



MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE MONTHS ENDED
MARCH 31, 2020

TABLE OF CONTENTS

2020 PERFORMANCE HIGHLIGHTS	2
ABOUT DENISON	2
RESULTS OF OPERATIONS	4
Wheeler River Project	7
Exploration Pipeline Properties	10
LIQUIDITY AND CAPITAL RESOURCES	11
OUTLOOK FOR 2020	13
ADDITIONAL INFORMATION	14
CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS	15

This Management's Discussion and Analysis ('MD&A') of Denison Mines Corp. and its subsidiary companies and joint arrangements (collectively, 'Denison' or the 'Company') provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated as of May 6, 2020 and should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements and related notes for the three months ended March 31, 2020. 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, 2019. All dollar amounts in this MD&A are expressed in Canadian dollars, unless otherwise noted.

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

2020 PERFORMANCE HIGHLIGHTS

▪ Temporary suspension of Wheeler River Environmental Assessment ('EA') amidst COVID-19 disruptions

In March 2020, in light of the significant social and economic disruption that has emerged as a result of the COVID-19 pandemic and in line with the Company's commitment to ensure employee safety, support public health efforts to limit transmission of COVID-19, and in order to exercise prudent financial discipline, Denison announced the decision to suspend the EA process and certain other activities planned at Wheeler River for 2020. The decision to temporarily suspend the EA process is expected to impact the project development schedule outlined in the Pre-Feasibility Study ('PFS') for Wheeler River.

▪ Successful completion of equity financing to provide ongoing funding for business activities

In April 2020, Denison successfully completed a public offering of 28,750,000 common shares at a price of USD\$0.20 per common share for gross proceeds of \$8,041,000 (USD\$5,750,000), which includes the full exercise of the overallotment option of 3,750,000 common shares. The estimated net proceeds of \$6,800,000 are expected to be used to fund the Company's business activities for the remainder of 2020 and into 2021.

▪ Uranium concentrations from initial core leach tests reported up to four times the amount assumed in PFS for Phoenix In Situ Recovery ('ISR') operation

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

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

▪ Ability to achieve hydraulic conductivity values consistent with PFS confirmed by results from 2019 ISR field test at Phoenix

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

ABOUT DENISON

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

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

within 20 kilometres of the McClean Lake mill. In addition, Denison has an extensive portfolio of exploration projects in the Athabasca Basin region.

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

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

RISK AND UNCERTAINTY

The outbreak of the novel coronavirus ('COVID-19') has disrupted and is expected to continue to disrupt the Company's previously disclosed business and operational plans for fiscal 2020. The length or severity of these disruptions are unknown at this point in time. The significant potential social and economic disruptions that have emerged as a result of the COVID-19 pandemic include (i) restrictions that governments impose to address the COVID-19 outbreak, (ii) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, (iii) shortages and / or unexpected sickness of employees, (iv) unavailability of contractors and subcontractors, (v) interruption of supplies from third parties upon which the Company relies, and (vi) unusually high levels of volatility in capital markets and limitations on the availability of capital.

Disruptions of this nature have necessitated a change in the Company's business plans for 2020 and they may have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse effects could be rapid and unexpected. Management is closely monitoring the situation and is actively adapting work plans to mitigate adverse effects where possible. See OUTLOOK FOR 2020 below for further details.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands)	As at March 31, 2020	As at December 31, 2019
Financial Position:		
Cash and cash equivalents	\$ 4,902	\$ 8,190
Working capital ⁽¹⁾	\$ 8,070	\$ 1,597
Property, plant and equipment	\$ 256,349	\$ 257,259
Total assets	\$ 292,304	\$ 299,998
Total long-term liabilities ⁽²⁾	\$ 75,219	\$ 74,903

(1) At March 31, 2020, the Company's working capital includes \$9,097,000 in portfolio investments and a non-cash \$3,410,000 deferred revenue liability (December 31, 2019 – \$nil portfolio investments and non-cash deferred revenue of \$4,580,000).

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

SELECTED QUARTERLY FINANCIAL INFORMATION

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

(in thousands, except for per share amounts)	2019 Q1	2018 Q4	2018 Q3	2018 Q2
Total revenues	\$ 3,976	\$ 4,144	\$ 3,729	\$ 4,104
Net loss	\$ (5,335)	\$ (13,642)	\$ (3,884)	\$ (5,583)
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.01)	\$ (0.01)

Significant items causing variations in quarterly results

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

RESULTS OF OPERATIONS

REVENUES

McClean Lake Uranium Mill

McClean Lake is located on the eastern edge of the Athabasca Basin in northern Saskatchewan, approximately 750 kilometres north of Saskatoon. Denison holds a 22.5% ownership interest in the MLJV and the McClean Lake uranium mill, one of the world's largest uranium processing facilities, which is contracted to process ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a joint venture between Orano Canada 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 ('APG') and one of its wholly owned subsidiaries (the 'APG Arrangement') under which Denison received an upfront payment of \$43,500,000 in exchange for its right to receive future toll milling cash receipts from the MLJV under the current toll milling agreement with the Cigar Lake Joint Venture ('CLJV') from July 1, 2016 onwards. The APG Arrangement consists of certain contractual obligations of Denison to forward to APG the cash proceeds of future toll milling revenue earned by the Company related to the processing of the specified Cigar Lake ore through the McClean Lake mill, and as such, the upfront payment was accounted for as deferred revenue.

On March 23, 2020, in response to the COVID-19 pandemic, the operator of the CLJV announced a decision to suspend production at the Cigar Lake mine for a minimum of four weeks. At the same time, the operator of the MLJV announced that the McClean Lake mill would also suspend operations for the duration of the CLJV shutdown. In April 2020, subsequent to quarter end, the operator of the CLJV announced that the shut-down at the Cigar Lake mine would be extended for an indeterminate period of time. As noted above in the discussion of the APG Arrangement, Denison has sold the toll milling revenue to be earned from the processing of the Cigar Lake ore to APG. While the temporary suspension of operations at the McClean Lake mill will result in a decrease in revenue to Denison, the impact will be non-cash and will only impact the drawdown of the Company's deferred revenue balance.

During the three months ended March 31, 2020, the McClean Lake mill processed 4.2 million pounds U_3O_8 for the CLJV (March 31, 2019 – 4.9 million pounds U_3O_8) and recorded toll milling revenue of \$963,000 (March 31, 2019 – \$1,263,000). The decrease in toll milling revenue in the current quarter, as compared to the prior year, is due to several factors. Firstly, the mill processed fewer pounds U_3O_8 in the first quarter of 2020, as compared to the first quarter of 2019, due to the shut-down of the Cigar Lake mine during March 2020. Secondly, during the first quarter of 2020, as a result in an update to the published Cigar Lake mineral resource estimate in the quarter, the Company recorded a negative non-cash cumulative catch-up accounting adjustment of \$96,000, which reduced the toll milling revenue in the quarter (March 31, 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 the first quarter of 2019).

During the three months ended March 31, 2020, the Company also recorded accounting accretion expense of \$782,000 on the toll milling deferred revenue balance (March 31, 2019 – \$800,000). The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

Mineral Sales

Mineral sales revenue for the three months ended March 31, 2020 was \$852,000 from the sale of 26,004 pounds U_3O_8 from inventory at an average price of \$32.76 per pound (March 31, 2019 - \$nil uranium sales).

Closed Mine Services

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

Revenue from Closed Mines services during the three months ended March 31, 2020 was \$2,028,000 (March 31, 2019 - \$2,237,000). The decrease in revenue in the first quarter of 2020, as compared to 2019, was due to a decrease in activity at certain care and maintenance sites.

Management Services Agreement with UPC

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

During the three months ended March 31, 2020, revenue from the Company's management contract with UPC was \$817,000 (March 31, 2019 - \$476,000). The increase in revenues during the first quarter of 2020, compared to the prior year, is predominantly due to a discretionary fee of \$300,000 awarded to Denison related to non-routine activities performed by the Company, as well as an increase in commission-based fees. The increase in commission-based fees was due to an increase in uranium transactions by UPC during the current period, as compared to the prior year. Denison earns a 1% commission on the gross value of UPC's uranium purchases and sales. The impact of the increase in discretionary and commission-based fees was partially offset by a decrease in management fees earned based on UPC's monthly net asset value ('NAV'). 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 was due to the decrease in the average fair value of UPC's uranium holdings during the three months ended March 31, 2020, compared to the prior year, resulting primarily from lower uranium spot prices.

OPERATING EXPENSES

Mining

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

Operating expenses in the three months ended March 31, 2020 were \$1,605,000 (March 31, 2019 – \$1,210,000). In the first quarter of 2020, operating expenses included depreciation of the McClean Lake mill of \$736,000 (March 31, 2019 - \$855,000), as a result of processing approximately 4.2 million pounds U_3O_8 for the CLJV (March 31, 2019 – 4.9 million pounds).

In the three months ended March 31, 2020, operating expenses also included development and other operating costs related to the MLJV of \$869,000 (March 31, 2019 – \$355,000), including (i) \$526,000 in cost of sales, selling expenses of \$14,000, and sales royalties and resource surcharges of \$64,000 related to the sale of 26,004 pounds of U_3O_8 , and

(ii) \$174,000 in costs related to the advancement of the Surface Access Borehole Resource Extraction ('SABRE') mining technology, as part of a multi-year test mining program operated by Orano Canada within the MLJV. As a result of the COVID-19 pandemic, the operator of the MLJV has decided to defer the remainder of the 2020 program for SABRE to future years.

Closed Mine Services

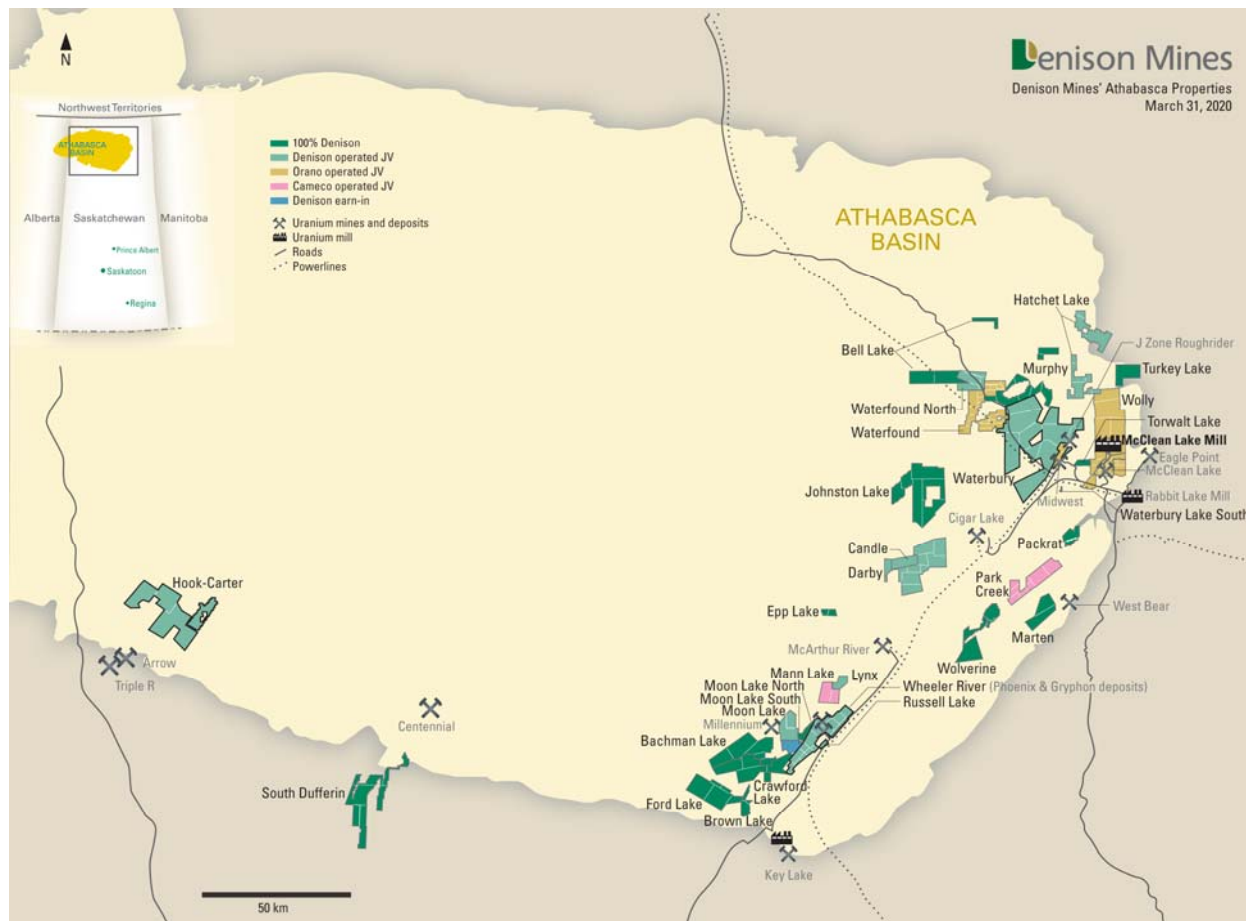
Operating expenses during the three months ended March 31, 2020 totaled \$1,715,000 (March 31, 2019 - \$2,052,000). The expenses relate primarily to care and maintenance services provided to clients, and include labour and other costs. The decrease in operating expenses in the current period, as compared to the prior year, is predominantly due to a reduction in the activity at certain care and maintenance sites, as well as a decrease in salaries and other costs associated with a reduction in headcount following a restructuring completed during the fourth quarter of 2019, when the Company discontinued its environmental consulting business.

CANADIAN MINERAL PROPERTY EXPLORATION & EVALUATION

During the first quarter of 2020, Denison's share of exploration and evaluation expenditures was \$3,191,000 (March 31, 2019 - \$4,229,000). The decrease in exploration and evaluation expenditures, compared to the prior period, was due to a decrease in winter exploration activities, offset by an increase in evaluation activities for Wheeler River compared to the prior period.

Exploration spending in the Athabasca Basin is generally seasonal in nature, with spending typically higher during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October). Field work during the winter 2020 season included the completion of four geophysical surveys, as discussed below.

The Company's land position in the Athabasca Basin, as of March 31, 2020, is illustrated in the figure below. The Company's Athabasca land package decreased during the first quarter of 2020 from 279,883 hectares (214 claims) to 270,829 hectares (206 claims) primarily due to planned lapses of claims belonging to the Bell Lake, Brown Lake, Ford Lake, Jasper Lake and Waterbury South properties.



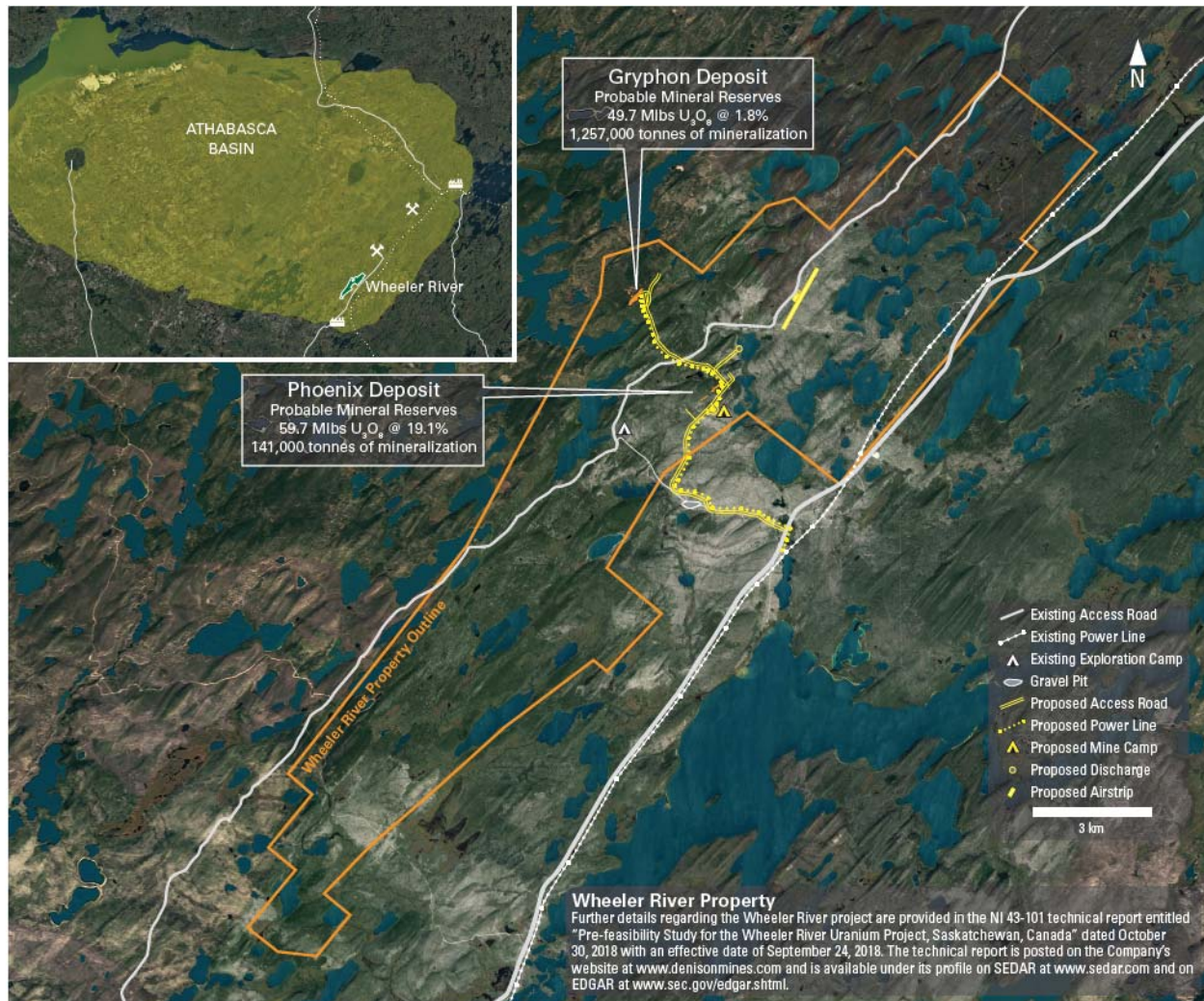
Wheeler River Project

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

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

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

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



Evaluation Program

During the first quarter of 2020, Denison's share of evaluation costs at Wheeler River were \$1,437,000 (March 31, 2019 – \$442,000), which consisted primarily of work related to the EA process, engineering activities in support of a FS, including metallurgical testing, as well as design and planning activities related to a potential 2020 ISR field test.

Environmental and Sustainability Activities

EA Activities

Following the declaration of the global COVID-19 pandemic in early March, 2020, Denison decided to temporarily suspend the Wheeler River EA (see Denison Press Release dated March 20, 2020). An important element of the EA process is the completion of extensive in-person engagement and consultation activities with various interested parties and community groups. The decision to suspend the EA process and other discretionary activities is motivated by the significant social and economic disruption that has emerged as a result of the COVID-19 pandemic and the Company's commitment to ensure employee safety, support public health efforts to limit transmission of COVID-19, and exercise prudent financial discipline.

All external consultants, the Canadian Nuclear Safety Commission ('CNSC'), the Saskatchewan Ministry of the Environment and all interested parties were notified of the decision to suspend the EA process prior to the end of the first quarter of 2020. Denison staff have been retained to continue preparations required for the future advancement of

the EA, including internal FS related work required for input into the Company's EA models. Although the temporary suspension of the EA will impact the schedule for first production at Wheeler River, the Company is directing its interim efforts to minimize delays to the project development schedule and to position the Company to resume EA activities quickly when it is determined that it is appropriate to do so.

Community Engagement Activities

Denison continues to work towards building durable relationships with Indigenous groups and communities in northern Saskatchewan, despite the COVID-19 pandemic. Recognizing the necessity to help those in need to cope with the COVID-19 pandemic, Denison has pledged financial support, procured roughly 900 litres of hand sanitizer and worked together with a group of local businesses in Saskatchewan to distribute the hand sanitizer, along with cleaning products and protective gloves, to several remote communities in northern Saskatchewan. The remote location of communities in northern Saskatchewan poses a unique risk for COVID-19 transmission and treatment. Accordingly, Denison's efforts have been focused on supporting local community response plans designed to mitigate the spread of COVID-19 and/or support vulnerable families with essential food and supplies.

Engineering Activities

2019 ISR Field Test Results

Certain quantitative analysis of the data collected during the 2019 ISR Field Test was completed in February 2020 (see Denison Press Release dated February 24, 2020). For ISR mining operations, the term 'hydraulic conductivity' is used to describe the ease with which a fluid can move through the pore spaces or fractures within a host rock. Hydraulic conductivity, commonly represented by the symbol 'K', is often stated as a rate of flow (under a unit hydraulic gradient through a unit cross-sectional area of aquifer) and is typically reported in units of metres per second ('m/s') or metres per day ('m/d'). The results from the hydraulic conductivity tests, performed during the 2019 field program, showed that the K factors used in the PFS could be achieved in a commercial scale well (CSW2) installed during the 2019 field program.

Core Leach Test Results

During the fourth quarter of 2019, Denison commenced with a new phase of metallurgical test work, which is expected to utilize core samples collected during the 2019 ISR field test, and includes novel core leach tests. The core leach tests are carried out using specialized equipment at the Saskatchewan Research Council ('SRC') laboratories in Saskatoon and are designed to provide conditions in the lab that simulate most of the field conditions expected during actual operation. These tests allow refinement of the optimum lixiviant mixture for injection into the wellfield, in addition to validating the expected uranium concentration of the Uranium Bearing Solution (UBS) assumed in the PFS. The first test was completed in the first quarter of 2020, with results showing uranium concentrations that exceeded the assumptions in the PFS (see Denison Press Release dated February 19, 2020) by as much as 300%. The implications of a higher uranium concentration coming from the ISR wellfield are potentially significant – allowing the metallurgical team to explore various combinations of lixiviant parameters to optimize operating costs, and modify processing plant configurations to potentially reduce capital costs, while maintaining the same level of annual uranium production.

Other Engineering Activities and EA Inputs

Several additional studies were conducted, during the first quarter, to support the completion of a future FS and to further define EA modeling inputs for the operational stage of the project. Work undertaken in the quarter included the following:

- Workforce organizational charts and site accommodation requirements;
- Site water balance studies for operational and effluent treatment requirements;
- Final site layout, including storage ponds for potential by-product precipitates;
- Emissions from mobile equipment and residential waste streams; and
- Emergency water management plans.

The site water balance was of interest, as it predicts that during normal operations all effluent can be recycled, with only occasional need to re-inject treated water into the aquifer at depth. An emergency discharge point is also being assessed in the event the project incurs a probable maximum precipitation (PMP) event.

The site layout has been modified allowing the creation of Radiation Control Zones, which will be an important part of the radiation safety and control program to minimize worker exposures.

Exploration Program

Denison's share of exploration costs at Wheeler River was \$206,000 during the quarter ended March 31, 2020 (March 31, 2019 – \$1,575,000).

No field work was conducted during the quarter ended March 31, 2020. Desktop work included detailed planning for the exploration drilling program tentatively scheduled for completion prior to the end of 2020. The drilling program is expected to include an estimated 12,310 metres in approximately 27 to 30 drill holes. The program is expected to be focused at the Phoenix deposit, where additional exploration and delineation drilling is warranted based on previous exploration drilling and the positive results returned from recent ISR field tests. The objective of the planned exploration program at Phoenix is to increase mineral resources that may be incorporated into a future FS. Potential to add additional mineral resources at Phoenix exists within the boundaries of the existing design of the ISR freeze dome, but outside of the currently defined extents of the deposit – particularly around Zone B, where previous mineralized results remain open on section or the interpreted optimal exploration target remains untested, and at Zone C, which is not currently included in the mineral resource estimate, where similar targets exist.

Exploration Pipeline Properties

Denison's share of exploration costs at its exploration pipeline properties during the three months ended March 31, 2020 was \$1,545,000 (March 31, 2019 - \$2,212,000). During the first quarter of 2020, four geophysical surveys were completed on five of the Company's projects. The surveys were carried out at Waterbury Lake, Murphy Lake, Moon Lake, and Moon Lake North and South (shared survey). The purpose of the surveys is to generate targets for future drill testing in areas considered to have significant exploration potential, and in certain cases to protect the associated claims from lapsing. The planned survey for Ford Lake was not completed due to disruptions related to COVID-19.

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

GENERAL AND ADMINISTRATIVE EXPENSES

Total general and administrative expenses were \$2,188,000 during the three months ended March 31, 2020 (March 31, 2019 - \$2,366,000). 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 decrease in general and administrative expenses during the first quarter of 2020 was predominantly due to an insurance recovery received in the quarter offset by an increase in non-recurring legal costs.

OTHER INCOME AND EXPENSES

During the three months ended March 31, 2020, the Company recognized a loss of \$3,192,000 in other income/expense (March 31, 2019 – loss of \$353,000). The loss in the current period is predominantly due to losses on investments carried at fair value of \$2,950,000 (March 31, 2019 – losses of \$238,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at end of the quarter. The losses recorded in both the current and prior periods were mainly due to unfavourable mark-to-market adjustments on the Company's investments in other publicly traded entities.

EQUITY SHARE OF LOSS FROM ASSOCIATES

During the fourth quarter of 2019, the Company determined that it no longer exercised significant influence of GoviEx Uranium Inc. ('GoviEx') and began accounting for its investment in the common shares of GoviEx as a portfolio investment at fair value through profit and loss. As a result, during the three months ended March 31, 2020, the Company recorded \$nil in equity gain or loss from associates. During the three months ended March 31, 2019, the Company recognized a loss of \$277,000 from its equity share of GoviEx. The loss in 2019 was due to an equity loss of \$275,000, based on the Company's share of GoviEx's net loss during the period, plus a net dilution loss of \$2,000 as a result of equity issuances completed by GoviEx, which reduced the Company's ownership position.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$4,902,000 at March 31, 2020 (December 31, 2019 – \$8,190,000).

The decrease in cash and cash equivalents of \$3,288,000 was due to net cash used in operations of \$2,379,000, net cash used in investing activities of \$629,000 and net cash used in financing activities of \$280,000.

Net cash used in operating activities of \$2,379,000 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 \$629,000 consists primarily of an increase in restricted cash mainly due to the Company's funding the Elliot Lake reclamation trust fund.

Net cash used in financing activities of \$280,000 relates to the repayment of debt obligations during the quarter.

As at March 31, 2020, the Company has spent \$1,563,000 towards its obligation to spend \$4,715,460 on eligible Canadian exploration expenditures under the flow-through share financing completed in December 2019.

Refer to 2020 OUTLOOK below for details of the Company's working capital requirements for the remainder of 2020 and SUBSEQUENT EVENTS for details of the equity financing completed by the Company in April 2020.

There are uncertainties related to the timing and use of the Company's cash resources. Due to the stage of various of its mineral property projects, the Company does not currently generate sufficient operating cash flows to fund obligations as they become due. As such, these obligations require that the Corporation generate additional liquidity through the divestiture of investments or through the issuance of debt or equity. Based on the net proceeds received from the Company's USD\$5,750,000 financing completed in the subsequent events period, and the Company's current cash flow forecast, management anticipates that it has sufficient cash resources on hand to fund greater than 12 months of planned operations, but that it may need to sell certain of its investments to provide additional liquidity beyond that point. The Company may experience difficulty in obtaining satisfactory financial terms for subsequent debt or equity issuances or it may have difficulty in liquidating its investments due to the concentration of its investment portfolio or market conditions. Failure to obtain adequate financing on satisfactory terms may have a material adverse effect to the Company's results of operations or its financial condition. The Company has considered the above factors, in addition to its ability to further curtail operating expenditures if necessary, in assessing and concluding on its ability to continue as a going concern.

Revolving Term Credit Facility

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

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

The Company's current management services agreement with UPC ('MSA') has a term of five years (the 'Term'), expiring on March 31, 2024. Under the MSA, Denison receives the following management fees from UPC: a) a base fee of \$400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of \$100 million and up to and including \$500 million, and (ii) 0.2% per annum of UPC's total assets in excess of \$500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U₃O₈ or UF₆); and d) a commission of 1.0% of the gross value of any purchases or sales of U₃O₈ or UF₆ or gross interest fees payable to UPC in connection with any uranium loan arrangements.

The MSA may be terminated during the Term by Denison upon the provision of 180 days written notice. The MSA may be terminated during the Term by UPC (i) in the event of a material breach, (ii) within 90 days of certain events surrounding a change of both of the individuals serving as Chief Executive Officer and Chief Financial Officer of UPC,

and / or a change of control of Denison, or (iii) upon the provision of 30 days written notice and, subject to certain exceptions, a cash payment to Denison of an amount equal to the base and variable management fees that would otherwise be payable to Denison (calculated based on UPC's current uranium holdings at the time of termination) for the lesser period of a) three years, or b) the remaining term of the MSA.

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

(in thousands)	Three Months Ended	
	March 31, 2020	March 31, 2019
Management Fee Revenue		
Base and variable fees	\$ 463	\$ 474
Commission fees	54	2
Discretionary fees	300	-
	\$ 817	\$ 476

At March 31, 2020, accounts receivable includes \$605,000 (December 31, 2019 – \$236,000) due from UPC with respect to the fees and transactions discussed above.

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

As at March 31, 2020, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.76%. KHNP Canada Energy Ltd., a subsidiary of KEPCO's subsidiary KHNP, is the holder of the majority of Denison's shares and is also the majority member of KWULP. KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation ('WLUC') and Waterbury Lake Uranium Limited Partnership ('WLULP'), entities whose key asset is the Waterbury Lake property.

Other

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

- During the three months ended March 31, 2020, the Company incurred investor relations, administrative service fees and certain pass-through expenses of \$21,000 (March 31, 2019 – \$21,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At March 31, 2020, an amount of \$6,000 (December 31, 2019 – \$nil) was due to this company.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

The following compensation was awarded to key management personnel:

(in thousands)	Three Months Ended	
	March 31, 2020	March 31, 2019
Salaries and short-term employee benefits	\$ (584)	\$ (705)
Share-based compensation	(430)	(504)
	\$ (1,014)	\$ (1,209)

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

Share Issue

On April 9, 2020, the Company closed a public offering of 28,750,000 common shares at a price of USD\$0.20 per share for gross proceeds of \$8,041,000 (USD\$5,750,000). The offering included the exercise in full of an over-allotment option of 3,750,000 common shares granted to the underwriters. The estimated net proceeds of \$6,800,000 are anticipated to be used to fund Denison's business activities planned for the remainder of 2020 and into 2021, as well as for general working capital purposes.

OUTSTANDING SHARE DATA

At May 6, 2020, there were 626,008,148 common shares issued and outstanding, stock options outstanding for 15,936,743 Denison common shares, and 7,667,437 share units outstanding for a total of 649,612,328 common shares on a fully-diluted basis.

OUTLOOK FOR 2020

Refer to the Company's annual MD&A for the year ended December 31, 2019 for a detailed discussion of the previously disclosed 2020 budget. In March 2020, Denison announced the decision to suspend the EA process and certain other activities planned for Wheeler River during 2020. The Company has made the following changes to its outlook for 2020.

Revenue from mineral sales has been increased to reflect the actual revenue earned in the first quarter of 2020 from the sale of 26,004 pounds of U₃O₈.

Development and operations expenditures for 2020 have decreased due to a decision by the operator of the MLJV to defer the SABRE test mining program that was originally scheduled to take place in 2020. The test mining program and related field work is now expected to occur during the second and third quarter of 2021. The financial impact of this deferral has not yet been estimated by the operator of the MLJV. Accordingly, the amount reflected below is based on Denison's understanding of the program's original budget for 2020 and Denison's best estimate of the anticipated cost deferrals.

Mineral property exploration and evaluation expenditures have decreased mainly due to a reduction in regulatory fees payable to the CNSC, and other evaluation costs that were eliminated following the decision made in the first quarter of 2020 to temporarily suspend the EA process and certain other activities for Wheeler River.

Additionally, as part of the decision to suspend the EA process, Denison announced that the discretionary work programs related to the draft submission of the Wheeler River Environmental Impact Statement and the completion of further ISR field testing, are no longer expected to be undertaken during 2020.

The net inflow from the Company's Closed Mine Services group has increased due to the extension of a care and maintenance contract that was previously set to expire at the end of the first quarter of 2020.

The net inflow from the management services agreement with UPC has increased for several reasons: (i) an increase in the variable NAV-based fees due to an increase in uranium prices; (ii) an increase in discretionary fees awarded during the first quarter of 2020, related to non-routine activities carried out by Denison during UPC's fiscal year ended February 29, 2020, and (iii) an increase in commission based fees related to uranium transactions completed in the first quarter and expected to be completed in the second quarter of 2020.

The increase in corporate and administrative expenditures is predominantly due to an increase in legal expenses related to legal suits the Company is currently involved in, slightly offset by a decrease in expected travel and other head office costs.

The continued uncertainty surrounding the impact, duration and severity of the COVID-19 pandemic may require the

Company to adapt its plans further in future periods, including further revisions to, or the outright withdrawal of, the disclosed 2020 outlook.

(in thousands)	2020 BUDGET	CURRENT 2020 OUTLOOK	Actual to March 31, 2020 ⁽²⁾
Mining Segment			
Mineral Sales	791	852	852
Development & Operations	(5,181)	(2,446)	(558)
Mineral Property Exploration & Evaluation	(8,973)	(8,592)	(3,225)
	(13,363)	(10,186)	(2,931)
Closed Mines Segment			
Closed Mines Environmental Services	1,014	1,353	367
	1,014	1,353	367
Corporate and Other Segment			
UPC Management Services	2,009	2,686	817
Corporate Administration & Other	(5,200)	(5,625)	(2,094)
	(3,191)	(2,939)	(1,277)
Total⁽¹⁾	\$ (15,540)	\$ (11,772)	\$ (3,841)

Notes:

1. Only material operations shown.
2. The budget is prepared on a cash basis. As a result, actual amounts represent a non-GAAP measure. Compared to segment loss as presented in the Company's unaudited interim consolidated financial statements for the three months ended March 31, 2020, actual amounts reported above excludes \$198,000 net impact of non-cash items and other adjustments.

ADDITIONAL INFORMATION

RISK FACTORS

The following risk factors, and those set forth in Denison's Annual Information Form dated March 13, 2020 under the heading 'Risk Factors', are risks and other factors Denison has identified that could influence the Company's business, operations, financial condition and expectations as set forth in its forward-looking statements. Such risk factors are not, and should not be construed as being exhaustive, and other circumstances that are currently not foreseen by management of Denison could arise to negatively affect Denison's business and its shareholders.

COVID-19 Outbreaks

The outbreak of the novel coronavirus (COVID-19) has disrupted and is expected to continue to disrupt the Company's business and operational plans, including the Company's previously disclosed business and operational plans for fiscal 2020, which could have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse effects could be rapid and unexpected.

The significant potential social and economic disruptions that have emerged as a result of the COVID-19 pandemic include (i) restrictions that governments impose to address the COVID-19 outbreak, (ii) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, (iii) shortages and / or unexpected sickness of employees, (iv) unavailability of contractors and subcontractors, (v) interruption of supplies from third parties upon which the Company relies, and (vi) unusually high levels of volatility in capital markets and limitations on availability of capital for the Company and its joint venture counterparties.

These disruptions may severely impact the Company's ability to carry out its business plans for 2020 and beyond. For example, On March 20, 2020 the Company announced a temporary suspension of activities related to the EA for the Wheeler River project due to the process requiring extensive in-person engagement and consultation with various interested parties. The decision to suspend the EA was due to significant social and economic disruptions that have emerged as a result of the COVID-19 pandemic. The EA process is a key element of the Wheeler River project's critical path and as a result, there is a risk that the development schedule and/or the capital and operating cost projections and related economic indicators in the Wheeler PFS Report may be varied significantly.

It is presently not possible to predict the extent or durations of any disruptions to the Company's current and future operations.

Denison has a history of negative operating cash flows and may continue to experience negative operating cash flow

Denison has had negative operating cash flows for recent past financial reporting periods. Denison anticipates that it will continue to have negative operating cash flows until such time, if at all, its Wheeler River project goes into production. In order to fund operations until such time, Denison will require substantial additional financing which may be through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to Denison.

QUALIFIED PERSON

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

ASSAY PROCEDURES AND DATA VERIFICATION

The Company reports preliminary radiometric equivalent grades ('eU₃O₈'), derived from a calibrated down-hole total gamma probe, during or upon completion of its exploration programs and subsequently reports definitive U₃O₈ assay grades following sampling and chemical analysis of the mineralized drill core. Uranium assays are performed on split core samples by the Saskatchewan Research Council ('SRC') Geoanalytical Laboratories using an ISO/IEC 17025:2005 accredited method for the determination of U₃O₈ weight %. Sample preparation involves crushing and pulverizing core samples to 90% passing -106 microns. The resultant pulp is digested using aqua-regia and the solution analyzed for U₃O₈ weight % using ICP-OES. Geochemical results from composite core samples are reported as parts per million ('ppm') obtained from a partial HNO₃:HCl digest with an ICP-MS finish. Boron values are obtained through Na₂O₂/NaCO₃ fusion followed by an ICP-OES finish. All data are subject to verification procedures by qualified persons employed by Denison prior to disclosure. For further details on Denison's sampling, analysis, quality assurance program and quality control measures and data verification procedures please see Denison's Annual Information Form dated March 13, 2020 available on the Company's website and filed under the Company's profile on SEDAR (www.sedar.com) and in its Form 40-F available on EDGAR at www.sec.gov/edgar.shtml.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

In particular, this MD&A contains forward-looking information pertaining to the following: Denison's plans and objectives for 2020 and beyond, including the impacts of COVID-19, temporary suspension of the EA and other non-discretionary activities and the projections made in the 2020 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, and statements regarding anticipated budgets, fees, expenditures and timelines; 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 its Closed Mines operations; 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 13, 2020 under the heading 'Risk Factors' and under the heading 'Risk Factors' above. These factors are not, and should not be construed as being exhaustive.

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

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources and Probable Mineral Reserves: This MD&A may use the terms 'measured', 'indicated' and 'inferred' mineral resources. United States investors are advised that while such terms have been prepared in accordance with the definition standards on mineral reserves of the Canadian Institute of Mining, Metallurgy and Petroleum referred to in Canadian National Instrument 43-101 Mineral Disclosure Standards ('NI 43-101') and are recognized and required by Canadian regulations, these terms are not defined under Industry Guide 7 under the United States Securities Act and, until recently, have not been permitted to be used in reports and registration statements filed with the United States Securities and Exchange Commission ('SEC'). 'Inferred mineral resources' have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.** In addition, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" for the purposes of NI 43-101 differ from the definitions and allowable usage in Industry Guide 7.

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	At March 31 2020	At December 31 2019
ASSETS		
Current		
Cash and cash equivalents (note 4)	\$ 4,902	\$ 8,190
Trade and other receivables (note 5)	3,552	4,023
Inventories (note 6)	2,594	3,352
Investments (note 7)	9,097	-
Prepaid expenses and other	1,052	978
	21,197	16,543
Non-Current		
Inventories-ore in stockpiles (note 6)	2,098	2,098
Investments (note 7)	57	12,104
Restricted cash and investments (note 8)	12,603	11,994
Property, plant and equipment (note 9)	256,349	257,259
Total assets	\$ 292,304	\$ 299,998
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 8,416	\$ 7,930
Current portion of long-term liabilities:		
Deferred revenue (note 10)	3,410	4,580
Post-employment benefits (note 11)	150	150
Reclamation obligations (note 12)	910	914
Other liabilities (note 13)	241	1,372
	13,127	14,946
Non-Current		
Deferred revenue (note 10)	32,730	31,741
Post-employment benefits (note 11)	2,098	2,108
Reclamation obligations (note 12)	31,702	31,598
Other liabilities (note 13)	494	532
Deferred income tax liability	8,195	8,924
Total liabilities	88,346	89,849
EQUITY		
Share capital (note 14)	1,335,498	1,335,467
Share purchase warrants (note 15)	-	435
Contributed surplus (note 16)	66,307	65,417
Deficit	(1,198,967)	(1,192,304)
Accumulated other comprehensive income (note 17)	1,120	1,134
Total equity	203,958	210,149
Total liabilities and equity	\$ 292,304	\$ 299,998
Issued and outstanding common shares (note 14)	597,229,817	597,192,153
Contingencies (note 23)		
Subsequent events (note 24)		

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

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

	Three Months Ended March 31	
	2020	2019
REVENUES (note 19)	\$ 4,660	\$ 3,976
EXPENSES		
Operating expenses (note 18, 19)	(3,320)	(3,262)
Exploration and evaluation (note 19)	(3,191)	(4,229)
General and administrative (note 19)	(2,188)	(2,366)
Other income (expense) (note 18)	(3,192)	(353)
	(11,891)	(10,210)
Loss before finance charges, equity accounting	(7,231)	(6,234)
Finance expense (note 18)	(1,063)	(1,010)
Equity share of loss of associate	-	(277)
Loss before taxes	(8,294)	(7,521)
Income tax recovery (note 21)		
Deferred	1,631	2,186
Net loss for the period	\$ (6,663)	\$ (5,335)
Other comprehensive income (loss) (note 17):		
Items that may be reclassified to income (loss):		
Foreign currency translation change	(14)	3
Comprehensive loss for the period	\$ (6,677)	\$ (5,332)
Basic and diluted net loss per share:		
All operations	\$ (0.01)	\$ (0.01)
Weighted-average number of shares outstanding (in thousands):		
Basic and diluted	597,198	589,129

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in thousands of CAD dollars)

	Three Months Ended March 31	
	2020	2019
Share capital (note 14)		
Balance-beginning of period	\$ 1,335,467	\$ 1,331,214
Share issue costs	3	-
Share units exercised-fair value adjustment	28	-
Balance-end of period	1,335,498	1,331,214
Share purchase warrants (note 15)		
Balance-beginning of period	435	435
Warrants expired	(435)	-
Balance-end of period	-	435
Contributed surplus		
Balance-beginning of period	65,417	63,634
Share-based compensation expense (note 16)	483	603
Share units exercised-fair value adjustment	(28)	-
Warrants expired	435	-
Balance-end of period	66,307	64,237
Deficit		
Balance-beginning of period	(1,192,304)	(1,174,163)
Net loss	(6,663)	(5,335)
Balance-end of period	(1,198,967)	(1,179,498)
Accumulated other comprehensive income (note 17)		
Balance-beginning of period	1,134	1,127
Foreign currency translation	(14)	3
Balance-end of period	1,120	1,130
Total Equity		
Balance-beginning of period	210,149	222,247
Balance-end of period	\$ 203,958	\$ 217,518

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - Expressed in thousands of CAD dollars)

CASH PROVIDED BY (USED IN):	Three Months Ended March 31	
	2020	2019
OPERATING ACTIVITIES		
Net loss for the period	\$ (6,663)	\$ (5,335)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	2,209	2,236
Share-based compensation (note 16)	483	603
Recognition of deferred revenue (note 10)	(963)	(1,263)
Gains on property, plant and equipment disposals (note 18)	(2)	-
Losses on fair value remeasurement of investments (note 18)	2,950	238
Equity loss of associate	-	275
Dilution loss (gain) of associate	-	2
Deferred income tax recovery	(1,631)	(2,186)
Post-employment benefits (note 11)	(27)	(39)
Reclamation obligations (note 12)	(238)	(181)
Change in non-cash working capital items (note 18)	1,503	1,971
Net cash used in operating activities	(2,379)	(3,679)
INVESTING ACTIVITIES		
Purchase of investments	-	(115)
Expenditures on property, plant and equipment (note 9)	(22)	(21)
Proceeds on sale of property, plant and equipment	2	-
Increase in restricted cash and investments	(609)	(297)
Net cash provided by (used in) investing activities	(629)	(433)
FINANCING ACTIVITIES		
Repayment of debt obligations	(283)	(68)
Share issue costs	3	-
Net cash used in financing activities	(280)	(68)
Increase (decrease) in cash and cash equivalents	(3,288)	(4,180)
Cash and cash equivalents, beginning of period	8,190	23,207
Cash and cash equivalents, end of period	\$ 4,902	\$ 19,027

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020

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

1. NATURE OF OPERATIONS

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

The Company has a 90.0% interest in the Wheeler River Joint Venture ("WRJV"), a 66.57% interest in the Waterbury Lake Limited Partnership ("WLULP"), a 22.5% interest in the McClean Lake Joint Venture ("MLJV") (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture ("MWJV"), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill provides toll milling services to the Cigar Lake Joint Venture ("CLJV") under the terms of a toll milling agreement between the parties (see note 10). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

The Company provides mine decommissioning and other services (collectively "environmental services") to third parties through its Denison Closed Mines Group and is also the manager of Uranium Participation Corporation ("UPC"), a publicly-listed investment holding company formed to invest substantially all of its assets in uranium oxide concentrates ("U₃O₈") and uranium hexafluoride ("UF₆"). The Company has no ownership interest in UPC but receives fees for the various management services it provides to 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.

Risk and Uncertainty

The outbreak of the novel coronavirus ("COVID-19") has disrupted, and is expected to continue to disrupt, the Company's previously disclosed business and operational plans for fiscal 2020. The length or severity of these disruptions are unknown at this point in time. The significant potential social and economic disruptions that have emerged as a result of the COVID-19 pandemic include (i) restrictions that governments impose to address the COVID-19 outbreak, (ii) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, (iii) shortages and / or unexpected sickness of employees, (iv) unavailability of contractors and subcontractors, (v) interruption of supplies from third parties upon which the Company relies, and (vi) unusually high levels of volatility in capital markets.

Disruptions of this nature have necessitated a change in the Company's business plans for 2020 and they may have a material adverse effect on the Company's business, financial condition and results of operations. Such adverse effects could be rapid and unexpected. Management is closely monitoring the situation and is actively adapting work plans to mitigate adverse effects where possible.

Liquidity

There are uncertainties related to the timing and use of the Company's cash resources. Due to the stage of various of its mineral property projects, the Company does not currently generate sufficient operating cash flow to fund obligations as they become due. As such, these obligations require that the Corporation generate additional liquidity through the divestiture of investments or through the issuance of debt or equity. Based on the net proceeds received from the Company's USD\$5,750,000 financing completed in the subsequent events period, and the Company's current cash flow forecast, management anticipates that it has sufficient cash resources on hand to fund greater than the next 12 months of planned operations but that it may need to sell certain of its investments to provide additional liquidity beyond that point. The Company may experience difficulty in obtaining satisfactory financial terms for subsequent debt or equity issuances or it may have difficulty in liquidating its investments due to the concentration of its investment portfolio or market conditions. Failure to obtain adequate financing on satisfactory terms may have a material adverse effect to the Company's results of operations or its financial condition. The Company has considered the above factors, in addition to its ability to further curtail operating expenditures if necessary, in assessing and concluding on its ability to continue as a going concern.

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2019. The Company’s presentation currency is Canadian dollars.

These financial statements were approved by the board of directors for issue on May 6, 2020.

3. ACCOUNTING POLICIES

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company’s audited annual consolidated financial statements for the year ended December 31, 2019.

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Cash	\$ 2,010	\$ 1,583
Cash in MLJV and MWJV	1,071	1,397
Cash equivalents	1,821	5,210
	\$ 4,902	\$ 8,190

5. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Trade receivables	\$ 3,240	\$ 2,608
Receivables in MLJV and MWJV	252	1,125
Sales tax receivables	18	92
Sundry receivables	42	198
	\$ 3,552	\$ 4,023

6. INVENTORIES

The inventories balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Uranium concentrates	\$ -	\$ 526
Inventory of ore in stockpiles	2,098	2,098
Mine and mill supplies in MLJV	2,594	2,826
	\$ 4,692	\$ 5,450
Inventories-by balance sheet presentation:		
Current	\$ 2,594	\$ 3,352
Long-term-ore in stockpiles	2,098	2,098
	\$ 4,692	\$ 5,450

During the three months ended March 31, 2020, the Company sold all of its uranium concentrate inventory.

7. INVESTMENTS

The investments balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Investments:		
Equity instruments	\$ 9,154	\$ 12,104
	\$ 9,154	\$ 12,104
Investments-by balance sheet presentation:		
Current	\$ 9,097	\$ -
Long-term	57	12,104
	\$ 9,154	\$ 12,104

The investments continuity summary is as follows:

(in thousands of CAD dollars)	Investments
Balance - December 31, 2019	\$ 12,104
Fair value loss to profit and loss	(2,950)
Balance - March 31, 2020	\$ 9,154

8. RESTRICTED CASH AND INVESTMENTS

The restricted cash and investments balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Cash and cash equivalents	\$ 3,468	\$ 2,859
Investments	9,135	9,135
	\$ 12,603	\$ 11,994
Restricted cash and investments-by item:		
Elliot Lake reclamation trust fund	\$ 3,468	\$ 2,859
Letters of credit facility pledged assets	9,000	9,000
Letters of credit additional collateral	135	135
	\$ 12,603	\$ 11,994

At March 31, 2020, investments consist of guaranteed investment certificates with maturities of more than 90 days.

Elliot Lake Reclamation Trust Fund

During the three months ended March 31, 2020, the Company deposited an additional \$803,000 into the Elliot Lake Reclamation Trust Fund and withdrew \$209,000.

Letters of Credit Facility Pledged Assets

At March 31, 2020, the Company had on deposit \$9,000,000 with the Bank of Nova Scotia ("BNS") as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 12 and 13).

Letters of Credit Additional Collateral

At March 31, 2020, the Company had on deposit an additional \$135,000 of cash collateral with BNS in respect of the portion of its issued reclamation letters of credit in excess of the collateral available under its letters of credit facility (see notes 12 and 13).

9. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands of CAD dollars)	Plant and Equipment		Mineral Properties	Total PP&E
	Owned	Right-of-Use		
Cost:				
Balance – December 31, 2019	\$ 104,587	\$ 906	\$ 179,481	\$ 284,974
Additions	15	-	7	22
Disposals	(60)	-	-	(60)
Balance – March 31, 2020	\$ 104,542	\$ 906	\$ 179,488	\$ 284,936
Accumulated amortization, depreciation:				
Balance – December 31, 2019	\$ (27,518)	\$ (197)	\$ -	\$ (27,715)
Amortization	(60)	-	-	(60)
Depreciation	(822)	(50)	-	(872)
Disposals	60	-	-	60
Balance – March 31, 2020	\$ (28,340)	\$ (247)	\$ -	\$ (28,587)
Carrying value:				
Balance – December 31, 2019	\$ 77,069	\$ 709	\$ 179,481	\$ 257,259
Balance – March 31, 2020	\$ 76,202	\$ 659	\$ 179,488	\$ 256,349

Plant and Equipment – Owned

The Company has a 22.5% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents \$68,303,000, or 89.6%, of the March 2020 total carrying value amount.

Plant and Equipment – Right-of-Use

The Company has included the cost of various right-of-use ("ROU") assets within its PP&E carrying value amount. These assets consist of building, vehicle and office equipment leases. The majority of the value is attributable to the building lease assets which represent the Company's office and / or warehousing space located in Toronto and Saskatoon.

Mineral Properties

As at March 31, 2020, the Company has various interests in development, evaluation and exploration projects located in Canada, primarily in Saskatchewan, 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 \$162,390,000, or 90.5%, of the March 2020 total mineral property carrying amount. Changes and / or updates in the current period as compared to the December 31, 2019 year-end are disclosed below.

Hook Carter

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

Under terms in the agreement, Denison agreed to fund ALX's share of the first \$12,000,000 in expenditures on the property. As at March 31, 2020, the Company has spent \$6,714,000 towards ALX's carried interest on the project since its acquisition in November 2016 (December 31, 2019: \$6,712,000).

Moon Lake South

In January 2016, the Company entered into an option agreement with CanAlaska Uranium Ltd ("CanAlaska") to earn an interest in CanAlaska's Moon Lake South project, located in the eastern portion of the Athabasca Basin in Saskatchewan. Under the terms of the option, Denison can earn an initial 51% interest in the project by spending

\$200,000 by December 31, 2017 and it can increase its interest to 75% by spending an additional \$500,000 by December 31, 2020.

As at March 31, 2020, the Company has spent the required \$700,000 under the option and has earned a 75% interest in the project.

10. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Deferred revenue – pre-sold toll milling:		
CLJV toll milling – APG	\$ 36,140	\$ 36,321
	\$ 36,140	\$ 36,321
Deferred revenue-by balance sheet presentation:		
Current	\$ 3,410	\$ 4,580
Non-current	32,730	31,741
	\$ 36,140	\$ 36,321

The deferred revenue liability continuity summary is as follows:

(in thousands of CAD dollars)	Deferred Revenue
Balance - December 31, 2019	\$ 36,321
Accretion	782
Revenue recognized during the period (note 19)	(963)
Balance - March 31, 2020	\$ 36,140

Arrangement with Anglo Pacific Group (“APG”) PLC

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

In the three months ended March 31, 2020, the Company has recognized \$963,000 of toll milling revenue from the draw-down of deferred revenue (March 31, 2019: \$1,263,000), based on Cigar Lake toll milling production of 4,192,000 pounds U₃O₈ on a 100% basis (March 31, 2019: 4,863,000 pounds U₃O₈). The drawdown for the three months includes a retroactive \$96,000 decrease in revenue (March 31, 2019: retroactive \$26,000 increase in revenue) resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2020.

At present, production at the Cigar Lake mine and the McClean Lake mill has been suspended for an indefinite period of time in response to the COVID-19 pandemic and the timing of a restart is uncertain. The current portion of the deferred revenue liability reflects an assumption of a three month production shut-down. This assumption will be reassessed in the second quarter as more information becomes available.

11. POST-EMPLOYMENT BENEFITS

The post-employment benefits balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Accrued benefit obligation	\$ 2,248	\$ 2,258
	\$ 2,248	\$ 2,258
Post-employment benefits-by balance sheet presentation:		
Current	\$ 150	\$ 150
Non-current	2,098	2,108
	\$ 2,248	\$ 2,258

The post-employment benefits continuity summary is as follows:

(in thousands of CAD dollars)	Post-Employment Benefits
Balance - December 31, 2019	\$ 2,258
Accretion	17
Benefits paid	(27)
Balance - March 31, 2020	\$ 2,248

12. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Reclamation obligations-by location:		
Elliot Lake	\$ 17,940	\$ 17,987
McClellan and Midwest Joint Ventures	14,650	14,503
Other	22	22
	\$ 32,612	\$ 32,512
Reclamation obligations-by balance sheet presentation:		
Current	\$ 910	\$ 914
Non-current	31,702	31,598
	\$ 32,612	\$ 32,512

The reclamation obligations continuity summary is as follows:

(in thousands of CAD dollars)	Reclamation Obligations
Balance - December 31, 2019	\$ 32,512
Accretion	338
Expenditures incurred	(238)
Balance - March 31, 2020	\$ 32,612

Site Restoration: Elliot Lake

Spending on restoration activities at the Elliot Lake site is funded from monies in the Elliot Lake Reclamation Trust fund (see note 8).

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province of Saskatchewan relating to future decommissioning and reclamation plans that have been filed and approved by the applicable regulatory authorities. As at March 31, 2020, the Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of Environment, totalling \$24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

13. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Debt obligations:		
Lease liabilities	\$ 696	\$ 739
Loan liabilities	39	263
Flow-through share premium obligation (note 16)	-	902
	\$ 735	\$ 1,904
Other liabilities-by balance sheet presentation:		
Current	\$ 241	\$ 1,372
Non-current	494	532
	\$ 735	\$ 1,904

Debt Obligations

At March 31, 2020, the Company's debt obligations are comprised of lease liabilities and loan liabilities. The debt obligations continuity summary is as follows:

(in thousands of CAD dollars)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Balance – December 31, 2019	\$ 739	\$ 263	\$ 1,002
Accretion	16	-	16
Repayments	(59)	(224)	(283)
Balance – March 31, 2020	\$ 696	\$ 39	\$ 735

Debt Obligations – Scheduled Maturities

The following table outlines the Company's scheduled maturities of its debt obligations at March 31, 2020:

(in thousands of CAD dollars)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Maturity analysis – contractual undiscounted cash flows:			
Next 12 months	\$ 232	\$ 9	\$ 241
One to five years	541	33	574
More than five years	67	-	67
Total obligation – March 31, 2020 – undiscounted	840	42	882
Present value discount adjustment	(144)	(3)	(147)
Total obligation – March 31, 2020 – discounted	\$ 696	\$ 39	\$ 735

Letters of Credit Facility

In January 2020, the Company entered into an amending agreement for its letters of credit facility with BNS (the "2020 facility"). Under the amendment, the maturity date of the 2020 facility has been extended to January 31,

2021. All other terms of the 2020 facility (tangible net worth covenant, pledged cash, investment amounts and security for the facility) remain unchanged from those of the 2019 facility. The 2020 facility continues to provide the Company with access to credit up to \$24,000,000 (the use of which is restricted to non-financial letters of credit in support of reclamation obligations) subject to letter of credit and standby fees of 2.40% (0.40% on the first \$9,000,000) and 0.75% respectively.

At March 31, 2020, the Company is in compliance with its facility covenants and \$24,000,000 (December 31, 2019: \$24,000,000) of the facility is being utilized as collateral for letters of credit issued in respect of the reclamation obligations for the MLJV and MWJV. During the three months ended March 31, 2020, the Company incurred letter of credit fees of \$100,000 (March 31, 2019: \$98,000).

14. SHARE CAPITAL

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

(in thousands of CAD dollars except share amounts)	Number of Common Shares		Share Capital
Balance - December 31, 2019	597,192,153	\$	1,335,467
Share issue costs	-		3
Share units exercised – fair value adjustment	37,664		28
	37,664		31
Balance - March 31, 2020	597,229,817	\$	1,335,498

Flow-Through Share Issues

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

As at March 31, 2020, the Company estimates that it has incurred \$1,563,000 of expenditures towards its obligation to spend \$4,715,000 on eligible exploration expenditures by the end of fiscal 2020 as a result of the issuance of flow-through shares in December 2019. The Company renounced the income tax benefits of this issue in February 2020, with an effective date of renunciation to its subscribers of December 31, 2019. In conjunction with the renunciation, the flow-through share premium liability at December 31, 2019 has been extinguished and a deferred tax recovery has been recognized in the first quarter of 2020 (see notes 13 and 21).

15. 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	Warrants Fair Value Amount
Balance - December 31, 2019	\$ 1.27	1,673,077	\$ 435
Expiries	1.27	(1,673,077)	(435)
Balance – March 31, 2020	\$ -	-	\$ -

The warrants noted above, issued in February 2017, expired on February 14, 2020.

16. SHARE-BASED COMPENSATION

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

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Share based compensation expense for:		
Stock options	\$ (157)	\$ (270)
RSUs	(228)	(181)
PSUs	(98)	(152)
Share based compensation expense	\$ (483)	\$ (603)

As at March 31, 2020, an additional \$2,377,000 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, 2019	13,827,243	\$ 0.75
Grants	3,523,000	0.46
Expiries	(1,104,000)	1.09
Forfeitures	(309,500)	0.72
Stock options outstanding – March 31, 2020	15,936,743	\$ 0.66
Stock options exercisable – March 31, 2020	10,834,243	\$ 0.73

A summary of the Company's stock options outstanding at March 31, 2020 is presented below:

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted- Average Exercise Price per Share (CAD)
Stock options outstanding			
\$ 0.25 to \$ 0.49	4.94	3,523,000	\$ 0.46
\$ 0.50 to \$ 0.74	2.82	7,196,143	0.63
\$ 0.75 to \$ 0.99	1.94	5,217,600	0.85
Stock options outstanding – March 31, 2020	3.00	15,936,743	\$ 0.66

Options outstanding at March 31, 2020 expire between November 2020 and March 2025.

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:

	Three Months Ended March 31, 2020
Risk-free interest rate	0.67%
Expected stock price volatility	44.16%
Expected life	3.4 years
Expected dividend yield	-
Fair value per share under options granted	CAD\$0.15

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 under the plan, 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 certain non-market performance vesting conditions and PSUs granted in 2019 vest ratably over a period of four years. No PSUs had been granted in 2020 as at March 31, 2020.

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, 2019	2,754,099	\$ 0.70	2,140,000	\$ 0.65
Grants	2,745,000	0.35	-	-
Exercises	(37,664)	0.73	-	-
Forfeitures	(85,667)	0.70	-	-
Units outstanding – March 31, 2020	5,375,768	\$ 0.52	2,140,000	\$ 0.65
Units vested – March 31, 2020	814,813	\$ 0.70	380,000	\$ 0.65

17. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(in thousands of CAD dollars)	At March 31 2020	At December 31 2019
Cumulative foreign currency translation	\$ 396	\$ 410
Unamortized experience gain-post employment liability		
Gross	983	983
Tax effect	(259)	(259)
	\$ 1,120	\$ 1,134

18. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Cost of goods and services sold:		
Cost of goods sold – mineral concentrates	\$ (526)	\$ -
Operating overheads:		
Mining, other development expense	(213)	(308)
Milling, conversion expense	(740)	(862)
Less absorption:		
-Mineral properties	12	13
Cost of services	(1,715)	(2,052)
Cost of goods and services sold	(3,182)	(3,209)
Reclamation asset amortization	(60)	(53)
Selling expenses	(14)	-
Sales royalties and non-income taxes	(64)	-
Operating expenses	\$ (3,320)	\$ (3,262)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Gains (losses) on:		
Foreign exchange	\$ 20	\$ -
Disposal of property, plant and equipment	2	-
Investment fair value through profit (loss) (note 7)	(2,950)	(238)
Other	(264)	(115)
Other income (expense)	\$ (3,192)	\$ (353)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Interest income	\$ 92	\$ 169
Interest expense	(2)	(2)
Accretion expense		
Deferred revenue (note 10)	(782)	(800)
Post-employment benefits (note 11)	(17)	(17)
Reclamation obligations (note 12)	(338)	(340)
Debt obligations (note 13)	(16)	(20)
Finance income (expense)	\$ (1,063)	\$ (1,010)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Operating expenses		
Mining, other development expense	\$ (1)	\$ (1)
Milling, conversion expense	(736)	(855)
Cost of services	(53)	(60)
Exploration and evaluation	(50)	(53)
General and administrative	(32)	(31)
Depreciation expense-gross	\$ (872)	\$ (1,000)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Salaries and short-term employee benefits	\$ (2,158)	\$ (2,572)
Share-based compensation	(483)	(603)
Employee benefits expense	\$ (2,641)	\$ (3,175)

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Change in non-cash working capital items:		
Trade and other receivables	\$ 471	\$ (85)
Inventories	641	64
Prepaid expenses and other assets	(81)	205
Accounts payable and accrued liabilities	472	1,787
Change in non-cash working capital items	\$ 1,503	\$ 1,971

19. SEGMENTED INFORMATION
Business Segments

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

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

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	1,815	2,028	817	4,660
Expenses:				
Operating expenses	(1,605)	(1,715)	-	(3,320)
Exploration and evaluation	(3,191)	-	-	(3,191)
General and administrative	(14)	-	(2,174)	(2,188)
	(4,810)	(1,715)	(2,174)	(8,699)
Segment income (loss)	(2,995)	313	(1,357)	(4,039)
Revenues – supplemental:				
Uranium concentrate sales	852	-	-	852
Environmental services	-	2,028	-	2,028
Management fees	-	-	817	817
Toll milling services—deferred revenue (note 10)	963	-	-	963
	1,815	2,028	817	4,660
Capital additions:				
Property, plant and equipment	7	15	-	22
Long-lived assets:				
Plant and equipment				
Cost	99,994	4,546	908	105,448
Accumulated depreciation	(25,196)	(3,055)	(336)	(28,587)
Mineral properties	179,488	-	-	179,488
	254,286	1,491	572	256,349

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

(in thousands of CAD dollars)	Mining	Closed Mines Services	Corporate and Other	Total
Statement of Operations:				
Revenues	1,263	2,237	476	3,976
Expenses:				
Operating expenses	(1,210)	(2,052)	-	(3,262)
Exploration and evaluation	(4,229)	-	-	(4,229)
General and administrative	-	-	(2,366)	(2,366)
	(5,439)	(2,052)	(2,366)	(9,857)
Segment income (loss)	(4,176)	185	(1,890)	(5,881)
Revenues – supplemental:				
Environmental services	-	2,237	-	2,237
Management fees	-	-	476	476
Toll milling services—deferred revenue (note 10)	1,263	-	-	1,263
	1,263	2,237	476	3,976
Capital additions:				
Property, plant and equipment	13	8	38	59
Long-lived assets:				
Plant and equipment				
Cost	99,028	4,484	908	104,420
Accumulated depreciation	(21,944)	(2,987)	(208)	(25,139)
Mineral properties	178,960	-	-	178,960
	256,044	1,497	700	258,241

20. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The current management services agreement (“MSA”) with UPC became effective on April 1, 2019 and has a term of five years (the “Term”). Under the MSA, Denison receives the following management fees from UPC: a) a base fee of \$400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC’s total assets in excess of \$100 million and up to and including \$500 million, and (ii) 0.2% per annum of UPC’s total assets in excess of \$500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U₃O₈ or UF₆); and d) a commission of 1.0% of the gross value of any purchases or sales of U₃O₈ or UF₆ or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

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

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Management fees:		
Base and variable fees	\$ 463	\$ 474
Commission fees	54	2
Discretionary fees	300	-
	<u>\$ 817</u>	<u>\$ 476</u>

At March 31, 2020, accounts receivable includes \$605,000 (December 31, 2019: \$236,000) due from UPC with respect to the fees indicated above.

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

As at March 31, 2020, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.76%. KHNP Canada Energy Ltd., a subsidiary of KEPCO’s subsidiary KHNP, is the holder of the majority of Denison’s shares and is also the majority member of Korea Waterbury Uranium Limited Partnership (“KWULP”). KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation (“WLUC”) and Waterbury Lake Uranium Limited Partnership (“WLULP”), entities whose key asset is the Waterbury Lake property.

Other

During the three months ended March 31, 2020, the Company incurred investor relations, administrative service fees and certain pass-through expenses of \$21,000 (March 31, 2019: \$21,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At March 31, 2020, an amount of \$6,000 (December 31, 2019: \$nil) was due to this company.

Compensation of Key Management Personnel

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

The following compensation was awarded to key management personnel:

(in thousands of CAD dollars)	Three Months Ended March 31	
	2020	2019
Salaries and short-term employee benefits	\$ (584)	\$ (705)
Share-based compensation	(430)	(504)
Key management personnel compensation	<u>\$ (1,014)</u>	<u>\$ (1,209)</u>

21. INCOME TAXES

For the three months ended March 31, 2020, Denison has recognized deferred tax recoveries of \$1,631,000. The deferred tax recovery includes the recognition of previously unrecognized Canadian tax assets of \$1,252,000 relating to the February 2020 renunciation of the tax benefits associated with the Company’s \$4,715,000 flow-through share issue in December 2019.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

During the three months ended March 31, 2020, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at March 31, 2020 and December 31, 2019:

(in thousands of CAD dollars)	Financial Instrument Category ⁽¹⁾	Fair Value Hierarchy	March 31 2019 Fair Value	December 31, 2019 Fair Value
Financial Assets:				
Cash and equivalents	Category B		\$ 4,902	\$ 8,190
Trade and other receivables	Category B		3,552	4,023
Investments				
Equity instruments-shares	Category A	Level 1	9,097	11,971
Equity instruments-warrants	Category A	Level 2	57	133
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		3,468	2,859
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			\$ 30,211	\$ 36,311
Financial Liabilities:				
Accounts payable and accrued liabilities	Category C		8,416	7,930
Debt obligations	Category C		735	1,002
			\$ 9,151	\$ 8,932

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

23. 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. Hearings in front of the arbitration panel were held in December 2019, and all anticipated formal submissions to the panel have been made by each party. The arbitration panel’s findings are expected to be issued in 2020.

Arbitration Proceedings with Orano Canada and OURD

Denison commenced arbitration with Orano Canada and OURD in October 2019, with Denison’s initial written submission made on March 9, 2020. The arbitration relates to certain payments made under the joint venture agreement for the MLJV. Denison claims that these payments were required in breach of OURD and Orano’s contractual and other obligations. Denison seeks approximately \$6.5 million with respect to these payments, an unquantified amount for further damages and related contractual relief. The arbitral tribunal has set hearing dates in 2020.

24. SUBSEQUENT EVENTS

Share Issue

On April 9, 2020, the Company completed a public offering of 28,750,000 common shares at a price of USD\$0.20 per share for gross proceeds of \$8,041,000 (USD\$5,750,000). The offering included the exercise in full of an over-allotment option of 3,750,000 common shares granted to the underwriters. The estimated net proceeds of the offering of \$6,800,000 are anticipated to be used to fund Denison’s business activities planned for the remainder of 2020 and into 2021, as well as for general working capital purposes.