GWR-021 VWP, which is indicative of low permeability conditions within the basement units below the Phoenix Zone A orebody, which is generally supportive of the suitability of the basement units to provide containment of the ISR mining solution in conjunction with the planned freeze dome.

The figures below show plan map and long section showing P/I wells, observation wells, and CSW2 completed for ISR field testing in Test Area 2. CSW2 is not shown in the long section as coring, MaxPERF drilling and well screen installation had not been completed at time of reporting.



### *Commercial Scale Wells*

The initial positive ISR field test results obtained from lower-cost / smaller-diameter HQ and PQ sized wells in Test Area 1 and Test Area 2 provided the confidence and information required to commence with the next stage of the ISR field test program, which included the installation and testing of the higher-cost / larger-diameter CSWs.

In late October 2019, Denison announced the successful installation of CSW1 (drill hole GWR-031, in Test Area 1) and CSW2 (drill hole GWR-032, in Test Area 2), which represent the first large-diameter CSWs installed for the purpose of ISR mining in the Athabasca Basin region (see Denison press release dated October 31, 2019). The completion of each CSW included the drilling of a large-diameter vertical borehole (approximately 12 inches in diameter) approximately 400 metres from surface, to intersect the Phoenix ore body, and the installation of well materials that have been designed to meet expected environmental and regulatory standards for eventual ISR mining – including an outer casing and inner lined casing – with the outer casing cemented in place – providing a double-walled, fully-sealed piping system.

Additionally, Denison reported that Penetrators Canada Inc., developers and operators of the MaxPERF drilling tool, successfully deployed the tool within CSW1 and completed a total of 28 lateral drill holes (penetration tunnels), with an approximate length of 72 inches and diameter of 0.7 inches each, within the ore zone from seven different elevations spaced 30 centimeters vertically apart. The penetration tunnels were completed in a variety of ore types associated with the Phoenix deposit, including a wide variety of uranium grades (massive to disseminated uraninite), clay contents and rock competencies. Importantly, initial short-term hydrogeological injection testing was carried out both before, and after, the application of MaxPERF drilling in CSW1, in order to evaluate the relative differences of injection pressure, flow rate, permeability, and borehole connectivity with adjacent monitoring wells. The preliminary hydrogeological test results from CSW1 indicate that there was an increase in flow rates following the application of MaxPERF drilling, which suggests that the penetration tunnels have successfully provided increased access to hydraulic connectivity associated with the existing permeability of the ore zone.

### *Additional Supportive Permeability and Porosity Tests*

Supportive permeability and porosity tests, including hydraulic conductivity tests (packer testing), geological and geotechnical logging, and permeability (permeameter) testing, were completed for Test Area 1 and Test Area 2 during the third quarter. This significant dataset will undergo data verification followed by detailed analysis, reporting, and integration into the hydrogeological model being developed for Phoenix. In addition, numerous mineralized core samples from the ore zone, obtained from the summer 2019 field program, have been preserved to facilitate future planned laboratory-based metallurgical test work.

### *Long-Duration ISR Test Planned to Complete ISR Field Test Program*

The integration and evaluation of the hydrogeological and supportive permeability and porosity data collected from the 2019 ISR Field Test is ongoing. To date, this data includes the initial results from Test Area 1 and 2 (see Denison's press releases dated August 27, 2019, and September 19, 2019) and the initial short-duration test results from CSW1 (described above). Additional hydrogeological data is expected from long-duration tests expected to be carried out in both CSW1 and CSW2. Importantly, the long-duration tests are expected to allow for the simulation of fluid flow under conditions similar to an envisioned commercial production environment.

These data sets, as outlined above, are expected to be incorporated into the hydrogeological model being developed for Phoenix, which will facilitate detailed mine planning as part of a future FS.

The hydrogeological testing and modelling is being undertaken by Petrotek Corporation ('Petrotek') - specialists in the technical evaluation and field operation of subsurface fluid flow and injection projects, including significant ISR experience in various jurisdictions.

### Other Engineering Activities

#### *Metallurgical Testing*

During drilling related to the ISR field test program, core samples were collected from the ore zone for metallurgical testing. The samples were collected from the various drill holes in Test Area 1 and Test Area 2 to represent the grade variability of those areas (expected grades ranging from 1% to 60% U<sub>3</sub>O<sub>8</sub>). Several scopes of metallurgical test work, including bench scale ISR tests and bench scale metallurgical processing plant tests, are expected to commence in the fourth quarter. Future process plant tests are expected to use solution produced from the bench scale ISR tests. The results of the test work will continue to build on the data collected during the PFS, as part of a progressive approach

to de-risking the uranium recovery process and to allow for further definition of the process flow sheet.

#### *Electrical Power Studies*

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

#### *Additional Engineering Activities*

Certain additional engineering activities have commenced to complement the environmental program, including those required to confirm the water, heat and mass balances for the ISR operation and process plant. These efforts will provide valuable inputs to the EIA for fresh water uses, atmospheric and noise sources, and waste streams. The results of the study will also provide inputs for the site layout submitted with the Project Environmental Impact Statement ('EIS').

### ***Environmental and Sustainability Activities***

#### Environmental Impact Assessment

In June 2019 Denison announced that the Canadian Nuclear Safety Commission ('CNSC') and the Saskatchewan Ministry of Environment ('SK MOE') accepted the Provincial Technical Proposal and Federal Project Description (the 'Project Description') submitted by Denison for the ISR uranium mine and processing plant proposed for Wheeler River. Accordingly, Denison officially commenced the EIA process in accordance with the requirements of both the Canadian Environmental Assessment Act, 2012 (Canada) ('CEAA 2012') and The Environmental Assessment Act (Saskatchewan). During the third quarter, work commenced with the initiation of various studies and assessments which are intended to support the expected completion of the EIS in 2020.

On August 28, 2019, the Impact Assessment Act ('IAA') came into force, replacing CEAA 2012. Denison, however, has received formal notification from the CNSC that, due to transitional provisions within the IAA, the Project EIA will remain subject to CEAA 2012.

#### Environmental Baseline Data Collection

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

During the quarter, 12 regional observation wells were also installed for the purpose of regional hydrogeological testing outside of the Phoenix deposit. The wells will be used to establish baseline conditions within the local and regional groundwater system and the data collected (including groundwater levels, flow and quality) will form key inputs to groundwater models for the EIA.

#### ***Corporate Social Responsibility***

During the third quarter of 2019, Denison continued its efforts to strengthen relationships with the Indigenous communities that form the Wheeler River Partner communities – those communities with whom Denison has entered into a memorandum of understanding ('MOU') in support of the advancement of the project. In addition to various community engagement activities carried out during the quarter, Denison conducted two site tours for the Indigenous and municipal leaders of the Wheeler River Partner communities, which introduced the leaders to the site, provided an overview of the summer field testing activities, and offered an opportunity for collaboration regarding the advancement of the Project.

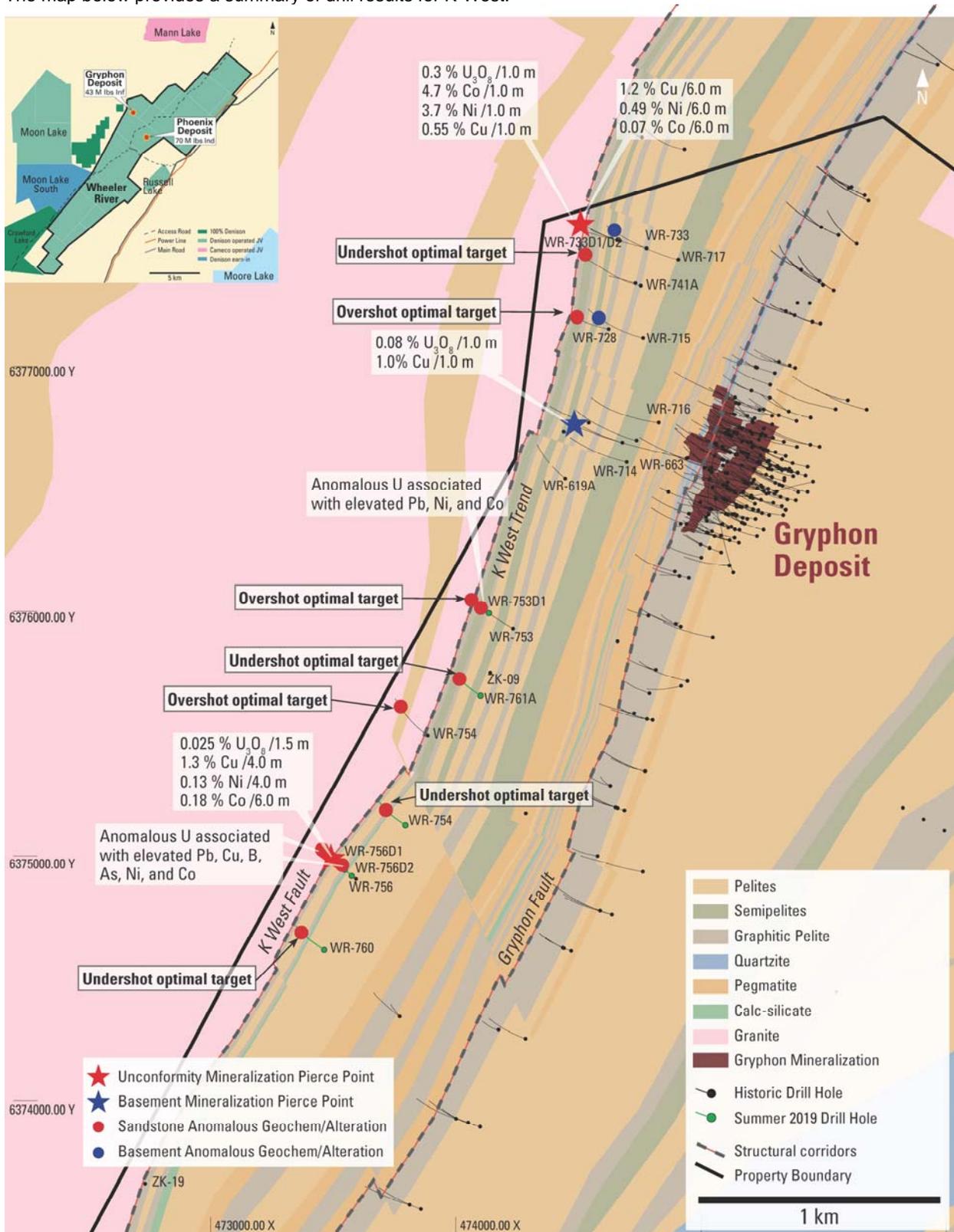
**Exploration Program**

Denison's share of exploration costs at Wheeler River were \$693,000 and \$2,467,000 during the three and nine months ended September 30, 2019, respectively (September 30, 2018 – \$2,058,000 and \$6,619,000). Following the completion of the PFS in the third quarter of 2018, and given the highly encouraging results from the proposed Phoenix ISR operation, the 2019 exploration drilling program was focused on initial testing of regional targets at the sub-Athabasca unconformity, with the potential to discover additional high-grade deposits which could form satellite ISR operations.

During the summer 2019 exploration program, conducted during the third quarter, a total of 3,139 metres of diamond drilling was undertaken in six completed holes. The drill hole locations are provided in the figure below. The summer program was focused on testing for unconformity-hosted uranium mineralization along the K-West conductive trend, where previous drilling had returned encouraging uranium and base metal sulphide intercepts with other geological features commonly associated with unconformity-related uranium deposits. The summer drill holes were undertaken as a follow-up to the winter 2019 program along the southern portion of the K-West trend and designed to follow-up certain targets on existing drill sections, and to test along strike of previous drill holes. The results from the winter 2019 program are summarized in Denison's 2019 First Quarter Report.

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

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



## Exploration Pipeline Properties

During the third quarter, no field work was carried out on Denison's exploration pipeline properties. 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 planned objective of continuing to explore its highest priority projects with the potential to deliver significant and meaningful new discoveries.

## GENERAL AND ADMINISTRATIVE EXPENSES

During the three and nine months ended September 30, 2019, total general and administrative expenses were \$1,657,000 and \$5,688,000, respectively (September 30, 2018 - \$1,657,000 and \$5,378,000). 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 nine months ended September 30, 2019, as compared to the prior period, was predominantly the result of an increase in share-based compensation expense related to vesting of the Company's initial grants of restricted share units ('RSUs') and performance share units ('PSUs') issued in the second quarter of fiscal 2018, an increase in employee salaries and benefits, as well as an increase in non-recurring legal costs, offset by a legal recovery received during the second quarter of 2019.

## OTHER INCOME AND EXPENSES

During the three and nine months ended September 30, 2019, the Company recognized losses of \$928,000 and \$1,456,000 in other income/expense, respectively (September 30, 2018 – a gain of \$664,000 and a loss of \$2,654,000). The losses in the three and nine months ended September 30, 2019 are predominantly due to losses on investments carried at fair value of \$825,000 and \$1,172,000, respectively (September 30, 2018 – gain of \$654,000 and loss of \$2,521,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at the end of the quarter. The losses in the three months ended September 30, 2019, were mainly due to unfavourable mark-to-market adjustments on the Company's investments in common shares of Skyharbour Resources Ltd. ('Skyharbour'). The losses in the nine months ended September 30, 2019, were mainly due to unfavourable mark-to-market adjustments on the Company's investments in common shares of Skyharbour as well as the write off of the Company's investments in common share purchase warrants of GoviEx Uranium Inc. ('GoviEx'), which expired unexercised in the second quarter.

## EQUITY SHARE OF LOSS FROM ASSOCIATES

During the three and nine months ended September 30, 2019, the Company recognized losses of \$220,000 and \$426,000 from its equity share of its associate GoviEx (September 30, 2018 – gains of \$639,000 and \$429,000). The loss in the three months ended September 30, 2019 is primarily due to an equity loss of \$218,000 (September 30, 2018 – equity gain of \$567,000 and dilution gain of \$72,000). The loss during the nine months ended September 30, 2019 is due to an equity loss of \$678,000, offset by a dilution gain of \$252,000 (September 30, 2018 – equity loss of \$247,000, more than offset by a dilution gain of \$676,000). The equity gains or losses in each period is based on the Company's share of GoviEx's net income or loss during the periods in question. The dilution gains and losses are the result of equity issuances completed by GoviEx, which reduced the Company's ownership position in GoviEx from 16.21% at December 31, 2018 (18.72% at December 31, 2017), to 15.39% at September 30, 2019. The Company records its share of income or loss from associates a quarter in arrears, based on the most recent publicly available financial information, adjusted for any subsequent material publicly disclosed share issuance transactions that have occurred.

## LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$10,432,000 at September 30, 2019 (December 31, 2018 – \$23,207,000).

The decrease in cash and cash equivalents of \$12,775,000 since December 31, 2018 was due to net cash used in operations of \$12,155,000 and net cash used in investing activities of \$859,000, offset by net cash provided by financing activities of \$239,000.

Net cash used in operating activities of \$12,155,000 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 \$859,000 consists primarily of expenditures for property, plant and equipment, as well as the purchase of other portfolio investments.

Net cash provided by financing activities of \$239,000 relates primarily to the cash received upon the exercise of employee stock options, offset by cash payments related to the Company's lease obligations.

As at September 30, 2019, the Company has satisfied its obligation to spend \$5,000,000 on eligible Canadian exploration expenditures under the flow-through share financing completed in November 2018.

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

### Revolving Term Credit Facility

On January 29, 2019, the Company entered into an agreement with the Bank of Nova Scotia ('BNS') to extend the maturity date of the Company's credit facility to January 31, 2020 ('2019 Credit Facility'). Under the 2019 Credit Facility, the Company continues to have access to letters of credit of up to \$24,000,000, which is fully utilized for non-financial letters of credit in support of reclamation obligations. All other terms of the 2019 Credit Facility (tangible net worth covenant, pledged cash, investments amount and security for the facility) were unchanged by the amendment – including a requirement to provide \$9,000,000 in cash collateral on deposit with BNS to maintain the 2019 Credit Facility.

### Going Concern Assumption

At September 30, 2019, the Company does not have sufficient liquidity on hand to meet all its obligations over the next 12 months as they become due. In order to both fund operations and maintain rights under existing agreements, the Company must secure additional future funding. The Company is actively pursuing access to different sources of funding and while it has been successful in the past in obtaining financing for its activities, there is no assurance that it will be able to obtain adequate financing in the future. These events and conditions indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

## TRANSACTIONS WITH RELATED PARTIES

### Uranium Participation Corporation

The previous management services agreement with UPC expired on March 31, 2019. Effective April 1, 2019, a new management services agreement ('MSA') was entered into for a term of five years (the 'Term'). Under the MSA, Denison continues to receive the following management fees from UPC, unchanged from the previous agreement: a) a base fee of \$400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of \$100 million and up to and including \$500 million, and (ii) 0.2% per annum of UPC's total assets in excess of \$500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U<sub>3</sub>O<sub>8</sub> or UF<sub>6</sub>); and d) a commission of 1.0% of the gross value of any purchases or sales of U<sub>3</sub>O<sub>8</sub> or UF<sub>6</sub> or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

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

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Management Fee Revenue				
Base and variable fees	\$ 453	\$ 481	\$ 1,374	\$ 1,250
Discretionary fees	-	-	-	50
Commission fees	107	128	110	223
	\$ 560	\$ 609	\$ 1,484	\$ 1,523

At September 30, 2019, accounts receivable includes \$356,000 (December 31, 2018 – \$303,000) due from UPC with respect to the fees and transactions discussed above.

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

As at September 30, 2019, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.87%. 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.

KWULP has elected not to fund their share of the 2019 spending program and will dilute their interest in the property. In May 2019, Denison funded a portion of the approved fiscal 2019 program for Waterbury Lake which resulted in the further dilution of KWULP's interest in the WLULP. As a result, Denison earned an additional 0.59% interest in the WLULP, increasing Denison's interest to 66.51% from 65.92%. The additional interest has been accounted for using an effective date of May 31, 2019 and has resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of \$409,000.

#### Other

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

- The Company provided a loan of \$250,000 to GoviEx in late 2018. The loan was unsecured and bore interest at 7.5% per annum. In April 2019, the loan was repaid in full, together with the interest thereon.
- During the three and nine months ended September 30, 2019, the Company incurred investor relations, administrative service fees and other expenses of \$114,000 and \$199,000, respectively (September 30, 2018 – \$8,000 and \$100,000) 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 September 30, 2019, an amount of \$nil (December 31, 2018 – \$nil) was due to this company.

## COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

The following compensation was awarded to key management personnel:

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
Salaries and short-term employee benefits	\$ (407)	\$ (422)	\$ (1,536)	\$ (1,275)
Share-based compensation	(384)	(385)	(1,499)	(1,107)
Termination benefits	-	-	(481)	-
	\$ (791)	\$ (807)	\$ (3,516)	\$ (2,382)

## OFF-BALANCE SHEET ARRANGEMENTS

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

## SUBSEQUENT EVENTS

The collective agreement between Orano and unionized employees at the McClean Lake mill expired on May 31, 2019. On October 15, 2019, the parties applied for conciliation, after a tentative agreement was not ratified by unionized employees. The conciliation period will run for 60 days and, if an agreement is not reached, can be extended by mutual consent. If not extended, there is a 21-day cooling-off period prior to either party acquiring the legal right to undertake

a work stoppage. Work continues under the terms of the expired collective agreement during conciliation. If Orano is unable to reach an agreement and there is a work stoppage, processing of CLJV ore at the McClean Lake mill in 2020 may be impacted. A work stoppage at the McClean Lake mill will have no impact on Denison's cashflow, as all toll milling revenues are paid to APG, as a result of the APG Arrangement. However, should processing of CLJV ore be interrupted, the Company will stop drawing down on the deferred revenue balance until such time as CLJV ore processing restarts.

## OUTSTANDING SHARE DATA

At November 7, 2019, there were 590,225,391 common shares issued and outstanding, stock options outstanding for 13,733,743 Denison common shares, 4,894,099 share units, and 1,673,077 share purchase warrants outstanding for a total of 610,526,310 common shares on a fully-diluted basis.

## OUTLOOK FOR 2019

Refer to the Company's annual MD&A for the year ended December 31, 2018 for a detailed discussion of the previously disclosed 2019 budget. During the third quarter, the Company increased its 2019 outlook for mineral property exploration and evaluation expense by \$990,000. The increase is related to higher than anticipated evaluation program costs for the 2019 Wheeler River ISR field test program, and an increase in CNSC fees for 2019, which are largely connected to the EIA approval process. The Company has also increased its outlook for development and operations by \$250,000, predominantly due to an increase in cost estimates related to the advancement of the SABRE mining method within the MLJV. The remainder of the 2019 outlook remains unchanged from the previously disclosed 2019 outlook.

(in thousands)	PREVIOUS 2019 OUTLOOK <sup>(1)</sup>	CURRENT 2019 OUTLOOK	Actual to September 30, 2019 <sup>(3)</sup>
<b>Canada Mining Segment</b>			
Mineral Sales	970	970	-
Development & Operations	(3,640)	(3,890)	(1,750)
Mineral Property Exploration & Evaluation	(14,630)	(15,620)	(12,299)
	(17,300)	(18,540)	(14,049)
<b>DES Segment</b>			
DES Environmental Services	630	630	461
	630	630	461
<b>Corporate and Other Segment</b>			
UPC Management Services	1,920	1,920	1,484
Corporate Administration & Other	(5,170)	(5,170)	(3,723)
	(3,250)	(3,250)	(2,239)
<b>Total<sup>(2)</sup></b>	<b>\$ (19,920)</b>	<b>\$ (21,160)</b>	<b>\$ (15,827)</b>

Notes:

1. Previous Outlook as reported in the Company's June 30, 2019 MD&A.
2. Only material operations shown.
3. The budget is prepared on a cash basis.

## ADDITIONAL INFORMATION

### SIGNIFICANT ACCOUNTING POLICIES

The Company has changed its accounting policies in its audited annual consolidated financial statements for the year ended December 31, 2018 for 'Leases.' On January 1, 2019, Denison adopted the provisions of IFRS 16 Leases ('IFRS 16') using the modified retrospective approach. As such, comparative information has not been restated and continues to be reported under International Accounting Standard 17 Leases ('IAS 17') and International Financial Reporting

Interpretation Committee 4 Determining Whether an Arrangement Contains a Lease ('IFRIC 4'). Denison's new accounting policy for leases is as follows:

#### A. Leases

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

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

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance. The Company accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

### QUALIFIED PERSON

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

### ASSAY PROCEDURES AND DATA VERIFICATION

The Company reports preliminary radiometric equivalent grades ('eU<sub>3</sub>O<sub>8</sub>'), derived from a calibrated down-hole total gamma probe, during or upon completion of its exploration programs and subsequently reports definitive U<sub>3</sub>O<sub>8</sub> 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 U<sub>3</sub>O<sub>8</sub> 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 U<sub>3</sub>O<sub>8</sub> weight % using ICP-OES. Geochemical results from composite core samples are reported as parts per million ('ppm') obtained from a partial HNO<sub>3</sub>:HCl digest with an ICP-MS finish. Boron values are obtained through NaO<sub>2</sub>/NaCO<sub>3</sub> fusion followed by an ICP-OES finish. All data are subject to verification procedures by qualified persons employed by Denison prior to disclosure. For further details on Denison's sampling, analysis, quality assurance program and quality control measures and data verification procedures please see Denison's Annual Information Form dated March 12, 2019 available on the Company's website and filed under the Company's profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and in its Form 40-F available on EDGAR at [www.sec.gov/edgar.shtml](http://www.sec.gov/edgar.shtml).

### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

In particular, this MD&A contains forward-looking information pertaining to the following: the projections made in the 2019 Outlook; the benefits to be derived from corporate transactions; the estimates of Denison's mineral reserves and mineral resources; exploration,

development and expansion plans and objectives, including the results of, and estimates and assumptions within, the PFS, statements regarding a FS and statements regarding anticipated budgets, fees and expenditures; expectations regarding Denison's joint venture ownership interests and the continuity of its agreements with its partners; expectations regarding adding to its mineral reserves and resources through acquisitions or exploration; expectations regarding the toll milling of Cigar Lake ores; expectations regarding revenues and expenditures from operations at DES; expectations regarding revenues from the UPC management contract; and the annual operating budget and capital expenditure programs, estimated exploration and development expenditures and reclamation costs and Denison's share of same. Statements relating to 'mineral reserves' or 'mineral resources' are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements. Denison believes that the expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be accurate and results may differ materially from those anticipated in this forward-looking information. For a discussion in respect of risks and other factors that could influence forward-looking events, please refer to the factors discussed in Denison's Annual Information Form dated March 12, 2019 under the heading 'Risk Factors'. These factors are not, and should not be construed as being exhaustive.

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

**Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources and Probable Mineral Reserves:** This MD&A may use the terms 'measured', 'indicated' and 'inferred' mineral resources. United States investors are advised that while such terms have been prepared in accordance with the definition standards on mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in Canadian National Instrument 43-101 Mineral Disclosure Standards ('NI 43-101') and are recognized and required by Canadian regulations, the United States Securities and Exchange Commission ('SEC') does not recognize them. 'Inferred mineral resources' have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.** The estimates of mineral reserves in this MD&A have been prepared in accordance with NI 43-101. The definition of probable mineral reserves used in NI 43-101 differs from the definition used by the SEC in the SEC's Industry Guide 7. Under the requirements of the SEC, mineralization may not be classified as a 'reserve' unless the determination has been made, pursuant to a 'final' feasibility study that the mineralization could be economically and legally produced or extracted at the time the reserve determination is made. Denison has not prepared a feasibility study for the purposes of NI 43-101 or the requirements of the SEC. Accordingly, Denison's probable mineral reserves disclosure may not be comparable to information from U.S. companies subject to the reporting and disclosure requirements of the SEC.

## CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	At September 30 2019	At December 31 2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (note 5)	\$ 10,432	\$ 23,207
Trade and other receivables (note 6)	3,725	4,072
Inventories (note 7)	3,620	3,584
Prepaid expenses and other	567	843
	<u>18,344</u>	<u>31,706</u>
<b>Non-Current</b>		
Inventories-ore in stockpiles (note 7)	2,098	2,098
Investments (note 8)	1,454	2,255
Investments in associates (note 9)	5,156	5,582
Restricted cash and investments (note 10)	12,177	12,255
Property, plant and equipment (note 11)	257,246	258,291
Total assets	<u>\$ 296,475</u>	<u>\$ 312,187</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 7,897	\$ 5,554
Current portion of long-term liabilities:		
Deferred revenue (note 12)	4,580	4,567
Post-employment benefits (note 13)	150	150
Reclamation obligations (note 14)	833	877
Other liabilities (note 15)	290	1,337
	<u>13,750</u>	<u>12,485</u>
<b>Non-Current</b>		
Deferred revenue (note 12)	32,306	33,160
Post-employment benefits (note 13)	2,105	2,145
Reclamation obligations (note 14)	29,621	29,187
Other liabilities (note 15)	584	-
Deferred income tax liability	10,324	12,963
Total liabilities	<u>88,690</u>	<u>89,940</u>
<b>EQUITY</b>		
Share capital (note 16)	1,332,058	1,331,214
Share purchase warrants (note 17)	435	435
Contributed surplus (note 18)	64,967	63,634
Deficit	(1,190,806)	(1,174,163)
Accumulated other comprehensive income (note 19)	1,131	1,127
Total equity	<u>207,785</u>	<u>222,247</u>
Total liabilities and equity	<u>\$ 296,475</u>	<u>\$ 312,187</u>
Issued and outstanding common shares (note 16)	590,225,391	589,175,086
Nature of Operations and Going Concern (note 1)		
Contingencies (note 25)		

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 September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
<b>REVENUES</b> (note 21)	\$ 3,478	\$ 3,729	\$ 11,593	\$ 11,406
<b>EXPENSES</b>				
Operating expenses (note 20, 21)	(2,877)	(4,231)	(9,738)	(11,739)
Exploration and evaluation (note 21)	(4,591)	(3,894)	(11,846)	(14,018)
General and administrative (note 21)	(1,657)	(1,657)	(5,688)	(5,378)
Impairment reversal (note 21)	-	-	-	11
Other income (expense) (note 20)	(928)	664	(1,456)	(2,654)
	<u>(10,053)</u>	<u>(9,118)</u>	<u>(28,728)</u>	<u>(33,778)</u>
Loss before finance charges, equity accounting	(6,575)	(5,389)	(17,135)	(22,372)
Finance expense-net (note 20)	(1,037)	(981)	(3,058)	(2,670)
Equity share of income (loss) of associate (note 9)	(220)	639	(426)	429
Loss before taxes	(7,832)	(5,731)	(20,619)	(24,613)
Income tax recovery (note 23)				
Deferred	1,408	1,847	3,976	8,178
Net loss for the period	<u>\$ (6,424)</u>	<u>\$ (3,884)</u>	<u>\$ (16,643)</u>	<u>\$ (16,435)</u>
Other comprehensive income (loss) (note 19):				
Items that may be reclassified to income (loss):				
Foreign currency translation change	(2)	2	4	(5)
Comprehensive loss for the period	<u>\$ (6,426)</u>	<u>\$ (3,882)</u>	<u>\$ (16,639)</u>	<u>\$ (16,440)</u>
Basic and diluted net loss per share:				
All operations	<u>\$ (0.01)</u>	<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.03)</u>
Weighted-average number of shares outstanding (in thousands):				
Basic and diluted	<u>590,221</u>	<u>559,183</u>	<u>589,608</u>	<u>559,183</u>

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)

	Nine Months Ended September 30	
	2019	2018
<b>Share capital</b>		
Balance-beginning of period	\$ 1,331,214	\$ 1,310,473
Stock options exercised-cash	405	-
Stock options exercised-non cash (note 16)	140	-
Share units exercised-non cash (note 16)	299	-
Balance-end of period	1,332,058	1,310,473
<b>Share purchase warrants</b>		
Balance-beginning of period	435	435
Balance-end of period	435	435
<b>Contributed surplus</b>		
Balance-beginning of period	63,634	61,799
Share-based compensation expense (note 18)	1,772	1,338
Stock options exercised-non cash (note 16)	(140)	-
Share units exercised-non cash (note 16)	(299)	-
Balance-end of period	64,967	63,137
<b>Deficit</b>		
Balance-beginning of period	(1,174,163)	(1,144,086)
Net loss	(16,643)	(16,435)
Balance-end of period	(1,190,806)	(1,160,521)
<b>Accumulated other comprehensive income</b>		
Balance-beginning of period	1,127	1,140
Foreign currency translation	4	(5)
Balance-end of period	1,131	1,135
<b>Total Equity</b>		
Balance-beginning of period	222,247	229,761
Balance-end of period	\$ 207,785	\$ 214,659

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):	Nine Months Ended September 30	
	2019	2018
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	\$ (16,643)	\$ (16,435)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	6,400	6,393
Impairment reversal	-	(11)
Share-based compensation (note 18)	1,772	1,338
Recognition of deferred revenue (note 12)	(3,243)	(3,000)
Gains on property, plant and equipment disposals (note 20)	(5)	(117)
Losses on investments (note 8)	1,172	2,521
Equity loss of associate (note 9)	678	247
Dilution gain of associate (note 9)	(252)	(676)
Deferred income tax recovery (note 23)	(3,976)	(8,178)
Foreign exchange losses (gains)	(1)	-
Post-employment benefits (note 13)	(93)	(115)
Reclamation obligations (note 14)	(630)	(573)
Change in non-cash working capital items (note 20)	2,666	(142)
Net cash used in operating activities	(12,155)	(18,748)
<b>INVESTING ACTIVITIES</b>		
Decrease in loans receivable (note 6)	250	-
Sale of investments (note 8)	-	37,500
Purchase of investments (note 8)	(371)	-
Expenditures on property, plant and equipment (note 11)	(821)	(1,060)
Proceeds on sale of property, plant and equipment	5	347
Increase (decrease) in restricted cash and investments	78	(205)
Net cash provided by (used in) investing activities	(859)	36,582
<b>FINANCING ACTIVITIES</b>		
Issuance of debt obligations (note 15)	43	-
Payment of debt obligations (note 15)	(209)	-
Stock option exercise proceeds (note 16)	405	-
Net cash provided by financing activities	239	-
Increase (decrease) in cash and cash equivalents	(12,775)	17,834
Cash and cash equivalents, beginning of period	23,207	3,636
Cash and cash equivalents, end of period	\$ 10,432	\$ 21,470

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

## NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

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

### 1. NATURE OF OPERATIONS AND GOING CONCERN

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

The Company has a 90.00% interest in the Wheeler River Joint Venture ("WRJV"), a 66.51% interest in the Waterbury Lake Limited Partnership ("WLULP"), a 22.50% interest in the McClean Lake Joint Venture ("MLJV") (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture ("MWJV"), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill provides toll milling services to the Cigar Lake Joint Venture ("CLJV") under the terms of a toll milling agreement between the parties (see note 12). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

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

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

#### Going Concern

These condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for the next twelve months.

At September 30, 2019, the Company does not have sufficient liquidity on hand to fund its planned operations for the next 12 months. In order to both fund operations and maintain rights under existing agreements, the Company must secure sufficient future funding. The Company is actively pursuing access to different sources of funding and while it has been successful in the past in obtaining financing for its activities, there is no assurance that it will be able to obtain adequate financing in the future. These events and conditions indicate the existence of material uncertainties that may cast significant doubt as to the Company's ability to continue as a going concern.

These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary if the Company ceases to exist as a going concern in the normal course of operations. Such adjustments could be material.

### 2. STATEMENT OF COMPLIANCE

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

These financial statements were approved by the board of directors for issue on November 7, 2019.

### 3. ACCOUNTING POLICIES AND ACCOUNTING CHANGES

#### Significant Accounting Policies and Accounting Changes in Fiscal 2019

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

On January 1, 2019, Denison adopted the provisions of IFRS 16 Leases ("IFRS 16") using the modified retrospective approach. As such, comparative information has not been restated and continues to be reported under International Accounting Standard 17 Leases ("IAS 17") and International Financial Reporting Interpretation Committee 4 Determining Whether an Arrangement Contains a Lease ("IFRIC 4"). The transitional impact of the change in accounting policy is disclosed in note 4 and additional disclosures related to Denison's IFRS 16 right-of-use assets and lease liabilities are disclosed in notes 11 and 15, respectively. Denison's new accounting policy for leases is as follows:

#### A. Leases

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

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

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance. The Company accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

As noted above, Denison adopted the provisions of IFRS 16 on January 1, 2019 using the modified retrospective approach. On transition to IFRS 16, the Company recognized an additional \$944,000 of right-of-use assets (reported within "Property, Plant and Equipment" – see note 11) and an additional \$944,000 of lease liabilities (reported within "Other Liabilities" – see note 15).

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

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

(in thousands of CAD dollars)

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

## 5. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Cash	\$ 1,887	\$ 1,152
Cash in MLJV and MWJV	1,596	654
Cash equivalents	6,949	21,401
	\$ 10,432	\$ 23,207

## 6. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Trade receivables	\$ 3,055	\$ 2,952
Receivables in MLJV and MWJV	409	571
Sales tax receivables	121	98
Sundry receivables	140	201
Loan receivable (note 22)	-	250
	\$ 3,725	\$ 4,072

## 7. INVENTORIES

The inventories balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Uranium concentrates	\$ 526	\$ 526
Inventory of ore in stockpiles	2,098	2,098
Mine and mill supplies in MLJV	3,094	3,058
	\$ 5,718	\$ 5,682
Inventories-by balance sheet presentation:		
Current	\$ 3,620	\$ 3,584
Long-term-ore in stockpiles	2,098	2,098
	\$ 5,718	\$ 5,682

## 8. INVESTMENTS

The investments balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Investments:		
Equity instruments	\$ 1,454	\$ 2,255
	\$ 1,454	\$ 2,255
Investments-by balance sheet presentation:		
Current	\$ -	\$ -
Long-term	1,454	2,255
	\$ 1,454	\$ 2,255

The investments continuity summary is as follows:

(in thousands of CAD dollars)	Nine Months Ended September 30, 2019
Balance-beginning of period	\$ 2,255
Purchases	
Equity instruments	371
Fair value loss to profit and loss	(1,172)
Balance-end of period	\$ 1,454

## 9. INVESTMENT IN ASSOCIATES

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

(in thousands of CAD dollars except share amounts)	Number of Common Shares		
Balance-December 31, 2018	65,144,021	\$	5,582
Equity share of net income (loss)	-		(678)
Dilution gain (loss)	-		252
Balance-September 30, 2019	65,144,021	\$	5,156

GoviEx is a mineral resource company focused on the exploration and development of its uranium properties located in Africa. GoviEx maintains a head office located in Canada and is a public company listed on the TSX Venture Exchange. At September 30, 2019, Denison holds an approximate 15.39% interest in GoviEx based on publicly available information (December 31, 2018: 16.21%) and has one director appointed to the GoviEx board of directors. Through the extent of its share ownership interest and its seat on the board of directors, Denison has the ability to exercise significant influence over GoviEx and accordingly, is using the equity method to account for this investment.

The trading price of GoviEx on September 30, 2019 was \$0.16 per share which corresponds to a quoted market value of \$10,423,000 (December 31, 2018: \$9,772,000) for the Company's investment in GoviEx common shares.

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

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

(in thousands of USD dollars)	9 Months Ended September 30 2019	12 Months Ended December 31 2018
Revenue	\$ -	\$ -
Net loss	(3,202)	(1,892)
Comprehensive loss	\$ (3,202)	\$ (1,892)

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

## 10. RESTRICTED CASH AND INVESTMENTS

The restricted cash and investments balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Cash and cash equivalents	\$ 3,042	\$ 85
Investments	9,135	12,170
	<b>\$ 12,177</b>	<b>\$ 12,255</b>
Restricted cash and investments-by item:		
Elliot Lake reclamation trust fund	\$ 3,042	\$ 3,120
Letters of credit facility pledged assets	9,000	9,000
Letters of credit additional collateral	135	135
	<b>\$ 12,177</b>	<b>\$ 12,255</b>

At September 30, 2019, investments consist of guaranteed investment certificates with maturities of more than 90 days.

### Elliot Lake Reclamation Trust Fund

During the nine months ended September 30, 2019, the Company deposited an additional \$477,000 into the Elliot Lake Reclamation Trust Fund and withdrew \$601,000.

### Letters of Credit Facility Pledged Assets

As at September 30, 2019, the Company had on deposit \$9,000,000 with the Bank of Nova Scotia (“BNS”) as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 14 and 15).

### Letters of Credit Additional Collateral

As at September 30, 2019, the Company had on deposit an additional \$135,000 of cash collateral with BNS in respect of the portion of its issued reclamation letters of credit in excess of the collateral available under its letters of credit facility (see notes 14 and 15).

## 11. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands of CAD dollars)	Plant and Equipment		Mineral Properties	Total PP&E
	Owned	Right-of-Use		
<b>Cost:</b>				
Balance – December 31, 2018	\$ 103,430	\$ -	\$ 178,947	\$ 282,377
Adoption of IFRS 16 (note 4)	-	944	-	944
Additions	375	38	446	859
Disposals	(53)	-	-	(53)
<b>Balance – September 30, 2019</b>	<b>\$ 103,752</b>	<b>\$ 982</b>	<b>\$ 179,393</b>	<b>\$ 284,127</b>
<b>Accumulated amortization, depreciation:</b>				
Balance – December 31, 2018	\$ (24,086)	\$ -	\$ -	\$ (24,086)
Amortization	(159)	-	-	(159)
Depreciation	(2,512)	(177)	-	(2,689)
Disposals	53	-	-	53
<b>Balance – September 30, 2019</b>	<b>\$ (26,704)</b>	<b>\$ (177)</b>	<b>\$ -</b>	<b>\$ (26,881)</b>
<b>Carrying value:</b>				
Balance – December 31, 2018	\$ 79,344	\$ -	\$ 178,947	\$ 258,291
<b>Balance – September 30, 2019</b>	<b>\$ 77,048</b>	<b>\$ 805</b>	<b>\$ 179,393</b>	<b>\$ 257,246</b>

### Plant and Equipment – Owned

The Company has a 22.50% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents \$69,001,000, or 89.6%, of the September 2019 total carrying value amount.

### Plant and Equipment – Right-of-Use

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

### Mineral Properties

As at September 30, 2019, the Company has various interests in development, evaluation and exploration projects located in Canada which are either held directly or through option or various contractual agreements. The properties with significant carrying values, being Wheeler River, Waterbury Lake, Midwest, Mann Lake, Wolly, Johnston Lake and McClean Lake, represent \$162,315,000, or 90.5%, of the September 2019 total mineral property carrying amount. Significant changes in the period from the December 31, 2018 year-end are disclosed below.

### Hook Carter

In November 2016, Denison completed the purchase of an 80% interest in the Hook-Carter property from ALX Uranium Corp (“ALX”). Under terms in the agreement, Denison has agreed to provide ALX with a carried interest on the first \$12,000,000 in expenditures. As at September 30, 2019, the Company has spent \$6,686,000 on the project, since acquisition. Of this amount, \$1,760,000 was spent during the nine months ended September 30, 2019.

### Waterbury Lake

In May 2019, the Company increased its interest in the WLULP (and the Waterbury Lake property) from 65.92% to 66.51% under the terms of the dilution provisions in the agreements governing the project (see note 22).

## 12. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Deferred revenue – CLJV toll milling – APG	\$ 36,886	\$ 37,727
	\$ 36,886	\$ 37,727
Deferred revenue-by balance sheet presentation:		
Current	\$ 4,580	\$ 4,567
Non-current	32,306	33,160
	\$ 36,886	\$ 37,727

The deferred revenue liability continuity summary is as follows:

(in thousands of CAD dollars)	Nine Months Ended September 30, 2019
Balance-beginning of period	\$ 37,727
Revenue recognized during the period	(3,243)
Accretion	2,402
Balance-end of period	\$ 36,886

### Arrangement with Anglo Pacific Group (“APG”) PLC

In February 2017, Denison closed an arrangement with APG under which Denison received an upfront payment in exchange for its right to receive specified future toll milling cash receipts from the MLJV under the current toll milling agreement with the CLJV from July 1, 2016 onwards. The APG Arrangement represents a contractual obligation of Denison to pay onward to APG any cash proceeds of future toll milling revenue earned by the Company related to the processing of specified Cigar Lake ore through the McClean Lake mill.

In the nine months ended September 30, 2019, the Company has recognized \$3,243,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 12,645,000 pounds U<sub>3</sub>O<sub>8</sub> (100% basis). The drawdown for the nine months includes a retroactive \$26,000 increase in revenue resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2019.

### 13. POST-EMPLOYMENT BENEFITS

The post-employment benefits balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Accrued benefit obligation	\$ 2,255	\$ 2,295
	\$ 2,255	\$ 2,295
Post-employment benefits-by balance sheet presentation:		
Current	\$ 150	\$ 150
Non-current	2,105	2,145
	\$ 2,255	\$ 2,295

The post-employment benefits continuity summary is as follows:

(in thousands of CAD dollars)	Nine Months Ended September 30, 2019
Balance-beginning of period	\$ 2,295
Accretion	53
Benefits paid	(93)
Balance-end of period	\$ 2,255

### 14. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Reclamation obligations-by location:		
Elliot Lake	\$ 17,166	\$ 17,205
McClean and Midwest Joint Ventures	13,266	12,837
Other	22	22
	\$ 30,454	\$ 30,064
Reclamation obligations-by balance sheet presentation:		
Current	\$ 833	\$ 877
Non-current	29,621	29,187
	\$ 30,454	\$ 30,064

The reclamation obligations continuity summary is as follows:

(in thousands of CAD dollars)	Nine Months Ended September 30, 2019
Balance-beginning of period	\$ 30,064
Accretion	1,020
Expenditures incurred	(630)
Balance-end of period	\$ 30,454

#### Site Restoration: Elliot Lake

Spending on restoration activities at the Elliot Lake site is funded from monies in the Elliot Lake Reclamation Trust fund (see note 10).

**Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture**

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province of Saskatchewan relating to future decommissioning and reclamation plans that have been filed and approved by the applicable regulatory authorities. As at September 30, 2019, the Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of Environment, totalling \$24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

**15. OTHER LIABILITIES**

The other liabilities balance consists of:

(in thousands of CAD dollars)	At September 30 2019	At December 31 2018
Debt obligations:		
Lease liabilities	\$ 831	\$ -
Loan liabilities	43	-
Flow-through share premium obligation (note 16)	-	1,337
	<b>\$ 874</b>	<b>\$ 1,337</b>
Other long-term liabilities-by balance sheet presentation:		
Current	\$ 290	\$ 1,337
Non-current	584	-
	<b>\$ 874</b>	<b>\$ 1,337</b>

**Letters of Credit Facility**

In January 2019, the Company entered into an amending agreement for its letters of credit facility with BNS (the "2019 facility"). Under the amendment, the maturity date of the 2019 facility has been extended to January 31, 2020. All other terms of the 2019 facility (tangible net worth covenant, pledged cash, investment amounts and security for the facility) remain unchanged from those of the 2018 facility. The 2019 facility continues to provide the Company with access to credit up to \$24,000,000 (the use of which is restricted to non-financial letters of credit in support of reclamation obligations) subject to letter of credit and standby fees of 2.40% (0.40% on the first \$9,000,000) and 0.75% respectively.

At September 30, 2019, the Company is in compliance with its facility covenants and \$24,000,000 (December 31, 2018: \$24,000,000) of the facility is being utilized as collateral for letters of credit issued in respect of the reclamation obligations for the MLJV and MWJV. During the nine months ended September 30, 2019, the Company incurred letter of credit fees of \$297,000.

**Debt Obligations**

At September 30, 2019, the Company's debt obligations are comprised of lease liabilities associated with the new accounting required under IFRS 16 and loan liabilities. The debt obligations continuity summary is as follows:

(in thousands of CAD dollars)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Balance – December 31, 2018	\$ -	\$ -	\$ -
Adoption of IFRS 16 (note 4)	944	-	944
Accretion	58	-	58
Additions	38	43	81
Repayments	(209)	-	(209)
Balance – September 30, 2019	<b>\$ 831</b>	<b>\$ 43</b>	<b>\$ 874</b>

### Debt Obligations – Scheduled Maturities

The following table outlines the Company's scheduled maturities of its debt obligations as at September 30, 2019:

(in thousands of CAD dollars)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Maturity analysis – contractual undiscounted cash flows:			
Next 12 months	\$ 281	\$ 9	\$ 290
One to five years	610	38	648
More than five years	118	-	118
Total obligation – end of period - undiscounted	1,009	47	1,056
Present value discount adjustment	(178)	(4)	(182)
Total obligation – end of period - discounted	\$ 831	\$ 43	\$ 874

## 16. SHARE CAPITAL

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

(in thousands of CAD dollars except share amounts)	Number of Common Shares		
Balance-December 31, 2018	589,175,086	\$	1,331,214
Issued for cash:			
Stock option exercises	663,150		405
Stock option exercises-fair value adjustment	-		140
Share unit exercises-fair value adjustment	433,333		299
Share cancellations	(46,178)		-
	1,050,305		844
Balance-September 30, 2019	590,225,391	\$	1,332,058

### Share Cancellations

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

### Flow-Through Share Issues

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

As at September 30, 2019, the Company estimates that it has satisfied its obligation to spend \$5,000,000 on eligible exploration expenditures by the end of fiscal 2019 as a result of the issuance of flow-through shares in November 2018. The Company renounced the income tax benefits of this issue in February 2019, with an effective date of renunciation to its subscribers of December 31, 2018. In conjunction with the renunciation, the flow-through share premium liability at December 31, 2018 was extinguished and a deferred tax recovery was recognized in the first quarter of 2019 (see notes 15 and 23).

## 17. SHARE PURCHASE WARRANTS

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

(in thousands of CAD dollars except share amounts)	Weighted Average Exercise Price Per Share (CAD)	Number of Common Shares Issuable	Fair Value Amount
Balance-December 31, 2018 and September 30, 2019	1.27	1,673,077	\$ 435

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

## 18. SHARE-BASED COMPENSATION

The Company's share based compensation arrangements include stock options and share units in the form of 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 September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Share based compensation expense for:				
Stock options	\$ (151)	\$ (221)	\$ (640)	\$ (815)
RSUs	(224)	(103)	(819)	(225)
PSUs	(90)	(149)	(313)	(298)
Share based compensation expense	\$ (465)	\$ (473)	\$ (1,772)	\$ (1,338)

As at September 30, 2019, an additional \$1,916,000 in share-based compensation expense remains to be recognized up until April 2023.

### Stock Options

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

	Number of Common Shares	Weighted- Average Exercise Price per Share (CAD)
Stock options outstanding – December 31, 2018	13,865,193	\$ 0.83
Grants	2,718,000	0.68
Exercises <sup>(1)</sup>	(663,150)	0.61
Expiries	(866,000)	1.81
Forfeitures	(1,234,800)	0.81
Stock options outstanding – September 30, 2019	13,819,243	\$ 0.76
Stock options exercisable – September 30, 2019	9,901,721	\$ 0.80

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

A summary of the Company's stock options outstanding at September 30, 2019 is presented below:

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted Average Exercise Price per Share (CAD)
Stock options outstanding			
\$ 0.50 to \$ 0.74	3.27	7,307,643	\$ 0.63
\$ 0.75 to \$ 0.99	2.44	5,407,600	0.85
\$ 1.00 to \$ 1.39	0.44	1,104,000	1.09
Stock options outstanding - end of period	2.72	13,819,243	\$ 0.76

Options outstanding at September 30, 2019 expire between March 2020 and August 2024.

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

	Nine Months Ended September 30, 2019
Risk-free interest rate	1.31% - 1.65%
Expected stock price volatility	44.65% - 49.46%
Expected life	3.4 to 3.5 years
Expected dividend yield	-
Fair value per share under options granted	CAD\$0.19 - CAD\$0.26

### Share Units

The Company has a share unit plan which provides for the granting of share unit awards to directors, officers and employees of the Company. Under the plan, all share unit grants, vesting periods and performance conditions therein are approved by the Company's board of directors. Share unit grants are either in the form of RSUs or PSUs. RSUs granted in 2018 and 2019 to-date vest ratably over a period of three years. PSUs granted in 2018 vest ratably over a period of five years, based upon the achievement of the performance vesting conditions and PSUs granted in 2019 vest ratably over a period of four years.

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, 2018	1,200,432	\$ 0.65	2,200,000	\$ 0.65
Grants	1,927,000	0.73	240,000	0.69
Exercises	(373,333)	0.70	(60,000)	0.65
Forfeits	-	-	(240,000)	0.65
Units outstanding – September 30, 2019	2,754,099	\$ 0.70	2,140,000	\$ 0.65
Units vested – September 30, 2019	303,810	\$ 0.65	380,000	\$ 0.65

**19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)**

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

(in thousands of CAD dollars)	At September 30 2019		At December 31 2018	
Cumulative foreign currency translation	\$	407	\$	403
Unamortized experience gain-post employment liability				
Gross		983		983
Tax effect		(259)		(259)
	\$	1,131	\$	1,127

**20. SUPPLEMENTAL FINANCIAL INFORMATION**

The components of operating expenses are as follows:

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Cost of goods and services sold:				
Operating overheads:				
Mining, other development expense	\$ (294)	\$ (1,575)	\$ (1,012)	\$ (3,071)
Milling, conversion expense	(485)	(530)	(2,241)	(2,395)
Less absorption:				
-Mineral properties	14	12	36	36
Cost of services	(2,059)	(2,090)	(6,362)	(6,167)
Cost of goods and services sold	(2,824)	(4,183)	(9,579)	(11,597)
Reclamation asset amortization	(53)	(48)	(159)	(142)
Operating expenses	\$ (2,877)	\$ (4,231)	\$ (9,738)	\$ (11,739)

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

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Gains (losses) on:				
Foreign exchange	\$ -	\$ 1	\$ 1	\$ -
Disposal of property, plant and equipment	5	81	5	117
Investment fair value through profit (loss)	(825)	654	(1,172)	(2,521)
Other	(108)	(72)	(290)	(250)
Other income (expense)	\$ (928)	\$ 664	\$ (1,456)	\$ (2,654)

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

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Interest income	\$ 141	\$ 195	\$ 479	\$ 857
Interest expense	(1)	-	(4)	-
Accretion expense				
Deferred revenue (note 12)	(801)	(829)	(2,402)	(2,486)
Post-employment benefits (note 13)	(18)	(18)	(53)	(54)
Reclamation obligations (note 14)	(340)	(329)	(1,020)	(987)
Debt obligations (note 15)	(18)	-	(58)	-
Finance expense-net	\$ (1,037)	\$ (981)	\$ (3,058)	\$ (2,670)

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

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Operating expenses				
Mining, other development expense	\$ -	\$ -	\$ (2)	\$ (2)
Milling, conversion expense	(482)	(529)	(2,223)	(2,395)
Cost of services	(72)	(54)	(206)	(177)
Exploration and evaluation	(57)	(31)	(163)	(93)
General and administrative	(32)	(9)	(95)	(31)
Depreciation expense-gross	\$ (643)	\$ (623)	\$ (2,689)	\$ (2,698)

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

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Salaries and short-term employee benefits	\$ (1,981)	\$ (1,984)	\$ (6,521)	\$ (6,324)
Share-based compensation	(465)	(473)	(1,772)	(1,338)
Termination benefits	(29)	-	(512)	(19)
Employee benefits expense	\$ (2,475)	\$ (2,457)	\$ (8,805)	\$ (7,681)

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

(in thousands of CAD dollars)	Nine Months Ended September 30	
	2019	2018
Change in non-cash working capital items:		
Trade and other receivables	\$ 97	\$ 622
Inventories	(36)	(284)
Prepaid expenses and other assets	257	115
Accounts payable and accrued liabilities	2,348	(595)
Change in non-cash working capital items	\$ 2,666	\$ (142)

## 21. SEGMENTED INFORMATION

### Business Segments

The Company operates in three primary segments – the Mining segment, the Environmental Services segment and the Corporate and Other segment. The Mining segment includes activities related to exploration, evaluation

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

For the nine months ended September 30, 2019, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	DES	Corporate and Other	Total
<b>Statement of Operations:</b>				
Revenues	3,243	6,866	1,484	11,593
<b>Expenses:</b>				
Operating expenses	(3,376)	(6,362)	-	(9,738)
Exploration and evaluation	(11,846)	-	-	(11,846)
General and administrative	(17)	-	(5,671)	(5,688)
	(15,239)	(6,362)	(5,671)	(27,272)
Segment income (loss)	(11,996)	504	(4,187)	(15,679)
<b>Revenues – supplemental:</b>				
Environmental services	-	6,866	-	6,866
Management fees	-	-	1,484	1,484
Toll milling services–deferred revenue	3,243	-	-	3,243
	3,243	6,866	1,484	11,593
<b>Capital additions:</b>				
Property, plant and equipment	549	272	38	859
<b>Long-lived assets:</b>				
Plant and equipment				
Cost	99,108	4,718	908	104,734
Accumulated depreciation	(23,507)	(3,102)	(272)	(26,881)
Mineral properties	179,393	-	-	179,393
	254,994	1,616	636	257,246

For the three months ended September 30, 2019, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	DES	Corporate and Other	Total
<b>Statement of Operations:</b>				
Revenues	696	2,222	560	3,478
<b>Expenses:</b>				
Operating expenses	(818)	(2,059)	-	(2,877)
Exploration and evaluation	(4,591)	-	-	(4,591)
General and administrative	(2)	-	(1,655)	(1,657)
	(5,411)	(2,059)	(1,655)	(9,125)
Segment income (loss)	(4,715)	163	(1,095)	(5,647)
<b>Revenues – supplemental:</b>				
Environmental services	-	2,222	-	2,222
Management fees	-	-	560	560
Toll milling services–deferred revenue	696	-	-	696
	696	2,222	560	3,478

For the nine months ended September 30, 2018, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	DES	Corporate and Other	Total
<b>Statement of Operations:</b>				
Revenues	3,000	6,883	1,523	11,406
<b>Expenses:</b>				
Operating expenses	(5,572)	(5,971)	(196)	(11,739)
Exploration and evaluation	(14,018)	-	-	(14,018)
General and administrative	(17)	-	(5,361)	(5,378)
Impairment reversal	11	-	-	11
	(19,596)	(5,971)	(5,557)	(31,124)
Segment income (loss)	(16,596)	912	(4,034)	(19,718)
<b>Revenues – supplemental:</b>				
Environmental services	-	6,883	-	6,883
Management fees	-	-	1,523	1,523
Toll milling services–deferred revenue	3,000	-	-	3,000
	3,000	6,883	1,523	11,406
<b>Capital additions:</b>				
Property, plant and equipment	975	85	-	1,060
<b>Long-lived assets:</b>				
Plant and equipment				
Cost	98,573	4,389	294	103,256
Accumulated depreciation	(20,231)	(2,870)	(170)	(23,271)
Mineral properties	167,018	-	-	167,018
	245,360	1,519	124	247,003

For the three months ended September 30, 2018, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	DES	Corporate and Other	Total
<b>Statement of Operations:</b>				
Revenues	755	2,365	609	3,729
<b>Expenses:</b>				
Operating expenses	(2,141)	(2,051)	(39)	(4,231)
Exploration and evaluation	(3,894)	-	-	(3,894)
General and administrative	-	-	(1,657)	(1,657)
	(6,035)	(2,051)	(1,696)	(9,782)
Segment income (loss)	(5,280)	314	(1,087)	(6,053)
<b>Revenues – supplemental:</b>				
Environmental services	-	2,365	-	2,365
Management fees	-	-	609	609
Toll milling services—deferred revenue	755	-	-	755
	755	2,365	609	3,729

## 22. RELATED PARTY TRANSACTIONS

### Uranium Participation Corporation

The previous management services agreement with UPC expired on March 31, 2019. Effective April 1, 2019, a new management services agreement (“MSA”) was entered into for a term of five years (the “Term”). Under the MSA, Denison continues to receive the following management fees from UPC, unchanged from the previous agreement: a) a base fee of \$400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC’s total assets in excess of \$100 million and up to and including \$500 million, and (ii) 0.2% per annum of UPC’s total assets in excess of \$500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U<sub>3</sub>O<sub>8</sub> or UF<sub>6</sub>); and d) a commission of 1.0% of the gross value of any purchases or sales of U<sub>3</sub>O<sub>8</sub> or UF<sub>6</sub> or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

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

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
<b>Management fees:</b>				
Base and variable fees	\$ 453	\$ 481	\$ 1,374	\$ 1,250
Discretionary fees	-	-	-	50
Commission fees	107	128	110	223
	\$ 560	\$ 609	\$ 1,484	\$ 1,523

At September 30, 2019, accounts receivable includes \$356,000 (December 31, 2018: \$303,000) due from UPC with respect to the fees indicated above.

**Korea Electric Power Corporation (“KEPCO”) and Korea Hydro & Nuclear Power (“KHNP”)**

As at September 30, 2019, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.87%. KHNP Canada Energy Ltd., a subsidiary of KEPCO’s subsidiary KHNP, is the holder of the majority of such Denison 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.

For fiscal 2019 spending programs, KWULP has elected not to fund the Waterbury project and dilute their interest, leaving Denison as the sole funding party. In May 2019, Denison funded a portion of the approved fiscal 2019 program for Waterbury Lake which resulted in the further dilution of KWULP’s interest in the WLULP. As a result, Denison earned an additional 0.59% interest in the WLULP, increasing Denison’s interest to 66.51% from 65.92%. The additional interest has been accounted for using an effective date of May 31, 2019 and has resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of \$409,000.

**Other**

At the end of March 2019, the Company had an outstanding loan receivable amount of \$250,000 with GoviEx related to a credit agreement between the parties (see note 6). The loan was unsecured and bore interest at 7.5% per annum. In April 2019, the loan was repaid in full, together with interest thereon.

During the nine months ended September 30, 2019, the Company incurred investor relations, administrative service fees and other expenses of \$199,000 (September 30, 2018: \$100,000) 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 September 30, 2019, an amount of \$ nil (December 31, 2018: \$ nil) was due to this company.

**Compensation of Key Management Personnel**

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

The following compensation was awarded to key management personnel:

(in thousands of CAD dollars)	Three Months Ended September 30		Nine Months Ended September 30	
	2019	2018	2019	2018
Salaries and short-term employee benefits	\$ (407)	\$ (422)	\$ (1,536)	\$ (1,275)
Share-based compensation	(384)	(385)	(1,499)	(1,107)
Termination benefits	-	-	(481)	-
Key management personnel compensation	\$ (791)	\$ (807)	\$ (3,516)	\$ (2,382)

**23. INCOME TAXES**

For the nine months ended September 30, 2019, Denison has recognized deferred tax recoveries of \$3,976,000. The deferred tax recovery includes the recognition of previously unrecognized Canadian tax assets of \$1,337,000 relating to the February 2019 renunciation of the tax benefits associated with the Company’s \$5,000,000 flow-through share issue in November 2018.

**24. FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

- Level 3 – Inputs that are not based on observable market data.

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

Except as otherwise disclosed, the fair values of cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities, restricted cash and cash equivalents and debt obligations approximate their carrying values as a result of the short-term nature of the instruments, or the variable interest rate associated with the instruments, or the fixed interest rate of the instruments being similar to market rates.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at September 30, 2019 and December 31, 2018:

(in thousands of CAD dollars)	Financial Instrument Category <sup>(1)</sup>	Fair Value Hierarchy	September 30 2019 Fair Value	December 31, 2018 Fair Value
<b>Financial Assets:</b>				
Cash and equivalents	Category B		\$ 10,432	\$ 23,207
Trade and other receivables	Category B		3,725	4,072
<b>Investments</b>				
Equity instruments-shares	Category A	Level 1	1,386	2,007
Equity instruments-warrants	Category A	Level 2	68	248
<b>Restricted cash and equivalents</b>				
Elliot Lake reclamation trust fund	Category B		3,042	3,120
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			<b>\$ 27,788</b>	<b>\$ 41,789</b>
<b>Financial Liabilities:</b>				
Accounts payable and accrued liabilities	Category C		7,897	5,554
Debt obligations	Category C		874	-
			<b>\$ 8,771</b>	<b>\$ 5,554</b>

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

## 25. CONTINGENCIES

### Specific Legal Matters

#### Mongolia Mining Division Sale – Arbitration Proceedings with Uranium Industry

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

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

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

On February 24, 2017, the Company served notice to UI that it was in default of its obligations under the GSJV Agreement and the Extension Agreement and that the Mining License Receivable and all interest payable thereon are immediately due and payable.

On December 12, 2017, the Company filed a Request for Arbitration between the Company and UI under the Arbitration Rules of the London Court of International Arbitration in conjunction with the default of UI's obligations under the GSJV and Extension agreements. The three person arbitration panel was appointed on February 28, 2018, and formal submissions have been made by each party. As of the date hereof, arbitration proceedings are continuing with hearings scheduled to commence in December 2019.

# Corporate Information

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## BOARD OF DIRECTORS

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

David D. Cates  
*Ontario, Canada*

W. Robert Dengler  
*Ontario, Canada*

Brian D. Edgar  
*British Columbia, Canada*

Ron F. Hochstein  
*British Columbia, Canada*

Jack O.A. Lundin  
*British Columbia, Canada*

William A. Rand  
*British Columbia, Canada*

Geun Park  
*Gyeonggi-do, Korea*

Patricia M. Volker  
*Ontario, Canada*

## OFFICERS

David D. Cates  
*President and*  
*Chief Executive Officer*

Mac McDonald  
*Executive Vice President and*  
*Chief Financial Officer*

David Bronkhorst  
*Vice President, Operations*

Tim Gabruch  
*Vice President, Commercial*

Michael J. Schoonderwoerd  
*Vice President, Controller*

Dale Verran  
*Vice President, Exploration*

Amanda Willett  
*Corporate Counsel and*  
*Corporate Secretary*

## OFFICES

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[www.denisonenvironmental.com](http://www.denisonenvironmental.com)

## STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)  
Trading Symbol: DML

NYSE American  
Trading Symbol: DNN

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## AUDITOR

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## ADDITIONAL INFORMATION

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



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