Focused.

Experienced.

Growing.

2014 Annual Report

Dear Shareholders:

After two years of consolidation, acquisitions and aggressive exploration, Denison finished 2014 with one of the strongest portfolios of strategic uranium deposits and properties in the eastern portion of the Athabasca Basin in northern Saskatchewan – an area which is host to the world's highest grade uranium deposits. Coupled with its ownership interest in the state-of-the-art McClean Lake uranium mill in close proximity to its uranium assets, Denison is heading into 2015 with a clear focus on its goal of being a top-tier uranium industry investment.

Denison's Canadian exploration team was one of the busiest in the Basin in 2014 – with over 67,000 metres of diamond drilling and multiple geophysical surveys completed on a total of 19 of the Company's properties during the year. The Company's 60% owned Wheeler River property continues to be the Company's flagship asset, and during 2014 exploration success was realized on two fronts at Wheeler.

First, the exploration team completed additional drilling at the Phoenix Deposit, which had the effect of increasing the area of high-grade mineralization running through the core of the deposit. In June 2014, as a result of the expansion of the high-grade zone, the Company updated its mineral resource estimates for the Phoenix Deposit and, as a result, increased the quantity of indicated pounds U_3O_8 by more than a third over the previous estimate from 2012. Denison's estimate at Phoenix now includes indicated mineral resources of approximately 42 million pounds U_3O_8 at an average grade of 19.1% U_3O_8, and inferred mineral resources of approximately 600,000 pounds U_3O_8 with an average grade of 5.8% U_3O_8. Taken together, Phoenix now leads the pack as the highest grade deposit in the Athabasca Basin.

Second, after expanding the high grade zone at Phoenix, the Company moved its focus to the K-North trend on the Wheeler River property and discovered a new area of high-grade uranium mineralization, located just three kilometres northwest of the Phoenix Deposit. This new area, now named the Gryphon Zone, boasts several intersections of high grade basement hosted uranium mineralization. By the end of 2014, the zone of mineralization measured 350m by 60m and has increased with additional drilling in early 2015. The discovery was the focus of Denison's summer 2014 drilling program and continues to be the focus in early 2015.

As has been the case in past years, Denison continued to lead the industry with strategic M&A transactions in 2014. Transactions during 2014 bolstered the Company's treasury and its positions in both the Athabasca Basin and Africa. The acquisition of International Enexco Ltd. brought a 30% interest in the Mann Lake project, which is operated by Cameco Corp. and located 5 kilometres north of Wheeler River, into the Company's portfolio. The addition of Mann Lake has already paid dividends for the Company – with drilling in early 2015 returning the best intersection of uranium mineralization (9.8% U_3O_8 over 3.5 metres) on the property to date. In Africa, the Company completed the acquisition of Rockgate Capital Corp. and the 100% owned Falea uranium/copper/silver deposit in Mali. Falea is an excellent complement to the Company's Mutanga project in Zambia and Dome project in Namibia. With the addition of Falea, the Company has one of the most compelling portfolios of uranium assets in Africa and is poised to generate value for shareholders.

With a fully funded Canadian exploration program targeted at a package of high priority properties in the Basin and a diversified portfolio of assets in Africa poised for a spin-out or disposal transaction, 2015 has the potential to be rewarding for the Company and its shareholders as the Company continues on its mission to become a leading investment in the uranium industry.

Thank you for your continued support.

Ron Hochstein
Chief Executive Officer
March 5, 2015

INTRODUCTION

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 March 5, 2015 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2014. The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

Other continuous disclosure documents, including the Company's press releases, quarterly and annual reports, Annual Information Form and Form 40-F are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and the United States 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 United States Private Securities Litigation Reform Act of 1995 and similar 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" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", 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".

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 correct and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A may contain forward-looking information pertaining to the following: the likelihood of completing and benefits to be derived from corporate transactions; the estimates of Denison's mineral reserves and mineral resources; expectations regarding the toll milling of Cigar Lake ores; capital expenditure programs, estimated exploration and development expenditures and reclamation costs; expectations of market prices and costs; supply and demand for uranium ("U_3O_8"); possible impacts of litigation and regulatory actions on Denison; exploration, development and expansion plans and objectives; expectations regarding adding to its mineral reserves and resources through acquisitions and exploration; and receipt of regulatory approvals, permits and licences under governmental regulatory regimes.

There can be no assurance that such statements will prove to be accurate, as Denison's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of the factors discussed in more detail later in this MD&A under the heading "Risk Factors".

Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not, and should not be construed as being exhaustive. 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. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. 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: This MD&A may use the terms "measured", "indicated" and "inferred" mineral resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred mineral resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of measured or indicated mineral resources will ever be converted into mineral reserves. United States investors are also cautioned not to assume that all or any part of an inferred mineral resource exists, or is economically or legally mineable.**

2014 HIGHLIGHTS

- *Discovery of a new area of high-grade uranium mineralization on the Wheeler River Property* – Located three kilometres northwest of the Phoenix Deposit, on the Company's 60% owned Wheeler River property, the Gryphon Zone was discovered in early 2014 with drill hole WR-556 intersecting high grade basement hosted uranium mineralization returning 15.3% U_3O_8 over 4.0 metres. Drill hole WR-560 followed up on the discovery, intersecting 21.2% U_3O_8 over 4.5 metres. The discovery was the focus of further follow up during a summer drilling program consisting of 20 drill holes and a total of 14,937 metres at Wheeler River. Highlights from the summer drilling program include: drill hole WR-569A intersecting a wide zone of alteration and mineralization with several high grade intervals, including 13.2% U_3O_8 over 3.5 metres; drill hole WR-573D1 intersecting 22.2% U_3O_8 over 2.5 metres; and drill hole WR-574 intersecting 14.6% U_3O_8 over 2.0 metres.

- *Expansion of the Phoenix uranium deposit* – In June 2014, the Company updated its mineral resource estimate in accordance with National Instrument 43-101 ("NI 43-101"), for the high grade Phoenix uranium deposit on the Wheeler River property. After reporting several high grade intersections during the winter exploration program, including drill hole WR-548 that returned an assay of 36.8% U_3O_8 over 6.5 metres, and the completion of an updated resource estimate, the Company increased the quantity of indicated pounds U_3O_8 by 34% over the previous mineral resource estimate completed in 2012. The updated resource estimate includes an indicated mineral resource of 70.2 million pounds U_3O_8 (Denison's share, 42.1 million pounds U_3O_8) based on 166,400 tonnes at an average grade of 19.1% U_3O_8, and an inferred mineral resource of 1.1 million pounds U_3O_8 (Denison's share, 0.6 million pounds) based on 8,600 tonnes with an average grade of 5.8% U_3O_8. In 2014, the Company also carried out a metallurgical test program on samples from the Phoenix deposit. The results were positive and indicated high rates of uranium recovery with low acid consumption.

- *Acquisition of 30% interest in the Mann Lake exploration property* – In June 2014, the Company acquired all of the issued and outstanding common shares of International Enexco Limited ("IEC") by way of a plan of arrangement, and as a result, acquired IEC's uranium exploration assets consisting of a 30% interest in the Mann Lake property, located 25 kilometres southwest of the McArthur River mine, and a 20% interest in Denison's Bachman Lake property. Exploration activity at Mann Lake during early 2015 has produced the best result to date on the property with drill hole MN-066-01 intersecting 9.8% eU_3O_8 over 3.5 metres. Partners in the Mann Lake project include Cameco Corp. ("Cameco") (52.5%) as the operator and AREVA Resources Canada Inc. ("AREVA") (17.5%).

- *Obtained financing for 2015 Canadian exploration activities* – In August 2014, the Company completed a CAD$15.0 million ($13.7 million) "bought deal" private placement for the issuance of 9,257,500 flow-through common shares at a price of CAD$1.62 per share. The proceeds are planned to fund Canadian exploration activities through to the end of 2015.

- *Toll milling of first ore from Cigar Lake at the McClean Lake uranium mill* – During the year, modifications to the leach circuit were completed and construction continued as part of the expansion of the McClean Lake mill to an annual capacity of 24 million pounds U_3O_8. In September 2014, the McClean Lake mill officially restarted and began leaching McClean Lake ore slurry using the newly commissioned modified leach circuit. Ore from the Cigar Lake joint venture ("CLJV") was introduced into the mill circuit later in September, leading to the production of the first packaged uranium from the CLJV in October. Production for 2014 amounted to approximately 344,000 pounds U_3O_8 for the CLJV and approximately 112,000 pounds U_3O_8 (Denison's share, 25,000 pounds U_3O_8) for the McClean Lake joint venture ("MLJV").

- *Completed the acquisition of Rockgate Capital Corp. ("Rockgate")* – In January 2014, pursuant to a plan of arrangement, the Company acquired the remaining 10.28% non-controlling interest in Rockgate that it had not previously acquired under its takeover bid in 2013. Under the plan of arrangement, the Company acquired the outstanding shares of Rockgate that were not already owned by Denison in exchange for 0.192 of a Denison common share for each Rockgate common share, resulting in the issuance of an additional 2.3 million shares of Denison. The takeover of Rockgate added $15.3 million in cash and investments, and bolstered the Company's African portfolio of assets by adding the 100% owned Falea uranium project in Mali.

ABOUT DENISON

Denison 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 MKT under the symbol "DNN".

Denison is a uranium exploration and development company with interests in exploration and development projects in Canada, Zambia, Mali, Namibia and Mongolia. Including its 60% owned Wheeler project, which hosts the high grade Phoenix uranium deposit, Denison's exploration project portfolio consists of numerous projects covering over 467,000 hectares in the eastern Athabasca Basin region of Saskatchewan. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the McClean Lake joint venture, which includes several uranium deposits and the McClean Lake uranium mill, which is currently processing ore from the Cigar Lake mine under a toll milling agreement, plus a 25.17% interest in the Midwest deposit and a 60% interest in the J Zone deposit on the Waterbury Lake property. Both the Midwest and J Zone deposits are located within 20 kilometres of the McClean Lake mill. Internationally, Denison owns 100% of the conventional heap leach Mutanga project in Zambia, 100% of the uranium/copper/silver Falea project in Mali, a 90% interest in the Dome project in Namibia, and an 85% interest in the in-situ recovery projects held by the Gurvan Saihan joint venture ("GSJV") in Mongolia.

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

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 and uranium hexafluoride.

STRATEGY

Denison has built one of the strongest portfolios of strategic uranium deposits and properties, including an interest in a uranium milling facility, in the eastern Athabasca Basin. Denison plans to aggressively explore its most prospective properties to expand existing resources and delineate new uranium resources. The Company intends to increase shareholder value through successful exploration programs and corporate development activities to position the Company as a top-tier Athabasca Basin focused uranium industry investment.

URANIUM INDUSTRY INFORMATION

As a result of the Fukushima Daichii nuclear incident that occurred in March 2011, nuclear reactor programs around the world were impacted in varying degrees including the shutdown of all 54 reactors in Japan, the planned phase out of nuclear power in Germany and the pause in nuclear plant construction in China to reassess the plant and safety system designs. The nuclear industry is beginning to show signs of recovery, with the planned restart of a limited number of reactors in Japan expected in 2015, the resumption of the Chinese nuclear program, and the announcement of new build programs in the United Kingdom and Saudi Arabia. Nuclear power is one of the few options available at scale to reduce carbon-dioxide emissions, while providing or displacing other forms of base load power generation.

Uranium prices over the past year fell to levels not seen since 2005. Uranium producers responded to some degree to the downturn in uranium price with the shutdown, or scaling back of production at numerous operations; but production was still greater than demand, as suppliers continued to produce and sell into higher-priced long term contracts.

Although uranium production is currently greater than demand, the long term growth projections for the nuclear industry combined with the depletion of uranium resources in operation today, means that new production sources must be brought on stream, and higher uranium prices are necessary to justify the construction of these facilities.

Uranium Demand

The World Nuclear Association reports that there are 437 nuclear reactors operable in 30 countries as of January 1, 2015. These reactors can generate 377.7 gigawatts of electricity and supply approximately 11% of the world's electrical requirements. At the present time, 70 nuclear reactors are under construction in 14 countries with the principal drivers of this expansion being China (27 reactors under construction), Russia (9), India (6), South Korea (5) and the United States (5), which together have a total of 52 reactors under construction. Based on the most recent statistics from the World Nuclear Association, there are a total of 253 reactors that are either under construction, or planned around the world.

According to the International Energy Agency's "World Energy Outlook 2014" global nuclear power capacity is projected to increase by over 60%, from 377.7 gigawatts to over 620 gigawatts in 2040. Of the growth in nuclear generation, China accounts for 45%, while India, Korea and Russia collectively make up a further 30%. Ux Consulting Company, LLC ("UxCo"), in its "Uranium Market Outlook – Q4 2014" (the "Q4 Outlook"), estimated that, by 2030 uranium demand will grow to 266.0 million pounds U_3O_8 from 167.5 million pounds U_3O_8 in 2014.

Primary Uranium Supply

Due to the falling uranium price in 2014, uranium production declined year over year from 154.3 million pounds U_3O_8 in 2013 to 146.0 million pounds U_3O_8 in 2014, which is a reversal of the increasing production trend seen over the past several years. From 2004 to 2014, annual uranium production increased from about 100.0 million pounds U_3O_8 to 146.0 million pounds U_3O_8. The primary source of the increase has been Kazakhstan, where production has increased from 9.7 million pounds U_3O_8 in 2004 to 59.3 million pounds U_3O_8 in 2014.

UxCo has estimated in its Q4 Outlook that existing mine production plus new planned and potential mine production will increase primary uranium supply from 146.0 million pounds U_3O_8 in 2014 to 187.9 million pounds U_3O_8 in 2025. Kazahstan is expected to continue as one of the principal drivers for the increase in primary mine production and is projected to increase production by about 8% between 2014 and 2025. Two major production centres are projected to be Cigar Lake in Canada, which began production in 2014, and Husab in Namibia, which is being built by a Chinese utility as a source of captive supply and is projected to start production in 2016. For other projects to move forward to meet the production forecasts, uranium prices will need to increase appreciably to support the higher cost production profile of these projects and the significant capital expenditures that will be required.

Secondary Uranium Supply

Primary mine production supplies approximately 85% of current demand. The balance of demand is supplied from secondary sources such as commercial inventories, reprocessing of spent fuel, enricher uranium sales and inventories held by governments, in particular the U.S. Department of Energy.

Excess commercial inventories, which were once one of the major sources of secondary supplies during the period from the early 1970s to the early 2000s, have largely been consumed; however, as a result of the shutdown of the German nuclear program and the continued shut down of the Japanese nuclear fleet, commercial inventories could become more of a factor. A larger source of secondary supplies continues to be government inventories, particularly in the U.S. and Russia. The disposition of these inventories may have a market impact over the next 10 to 20 years, although the rate and timing of this material entering the market is uncertain.

Reprocessing of spent fuel is another source of secondary supply but is expected to satisfy only 3% to 4% of demand. Expansion of this secondary source would require major investments in facilities which could only be supported by a significant increase in long-term uranium prices.

UxCo expects that secondary sources of supply will fall from 2014 levels of 44.7 million pounds U_3O_8 per year to 27.9 million pounds U_3O_8 per year by 2025.

Uranium Prices

Nuclear utilities purchase uranium primarily through long-term contracts. These contracts usually provide for deliveries to begin two to four years after they are signed and provide for delivery from four to ten years thereafter. In awarding medium and long-term contracts, electric utilities consider the producer's uranium reserves, record of performance and production cost profile, in addition to the commercial terms offered. Prices are established by a number of methods, including base prices adjusted by inflation indices, reference prices (generally spot price indicators, but also long-term reference prices) and annual price negotiations. Contracts may also contain annual volume flexibility, floor prices, ceiling prices and other negotiated provisions. Under these contracts, the actual price mechanisms are usually confidential.

Long-term demand is affected in a large part by utilities' uncovered requirements. Uncovered demand is projected to increase significantly over the period of 2016 to 2018. UxCo estimates that uncovered demand in 2015 will only be 6.7 million pounds U_3O_8, but will increase to 17.6 million pounds U_3O_8 in 2016 and up to 49.4 million pounds U_3O_8 in 2018, which should result in increased contract activity in 2015 and into 2016.

The long-term price is published on a monthly basis and began the year at \$50.00 per pound U_3O_8. It declined to \$44.00 per pound U_3O_8 at the end of July 2014 and then rose to \$49.00 per pound U_3O_8 at the end of the year. Long term contracting volumes were up compared to 2013, but were still much lower than those seen over the past ten years.

Electric utilities procure their remaining uranium requirements through spot and near-term purchases from uranium producers, traders and other suppliers. Historically, spot prices are more volatile than long-term prices. The spot price began the year at $34.50 per pound U_3O_8. It rose to $35.50 per pound U_3O_8 during the beginning of the year and then declined to $28.25 per pound U_3O_8 by May 2014. The last time the uranium price was at these levels was April 2005. The spot price started to climb again later in the summer months and ended 2014 at $35.50 per pound U_3O_8. The spot price continued to rise steadily during the first two months of 2015 and was last quoted at $39.25 per pound U_3O_8 on March 2, 2015.

Competition

The uranium industry is small compared to other commodity industries, in particular other energy commodity industries. Uranium demand is international in scope, but supply is characterized by a relatively small number of companies operating in only a few countries. Production by four producers accounted for approximately 64% of the estimated world production in 2014. In total, nine producers represent 87.6% of the world's production. The industry is also geographically concentrated with about 73% of the world's production coming from only four countries, namely Kazakhstan, Canada, Australia and Niger. Kazakhstan is the largest producer, with production of approximately 41% of the total primary production in 2014.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands)	As at December 31, 2014	As at December 31, 2013
Financial Position:		
Cash and cash equivalents	$ 18,640	$ 21,786
Short term investments	4,381	10,040
Long term investments	954	5,901
Cash, equivalents and investments	$ 23,975	$ 37,727
Working capital	$ 22,542	$ 29,391
Property, plant and equipment	$ 270,388	$ 281,010
Total assets	$ 311,330	$ 330,969
Total long-term liabilities	$ 42,291	$ 41,283

(in thousands, except for per share amounts)	December 31, 2014	December 31, 2013
Results of Operations:		
Total revenues	$ 9,619	$ 10,407
Net income (loss)	$ (31,703)	$ (83,835)
Basic and diluted earnings (loss) per share	$ (0.06)	$ (0.19)

(in thousands, except for per share amounts)	2014 Q4	2014 Q3	2014 Q2	2014 Q1
Results of Operations:				
Total revenues	$ 2,736	$ 2,351	$ 2,358	$ 2,174
Net income (loss)	$ (4,652)	$ (2,820)	$ (11,564)	$ (12,667)
Basic and diluted earnings (loss) per share	$ (0.01)	$ (0.01)	$ (0.02)	$ (0.03)

(in thousands, except for per share amounts)	2013 Q4	2013 Q3	2013 Q2	2013 Q1
Results of Operations:				
Total revenues	$ 2,413	$ 2,801	$ 2,902	$ 2,291
Net income (loss)	$ (30,459)	$ (45,477)	$ (2,430)	$ (5,469)
Basic and diluted earnings (loss) per share	$ (0.06)	$ (0.10)	$ (0.01)	$ (0.01)

RESULTS OF OPERATIONS

Revenues

Canada

The Company's share of toll milling revenues from processing Cigar Lake ore at the McClean Lake mill during the fourth quarter of 2014 totaled $111,000. The first drums of CLJV uranium were packaged in early October 2014. There was no production in 2013.

Services and Other

Revenue from DES in 2014 was $7,327,000, compared to $8,763,000 in 2013. The decrease in revenue in 2014 was due to a reduction in activity on certain care and maintenance projects, and an unfavourable fluctuation in foreign exchange rates applicable on the translation of Canadian dollar revenues.

Revenue from the Company's management contract with UPC was $2,181,000 in 2014, compared to $1,644,000 in 2013. Revenue increased during 2014 mainly due to commissions earned during the year on UPC's purchases of uranium, partly offset by an unfavourable fluctuation in foreign exchange rates applicable on the translation of Canadian dollar revenues.

Operating Expenses

Canada

<u>Mining, Milling and Other Development Costs</u>

McClean Lake is comprised of several uranium deposits and a conventional mill and is located on the eastern edge of the Athabasca Basin in northern Saskatchewan, approximately 750 kilometres north of Saskatoon. The McClean Lake uranium mill is one of the world's largest uranium processing facilities. Expansion activities and modifications at the McClean Lake mill continued throughout 2014 with the CLJV continuing to pay nearly all of the expenses under the terms of a toll milling agreement. Construction and commissioning of the Hydrogen Mitigation modifications were completed during the third quarter of 2014. In September 2014, the McClean Lake mill was officially restarted with leaching of McClean Lake ore using the newly commissioned modified leach circuit. The first shipment of high grade ore from Cigar Lake was received at the McClean Lake mill in the first quarter of 2014, followed by a temporary suspension of ore shipments by the CLJV to allow for additional freezing to occur in certain areas of the Cigar Lake mine. Ore deliveries to the mill resumed during the first week of September and high grade ore was introduced into the mill circuit towards the end of September.

The first drums of CLJV uranium were packaged in early October. A total of approximately 344,000 pounds U_3O_8 was produced for the CLJV and approximately 112,000 pounds U_3O_8 was produced for the MLJV. Denison's share of uranium production from MLJV ore was approximately 25,000 pounds U_3O_8, at a production cost of CAD$19.71 per pound U_3O_8, and is planned to be available for sale in 2015. Production costs include stockpile depletion, the costs of milling and depreciation of mill capital assets.

Operating costs in Canada were mainly related to development and standby activities at the MLJV, with Denison's share of costs during the year amounting to $541,000, compared to $958,000 in 2013. Operating costs decreased in 2014 primarily due to reductions in expenditures on the Surface Access Borehole Resource Extraction ("SABRE") program, which is not part of the stand-by costs paid by the CLJV.

<u>Reclamation Liability Adjustments</u>

The estimates of future reclamation liabilities for asset decommissioning and site restoration are updated on a periodic basis. The adjustment recorded within operating expenses in the fourth quarter of 2014 was $2,086,000, as compared to a recovery of $1,645,000 in the fourth quarter of 2013. The adjustment relates primarily to the impact of changing discount rates on the reclamation liability at Elliot Lake. Refer to Contractual Obligations and Contingencies Section for further detail.

Africa

Operating expenses in Africa during 2014 and fourth quarter of 2013 were primarily related to costs incurred on the Falea project in Mali. Engineering studies, a metallurgical test work program and environmental programs, originally initiated by Rockgate, continued during the fourth quarter of 2013 and were completed in the first half of 2014. The Company's expenditures in Mali during 2014 and 2013 totaled $1,287,000 and $431,000, respectively.

Services and Other

Operating expenses in 2014 include costs relating to DES totaling $6,917,000, compared to $8,077,000 in 2013. Costs related to DES decreased in 2014 mainly due to a reduction in activity at certain care and maintenance sites, and a favourable fluctuation in foreign exchange rates applicable on the translation of Canadian dollar expenses.

Mineral Property Exploration

Denison is engaged in uranium exploration and/or development in Canada, Zambia, Mali, Namibia and Mongolia. While the Company has material interests in uranium projects in Asia and Africa, the Company is focused primarily on the eastern Athabasca Basin, in Saskatchewan, Canada, with numerous projects covering over 467,000 hectares. Global exploration expenditures were $14,795,000 in 2014, with 91% of exploration expenditures being incurred in Canada during the year, compared to global exploration expenditures of $13,682,000 in 2013. The increase in global exploration expenditures in 2014 is due to an increase in exploration activity in Canada.

Canada

The Company's land position in the eastern Athabasca Basin, as of December 31, 2014, is illustrated below:

Denison's share of exploration spending on its Canadian properties was $13,488,000 during 2014, as compared to $12,019,000 in 2013. The following exploration activities were completed during the year ended December 31, 2014.

Canadian Exploration Activities

Property	Denison's ownership	Drilling in metres	Other activities
Wheeler River	60%	29,591 (47 holes)	Geophysical surveys, mineral resource estimate, metallurgical studies
Bachman Lake	100%	1,194 (2 holes)	-
Bell Lake	100%	6,180 (11 holes)	Geophysical surveys
Black Bear	100%	450 (2 holes)	-
Candle Lake	43.81%(1)	-	Geophysical surveys
Crawford Lake	100%	2,995 (5 holes)	Geophysical surveys
Hatchet Lake	58.06%(1)	2,030 (10 holes)	-
Johnston Lake	100%	-	Geophysical surveys
Lynx Lake	58.42%(1)	710 (1 hole)	-
Mann Lake	30%	9,838 (13 holes)(2)	-
Marten	50%	-	Geophysical surveys
McClean Lake	22.5%	2,515 (9 holes)	-
Murphy Lake	58.94%(1)	-	Geophysical surveys
Moore Lake	100%	4,100 (10 holes)	Geophysical surveys
Park Creek	49%	1,910 (6 holes)	Geophysical surveys
Waterbury Lake	60%	3,100 (9 holes)	Geophysical surveys
Wolverine	50%	-	Geophysical surveys
Wolly	22.5%	3,130 (17 holes)	-
Total		**67,743 (142 holes)**	

(1) The Company's ownership in these projects is as at December 31, 2014. Certain partners in these projects may not fund the 2015 programs and as a result, Denison's interest may increase.
(2) Exploration activities were carried out prior to Denison's acquisition of IEC on June 6, 2014.

Wheeler River

The Wheeler River property lies between the McArthur River Mine and the Key Lake mill complex in the Athabasca Basin in northern Saskatchewan, in close proximity to existing mining and milling infrastructure. Denison is the operator and holds a 60% interest in the project. Cameco holds a 30% interest and JCU (Canada) Exploration Company, Limited ("JCU") holds the remaining 10% interest. Denison's share of exploration costs at Wheeler River amounted to $4,543,000 during 2014, compared to $3,981,000 in 2013.

Gryphon Zone

The Gryphon zone, located approximately three kilometres northwest of the Phoenix deposit, was discovered as a result of drilling activity targeting the K-North trend on the Wheeler River property as part of the 2014 winter exploration program. The discovery drill hole, WR-556, intersected 15.3% U_3O_8 over 4.0 metres, and was followed up by drill hole WR-560, intersecting 21.2% U_3O_8 over 4.5 metres.

The 2014 summer drilling program at Wheeler River focused on further follow up at Gryphon. A total of 14,937 metres was completed in 20 drill holes during the summer 2014 drill program. Highlights from the summer program included drill holes WR-569A, WR-573D1 and WR-574. As the drill holes are angled steeply to the northwest and the mineralization is interpreted to dip moderately to the southeast, the true thickness is expected to be approximately 75% of the intersection length.

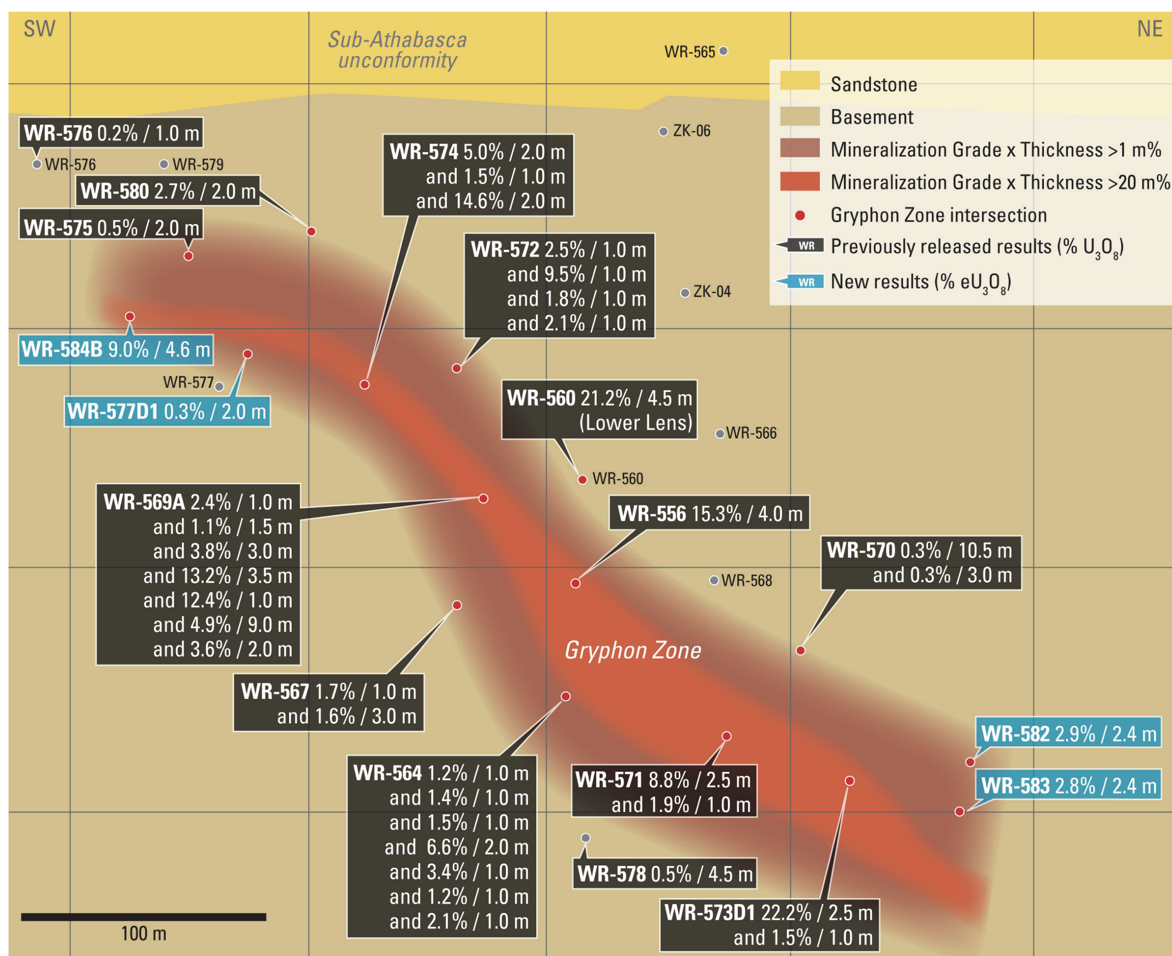
Gryphon Zone - 2014 Drilling Highlights

	Chemical Assay			
Hole Number	**From (m)**	**To (m)**	**Length (m)**	**U_3O_8 (%)**
WR-556	697.5	701.5	4.0	15.3
WR-560	759.0	763.5	4.5	21.2
WR-569A	680.0	683.5	3.5	13.2
and	693.0	694.0	1.0	12.4
WR-573D1	768.0	770.5	2.5	22.2
WR-574	696.5	698.5	2.0	14.6

Drill hole WR-569A is located 40 metres along strike southwest and 40 metres up dip of drill hole WR-556, and intersected a wide zone of alteration and mineralization with several high grade intervals. Drill hole WR-573D1, the highest grade intersection to date at Gryphon, is particularly significant as it extended the zone of mineralization in the down plunge direction.

The Gryphon discovery is believed to consist of multiple stacked lenses with variable thicknesses that plunge to the northeast. It is considered a highly prospective uranium discovery and has the potential to significantly increase the resource base at Wheeler River. Mineralization at Gryphon is hosted in basement gneisses and occurs from 100 to 250 metres below the sub-Athabasca unconformity. The zone is 350 metres long (along the plunge) by 60 metres wide (across the plunge) at the end of 2014, and remains open in both plunge directions.

The figure below shows the location of the Gryphon zone drill holes to date, on an inclined longitudinal section.

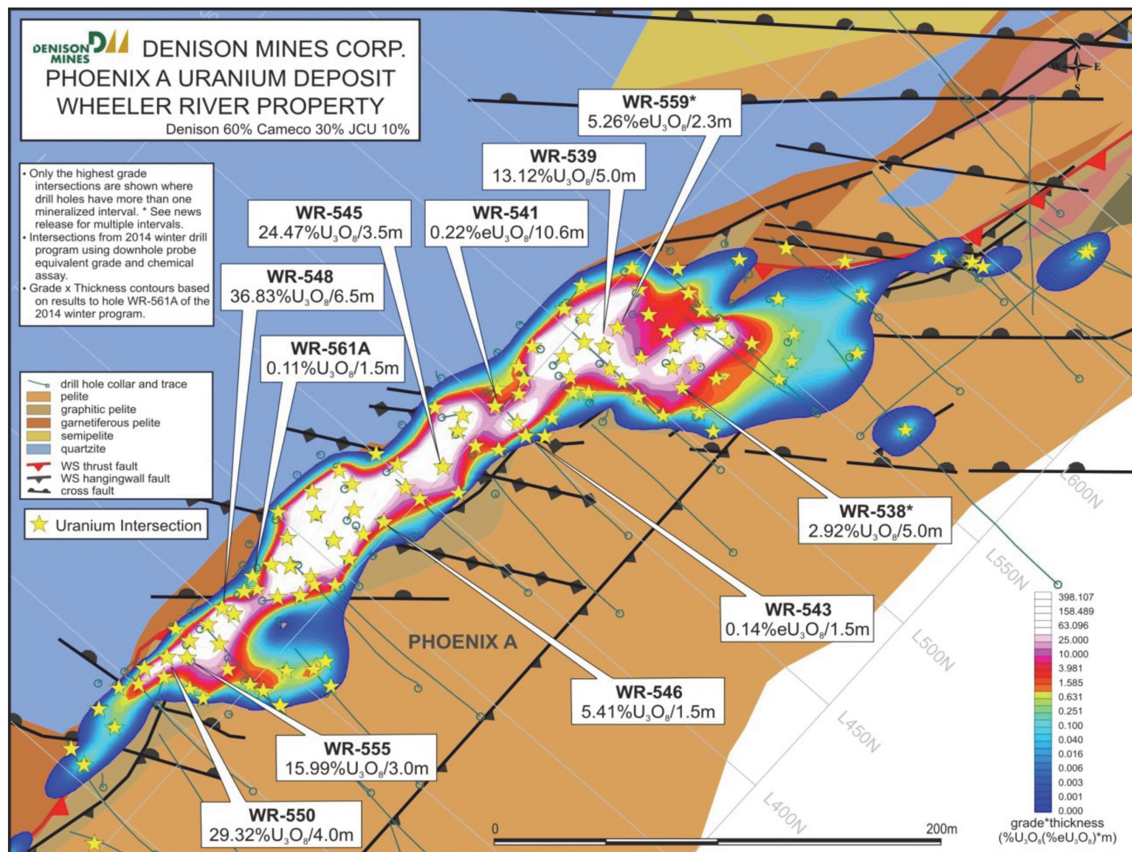


Phoenix Deposit

During the winter exploration program, a total of 11 drill holes were completed at Zone A of the Phoenix deposit, which focused on expanding the zone of higher grade mineralization. The program was successful and was highlighted by drill hole WR-548 intersecting 36.83% U_3O_8 over 6.5 metres. Since all the drill holes were vertical and the mineralization is approximately horizontal, the intersection lengths are generally equal to the true thickness. Selected drilling highlights are shown in the table and figure below.

Phoenix Deposit Zone A - 2014 Drilling Highlights

	Chemical Assay			
Hole Number	From (m)	To (m)	Length (m)	U_3O_8 (%)
WR-539	400.0	405.0	5.0	13.12
WR-545	401.7	405.2	3.5	24.47
WR-548	406.8	413.3	6.5	36.83
WR-550	406.2	410.2	4.0	29.32
WR-555	404.5	407.5	3.0	15.99



An updated mineral resource estimate was completed in June 2014, in accordance with the requirements of NI 43-101. Since the previous mineral resource estimate in 2012, the Company completed 25 drill holes at Phoenix to convert inferred mineral resources to indicated, and to extend higher grade portions of the deposit. The Company reported an indicated mineral resource estimate for the Phoenix deposit of 70.2 million pounds U_3O_8, representing a 34% increase in indicated pounds U_3O_8 over the last estimate completed in 2012. Additionally, the total inferred mineral resource is now estimated to contain 1.1 million pounds U_3O_8. The following table summarizes the mineral resource estimate by classification.

2014 Phoenix Mineral Resource Estimate Summary [(1)]

Category	Tonnes	Grade (% U_3O_8)	Million lbs U_3O_8 (100% Basis)	Million lbs U_3O_8 (Denison's Share)
Indicated	166,400	19.13	70.2	42.1
Inferred	8,600	5.80	1.1	0.6

(1) Denison's "Technical Report on a Mineral Resource Estimate Update for the Phoenix Uranium Deposit, Wheeler River Project, Eastern Athabasca Basin, Northern Saskatchewan, Canada" dated June 17, 2014, in accordance with the requirements of NI 43-101, was prepared by William E. Roscoe, Ph.D. P. Eng. of Roscoe Postle Associates Inc., who is an independent "Qualified Person" as defined by NI 43-101 and is responsible for the mineral resource estimate.

In 2014, the Company also carried out a metallurgical test program on samples from the Phoenix deposit. The results were positive and indicated high rates of uranium recovery with low acid consumption. Mineralization at Phoenix occurs 400 metres below surface and shares many similarities with other unconformity related Athabasca uranium deposits. Mineralization varies from disseminated to massive, with several very high grade drill hole intersections including WR-525, which averaged 43.8% U_3O_8 over an interpreted true thickness of 12.0 metres.

Other Properties

In 2014, the Company managed or participated in 17 other exploration programs in the Athabasca Basin (14 operated by Denison), including 12 drilling programs (9 operated by Denison). Developments at the Company's high priority projects are discussed below.

Bachman Lake and Crawford Lake – Exploration costs during 2014 totaled $1,613,000 at both properties, compared to $377,000 during 2013. A total of 4,189 metres of drilling was completed in seven holes at both properties. Targets were a combination of new geophysical targets and follow-ups from previous drilling results that had intersected significant alteration zones. Although no significant mineralization was intersected, the drilling was successful in extending a large zone of sandstone and basement alteration, roughly along trend to the south of Cameco's Millennium deposit. Crawford Lake and Bachman Lake are located just west of Wheeler River in the southeast Athabasca Basin.

Bell Lake – Exploration costs of $1,365,000 were incurred during 2014, compared to $529,000 in 2013. 11 drill holes were completed during the winter program. Weak uranium mineralization was intersected in several holes, with the best down-hole probe results from drill hole BL-14-22, which intersected 0.028% eU_3O_8 over 2.5 metres from 517.1 to 519.6 metres at the sub-Athabasca unconformity, including 0.065% eU_3O_8 over 0.6 metres in a massive clay and hematite altered zone. Follow up drilling is planned for 2015 (2,600 metres, 4 drill holes). Bell Lake is located along the Athabasca seasonal road, 37 kilometres northwest of the McClean Lake mill.

Hatchet Lake – During 2014, exploration costs amounted to $662,000, compared to $425,000 during 2013. A 2,030 metre, 10 hole diamond drilling program was completed. A broad zone of weak uranium mineralization was observed near the unconformity in drill hole RL-14-19, which intersected 0.025% U_3O_8 over 8.5 metres from 124.2 to 132.7 metres. Additionally, significant base metal mineralization comprised of 3.3% Pb, 0.27% Zn and 19.6 g/t Ag over 9.6 metres was intersected in drill hole RL-14-27 from 148.0 to 163.4 metres. Additional drilling is planned for 2015 (2,000 metres, 8 drill holes). Hatchet Lake is located 16 kilometres north of the McClean Lake mill and is a joint venture with Anthem Resources Inc. (41.94% interest).

Mann Lake – After the acquisition of IEC in June 2014, Denison's share of exploration costs at Mann Lake during 2014 were $19,000. The 2014 drilling program operated by Cameco was largely carried out before Denison's acquisition of IEC and was highlighted by drill hole MN-060, which intersected high grade uranium mineralization consisting of 2.94% U_3O_8 over 4.8 metres at the sub-Athabasca unconformity. This was followed by drill hole MN-065, which intersected 4.8% U_3O_8 over 1.0 metres. As the drill holes are oriented steeply and the mineralization is approximately horizontal, the true thickness is expected to be at least 80% of the intersection lengths. Mann Lake is located 25 kilometres southwest of the McArthur River mine and is on trend between the Wheeler River project and Cameco's Read Lake project in the eastern Athabasca Basin, and is a joint venture with Cameco (52.5% interest) and AREVA (17.5% interest).

Moore Lake – Exploration costs totaled $1,267,000 during 2014, compared to $1,455,000 in 2013. A 4,100 metre, 10 hole diamond drilling program was completed with no significant mineralization intersected. A program of geophysics (electromagnetic and DC-resistivity surveying) was also completed during the winter to aid in the selection of drill targets for the 2015 drill program. Moore Lake is located 11 kilometres southeast of Wheeler River.

Waterbury Lake – Exploration costs in 2014 amounted to $704,000, compared to $848,000 during 2013. Exploration drilling was completed along the western strike extension of the Discovery Bay corridor, west of the J Zone uranium deposit and also at the Oban target area, three kilometres north of the J Zone deposit. Weak uranium mineralization was intersected in one drill hole in the Discovery Bay corridor and in two drill holes at the Oban target area. The best down-hole probe result was WAT14-406A at Oban, which intersected 0.09% eU_3O_8 over 3.0 metres from 250 to 253 metres at the sub-Athabasca unconformity. The mineralization is associated with graphitic fault zones and strong hydrothermal alteration. Denison is encouraged by these results as the zone is open along strike in both directions. Waterbury Lake is located 10 kilometres west of the McClean Lake mill.

Wolly – At the Wolly project operated by AREVA, a total of 3,130 metres of exploration drilling was completed in 17 drill holes. Denison's share of exploration costs in 2014 totaled $204,000, compared to $159,000 in 2013. The most notable results included significant alteration and structure in both the sandstone and basement at the JEB South target area, approximately 2 kilometres from the McClean Lake mill. Wolly is a joint venture with AREVA (62.90% interest) and JCU (14.60% interest).

Africa

After completing the acquisition of Rockgate in early 2014, the Company carried out an internal reorganization of its interests to consolidate its African holdings under a single wholly owned Canadian subsidiary. The reorganization simplifies the Company's intercompany relationships in preparation for a spin-out or disposal transaction of the African portfolio, which will be pursued when market conditions permit.

Zambia

The Mutanga Project area consists of 2 contiguous claims totaling 47,115 hectares, which is situated in the Southern Province of Zambia, approximately 200 kilometres south of Lusaka immediately north of Lake Kariba. Mutanga is comprised of the Mutanga, Dibwe and Dibwe East deposits plus a number of exploration areas. Uranium occurs in sandstones of the Escarpment Grit formation, part of the Upper Karoo Group.

Exploration expenditures of $559,000 during 2014 related to geological mapping, geochemical sampling and excavator trenching programs. The Company plans to continue such activities through 2015, with a focus on generating additional exploration targets. During 2013, exploration expenditures totaled $1,066,000, in which soil geochemical surveying, radon sampling programs, and a 1,900 kilometre line-helicopter-borne electromagnetic geophysical survey were completed.

Mali

Falea is a uranium, silver and copper deposit located in Mali within the Falea -- North Guinea -- Senegal Neoproterozoic Basin, overlying older Birimian metasedimentary and metavolcanic rocks. The project is located approximately 250 kilometres west of Bamako, near the Senegal and Guinea borders.

Exploration expenditures of $269,000 were incurred in 2014, with activity being limited to a modest field program consisting of geological mapping and surficial geochemistry orientation surveys. These programs were completed during the second quarter of the year. During the fourth quarter of 2013, minimal exploration expenditures of $39,000 were spent on Falea after acquiring the property from Rockgate. In early 2015, the Company submitted an application for a new exploration license to the authorities in Mali, to allow exploration activity to continue at Falea.

Namibia

The Dome project is located in the Erongo Region of Namibia, in the country's uranium producing district, with excellent infrastructure nearby. The property hosts discoveries of both bedrock uranium mineralization in leucogranite and surficial uranium mineralization in calcrete. Uranium in leucogranite is currently mined in the region at the Rössing mine and uranium in calcrete is currently mined at Langer Heinrich.

In March 2014, Rio Tinto Mining and Exploration Limited ("Rio") terminated its option to earn an interest in the Dome project under the provisions of an earn-in agreement between the parties. Rio discontinued activities at the site at the end of February 2014. The Company assumed operatorship of the project and continues to evaluate options for moving forward.

Mongolia

The GSJV was created in 1994 to explore and develop sediment-hosted uranium deposits, with focus on deposits that can be exploited by in situ recovery, in the south Gobi region of Mongolia. The property holds a total of 167,260 hectares in four licenses. The Company currently has an 85% interest in the GSJV, with Mon-Atom LLC holding the remaining 15% interest.

Exploration expenditures on the GSJV properties totaled $394,000 in 2014, compared to $550,000 in 2013. Expenditures during the year primarily relate to annual license payments required to maintain the GSJV properties in good standing, while the Company continues to explore strategic alternatives regarding its ownership interest in the GSJV. In 2013, the Company focused on completing field programs and studies necessary to convert the Company's exploration licences to mining licences.

General and Administrative

General and administrative expenses totaled $7,590,000 in 2014, compared with $8,167,000 in 2013. These costs are mainly comprised of head office wages and benefits, office costs in multiple regions, audit and regulatory costs, legal fees, investor relations expenses and all other costs related to operating a public company with listings in Canada and the United States. General and administrative expenses decreased in 2014 mainly due to lower legal fees, public compliance costs and office expenses, slightly offset by an increase in insurance premiums and special projects costs.

Impairment – Mineral Properties

In 2014, the Company recognized mineral property impairment charges of $1,745,000, including impairment charges of $1,658,000 associated with the Company's release of its Black Lake land holdings in Canada during the first quarter, and $87,000 associated with the Company's surrender of its Telwa Gada land holdings in Niger during the fourth quarter.

In 2013, the Company recognized mineral property impairment charges of $47,099,000. The Company reduced the carrying value of the Mutanga project in Zambia to its estimated recoverable amount by recognizing impairments charges of $35,655,000 and $10,510,000 in the third and fourth quarters, respectively. The Company also recognized an impairment charge of $934,000, during the fourth quarter of 2013, in respect of the Company's decision to release its Riou Lake land holdings in Canada.

Other Income and Expenses

The Company recognized other expenses of $7,558,000 during 2014, compared to $529,000 during 2013. The increase in other expenses is primarily due to an increase in foreign exchange losses due to unfavourable fluctuations in foreign exchange rates, partially offset by the gain on sale of land holdings related to the Way Lake and Yurchison Lake properties of $202,000, and a payment received of $229,000 from Strateco Resources Inc. in accordance with the option agreement that entitles the optionee to earn up to a 60% interest in Denison's Jasper Lake property (the "Jasper Option Agreement"). During the year, the Jasper Option Agreement was assigned to SeqUr Exploration Inc. ("SeqUr"). In February 2015, SeqUr notified the Company that it intends to terminate its option to earn an interest in the Jasper Lake property.

Income Tax Recovery and Expense

Income tax recovery in 2014 totaled $2,299,000, compared to an income tax expense of $15,422,000 in 2013. The income tax recovery in 2014 is based on the reversal of various deferred tax liabilities during the year as the Company's tax basis in Canada increases relative to the Company's carrying value for accounting purposes.

In 2013, the income tax expense was driven by a one-time non-cash deferred income tax expense of $18,410,000 resulting from the substantive enactment of changes to the Crown Mineral Royalty Regulations (the "Regulations") in Saskatchewan. The changes in the Regulations resulted in a new uranium mining royalty system, in which a component of the system constitutes an income-based tax and is within the scope of IAS 12. The tax basis available to the Company under this system is significantly less than the carrying value associated with the assets that will be subject to the royalty in future years, resulting in a significant deferred tax liability and the charge to deferred tax expense recorded by the Company in 2013.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $18,640,000 at December 31, 2014 compared with $21,786,000 at December 31, 2013. The decrease of $3,146,000 was primarily due to net cash used in operations of $23,500,000 and a net foreign exchange loss of $2,001,000 on the translation of currency balances at period end, offset in part by net cash provided by investing and financing activities of $8,212,000 and $14,143,000, respectively.

Net cash used in operating activities of $23,500,000 during 2014 is comprised of a net loss for the period adjusted for non-cash items and changes in working capital items. Significant changes in working capital items during the period include an increase of $5,310,000 in trade and other receivables, offset by an increase of $2,102,000 in accounts payable and accrued liabilities. The increase in trade and other receivables and the increase in accounts payable and accrued liabilities are mainly due to the increase in activity in the MLJV related to operations at the McClean Lake mill.

Net cash provided by investing activities of $8,212,000 consists primarily of cash provided by the maturity of investments in debt instruments accounting for $9,529,000, partly offset by $859,000 in cash spent on property, plant and equipment.

Net cash provided by financing activities of $14,143,000 consists primarily of net proceeds received on the issuance of 9,257,500 common shares on a flow-through basis, pursuant to a private placement at a price of CAD$1.62 per share. As at December 31, 2014, the Company estimates it has spent CAD$1.2 million of its obligation under the flow-through share financing on eligible Canadian exploration expenses and the remaining balance of CAD$13.8 million is expected to be incurred by December 31, 2015. Other financing activities included the issuance of common shares on the exercise of stock options and warrants for $946,000 and $405,000, respectively.

Cash, equivalents and investments declined by $7,834,000 during the fourth quarter of 2014. The decrease in the quarter was amplified by a reduction of $4,909,000 in the Company's share of cash held in the MLJV as part of regular working capital movements, and a reduction of $764,000 due to unfavourable movement in exchange rates on instruments denominated in foreign currencies. As the large majority of the Company's future expenditures are expected to be incurred in Canadian dollars, the foreign exchange movement is not expected to have a material impact on the Company's financial position.

On January 31, 2014, the Company entered into a revolving term credit facility (the "2014 Credit Facility") with the Bank of Nova Scotia for CAD$15,000,000. The use of the 2014 Credit Facility was restricted to the issuance of non-financial letters of credit and contained a covenant to maintain a certain level of tangible net worth, which must be greater than or equal to $150,000,000. As at December 31, 2014, the Company was in compliance with the covenants of the 2014 Credit Facility, and CAD$9,698,000 of the 2014 Credit Facility was being used as collateral for certain letters of credit. Letters of credit issued under the 2014 Credit Facility were subject to a fee of 2.0% per annum and the balance is subject to a standby fee of 0.75%.

On January 30, 2015, the Company entered into an amended agreement (the "2015 Credit Facility") with the Bank of Nova Scotia to amend the terms of the 2014 Credit Facility and extend the maturity date to January 31, 2016. See SUBSEQUENT EVENTS section for further detail.

As security for both the 2014 Credit Facility and 2015 Credit Facility, the Company provided an unlimited full recourse guarantee and a pledge of all of the shares of Denison Mines Inc. ("DMI"). DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects.

Contractual Obligations and Contingencies

The Company has the following contractual obligations at December 31, 2014:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt Obligations	$ 39	$ 30	$ 9	$ –	$ –
Operating Lease and Other Obligations	$ 473	$ 269	$ 186	$ 18	$ –

Reclamation Liability

The Company periodically reviews the anticipated costs of decommissioning and reclaiming its mill and mine sites as part of its environmental planning process. The mill and mine reclamation estimates at December 31, 2014 are $17,659,000 which are expected to be sufficient to cover the projected future costs for reclamation of the mill and mine operations. However, there can be no assurance that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained in the Company's financial statements.

Elliot Lake – The Elliot Lake uranium mine was closed in 1992 and capital works to decommission the site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Company and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to licenses issued by the Canadian Nuclear Safety Commission. In the fourth quarter of 2014, an adjustment of $2,104,000 was made to the reclamation liability to reflect the Company's best estimate of the present value of the total future reclamation cost that will be required in the future. Spending on restoration activities at the Elliot Lake sites are funded from monies in the Elliot Lake reclamation trust fund. At December 31, 2014, the amount of restricted cash and investments relating to the Elliot Lake Reclamation Trust fund was $2,068,000.

McClean Lake and Midwest – The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the Canadian Nuclear Safety Commission. Cost estimates of future decommissioning and reclamation activities are prepared every 5 years and filed with the applicable regulatory authorities for approval. An updated plan was submitted in November 2014 and is under review by the applicable regulatory authorities. As a result, an adjustment of $3,498,000 was made, in the fourth quarter of 2014, to the reclamation liability to reflect the Company's best estimate of the present value of its total future reclamation cost that will be required in the future. Reclamation costs are expected to be incurred between 2033 and 2058.

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the Province. As at December 31, 2014, the Company has in place irrevocable standby letters of credit, from a chartered bank, in favour of Saskatchewan's Ministry of Environment, totaling CAD$9,698,000 which relate to a previously filed reclamation plan. Under the preliminary plan submitted in November 2014, the Company expects to increase its pro-rata share of financial assurances to the Province to approximately CAD$22,446,000.

Under the terms of a Potentially Reactive Waste Rock Disposal Agreement ("PRWR Agreement") between the MLJV and the CLJV, the MLJV agreed to deposit certain waste rock material from the Cigar Lake mine in its mined-out Sue C pit. In return, the CLJV has agreed to reimburse the MLJV for additional site restoration costs that may reasonably occur as a result. In 2014, triggered by the delivery of the first Cigar Lake ore to the McClean Lake mill, the CLJV made payments totaling CAD$4,332,000 to the MLJV under the terms of the PRWR Agreement. Denison received $883,000 (CAD$974,700), its proportionate share of this total amount, and recorded the receipt as an addition to its reclamation liability.

<u>Other</u>

In June 2012, the Company completed a transaction with Energy Fuels Inc. ("EFR") whereby it sold its subsidiaries holding all of its mining assets and operations located in the United States. In connection with the EFR Transaction, Denison remained a guarantor under a sales contract assigned to EFR. The sales contract requires deliveries of 200,000 pounds of U_3O_8 per year from 2013 to 2017 at a selling price of 95% of the long-term U_3O_8 price at the time of delivery. Should EFR not be able to deliver for any reason other than "force majeure" as defined under the contract, the Company may be liable to the customer for incremental costs incurred to replace the contracted quantities if the unit price of the replacement quantity is greater than the contracted unit price selling amount. EFR has agreed to indemnify the Company for any future liabilities it may incur related to this guarantee.

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company receives the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of CAD$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC's net asset value in excess of CAD$100,000,000; and c) a fee, at the discretion of the Board of Directors of UPC, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the purchase or sale of uranium).

The management services agreement was entered into on April 1, 2013 and has a three-year term. The agreement may be terminated by either party upon the provision of 120 days written notice.

Management fees were incurred with UPC for the periods noted:

(in thousands)	December 31, 2014	December 31, 2013
Revenue:		
Management fees	$ 1,628	$ 1,644
Commission fees	553	-
	$ 2,181	$ 1,644

At December 31, 2014, accounts receivable includes $123,000 (December 31, 2013: $148,000) due from UPC with respect to the fees and transactions discussed above.

Korea Electric Power Corporation ("KEPCO")

In June 2009, Denison completed definitive agreements with KEPCO including a long-term offtake agreement (which has been assigned to EFR as part of the sale of the U.S. Mining Division transaction completed in June 2012) and a strategic relationship agreement. Pursuant to the strategic relationship agreement, KEPCO is entitled to subscribe for additional common shares in Denison's future share offerings. The strategic relationship agreement also provides KEPCO with a right of first opportunity if Denison intends to sell any of its substantial assets, a right to participate in certain purchases of substantial assets which Denison proposes to acquire and a right to nominate one director to Denison's Board, so long as its share interest in Denison is above 5.0%.

As at December 31, 2014, KEPCO holds 58,284,000 shares of Denison representing a share interest of approximately 11.5%.

As at December 31, 2014, Denison also holds a 60% interest in Waterbury Lake Uranium Corporation ("WLUC") and Waterbury Lake Uranium Limited Partnership ("WLULP") entities whose key asset is the Waterbury Lake property. The other remaining 40% interest in these entities is held by a consortium of investors ("KWULP") of which KEPCO is the primary holder. When a spending program is approved by the participants, each participant is required to fund these entities based upon its respective ownership interest. Spending program approval requires 75% of the voting interest.

In January 2014, Denison agreed to allow KWULP to defer its funding obligations to WLUC and WLULP until September 30, 2015 in exchange for allowing Denison to carry out spending programs without obtaining the approval of 75% of the voting interest. As at December 31, 2014, KWULP has a funding obligation to WLUC and WLULP of CAD$802,000. Denison has recorded its proportionate share of this amount of $415,000 (CAD$481,000) as a component of trade and other receivables.

Other

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

- Investor relations, administrative service fees and other expenses of $60,000 (2013: $188,000) were incurred with Namdo Management Services Ltd, which shares a common officer with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2014, an amount of $nil (December 31, 2013: $nil) was due to this company.

- Legal fees of $276,000 (2013: $1,634,000) were incurred with Cassels Brock & Blackwell, LLP, a law firm of which a member of Denison's Board of Directors is a partner. These services and associated costs were mainly related to the acquisition of IEC and the Company's internal reorganization of its interests to consolidate its African holdings. At December 31, 2014, an amount of $1,000 (December 31, 2013: $82,000) was due to the law firm.

- Executive services of $106,000 were provided to Lundin Gold Inc., which shares common directors and common officers with Denison. These services were mainly related to management consulting services over general and corporate matters. At December 31, 2014, an amount of $44,000 was due to Denison. There were no similar services provided during 2013 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)	December 31, 2014	December 31, 2013
Salaries and short-term employee benefits	$ 1,633	$ 1,630
Share-based compensation	516	577
Termination benefits	158	-
Key management personnel compensation	$ 2,307	$ 2,207

FINANCIAL INSTRUMENTS

(in thousands)	Financial Instrument Category [1]	Fair Value Hierarchy	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Financial Assets:				
Cash and equivalents	Category D		$ 18,640	$ 21,786
Trade and other receivables	Category D		9,411	4,148
Investments				
Equity instruments	Category A	Level 1	916	1,106
Equity instruments	Category A	Level 2	16	-
Equity instruments	Category B	Level 1	22	17
Debt instruments	Category A	Level 1	4,381	14,818
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category C		2,068	2,299
			$ 35,454	$ 44,174
Financial Liabilities:				
Account payable and accrued liabilities	Category E		10,050	7,992
Debt obligations	Category E		39	97
			$ 10,089	$ 8,089

(1) Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Available for sale investments; Category C=Held to maturity investments; Category D=Loans and receivables; and Category E=Financial liabilities at amortized cost.

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

Liquidity risk, in which the Company may encounter difficulties in meeting obligations associated with its financial liabilities as they become due, is managed through the Company's planning and budgeting process which determines the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there is sufficient committed capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations, its holdings of cash and equivalents and debt instruments and its access to credit facilities, if required.

The Company's investments that are designated as financial assets at fair value through profit or loss have resulted in other expenses of $59,000 during 2014, compared to $1,328,000 during 2013.

The Company's investments designated as available for sale have resulted in unrealized gains recognized in accumulated other comprehensive income of $7,000 for 2014, compared to $286,000 for 2013. Impairments on these investments were recorded in other expenses of $22,000 during 2014, compared to $39,000 during 2013.

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

Amendment to Credit Facility

On January 30, 2015, the Company entered into an agreement with the Bank of Nova Scotia to amend the terms of the 2014 Credit Facility and extend the maturity date to January 31, 2016. Under the 2015 Credit Facility, the Company has access to credit of up to CAD$24,000,000. Use of the facility remains restricted to non-financial letters of credit in support of reclamation obligations.

The 2015 Credit Facility contains a covenant to maintain a level of tangible net worth greater than or equal to the sum of $150,000,000 and a covenant to maintain a minimum balance of cash and equivalents of CAD$5,000,000 on deposit with the Bank of Nova Scotia. As security for the amended facility, DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects.

The amended facility is subject to letter of credit and standby fees of 2.40% and 0.75% respectively.

Management Changes

In January 2015, David Cates was appointed as President and Chief Financial Officer of the Company, while Ron Hochstein continued to serve as Chief Executive Officer. Mr. Kim, who was KEPCO's representative on the Board of Directors, resigned in January and was subsequently replaced by Mr. Joo Soo Park.

OUTSTANDING SHARE DATA

At March 5, 2015, there were 506,438,669 common shares issued and outstanding, stock options exercisable for 6,095,849 Denison common shares, and warrants exercisable for 517,127 Denison common shares for a total of 513,051,645 common shares on a fully-diluted basis.

OUTLOOK FOR 2015

During 2015, Denison and its joint venture partners are planning to drill approximately 70,000 metres on the Company's properties in the Athabasca Basin. The Company will focus on expanding the Gryphon Zone discovery on the Company's flagship 60% owned Wheeler River property and exploring other high priority properties with the potential for additional new discoveries. The Company expects to benefit from a stream of cash flow generated from its interest in the McClean Lake mill by the processing of Cigar Lake ore.

DENISON'S 2015 BUDGET (1)

(in thousands)		
Canada (2)		
Mineral Sales & Toll Milling Revenue	$	3,410
Mineral Property Exploration		(14,210)
Development & Operations		(1,770)
		(12,570)
Africa		
Zambia & Mali		(2,340)
		(2,340)
Asia		
Mongolia		(725)
		(725)
Other Activities (2)		
UPC Management		1,850
DES Environmental Services		170
Corporate General & Administration		(4,570)
		(2,550)
Total	$	(18,185)

(1) Only material operations are shown.
(2) Budget figures have been converted using a US$ to CAD$ exchange rate of 1.12.

Canada

Mineral Property Exploration

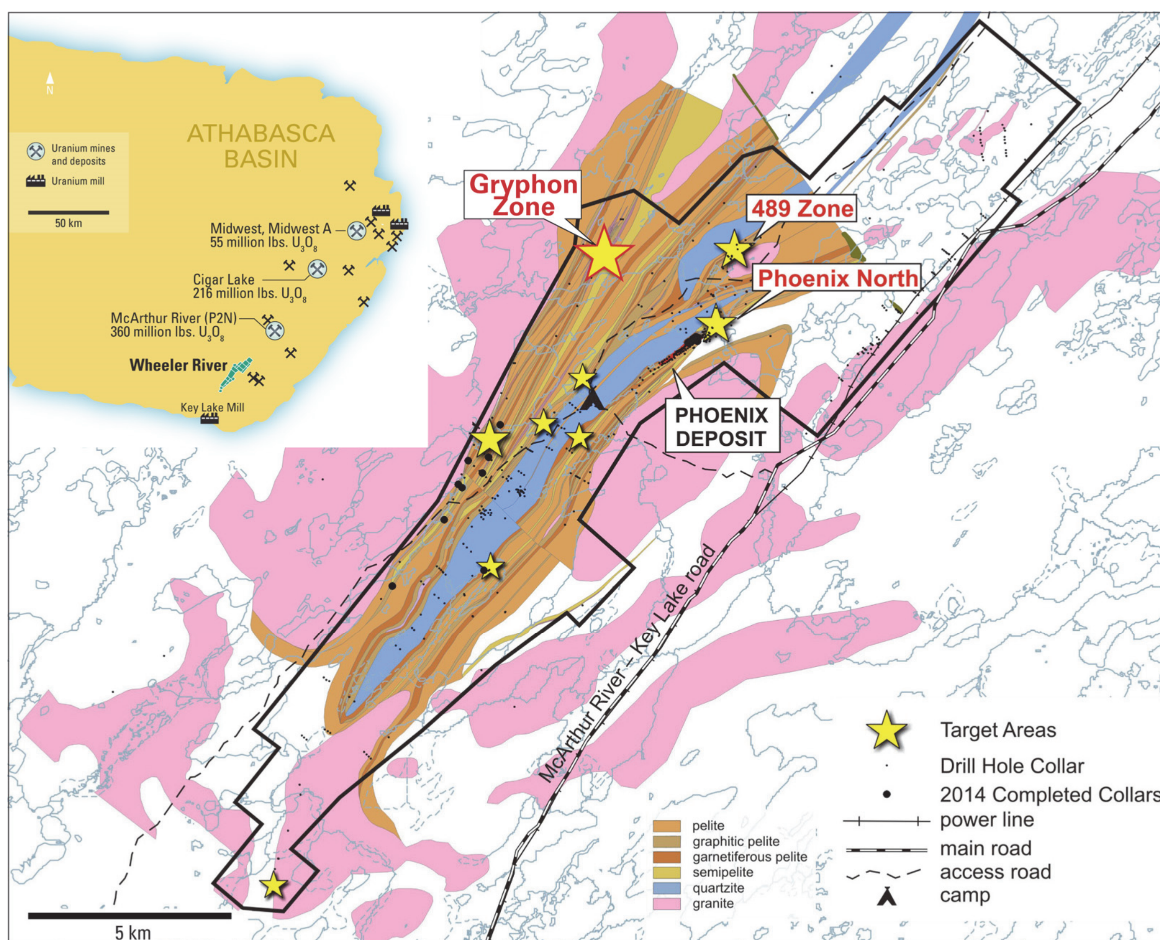
Denison will manage or participate in a total of 19 exploration programs (including 14 drilling programs), of which Wheeler River will continue to be the primary focus. The total budget for these programs is CAD$23.1 million of which Denison's share is CAD$15.8 million. The 2015 exploration program is funded by the Company's flow-through share offering completed in August 2014, which raised CAD$15.0 million.

Wheeler River

In 2015, the Wheeler River exploration program includes diamond drilling, ground geophysics and line cutting at a total cost of CAD$10.0 million (Denison's share, CAD$6.0 million). A 37,000 metre, 62 drill hole winter and summer program is planned at Gryphon, Phoenix North and other target areas of interest. The winter drilling program will focus on the Gryphon discovery with approximately 22 drill holes planned. Ground geophysics in 2015 will consist primarily of line cutting and DC-resistivity surveying that will extend coverage to the south end of the property.

The initial drill holes of the 2015 winter program are designed to test for extensions of mineralization in both the up-plunge and down-plunge directions. The highlight of the program, to date, is drill hole WR-584B, which extended the zone of mineralization 50 metres up plunge, with an intersection of 9.0% eU_3O_8 over 4.6 metres. Two other drill holes targeting the down-plunge extension of the mineralized zone were also completed, extending the Gryphon zone approximately 50 metres down-plunge.

The following diagram displays Denison's targets in 2015 for Wheeler River:



Other Properties

Crawford Lake – A 4,600 metre, 8 drill hole winter and summer program is planned for 2015 to follow up on the results of drilling in 2014, which intersected significant sandstone and basement alteration zones on the CR-2 and CR-5 conductors. Geophysics during the winter season will consist of two ground DCIP resistivity surveys.

Mann Lake – An 8,000 metre, 11 to 14 drill hole program for 2015 is designed to explore extensions of uranium mineralization intersected during 2014. Exploration activity at Mann Lake, during early 2015, produced the best result to date on the property with drill hole MN-066-01 intersecting 9.8% eU_3O_8 over 3.5 metres.

Moore Lake – A 4,000 metre, 8 drill hole program is planned for 2015.

Waterbury Lake – Resistivity surveying and diamond drilling will focus on the Discovery Bay and Oban areas. Resistivity surveying will include 50 kilometres of line cutting and drilling will consist of a 3,300 metre, 10 drill hole program to follow up on the results of the resistivity surveys completed in 2014 and 2015.

Mineral Sales, Toll Milling Revenue, Development & Operations

At McClean Lake, the expansion of the mill from 13 to 24 million pounds annual U_3O_8 production capacity is anticipated to be completed by the end of 2015 and remains fully funded by the CLJV. The 2015 production plan calls for between six million and eight million pounds U_3O_8 to be packaged during the year. Production is expected to be primarily from Cigar Lake ore, with supplemental ore from the McClean Lake joint venture stockpiles. Denison's share of operating and capital expenditures at McClean Lake in 2015 is estimated at CAD$500,000. Denison's expenditures are expected to be offset by toll milling fees and revenue from the sale of approximately 26,000 pounds U_3O_8, recovered from McClean Lake ores. Denison's total revenue from operations is projected to be CAD$3.8 million.

Given the current forecasts for the price of uranium, the SABRE program will be kept on care and maintenance and the McClean North and Midwest projects will remain on stand-by in 2015. Total expenditures on SABRE are planned to be CAD$900,000 (Denison's share, CAD$203,000), and total expenditures on McClean North and Midwest are planned to be CAD$375,000 (Denison's share, CAD$94,000).

Reclamation expenditures at Elliot Lake are projected to be CAD$819,000.

Africa

The Company has budgeted spending approximately $2.3 million during 2015 to maintain its projects in good standing, while the Company waits for market conditions that will permit a spin-out or disposal of its African portfolio. On its wholly owned Mutanga project in Zambia, activities will focus on generating additional exploration targets through soil and radon sampling, excavator trenching and geological mapping. In Mali, activities will focus on an expansion of previous airborne geophysical surveying and renewing the exploration license for the Falea project.

Asia

In Mongolia, the Company continues its efforts to pursue strategic alternatives for its 85% interest in the GSJV. Further guidance regarding the Company's interest in the GSJV will be provided in the first half of 2015. The budget for Mongolia is estimated to be $725,000 for 2015.

Other Activities

Management fees generated from Denison's management services agreement with UPC are budgeted to net CAD$2.1 million in 2015.

At DES, revenue from operations is budgeted at CAD$7.4 million and operating and capital expenses are forecast to be CAD$7.2 million.

Corporate general and administration expenses are forecast to be CAD$4.9 million in 2015 and include all head office wages and benefits, office costs, audit and regulatory costs, legal fees, investor relations expenses and all other costs related to operating a public company with listings in Canada and the United States.

CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and the President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and the President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of December 31, 2014.

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control – Integrated Framework, 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

There has not been any change in the Company's internal control over financial reporting that occurred during 2014 year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Significant estimates and judgements made by management relate to:

(a) Determination of a Mineral Property being Sufficiently Advanced

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

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

(b) Valuation of Mineral Properties

The Company undertakes a review of the carrying values of mineral properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated recoverable amounts determined by reference to estimated future operating results, discounted net cash flows and current market valuations of similar properties. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts.

(c) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company computes deferred tax assets and liabilities in respect of taxes that are based on taxable profit. Taxable profit is understood to be a net, rather than gross, taxable amount that gives effect to both revenues and expenses. Taxable profit will often differ from accounting profit and management may need to exercise judgment to determine whether some taxes are income taxes (subject to deferred tax accounting) or operating expenses.

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

(d) Reclamation Obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed. Denison has accrued its best estimate of the ongoing reclamation liability in connection with the decommissioned Elliot Lake mine site and is currently accruing its best estimate of its share of the cost to decommission its other mining and milling properties in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical

advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

NEW ACCOUNTING PRONOUNCEMENTS

The Company has adopted the following new and revised accounting standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

International Accounting Standard 36, Impairment of Assets ("IAS 36")

IAS 36 was amended in May 2013 to make small changes to the disclosures required by IAS 36 when an impairment loss is recognized or reversed. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit ("CGU") at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined.

The amendments are effective for accounting periods beginning on or after January 1, 2014 with earlier adoption permitted. The Company has adopted the amended disclosure requirements of IAS 36 effective January 1, 2014.

Accounting Standards Issued But Not Yet Applied

The Company has not yet adopted the following new accounting pronouncements which are effective for fiscal periods of the Company beginning on or after January 1, 2015:

International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in October 2010 by the IASB to replace IAS 39, Financial Instruments – Recognition and Measurement. The replacement standard has the following significant components: it establishes two primary measurement categories for financial assets – amortized cost and fair value; it establishes criteria for the classification of financial assets within the measurement category based on business model and cash flow characteristics; and it eliminates existing held to maturity, available-for-sale, and loans and receivable categories.

In November 2013, the IASB issued an amendment to IFRS 9 which includes a new hedge model that aligns accounting more closely with risk management and enhances disclosure about hedge accounting and risk management. Additionally, as the impairment guidance and certain limited amendments to the classification and measurement requirements of IFRS 9 are not yet complete, the previously mandated effective date of IFRS 9 of January 1, 2015 has been removed. Entities may apply IFRS 9 before the IASB completes the amendments but are not required to do so.

The Company has not evaluated the impact of adopting this standard.

International Financial Reporting Standard 15, Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 "Revenue" and IAS 11"Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted.

The Company has not evaluated the impact of adopting this standard.

ENVIRONMENTAL RESPONSIBILITY

The Company is committed to the operation of its facilities that puts the safety of its workers, its contractors, its community, the environment and the principles of sustainable development above all else. The Company is committed to the following principles:

- It will build and operate its facilities in compliance with all applicable laws and regulations of the jurisdictions in which it operates;
- It will adopt and adhere to standards that are protective of both human health and the environment at all of its facilities;
- It will establish goals and objectives that would encourage the ongoing development of a sound program of sustainability in the communities that it operates in; and
- It will keep radiation, health and safety hazards and environmental risks as low as reasonably achievable.

RISK FACTORS

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

Nature of Exploration and Development

Exploration for and development of mineral properties is speculative, and involves significant uncertainties and financial risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are commercially mineable or ultimately developed into producing mines. Major expenses may be required to establish mineral reserves by drilling, constructing mining and processing facilities at a site, developing metallurgical processes and extracting uranium from ore. It is impossible to ensure that the current exploration and development programs of Denison will result in profitable commercial mining operations.

Denison's current and future uranium production is dependent in part on the successful development of new ore bodies and/or expansion of existing mining operations. The economic feasibility of development projects is based upon many factors, including, among others: the accuracy of mineral reserve and resource estimates; metallurgical recoveries; capital and operating costs of such projects; government regulations relating to prices, taxes, royalties, infrastructure, land tenure, land use, importing and exporting, and environmental protection; and uranium prices, which are historically cyclical. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits and availability of adequate financing.

Development projects have no operating history upon which to base estimates of future cash flow. Denison's estimates of mineral reserves and resources and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. Denison also conducts feasibility studies which derive estimates of capital and operating costs based upon many factors, including, among others: anticipated tonnage and grades of ore to be mined and processed; the configuration of the ore body; ground and mining conditions; expected recovery rates of the uranium from the ore; and alternate mining methods.

It is possible that actual costs and economic returns of current and new mining operations may differ materially from Denison's best estimates. It is not unusual in the mining industry for new mining operations to experience unexpected problems during the start-up phase, take much longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated.

Benefits Not Realized From Transactions

Denison has completed a number of transactions over the last several years, including without limitation the acquisition of IEC, the Rockgate takeover bid, the acquisition of Fission Energy Corp., the acquisition of JNR Resources Inc. and the sale of the its mining assets and operations located in the United States to Energy Fuels Inc. Despite Denison's belief that these transactions, and others which may be completed in the future, will be in Denison's best interest and benefit the Company and Denison's shareholders, Denison may not realize the anticipated benefits of such transactions or realize the full value of the consideration paid to complete the transactions. This could result in significant accounting impairments or write-downs of the carrying values of mineral properties and could adversely impact the Company and the price of its common shares.

Inability to Expand and Replace Mineral Reserves and Resources

Denison's mineral reserves and resources at its McClean Lake, Midwest, Wheeler River, Waterbury Lake, GSJV and Mutanga projects are Denison's future sources of uranium concentrates. Unless other mineral reserves or resources are discovered, Denison's sources of future production for uranium concentrates will decrease over time when its current mineral reserves and resources are depleted. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its mineral reserves and resources. In addition, while Denison believes that many of its properties will eventually be put into production, there can be no assurance that they will be or that they will be able to replace production.

Imprecision of Mineral Reserve and Resource Estimates

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

Volatility and Sensitivity to Market Prices

The long and short term market prices of U_3O_8 affect the value of Denison's mineral resources and the market price of Denison's common shares. Historically, these prices have fluctuated and have been and will continue to be affected by numerous factors beyond Denison's control.

Such factors include, among others: demand for nuclear power, political and economic conditions in uranium producing and consuming countries, public and political response to a nuclear incident, reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails, sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants, uranium supply, including the supply from other secondary sources and production levels and costs of production.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

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

Market Price of Shares

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

these factors, the market price of the securities of Denison at any given point in time may not accurately reflect the long-term value of Denison. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Denison may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution from Further Equity Financing

If Denison raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders of Denison and reduce the value of their investment.

Reliance on Other Operators

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

As an example, AREVA is the operator and majority owner of the McClean Lake and Midwest properties in Saskatchewan, Canada. The McClean Lake mill employs unionized workers who work under collective agreements. AREVA, as the operator, is responsible for all dealings with unionized employees. AREVA may not be successful in its attempts to renegotiate the collective agreements, which may impact mill and mining operations. Any lengthy work stoppages may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Ore from the CLJV is currently being processed by the MLJV at the McClean Lake mill pursuant to a toll milling agreement, which is expected to generate revenue for the Company for several years. Any delays or stoppages in the delivery of ores by the operator of the CLJV or in processing by the operator of the MLJV may have an adverse impact on the Company's expected cash flows, earnings or profit from toll milling.

Operations in Foreign Jurisdictions

The Company owns uranium properties directly and through joint venture interests and is undertaking uranium exploration and development programs in Zambia, Mali, Namibia and Mongolia. As with any foreign operation, these international properties and interests are subject to certain risks, such as the possibility of adverse political and economic developments, foreign currency controls and fluctuations, as well as risks of war and civil disturbances. Other events may limit or disrupt activities on these properties, restrict the movement of funds, result in a deprivation of contract rights or the taking of property or an interest therein by nationalization or expropriation without fair compensation, increases in taxation or the placing of limits on repatriations of earnings. No assurance can be given that current policies of Zambia, Mali, Namibia and Mongolia, or the political situations within these countries will not change so as to adversely affect the value or continued viability of the Company's interest in these assets.

In addition, the Company may become involved in a dispute with respect to one of its foreign operations and may become subject to the exclusive jurisdiction of a foreign court or may find that it is not successful in subjecting foreign persons to the jurisdiction of the courts in Canada. The Company may also be precluded from enforcing its rights with respect to a government entity because of the doctrine of sovereign immunity.

Property Title Risk

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

There is also a risk that Denison's title to, or interest in, its properties may be subject to defects or challenges. This may be true particularly in countries where there may be less developed legal systems or where ownership interests may become subject to political interference or changes in laws. If such defects cover a material portion of Denison's property, they could materially and adversely affect Denison's results of operations and financial condition, its reported mineral reserves and resources or its long term business prospects.

Competition for Properties

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

Global Financial Conditions

Global financial conditions have been subject to increased volatility and numerous financial institutions have either gone into bankruptcy or have had to be rescued by governmental authorities. Access to public financing has been negatively impacted by both sub-prime mortgages and the liquidity crisis affecting the asset-backed commercial paper market and the effect of these events on Canadian and global credit markets. These factors may impact the ability of Denison to obtain equity or debt financing in the future and, if obtained, on terms favourable to Denison. These increased levels of volatility and market turmoil could adversely impact Denison's operations and the trading price of the common shares.

Ability to Maintain Obligations under Credit Facility and Other Debt

Denison is required to satisfy certain financial covenants in order to maintain its good standing under the 2015 Credit Facility. Denison may from time to time enter into other arrangements to borrow money in order to fund its operations and expansion plans, and such arrangements may include covenants that have similar obligations or that restrict its business in some way. Events may occur in the future, including events out of Denison's control that would cause Denison to fail to satisfy its obligations under the 2015 Credit Facility or other debt instruments. In such circumstances, the amounts drawn under Denison's debt agreements may become due and payable before the agreed maturity date, and Denison may not have the financial resources to repay such amounts when due. The 2015 Credit Facility is secured by DMI's main properties by a pledge of the shares of DMI. If Denison were to default on its obligations under the 2015 Credit Facility or other secured debt instruments in the future, the lender(s) under such debt instruments could enforce their security and seize significant portions of Denison's assets.

Capital Intensive Industry; Uncertainty of Funding

The exploration and development of mineral properties and the ongoing operation of mines requires a substantial amount of capital and may depend on Denison's ability to obtain financing through joint ventures, debt financing, equity financing or other means. General market conditions, volatile uranium markets, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms.

Decommissioning and Reclamation

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

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

Technical Innovation and Obsolescence

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

Mining and Insurance

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

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

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

Dependence on Issuance of Licence Amendments and Renewals

The Company maintains regulatory licences in order to operate its mill at McClean Lake, all of which are subject to renewal from time to time and are required in order for the Company to operate in compliance with applicable laws and regulations. In addition, depending on the Company's business requirements, it may be necessary or desirable to seek amendments to one or more of its licences from time to time. While the Company has been successful in renewing its licences on a timely basis in the past and in obtaining such amendments as have been necessary or desirable, there can be no assurance that such licence renewals and amendments will be issued by applicable regulatory authorities on a timely basis or at all in the future.

Governmental Regulation and Policy Risks

Uranium mining and milling operations and exploration activities, as well as the transportation and handling of the products produced are subject to extensive regulation by state, provincial and federal governments. Such regulations relate to production, development, exploration, exports, imports, taxes and royalties, labour standards, occupational health, waste disposal, protection and remediation of the environment, mine decommissioning and reclamation, mine safety, toxic substances, transportation safety and emergency response, and other matters. Compliance with such laws and regulations has increased the costs of exploring, drilling, developing, constructing, operating and closing Denison's mines and processing facilities. It is possible that, in the future, the costs, delays and other effects associated with such laws and regulations may impact Denison's decision with respect to exploration and development properties, whether to proceed with exploration or development, or that such laws and regulations may result in Denison incurring significant costs to remediate or decommission properties that do not comply with applicable environmental standards at such time. Denison expends significant financial and managerial resources to comply with such laws and regulations. Denison anticipates it will have to continue to do so as the historic trend toward stricter government regulation may continue. Because legal requirements are frequently changing and subject to interpretation, Denison is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, future changes in governments, regulations and policies, such as those affecting Denison's mining operations and uranium transport could materially and adversely affect Denison's results of operations and financial condition in a particular period or its long term business prospects.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who

suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which, depending upon the location of the project, involve multiple governmental agencies. The duration and success of such approvals are subject to many variables outside Denison's control. Any significant delays in obtaining or renewing such permits or licences in the future could have a material adverse effect on Denison. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions. Changes in these policies and restrictions may adversely impact Denison's business.

Aboriginal Title and Consultation Issues

First Nations and Métis title claims as well as related consultation issues may impact Denison's ability and that of its joint venture partners to pursue exploration, development and mining at its Saskatchewan properties. Pursuant to historical treaties, First Nations bands in Northern Saskatchewan ceded title to most traditional lands but continue to assert title to the minerals within the lands. Managing relations with the local native bands is a matter of paramount importance to Denison. There may be no assurance however that title claims as well as related consultation issues will not arise on or with respect to the Company's properties.

Environmental, Health and Safety Risks

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

Denison's facilities operate under various operating and environmental permits, licences and approvals that contain conditions that must be met, and Denison's right to continue operating its facilities is, in a number of instances, dependent upon compliance with such conditions. Failure to meet any such condition could have a material adverse effect on Denison's financial condition or results of operations.

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

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

Dependence on Key Personnel and Qualified and Experienced Employees

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

Denison's success also depends on the availability of qualified and experienced employees to work in Denison's operations and Denison's ability to attract and retain such employees.

Conflicts of Interest

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

Disclosure and Internal Controls

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

Potential Influence of KEPCO

As at the date hereof, KEPCO holds indirectly a large shareholding in Denison and is contractually entitled to Board representation. Provided KEPCO holds over 5% of Denison's common shares, it is entitled to nominate one director for election to the Board at any shareholder meeting.

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

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

QUALIFIED PERSON

The disclosure of scientific and technical information regarding Denison's properties in the MD&A was prepared by or reviewed by Steve Blower, P. Geo., the Company's Vice President, Exploration, and Terry Wetz, P.E., the Executive Director of the GSJV, who are Qualified Persons in accordance with the requirements of NI 43-101. For a description of the quality assurance program and quality control measures applied by Denison, please see Denison's 2013 Annual Information Form dated March 14, 2014 available at www.sedar.com, and its Form 40-F available at www.sec.gov/edgar.shtml.

Responsibility for Financial Statements

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

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

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

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

Ron F. Hochstein
Chief Executive Officer

David D. Cates
President and Chief Financial Officer

March 5, 2015

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control – Integrated Framework, 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2014.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2014 has been audited by PricewaterhouseCoopers LLP, our independent auditor, as stated in its report which appears herein.

Changes to Internal Control over Financial Reporting

There has not been any change in the Company's internal control over financial reporting that occurred during 2014 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Independent Auditor's Report

March 5, 2015

To the Shareholders of
Denison Mines Corp.

We have completed integrated audits of Denison Mines Corp. and its subsidiaries' current year and prior year consolidated financial statements and their internal control over financial reporting as at December 31, 2014. Our opinions, based on our audits are presented below.

Report on the consolidated financial statements
We have audited the accompanying consolidated financial statements of Denison Mines Corp. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013 and the consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flow for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. Canadian generally accepted auditing standards also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Denison Mines Corp. and its subsidiaries as at December 31, 2014 and 2013 and their financial performance and their cash flows for the years then ended in accordance with IFRS as issued by the IASB.

Report on internal control over financial reporting
We have also audited Denison Mines Corp. and its subsidiaries' internal control over financial reporting as at December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting
Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal control over Financial Reporting.

Auditor's responsibility
Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that our audit provides a reasonable basis for our audit opinion on the Company's internal control over financial reporting.

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

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

Opinion
In our opinion, Denison Mines Corp. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by COSO.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario, Canada

DENISON MINES CORP.

Consolidated Statements of Financial Position
(Expressed in thousands of U.S. dollars except for share amounts)

	At December 31 2014	At December 31 2013
ASSETS		
Current		
Cash and cash equivalents (note 6)	$ 18,640	$ 21,786
Investments (note 9)	4,381	10,040
Trade and other receivables (note 7)	9,411	4,148
Inventories (note 8)	2,240	2,123
Prepaid expenses and other	850	749
	35,522	38,846
Non-Current		
Inventories – ore in stockpiles (note 8)	1,760	1,661
Investments (note 9)	954	5,901
Restricted cash and investments (note 10)	2,068	2,299
Property, plant and equipment (note 11)	270,388	281,010
Intangibles (note 12)	638	1,252
Total assets	$ 311,330	$ 330,969
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 10,050	$ 7,992
Current portion of long-term liabilities:		
Post-employment benefits (note 13)	259	376
Reclamation obligations (note 14)	706	699
Debt obligations (note 15)	30	55
Other liabilities (note 16)	1,935	333
	12,980	9,455
Non-Current		
Post-employment benefits (note 13)	2,662	2,945
Reclamation obligations (note 14)	16,953	11,509
Debt obligations (note 15)	9	42
Other liabilities (note 16)	841	940
Deferred income tax liability (note 17)	21,826	25,847
Total liabilities	55,271	50,738
EQUITY		
Share capital (note 18)	1,120,758	1,092,144
Share purchase warrants (note 19)	376	616
Contributed surplus (note 20)	53,321	52,943
Deficit	(892,537)	(860,834)
Accumulated other comprehensive income (loss) (note 21)	(25,859)	(7,729)
Total equity	256,059	277,140
Non-controlling interest (note 5)	-	3,091
Total liabilities and equity	$ 311,330	$ 330,969
Issued and outstanding common shares (note 18)	505,868,894	482,003,444

Commitments and contingencies (note 26)
Subsequent events (note 28)

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

On behalf of the Board of Directors:

Ron F. Hochstein
Director

Catherine J.G. Stefan
Director

DENISON MINES CORP.

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Expressed in thousands of U.S. dollars except for share and per share amounts)

	Year Ended	
	December 31 2014	December 31 2013
REVENUES (note 23)	$ 9,619	$ 10,407
EXPENSES		
Operating expenses (note 22, 23)	(11,651)	(8,811)
Mineral property exploration (note 23)	(14,795)	(13,682)
General and administrative (note 23)	(7,590)	(8,167)
Impairment of mineral properties (note 11)	(1,745)	(47,099)
Other income (expense) (note 22)	(7,558)	(529)
	(43,339)	(78,288)
Income (loss) before finance charges	(33,720)	(67,881)
Finance income (expense) (note 22)	(282)	(532)
Income (loss) before taxes	(34,002)	(68,413)
Income tax recovery (expense) (note 17):		
Current	(5)	51
Deferred	2,304	(15,473)
Net income (loss) for the period	$ (31,703)	$ (83,835)
Items that may be reclassified to income (loss):		
Unrealized gain (loss) on investments-net of tax	7	286
Foreign currency translation change	(18,137)	(18,942)
Comprehensive income (loss) for the period	$ (49,833)	$ (102,491)
Net income (loss) per share:		
Basic and diluted	$ (0.06)	$ (0.19)
Weighted-average number of shares outstanding (in thousands):		
Basic and diluted	494,510	440,895

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

DENISON MINES CORP.

Consolidated Statements of Changes in Equity
(Expressed in thousands of U.S. dollars)

	Year Ended	
	December 31 2014	December 31 2013
Share capital		
Balance–beginning of period	$ 1,092,144	$ 979,124
Share issues-net of issue costs	12,845	13,627
Flow-through share premium	(2,030)	(332)
Shares issued on acquisition of JNR Resources (note 5)	-	10,956
Shares issued on acquisition of Fission Energy Corp (note 5)	-	66,259
Shares issued on acquisition of Rockgate Capital Corp (note 5)	3,034	21,760
Shares issued on acquisition of International Enexco Limited (note 5)	11,979	-
Shares issued to settle payable and accrued liability obligations (note 18)	610	-
Share options exercised-cash	946	111
Share options exercised-non cash	525	98
Share purchase warrants exercised-cash	405	330
Share purchase warrants exercised–non-cash	300	211
Balance–end of period	1,120,758	1,092,144
Share purchase warrants		
Balance–beginning of period	616	-
Warrants issued on acquisition of JNR Resources (note 5)	-	17
Warrants assumed on acquisition of Fission Energy Corp (note 5)	-	827
Warrants issued on acquisition of International Enexco Limited (note 5)	61	-
Warrants exercised	(300)	(211)
Warrants expired	(1)	(17)
Balance–end of period	376	616
Contributed surplus		
Balance–beginning of period	52,943	50,671
Stock-based compensation expense	800	903
Share options issued on acquisition of JNR Resources (note 5)	-	131
Share options issued on acquisition of Fission Energy Corp (note 5)	-	1,321
Share options issued on acquisition of International Enexco Limited (note 5)	102	-
Share options exercised-non-cash	(525)	(98)
Warrants expired	1	17
Warrants expired–tax effect	-	(2)
Balance–end of period	53,321	52,943
Deficit		
Balance–beginning of period	(860,834)	(776,999)
Net loss	(31,703)	(83,835)
Balance-end of period	(892,537)	(860,834)
Accumulated other comprehensive income		
Balance–beginning of period	(7,729)	10,927
Unrealized gain (loss) on investments	7	286
Foreign currency translation	(18,137)	(18,119)
Foreign currency translation realized in net income	-	(823)
Balance–end of period	(25,859)	(7,729)
Total Equity		
Balance–beginning of period	$ 277,140	$ 263,723
Balance–end of period	$ 256,059	$ 277,140

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

DENISON MINES CORP.

Consolidated Statements of Cash Flow
(Expressed in thousands of U.S. dollars)

CASH PROVIDED BY (USED IN):	Year Ended December 31 2014	December 31 2013
OPERATING ACTIVITIES		
Net income (loss) for the period	$ (31,703)	$ (83,835)
Items not affecting cash:		
Depletion, depreciation, amortization and accretion	2,095	2,296
Impairment – mineral properties (note 5)	1,745	47,099
Impairment – investments	22	39
Stock-based compensation	800	903
Losses (gains) on reclamation obligation revisions	2,086	(1,645)
Losses (gains) on asset disposals	(449)	12
Losses (gains) on investments and restricted investments	59	1,298
Deferred income tax expense (recovery)	(2,304)	15,473
Foreign exchange	7,983	(17)
Change in non-cash working capital items (note 22)	(3,834)	(2,766)
Net cash provided by (used in) operating activities	(23,500)	(21,143)
INVESTING ACTIVITIES		
Acquisition of assets, net of cash and cash equivalents acquired:		
JNR Resources (note 5)	-	(715)
Fission Energy Corp (note 5)	-	(4,058)
Rockgate Capital Corp (note 5)	(57)	(989)
International Enexco Limited (note 5)	(141)	-
Decrease (increase) in notes receivable	-	298
Sale of investments	9,529	-
Purchase of investments	(569)	-
Expenditures on property, plant and equipment	(859)	(2,262)
Proceeds on sale of property, plant and equipment	265	58
Decrease (increase) in restricted cash and investments	44	(210)
Net cash provided by (used in) investing activities	8,212	(7,878)
FINANCING ACTIVITIES		
Increase (decrease) in debt obligations	(53)	(121)
Issuance of common shares for:		
New share issues-net of issue costs (note 18)	12,845	13,627
Share options exercised (note 18)	946	111
Share purchase warrants exercised (note 18)	405	330
Net cash provided by (used in) financing activities	14,143	13,947
Increase (decrease) in cash and cash equivalents	(1,145)	(15,074)
Foreign exchange effect on cash and cash equivalents	(2,001)	(1,328)
Cash and cash equivalents, beginning of period	21,786	38,188
Cash and cash equivalents, end of period	$ 18,640	$ 21,786
Supplemental cash flow disclosure:		
Interest paid	$ 2	$ 3
Income taxes paid (recovered)	-	(51)

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

1. NATURE OF OPERATIONS

Denison Mines Corp. and its subsidiary companies and joint arrangements (collectively, the “Company”) are engaged in uranium mining and related activities, including acquisition, exploration and development of uranium properties, extraction, processing and selling of uranium.

The Company has 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”), both of which are located in the Athabasca Basin of 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. In addition, the Company has varying ownership interests in a number of development and exploration projects located in Canada, Mali, Namibia, Zambia and Mongolia.

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

Denison Mines Corp. (“DMC”) is incorporated under the Business Corporations Act (Ontario) and domiciled in Canada. The address of its registered head office is 595 Bay Street, Suite 402, Toronto, Ontario, Canada, M5G 2C2.

References to “2014” and “2013” refer to the year ended December 31, 2014 and the year ended December 31, 2013 respectively.

2. BASIS OF PRESENTATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The Company’s presentation currency is U.S dollars.

These financial statements were approved by the board of directors for issue on March 5, 2015.

3. ACCOUNTING POLICIES AND RESTATEMENT OF COMPARATIVE NUMBERS

Significant Accounting Policies

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

(a) Consolidation

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

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The financial statements of the Company also include various interests in development and exploration projects which are held through option or contractual agreements. These have been classified as joint ownership interests under IFRS. These joint ownership interests have been accounted for using the undivided interest method.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the DMC group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Primary and secondary indicators are used to determine the functional currency (primary indicators have priority over secondary indicators). Primary indicators include the currency that mainly influences sales prices and the currency that mainly influences labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. For our entities located in Canada, Mongolia, Mali, Namibia, Niger and Zambia, the local currency has been determined to be the functional currency.

The consolidated financial statements are presented in U.S. dollars, unless otherwise stated.

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

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in another entity which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

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

(c) Cash and cash equivalents

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

(d) Financial instruments

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

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

(i) Financial assets and liabilities at fair value through profit or loss (“FVPL”)

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise.

(ii) Available-for-sale investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that are intended to be held to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less a discount (when material) to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(v) Financial liabilities at amortized cost

Financial liabilities are initially recognized at the amount required to be paid, less a discount (when material) to reduce the financial liabilities to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The Company has designated its financial assets and liabilities as follows:

(i) “Cash and cash equivalents” and “Trade and other receivables” are classified as loans and receivables and are measured at amortized cost using the effective interest rate method. Interest income is recorded in net income through finance income (expense), as applicable;
(ii) A portion of “Investments” are classified as FVPL and any period change in fair value is recorded in net income through other income (expense). The remaining amount is classified as available-for-sale and any period change in fair value is recorded in other comprehensive income. When the investment’s value becomes impaired, the loss is recognized in net income through other income (expense) in the period of impairment;
(iii) “Restricted cash and investments” is classified as held-to-maturity investments; and
(iv) “Accounts payable and accrued liabilities” and “Debt obligations” are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in net income through finance income (expense), as applicable.

(e) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit and loss) is impaired. Objective evidence of an impairment loss includes: i) significant financial difficulty of the debtor; ii) delinquencies in interest or principal payments; iii) increased probability that the borrower will enter bankruptcy or other financial reorganization; and (iv) in the case of equity investments, a significant or prolonged decline in the fair value of the security below its cost.

If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income.

(f) Inventories

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

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

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

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

(g) Property, plant and equipment

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

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

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

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

(h) Mineral property acquisition, exploration and development costs

Costs relating to the acquisition of acquired mineral rights and acquired exploration rights are capitalized.

Exploration and evaluation expenditures are expensed as incurred on mineral properties not sufficiently advanced. At the point in time that a mineral property is considered to be sufficiently advanced, it is classified as a development mineral property and all further expenditures for the current year and subsequent years are capitalized as incurred. These costs will include costs of maintaining the site until commercial production, costs to initially delineate the ore body, costs for shaft sinking and access, lateral development, drift development and infrastructure development. Such costs represent the net expenditures incurred and capitalized as at the balance sheet date and do not necessarily reflect present or future values.

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

(i) Identifiable Intangible assets

The Company's identifiable intangible assets are stated at cost less accumulated amortization. These assets are capitalized and amortized on a straight-line basis in the statement of income over the period of their expected useful lives. The useful lives of the assets are reviewed at least annually and adjusted if appropriate.

(j) Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows or CGUs. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

(k) Employee benefits

(i) Post-employment benefit obligations

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

(ii) Stock-based compensation

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

(iii) Termination benefits

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

(l) Reclamation provisions

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

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

(m) Provisions

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

(n) Current and Deferred Income tax

Income taxes are accounted for using the liability method of accounting for deferred income taxes. Under this method, the tax currently payable is based on taxable income for the period. Taxable income differs from income as reported in the consolidated statement of income (loss) because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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

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

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

(o) Flow-Through Common Shares

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

(p) Revenue recognition

Revenue from the sale of mineral concentrates is recognized when it is probable that the economic benefits will flow to the Company. This is generally the case once delivery has occurred, the sales price and costs incurred with respect to the transaction can be measured reliably and collectability is reasonably assured. For uranium, revenue is typically recognized when delivery is evidenced by book transfer at the applicable uranium storage facility.

Revenue from toll milling services is recognized as material is processed in accordance with the specifics of the applicable toll milling agreement. Revenue and unbilled accounts receivable are recorded as related costs are incurred using billing formulas included in the applicable toll milling agreement.

Revenue on environmental service contracts is recognized using the percentage of completion method, whereby sales, earnings and unbilled accounts receivable are recorded as related costs are incurred. Earnings rates are adjusted periodically as a result of revisions to projected contract revenues and estimated costs of completion. Losses, if any, are recognized fully when first anticipated. Revenues from engineering services are recognized as the services are provided in accordance with customer agreements.

Management fees from UPC are recognized as management services are provided under the contract on a monthly basis. Commission revenue earned on acquisition or sale of U_3O_8 and UF_6 on behalf of UPC (or other parties where Denison acts as an agent) is recognized on the date when title passes.

(q) Earnings (loss) per share

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

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

Accounting Standards Adopted

The Company has adopted the following new and revised accounting standards, along with any consequential amendments, effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

International Accounting Standard 36, Impairment of Assets ("IAS 36")

IAS 36 was amended in May 2013 to make small changes to the disclosures required by IAS 36 when an impairment loss is recognized or reversed. The amendments require the disclosure of the recoverable amount of an asset or cash generating unit ("CGU") at the time an impairment loss has been recognized or reversed and detailed disclosure of how the associated fair value less costs of disposal has been determined.

The amendments are effective for accounting periods beginning on or after January 1, 2014 with earlier adoption permitted. The Company has adopted the amended disclosure requirements of IAS 36 effective January 1, 2014.

Accounting Standards Issued But Not Yet Applied

The Company has not yet adopted the following new accounting pronouncements which are effective for fiscal periods of the Company beginning on or after January 1, 2015:

International Financial Reporting Standard 9, Financial Instruments (“IFRS 9”)

IFRS 9 was issued in October 2010 by the IASB to replace IAS 39, Financial Instruments – Recognition and Measurement. The replacement standard has the following significant components: it establishes two primary measurement categories for financial assets – amortized cost and fair value; it establishes criteria for the classification of financial assets within the measurement category based on business model and cash flow characteristics; and it eliminates existing held to maturity, available-for-sale, and loans and receivable categories.

In November 2013, the IASB issued an amendment to IFRS 9 which includes a new hedge model that aligns accounting more closely with risk management and enhances disclosure about hedge accounting and risk management. Additionally, as the impairment guidance and certain limited amendments to the classification and measurement requirements of IFRS 9 are not yet complete, the previously mandated effective date of IFRS 9 of January 1, 2015 has been removed. Entities may apply IFRS 9 before the IASB completes the amendments but are not required to do so.

The Company has not evaluated the impact of adopting this standard.

International Financial Reporting Standard 15, Revenue from Contracts with Customers (“IFRS 15”)

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 “Revenue” and IAS 11”Construction Contracts” and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2017 and earlier application is permitted.

The Company has not evaluated the impact of adopting this standard.

Comparative Numbers

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Significant estimates and judgements made by management relate to:

(e) Determination of a Mineral Property being Sufficiently Advanced

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

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

(f) Valuation of Mineral Properties

The Company undertakes a review of the carrying values of mineral properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated recoverable amounts determined by reference to estimated future operating results, discounted net cash flows and current market valuations of similar properties. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things: reserve and resource amounts, future production and sale volumes, forecast commodity prices, future operating, capital and reclamation costs to the end of the mine's life and current market valuations from observable market data which may not be directly comparable. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts.

(g) Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The Company computes deferred tax assets and liabilities in respect of taxes that are based on taxable profit. Taxable profit is understood to be a net, rather than gross, taxable amount that gives effect to both revenues and expenses. Taxable profit will often differ from accounting profit and management may need to exercise judgment to determine whether some taxes are income taxes (subject to deferred tax accounting) or operating expenses.

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

(h) Reclamation Obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed. Denison has accrued its best estimate of the ongoing reclamation liability in connection with the decommissioned Elliot Lake mine site and is currently accruing its best estimate of its share of the cost to decommission its other mining and milling properties in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

5. ACQUISITIONS AND DIVESTITURES

Acquisition of International Enexco Limited

On June 6, 2014, Denison completed a plan of arrangement (the "IEC Arrangement") to acquire all of the outstanding shares, options and warrants of International Enexco Limited ("IEC"). IEC's principal uranium assets include a 30% interest in the Mann Lake exploration project and a 20% interest in the Bachman Lake Joint Venture, both located in Saskatchewan, Canada. Prior to completing the IEC Arrangment, IEC also owned a subsidiary holding an indirect interest in IEC's Contact Copper project and its other US properties ("Spinco").

Pursuant to the IEC Arrangement, the former shareholders of IEC ultimately exchanged each IEC common share held for 0.26 of a Denison common share (the "Exchange Ratio"). Outstanding warrants and options of IEC were exchanged for options and warrants of Denison adjusted by the Exchange Ratio. The Denison options received on exchange expired 90 days after the IEC Arrangement completion date while the Denison warrants received on exchange retained the expiry dates of the originally issued IEC warrants.

As part of the IEC Arrangement, IEC's shareholders also received a pro rata distribution of Spinco shares on a one-for-one basis and one-half of a warrant to acquire an additional Spinco share, exercisable for 6 months, at a price of CAD$5.00 for each whole share to be acquired. Each holder of IEC options and warrants also received replacement options and warrants, as the case may be, from Spinco with the same terms and conditions as the IEC options and warrants being replaced.

For accounting purposes, IEC is not considered a business under IFRS 3 "Business Combinations" as at the time of the acquisition it is not capable of generating outputs that can provide a return to Denison. As a result, the IEC Arrangement has been accounted for as an asset acquisition with share based consideration. Transaction costs incurred by Denison related to the IEC Arrangement have been capitalized as part of the consideration amount. Denison is including the results of IEC as part of its Canadian mining segment for reporting purposes.

The following table summarizes the fair value of the IEC assets acquired and the liabilities assumed at the acquisition date of June 6, 2014:

(in thousands)		IEC Fair Value
Cash and cash equivalents	$	206
Trade and other receivables		421
Prepaid expenses and other		15
Property, plant and equipment		
Mineral properties - Canada		14,120
Total assets		14,762
Accounts payable and accrued liabilities		1,319
Reclamation obligations		20
Net assets	$	13,423

The total consideration relating to the IEC Arrangement is summarized below:

(in thousands except for share amounts)		
Fair value of 10,229,035 common shares issued by Denison	$	11,979
Fair value of 660,127 common share purchase warrants issued by Denison		61
Fair value of 902,200 common share options issued by Denison		102
Fair value of IEC shares held by Denison prior to acquisition		934
Costs incurred by the Company pursuant to arrangement:		
Transaction costs		347
Fair value of total consideration	$	13,423

The fair value of the common shares was determined using Denison's closing share price on June 6, 2014 of CAD$1.28 converted to USD$ using the June 6, 2014 foreign exchange rate of 0.9149.

The fair value of the common share purchase warrants issued by Denison to replace those of IEC totaled $61,000 or $0.0924 per warrant. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.06%, expected stock price volatility between 38.56% and 48.62%, expected life between 0.50 years and 1.25 years and expected dividend yield of nil%.

The fair value of the common share options issued by Denison to replace those of IEC totaled $102,000 or $0.1131 per option. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.06%, expected stock price volatility of 34.85%, expected life of 0.25 years and expected dividend yield of nil%. As at June 6, 2014, all of the options issued to replace the IEC options were fully-vested.

Acquisition of Rockgate Capital Corp

In September 2013, Denison formally commenced a takeover bid to acquire all of the outstanding shares of Rockgate Capital Corp. (“Rockgate”). Rockgate’s key mining asset is its Falea uranium-copper-silver project located in Mali.

Under the terms of the takeover bid, Rockgate shareholders received 0.192 of a common share of Denison for each Rockgate share held. As at December 6, 2013, Denison had acquired 104,852,532 shares of Rockgate, equivalent to an initial 89.72% ownership amount and valued the remaining 12,014,561 shares of Rockgate (or 10.28%) owned by non-controlling interests at $3,091,000. On January 17, 2014, pursuant to a plan of arrangement with the same terms as the takeover bid, Denison acquired the remaining 10.28% non-controlling interest of Rockgate it had not previously acquired under its takeover bid in 2013.

For accounting purposes, Rockgate is not considered a business under IFRS 3 “Business Combinations” as at the time of the acquisition it is not capable of generating outputs that can provide a return to Denison. As a result, the Rockgate transaction has been accounted for as an asset acquisition with share based consideration. Transaction costs incurred by Denison related to the Rockgate transaction have been capitalized as part of the consideration amount. Denison is including the results of Rockgate as part of its African mining segment for reporting purposes.

For accounting purposes, Denison has used a cut-off date of November 30, 2013 to fair value the acquisition. The following table summarizes the fair value of the Rockgate assets acquired and the liabilities assumed as at November 30, 2013. The fair values have been adjusted to reflect the acquisition of the non-controlling interest noted above as if it had occurred on November 30, 2013:

(in thousands)		Rockgate Fair Value
Cash and cash equivalents	$	512
Trade and other receivables		173
Prepaid expenses and other		54
Investments-debt instruments		14,810
Investments-equity instruments		11
Property, plant and equipment		
Plant and equipment		523
Mineral properties – Mali		11,996
Mineral properties - Niger		94
Total assets		28,173
Account payable and accrued liabilities		1,821
Net assets	$	26,352

The total consideration relating to the acquisition of Rockgate is summarized below:

(in thousands except for share amounts)		
Fair value of 20,131,665 common shares issued by Denison under takeover bid	$	21,760
Fair value of 2,312,622 common shares issued by Denison under plan of arrangement		3,034
Costs incurred by the Company pursuant to the acquisition:		
Takeover bid transaction costs		1,501
Plan of arrangement transaction costs		57
Fair value of total consideration	$	26,352

The fair value of the common shares issued by Denison under the takeover bid totaled $21,760,000. The fair value of the common shares was determined using Denison’s closing share price on the dates shares were issued pursuant to the takeover bid converted to USD on the applicable day’s closing rate. Under the bid, shares were issued between November 19, 2013 and December 6, 2013 and the fair value has been determined using closing share prices ranging from CAD$1.13 to CAD$1.20 per share and foreign exchange rates ranging from 0.9384 to 0.9550.

The fair value of the common shares issued by Denison under the plan of arrangement to acquire the non-controlling interest totaled $3,034,000. The fair value of the common shares was determined using Denison's closing share price on January 17, 2014 of CAD$1.44 converted to USD$ using the January 17, 2014 foreign exchange rate of 0.9111.

Acquisition of Fission Energy Corp

On April 26, 2013, Denison completed an arrangement agreement (the "Fission Arrangement") to acquire Fission Energy Corp. ("Fission") whose assets included its 60% interest in the Waterbury Lake uranium project, its interests in all other properties in the eastern part of the Athabasca Basin, Quebec and Nunavut, as well as its interests in two joint ventures in Namibia (collectively, the "Assets").

Under the terms of the Fission Arrangement, Fission shareholders received 0.355 of a common share of Denison, a nominal cash payment of CAD$0.0001 and one common share of a newly-formed publicly traded company, Fission Uranium Corp., for each Fission share held. All of the outstanding options of Fission were exchanged for options to purchase common shares of Denison with a number and exercise price determined by reference to the 0.355 exchange ratio and a volume adjusted market value factor. Share purchase warrants in Fission ("Fission Warrant") that were outstanding on completion of the Fission Arrangement survived the transaction and may still be exercised in accordance with their terms, so that the holder of a Fission Warrant will receive the number of Denison shares, shares of Fission Uranium Corp and nominal cash consideration which the warrant holder would have received had the Fission Warrants been exercised immediately prior to the Fission Arrangement. The proceeds from the Fission Warrant exercise will be split between Denison and Fission Uranium Corp. and each company will be responsible for issuing its respective shares on the exercise of a Fission Warrant. Cash consideration was also advanced to Fission prior to closing (the "Fission Loan") and included an amount of CAD$2,437,000 in respect of the expenditures incurred and paid by Fission between January 16, 2013 and April 25, 2013 on properties that were ultimately acquired by Denison.

For accounting purposes, Fission is not considered a business under IFRS 3 "Business Combinations" as at the time of the acquisition it is not capable of generating outputs that can provide a return to Denison. As a result, the Fission Arrangement has been accounted for as an asset acquisition with share based consideration. Transaction costs incurred by Denison related to the Fission Arrangement have been capitalized as part of the consideration amount. Denison is including the results of Fission as part of its Canadian and African mining segments for reporting purposes.

The following table summarizes the fair value of the Fission assets acquired and the liabilities assumed at the acquisition date of April 26, 2013:

(in thousands)	Fission Fair Value
Cash and cash equivalents	$ 930
Trade and other receivables	82
Property, plant and equipment	
Mineral properties – Canada	66,945
Mineral properties - Namibia	5,949
Total assets	73,906
Account payable and accrued liabilities	511
Net assets	$ 73,395

The total consideration relating to the Fission Arrangement is summarized below:

(in thousands except for share amounts)		
Fair value of 53,053,284 common shares issued by Denison	$	66,259
Fair value of 1,500,854 common share purchase warrants assumed by Denison		827
Fair value of 1,985,035 common share options issued by Denison		1,321
Costs incurred by the Company pursuant to arrangement:		
Fission Loan		3,321
Transaction costs		1,667
Fair value of total consideration	$	73,395

The fair value of the common shares was determined using Denison's closing share price on April 26, 2013 of CAD$1.27 converted to USD$ using the April 26, 2013 foreign exchange rate of 0.9834.

The fair value of the common share purchase warrants assumed by Denison totaled $827,000 or $0.55 per warrant, on average. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 0.98%, expected stock price volatility between 40.23% and 56.06%, expected life between 0.60 years and 1.70 years and expected dividend yield of nil%.

The fair value of the common share options issued by Denison to replace those of Fission totaled $1,321,000 or $0.67 per option, on average. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate between 0.98% and 1.12%, expected stock price volatility between 39.87% and 84.93%, expected life between 0.20 years and 4.70 years and expected dividend yield of nil%. As at April 26, 2013, all of the options issued by Denison to replace the Fission options are fully-vested.

Acquisition of JNR Resources Inc.

On January 31, 2013, Denison completed a plan of arrangement (the "JNR Arrangement") to acquire all of the outstanding common shares of JNR Resources Inc. ("JNR"). Pursuant to the JNR Arrangement, the former shareholders of JNR received, for each JNR common share held, 0.073 of a Denison common share (the "Exchange Ratio"). No fractional shares were issued. All of the outstanding options and common share purchase warrants of JNR were exchanged for options and warrants to purchase common shares of Denison with a number and exercise price determined by reference to the Exchange Ratio.

For accounting purposes, JNR Resources is not considered a business under IFRS 3 "Business Combinations" as at the time of the acquisition it is not capable of generating outputs that can provide a return to Denison. As a result, the JNR Arrangement has been accounted for as an asset acquisition with share based consideration. Transaction costs incurred by Denison related to the JNR Arrangement have been capitalized as part of the consideration amount. Denison is including the results of JNR as part of its Canadian mining segment for reporting purposes.

The following table summarizes the fair value of the JNR assets acquired and the liabilities assumed at the acquisition date of January 31, 2013:

(in thousands)		JNR Fair Value
Cash and cash equivalents	$	39
Trade and other receivables		50
Prepaid expenses and other		7
Investments		22
Property, plant and equipment		
Plant and equipment		62
Mineral properties - Canada		13,012
Total assets		13,192
Account payable and accrued liabilities		767
Net assets	$	12,425

The total consideration relating to the JNR Arrangement is summarized below:

(in thousands except for share amounts)		
Fair value of 7,975,479 common shares issued by Denison	$	10,956
Fair value of 272,290 common share purchase warrants issued by Denison		17
Fair value of 579,255 common share options issued by Denison		131
Fair value of JNR shares held by Denison prior to acquisition		567
Costs incurred by the Company pursuant to arrangement:		
JNR loan		351
Transaction costs		403
Fair value of total consideration	$	12,425

The fair value of the common shares was determined using Denison's closing share price on January 31, 2013 of CAD$1.37 converted to USD$ using the January 31, 2013 foreign exchange rate of 1.0027.

The fair value of the common share purchase warrants issued by Denison to replace those of JNR totaled $17,000 or $0.0615 per warrant. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate of 1.16%, expected stock price volatility of 47.58%, expected life of 0.75 years and expected dividend yield of nil%.

The fair value of the common share options issued by Denison to replace those of JNR totaled $131,000 or $0.2262 per option. The fair value was determined using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate between 1.16% and 1.42%, expected stock price volatility between 58.00% and 62.15%, expected life between 0.04 years and 3.70 years and expected dividend yield of nil%. As at January 31, 2013, all of the options issued to replace the JNR options are fully-vested.

6. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Cash	$	2,265	$	2,259
Cash in MLJV and MWJV		885		3,057
Cash equivalents		15,490		16,470
	$	18,640	$	21,786

7. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Trade receivables – other	$	2,138	$	1,966
Receivables in MLJV and MWJV		7,127		1,794
Sales tax receivables		131		378
Sundry receivables		15		10
	$	9,411	$	4,148

8. INVENTORIES

The inventories balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Uranium concentrates and work-in-progress	$	433	$	4
Inventory of ore in stockpiles		1,834		2,058
Mine and mill supplies		1,733		1,722
	$	4,000	$	3,784
Inventories - by duration:				
Current	$	2,240	$	2,123
Long-term – ore in stockpiles		1,760		1,661
	$	4,000	$	3,784

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

9. INVESTMENTS

The investments balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Investments:				
Equity instruments-fair value through profit and loss	$	932	$	1,106
Equity instruments-available for sale		22		17
Debt instruments-fair value through profit and loss		4,381		14,818
	$	5,335	$	15,941
Investments – by duration				
Current	$	4,381	$	10,040
Long-term		954		5,901
	$	5,335	$	15,941

At December 31, 2014, investments include equity instruments in publicly-traded companies with a fair value of $954,000 (December 31, 2013: $1,123,000).

At December 31, 2014, investments include debt instruments with a fair value of $4,381,000 (December 31, 2013: $14,818,000). The debt instruments at December 31, 2014 consist of guaranteed investment certificates with rates of interest ranging between 1.85% to 1.90% and maturity dates occurring in February 2015.

Investment Purchases, Impairments and Other Movements

During 2014, the Company purchased additional equity instruments at a cost of $569,000. In addition, $9,529,000 of debt instruments matured and the proceeds were transferred to cash and equivalents.

During 2014 and 2013, the Company recorded impairment charges on equity instruments of $22,000 and $39,000, respectively. The resulting loss has been included in other income (expense) in the consolidated statements of income (loss) (see note 22).

During 2014, an amount of $934,000 was transferred out of fair value through profit and loss equity instruments as part of the IEC acquisition (see note 5). During 2013, an amount of $567,000 was transferred out of available for sale equity instruments as part of the JNR acquisition (see note 5). These transfers represented the fair value of the equity instruments held by the Company on the date of acquisition of IEC and JNR.

10. RESTRICTED CASH AND INVESTMENTS

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

(in thousands)	At December 31 2014	At December 31 2013
Cash	$ 42	$ 26
Cash equivalents	104	221
Investments	1,922	2,052
	$ 2,068	$ 2,299
Restricted cash and investments – by item:		
Elliot Lake reclamation trust fund	$ 2,068	$ 2,299
	$ 2,068	$ 2,299

Elliot Lake Reclamation Trust Fund

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

In 2014, the Company deposited an additional $545,000 (CAD$603,000) into the Elliot Lake Reclamation Trust Fund and withdrew $617,000 (CAD$680,000). In 2013, the Company deposited an additional $1,029,000 (CAD$1,047,000) into the Elliot Lake Reclamation Trust Fund and withdrew $846,000 (CAD$873,000).

11. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment balance consists of:

(in thousands)	At December 31 2014	At December 31 2013
Plant and equipment:		
Cost	$ 82,980	$ 86,805
Construction-in-progress	6,960	7,516
Accumulated depreciation	(12,205)	(12,627)
Net book value	$ 77,735	$ 81,694
Mineral properties:		
Cost	$ 192,851	$ 199,532
Accumulated amortization	(198)	(216)
Net book value	$ 192,653	$ 199,316
Net book value	$ 270,388	$ 281,010

The plant and equipment continuity summary is as follows:

(in thousands)	Cost	Accumulated Amortization / Depreciation	Net Book Value
Plant and equipment:			
Balance – January 1, 2013	$ 99,347	$ (12,143)	$ 87,204
Additions	1,192	-	1,192
Amortization	-	(36)	(36)
Asset acquisitions (note 5)	1,536	(950)	586
Depreciation	-	(796)	(796)
Disposals	(475)	405	(70)
Reclamation adjustment	(833)	77	(756)
Foreign exchange	(6,446)	816	(5,630)
Balance – December 31, 2013	$ 94,321	$ (12,627)	$ 81,694
Additions	240	-	240
Amortization	-	(15)	(15)
Depreciation	-	(817)	(817)
Disposals	(67)	67	-
Reclamation adjustment (note 14)	3,502	14	3,516
Foreign exchange	(8,056)	1,173	(6,883)
Balance – December 31, 2014	$ 89,940	$ (12,205)	$ 77,735

The mineral property continuity summary is as follows:

(in thousands)		Cost		Accumulated Amortization		Net Book Value
Mineral properties:						
Balance – January 1, 2013	$	160,915	$	(231)	$	160,684
Additions		1,203		-		1,203
Asset acquisitions (note 5)		97,996		-		97,996
Impairment (note 11)		(47,099)		-		(47,099)
Foreign exchange		(13,483)		15		(13,468)
Balance – December 31, 2013	$	199,532	$	(216)	$	199,316
Additions		729		-		729
Asset acquisitions (note 5)		14,120		-		14,120
Impairment (note 11)		(1,745)		-		(1,745)
Foreign exchange		(19,785)		18		(19,767)
Balance – December 31, 2014	$	192,851	$	(198)	$	192,653

Plant and Equipment - Mining

The Company has a 22.5% interest in the McClean Lake mill located in the Athabasca Basin of Saskatchewan, Canada. A toll milling agreement has been signed with the participants in the CLJV that provides for the processing of the future output of the Cigar Lake mine at the McClean Lake mill, for which the owners of the McClean Lake mill receive a toll milling fee and other benefits. In determining the amortization rate for the McClean Lake mill, the amount to be amortized has been adjusted to reflect Denison's expected share of mill feed from future toll milling. In March 2014, the first ore from the Cigar Lake mine was received at the mill. In September 2014, after being on stand-by since August 2010, milling activities were restarted at the McClean Lake mill and uranium packaging began in October 2014.

Plant and Equipment - Services and Other

The environmental services division of the Company provides mine decommissioning and decommissioned site monitoring services for third parties.

Mineral Properties

The Company has various interests in development and exploration projects located in Canada, Mali, Namibia, Zambia and Mongolia which are held directly or through option or various contractual agreements.

Canada Mining Segment

The Company's mineral property interests in Canada with significant carrying values and their locations are:

a) McClean Lake (Saskatchewan) – the Company has a 22.5% interest in the project (includes the Sue D, Sue E, Caribou, McClean North and McClean South deposits);
b) Midwest (Saskatchewan) – the Company has a 25.17% interest in the project (includes the Midwest and Midwest A deposits);
c) Wheeler River (Saskatchewan) – the Company has a 60% interest in the project (includes the Phoenix deposit);
d) Waterbury Lake (Saskatchewan) – the Company has a 60% interest in the project (includes the J Zone deposit) and also has a 2.0% net smelter return royalty on the portion of the project it does not own;
e) Mann Lake (Saskatchewan) – the Company has a 30% interest in the project; and
f) Wolly (Saskatchewan) – the Company has a 22.5% interest in the project.

In January 2013, Denison completed the acquisition of JNR and acquired mineral property interests in Canada with a fair value of $13,022,000 (see note 5). As a result of the JNR Arrangement, Denison increased its interest in five projects it was already participating in to 100% (which includes Moore Lake) and it acquired interests in nine additional properties.

In April 2013, Denison completed the acquisition of Fission and acquired mineral property interests in Canada, including the J Zone deposit, with a fair value of $66,945,000 (see note 5). As a result of the Fission Arrangement, Denison increased its interest in one project (Johnston Lake) that it was already participating in to 100% and it acquired interests in 27 additional properties.

In December 2013, Denison signed an option agreement with Strateco Resources Inc. ("Strateco") whereby Denison granted Strateco the option to earn up to a 60% interest in Denison's Jasper Lake property in two stages (the "Jasper Option"). During the year, the Jasper Option was assigned to SeqUr Exploration Inc. ("SeqUr"). In February 2015, SeqUr notified the Company that it intends to terminate its option to earn an interest in the Jasper Lake property.

In December 2013, Denison received CAD$100,000 of cash from Strateco towards the first stage of the Jasper Option which has been reflected in other income (expense).

In December 2013, Denison recognized an impairment charge of $934,000 to reflect the abandonment of its Riou Lake property. Riou Lake was acquired as part of the Fission acquisition in April 2013.

In March 2014, Denison released its land holdings related to the Black Lake property acquired as part of the acquisition of JNR in January 2013. The Company has recognized an impairment charge of $1,658,000 in its results to reflect the abandonment of this property.

In June 2014, Denison completed the sale of its land holdings related to the Way Lake and Yurchison properties, also acquired as part of the acquisition of JNR, for cash and share consideration valued at $202,000. The sale resulted in a gain of $202,000 which has been included in other income (expense) in the consolidated statements of operations.

In June 2014, Denison received a cash payment of CAD$250,000 from Strateco towards the first stage of the Jasper Option which has been reflected in other income (expense).

In June 2014, Denison completed the acquisition of IEC and acquired mineral property interests in Canada with a fair value of $14,120,000 (see note 5). As a result of the IEC Arrangement, Denison acquired a 30% interest in the Mann Lake project and increased its interest in the Bachman Lake project from 80% to 100%.

Africa Mining Segment-Mali

In November 2013, Denison acquired control of Rockgate and acquired mineral property interests in five projects in Mali with a fair value of $11,996,000 (see note 5). The most significant of these projects is the Falea project to which all of the fair value has been allocated.

Africa Mining Segment-Namibia

In April 2013, Denison completed the acquisition of Fission and acquired mineral property interests in two projects in Namibia with a fair value of $5,949,000 (see note 5). The most significant of these projects is the Dome project to which all of the fair value has been allocated. During 2013, the Company released its interest in one of the projects so that only the Dome project remains at December 31, 2013.

When the Company acquired the Dome project, it became a party to an earn-in agreement with Rio Tinto Mining and Exploration Limited ("Rio") that was entered into prior to the Company's acquisition of Fission. Under the earn-in agreement, Rio was able to earn: a) 49% of Denison's interest in the project by incurring exploration expenditures of $5,000,000 by September 2016 (the "First Stage Earn-In"); b) an additional 15% of Denison's interest in the project by spending an additional $5,000,000 within two years of completing the First Stage Earn-In (the "Second Stage Earn-In"); and c) an additional 11% of Denison's interest in the project by funding a bankable feasibility study within five years of completing the Second Stage Earn-In. As at December 31, 2013, Rio spent approximately $1,561,000 towards the First Stage Earn-In.

In March 2014, Rio terminated its option to earn an interest in the Dome project. Rio discontinued activities at the project site in February 2014 and Denison has assumed operatorship of the project. Expenditures incurred by Rio on Denison's account also had the effect of diluting a third party with an interest in the Dome project, Manica Minerals, below 20%. As a result of the dilution, Manica opted to accept a 10% carried interest in the project and Denison now has a 90% interest in the project.

Africa Mining Segment-Niger

In November 2013, Denison acquired control of Rockgate and acquired a mineral property interest in the Telwa Gada project in Niger with a fair value of $94,000 (see note 5).

In November 2014, Denison released its land holdings related to the Telwa Gada property and recognized an impairment charge of $87,000 in its results to reflect the abandonment of this property.

At December 2014, the Company no longer has any mineral property interests in Niger.

Africa Mining Segment-Zambia

The Company has a 100% interest in the Mutanga project (includes the Mutanga, Dibwe and Dibwe East deposits) located in Zambia.

In 2013, in light of the implied valuations associated with recent market transactions involving companies with uranium projects in Africa and in conjunction with regular reviews of exploration and development plans for its projects, the Company completed an impairment test on its Mutanga project.

The Company used a fair value less costs of disposal analysis to determine the recoverable amount of the project as at December 31, 2013. In determining the recoverable amount, the Company used a valuation technique that relied on market transactions adjusted for differences in deposit grade, resource size and resource quality to make them more comparable to the Company's Mutanga project. The application of the valuation technique requires management's judgment when considering qualitative and quantitative factors specific to the Mutanga project.

Since the Mutanga project's recoverable amount was determined to be lower than its carrying amount, the Company has recognized an impairment loss of $46,165,000 in 2013 to adjust the project's carrying amount to its recoverable amount of ZMW 167,055,000 (equivalent to $30,000,000 as at December 31, 2013).

Asia Mining Segment-Mongolia

The Company currently has an 85% interest in and is the managing partner of the Gurvan Saihan Joint Venture ("GSJV") in Mongolia (includes the Hairhan and Haraat deposits). The other party to the GSJV is the Mongolian government with a 15% interest. The results of the GSJV have been 100% consolidated in these financial statements since the Company exercises control and its partner in the GSJV has a carried interest at this time.

Under the Nuclear Energy Law of Mongolia, the Mongolian participant in the GSJV is entitled to hold a 34% to 51% interest in the GSJV, depending on the amount of historic exploration that was funded by the government of Mongolia, to be acquired at no cost to the Mongolian participant. This interest will be held by Mon-Atom LLC, the Mongolian state owned uranium company.

A restructuring of the GSJV will be required to comply with the Nuclear Energy Law and is expected to result in the Company having its interest reduced to 66%. The Company and Mon-Atom continue to be engaged in discussions in respect of the Company's ownership of the GSJV. The Company is also exploring strategic alternatives for its interest in the GSJV.

12. INTANGIBLES

The intangibles balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Cost	$	6,379	$	6,957
Accumulated amortization		(5,741)		(5,705)
Net book value	$	638	$	1,252
Net book value-by item:				
UPC management services agreement	$	638	$	1,252
Net book value	$	638	$	1,252

The intangibles continuity summary is as follows:

(in thousands)		Cost		Accumulated Amortization		Net Book Value
Balance – January 1, 2013	$	7,438	$	(5,430)	$	2,008
Amortization		-		(648)		(648)
Foreign exchange		(481)		373		(108)
Balance – December 31, 2013	$	6,957	$	(5,705)	$	1,252
Amortization		-		(536)		(536)
Foreign exchange		(578)		500		(78)
Balance – December 31, 2014	$	6,379	$	(5,741)	$	638

UPC Management Services Agreement

The intangible from the UPC management services agreement is associated with the acquisition of Denison Mines Inc ("DMI") in 2006. The contract is being amortized over its estimated useful life (see note 24).

13. POST-EMPLOYMENT BENEFITS

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

The effective date of the most recent actuarial valuation of the accrued benefit obligation is December 31, 2011. The amount accrued is based on estimates provided by the plan administrator which are based on past experience, limits on coverage as set out in the applicable group policies and assumptions about future cost trends. The significant assumptions used in the valuation are listed below:

- Discount rate of 3.65%;
- Medical cost trend rates at 7.00% per annum initially, grading down to 4.50% per annum over 20 years and remaining at 4.50% per annum thereafter; and
- Dental cost trend rates at 4.00% per annum for the first ten years, 3.50% per annum for the following ten years and 3.0% per annum thereafter;

The post-employment benefits balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Accrued benefit obligation	$	2,921	$	3,321
	$	2,921	$	3,321
Post-employment benefits liability-by duration:				
Current	$	259	$	376
Non-current		2,662		2,945
	$	2,921	$	3,321

The post-employment benefits continuity summary is as follows:

(in thousands)		
Balance - January 1, 2013	$	3,664
Benefits paid		(235)
Interest cost		125
Foreign exchange		(233)
Balance - December 31, 2013	$	3,321
Benefits paid		(244)
Interest cost		114
Foreign exchange		(270)
Balance - December 31, 2014	$	2,921

14. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Reclamation liability - by location:				
Elliot Lake	$	11,234	$	10,008
McClean and Midwest Joint Ventures		6,406		2,200
Other		19		-
	$	17,659	$	12,208
Reclamation and remediation liability - by duration:				
Current	$	706	$	699
Non-current		16,953		11,509
	$	17,659	$	12,208

The reclamation obligations continuity summary is as follows:

(in thousands)		
Balance - January 1, 2013	$	15,664
Accretion		796
Expenditures incurred		(877)
Liability adjustments-income statement		(1,645)
Liability adjustments-balance sheet		(755)
Foreign exchange		(975)
Balance - December 31, 2013	$	12,208
Accretion		720
Asset acquisition (note 5)		20
Expenditures incurred		(593)
Future expenditures reimbursed by CLJV		883
Liability adjustments-income statement		2,086
Liability adjustments-balance sheet		3,516
Foreign exchange		(1,181)
Balance - December 31, 2014	$	17,659

Site Restoration: Elliot Lake

The Elliot Lake uranium mine was closed in 1992 and capital works to decommission this site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Company and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to licenses issued by the Canadian Nuclear Safety Commission. The above accrual represents the Company’s best estimate of the present value of the total future reclamation cost based

on assumptions as to levels of treatment, which will be required in the future, discounted at 5.22% (2013: 6.13%). As at December 31, 2014, the undiscounted amount of estimated future reclamation costs is $24,818,000 (CAD$28,791,000) (December 31, 2013: $26,217,000 (CAD$27,885,000)). Revisions to the reclamation liability for Elliot Lake are recognized in the income statement as there is no net reclamation asset associated with this site.

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

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the Canadian Nuclear Safety Commission. Cost estimates of the estimated future decommissioning and reclamation activities are prepared periodically and filed with the applicable regulatory authorities for approval. The above accrual represents the Company's best estimate of the present value of the future reclamation cost contemplated in these cost estimates discounted at 5.22% (2013: 6.13%). As at December 31, 2014, the undiscounted amount of estimated future reclamation costs is $17,529,000 (CAD$20,335,000) (December 31, 2013: $9,062,000 (CAD$9,639,000)). Reclamation costs are expected to be incurred between 2033 and 2058.

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the Province. As at December 31, 2014, the Company has in place irrevocable standby letters of credit, from a chartered bank, in favour of Saskatchewan Environment, totalling CAD$9,698,000 which relate to a previously filed reclamation plan. Under the preliminary updated plan submitted in November 2014 which is currently under review by the applicable regulatory authorities, the Company expects to increase its pro-rata share of financial assurances to the Province by CAD$12,748,000 to approximately CAD$22,446,000.

Under the terms of a Potentially Reactive Waste Rock Disposal Agreement ("PRWR Agreement") between the MLJV and the CLJV, the MLJV agreed to deposit certain waste rock material from the Cigar Lake mine in its mined-out Sue C pit. In return, the CLJV has agreed to reimburse the MLJV for additional site restoration costs that may reasonably occur as a result.

In 2014, triggered by the delivery of the first Cigar Lake mine ore to the McClean Lake mill in March 2014, the CLJV made payments totalling CAD$4,332,000 to the MLJV under the terms of the PRWR Agreement. Denison has recorded its proportionate share of this total amount of $883,000 (CAD$974,700) as a component of its "Reclamation obligations".

15. DEBT OBLIGATIONS

The debt obligations balance consists of:

(in thousands)	At December 31 2014	At December 31 2013
Notes payable and other financing	$ 39	$ 97
	$ 39	$ 97
Debt obligations, by duration:		
Current	$ 30	$ 55
Non-current	9	42
	$ 39	$ 97

Letters of Credit Facility

In 2014, the Company had a facility in place with the Bank of Nova Scotia for credit of up to CAD$15,000,000 with a 1 year term and a maturity date of January 31, 2015 (the "2014 facility"). Use of the 2014 facility was restricted to non-financial letters of credit in support of reclamation obligations.

The 2014 facility contained a covenant to maintain a level of tangible net worth greater than or equal to the sum of $150,000,000. As security for the 2014 facility, DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the

McClean Lake and Midwest projects. The 2014 facility is subject to letter of credit and standby fees of 2.00% and 0.75% respectively.

At December 31, 2014, the Company has no outstanding borrowings under the 2014 facility (December 31, 2013 - $nil). At December 31, 2014, the Company is in compliance with its 2014 facility covenants and CAD$9,698,000 of the 2014 facility is being utilized as collateral for certain letters of credit (December 31, 2013 - CAD$9,698,000). During 2014 and 2013, the Company incurred letter of credit and standby fees of $221,000 and $339,000, respectively.

On January 30, 2015, the Company entered into an amended agreement (the “2015 facility”) with the Bank of Nova Scotia to amend the terms of the 2014 facility and extend the maturity date to January 31, 2016 (see note 28).

Scheduled Debt Obligation Maturities

The table below represents scheduled maturities of the Company’s debt obligations over the next 2 years after which its debt obligations will be paid in full:

(in thousands)		
2015	$	30
2016		9
	$	39

16. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands)		At December 31 2014		At December 31 2013
Unamortized fair value of toll milling contracts	$	861	$	940
Flow-through share premium obligation		1,915		324
Other		-		9
	$	2,776	$	1,273
Other long-term liabilities - by duration:				
Current	$	1,935	$	333
Non-current		841		940
	$	2,776	$	1,273

Unamortized fair values of toll milling contracts are amortized to revenue on a pro-rata basis over the estimated volume of the applicable contract. Flow-through share premium obligations are extinguished when the tax benefits of the related exploration expenditures are renounced to subscribers and the tax impact is recorded in the Company’s deferred tax provision.

17. INCOME TAXES

The income tax recovery (expense) balance from continuing operations consists of:

(in thousands)		2014		2013
Current income tax:				
Based on taxable income for the period	$	-	$	-
Prior period (under) over provision		(5)		51
		(5)		51
Deferred income tax:				
Origination/reversal of temporary differences		(972)		960
Tax benefit-previously unrecognized tax assets		3,588		1,729
Change in tax rates / legislation		-		(18,410)
Prior year (under) over provision		(312)		248
		2,304		(15,473)
Income tax recovery (expense)	$	2,299	$	(15,422)

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

(in thousands)		2014		2013
Income (loss) before taxes	$	(34,002)	$	(68,413)
Combined Canadian tax rate		26.50%		26.50%
Income tax recovery (expense) at combined rate		9,010		18,129
Difference in foreign tax rates		(513)		2,912
Non-deductible amounts		(3,323)		(15,810)
Non-taxable amounts		2,451		1,538
Previously unrecognized future tax assets [1]		3,588		1,729
Renunciation of tax attributes-flow through shares		(1,071)		(1,101)
Change in deferred tax assets not recognized		(1,711)		(9,334)
Change in tax rates / legislation [2]		-		(18,410)
Prior year (under) over provision		(317)		299
Other		(5,815)		4,626
Income tax recovery (expense)	$	2,299	$	(15,422)

(1) The Company has recognized certain previously unrecognized Canadian tax assets in 2014 and 2013 as a result of the renunciation of certain tax benefits to subscribers pursuant to its May 2013 CAD$14,950,000 and October 2012 CAD$7,005,000 flow-through share offerings; and

(2) In December 2013, a new uranium mining royalty system became substantively enacted in the province of Saskatchewan, Canada. The Company has concluded that a component of the new royalty system constitutes an income-based tax and is within the scope of IAS 12. The tax basis available to the Company under the new system is significantly less than the carrying value associated with the assets that will be subject to the royalty in future years. Accordingly, a deferred tax liability has been recorded by way of a corresponding charge to deferred tax expense in Q4-2013.

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

(in thousands)	At December 31 2014	At December 31 2013
Deferred income tax assets:		
Property, plant and equipment, net	$ 1,865	$ 636
Post-employment benefits	767	887
Reclamation and remediation obligations	5,102	3,392
Other long-term liabilities	226	249
Tax loss carry forwards	8,875	8,061
Other	5,295	5,531
Deferred income tax assets-gross	22,130	18,756
Set-off against deferred income tax liabilities	(22,130)	(18,756)
Deferred income tax assets-per balance sheet	$ -	$ -
Deferred income tax liabilities:		
Inventory	$ (620)	$ (696)
Property, plant and equipment, net	(40,591)	(42,237)
Intangibles	(167)	(331)
Other	(2,578)	(1,339)
Deferred income tax liabilities-gross	(43,956)	(44,603)
Set-off of deferred income tax assets	22,130	18,756
Deferred income tax liabilities-per balance sheet	$ (21,826)	$ (25,847)

The deferred income tax liability continuity summary is as follows:

(in thousands)	
Balance - January 1, 2013	$ (9,443)
Recognized in income (loss)	(15,473)
Recognized in other liabilities (flow-through shares)	(1,727)
Recognized in equity (warrant expiries)	(2)
Other, including foreign exchange gain (loss)	798
Balance - December 31, 2013	$ (25,847)
Recognized in income (loss)	2,304
Recognized in other liabilities (flow-through shares)	(313)
Other, including foreign exchange gain (loss)	2,030
Balance - December 31, 2014	$ (21,826)

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

(in thousands)	At December 31 2014	At December 31 2013
Deferred income tax assets not recognized		
Investments	$ 64	$ 118
Property, plant and equipment	18,317	26,750
Tax losses – capital	26,895	29,141
Tax losses – operating	22,650	27,903
Tax credits	983	1,131
Other deductible temporary differences	2,922	2,852
Deferred income tax assets not recognized	$ 71,831	$ 87,895

A geographic split of the Company's tax losses and tax credits not recognized and the associated expiry dates of those losses and credits is as follows:

(in thousands)	Expiry Date	At December 31 2014	At December 31 2013
Tax losses - gross			
Canada	2025-2034	$ 115,088	$ 116,113
Mongolia	2018-2022	4,296	4,547
Zambia (1)		-	12,284
Other	Unlimited	12	378
Tax losses - gross		119,396	133,322
Tax benefit at tax rate of 25% - 37.5%		31,525	35,964
Set-off against deferred tax liabilities		(8,875)	(8,061)
Total tax loss assets not recognized		$ 22,650	$ 27,903
Tax credits			
Canada	2025-2034	983	1,131
Total tax credit assets not recognized		$ 983	$ 1,131

(1) In December 2014, the Zambian government passed into law amendments to the Income Tax and Mine and Minerals Development Act which have the effect of eliminating corporate tax on profits from certain mining activities effective January 1, 2015. For the Company, the amendments reduce the corporate tax rate to 0% but increase the mineral royalty rate from 6% for all mining methods to 8% for underground mining and 20% for open pit mining. As a result of these amendments, the Company is no longer subject to income tax in Zambia and any tax attributes accumulated prior to December 31, 2014 have effectively expired or been reduced to nil.;

18. SHARE CAPITAL

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

(in thousands except share amounts)	Number of Common Shares	
Balance at January 1, 2013	388,805,915	$ 979,124
Issued for cash:		
New issue gross proceeds	11,500,000	14,382
New issue gross issue costs	-	(755)
Share options exercised	134,972	111
Share purchase warrants exercised	402,129	330
Acquisition of JNR (note 5)	7,975,479	10,956
Acquisition of Fission (note 5)	53,053,284	66,259
Acquisition of Rockgate (note 5)	20,131,665	21,760
Share options exercised-fair value adjustment	-	98
Share purchase warrants exercised-fair value adjustment	-	211
Flow-through share premium liability	-	(332)
	93,197,529	113,020
Balance at December 31, 2013	482,003,444	$ 1,092,144
Issued for cash:		
New issue gross proceeds	9,257,500	13,704
New issue gross issue costs	-	(859)
Share options exercised	1,025,449	946
Share purchase warrants exercised	536,050	405
Acquisition of Rockgate (note 5)	2,312,622	3,034
Acquisition of IEC (note 5)	10,229,035	11,979
Settlement of liabilities associated with IEC Arrangement	504,794	610
Share options exercised-fair value adjustment	-	525
Share purchase warrants exercised-fair value adjustment	-	300
Flow-through share premium liability	-	(2,030)
	23,865,450	28,614
Balance at December 31, 2014	505,868,894	$ 1,120,758

New Issues

In May 2013, the Company completed a private placement of 11,500,000 flow-through common shares at a price of CAD$1.30 per share for gross proceeds of $14,382,000 (CAD$14,950,000). The related flow-through share premium liability was included as a component of other liabilities on the balance sheet at December 31, 2013 and was extinguished during 2014.

In August 2014, the Company completed a private placement of 9,257,500 flow-through common shares at a price of CAD$1.62 per share for gross proceeds of $13,704,000 (CAD$14,997,000). The income tax benefits of this issue will be renounced to subscribers with an effective date of December 31, 2014. The related flow-through share premium liability is included as a component of other liabilities at December 31, 2014.

Acquisition Related Issues

In January 2013, the Company issued 7,975,479 shares at a value of $10,956,000 (CAD$10,926,000) as part of the acquisition of JNR (see note 5).

In April 2013, the Company issued 53,053,284 shares at a value of $66,259,000 (CAD$67,378,000) as part of the acquisition of Fission (see note 5).

In November and early December 2013, the Company issued 20,131,665 shares at a value of $21,760,000 (CAD$22,800,000) as part of the acquisition of a controlling interest in Rockgate. In January 2014, the Company issued 2,312,622 shares at a value of $3,034,000 (CAD$3,330,000) to acquire the remaining non-controlling interest in Rockgate (see note 5).

In June 2014, the Company issued 10,229,035 shares at a value of $11,979,000 (CAD$13,093,000) as part of the acquisition of IEC (see note 5).

Flow-Through Share Issues

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

As at December 31, 2014, the Company estimates that it has satisfied its obligation to spend CAD$14,950,000 on eligible exploration expenditures as a result of the issuance of flow through shares in May 2013. The Company renounced the income tax benefits of this issue to its subscribers in February 2014. In conjunction with the renunciation, the flow-through share premium liability has been reversed and recognized as part of the deferred tax recovery (see note 17).

As at December 31, 2014, the Company estimates that it has incurred CAD$1,222,000 of its obligation to spend CAD$14,997,000 on eligible exploration expenditures as a result of the issuance of flow through shares in August 2014. The Company renounced the income tax benefits of this issue to its subscribers in February 2015.

19. SHARE PURCHASE WARRANTS

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

(in thousands except share amounts)		Weighted Average Exercise Price Per Share (CAD$)	Number of Common Shares Issuable		Fair Value Amount
Balance outstanding at January 1, 2013	$	-	-	$	-
Warrants issued on acquisition of JNR (note 5)		2.05	272,290		17
Warrants assumed on acquisition of Fission (note 5)		0.84	1,500,854		827
Warrants exercised		0.85	(402,129)		(211)
Warrants expired		2.05	(272,290)		(17)
Balance outstanding at December 31, 2013	$	0.84	1,098,725	$	616
Warrants issued on acquisition of IEC (note 5)		1.71	660,127		61
Warrants exercised		0.84	(536,050)		(300)
Warrants expired		2.31	(143,000)		(1)
Balance outstanding at December 31, 2014	$	1.17	1,079,802	$	376
Balance of common shares issuable by warrant series:					
Fission January 2013 series [(1)]	$	0.84	562,675	$	316
IEC December 2013 series [(2)]		1.54	329,061		36
IEC February 2014 series [(3)]		1.54	188,066		24
Balance outstanding at December 31, 2014	$	1.17	1,079,802	$	376

(1) The Fission January 2013 series has an effective exercise price of CAD$0.84 per issuable share and expires on January 21, 2015.
(2) The IEC December 2013 series has an effective exercise price of CAD$1.54 per issuable share and expires on June 5, 2015.
(3) The IEC February 2014 series has an effective exercise price of CAD$1.54 per issuable share and expires on August 20, 2015.

20. STOCK OPTIONS

The Company's stock-based compensation plan (the "Plan") provides for the granting of stock options up to 10% of the issued and outstanding common shares at the time of grant, subject to a maximum of 39,670,000 common shares. As at December 31, 2014, an aggregate of 12,160,800 options have been granted (less cancellations) since the Plan's inception in 1997.

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

A continuity summary of the stock options of the Company granted under the Plan is presented below:

	Number of Common Shares		Weighted-Average Exercise Price per Share (CAD$)
Stock options outstanding - beginning of period	8,431,138	$	1.91
Issued on acquisition of IEC (note 5)	902,200		1.48
Granted	1,311,000		1.81
Exercised [(1)]	(1,025,449)		1.00
Forfeitures	(327,239)		2.93
Expiries	(3,112,076)		2.16
Stock options outstanding - end of period	6,179,574	$	1.80
Stock options exercisable - end of period	4,370,074	$	1.86

(1) The weighted average share price at the date of exercise was CAD$1.51.

A summary of the Company's stock options outstanding at December 31, 2014 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				
$ 0.38 to $ 2.49	2.73	5,074,433	$	1.40
$ 2.50 to $ 4.99	1.08	853,181		3.23
$ 5.00 to $ 5.67	1.38	251,960		5.02
Stock options outstanding - end of period	2.45	6,179,574	$	1.80

Options outstanding at December 31, 2014 expire between February 2015 and May 2019.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The following table outlines the range of assumptions used in the model to determine the fair value of options granted (excluding those granted pursuant to the JNR, Fission and IEC acquisitions – refer to note 5):

	2014	2013
Risk-free interest rate	1.42% - 1.47%	1.29%
Expected stock price volatility	55.21% - 55.56%	60.2%
Expected life	3.7 years	3.6 years
Estimated forfeiture rate	3.50% - 3.70%	4.6%
Expected dividend yield	–	–
Fair value per share under options granted	CAD$0.54 – CAD$0.74	CAD$0.58

The fair values of stock options with vesting provisions are amortized on a graded method basis as stock-based compensation expense over the applicable vesting periods. Included in the statement of income (loss) is stock-based compensation of $800,000 for 2014 and $903,000 for 2013. At December 31, 2014, the Company had an additional $338,000 in stock-based compensation expense to be recognized periodically to May 2016.

21. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income balance consists of:

(in thousands)	At December 31 2014	At December 31 2013
Cumulative foreign currency translation	$ (26,017)	$ (7,880)
Unamortized experience gain – post employment liability		
Gross	206	206
Tax effect	(56)	(56)
Unrealized gains (losses) on investments		
Gross	8	1
	$ (25,859)	$ (7,729)

22. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

	Year Ended	
(in thousands)	December 31 2014	December 31 2013
Cost of goods and services sold:		
Operating Overheads:		
Mining, other development expense	$ (2,587)	$ (2,739)
Milling, conversion expense	(466)	(72)
Mill feed cost:		
-Stockpile depletion	(61)	-
Less absorption:		
-Stockpiles, mineral properties	736	1,203
-Concentrates	440	-
Cost of services	(7,612)	(8,812)
Cost of goods and services sold	(9,550)	(10,420)
Reclamation asset amortization	(15)	(36)
Reclamation liability adjustments (note 14)	(2,086)	1,645
Operating expenses	$ (11,651)	$ (8,811)

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

	Year Ended	
(in thousands)	December 31 2014	December 31 2013
Gains (losses) on:		
Foreign exchange	$ (7,983)	$ 17
Disposal of property, plant and equipment	449	(12)
Investment impairments	(22)	(39)
Investment disposals / fair value through profit (loss)	(59)	(1,328)
Other	57	833
Other income (expense)	$ (7,558)	$ (529)

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

(in thousands)		Year Ended December 31 2014		December 31 2013
Interest income	$	554	$	392
Interest expense		(2)		(3)
Accretion expense-reclamation obligations		(720)		(796)
Accretion expense-post-employment benefits		(114)		(125)
Finance income (expense)	$	(282)	$	(532)

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

(in thousands)		Year Ended December 31 2014		December 31 2013
Operating expenses:				
Mining, other development expense	$	(303)	$	(283)
Milling, conversion expense		(79)		(11)
Cost of services		(244)		(259)
Mineral property exploration		(125)		(174)
General and administrative		(66)		(69)
Depreciation expense - gross	$	(817)	$	(796)

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

(in thousands)		Year Ended December 31 2014		December 31 2013
Salaries and short-term employee benefits	$	(8,289)	$	(9,272)
Share-based compensation		(800)		(903)
Termination benefits		(360)		(474)
Employee benefits expense	$	(9,449)	$	(10,649)

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

(in thousands)		Year Ended December 31 2014		December 31 2013
Change in non-cash working capital items:				
Trade and other receivables	$	(5,310)	$	(1,720)
Inventories		(520)		(187)
Prepaid expenses and other assets		(152)		(78)
Accounts payable and accrued liabilities		2,102		331
Post-employment benefits		(244)		(235)
Reclamation obligations		290		(877)
Change in non-cash working capital items	$	(3,834)	$	(2,766)

23. SEGMENTED INFORMATION

Business Segments

The Company operates in two primary segments – the Mining segment and the Services and Other segment. The Mining segment, which has been further subdivided into geographic regions, includes activities related to exploration, evaluation and development, mining, milling (including toll milling) and the sale of mineral concentrates. The Services and Other segment includes the results of the Company's environmental services business, management fees and commission income earned from UPC and other customers and general corporate expenses not allocated to the other segments.

For the year ended December 31, 2014, reportable segment results were as follows:

(in thousands)	Canada Mining	Asia Mining	Africa Mining	Services and Other	Total
Statement of Operations:					
Revenues	111	-	-	9,508	9,619
Expenses:					
Operating expenses	(2,649)	-	(1,390)	(7,612)	(11,651)
Mineral property exploration	(13,488)	(394)	(913)	-	(14,795)
General and administrative	(10)	(858)	(1,152)	(5,570)	(7,590)
Impairment-mineral properties (note 11)	(1,658)	-	(87)	-	(1,745)
	(17,805)	(1,252)	(3,542)	(13,182)	(35,781)
Segment income (loss)	(17,694)	(1,252)	(3,542)	(3,674)	(26,162)
Revenues – supplemental:					
Environmental services	-	-	-	7,327	7,327
Management fees and commissions	-	-	-	2,181	2,181
Toll milling services	111	-	-	-	111
	111	-	-	9,508	9,619
Capital additions:					
Property, plant and equipment	207	105	557	100	969
Long-lived assets:					
Plant and equipment					
Cost	83,613	340	2,288	3,699	89,940
Accumulated depreciation	(8,326)	(231)	(1,738)	(1,910)	(12,205)
Mineral properties	144,409	6,305	41,939	-	192,653
Intangibles	-	-	-	638	638
	219,696	6,414	42,489	2,427	271,026

For the year ended December 31, 2013, reportable segment results were as follows:

(in thousands)	Canada Mining	Asia Mining	Africa Mining	Services and Other	Total
Statement of Operations:					
Revenues	-	-	-	10,407	10,407
Expenses:					
Operating expenses	649	-	(648)	(8,812)	(8,811)
Mineral property exploration	(12,019)	(550)	(1,113)	-	(13,682)
General and administrative	(5)	(788)	(1,022)	(6,352)	(8,167)
Impairment-mineral properties (note 11)	(934)	-	(46,165)	-	(47,099)
	(12,309)	(1,338)	(48,948)	(15,164)	(77,759)
Segment income (loss)	(12,309)	(1,338)	(48,948)	(4,757)	(67,352)
Revenues – supplemental:					
Environmental services	-	-	-	8,763	8,763
Management fees and commissions	-	-	-	1,644	1,644
	-	-	-	10,407	10,407
Capital additions:					
Property, plant and equipment	1,188	114	1,010	83	2,395
Long-lived assets:					
Plant and equipment					
Cost	87,328	396	2,613	3,984	94,321
Accumulated depreciation	(8,792)	(253)	(1,726)	(1,856)	(12,627)
Mineral properties	144,649	7,229	47,438	-	199,316
Intangibles	-	-	-	1,252	1,252
	223,185	7,372	48,325	3,380	282,262

Revenue Concentration

The Company's business from continuing operations is such that, at any given time, it sells its environmental and other services to a relatively small number of customers. During 2014, three customers from the services and other segment accounted for approximately 86% of total revenues consisting of 53%, 23% and 10% individually. During 2013, four customers from the services and other segment accounted for approximately 87% of total revenues consisting of 50%, 16%, 11% and 10% individually.

24. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC. The most recent agreement was entered into on April 1, 2013 and it has a three year term that may be terminated by either party upon the provision of 120 days written notice. Under the terms of the agreement, the Company receives the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of CAD$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC's net asset value in excess of CAD$100,000,000; and 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 purchase or sale of uranium).

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

(in thousands)	Year Ended December 31 2014	December 31 2013
Revenue:		
Management fees	$ 1,628	$ 1,644
Commission fees	553	-
	$ 2,181	$ 1,644

At December 31, 2014, accounts receivable includes $123,000 (December 31, 2013: $148,000) due from UPC with respect to the fees and transactions indicated above.

Korea Electric Power Corporation ("KEPCO")

In June 2009, Denison completed definitive agreements with KEPCO including a long-term offtake agreement (which has been assigned to Energy Fuels Inc. ("EFR") as part of the U.S. Mining Division transaction completed in June 2012) and a strategic relationship agreement. Pursuant to the strategic relationship agreement, KEPCO is entitled to subscribe for additional common shares in Denison's future share offerings. The strategic relationship agreement also provides KEPCO with a right of first opportunity if Denison intends to sell any of its substantial assets, a right to participate in certain purchases of substantial assets which Denison proposes to acquire and a right to nominate one director to Denison's board so long as its share interest in Denison is above 5.0%.

As at December 31, 2014, KEPCO holds 58,284,000 shares of Denison representing a share interest of approximately 11.5%.

Denison also holds a 60% interest in the Waterbury Lake Uranium Corporation ("WLUC") and Waterbury Lake Uranium Limited Partnership ("WLULP") entities whose key asset is the Waterbury Lake property. The other 40% interest in these entities is held by a consortium of investors ("KWULP") of which KEPCO is the primary holder (see note 27). When a spending program is approved by the participants, each participant is required to fund these entities based upon its respective ownership interest. Spending program approval requires 75% of the voting interest.

In January 2014, Denison agreed to allow KWULP to defer its funding obligations to WLUC and WLULP until September 30, 2015 in exchange for allowing Denison to carry out spending programs without obtaining the approval of 75% of the voting interest. As at December 31, 2014, KWULP has a funding obligation to WLUC and WLULP of CAD$802,000. Denison has recorded its proportionate share of this amount of $415,000 (CAD$481,000) as a component of trade and other receivables.

Other

During 2014, the Company incurred investor relations, administrative service fees and other expenses of $60,000 (2013: $188,000) with Namdo Management Services Ltd, which shares a common officer with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2014, an amount of $nil (December 31, 2013: $nil) was due to this company.

During 2014, the Company incurred legal fees of $276,000 (2013: $1,634,000) with Cassels Brock & Blackwell, LLP, a law firm of which a member of Denison's Board of Directors is a partner. These services and associated costs were mainly related to various acquisition and internal re-organization activities done by the Company. At December 31, 2014, an amount of $1,000 (December 31, 2013: $82,000) is due to this legal firm.

During 2014, the Company provided executive services of $106,000 (2013: $nil) to Lundin Gold Inc., which shares common directors and officers with Denison. At December 31, 2014, an amount of $44,000 (December 31, 2013: $nil) is due from 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 includes the Company's executive officers, vice-presidents and members of its Board of Directors.

The following compensation was awarded to key management personnel:

(in thousands)	Year Ended December 31 2014	December 31 2013
Salaries and short-term employee benefits	$ 1,633	$ 1,630
Share-based compensation	516	577
Termination benefits	158	-
Key management personnel compensation	$ 2,307	$ 2,207

25. CAPITAL MANAGEMENT AND FINANCIAL RISK

Capital Management

The Company's capital includes cash, cash equivalents, investments in debt instruments and debt obligations. The Company's primary objective with respect to its capital management is to ensure that it has sufficient capital to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities.

Planning, annual budgeting and controls over major investment decisions are the primary tools used to manage the Company's capital. The Company's cash is managed centrally and disbursed to the various regions via a system of cash call requests which are reviewed by the key decision makers. Under the Company's delegation of authority guidelines, significant debt obligations require the approval of both the CEO and the CFO before they are entered into.

The Company manages its capital by review of the following measure:

(in thousands)	At December 31 2014	At December 31 2013
Net cash:		
Cash and cash equivalents	$ 18,640	$ 21,786
Investments in debt instruments (see note 9)	4,381	14,818
Debt obligations - current	(30)	(55)
Debt obligations – long term	(9)	(42)
Net cash	22,982	36,507

Financial Risk

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

(a) Credit Risk

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

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

(in thousands)	At December 31 2014	At December 31 2013
Cash and cash equivalents	$ 18,640	$ 21,786
Trade and other receivables	9,411	4,148
Investments in debt instruments	4,381	14,818
Restricted cash and investments	2,068	2,299
	$ 34,500	$ 43,051

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

(b) Liquidity Risk

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

The maturities of the Company's financial liabilities are as follows:

(in thousands)	Within 1 Year	1 to 5 Years
Accounts payable and accrued liabilities	$ 10,050	$ -
Debt obligations (Note 15)	30	9
	$ 10,080	$ 9

(c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures as its subsidiaries incur operating and capital costs denominated in local currencies. Foreign exchange risk also arises from assets and liabilities that are denominated in a currency that is not the functional currency for the relevant subsidiary company.

Currently, the Company does not have any foreign exchange hedge programs in place and manages its operational foreign exchange requirements through spot purchases in the foreign exchange markets. The impact of the U.S dollar strengthening (by approximately 10%) at December 31, 2014 against the Company's foreign currencies, with all other variables held constant, is as follows:

(in thousands except foreign exchange rates)	Dec.31'2014 Foreign Ex-Change Rate	Sensitivity Foreign Ex-Change Rate	Change in net income (loss)
Currency risk			
Canadian dollar ("CAD")	1.1601	1.2761	$ 14,526
Mongolian tugrog ("MNT")	1,881.11	2,069.23	(3,891)
West Africa French Franc ("CFA")	539.67	593.63	(6,365)
Zambian kwacha ("ZMW")	6.4297	7.0727	(4,698)
			$ (428)

(d) Interest Rate Risk

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

(e) Price Risk

The Company is exposed to equity price risk as a result of holding equity investments in other exploration and mining companies. The Company does not actively trade these investments. The sensitivity analysis below has been determined based on the exposure to equity price risk at December 31, 2014:

(in thousands)	Change in net income (loss)	Change in Comprehensive income (loss)
Equity price risk		
10% increase in equity prices	$ 93	$ 95

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 equity instruments) is based on quoted market prices at the balance sheet date. The quoted marked price used to value financial assets held by the Company is the current closing price.

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

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at December 31, 2014 and December 31, 2013:

(in thousands)	Financial Instrument Category[1]	Fair Value Hierarchy	December 31, 2014 Fair Value	December 31, 2013 Fair Value
Financial Assets:				
Cash and equivalents	Category D		$ 18,640	$ 21,786
Trade and other receivables	Category D		9,411	4,148
Investments				
Equity instruments	Category A	Level 1	916	1,106
Equity instruments	Category A	Level 2	16	-
Equity instruments	Category B	Level 1	22	17
Debt instruments	Category A	Level 1	4,381	14,818
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category C		2,068	2,299
			$ 35,454	$ 44,174
Financial Liabilities:				
Account payable and accrued liabilities	Category E		10,050	7,992
Debt obligations	Category E		39	97
			$ 10,089	$ 8,089

(1) Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Available for sale investments; Category C=Held to maturity investments; Category D=Loans and receivables; and Category E=Financial liabilities at amortized cost.

26. COMMITMENTS AND CONTINGENCIES

General Legal Matters

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

Third Party Indemnities

The Company remains a guarantor under a sales contract included in the sale of the U.S. Mining Division to Energy Fuels Inc. ("EFR") in June 2012. The sales contract requires deliveries of 200,000 pounds of U_3O_8 per year from 2013 to 2017 at a selling price of 95% of the long-term U_3O_8 price at the time of delivery. Should EFR not be able to deliver for any reason other than "force majeure" as defined under the contract, the Company may be liable to the customer for incremental costs incurred to replace the contracted quantities if the unit price of the replacement quantity is greater than the contracted unit price selling amount. EFR has agreed to indemnify the Company for any future liabilities it may incur related to this guarantee.

The Company has agreed to indemnify EFR against any future liabilities it may incur in connection with ongoing litigation between Denison Mines (USA) Corp ("DUSA") (a company acquired by EFR as part of the sale of the U.S. Mining Division) and a contractor in respect of a construction project at the White Mesa mill. In the event that the matter is decided in DUSA's favour, the Company is entitled to any proceeds that are received or recovered by EFR pursuant to its indemnity. Both parties agreed to resolve the dispute via binding arbitration and arbitration hearings for this matter were held in November 2013. In January 2014 an arbitration order was issued in DUSA's and Denison's favour. The contractor subsequently filed a motion to vacate the arbitration award. Denison filed a response in opposition and, in July 2014, the court denied the motion to vacate the arbitration award. The Company does not expect to recover a material amount of damages related to this issue.

Performance Bonds and Letters of Credit

In conjunction with various contracts, reclamation and other performance obligations, the Company may be required to issue performance bonds and letters of credit as security to creditors to guarantee the Company's performance. Any potential payments which might become due under these items would be related to the Company's non-performance under the applicable contract. As at December 31, 2014, the Company had outstanding letters of credit of $9,329,000 of which $9,329,000 (CAD$9,898,000) is collateralized by a reduction in the amount available under the Company's 2014 credit facility (see note 15).

Others

The Company has committed to payments under various operating leases and other commitments. Excluding spending amounts which may be required to maintain the Company's mineral properties in good standing, the future minimum payments are as follows**:**

(in thousands)		
2015	$	269
2016		144
2017		42
2018		11
2019 and thereafter		7
	$	473

27. INTEREST IN OTHER ENTITIES

The significant entities and contractual interests in which Denison has a non-100% voting / participating interest at December 31, 2014 are listed below.

	Place Of Business	Entity Type (1)	Denison Voting Interest (2)	Denison Participating Interest (3)	Accounting Method (4)
Non-100% Owned Entities					
Waterbury Lake Uranium Corp	Canada	JO-1	60.00%	60.00%	Proportionate Share
Waterbury Lake Uranium LP	Canada	JO-1	60.00%	60.00%	Proportionate Share
Pitchstone Namibia (Pty) Ltd	Namibia	SUB	90.00%	100.00%	Consolidation
Gurvan Saihan Joint Venture	Mongolia	SUB	85.00%	100.00%	Consolidation
Non-100% Owned Contractual Arrangements					
McClean Joint Venture Agreement	Canada	JO-2	22.50%	22.50%	Proportionate Share
Midwest Joint Venture Agreement	Canada	JO-2	25.17%	25.17%	Proportionate Share
Wheeler River	Canada	JO-2	60.00%	60.00%	Proportionate Share
Mann Lake	Canada	JO-2	30.00%	30.00%	Proportionate Share
Wolly	Canada	JO-2	22.50%	22.50%	Proportionate Share

(1) The Entity Type classifications are as follows: SUB=Subsidiary; JO-1=Joint Operations having joint control as defined by IFRS 11; and JO-2=Joint Operations not having joint control and beyond the scope of IFRS 11;
(2) Voting Interest represents Denison's percentage voting interest in the entity or contractual arrangement;
(3) Participating interest represents Denison's percentage funding contribution to the particular arrangement. This percentage can differ from equity interest in instances where other parties to the arrangement have carried interests in the arrangement; and
(4) Proportionate share is where Denison accounts for its share of assets, liabilities, revenues and expenses of the arrangement in relation to its participating interest.

Pitchstone Namibia (Pty) Ltd ("Pitchstone Namibia") was acquired by Denison as part of the Fission arrangement (see note 5). Pitchstone Namibia's key asset is the Dome project. Denison's participating interest is larger than its voting interest at this time due to its partner's carried interest. Denison is currently funding 100% of the activities of this entity.

The Gurvan Saihan Joint Venture holds Denison's mineral property assets in Mongolia. Denison's participating interest is larger than its voting interest at this time due to its partner's carried interest (see note 11). Denison is currently funding 100% of the activities of this entity.

28. SUBSEQUENT EVENTS

Bank of Nova Scotia Credit Facility Renewal

On January 30, 2015, the Company entered into an agreement with the Bank of Nova Scotia to amend the terms of the 2014 facility and extend the maturity date to January 31, 2016 (see note 15). Under the 2015 facility, the Company has access to credit up to CAD$24,000,000. Use of the 2015 facility remains restricted to non-financial letters of credit in support of reclamation obligations (see note 14).

The 2015 facility contains a covenant to maintain a level of tangible net worth greater than or equal to the sum of $150,000,000 and a covenant to maintain a minimum balance of cash and equivalents of CAD$5,000,000 on deposit with the Bank of Nova Scotia. As security for the amended facility, DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects.

The 2015 facility is subject to letter of credit and standby fees of 2.40% and 0.75% respectively.

Corporate Information

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W. Robert Dengler
Ontario, Canada
Brian D. Edgar
British Columbia, Canada
Ron F. Hochstein
British Columbia, Canada
Lukas H. Lundin
Vaud, Switzerland
Joo Soo Park
Naju-si, Korea
William A. Rand
British Columbia, Canada
Catherine J.G. Stefan
Ontario, Canada

OFFICERS

Lukas H. Lundin
Chairman
Ron F. Hochstein
Chief Executive Officer
David D. Cates
President and
Chief Financial Officer
Steve Blower
Vice President, Exploration
Peter Longo
Vice President, Project Development
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NYSE MKT LLC
Trading Symbol: DNN

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ADDITIONAL INFORMATION

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

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