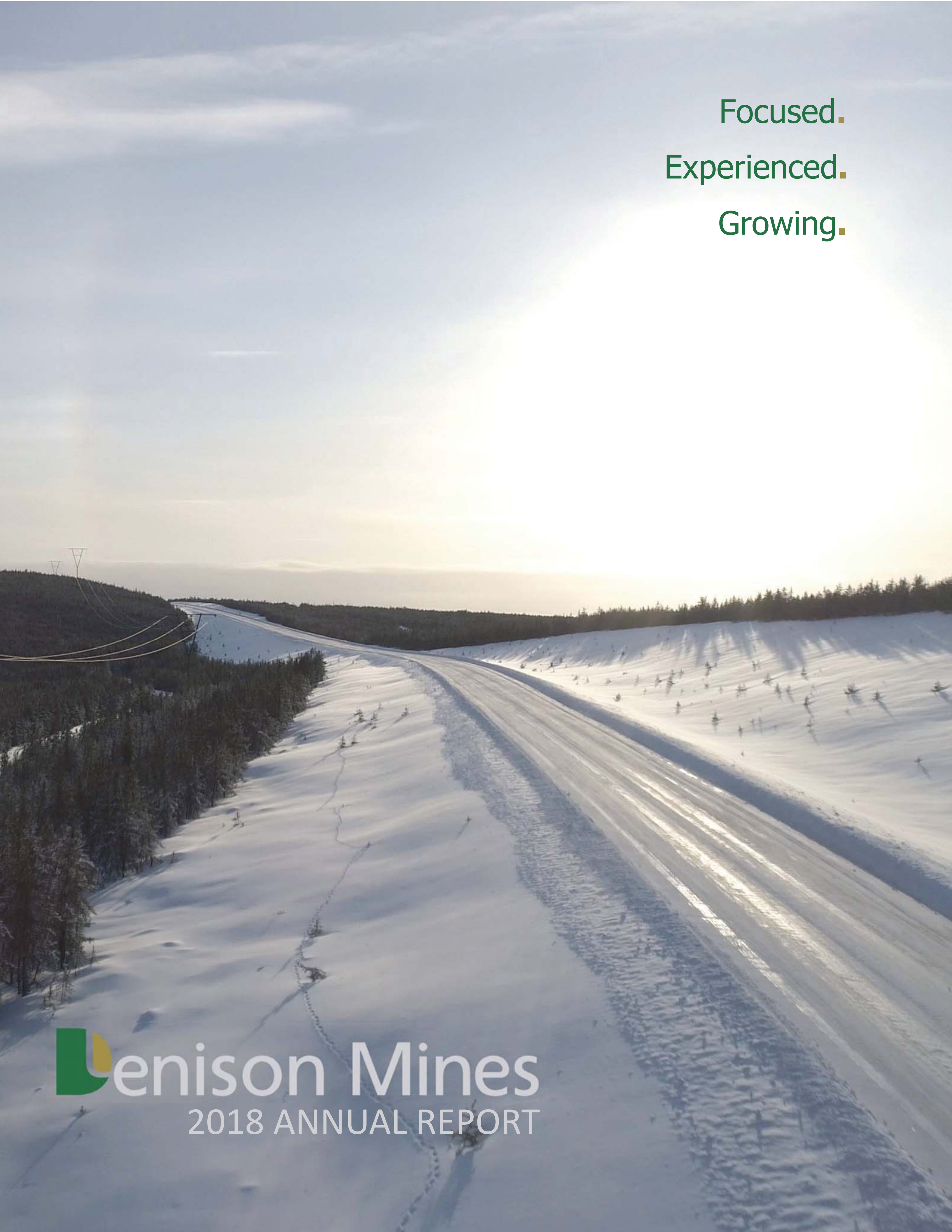

Focused.
Experienced.
Growing.

Denison Mines

2018 ANNUAL REPORT

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018

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March 19, 2019

Dear Shareholders,

While we have seen some volatility in the uranium price over the past several years, the increase in price from April 2018 (US$20.50/lb U_3O_8) to the end of 2018 (US$28.50/lb U_3O_8) has been relatively stable and sustained – supported by a number of events that have resulted in rationalization on the supply side. Most significant of these events was Cameco's announcement that the temporary shutdown of the McArthur River mine would become indefinite (with the timing of a restart depending on future contracting and market conditions) and that existing customer obligations would be met by purchasing large volumes of uranium in the spot market.

Despite an improving picture of the market's supply and demand fundamentals, considerable uncertainty has weighed on the market during 2018 as a result of a trade petition filed in the United States under Section 232 – requesting an investigation into whether uranium imports into the country are harmful to its national security. With a decision on a potential remedy expected as early as the second quarter of 2019, many U.S. and global utilities have deferred plans to re-enter the market until the impact of the petition is better understood. This has reduced the number of active market participants and arguably deferred the process of true price-discovery in a post McArthur River market. The resolution and market response to the Section 232 process is likely to be the most influential market development during 2019, regardless of the outcome, primarily due to the removal of this uncertainty throughout the global nuclear fuel market.

While the market has shown signs of a proper "reset" of long-term fundamentals through early 2019, the previous twelve months have been truly transformational for Denison – highlighted by the completion of a Pre-Feasibility Study, or PFS, on the Company's 90% owned Wheeler River project. The PFS is the first formal study to pair the world's lowest cost mining method for uranium, in-situ recovery, with the jurisdiction hosting the world's highest-grade uranium deposits, the Athabasca Basin. Applying the ISR mining method to Wheeler River's Phoenix deposit has dramatically changed the potential economics for the project with a significant reduction in initial capital costs and an approximately 175% increase in the project's pre-tax NPV.

Our team is energized with the success of the Wheeler River PFS and focused on building the next uranium mine in Saskatchewan's Athabasca Basin region. We are motivated by the prospect of Phoenix being the lowest cost uranium mining operation in the world – with an estimated operating cost of US$3.33/lb U_3O_8. At this level, we are expecting to produce a near 90% operating margin based on current spot prices.

While we anticipate the uranium market improving, the low-cost nature of this project provides us with the ability to justify advancement today, despite the current uranium price environment. With unanimous approval from the Company's Board of Directors, we have initiated the Environmental Assessment and Feasibility Study processes in 2019. Going forward, we have the flexibility to advance the project without needing to build a book of long-term uranium contracts until we consider price conditions attractive enough to do so, thereby allowing us to optimize our exposure to rising prices.

The ability to move a large-scale uranium project forward under these conditions is quite unique in our current market, and positions our Company to offer shareholders superior leverage to a sustained market recovery in the coming years.

As always, on behalf of the management team and Board of Directors, thank you for your continued support and interest in Denison.

Best Regards,

Original signed by *"David D. Cates"*

David Cates
President & CEO

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 7, 2019 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2018. 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 in this MD&A are expressed in Canadian dollars, unless otherwise noted. The audited consolidated financial statements and MD&A for the year ended December 31, 2017 were expressed in US dollars. See CHANGE IN SIGNIFICANT ACCOUNTING POLICIES below.

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

2018 PERFORMANCE HIGHLIGHTS

- **Wheeler River indicated mineral resources increased by 88% to 132 million pounds of U_3O_8**

  On January 31, 2018, Denison announced an 88% increase in the indicated mineral resources estimated for the Wheeler River project ('Wheeler River'), located in northern Saskatchewan. The result was attributable to an increase in the estimated resources at the Gryphon deposit, which is estimated to contain, above a cut-off grade of 0.2% U_3O_8, 61.9 million pounds of U_3O_8 (1,643,000 tonnes at 1.71% U_3O_8) in indicated mineral resources, plus 1.9 million pounds of U_3O_8 (73,000 tonnes at 1.18% U_3O_8) in inferred mineral resources. Together with the resources estimated for the Phoenix deposit, Wheeler River is now host to 132.1 million pounds of U_3O_8 (1,809,000 tonnes at an average grade of 3.3%) in total indicated mineral resources. Following the resource update, Wheeler River retained and improved its standing as the largest undeveloped high-grade uranium project in the infrastructure rich eastern portion of the Athabasca Basin. The updated mineral resource estimate was used in the preparation of the Pre-Feasibility Study ('PFS').

- **Completion of the Wheeler River PFS with a project level pre-tax NPV of $1.31 billion and IRR of 38.7%**

  On October 30, 2018, Denison filed a technical report in accordance with NI 43-101, for Wheeler River. The PFS results are highlighted by the selection of the in-situ recovery ('ISR') mining method for the Phoenix deposit, resulting in an estimated average operating cost of $4.33 (USD$3.33) per pound U_3O_8. The project, on a 100% basis, is estimated to have mine production of 109.4 million pounds of U_3O_8 over a 14-year mine life, with a base case pre-tax Net Present Value ('NPV') of $1.31 billion (8% discount rate), Internal Rate of Return ('IRR') of 38.7%, and initial pre-production capital expenditures of $322.5 million. The base-case NPV assumes uranium sales are made at UxC Consulting Company, LLC's ('UxC') annual estimated spot price (composite mid-point scenario in constant dollars) for mine production from the Phoenix deposit (from ~USD$29/lb U_3O_8 to USD$45/lb U_3O_8), and a fixed price for mine production from the Gryphon deposit (USD$50/lb U_3O_8).

  Upon the completion of the PFS and in accordance with NI 43-101, Denison has declared probable mineral reserves of 109.4 million pounds of U_3O_8 (Phoenix 59.7 million pounds U_3O_8 from 141,000 tonnes at 19.1% U_3O_8, and Gryphon 49.7 million pounds U_3O_8 from 1,257,000 tonnes at 1.8% U_3O_8), indicated mineral resources (inclusive of reserves) of 132.1 million pounds of U_3O_8, (1,809,000 tonnes at an average grade of 3.3%) and inferred mineral resources of 3.0 million pounds of U_3O_8 (82,000 tonnes at an average grade of 1.7% U_3O_8), for Wheeler River.

- **Acquisition of additional Wheeler River ownership interest**

  On October 26, 2018, Denison completed a transaction with Cameco Corporation ('Cameco') to increase its ownership interest in the Wheeler River Joint Venture ('WRJV') to 90%. Denison acquired Cameco's 23.92% interest in the project in exchange for the issuance of 24,615,000 common shares of Denison.

- **Approval of the advancement of Wheeler River**

  In December 2018, the Company's Board of Directors, and the WRJV approved the advancement of Wheeler River, following a detailed assessment of the robust economic results demonstrated in the PFS. In support of the decision to advance Wheeler River, the WRJV approved a $10.3 million budget for 2019 (100% basis), which is highlighted by plans to initiate the Environmental Assessment ('EA') process, the completion of ISR wellfield testing, as well as the initiation of metallurgical pilot plant testing and other engineering studies related to ISR mining.

- **Uranium mineralization discovered on regional explorations targets at Wheeler River and Waterbury Lake**

High-grade unconformity uranium northeast of Wheeler River's Gryphon deposit
High-grade uranium drill intercepts were obtained at the sub-Athabasca unconformity to the northeast of the Gryphon deposit along the K North trend. Results were highlighted by assays from drill hole WR-704, which included 1.4% U_3O_8 over 5.5 metres, located 600 metres northeast of Gryphon and drill hole WR-710D1, which included 1.1% U_3O_8 over 3.0 metres, located one kilometre northeast of Gryphon. Further potential for mineralization exists, both at the unconformity and within the basement, between the 200 metre-spaced drill fences.

Unconformity uranium and base metals on the K West trend at Wheeler River
Highlights from the Company's summer 2018 diamond drilling program at Wheeler River include the discovery of unconformity-hosted mineralization on the K West trend, including 0.30% U_3O_8, 4.7% Co, 3.7% Ni and 0.55% Cu over one metre in drill hole WR-733D1, and 1.2% Cu and 0.49% Ni over six metres in drill hole WR-733D2. The K West trend is a priority target area located approximately 500 metres west of the parallel K North trend, which hosts the Gryphon deposit. The results are encouraging and further drill testing is warranted to the south, where up to five kilometres of strike length remains untested along the K West trend.

Uranium mineralization on the GB Trend at Waterbury Lake
Basement-hosted uranium mineralization was intersected in two drill holes on the Waterbury Lake property (65.92% Denison owned), at the interpreted intersection of the regional Midwest structure with the GB trend, approximately three kilometres northeast of the project's Huskie deposit. Mineralized assay intervals included 0.43% U_3O_8 over 1.0 metre (including 0.73% U_3O_8 over 0.5 metre) in drill hole WAT18-478 and 0.45% U_3O_8 over 0.5 metre, as well as 0.31% U_3O_8 over 0.5 metre and 0.20% U_3O_8 over 0.5 metre in drill hole WAT18-479. The results validated the Company's geological concept that uranium mineralization occurs at the intersection of the interpreted regional Midwest structure with cross-cutting, graphite-bearing, structural corridors. Follow-up is warranted along the GB trend and at several other exploration targets related to the interpreted regional Midwest structure.

- **Maiden mineral resource estimate completed for the Huskie deposit at Waterbury Lake**

Denison completed a maiden mineral resource estimate for the Huskie uranium deposit ('Huskie') on the Waterbury Lake property. The mineral resource estimate was completed in accordance with NI 43-101 and CIM Definitions (2014), and was reviewed and audited by SRK Consulting (Canada) Inc. ('SRK'), with a resulting estimate of 5.7 million pounds of U_3O_8 (above a cut-off grade of 0.1% U_3O_8) based on 268,000 tonnes of mineralization at an average grade of 0.96% U_3O_8. Since its discovery in 2017, Denison has completed 28 drill holes at Huskie at a spacing of approximately 50 metres x 50 metres to define a basement hosted uranium deposit over a strike length of approximately 210 metres and dip length of up to 215 metres. The deposit has been interpreted to include three parallel, stacked lenses of mineralization (Huskie 1, Huskie 2 and Huskie 3) which vary in true thickness between approximately one and seven metres. The effective date of the resource estimate is October 17, 2018.

- **Increase in mineral resources estimated for Midwest**

On March 27, 2018, Denison reported an updated mineral resource estimate for the Midwest Main and Midwest A deposits located on the Midwest property (25.17% Denison owned), which is operated by Orano Canada Inc. ('Orano Canada'). Inferred mineral resources for the property increased by 13.5 million pounds of U_3O_8 and currently total 18.2 million pounds of U_3O_8 (846,000 tonnes at 0.98% U_3O_8) above a cut-off grade of 0.1% U_3O_8. Indicated Mineral Resources for the property increased by 2.1 million pounds of U_3O_8 and currently total 50.7 million pounds of U_3O_8 (1,019,000 tonnes at 2.3% U_3O_8) above a cut-off grade of 0.1% U_3O_8.

- **Obtained financing for the Company's 2019 Canadian exploration activities**

In November 2018, the Company completed a $5,000,000 bought deal private placement equity offering for the issuance of 4,950,495 common shares on a flow-through basis at a price of $1.01 per share. The proceeds from the financing will be used to fund Canadian exploration activities through to the end of 2019.

ABOUT DENISON

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

Denison is a uranium exploration and development company with interests focused in the Athabasca Basin region of northern Saskatchewan, Canada. In addition to its 90% owned Wheeler River project, which hosts the high grade

Phoenix and Gryphon uranium deposits, Denison's exploration portfolio consists of numerous projects covering approximately 320,000 hectares in the Athabasca Basin region. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the McClean Lake Joint Venture ('MLJV'), which includes several uranium deposits and the McClean Lake uranium mill, which is currently processing ore from the Cigar Lake mine under a toll milling agreement, plus a 25.17% interest in the Midwest deposits and a 65.92% interest in the J Zone and Huskie deposits on the Waterbury Lake property. The Midwest, J Zone and Huskie deposits are located within 20 kilometres of the McClean Lake mill.

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

Denison is also the manager of Uranium Participation Corporation ('UPC'), a publicly traded company listed on the TSX under the symbol 'U', which invests in uranium oxide in concentrates ('U_3O_8') and uranium hexafluoride ('UF_6').

CHANGE IN SIGNIFICANT ACCOUNTING POLICIES

Change in Presentation Currency

Effective January 1, 2018, Denison has changed its presentation currency to Canadian dollars ('CAD') from US dollars ('USD'). This change in presentation currency was made to better reflect the Company's business activities, which, following the divestiture of the Mongolian and African mining divisions in 2015 and 2016, are now solely focused in Canada, with the majority of the Company's entities, including all of its operating entities, having the Canadian dollar as their functional currency. The consolidated financial statements, for all years presented, are shown in the new presentation currency. Previously, the results of the Canadian functional currency entities had been translated to the US dollar as follows:

- The consolidated income statements and consolidated statements of comprehensive income were translated into the presentation currency using the average exchange rates prevailing during each reporting period.
- Assets and liabilities on the consolidated statements of financial position were translated using the period-end exchange rates.
- Shareholders' equity balances were translated using historical rates based on rates in effect on the date of material transactions.

See note 3 of the audited consolidated financial statements and REVENUES below for further details relating to the change in presentation currency, as well as the adoption of IFRS 9, Financial Instruments ('IFRS 9') and IFRS 15, Revenue from Contracts with Customers ('IFRS 15').

STRATEGY

Denison's strategy is focused on leveraging its uniquely diversified asset base to position the Company to take advantage of the strong long-term fundamentals of the uranium market. The Company has built a portfolio of strategic uranium deposits, properties, and investments highlighted by a 90% interest in Wheeler River and a minority interest in an operating and licensed uranium milling facility in the MLJV, both located in the infrastructure rich eastern portion of the Athabasca Basin region. While active in exploring for new uranium discoveries in the region, Denison's present focus is on advancing Wheeler River to a development decision, with the potential to become the next large scale uranium producer in Canada. With a shortage of low cost uranium development projects in the global project pipeline, Denison is positioned to offer shareholders exposure to value creation through both the development of a potentially top tier asset, as well as a rising uranium price in future years.

URANIUM INDUSTRY OVERVIEW

The global nuclear fuel market continues to navigate through difficult times. While 2018 marked the seventh year of a prolonged downturn in the nuclear fuel business following the 2011 Fukushima Daichii nuclear incident, which led to the total shutdown of nuclear power generation in Japan, events throughout the year provided clear indications that positive change is beginning to happen.

While volatile at times, the spot price of uranium ended 2018 at USD$28.50 per pound U_3O_8 – 20% higher than where it started the year at USD$23.75 per pound U_3O_8, and 39% higher than its 2018 intra-year low of USD$20.50 per pound

U_3O_8 in April 2018. Since the low reached in April 2018, market observers have noted a tangible shift in the market performance of the spot price, with the price rising steadily through the balance of the year.

Although the uranium spot price has demonstrated some noticeable starts and stops in its effort to recover over the past several years, there has been some stability demonstrated in the 2018 spot price increase, which has been supported, in part, by a number of events on the supply side. Most significant of these events was Cameco's announcement that the temporary McArthur River shutdown would become indefinite, with the timing of a restart depending on future contracting and market conditions. At the same time, Cameco reiterated its commitment to meet existing customer obligations by purchasing large volumes of uranium in the spot market. In addition, the world's largest uranium producer, National Atomic Company Kazatomprom ('Kazatomprom'), delivered on its previous commitments to curtail production – resulting in a 20% reduction from previously planned production levels. Kazatomprom also indicated that they will maintain this 20% reduction in production in 2019 and 2020. Further significant supply curtailments came from Paladin Energy Ltd, who placed their Langer Heinrich operation in Namibia on care and maintenance during 2018 – a clear response to the low uranium price environment and the lack of higher priced supply contracts to provide support for continued operations.

Although not a supply curtailment, the decision by Rio Tinto to sell its 68.2% share in the Rössing operation in Namibia to China National Uranium Corporation also represented a significant supply-side event in 2018. While the sale does not result in a fundamental change to supply and demand, this sale to China means that Rössing production will most likely be destined for Chinese consumption going forward – effectively removing another decades-long source of primary production from those available to global nuclear utilities.

On the demand side there were fewer events of immediate impact, but still some positive news. The growth of China's nuclear industry continues, with nuclear power generation in the country up 18.6% from 2017. The country now has 45 nuclear plants in operation, with an installed capacity of 45.9 GWh. Another 11 reactors are currently under construction, moving the country towards its goal of producing 58 GWh by 2020. In 2018, nuclear power accounted for 4.2% of China's total electricity generation, contributing to a reduction in the country's annual CO_2 emissions by 290 million tonnes. Adding to the positive news out of China, after a brief hiatus in the approval of new reactor projects, the Chinese government announced in early February that it had given preliminary approval for the construction of four new domestically designed HPR-1000 reactors.

Japan's restart story continues to advance, albeit slowly. The country is finally beginning to make meaningful progress in bringing its nuclear fleet back online. In 2018, Japan increased its total number of nuclear reactors in operation up to 9, proving that there is a path to restart in the country. While Japan has struggled with timely restarts over the past 8 years, the global nuclear energy industry has continued to advance and has grown such that the level of global nuclear power generation in 2018 recovered to the pre-Fukushima levels reached in 2011.

During 2018, transactions in the uranium spot market exceeded 88 million pounds U_3O_8 – surpassing the previously recorded high of 56 million pounds U_3O_8 in 2011. This increase in spot-market transaction activity was a significant driver of the rising spot price in the year. While certain utility end-users looked to take advantage of low-priced uranium available in the market, the increase in transaction volume was mostly fueled by producer and trader buying, as a result of production cutbacks, as well as renewed interest from financial investors speculating in the physical market. Of note was the establishment of a new physical uranium fund – Yellow Cake PLC – traded on the London Stock Exchange AIM, which purchased more than 8 million pounds U_3O_8 in 2018.

While spot market volumes exceeded expectations, long-term contracting in the market continued to lag. Over the past five years, less than 400 million pounds of U_3O_8 have been placed under long-term contract, while utilities have utilized more than 800 million pounds U_3O_8 over the same period. Unfortunately, as some of the uncertainty surrounding Fukushima started to fade and signposts emerged that many buyers were planning to begin long-term contracting, new uncertainty was introduced into the market. In January 2018, two US uranium producers, Energy Fuels Inc. and UR Energy Inc., filed a Section 232 trade petition with the US Department of Commerce ('DOC') to investigate whether uranium imports into that country are harmful to its national security. These companies proposed a 25% domestic purchase quota for US utilities as a potential remedy. It is expected that the findings of the DOC as well as an ultimate decision on whether a remedy will be imposed and what it will look like, will be made by the US President as early as the second quarter of 2019. This new source of uncertainty has loomed over the global nuclear fuel market in 2018 and into 2019 – having a direct impact on utilities based in the US, causing them to refrain from re-entering the market until the impact of the petition is better understood. This has contributed to less purchasing in the long-term market through 2018. In their Q1 2019 Uranium Market Outlook, UxC estimates that cumulative uncovered nuclear utility requirements are now 1.6 billion pounds of U_3O_8 through 2035.

Other important demand-side events in 2018 have contributed to changing market sentiment around the future of nuclear power and, in turn, the outlook for the uranium market. These included:

- The long anticipated release of the French energy plan in November. Prior to the release, there had been questions and concerns regarding potential plans by the country to reduce its reliance on nuclear energy. Under the new energy plan, France upheld its goal, introduced by previous French President Hollande, to reduce its reliance on nuclear energy to 50%, but extended the time frame for this change by a decade - from 2025 to 2035. This was seen as a considerable win for nuclear energy both in France, and globally.

- On the heels of the French energy plan announcement, the European Commission adopted a long-term climate plan that calls for the European Union (EU) to become the first major 'climate neutral' economy by 2050. The plan focuses heavily on the energy sector with the commission stating that renewables and nuclear power will be the backbone of a carbon-free European power system.

- China continued with its ambitious nuclear energy plans, starting seven new reactors in 2018. Also in 2018, the Chinese achieved first commercial operation of two new reactor designs – Westinghouse Electric Company's AP1000 and France's EPR. Completion of these new designs is a positive signal to the industry that the designs work, which will aid development of these reactor designs in other jurisdictions.

- On the slightly negative side, the United Kingdom's efforts to revitalize its nuclear generation fleet experienced some setbacks in 2018, as Toshiba announced plans to wind up its NuGen project which had planned to build reactors on the northwest coast of England.

There is a sense, throughout the nuclear fuel industry, that 2018 was a year of transition, with the impacts of production shutdowns and curtailments beginning to take effect in earnest. In conjunction with increasing nuclear generation, primary production is now in a deficit in relation to annual reactor requirements, meaning that there is a real drawdown of inventories and secondary supplies taking place. As the industry gains clarity on the Section 232 trade petition under consideration in the US, increased decision-making is expected to occur regarding long-term purchase timing. Increased utility buying will need to occur in order to make up for reluctant purchasing over the last few years, and the market will likely need to respond with new or additional sources of production. Annual requirements are growing, and existing supply is falling, and this is ultimately expected to lead to questions of security of supply – a concept that is paramount in importance to global nuclear utilities. Ultimately, this shifting trend is expected to lead to a market where higher prices are required to incent producers to increase production and build new mines. The companies positioned with the lowest cost of production, and with a footprint in the most stable geopolitical regions are likely to be the ones to benefit the greatest.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands, except for per share amounts)	Year Ended December 31, 2018 CAD	Year Ended December 31, 2017 CAD	Year Ended December 31, 2016 *USD*
Continuing Operations:			
Total revenues	$ 15,550	$ 16,067	$ 13,833
Exploration and evaluation	$ (15,457)	$ (16,643)	$ (11,196)
Impairment reversal (expense)	$ (6,086)	$ 331	$ (2,320)
Net loss	$ (30,077)	$ (19,454)	$ (11,699)
Basic and diluted loss per share	$ (0.05)	$ (0.04)	$ (0.02)
Discontinued Operations:			
Net loss	$ -	$ (109)	$ (5,644)
Basic and diluted loss per share	$ -	$ -	$ (0.01)

(in thousands)	As at December 31, 2018 CAD	As at December 31, 2017 CAD	As at December 31, 2016 *USD*
Financial Position:			
Cash and cash equivalents	$ 23,207	$ 3,636	$ 11,838
Investments in debt instruments (GICs)	$ -	$ 37,807	$ -
Cash, cash equivalents and GICs	$ 23,207	$ 41,443	$ 11,838
Working capital	$ 19,221	$ 34,756	$ 9,853
Property, plant and equipment	$ 258,291	$ 249,002	$ 187,982
Total assets	$ 312,187	$ 326,300	$ 217,423
Total long-term liabilities	$ 77,455	$ 80,943	$ 37,452

As noted above, effective January 1, 2018, the Company changed its presentation currency from USD to CAD. The consolidated financial statements for all periods starting on or after January 1, 2017 have been restated in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*. Financial results before January 1, 2017 have not been restated and are therefore presented in US dollars, as originally disclosed.

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands, except for per share amounts)	2018 Q4	2018 Q3	2018 Q2	2018 Q1
Continuing Operations:				
Total revenues	$ 4,144	$ 3,729	$ 4,104	$ 3,573
Net loss	$ (13,642)	$ (3,884)	$ (5,583)	$ (6,968)
Basic and diluted loss per share	$ (0.02)	$ (0.01)	$ (0.01)	$ (0.01)

(in thousands, except for per share amounts)	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Continuing Operations:				
Total revenues	$ 4,536	$ 3,753	$ 4,043	$ 3,735
Net loss	$ (1,833)	$ (7,627)	$ (8,870)	$ (1,124)
Basic and diluted loss per share	$ -	$ (0.01)	$ (0.02)	$ -

Significant items causing variations in quarterly results

- The Company's toll milling revenues fluctuate due to the timing of uranium processing at the McClean Lake mill as well as the impact of the toll milling financing transaction in the first quarter of 2017.
- Revenues from DES fluctuate due to the timing of projects, which vary throughout the year in the normal course of business.
- Exploration expenses are generally largest in the first and third quarters, due to the timing of the winter and summer exploration programs in Saskatchewan.
- The Company's results are also impacted, from time to time, by other non-recurring events arising from its ongoing activities.

RESULTS OF CONTINUING OPERATIONS

REVENUES

McClean Lake Uranium Mill

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

On February 13, 2017, Denison closed an arrangement with Anglo Pacific Group PLC and one of its wholly owned subsidiaries (the 'APG Arrangement') under which Denison received an upfront payment of $43,500,000 in exchange for its right to receive future toll milling cash receipts from the MLJV under the current toll milling agreement with the Cigar Lake Joint Venture ('CLJV') from July 1, 2016 onwards.

The APG Arrangement consists of certain contractual obligations of Denison to forward to APG the cash proceeds of future toll milling revenue earned by the Company related to the processing of the specified Cigar Lake ore through the McClean Lake mill, and as such, the upfront payment was accounted for as deferred revenue. The Company reflected payments made to APG of $3,520,000, representing the Cigar Lake toll milling cash receipts received by Denison in respect of toll milling activity for the period from July 1, 2016 through January 31, 2017, as a reduction of the initial upfront amount received, reducing the initial deferred revenue balance to $39,980,000.

Effective January 1, 2018, upon adoption of IFRS 15, the accounting policy for the toll milling deferred revenue arrangement changed and the comparative period has been restated to reflect this change.

Under IFRS 15, the arrangement with APG is deemed to contain a significant financing component, as the cash consideration received upfront for future toll milling cash receipts provides Denison with a financing benefit. IFRS 15 requires that the amount of revenue recorded be adjusted, such that the revenue recognized over the life of the APG Arrangement will approximate the $39,980,000 net cash payment received in advance plus an estimate of the interest expense to be incurred over the life of the APG Arrangement, which reflects the financing component of the arrangement. The discount rate to be used to accrete the deferred revenue balance is based on the rate that would be expected in a separate financing transaction between the entity and its customer at contract inception, taking into consideration the Company's credit risk. Denison will record accretion expense on the deferred revenue balance using an annual interest rate of 8.5%.

IFRS 15 also requires entities to allocate the total revenue to be recognized over the life of the contract to each performance obligation in the contract (in this case, the toll milling of the Cigar Lake specified ore). The result being that the drawdown of deferred revenue will be based on a weighted average toll milling rate applied to actual processing activity at the mill. As the toll milling arrangement with the CLJV is based on the processing of specific ores, which are based on estimates, any change to the resources estimated for the specific ores, or to the timing of the processing of said ores, will impact the weighted average toll milling rate to be used for the contract, and will result in a cumulative catch up adjustment in the period that the change in estimate occurs.

During the year ended December 31, 2018, the McClean Lake mill processed 18.0 million pounds U_3O_8 for the CLJV (2017 – 18.0 million pounds U_3O_8). In 2018, the Company recorded toll milling revenue of $4,239,000 (2017 – $5,029,000). The decrease in toll milling revenue in 2018 compared to the prior year is due to two factors. The APG Arrangement was in place for the full year in 2018, compared to 11 months in the same period of 2017. The accounting for the APG Arrangement commenced in February 2017 (and continued through 2018), and the Company began to recognize revenue using a weighted average rate, which was lower than the toll milling rate at the time. Further, as a result of an update to the published Cigar Lake mineral resource in early 2018, the Company recorded a cumulative catch up in toll milling revenue, as required by IFRS 15, which resulted in a reduction in toll milling revenue in the first quarter of 2018.

During the year ended December 31, 2018, the Company also recorded an accretion expense of $3,314,000 on the toll milling deferred revenue balance (2017 – $3,115,000). The increase in accretion expense compared to the prior year is predominantly due to the fact that the Company only recorded an accretion expense for 11 months in the prior period, following the completion of the APG Arrangement in February 2017, compared to a full year of accretion expense in 2018. The annual accretion expense will decrease over the life of the contract as the deferred revenue liability decreases over time.

Denison Environmental Services

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

Revenue from DES during 2018 was $9,298,000 (2017 - $9,232,000). The increase in revenue in 2018, as compared to 2017, was due to an increase in consulting revenues, partially offset by a decrease in activity at certain care and maintenance sites.

Management Services Agreement with UPC

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

During 2018, revenue from the Company's management contract with UPC was $2,013,000 (2017 - $1,806,000). The increase in revenues during 2018, compared to the prior year, was due to an increase in management fees earned based on UPC's monthly net asset value ('NAV') as well as an increase in discretionary management fees, partially offset by a decrease in commission-based fees. UPC's balance sheet consists primarily of uranium held either in the form of U_3O_8 or UF_6, which is accounted for at its fair value. The increase in NAV-based management fees was due to the increase in the average fair value of UPC's uranium holdings during the year ended December 31, 2018, compared to the prior year, resulting from both higher uranium spot prices and increased uranium holdings. The increase in discretionary fees was due to a $50,000 discretionary fee awarded to Denison during the second quarter of 2018. The decrease in commission-based fees was due to a decrease in uranium purchases by UPC during 2018, as compared to 2017. Denison earns a 1% commission on the gross value of UPC's uranium purchases and sales.

OPERATING EXPENSES

Canada Mining

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

Operating expenses in 2018 were $7,528,000 (2017 - $5,304,000). In 2018, operating expenses included depreciation of the McClean Lake mill of $3,264,000 (2017 - $3,895,000), as a result of processing approximately 18.0 million pounds U_3O_8 for the CLJV (2017 – 18.0 million pounds). The decrease in depreciation during 2018 was primarily driven by a reduction in the units-of-production depreciation rate due to an increase in the estimate of the future production to be processed through the mill.

In 2018, operating expenses also included development and other operating costs related to the MLJV of $3,893,000 (2017 – $1,336,000), predominantly due to the advancement of the Surface Access Borehole Resource Extraction ('SABRE') mining technology, as part of a multi-year test mining program operated by Orano Canada within the MLJV. During 2018, the SABRE team continued engineering and procurement activities related to development of the mining equipment and high pressure pumping systems. In addition, four access holes were drilled and cased from surface to the top of the McClean North deposit. The holes will allow for mining of the orebody during the latter stages of the test mining program, currently scheduled to occur in 2020.

In 2018, the Company also recorded operating expenses related to an increase in the estimate of reclamation liabilities at Elliot Lake of $369,000 (2017 - $71,000). In 2018, the increase in the reclamation liability was due to an increase in labour cost estimates as well as changes in the long-term discount rate used to estimate the present value of the reclamation liability. Refer to Reclamation Sites below for further detail.

Environmental Services

Operating expenses during 2018 totaled $8,211,000 (2017 - $8,230,000). The expenses relate primarily to care and maintenance and consulting services provided to clients, and include labour and other costs. The decline in operating expenses in 2018, compared to 2017, is predominantly due to a decrease in activity at certain care and maintenance sites.

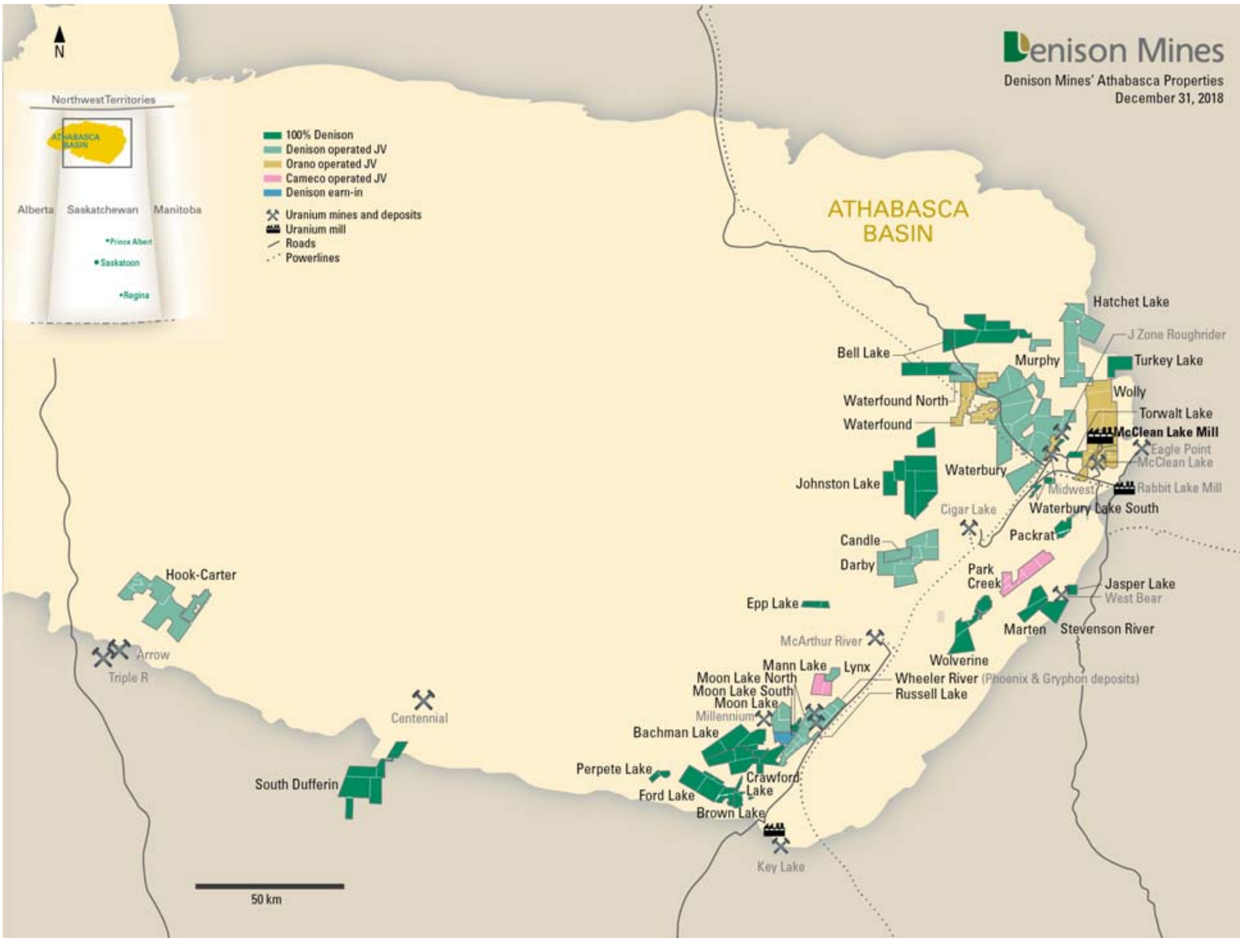
CANADIAN MINERAL PROPERTY EXPLORATION & EVALUATION

During 2018, the Company continued to focus on its high priority projects in the Athabasca Basin region in Saskatchewan. Denison's share of exploration and evaluation expenditures in 2018 was $15,457,000 (2017 – $16,643,000). Exploration spending in Canada is seasonal, with spending higher during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October) in the Athabasca Basin. During 2018, the Company's exploration and evaluation expenditures decreased, primarily due to decreased exploration activity at Wheeler River, partially offset by increased evaluation activities at Wheeler River associated with the completion of the PFS in 2018, as well as increased activities at certain exploration pipeline properties, including the Hook-Carter and Waterbury Lake projects. The following table summarizes the activities that were completed during 2018.

CANADIAN EXPLORATION & EVALUATION ACTIVITIES			
Property	**Denison's ownership(1)**	**Drilling in metres (m)**	**Other activities**
Wheeler River	90%(2)	39,555 (60 holes)	Mineral resource update, Completion of PFS
Waterbury Lake	65.92%(3)	13,110 (28 holes)	Mineral resource update, Geophysical surveys
Hook-Carter	80%(4)	6,960 (9 holes)	-
South Dufferin	100%	1,331 (9 holes)	-
Midwest	25.17%	4,709 (12 holes)	Mineral resource update
McClean Lake	22.5%	2,565 (9 holes)	-
Total		**68,230 (127 holes)**	

(1) The Company's ownership as at December 31, 2018.
(2) Denison increased its ownership of Wheeler River through the acquisition of 100% of Cameco's ownership in the property effective October 26, 2018. See below for further details.
(3) Denison earned an additional 1.70% interest in the Waterbury Lake property during 2018, earning 1.23% effective May 31, 2018 and an additional 0.47% effective October 31, 2018. Refer to RELATED PARTY TRANSACTIONS for further details.
(4) The Company acquired an 80% ownership in the Hook-Carter project in November 2016 from ALX Uranium Corp. ('ALX') and has agreed to fund ALX's share of the first $12.0 million in expenditures on the project. See below for further details.

The Company's land position in the Athabasca Basin, as at December 31, 2018, is illustrated in the figure below. The Company's Athabasca land package increased marginally during the fourth quarter of 2018, from 320,166 hectares (292 claims) to 320,834 hectares (292 claims), due to the acquisition of a claim contiguous with the Company's South Dufferin property.



Wheeler River Project

Project Highlights:

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

  On September 24, 2018, the Company announced the results of the PFS for Wheeler River. The PFS was completed in accordance with NI 43-101 and is highlighted by the selection of the ISR mining method for the development of the Phoenix deposit, with an estimated average operating cost of $4.33 (USD$3.33) per pound U_3O_8.

  The PFS considers the potential economic merit of co-developing the Phoenix and Gryphon deposits. The high-grade Phoenix deposit is designed as an ISR mining operation, with associated processing to a finished product occurring at a plant to be built on site at Wheeler River. The Gryphon deposit is designed as an underground mining operation, utilizing a conventional long hole mining approach with processing of mine production assumed at Denison's 22.5% owned McClean Lake mill. Taken together, the project is estimated to have mine production of 109.4 million pounds U_3O_8 over a 14-year mine life, with a base case pre-tax NPV of $1.31 billion (8% discount rate), IRR of 38.7%, and initial pre-production capital expenditures of $322.5 million.

  The base-case economic analysis assumes uranium sales are made at UxC's annual estimated spot price (composite mid-point scenario in constant dollars) for mine production from the Phoenix deposit (from ~USD$29/lb U_3O_8 to USD$45/lb U_3O_8), and a fixed price for mine production from the Gryphon deposit (USD$50/lb U_3O_8).

Using the same price assumed for the project's 2016 preliminary economic analysis ('2016 PEA'), a fixed uranium price of USD$44/lb U_3O_8, the PFS plan produces a combined pre-tax project NPV of $1.41 billion – representing roughly 2.75 times the $513 million pre-tax project NPV estimated in the 2016 PEA. The 2016 PEA is disclosed in the report entitled 'Preliminary Economic Assessment for the Wheeler River Uranium Project, Saskatchewan, Canada, dated March 31, 2016.
The PFS was prepared on a project (100% ownership) and pre-tax basis. Denison completed an indicative post-tax assessment based on a 90% ownership interest, yielding a base case post-tax NPV of $755.9 million and post-tax IRR of 32.7%, with initial capital costs to Denison of $290.3 million.

- **Acquisition of Cameco's Minority Interest in the WRJV**

  On October 26, 2018, Denison completed the acquisition of Cameco's minority interest in the WRJV in exchange for the issuance of 24,615,000 shares of Denison. The agreement had been subject to certain rights of first refusal ('ROFR') in favour of JCU (Canada) Exploration Co. Ltd ('JCU'). JCU waived its ROFR rights in respect of the purchase, and as a result, Denison acquired Cameco's entire (then 23.92%) interest in the WRJV and increased the Company's ownership interest in the WRJV to 90%.

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

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

  - **Probable mineral reserves of 109.4 million pounds U_3O_8** (Phoenix 59.7 million pounds U_3O_8 from 141,000 tonnes at 19.1% U_3O_8; Gryphon 49.7 million pounds U_3O_8 from 1,257,000 tonnes at 1.8% U_3O_8);

  - **Indicated mineral resources (inclusive of reserves) of 132.1 million pounds U_3O_8** (1,809,000 tonnes at an average grade of 3.3% U_3O_8); plus

  - **Inferred mineral resources of 3.0 million pounds U_3O_8** (82,000 tonnes at an average grade of 1.7% U_3O_8).

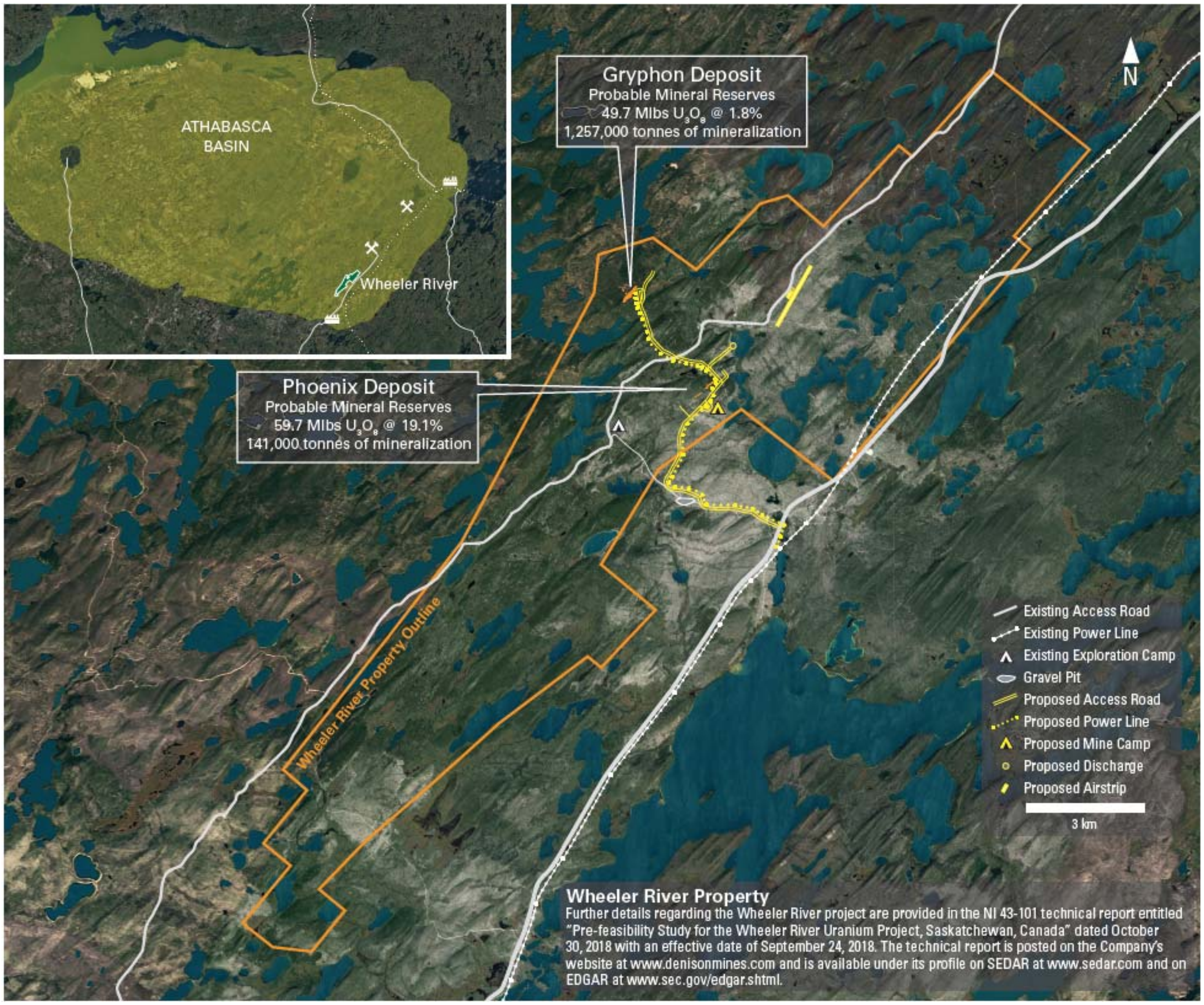
- **Potential for resource growth**

  The Gryphon deposit is a high-grade uranium deposit that belongs to a select group of large basement-hosted uranium deposits in the eastern Athabasca Basin, which includes Cameco's Eagle Point mine and Millennium deposit, and Rio Tinto's Roughrider deposit. The Gryphon deposit remains open in numerous areas with significant potential for future resource growth. Priority target areas include down plunge and along strike of the A and B series lenses, and within the currently defined D series lenses, where additional high-grade shoots may exist.

  In addition, very little regional exploration has taken place on the property in recent years, with drilling efforts focussed on Phoenix and Gryphon, which were discovered in 2008 and 2014 respectively. The property is host to numerous uranium-bearing lithostructural corridors which are under- or unexplored and have the potential for additional large, high-grade unconformity or basement hosted deposits. Exploration drilling is warranted along these corridors to follow-up on previous mineralized drill results, or to test geophysical targets identified from past surveys.

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

The Wheeler River property location and basement geology map is provided below.



<u>Evaluation Program</u>

During 2018, Denison's share of evaluation costs at Wheeler River amounted to $3,130,000 (2017 - $2,248,000), which related to work on the PFS as well as environmental activities.

PFS Activities

On September 24, 2018, Denison announced the results of the PFS for Wheeler River, and subsequently filed the PFS Technical Report on October 30, 2018.

PFS Highlights

- **Phoenix delivers exceptional operating costs and manageable initial capex with ISR**

Mine life	10 years (6.0 million lbs. U_3O_8 per year on average)
Probable reserves(1)	59.7 million lbs. U_3O_8 (141,000 tonnes at 19.1% U_3O_8)
Average cash operating costs	$4.33 (USD$3.33) per lb. U_3O_8
Initial capital costs	$322.5 million
Base case pre-tax IRR(2)	43.3%
Base case pre-tax $NPV_{8\%}$(2)	$930.4 million
Base case price assumption	UxC spot price(3) (from ~USD$29 to USD$45/lb. U_3O_8)
Operating profit margin(4)	89.0% at USD$29/lb. U_3O_8
All-in cost(5)	$11.57 (USD$8.90) per lb. U_3O_8

(1) See the PFS Technical Report for additional information regarding probable reserves;
(2) NPV and IRR are calculated to the start of pre-production activities for the Phoenix operation in 2021;
(3) Spot price forecast is based on "Composite Midpoint" scenario from UxC's Q3'2018 Uranium Market Outlook ("UMO") and is stated in constant (not-inflated) dollars;
(4) Operating profit margin is calculated as uranium revenue less operating costs, divided by uranium revenue. Operating costs exclude all royalties, surcharges and income taxes;
(5) All-in cost is estimated on a pre-tax basis and includes all project operating costs and capital costs, divided by the estimated number of pounds U_3O_8 to be produced.

- **Gryphon leverages existing infrastructure and provides additional low-cost production**

Mine life	6.5 years (7.6 million lbs. U_3O_8 per year on average)
Probable reserves(1)	49.7M lbs. U_3O_8 (1,257,000 tonnes at 1.8% U_3O_8)
Average cash operating costs	$15.21 (USD$11.70) per lb. U_3O_8
Initial capital costs	$623.1 million
Base case pre-tax IRR(2)	23.2%
Base case pre-tax $NPV_{8\%}$(2)	$560.6 million
Base case price assumption	USD$50 per pound U_3O_8
Operating profit margin(3)	77.0% at USD$50/lb. U_3O_8
All-in cost(4)	$29.67 (USD$22.82) per lb. U_3O_8

(1) See the PFS Technical Report for additional information regarding probable reserves;
(2) NPV and IRR are calculated to the start of pre-production activities for the Gryphon operation in 2026;
(3) Operating profit margin is calculated as uranium revenue less operating costs, divided by uranium revenue. Operating costs exclude all royalties, surcharges and income taxes;
(4) All-in cost is estimated on a pre-tax basis and includes all project operating costs and capital costs, divided by the estimated number of pounds U_3O_8 to be produced.

- **Denison indicative post-tax results for Wheeler River (Phoenix and Gryphon) at 90% ownership**

Initial capital costs	$290.3 million
Base case pre-tax IRR(1)	32.7%
Base case pre-tax $NPV_{8\%}$(1)	$755.9 million

(1) NPV and IRR are calculated to the start of pre-production activities for the Phoenix operation in 2021;

- **Selection of ISR mining method for high-grade Phoenix deposit** – Following the completion of the 2016 PEA, the Company evaluated 32 alternate mining methods to replace the high-cost Jet Bore Mining System assumed for the Phoenix deposit in the 2016 PEA. The suitability of ISR mining for Phoenix has been confirmed by significant work completed in the field and laboratory – including drill hole injection, permeability, metallurgical leach, agitation, and column tests. Results demonstrate high rates of recovery in both extraction (greater than 90%) and processing (98.5%) following a simplified flow sheet that precipitates uranium directly from the uranium bearing solution recovered from the wellfield, without the added costs associated with ion exchange or solvent extraction circuits.

- **Novel application of established mining technologies** – Given the unique geological setting of the Phoenix deposit, straddling the sub-Athabasca unconformity in permeable ground, the project development team has combined the use of existing and proven technologies from ISR mining, ground freezing, and horizontal directional drilling to create an innovative model for in situ uranium extraction in the Athabasca Basin. While each of the technologies are well established, the combination of technologies results in a novel mining approach applicable only to deposits occurring in a similar geological setting to Phoenix – which now represents the first deposit identified for ISR mining in the Athabasca Basin.

- **Environmental advantages of ISR mining at Phoenix** – The Company's evaluation of the ISR mining method for Phoenix has also identified several significant environmental and permitting advantages, namely the absence of tailings generation, the potential for no water discharge to surface water bodies, and the potential to use the existing Provincial power grid to operate on a near zero carbon emissions basis. In addition, the use of a freeze wall, to encapsulate the ore zone and contain the mining solution used in an ISR operation, eliminates common environmental concerns associated with ISR mining and facilitates a controlled reclamation of the site. Taken together, the Phoenix operation has the potential to be one of the most environmentally friendly mining operations in the world. Owing largely to these benefits, consultation with regulatory agencies and stakeholder communities, to date, has been encouraging regarding the use of ISR mining.

Environmental and Sustainability Activities

During 2018, the Company continued with the community consultation and engagement process – ensuring the continuous engagement of stakeholders. This included meetings with community leadership and economic development groups, community townhall sessions and workshops as well as more informal correspondence.

After careful consideration of the PFS economic results, risks and opportunities associated with permitting and concurrent advancement of project engineering activities, the Company has decided to submit a Project Description ('PD') and initiate the EA process in early 2019 for the Phoenix ISR project. The permitting process of the Gryphon project will commence at a later date, in order to meet the PFS plan for first production of Gryphon ore by 2030. This staggered approach is expected to simplify the EA and permitting process for the Phoenix project and reduce the capital required to advance the project to a definitive development decision. Following completion of the PFS, drafting of the PD was initiated with submission of the document to federal and provincial authorities occurring in February 2019.

In 2018 the Company also continued environmental baseline data collection in key areas to better characterize the existing environment in the project area. This data will form the foundation of the environmental impact assessment for the project. The information will also be used in the design of various aspects of the project, including the location and layout of site infrastructure, the location for treated effluent discharge and fresh water intake, and the designs of water treatment plants, waste storage facilities, and other project activities interacting with the environment. Programs in progress and/or completed during the fourth quarter included:

- **Aquatic environment:** assessment and data collection of surface water flow conditions (streamflow measurements, oxygen dynamics, hydroacoustic imaging, and eDNA) in key areas, including discharge location and downstream water bodies, and sampling and assaying of groundwater in the local and regional project area;
- **Terrestrial environment:** additional surveys were completed to characterize the terrestrial environment for vegetation and wildlife including ungulates habitat and territory;
- **Waste rock geochemistry:** ongoing sampling of waste rock run-off continues;
- **Atmospheric environment:** collection of air quality measurements continues in order to gather information on pre-development atmospheric conditions; and
- **Groundwater sampling:** sampling of groundwater from shallow wells in the project area.

Exploration Program

Denison's share of exploration costs at Wheeler River amounted to $6,883,000 during the winter and summer 2018 diamond drilling programs (2017 - $9,340,000) for a total of 39,555 metres in 60 drill holes. Drilling statistics for 2018 are provided in the table below.

Target Areas		Completed Holes		Total Holes Completed	Total Meters
		Parent	Daughter[1]		
Gryphon	Gryphon Northeast (E series lenses)	6	3	9	5,685.80
	Gryphon Northeast (A series lenses)	3	2	5	3,719.80
	Gryphon Southwest (D series lenses)	8	1	9	6,215.90
Gryphon Subtotal		**17**	**6**	**23**	**15,621.50**
Regional	K North	10	3	13	9,134.30
	K West	7	2	9	6,576.30
	K South	4	0	4	2,370.00
	Q South	6	0	6	3,306.00
	Q Central	5	0	5	2,547.00
Regional Subtotal		**32**	**5**	**37**	**23,933.60**
Total		**49**	**11**	**60**	**39,555.10**

1. Drilled as subsurface 'off-cut' holes from surface 'parent' holes using a wedge followed by directional drilling.

Final assay results from the winter and summer drilling programs were received in May 2018 and November 2018, respectively, and were reported in Denison's press release dated June 6, 2018 and Denison's third quarter MD&A dated November 12, 2018. Highlight results for the 2018 drilling program are described as follows, with highlight assay results summarized in the table below. Location of the target areas are shown in the figure below.

Gryphon Exploration – Along Strike to the Northeast and Southwest

A total of 14 holes were completed during 2018 to the northeast of Gryphon to test for extensions to the A series lenses (basement) and the E series lenses (unconformity and upper basement). Drilling was undertaken as step-outs 50 or 100 metres immediately along strike of the Gryphon deposit lenses. Multiple uranium intercepts were obtained, including highlight assay results as follows:

- Intercepts of upper basement mineralization extending the E series lenses along strike to the northeast by approximately 250 metres: 2.9% U_3O_8 over 1.5 metres in drill hole WR-696; 1.2% U_3O_8 over 1.5 metres in drill hole WR-709; and 0.29% U_3O_8 over 3.0 metres in drill hole WR-702; and
- Intercept of basement mineralization extending the A series lenses down plunge to the northeast by approximately 200 metres: 0.85% U_3O_8 over 5.0 metres in drill hole WR-698, and 0.48% U_3O_8 over 2.5 metres in drill hole WR-703.

A total of nine drill holes were completed to the southwest of the Gryphon deposit to test for unconformity mineralization along the Basal Fault at the up plunge projection of the D series lenses. Results included the intersection of mineralization, in drill hole WR-722D1 (0.13% U_3O_8 over 1.5 metres), immediately below the unconformity. The continuity of significant sandstone structure and strong hydrothermal alteration over the 500 metres of strike length tested suggests further potential for unconformity mineralization associated with the Basal Fault. This target horizon is wide-open to the southwest and a priority target exists a further 400 metres to the southwest where previous drilling returned weak basement mineralization along the Basal Fault and 4.5% U_3O_8 over 4.5 metres (drill hole WR-597) at the intersection of the unconformity with the G-Fault.

The Gryphon deposit remains open in numerous areas and the results confirm the potential to expand the Gryphon mineral resource outside of the current extents of the deposit.

K North

During the winter 2018 drill program high-grade intercepts were obtained at the sub-Athabasca unconformity along the K North trend, to the northeast of Gryphon, from reconnaissance drill fences spaced 200 metres apart. Highlight results from the eight drill holes completed included 1.4% U_3O_8 over 5.5 metres in drill hole WR-704 (located 600 metres northeast of Gryphon) and 1.1% U_3O_8 over 3.0 metres in drill hole WR-710D1 (located 1 kilometre northeast of Gryphon). Follow-up drilling was undertaken during the summer 2018 program in five drill holes on the 200 metre-spaced drill fences, designed to extend the unconformity mineralization on section and along strike. Additional mineralization was intersected 600 metres northeast of Gryphon, including 0.15% U_3O_8 over 1.0 metre in drill hole WR-704D1. Further potential for mineralization exists, both at the unconformity and within the basement, between the 200 metre-spaced drill fences.

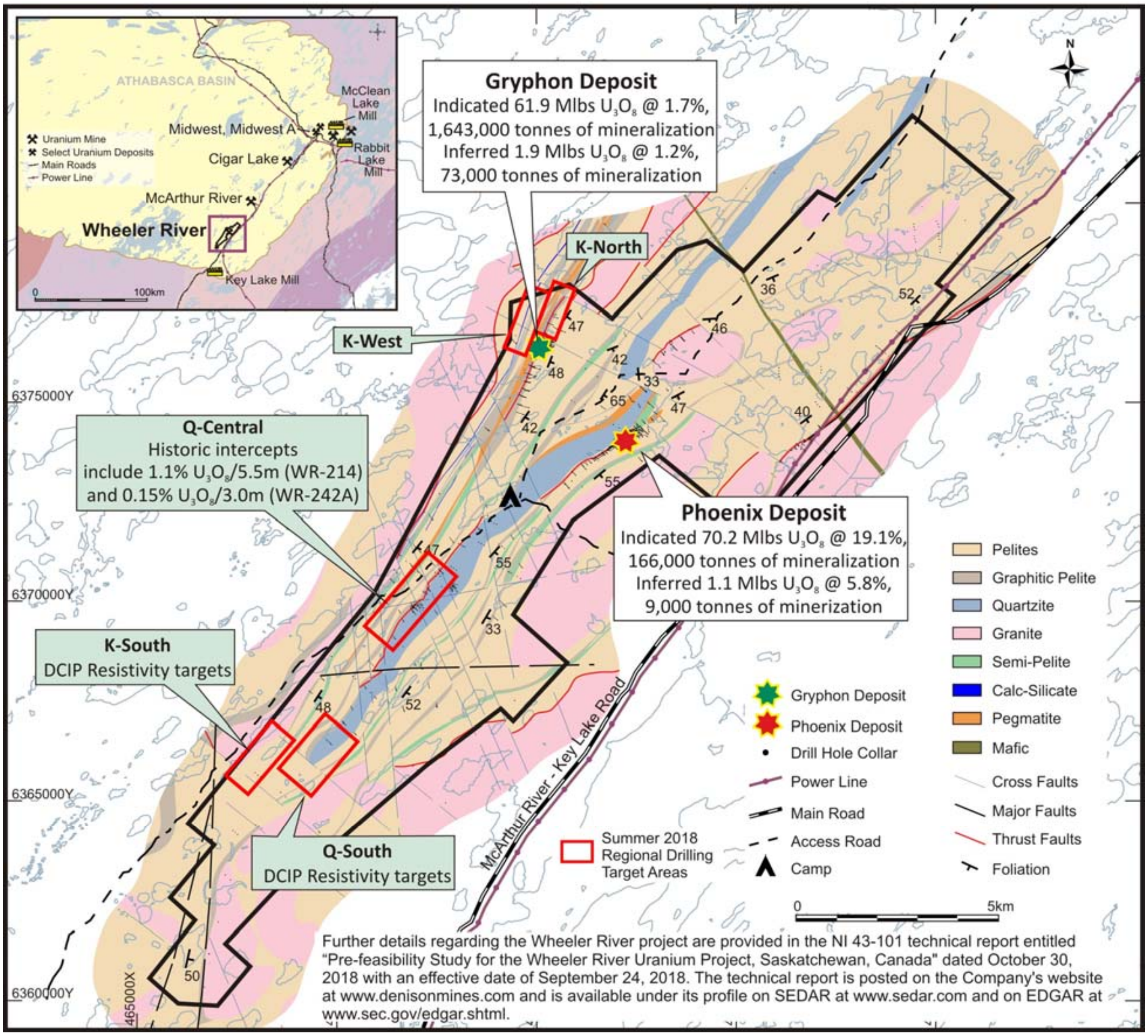
K West

The K West trend is a priority target area located approximately 500 metres west of the parallel K North trend, which hosts the Gryphon deposit. Previous drilling results, from 2016 and winter 2018, included significant structure and alteration, and associated weak uranium mineralization within the basement rocks along the K West fault zone. The summer 2018 drilling program, which included 3,222 metres in 5 drill holes in this area, was designed to test the K West fault zone at the sub-Athabasca unconformity on the northern portion of the trend. Highlight results include the intersection of uranium and base-metal mineralization at the unconformity, including 0.30% U_3O_8, 4.7% Co, 3.7% Ni and 0.55% Cu over one metre in drill hole WR-733D1, and 1.2% Cu and 0.49% Ni over six metres in drill hole WR-733D2.

The results are associated with significant structure and alteration in the overlying sandstone, as well as elevated uranium values, averaging 17 ppm uranium (partial digest ICP-MS), extending up to 100 metres above the unconformity. Further drilling is warranted to test this target horizon to the south, where up to five kilometres of strike length remains untested along the K West trend.

Q Central, Q South, K South

Regional exploration drilling was undertaken at Q Central (five drill holes), Q South (six drill holes) and at K South (four drill holes) to test geological and geophysical targets on a reconnaissance scale. Favourable geology, structure, alteration and anomalous geochemistry was encountered in all the target areas and follow-up drilling has been planned at Q South and K South for winter 2019.



HIGHLIGHTS OF ASSAY RESULTS FOR WHEELER RIVER 2018 DRILL HOLES					
Hole Number	From (m)	To (m)	Length[4] (m)	Grade (% U_3O_8)[1,2,3]	Target Area
WR-698	777.0	782.0	5.0	0.85	Gryphon A Lens
WR-703	806.5	809.0	2.5	0.48	Gryphon A Lens
WR-696	595.2	596.7	1.5	2.9	Gryphon E Lens
WR-709	580.6	582.1	1.5	1.2	Gryphon E Lens
WR-702	543.4	546.4	3.0	0.29	Gryphon E Lens
WR-722D1	592.0	593.5	1.5	0.13	Gryphon D Lens
WR-704	562.2	567.7	5.5	1.4	K North
WR-710D1	567.3	570.3	3.0	1.1	K North
WR-704D1	573.5	574.5	1.0	0.15	K North
WR-733D1[5]	651.1	652.1	1.0	0.30	K West

1. U_3O_8 is the chemical assay of mineralized split core samples.
2. Composited above a cut-off grade of 0.05% U_3O_8.
3. Composites compiled using 1.0 metre minimum mineralization thickness and 2.0 metres maximum waste.
4. True thickness of the mineralization is not yet determined.
5. The interval in WR-733D1 also contains 4.7% Co, 0.55% Cu 3.7% Ni and 9.9% As.

Exploration Pipeline Properties

During 2018, the Company managed or participated in five other drilling exploration programs (three operated by Denison) on the Company's pipeline properties, as reported in previous quarters. No Denison-operated field exploration programs were conducted during the fourth quarter of 2018, however, desk-top interpretations of 2018 results and planning activities for the 2019 work programs were carried out. Exploration pipeline property highlights for 2018 include the results of the Company's exploration program at its Waterbury Lake and Hook-Carter properties, as described below.

Waterbury Lake

Denison's Waterbury Lake project, which includes the J Zone and Huskie uranium deposits, is located within 20 kilometres of the McClean Lake mill, and is situated near the Roughrider, Midwest Main and Midwest A deposits. The project is the sole asset of the Waterbury Lake Uranium Limited Partnership ("WLULP"), which is owned by Denison (65.92%) and its project partner, Korea Waterbury Uranium Limited Partnership ('KWULP') (34.06%). The remaining 0.02% interest in the WLULP is held by the WLULP's general partner, Waterbury Lake Uranium Corporation (jointly owned by Denison (60%) and KWULP (40%)). KWULP consists of a consortium of investors in which Korea Hydro & Nuclear Power ('KHNP') holds a majority position. KWULP elected not to fund the 2018 program and to dilute their ownership interest.

Total exploration costs incurred during 2018 were $3,275,000 (2017 – $2,043,000). While the Company is funding 100% of the project cost, it accounts for its ownership share of spending by the WLULP (65.92% effective October 31, 2018) as exploration expense during the period, and will ultimately account for the remainder of the expenditures as a mineral property addition related to the periodic cash contributions made by the Company to the WLULP, and the subsequent dilution of KWULP's interest. Accordingly, Denison's share of the exploration expenditures during 2018 were $2,120,000 (2017 – $1,296,000). Refer to TRANSACTIONS WITH RELATED PARTIES below for further details regarding the dilution of KHNP's interest that occurred during the year.

Huskie Zone Drilling

The Huskie zone of high-grade basement-hosted uranium mineralization was discovered by Denison during the summer of 2017 and is located approximately 1.5 kilometres to the northeast of the property's J Zone uranium deposit.

A total of twenty-four drill holes were completed as part of the 2018 program, designed to extend the Huskie zone mineralization. Drilling was conducted as 50 metre step-outs from known mineralization (19 drill holes), and as larger 100 to 500 metres step-outs along strike to the west (five drill holes). Highlights from the 2018 drilling include basement intersections from the 50 metre step-outs from known mineralization, as summarized in the table below.

HIGHLIGHTS OF ASSAY RESULTS FOR 2018 HUSKIE DRILL HOLES

Hole Number	From (m)	To (m)	Length[5] (m)	Grade (% U_3O_8)[1,2,4]
WAT18-452	405.5	409.5	4.0	0.18
and	416.0	417.0	1.0	0.10
and	419.5	425.5	6.0	4.5
including[3]	419.5	424.0	4.5	5.8
and	435.7	442.0	6.3	0.57
including[3]	438.0	439.0	1.0	1.9
WAT18-460A	303.0	304.0	1.0	0.62
WAT18-475A[6]	277.5	278.5	1.0	0.12
and[6]	285.5	286.5	1.0	0.15

1. U_3O_8 is the chemical assay of mineralized split core samples.
2. Intersection interval is composited above a cut-off grade of 0.05% U_3O_8 unless otherwise indicated.
3. Intersection interval is composited above a cut-off grade of 1.0% U_3O_8.
4. Composites are compiled using 1.0 metre minimum ore thickness and 2.0 metres maximum waste.
5. As the drill holes are oriented steeply toward the south-southeast and the mineralized lenses are interpreted to dip moderately to the north, the true thickness of mineralization is expected to be approximately 75% of the intersection lengths.
6. Due to core loss, the interval is reported as radiometric equivalent U_3O_8 ("eU_3O_8") derived from a calibrated total gamma downhole probe.

Mineral Resource Estimate for the Huskie Deposit

During the third quarter, upon completion of the summer 2018 drilling program, Denison completed a maiden mineral resource estimate for the Huskie basement-hosted uranium deposit, which was reviewed and audited by SRK in accordance with NI 43-101 and CIM Definitions (2014). Since its discovery in 2017, Denison has completed 28 drill holes at Huskie at a spacing of approximately 50 metres x 50 metres to define the deposit over a strike length of approximately 210 metres and dip length of up to 215 metres. The deposit has been interpreted to include three parallel, stacked lenses of mineralization (Huskie 1, Huskie 2 and Huskie 3) which vary in interpreted true thickness between approximately one and seven metres. The result of the 2017 and 2018 drilling campaigns at Huskie is an inferred mineral resource estimate of 5.7 million pounds of U_3O_8 (above a cut-off grade of 0.1% U_3O_8) based on 268,000 tonnes of mineralization at an average grade of 0.96% U_3O_8.

The mineral resource estimate, with an effective date of October 17, 2018, is fully disclosed in Denison's third quarter MD&A and in the technical report titled "Technical Report with an Updated Mineral Resource Estimate for the Waterbury Lake Property, Northern Saskatchewan, Canada". The technical report has an effective date of December 21, 2018 and is available under Denison's profile on SEDAR at www.sedar.com and on EDGAR at www.sec.gov/edgar.shtml, and on Denison's website. The report was authored by NI 43-101 Qualified Persons from Denison, SRK, SGS Geostat and GeoVector Management Inc.

The audited mineral resource statement for the Huskie deposit, and the combined estimated mineral resources for the Waterbury Lake project, with an effective date of October 17, 2018, is provided in the table below.

COMBINED MINERAL RESOURCES FOR THE WATERBURY LAKE PROJECT DATED OCTOBER 17, 2018						
Deposit	**Category**	**Zone**	**Tonnes**	**Grade (% U_3O_8)**	**lbs U_3O_8 (100% Basis)**	**Denison Share (lbs U_3O_8)**
J Zone	Indicated	Unconformity	291,000	2.00	12,810,000	8,444,352
		Basement - Huskie 1	81,455	0.34	612,417	403,705
Huskie	Inferred	Basement - Huskie 2	178,303	1.28	5,047,356	3,327,217
		Basement - Huskie 3	8,294	0.15	27,136	17,888
		Total Indicated	**291,000**	**2.00**	**12,810,000**	**8,444,352**
		Total Inferred	**268,053**	**0.96**	**5,686,909**	**3,748,810**

1. Mineral resources are not mineral reserves and have not demonstrated economic viability. Mineral resources are reported at a cut-off grade of 0.1% U_3O_8 and at a long-term uranium price of USD$45 per pound.
2. Denison's share of the Waterbury Lake project as at December 31, 2018 is 65.92%.
3. The mineral resource estimate for the J Zone deposit is unchanged from the September 6, 2013 estimate as detailed in the NI 43-101 technical report entitled "Mineral Resource Estimate on the J Zone Uranium Deposit, Waterbury Lake Property, dated September 6, 2013, by Allan Armitage, Ph.D., P.Geo, and Alan Sexton, M.Sc., P.Geo of GeoVector Management Inc."

Regional Exploration Drilling

A total of four holes were completed during the summer 2018 program on regional targets at Waterbury lake approximately 2.5 to 3.0 kilometres to the northeast of the Huskie zone, where the regionally interpreted Midwest structure is projected to intersect the geologically favourable GB and Oban trends.

The regional exploration drilling was highlighted by two drill holes along the GB trend, completed approximately 100 metres apart on a north-south fence, which both intersected basement-hosted uranium mineralization, as provided in the table below. The mineralization occurred as structurally-controlled disseminations of uraninite (pitchblende) associated with massive clay replacement. The mineralization is contained within a 60 to 80 metre wide package of highly structured and strongly altered graphitic basement rocks.

HIGHLIGHTS OF ASSAY RESULTS FOR 2018 REGIONAL DRILL HOLES				
Hole Number[2]	From (m)	To (m)	Length[3] (m)	Grade (% U_3O_8)[1]
WAT18-478	262.5	263.5	1	0.43
WAT18-479	372.0	372.5	0.5	0.20
and	410.5	411.0	0.5	0.45
and	420.0	420.5	0.5	0.31

1. U_3O_8 is the chemical assay of mineralized split core samples.
2. Drill hole WAT18-478 and WAT18-479 were drilled on an azimuth of 0 degrees with dips of -72 degrees and -74 degrees, respectively.
3. True thickness of the mineralization is estimated at approximately 70% of the intersection lengths.

Midwest Extension DCIP Resistivity Survey

The Company's geological interpretation suggests the Midwest structure, which hosts the Midwest Main and Midwest A deposits on the Midwest property (25.17% Denison owned), may extend onto the Waterbury Lake property to the southwest of the Midwest Main deposit. A 2D DCIP resistivity survey comprising 28.8 kilometres (16 lines) was designed to map the possible extension of the Midwest structure on to the Waterbury Lake property and to define possible drill targets for future testing. The survey was completed during October 2018 and the data processed during the fourth quarter of 2018 – resulting in the identification of additional drill targets.

Hook-Carter

The Hook-Carter property consists of 80 claims covering 24,229 hectares and is located in the western portion of the Athabasca Basin. The project is highlighted by 15 kilometres of strike potential along the prolific Patterson Corridor – host to the Arrow deposit (NexGen Energy Ltd.), Triple R deposit (Fission Uranium Corp.), and Spitfire discovery (Purepoint Uranium Group Inc., Cameco, and Orano Canada), which occur within 8 to 20 kilometres of the property. The property is significantly underexplored compared to other properties along this trend, with only five of eight historic drill holes located along the 15 kilometres of Patterson Corridor strike length. The property also covers significant portions of the Derkson and Carter Corridors, which provide additional target areas. During 2018, an additional 3,707 hectares (35 claims) were acquired by staking and acquisition, which extended the prospective strike length of the Derksen Corridor up to 17 kilometres.

The property is owned 80% by Denison and 20% by ALX Uranium Corp. ('ALX'). Denison has agreed to fund ALX's share of the first CAD$12M in expenditures (see Denison's Press Releases dated October 13 and November 7, 2016). Total exploration costs incurred in 2018 were $2,818,000 (2017 – $2,063,000). As at December 31, 2018, the Company has spent $4,926,000 on the project since entering into the agreement with ALX.

As part of its ongoing reconnaissance exploration at Hook-Carter, Denison completed a winter and summer diamond drilling program during 2018 totalling 6,960 metres in nine holes. The 2018 drilling programs were designed to test an initial set of geophysical targets on a regional scale along 7.5 kilometres of the 15 kilometres of Patterson Corridor strike length at Hook-Carter. The nine holes completed successfully identified multiple prospective trends with geological features commonly associated with Athabasca Basin uranium deposits, including hydrothermal alteration in both the sandstone and the basement lithologies associated with graphitic basement structures.

South Dufferin

The South Dufferin project is a 100% Denison owned property comprising 15,698 hectares in 7 claims and is located immediately south of the southern margin of the Athabasca Basin in northern Saskatchewan. The property covers the southern extension of the Virgin River Shear Zone, which hosts known high-grade uranium mineralization at Cameco's Dufferin Lake zone approximately 13 kilometres to the north (highlight of 1.73% U_3O_8 over 6.5 metres) and Cameco's Centennial deposit approximately 25 kilometres to the north (includes intersections up to 8.78% U_3O_8 over 33.9 metres). The historical drill results are available on the Saskatchewan Mineral Assessment Database (SMAD) on the Government of Saskatchewan website. Exploration potential exists for basement-hosted uranium mineralization associated with the Dufferin Lake fault and parallel faults within the Virgin Lake Shear zone. A summer 2018 diamond drilling program was completed in mid-July 2018, which included 1,331 metres of diamond drilling in nine holes. The reconnaissance program was designed to test targets developed across the property from recent soil geochemical and ground electromagnetic surveys. The drill holes successfully intersected graphitic rocks, often associated with faulting, however, no radioactivity was encountered and only minor hydrothermal alteration was noted in two of the holes.

Non-Operated Properties

During 2018, Orano Canada completed exploration programs on the Midwest and McClean Lake joint venture properties.

Midwest

The Midwest Project is a joint venture owned 25.17% by Denison, 69.16% by Orano Canada, and 5.67% by OURD (Canada) Ltd, with Orano Canada as the project operator. The project is host to the high-grade Midwest Main and Midwest A uranium deposits which lie along strike and within six kilometres of the J Zone deposit and Huskie discovery on Denison's 65.92% owned Waterbury Lake project. Collectively, the Midwest and Waterbury deposits occur within close proximity to existing uranium mining and milling infrastructure – including provincial highways, powerlines, and Denison's 22.5% owned McClean Lake mill. Total exploration costs incurred during 2018 were $1,251,000 (2017 - $nil) and Denison's share of the exploration costs during 2018 was $315,000 (2017 - $nil).

Winter 2018 Drilling Program

The winter 2018 drill program comprised 4,709 metres in 12 completed diamond drill holes. Drilling was conducted on the Points North conductor (6 drill holes, 2,269 metres) to test exploration targets, and at Midwest Main (6 drill holes, 2,440 metres) to collect additional information from the unconformity-hosted mineralized zone and to test underlying basement targets. The drilling validated mineralization at the Midwest Main deposit (based on preliminary radiometric equivalent uranium results), but did not intersect any high-grade mineralization on the Points North conductor, or below the Midwest Main deposit within the basement.

Updated Mineral Resource Estimate

On March 27, 2018, Denison reported an updated mineral resource estimate for the Midwest Main and Midwest A deposits located on the Midwest property. Inferred mineral resources increased by 13.5 million pounds of U_3O_8 and currently total 18.2 million pounds of U_3O_8 (846,000 tonnes at 0.98% U_3O_8) above a cut-off grade of 0.1% U_3O_8. Indicated mineral resources increased by 2.1 million pounds of U_3O_8 and currently total 50.7 million pounds of U_3O_8 (1,019,000 tonnes at 2.3% U_3O_8) above a cut-off grade of 0.1% U_3O_8.

The updated mineral resource estimates were based on extensive work undertaken by Orano Canada to upgrade the project database, improve the geological models and estimate mineral resources using industry best-practice estimation procedures for high-grade Athabasca uranium deposits, in accordance with NI 43-101. This work included, but was not limited to; verification of grade data against historical records (Midwest Main and Midwest A), digitization of historical downhole gamma probe paper logs (Midwest Main), depth correction of downhole gamma probe data (Midwest Main and Midwest A), creation of new probe to grade correlations (Midwest Main and Midwest A), collection and analysis of samples for dry bulk density and derivation of a new grade to density regression formula (Midwest A), revised geological modelling based on the digitization and generalization of drill log descriptions and re-interpretation of geophysical surveys (Midwest Main and Midwest A), and incorporation of drill holes completed between September 2007 and December 2009 (Midwest A). The mineral resource estimates were reviewed and audited by SRK on behalf of Denison. An updated independent Technical Report was filed on SEDAR (www.sedar.com) concurrent with Denison's press release dated March 27, 2018. The audited mineral resource statement prepared by SRK, with an effective date of March 9, 2018, is provided in the table below.

AUDITED MINERAL RESOURCE STATEMENT, MIDWEST PROJECT, SASKATCHEWAN, SRK CONSULTING (CANADA) INC., MARCH 9, 2018						
Deposit	**Category**	**Zone**	**Tonnes**	**Grade (% U_3O_8)**	**Million lbs U_3O_8 (100% Basis)**	**Million lbs U_3O_8 (Denison Share[2])**
Midwest Main	Indicated	Unconformity	453,000	4.00	39.94	10.05
	Inferred	Unconformity	257,000	1.36	7.71	1.94
		Perched	513,000	0.32	3.59	0.90
		Basement	23,000	0.38	0.18	0.05
Midwest A	Indicated	Low Grade	566,000	0.87	10.84	2.73
	Inferred	Low Grade	43,000	0.40	0.38	0.09
		High Grade	10,000	28.76	6.35	1.60
	Total Indicated		**1,019,000**	**2.26**	**50.78**	**12.78**
	Total Inferred		**845,000**	**0.98**	**18.21**	**4.58**

1. Mineral resources are not mineral reserves and have not demonstrated economic viability. All figures have been rounded to reflect the relative accuracy of the estimates. Reported at open pit resource cut-off grade of 0.1% U_3O_8 (0.085% U) and at a uranium price of USD$45 per pound.
2. Based on Denison's 25.17% ownership of the project.

McClean Lake

The McClean Lake project is a joint venture owned 22.5% by Denison, 70.0% by Orano Canada, and 7.5% by OURD (Canada) Ltd, with Orano Canada as the project operator. The project hosts the McClean mill in addition to unmined uranium deposits including Caribou, Sue D, Sue E and the McClean North pods. Total exploration costs incurred during 2018 were $1,317,000 (2017 - $1,048,000) and Denison's share of the exploration costs during 2018 was $296,000 (2017 - $236,000).

A DCIP resistivity survey, comprising six lines (30 kilometres), was completed in August 2018 to define basement targets primarily along the Tent-Seal Fault which is known to host uranium mineralization. A follow-up diamond drilling program, comprising 2,565 metres in nine holes was completed in November 2018. No significant mineralization was intersected during the program.

GENERAL AND ADMINISTRATIVE EXPENSES

Total general and administrative expenses were $7,189,000 during 2018 (2017 - $7,680,000). These costs are mainly comprised of head office salaries and benefits, office costs in multiple regions, audit and regulatory costs, legal fees, investor relations expenses, project costs, and all other costs related to operating a public company with listings in Canada and the United States. The decrease in general and administrative expenses during 2018 was predominantly the result of $1,534,000 in non-recurring project costs associated with the APG Arrangement that occurred in 2017. There were no similar significant project costs incurred in 2018. The decrease in project-related costs was partially offset by an increase in stock-based compensation expense.

IMPAIRMENT – MINERAL PROPERTIES

During 2018, the Company recognized an impairment expense of $6,086,000, due to the Company's current intention to let claims on three of its Canadian properties lapse in the normal course. During 2017, the Company recorded an impairment reversal of $331,000, related to Moore Lake, based on an update to the estimated recoverable amount remaining to be received under an option agreement with Skyharbour Resources Ltd.

OTHER INCOME AND EXPENSES

During 2018, the Company recognized a loss of $5,865,000 in other income/expense (2017 – gain of $1,995,000). The loss in 2018 is predominantly due to losses on investments carried at fair value of $5,411,000 (2017 – gains of $2,417,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at end of the quarter. The loss recorded in 2018 was mainly due to unfavourable mark-to-market adjustments on the Company's investments in common share purchase warrants of GoviEx Uranium Inc. ('GoviEx') and common shares of Skyharbour Resources Ltd. (2017 – favourable mark-to-market adjustments on the Company's investments in GoviEx common share purchase warrants and the common shares of Skyharbour).

During the first quarter of 2017, the Company also recorded a gain of $899,000 related to the extinguishment of the off-market toll milling contract liability related to the CLJV toll milling arrangement. This liability was extinguished as a result of the Company entering into the APG Arrangement, whereby all revenues under the contract have been monetized. No similar transaction occurred in 2018.

During 2017, a foreign exchange loss of $853,000 was recognized. The loss during 2017 was due primarily to unfavourable fluctuations in foreign exchange rates impacting the revaluation of intercompany advances and debt. These intercompany balances were impaired in 2018, and as a result, the Company recognized negligible foreign exchange losses in the current year.

EQUITY SHARE OF INCOME FROM ASSOCIATES

During 2018, the Company recognized a gain of $277,000 from its equity share of its associate GoviEx (2017 – loss of $706,000). The gain in 2018 is due to an equity loss of $472,000 (2017 – equity loss of $1,015,000), based on the Company's share of GoviEx's net loss during the period, offset by a net dilution gain of $749,000 (2017 – dilution gain of $309,000) as a result of equity issuances completed by GoviEx, which reduced the Company's ownership position in GoviEx from 20.68% at December 31, 2016, to 18.72% at December 31, 2017, and to approximately 16.21% at December 31, 2018. The Company records its share of income from associates a quarter in arrears, based on the most recent publicly available financial information, adjusted for any subsequent material publicly disclosed share issuance transactions that have occurred.

INCOME TAX RECOVERY AND EXPENSE

During 2018, the Company recorded an income tax recovery of $8,294,000 (2017 - $5,166,000). The increase in the income tax recovery in 2018 was due, in part, to the renunciation of tax attributes relating to flow through share issuances. The Company's accounting policy for flow through shares results in the recognition of previously unrecognized tax assets upon the renunciation of tax attributes to investors in the year following the issuance of the flow through shares. The flow through share offering in 2017, renounced in 2018, was larger than the Company's 2016 flow through offering, renounced in 2017, resulting in a larger deferred tax recovery in 2018. In addition, the increase in the tax recovery in 2018 was due to a reduction in taxable temporary differences related to property, plant and equipment, and an increase in deductible temporary differences related to both reclamation obligations and the APG arrangement.

DISCONTINUED OPERATIONS

During 2017, the Company recorded a loss on disposal of $109,000, due to additional transaction costs incurred for professional services related to sale of the African Mining Division to GoviEx in June 2016.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $23,207,000 at December 31, 2018 (December 31, 2017 – $3,636,000). At December 31, 2018, the company held no investments in GICs categorized as short term investments on the consolidated statement of financial position (December 31, 2017 - $37,807,000).

The increase in cash and cash equivalents of $19,571,000 was due to net cash provided by investing activities of $35,973,000 and net cash provided by financing activities of $4,549,000, partially offset by net cash used in operations of $20,951,000.

Net cash used in operating activities of $20,951,000 during 2018, was predominantly due to the net loss for the period, adjusted for non-cash items and changes in working capital items.

Net cash provided by investing activities of $35,973,000 consists primarily of the sale of GICs for $37,500,000.

Net cash provided by financing activities of $4,549,000 reflects the net proceeds received from the Company's November 2018 private placement issuance of 4,950,495 flow through common shares at a price of $1.01, for gross proceeds of $5,000,000. The proceeds of the share offerings will be used to fund the Company's Athabasca Basin exploration programs through to the end of 2019.

As at December 31, 2018, the Company has fulfilled its obligation to spend $14,499,790 on eligible Canadian exploration expenditures as a result of the issuance of the Tranche A and Tranche B flow-through shares in March 2017.

As at December 31, 2018, the Company has spent $253,000 towards its obligation to spend $5,000,000 on eligible Canadian exploration expenditures under the flow-through share financing completed in November 2018.

Refer to 2019 OUTLOOK below for details of the Company's working capital requirements for the next twelve months.

Revolving Term Credit Facility

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

Contractual Obligations and Contingencies

The Company has the following contractual obligations at December 31, 2018:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Operating Leases and other commitments	$ 1,259	$ 319	$ 517	$ 229	$ 194

Reclamation Sites

The Company periodically reviews the anticipated costs of decommissioning and reclaiming its mill and mine sites as part of its environmental planning process. The Company's reclamation liability, at December 31, 2018, is estimated to be $30,064,000, which is expected to be sufficient to cover the projected future costs for reclamation of the Company's mill and mine operations. There can be no assurance, however, 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 Denison 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 ('CNSC'). In the fourth quarter of 2018, an adjustment of $369,000 was made to increase the reclamation liability to reflect the Company's best estimate of the present value of the total reclamation cost that will be required in the future. Spending on restoration activities at the Elliot Lake sites is funded from monies in the Elliot Lake reclamation trust fund. At December 31, 2018, the amount of restricted cash and investments relating to the Elliot Lake reclamation trust fund was $3,120,000.

McClean Lake and Midwest – The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the CNSC. Cost estimates of future decommissioning and reclamation activities are prepared every 5 years and filed with the applicable regulatory authorities for approval. The most recent approved reclamation plan is dated March 2016 and the Company's best estimate of its share of the present value of the total reclamation liability is derived from this plan. In the fourth quarter of 2018, the Company increased the liability by $625,000 to reflect changes in the expected timing of reclamation activities and the long-term discount rate used to estimate the present value of the reclamation liability. The majority of the reclamation costs are expected to be incurred between 2036 and 2054.

Under the *Mineral Industry Environmental Protection Regulations, 1996*, the Company is required to provide its pro-rata share of financial assurances to the Province of Saskatchewan. Under the March 2016 approved plan, the Company increased its financial assurance to $24,135,000, providing irrevocable standby letters of credit from BNS in favour of Saskatchewan's Ministry of Environment. At present, to provide the required standby letters of credit, the Company is utilizing the full capacity of the 2019 Credit Facility and has committed an additional $135,000 with BNS as restricted cash collateral.

FINANCIAL INSTRUMENTS

(in thousands)	Financial Instrument Category [1]	Fair Value Hierarchy		December 31, 2018 Fair Value		December 31, 2017 Fair Value
Financial Assets:						
Cash and equivalents	Category B		$	23,207	$	3,636
Trade and other receivables	Category B			4,072		4,791
Investments						
Debt instruments (GIC's)	Category A	Level 2		-		37,807
Equity instruments (shares)	Category A	Level 1		2,007		2,833
Equity instruments (warrants)	Category A	Level 2		248		4,526
Restricted cash and equivalents						
Elliot Lake reclamation trust fund	Category B			3,120		3,049
Credit facility pledged assets	Category B			9,000		9,000
Reclamation letter of credit collateral	Category B			135		135
			$	41,789	$	65,777
Financial Liabilities:						
Account payable and accrued liabilities	Category C			5,554		5,756
Debt obligations	Category C			-		-
			$	5,554	$	5,756

Notes:
1. Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Financial assets at amortized cost; Category C=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 cash equivalents, debt instruments and restricted cash and cash 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 considered 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 and capital markets, if required.

The Company's investments that are designated as financial assets at fair value through profit or loss have resulted in other expense of $5,411,000 during 2018 (2017 – other income of $2,417,000). See OTHER INCOME AND EXPENSES above for further details.

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC, which was renewed in 2016 with an effective date of April 1, 2016 and a term of three years. Under the current agreement, Denison receives the following fees from UPC: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

(in thousands)	Year Ended December 31, 2018	Year Ended December 31, 2017
Management Fee Revenue		
Base and variable fees	$ 1,739	$ 1,438
Discretionary fees	50	-
Commission fees	224	368
	$ 2,013	$ 1,806

At December 31, 2018, accounts receivable includes $303,000 (December 31, 2017 – $481,000) due from UPC with respect to the fees and transactions discussed above.

Korea Electric Power Corporation ('KEPCO') and KHNP

In connection with KEPCO's investment in Denison in June 2009, KEPCO and Denison were parties to a strategic relationship agreement. In December 2016, Denison was notified that KEPCO's indirect ownership of Denison's shares had been transferred from an affiliate of KEPCO to an affiliate of KEPCO's wholly-owned subsidiary, KHNP. In September 2017, Denison and KHNP's affiliate, KHNP Canada Energy Ltd. ('KHNP Canada') entered into an amended and restated strategic relationship agreement, in large part providing KHNP Canada with the same rights as those previously given to KEPCO under the prior agreement, including entitling KHNP Canada to: (a) subscribe for additional common shares in Denison's future public equity offerings; (b) a right of first opportunity if Denison intends to sell any of its substantial assets; (c) a right to participate in certain purchases of substantial assets which Denison proposes to acquire; and (d) 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, 2018, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.89%. KHNP Canada is the holder of the majority of these Denison shares.

KHNP Canada is also the majority member of the KWULP. KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation ("WLUC") and Waterbury Lake Uranium Limited Partnership ("WLULP"), entities whose key asset is the Waterbury Lake property. At December 31, 2018, WLUC was owned by Denison (60%) and KWULP (40%) and the partnership interests in WLULP were Denison (65.92%), KWULP (34.06%) and WLUC, as general partner (0.02%). When a spending program is approved, each of Denison and KWULP is required to fund WLUC and KWULP based upon its respective ownership interests or be diluted accordingly. Generally, spending program approval requires 75% of the limited partners' voting interest.

In January 2014, Denison agreed to allow KWULP to defer a decision regarding its funding obligation to WLUC and WLULP until September 30, 2015 and to not be immediately diluted as per the dilution provisions in the relevant agreements ("Dilution Agreement"). Instead, under the Dilution Agreement, dilution would be delayed until September 30, 2015 and then applied in each subsequent period, if applicable, in accordance with the original agreements. In exchange, Denison received authorization to approve spending programs on the property, up to an aggregate $10,000,000, until September 30, 2016 without obtaining approval from 75% of the voting interest. Under subsequent amendments, Denison and KWULP have agreed to extend Denison's authorization under the Dilution Agreement to approve program spending up to an aggregate $15,000,000 until December 31, 2019.

In 2017, Denison funded 100% of the approved fiscal 2017 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 63.01% to 64.22%, in two steps, which has been accounted for using effective dates of May 31, 2017 and August 31, 2017. The increased ownership interest resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $779,000

In 2018, Denison funded 100% of the approved fiscal 2018 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 64.22% to 65.92%, in two steps, which has been accounted for using effective dates of May 31, 2018 and October 31, 2018. The increased ownership interest resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $1,141,000.

Other

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

- On December 12, 2018, the Company lent $250,000 to GoviEx pursuant to a credit agreement between the parties. The loan is unsecured, bears interest at 7.5% per annum and is payable on demand at any time that is 60 days after the lending date.

- During 2018, the Company incurred investor relations, administrative service fees and other expenses of $209,000 (2017 – $186,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2018, an amount of $nil (December 31, 2017 – $nil) was due to this company.

- During 2018, the Company incurred office expenses of $81,000 (2017 - $60,000) with Lundin S.A, a company which provides office and administration services to the former executive chairman, other directors and management of Denison. The agreement for the office and administration services was terminated effective September 30, 2018. At December 31, 2018, an amount of $nil (December 31, 2017 – $nil) was due to this company.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

The following compensation was awarded to key management personnel:

(in thousands)		Year Ended December 31, 2018		Year Ended December 31, 2017
Salaries and short-term employee benefits	$	(1,759)	$	(1,670)
Share-based compensation		(1,522)		(1,104)
	$	(3,281)	$	(2,774)

The increase in key management compensation is predominantly driven by an increase in stock-based compensation relating to the cost of awards issued to key management personnel during the year under the Company's new share unit plan.

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

Bank of Nova Scotia Credit Facility Renewal

On January 29, 2019, the Company entered into an agreement with the BNS to extend the maturity date of the 2018 facility. Under the 2019 Credit Facility, the maturity date has been extended to January 31, 2020 and the Company continues to have access to credit up to $24,000,000 whose use is restricted to non-financial letters of credit in support of reclamation obligations. All other terms of the 2019 Credit Facility (tangible net worth covenant, pledged cash, investments amount and security for the facility) remain unchanged from those of the 2018 facility.

The 2019 Credit Facility is subject to letter of credit and standby fees of 2.40% (0.40% on the first $9,000,000) and 0.75% respectively.

OUTSTANDING SHARE DATA

At March 7, 2019, there were 589,128,908 common shares issued and outstanding, stock options outstanding for 13,004,193 Denison common shares, 3,400,432 share units, which will be converted to Denison common shares when they vest, and 1,673,077 share purchase warrants outstanding for a total of 607,206,610 common shares on a fully-diluted basis.

On March 8, 2018, the Board approved the adoption of the fixed number share unit plan (the 'Share Unit Plan'), providing for the issuance from treasury of up to 15,000,000 common shares on settlement of share units issued thereunder, and the grant of an aggregate of 2,200,000 performance share units ('PSUs') and 1,299,432 restricted share units ('RSUs') under the Share Unit Plan. Shareholder approval was obtained for the Share Unit Plan as well as the initial grants thereunder at the Annual General and Special Meeting of Shareholders held on May 3, 2018. For accounting purposes, the share units were regarded as granted upon receipt of shareholder approval.

OUTLOOK FOR 2019

Denison's plans for 2019 continue to focus on the activities necessary to position the Company as the next uranium producer in Canada. Accordingly, the 2019 budget is focused on the advancement of Wheeler River through the EA process and the necessary de-risking ahead of the completion of a feasibility study.

('000)		2019 BUDGET[(2)]
Canada Mining Segment		
Mineral Sales		970
Development & Operations		(3,640)
Mineral Property Exploration & Evaluation		(12,350)
		(15,020)
DES Segment		
DES Environmental Services		1,520
		1,520
Corporate and Other Segment		
UPC Management Services		1,920
Corporate Administration & Other		(5,170)
		(3,250)
Total[(1)]	**$**	**(16,750)**

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

Mineral Sales

Denison's revenue from the sale of approximately 26,000 pounds of U_3O_8 currently held in inventory, is budgeted to be $1.0 million.

Development & Operations

In 2019, Denison's share of operating and capital expenditures at the Orano Canada operated McClean Lake and Midwest joint ventures are budgeted to be $2.6 million. The large majority of the operating expenditures relate to McClean, including $2.3 million in respect of Denison's share of the 2019 budget for the advancement of the SABRE mining method. The 2019 SABRE program includes the engineering and fabrication of the mining equipment and pipe to be used during the test mining process. In order to accommodate the time required to complete this process, the test mining activities originally planned by Orano Canada for 2019 have been delayed until 2020.

The 2019 operating expenditures are also expected to include $800,000 for reclamation expenditures related to Denison's legacy mine sites in Elliot Lake.

Mineral Property Exploration & Evaluation

The budget for exploration and evaluation activities in 2019 is approximately $12.4 million (Denison's share). Including partner's share of expenses, the projected 2019 exploration and evaluation work program is budgeted to be $13.4 million. The exploration program is expected to include approximately 25,000 metres of drilling across three of Denison's high priority projects, namely Wheeler River, Waterbury Lake and Hook-Carter. The majority of the exploration activity will occur during the winter months, resulting in higher levels of expenditures in the first quarter of 2019. See Denison's press release dated January 9, 2019 for further details regarding the 2019 exploration program.

Evaluation activities are expected to continue at Wheeler River throughout the year.

Wheeler River

A $10.3 million budget (100% basis) has been approved for Wheeler River. The budget includes exploration expenditures of $3.2 million and evaluation expenditures of $7.1 million. Denison's share of the budget is expected to be $9.3 million, consistent with the Company's 90% ownership interest.

Evaluation

The 2019 evaluation program includes the initiation of the EA process, as well as engineering studies and related programs required to advance the high-grade Phoenix deposit as an ISR mining operation. Engineering studies during 2019 will include ISR wellfield testing, the initiation of metallurgical ISR pilot plant testing, Gryphon optimization studies, and third party reviews of the Phoenix engineering plans. In addition, following the submission of a PD in February 2019 to the Federal and Provincial regulatory authorities, the multi-year EA, consultation, and permitting process for the project has been initiated and activities in 2019 will support progress on the EA.

Exploration

Following the completion of the PFS in the third quarter of 2018, and given the highly encouraging results from the proposed Phoenix ISR operation, the planned 2019 exploration drilling program will be focused on initial testing of regional targets at the sub-Athabasca unconformity, with the potential to discover additional ISR amenable uranium deposits. Potential for basement hosted uranium mineralization will not be ignored where opportunities also exist to evaluate prospective basement targets. High priority regional target areas planned for testing in 2019 include K West, M Zone, K South, Gryphon South, Q South (East), and O Zone.

The 2019 Wheeler River exploration budget totals $3.2 million (100% basis) and includes approximately 13,500 metres of diamond drilling in 23 holes. Drilling activities commenced early January 2019 for the winter season, which will be followed by a results-driven summer drilling program – providing a staged-approach to target evaluation.

Exploration Pipeline Properties

Denison remains active on high potential exploration pipeline projects – each assessed to have the potential to deliver a meaningful discovery of new uranium mineralization.

Denison-Operated Projects

Exploration drill programs, to be operated by Denison, are planned on the Waterbury Lake and Hook-Carter projects during the winter of 2019.

- *Waterbury Lake Project*

The 2019 exploration program is focused on continued drill testing of priority target areas associated with the regional Midwest Structure, including follow-up on the GB Trend, and initial testing of the Oban South Trend and Midwest Extension area. Within the Midwest Extension area, to the southwest of the Midwest deposits, drill targets have been identified from a DCIP resistivity completed during the fall of 2018. Additional target areas include GB Northeast (electromagnetic target) and the Waterbury East claim (follow-up of an historic mineralized intersection of 0.32% U_3O_8 over 1.1 metres in drill hole WAT07-008).

The 2019 Waterbury Lake budget totals $1.8 million (100% basis) which includes approximately 7,300 metres of diamond drilling in 18 holes. The results-driven drilling program is expected to be completed during the winter season, and will be funded by Denison, as KWULP has elected to continue to dilute their interest in the project.

- *Hook-Carter Project*

A $1.4 million (100% basis) diamond drilling program, consisting of approximately 3,900 metres in 6 holes, is planned for winter 2019. The program is designed to complete the first phase of reconnaissance exploration along 7.5 kilometres of the Patterson Corridor. The drill targets include both electromagnetic ("EM") and resistivity targets from the 2017 ground surveys, which are coincident with positive exploration vectors identified from a detailed geochemical and clay analysis of the 2018 drilling results. Completion of these targets, in addition to the targets drilled in 2018, will result in a widely-spaced drill hole coverage, with an approximate 1,200 metre spacing along strike, on the southwestern portion of the Patterson Corridor at Hook-Carter – providing a first pass evaluation and a valuable regional dataset to enable prioritization of follow-up drilling. The 2019 exploration program will be funded 100% by Denison as part of its agreement to fund ALX's 20% share of the first $12 million in expenditures on the project (see above, as well as Denison's Press Releases dated October 13 and November 7, 2016).

Non-Operated Projects

Denison has elected not to fund its 14.4% share of the $1.6 million diamond drilling program planned for the Waterfound River Project in 2019. The Waterfound River project is a joint venture between Orano Canada (53.98%), JCU (31.60%) and Denison (14.42%). Orano Canada is the operator of the project.

MANAGEMENT AND ENVIRONMENTAL SERVICES

Net management fees for 2019 from the management services agreement with UPC are budgeted at $1.9 million. A portion of the management fees earned from UPC are based on UPC's net asset value, and are therefore dependent upon the uranium spot price. Denison's budget for 2019 assumes a uranium spot price of USD$28.75 per pound U_3O_8. Each USD$2 per pound U_3O_8 increase is expected to translate into approximately $0.1 million in additional management fees to Denison. While the term of the management services agreement with UPC ends March 31, 2019, the 2019 budget has been prepared with the assumption that the contract will be renewed.

Revenue from operations at DES during 2019 is budgeted to be $10.0 million, with operating, overhead, and capital expenditures budgeted to be $8.5 million, resulting in a net contribution of approximately $1.5 million.

CORPORATE ADMINISTRATION AND OTHER

Corporate administration expenses are budgeted to be $5.2 million in 2019 and include head office salaries 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.

In addition to Corporate administration expenses in 2019, letter of credit and standby fees relating to the 2019 Credit Facility are expected to be approximately $400,000, which is expected to be more than offset by interest income on the Company's cash and short-term investments.

ADDITIONAL INFORMATION

CONTROLS AND PROCEDURES

The Company carried out an evaluation, under the supervision and with the participation of its management, including the President and Chief Executive Officer and the Vice-President Finance 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 President and Chief Executive Officer and the Vice-President Finance and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of December 31, 2018.

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, 2018.

There has not been any change in the Company's internal control over financial reporting that occurred during 2018 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:

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, the suitability of the resource 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.

Mineral property impairment reviews and impairment adjustments

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator is identified, the Company determines the recoverable amount of the property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. 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 recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

Deferred revenue – pre-sold toll milling

In February 2017, Denison closed the APG Arrangement, pursuant to which Denison monetized its right to receive future toll milling cash receipts from July 1, 2016 onwards from the MLJV under the current toll milling agreement with the CLJV (see note 14 in the audited consolidated financial statements) for an up-front cash payment. The arrangement consisted of a loan structure and a stream arrangement (collectively, the "APG Arrangement"). Significant judgement was required to determine whether the APG Arrangement should be accounted for as a financial obligation (i.e. debt) or deferred revenue.

Key factors that support the deferred revenue conclusion reached by management include, but are not limited to: a) Limited recourse loan structure – amounts due to APG are generally repayable only to the extent of Denison's share of the toll milling revenues earned by the MLJV from the processing of the first 215 million pounds of U_3O_8 from the Cigar Lake mine on or after July 1, 2016, under the terms of the current Cigar Lake toll milling agreement; and b) No warranty of the future rate of production - no warranty is provided by Denison to APG regarding the future rate of production at the Cigar Lake mine and / or the McClean Lake mill, or the amount and / or collectability of cash receipts to be received by the MLJV in respect of toll milling of Cigar Lake ore.

Deferred Revenue – pre-sold toll milling – revenue recognition

Pursuant to the APG Arrangement, Denison received a net up-front cash payment of $39,980,000 which has been accounted for as a deferred revenue liability as at the transaction close date (see note 14 in the audited consolidated financial statements).

Under IFRS 15, the Company is required to recognize a revenue component and a financing component as it draws down the deferred revenue associated with the APG Arrangement over the life of the specified toll milling production included in the APG Arrangement. In estimating both of these components, the Company is required to make assumptions relating to the future toll milling production volume associated with Cigar Lake Phase 1 and 2 ore reserves and resources (to end of mine life) and estimates of the annual timing of that production. Changes in these estimates affect the underlying production profile which in turn affects the average toll milling drawdown rate used to recognize revenue.

When the average toll milling drawdown rate is changed, the impact is reflected on a life-to-date production basis with a retroactive adjustment to revenue recorded in the current period. Going forward, each time the Company updates its estimates of the underlying production profile for the APG Arrangement (typically in the quarter that information relating to Cigar Lake uranium resource updates and / or production schedules becomes publicly available), retroactive adjustments to revenue will be recorded in the period that the revised estimate is determined – such adjustments, which are non-cash in nature, could be material.

Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed in respect of taxes that are based on taxable profit. Taxable profit will often differ from accounting profit and management may need to exercise judgement to determine whether some taxes are income taxes (and subject to deferred tax accounting) or operating expenses.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis 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.

Reclamation obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed or a constructive or legal obligation exists and typically involve identifying costs to be incurred in the future and discounting them to the present using an appropriate discount rate for the liability. The determination 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 materially 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.

PENDING CHANGE IN ACCOUNTING POLICY AND NEW ACCOUNTING PRONOUNCEMENTS

Accounting Standards Issued But Not Yet Applied

The Company will adopt the following new accounting pronouncements which are effective for fiscal periods of the Company beginning on or after January 1, 2019:

International Financial Reporting Standard 16, Leases ('IFRS 16')

IFRS 16 requires lessees to recognize assets and liabilities for most leases. Under current standards, the Company expenses its lease payments. Application of IFRS 16 is mandatory for reporting periods beginning on or after January 1, 2019. The Company expects the adoption of IFRS 16 to result in the following: a) increased reported assets and liabilities; b) increased depreciation and accretion expense and decreased lease expense within the statement of income (loss); and c) decreased cash outflows from operations and increased cash outflows from financing as lease payments will be recorded as financing outflows in the cash flow statement. Assessments of the magnitude of the above impacts of adopting the standard are ongoing.

RISK FACTORS

There are a number of factors that could negatively affect Denison's business and the value of Denison's common shares (the '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, which may present additional risks in the future. Current and prospective security holders of Denison should carefully consider these risk factors.

Speculative Nature of Exploration and Development

Exploration for minerals and the development of mineral properties is speculative, and involves significant uncertainties and financial risks that even a combination of careful evaluation, experience and technical knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored prove to return the discovery of a commercially mineable deposit and/or are ultimately developed into producing mines. As at the date hereof, many of Denison's projects are preliminary in nature and mineral resource estimates include inferred mineral resources, which are considered too speculative geologically to have the economic considerations applied that would enable them to be categorized as mineral reserves. Mineral resources that are not mineral reserves do not have demonstrated economic viability Major expenses may be required to properly evaluate the prospectivity of an exploration property, to develop new ore bodies and to estimate mineral resources and establish mineral reserves. There is no assurance that the Company's uranium deposits are commercially mineable.

Imprecision of Mineral Reserve and Resource Estimates

Mineral reserve and resource figures are estimates, and no assurances can be given that the estimated quantities of uranium are in the ground and could be produced or that Denison will receive the prices assumed in determining its mineral reserves. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry best practices. Valid estimates made at a given time may significantly change when new information becomes available. While Denison believes that the Company's estimates of mineral reserves and mineral resources 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 and geological interpretations, which may ultimately prove inaccurate. Furthermore, market price fluctuations, as well as increased capital or production costs or reduced recovery rates, may render mineral reserves and resources 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.

Risks of, and Market Impacts on, Developing Mineral Properties

Denison's current and future uranium production is dependent in part on the successful discovery and development of new ore bodies and/or revival of previously existing mining operations. It is impossible to ensure that Denison's current exploration and development programs will result in profitable commercial mining operations. Where the Company has been able to estimate the existence of mineral resources and mineral reserves, such as for the Wheeler River project, substantial expenditures are still required to establish economic feasibility for commercial development and to obtain the required environmental approvals, permitting and assets to commence commercial operations.

Development projects are subject to the completion of successful feasibility studies, engineering studies and environmental assessments, the issuance of necessary governmental permits, and the availability of adequate financing. 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; political and economic climate; and uranium prices, which are historically cyclical.

Denison is currently preparing to undertake a feasibility study for Wheeler River. Development projects have no operating history upon which to base estimates of future cash flow. Denison's estimates of mineral reserves and mineral resources and cash operating costs are, to a large extent, based upon detailed geological and engineering analysis. Particularly for development projects, estimates of mineral reserves and cash operating costs are, to a large extent, based upon the interpretation of geologic data obtained from drill holes and other sampling techniques, and economic assessments and technical studies that derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, expected recovery rates of uranium from the ore, estimated operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual capital and operating costs and economic returns will differ significantly from those estimated for a project prior to production.

The decision as to whether a property, such as Wheeler River, contains a commercial mineral deposit and should be brought into production will depend upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense and risk.

Economic analyses and feasibility studies derive estimates of capital and operating costs based upon many factors, including, among others: mining method selection, anticipated tonnage and grades of ore to be mined and processed; the configuration of the ore body; ground and mining conditions; and expected recovery rates of the uranium from the ore; and alternate mining methods.

It is not unusual in the mining industry for new mining operations to take longer than originally anticipated to bring into a producing phase, and to require more capital than anticipated. Any of the following events, among others, could affect the profitability or economic feasibility of a project: unexpected problems during the start-up phase delaying production, unanticipated changes in grade and tonnes of ore to be mined and processed, unanticipated adverse geological conditions, unanticipated metallurgical recovery problems, incorrect data on which engineering assumptions are made, availability of labour, costs of processing and refining facilities, availability of economic sources of power and water, unanticipated transportation costs, government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, environmental), fluctuations in uranium prices, and accidents, labour actions and force majeure events.

The ability to sell and profit from the sale of any eventual mineral production from a property will be subject to the prevailing conditions in the applicable marketplace at the time of sale. The demand for uranium and other minerals is subject to global economic activity and changing attitudes of consumers and other end-users' demand. Many of these factors are beyond the control of a mining company and therefore represent a market risk which could impact the long term viability of Denison and its operations.

Risks Associated with the Selection of Novel Mining Methods

As disclosed in the Wheeler PFS Report, Denison has selected the ISR mining method for production at the Phoenix deposit. While test work completed to date indicates that ground conditions and the mineral reserves estimated to be contained within the deposit are amenable to extraction by way of ISR, actual conditions could be materially different from those estimated based on the Company's technical studies completed to-date. While best practices have been utilized in the development of its estimates, actual results may differ significantly. Denison will need to complete substantial additional work to further advance and/or confirm its current estimates and projections for development to the level of a feasibility study. As a result, it is possible that actual costs and economic returns of any mining operations may differ materially from Denison's best estimates.

Dependence on Obtaining Licences and other Regulatory 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 federal, provincial and state 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 is currently, and has historically, 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, including 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.

The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which involve multiple governmental agencies. Environmental and regulatory review has become a long, complex and uncertain process that can cause potentially significant delays. In addition, 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.

The ability of the Company to obtain and maintain permits and approvals and to successfully develop and operate mines may be adversely affected by real or perceived impacts associated with its activities that affect the environment and human health and safety at its projects and in the surrounding communities. The real or perceived impacts of the activities of other mining companies may also adversely affect our ability to obtain and maintain permits and approvals. The Company is uncertain as to whether all necessary permits will be obtained or renewed on acceptable terms or in a timely manner. Any significant delays in obtaining or renewing such permits or licences in the future could have a material adverse effect on Denison.

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. While the Company has taken great care to ensure full compliance with its legal obligations, there can be no assurance that the Company has been or will be in full compliance with all of these laws and regulations, or with all permits and approvals that it is required to have.

Failure to comply with applicable laws, regulations and permitting requirements, even inadvertently, 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.

Consultation Matters and Engagement with Canada's First Nations

First Nations and Métis title claims 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. Consultation with, and consideration of other rights of, affected aboriginal peoples during the project permitting process may require accommodations, including undertakings regarding employment, royalty payments and other matters. This may affect the timetable and costs of development of the Company's projects.

The Company's relationship with the communities in which it operates are critical to ensure the future success of its existing operations and the construction and development of its projects. There is an increasing level of public concern relating to the perceived effect of mining activities on the environment and on communities impacted by such activities. Adverse publicity relating to the mining industry generated by non-governmental organizations and others could have an adverse effect on the Company's reputation or financial condition and may impact its relationship with the communities in which it operates. While the Company is committed to operating in a socially responsible manner, there is no guarantee that the Company's efforts in this regard will mitigate this potential risk.

The inability of the Company to maintain positive relationships with local communities may result in additional obstacles to permitting, increased legal challenges, or other disruptions to the Company's exploration, development and production plans, and could have a significant adverse impact on the Company's share price and financial condition.

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 pursue its development plans is dependent upon receipt of, and compliance with, additional permits, licences and approvals. Failure to obtain such permits, licenses and approvals and/or meet any conditions set forth therein 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 jurisdictions 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 advance its projects and, as a result, on its financial position and results.

Global Demand and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is relatively small compared to other minerals, competitive and heavily regulated. 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. In addition, the international marketing of uranium is subject to governmental policies and certain trade restrictions. For example, the supply and marketing of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies.

In the United States, certain uranium producers filed a petition with the US DOC to investigate the import of uranium into the US under Section 232 of the 1962 Trade Expansion Act. The DOC agreed to investigate the issue and its findings will be presented to the President of the United States, whom, under Section 232, is empowered to use tariffs or other means to adjust the imports of goods or materials from other countries if it deems the quantity or circumstances surrounding those imports to threaten national security. It is expected that the findings by the DOC, as well as an ultimate decision on whether a remedy will be imposed and what it will look like, will be made by the US President in the second half of 2019. The uncertainty surrounding this trade action is believed to have impacted the uranium purchasing activities of nuclear utilities, especially in the US, and consequently negatively impacted the market price of uranium and the uranium industry as a whole. Depending on the outcome of the trade action, there is the potential for this to have further negative impacts on the uranium market globally.

Restrictive trade agreements, governmental policies and/or trade restrictions are beyond the control of Denison and may affect the supply of uranium available in the United States and Europe, which are currently the largest markets for uranium in the world, as well as the future of supply to developing markets, such as China and India. If substantial changes are made to the regulations affecting global marketing and supply, the Company's business, financial condition and results of operations may be materially adversely affected.

Volatility and Sensitivity to Market Prices

The value of the Company's mineral resources, mineral reserves and estimates of the viability of future production for its projects is heavily influenced by long and short term market prices of U_3O_8. Historically, these prices have seen significant fluctuations, 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 nuclear incidents, 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 supplies from other secondary sources, and production levels and costs of production from primary uranium suppliers. Uranium prices failing to reach or sustain projected levels can impact operations by requiring a reassessment of the economic viability of the Company's projects, and such reassessment alone may cause substantial delays and/or interruptions in project development, which could have a material adverse effect on the results of operations and financial condition of Denison.

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 clean 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. Technical advancements in, and government subsidies for, 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. Sustained lower prices of alternate forms of energy may result in lower demand for uranium concentrates.

Current estimates project increases in the world's nuclear power generating capacities, primarily as a result of a significant number of nuclear reactors that are under construction, planned, or proposed in China, India and various other countries around the world. Market projections for future demand for uranium are based on various assumptions regarding the rate of construction and approval of new nuclear power plants, as well as continued public acceptance of nuclear energy around the world. The rationale for adopting nuclear energy can be varied, but often includes the clean and environmentally friendly operation of nuclear power plants, as well as the affordability and round-the-clock reliability of nuclear power. A change in public sentiment regarding nuclear energy could have a material impact on the number of nuclear power plants under construction, planned or proposed, which could have a material impact on the market's and the Company's expectations for the future demand for uranium and the future price of uranium.

Capital Intensive Industry and Uncertainty of Funding

The exploration and development of mineral properties and the ongoing operation of mines and facilities 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 to fund the substantial capital that is typically required in order to bring a mineral project, such as Wheeler River, to a production decision or to place a property, such as Wheeler River, into commercial production. Similarly, there is uncertainty regarding the Company's ability to fund additional exploration of the Company's projects or the acquisition of new projects. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms, and failure to obtain such additional financing could result in the delay or indefinite postponement of the Company's exploration, development or other growth initiatives.

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 and/or news releases. 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

While active in exploring for new uranium discoveries in the Athabasca Basin region, Denison's present focus is on advancing Wheeler River to a development decision, with the potential to become the next large scale uranium producer in Canada. Denison will require additional funds to further such activities. If Denison raises additional funding by issuing additional equity securities, such financing would substantially dilute the interests of Shareholders and could 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, Orano Canada is the operator and majority owner of the McClean Lake and Midwest joint ventures in Saskatchewan, Canada. The McClean Lake mill employs unionized workers who work under collective agreements. Orano Canada, as the operator, is responsible for most operational and production decisions and all dealings with unionized employees. Orano Canada may not be successful in its attempts to renegotiate the collective agreements, which may impact mill and mining operations. Similarly, Orano Canada is responsible for all licensing and dealings with various regulatory authorities. Orano Canada maintains the regulatory licences in order to operate the McClean Lake mill, all of which are subject to renewal from time to time and are required in order for the mill to operate in compliance with applicable laws and regulations. Any lengthy work stoppages or disruption to the operation of the mill or mining operations as a result of a licensing matter or regulatory compliance may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Reliance on Contractors and Experts

In various aspects of its operations, Denison relies on the services, expertise and recommendations of its service providers and their employees and contractors, whom often are engaged at significant expense to the Company. For example, the decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend in large part upon the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified third party engineers and/or geologists. In addition, while Denison emphasizes the importance of conducting operations in a safe and sustainable manner, it cannot exert absolute control over the actions of these third parties when providing services to Denison or otherwise operating on Denison's properties. Any material error, omission, act of negligence or act resulting in environmental pollution, accidents or spills, industrial and transportation accidents, work stoppages or other actions could adversely affect the Company's operations and financial condition.

Benefits Not Realized From Transactions

Denison has completed a number of transactions over the last several years, including without limitation the acquisition of International Enexco Ltd, the acquisition of Fission Energy Corp., the acquisition of JNR Resources Inc., the sale of its mining assets and operations located in the United States to Energy Fuels Inc., the sale of its mining assets and operations located in Mongolia to Uranium Industry a.s., the sale of its mining assets and operations located in Africa to GoviEx, the optioning of the Moore Lake property to Skyharbour, the acquisition of an 80% interest in the Hook-Carter property from ALX, the acquisition of an interest in the Moon Lake property from CanAlaska, entering into the APG Transaction and the acquisition of Cameco's interest in the WRJV. 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 or received to complete the transactions. This could result in significant accounting impairments or write-downs of the carrying values of mineral properties or other assets and could adversely impact the Company and the price of its Shares.

Inability to Expand and Replace Mineral Reserves and Resources

Denison's mineral reserves and resources at its McClean Lake, Midwest, Wheeler River and Waterbury Lake projects are Denison's material future sources of uranium production. Unless other mineral reserves or resources are discovered or acquired, 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 demonstrate development potential, there can be no assurance that they can or will be successfully developed and put into production or that they will be able to replace production in future years.

Competition for Properties

Significant competition exists for the limited supply of mineral lands available for acquisition. Participants in the mining business include large established companies with long operating histories. In certain circumstances, the Company may be at a disadvantage in acquiring new properties as competitors may 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 resources or reserves or result in commercial mining operations.

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 Canadian federal, provincial and local governments, as well as 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. If such defects or challenges cover a material portion of Denison's property, they could have a material adverse effect on Denison's results of operations, financial condition, reported mineral reserves and resources and/or long -term business prospects.

Global Financial Conditions

Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence. Access to public financing and credit can be negatively impacted by the effect of these events on Canadian and global credit markets. The health of the global financing and credit markets may impact the ability of Denison to obtain equity or debt financing in the future and the terms at which financing or credit is available to Denison. These increased levels of volatility and market turmoil could adversely impact Denison's operations and the trading price of the Shares.

Ability to Maintain Obligations under the 2019 Credit Facility and Other Debt

Denison is required to satisfy certain financial covenants in order to maintain its good standing under the 2019 Credit Facility. Denison is also subject to a number of restrictive covenants under the 2019 Credit Facility and the APG Transaction, such as restrictions on Denison's ability to incur additional indebtedness and sell, transfer of otherwise dispose of material assets. 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, which could cause Denison to fail to satisfy its obligations under the 2019 Credit Facility, APG Transaction 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 2019 Credit Facility and APG Transaction are secured by DMI's main properties by a pledge of the shares of DMI. If Denison were to default on its obligations under the 2019 Credit Facility, APG Transaction 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.

Change of Control Restrictions

The APG Transaction and certain other of Denison's agreements contain provisions that could adversely impact Denison in the case of a transaction that would result in a change of control of Denison or certain of its subsidiaries. In the event that consent is required from our counterparty and our counterparty chooses to withhold its consent to a merger or acquisition, then such party could seek to terminate certain agreements with Denison, including certain agreements forming part of the APG Transaction, or require Denison to buy the counterparty's rights back from them, which could adversely affect Denison's financial resources and prospects. If applicable, these restrictive contractual provisions could delay or discourage a change in control of our company that could otherwise be beneficial to Denison or its shareholders.

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 secured, 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 security requirements are 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 from Denison in the future 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 in which it has an interest, personal injury or death, environmental damage, delays in or interruption of or cessation of exploration, development, production or processing, 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 exploration, mining and processing, as applicable, additional costs and risks are incurred by Denison and its joint venture partners 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, that 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.

Anti-Bribery and Anti-Corruption Laws

The Company is subject to anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada). Failure to comply with these laws could subject the Company to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect the Company's business, results from operations, and financial condition. It may not be possible for the Company to ensure compliance with anti-bribery and anti-corruption laws in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located or may be located in the future.

Climate Change

Due to changes in local and global climatic conditions, many analysts and scientists predict an increase in the frequency of extreme weather events such as floods, droughts, forest and brush fires and extreme storms. Such events could materially disrupt the Company's operations, particularly if they affect the Company's sites, impact local infrastructure or threaten the health and safety of the Company's employees and contractors. In addition, reported warming trends could result in later freeze-ups and warmer lake temperatures, affecting the Company's winter exploration programs at certain of its material projects. Any of such events could result in material economic harm to Denison.

The Company is focused on operating in a manner designed to minimize the environmental impacts of its activities; however, environmental impacts from mineral exploration and mining activities are inevitable. Increased environmental regulation and/or the use of fiscal policy by regulators in response to concerns over climate change and other environmental impacts, such as additional taxes levied on activities deemed harmful to the environment, could have a material adverse effect on Denison's financial condition or results of operations.

Information Systems and Cyber Security

The Company's operations depend upon the availability, capacity, reliability and security of its information technology (IT) infrastructure, and its ability to expand and update this infrastructure as required, to conduct daily operations. Denison relies on various IT systems in all areas of its operations, including financial reporting, contract management, exploration and development data analysis, human resource management, regulatory compliance and communications with employees and third parties.

These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as network and/or hardware disruptions resulting from incidents such as unexpected interruptions or failures, natural disasters, fire, power loss, vandalism and theft. The Company's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

The ability of the IT function to support the Company's business in the event of any such occurrence and the ability to recover key systems from unexpected interruptions cannot be fully tested. There is a risk that, if such an event actually occurs, the Company's continuity plan may not be adequate to immediately address all repercussions of the disaster.

In the event of a disaster affecting a data centre or key office location, key systems may be unavailable for a number of days, leading to inability to perform some business processes in a timely manner. As a result, the failure of Denison's IT systems or a component thereof could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations.

Although to date the Company has not experienced any material losses relating to cyber-attacks or other information security breaches, there can be no assurance that the Company will not incur such losses in the future. Unauthorized access to Denison's IT systems by employees or third parties could lead to corruption or exposure of confidential, fiduciary or proprietary information, interruption to communications or operations or disruption to the Company's business activities or its competitive position. Further, disruption of critical IT services, or breaches of information security, could have a negative effect on the Company's operational performance and its reputation. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access remain a priority.

The Company applies technical and process controls in line with industry-accepted standards to protect information, assets and systems; however these controls may not adequately prevent cyber-security breaches. There is no assurance that the Company will not suffer losses associated with cyber-security breaches in the future, and may be required to expend significant additional resources to investigate, mitigate and remediate any potential vulnerabilities. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

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 and officers 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 would be that corporate opportunities presented to a director or officer of Denison may be offered to another company or companies with which the director or officer is associated, and may not be presented or made available to Denison. The directors and officers 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, where applicable for directors, 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 Ontario Business Corporations Act ('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 the 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 and KHNP

Effective December 2016, KEPCO indirectly transferred the majority of its interest in Denison to KHNP Canada. Denison and KHNP Canada subsequently entered into the KHNP SRA (on substantially similar terms as the original strategic relationship agreement between Denison and KEPCO), pursuant to which KHNP Canada is contractually entitled to Board representation. Provided KHNP Canada holds over 5% of the Shares, it is entitled to nominate one director for election to the Board at any Shareholder meeting.

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

The KHNP SRA also includes provisions granting KHNP Canada 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 KHNP Canada 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 indirect 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 or KHNP Canada to support such an acquisition.

QUALIFIED PERSON

The disclosure regarding the PEA, PFS, and environmental and sustainability activities at Wheeler River, as well the Company's mineral reserve estimates was reviewed and approved by Peter Longo, P. Eng, MBA, PMP, Denison's Vice-President, Project Development, who is a Qualified Person in accordance with the requirements of NI 43-101. The balance of the disclosure of scientific and technical information regarding Denison's properties in the MD&A was prepared by or reviewed by Dale Verran, MSc, Pr.Sci.Nat., the Company's Vice President, Exploration, a Qualified Person in accordance with the requirements of NI 43-101. For a description of the quality assurance program and quality control measures applied by Denison, please see Denison's Annual Information Form dated March 27, 2018 available under Denison's profile on SEDAR at www.sedar.com, and its Form 40-F available on EDGAR at www.sec.gov/edgar.shtml.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

In particular, this MD&A contains forward-looking information pertaining to the following: the benefits to be derived from corporate transactions; the estimates of Denison's mineral reserves and mineral resources, including the new mineral resource estimate for the Huskie deposit; exploration, development and expansion plans and objectives, including the results of the PFS, and statements regarding anticipated budgets, fees and expenditures; expectations regarding Denison's joint venture ownership interests and the continuity of its agreements with its partners; expectations regarding adding to its mineral reserves and resources through acquisitions or exploration; expectations regarding the toll milling of Cigar Lake ores; expectations regarding revenues and expenditures from operations at DES; expectations regarding revenues from the UPC management contract; and the annual operating budget and capital expenditure programs, estimated exploration and development expenditures and reclamation costs and Denison's share of same. Statements relating to 'mineral reserves' or 'mineral resources' are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements. Denison believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and results may differ materially from those anticipated in this forward-looking information. For a discussion in respect of risks and other factors that could influence forward-looking events, please refer to the factors discussed in Denison's Annual Information Form dated March 27, 2018 under the heading 'Risk Factors'. These factors are not, and should not be construed as being exhaustive.

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

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

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.

Original signed by *"David D.Cates"*

David D. Cates
President and Chief Executive Officer

Original signed by *"Gabriel (Mac) McDonald"*

Gabriel (Mac) McDonald
Vice-President Finance and Chief Financial Officer

March 7, 2019

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, 2018.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2018 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 2018 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Denison Mines Corp.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated statements of financial position of Denison Mines Corp. and its subsidiaries (the company) as of December 31, 2018 and 2017, and the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flow for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the company's internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board. Also in our opinion, the company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in *Internal Control – Integrated Framework* (2013) issued by the COSO.

Change in Accounting Principles

As discussed in Note 3 to the consolidated financial statements, the company changed the manner in which it accounts for revenue and financial instruments in 2018. The company also changed its presentation currency in 2018, as discussed in Note 3.

Basis for Opinions

The company's management is responsible for these consolidated financial statements, 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. Our responsibility is to express opinions on the company's consolidated financial statements and on the company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations 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.

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.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 7, 2019

We have served as the company's auditor since at least 1996. We have not been able to determine the specific year we began serving as auditor of the company.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	At December 31 2018	At December 31 2017 Restated (notes 3, 5)	At January 1 2017 Restated (notes 3, 5)
ASSETS			
Current			
Cash and cash equivalents (note 7)	$ 23,207	$ 3,636	$ 15,894
Investments (note 10)	-	37,807	-
Trade and other receivables (note 8)	4,072	4,791	3,226
Inventories (note 9)	3,584	3,454	3,196
Prepaid expenses and other	843	664	660
	31,706	50,352	22,976
Non-Current			
Inventories-ore in stockpiles (note 9)	2,098	2,098	2,098
Investments (note 10)	2,255	7,359	5,049
Investments in associates (note 11)	5,582	5,305	6,011
Restricted cash and investments (note 12)	12,255	12,184	3,107
Property, plant and equipment (note 13)	258,291	249,002	252,392
Total assets	$ 312,187	$ 326,300	$ 291,633
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 5,554	$ 5,756	$ 5,561
Current portion of long-term liabilities:			
Deferred revenue (note 14)	4,567	4,936	-
Post-employment benefits (note 15)	150	250	250
Reclamation obligations (note 16)	877	819	1,088
Other liabilities (note 17)	1,337	3,835	2,850
	12,485	15,596	9,749
Non-Current			
Deferred revenue (note 14)	33,160	33,716	-
Post-employment benefits (note 15)	2,145	2,115	2,209
Reclamation obligations (note 16)	29,187	27,690	27,060
Other liabilities (note 17)	-	-	845
Deferred income tax liability (note 18)	12,963	17,422	20,168
Total liabilities	89,940	96,539	60,031
EQUITY			
Share capital (note 19)	1,331,214	1,310,473	1,295,235
Share purchase warrants (note 20)	435	435	-
Contributed surplus (note 21)	63,634	61,799	60,612
Deficit	(1,174,163)	(1,144,086)	(1,124,523)
Accumulated other comprehensive income (note 22)	1,127	1,140	278
Total equity	222,247	229,761	231,602
Total liabilities and equity	$ 312,187	$ 326,300	$ 291,633
Issued and outstanding common shares (note 19)	589,175,086	559,183,209	540,722,365

Commitments and contingencies (note 27)
Subsequent events (note 29)

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

On behalf of the Board of Directors:

Original signed by *"Catherine J.G. Stefan"*

Catherine J.G. Stefan
Director

Original signed by *"Brian D. Edgar"*

Brian D. Edgar
Director

Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

(Expressed in thousands of CAD dollars except for share and per share amounts)		Year Ended December 31 2018		2017 Restated (notes 3, 5)
REVENUES (note 24)	$	15,550	$	16,067
EXPENSES				
Operating expenses (note 23, 24)		(15,948)		(13,758)
Exploration and evaluation (note 24)		(15,457)		(16,643)
General and administrative (note 24)		(7,189)		(7,680)
Impairment reversal (expense) (note 13)		(6,086)		331
Other income (expense) (note 23)		(5,865)		1,995
		(50,545)		(35,755)
Loss before finance charges, equity accounting		(34,995)		(19,688)
Finance expense, net (note 23)		(3,653)		(4,226)
Equity share of income (loss) of associate (note 11)		277		(706)
Loss before taxes		(38,371)		(24,620)
Income tax recovery (note 18):				
Deferred		8,294		5,166
Loss from continuing operations		(30,077)		(19,454)
Net loss from discontinued operations (note 6)		-		(109)
Net loss for the period	$	(30,077)	$	(19,563)
Other comprehensive income (loss) (note 22):				
Items that may be reclassified to loss:				
Foreign currency translation change		(13)		862
Comprehensive loss for the period	$	(30,090)	$	(18,701)
Basic and diluted net income (loss) per share:				
Continuing operations	$	(0.05)	$	(0.04)
Discontinued operations	$	0.00	$	0.00
All operations	$	(0.05)	$	(0.04)
Weighted-average number of shares outstanding (in thousands):				
Basic and diluted		564,976		555,263

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

Consolidated Statements of Changes in Equity

(Expressed in thousands of CAD dollars)	Year Ended December 31 2018	2017 Restated (notes 3, 5)
Share capital (note 19)		
Balance-beginning of period	$ 1,310,473	$ 1,295,235
Shares issued for cash, net of issue costs	4,549	18,871
Flow-through share premium	(1,337)	(3,835)
Shares issued on acquisition of additional Wheeler River property interest (note 13)	17,529	-
Share options exercised-cash	-	90
Share options exercised-non cash	-	112
Balance-end of period	1,331,214	1,310,473
Share purchase warrants (note 20)		
Balance-beginning of period	435	-
Warrants issued in connection with APG Arrangement (note 14)	-	435
Balance-end of period	435	435
Contributed surplus (note 21)		
Balance-beginning of period	61,799	60,612
Stock-based compensation expense	1,835	1,299
Share options exercised-non-cash	-	(112)
Balance-end of period	63,634	61,799
Deficit		
Balance-beginning of period	(1,144,086)	(1,124,523)
Net loss	(30,077)	(19,563)
Balance-end of period	(1,174,163)	(1,144,086)
Accumulated other comprehensive loss (note 22)		
Balance-beginning of period	1,140	278
Foreign currency translation	(13)	862
Balance-end of period	1,127	1,140
Total Equity		
Balance-beginning of period	$ 229,761	$ 231,602
Balance-end of period	$ 222,247	$ 229,761

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

Consolidated Statements of Cash Flow

(Expressed in thousands of CAD dollars)	Year Ended December 31 2018	2017 Restated (notes 3, 5)
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	$ (30,077)	$ (19,563)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	8,585	9,135
Impairment expense (reversal) (note 13)	6,086	(331)
Stock-based compensation (note 21)	1,835	1,299
Recognition of deferred revenue (note 14)	(4,239)	(4,443)
Losses on reclamation obligation revisions (note 16)	369	71
Gain on extinguishment of toll milling liability (note 17, 23)	-	(899)
Loss on divestiture of Africa Mining Division (note 6)	-	109
Losses (gains) on property, plant and equipment disposals (note 23)	135	(27)
Losses (gains) on investments (note 23)	5,411	(2,417)
Equity loss of associate (note 11)	472	1,015
Dilution gain of associate (note 11)	(749)	(309)
Non-cash inventory adjustments and other	56	172
Deferred income tax recovery (note 18)	(8,294)	(5,166)
Foreign exchange losses (note 23)	1	853
Deferred revenue cash receipts (note 14)	-	39,980
Post-employment benefits (note 15)	(142)	(168)
Reclamation obligations (note 16)	(755)	(981)
Change in non-cash working capital items (note 23)	355	(1,455)
Net cash provided by (used in) operating activities	(20,951)	16,875
INVESTING ACTIVITIES		
Divestiture of asset group, net of cash and cash equivalents divested:		
Africa Mining Division (note 6)	-	(109)
Increase in loans receivable (note 8)	(250)	-
Sale of investments (note 10)	37,500	2,500
Purchase of investments (note 10)	-	(40,200)
Expenditures on property, plant and equipment (note 13)	(1,567)	(1,086)
Proceeds on sale of property, plant and equipment	361	248
Increase in restricted cash and investments	(71)	(9,077)
Net cash provided by (used in) investing activities	35,973	(47,724)
FINANCING ACTIVITIES		
Repayment of debt obligations (note 17)	-	(370)
Issuance of common shares for:		
New share issues-net of issue costs (note 19)	4,549	18,871
Share options exercised (note 19)	-	90
Net cash provided by financing activities	4,549	18,591
Increase (decrease) in cash and cash equivalents	19,571	(12,258)
Cash and cash equivalents, beginning of period	3,636	15,894
Cash and cash equivalents, end of period	$ 23,207	$ 3,636
Supplemental cash flow disclosure (note 23)		

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

Notes to the consolidated financial statements for the years ended December 31, 2018 and 2017

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

1. NATURE OF OPERATIONS

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

The Company has a 90.0% interest in the Wheeler River Joint Venture (“WRJV”), a 65.92% interest in the Waterbury Lake Uranium Limited Partnership (“WLULP”), a 22.5% interest in the McClean Lake Joint Venture (“MLJV”) (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture (“MWJV”), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill provides toll milling services to the Cigar Lake Joint Venture (“CLJV”) under the terms of a toll milling agreement between the parties (see note 14). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

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

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

References to “2018” and “2017” refer to the year ended December 31, 2018 and the year ended December 31, 2017 respectively.

2. STATEMENT OF COMPLIANCE

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

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

3. ACCOUNTING POLICIES, ACCOUNTING CHANGES AND COMPARATIVE NUMBERS

Significant accounting policies

These consolidated financial statements are presented in Canadian dollars and all financial information is presented in Canadian dollars, unless otherwise noted. Effective January 1, 2018, the Company changed its presentation currency from U.S. dollars (“USD”) to Canadian dollars (“CAD”). The comparative periods have been restated to reflect this change in presentation currency and they have also been restated to reflect the adoption of IFRS 9, Financial Instruments, and IFRS 15, Revenue from Contracts with Customers. Refer to the “Accounting Changes for fiscal 2018” section below and note 5 for more information.

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenue and expenses. Actual results may vary from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

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

A. Consolidation principles

The financial statements of the Company include the accounts of DMC, its subsidiaries, its joint operations and its investments in associates.

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.

Joint Operations

Joint operations include various mineral property interests which are held through option or contractual agreements. These arrangements involve joint control of one or more of the assets acquired or contributed for the purpose of the joint operation. A joint operation may or may not be structured through a separate financial vehicle. The consolidated financial statements of the Company include its share of the assets in such joint operations, together with its share of the liabilities, revenues and expenses arising jointly or otherwise from those operations. All such amounts are measured in accordance with the terms of each arrangement.

Investments in associates

An associate is an entity over which the Company has significant influence and is neither a subsidiary, nor an interest in a joint operation. Significant influence is the ability to participate in the financial and operating policy decisions of the entity without having control or joint control over those policies.

Associates are accounted for using the equity method. Under this method, the investment in associates is initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the associate as if the associate had been consolidated. The carrying value of the investment is also increased or decreased to reflect the Company's share of capital transactions, including amounts recognized in other comprehensive income, and for accounting changes that relate to periods subsequent to the date of acquisition. Dilution gains or losses arising from changes in the interest in investments in associates are recognized in the statement of income or loss.

The Company assesses at each period-end whether there is any objective evidence that an investment in an associate is impaired. If impaired, the carrying value of the Company's share of the underlying assets of the associate is written down to its estimated recoverable amount, being the higher of fair value less costs of disposal or value in use, and charged to the statement of income or loss.

B. Foreign currency translation

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 include the currency that mainly influences sales prices, labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and in which receipts from operating activities are usually retained. Typically, the local currency has been determined to be the functional currency of Denison's entities.

The financial statements of entities that have a functional currency different from the presentation currency of DMC ("foreign operations") are translated into Canadian 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 or loss as cumulative foreign currency translation adjustments.

When the Company 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 or loss related to the foreign operation are recognized in the statement of income or loss as translational foreign exchange gains or losses.

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 or loss as transactional foreign exchange gains or losses.

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 are discharged, cancelled or expire.

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

Financial assets and liabilities at fair value through profit or loss ("FVTPL")

A financial asset is classified in this category if it is a derivative instrument, an equity instrument for which the Company has not made the irrevocable election to classify as fair value through other comprehensive income ("FVTOCI"), or a debt instrument that is not held within a business model whose objective includes holding the financial assets in order to collect contractual cash flows that are solely payments of principal and interest. Derivative financial liabilities and contingent consideration liabilities related to business combinations are also classified in this category. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the statement of income or loss. Gains and losses arising from changes in fair value are presented in the statement of income or loss – within other income (expense) - in the period in which they arise.

Financial assets at amortized cost

A financial asset is classified in this category if it is a debt instrument and / or other similar asset that is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows (i.e. principal and interest). Financial assets in this category 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. Interest income is recorded in the statement of income or loss through finance income.

Financial liabilities at amortized cost

All financial liabilities that are not recorded as FVTPL are classified in this category and are initially recognized less a discount (when material) to reduce the financial liabilities to fair value and less any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Interest expense is recorded in net income through finance expense.

Refer to the "Fair Value of Financial Instruments" section of note 26 for the Company's designation of its financial assets and liabilities.

E. Impairment of financial assets

At each reporting date, the Company assesses the expected credit losses associated with its financial assets that are not carried at FVTPL. Expected credit losses are calculated based on the difference between the contractual cash flows and the cash flows that the Company expects to receive, discounted, where applicable, based on the assets original effective interest rate.

For “Trade and other receivables”, the Company calculates expected credit losses based on historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. In recording an impairment loss, the carrying amount of the asset is reduced by this computed amount either directly or indirectly through the use of an allowance account.

F. Inventories

Expenditures, including depreciation, depletion and amortization of production assets, incurred in the mining and processing activities that will result in future concentrate production are deferred and accumulated as ore in stockpiles, in-process inventories 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

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 the statement of income or loss 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.

Mineral property acquisition, exploration, evaluation and development costs

Costs relating to mineral and / or exploration rights acquired through a business combination or asset acquisition are capitalized and reported as part of “Property, plant and equipment”.

Exploration expenditures are expensed as incurred.

Evaluation expenditures are expensed as incurred, until an area of interest is considered by management to be sufficiently advanced. Once this determination is made, the area of interest is classified as an evaluation stage mineral property, a component of the Company’s mineral properties, and all further non-exploration expenditures for the current and subsequent periods are capitalized. These expenses can include further evaluation expenditures such as mining method selection and optimization, metallurgical sampling test work and costs to further delineate the ore body to a higher confidence level.

Once commercial and technical viability has been established for a property, the property is classified as a development stage mineral property and all further development costs are capitalized to the asset. Further development costs include costs related to constructing a mine, such as shaft sinking and access, lateral development, drift development, engineering studies and environmental permitting, infrastructure development and the costs of maintaining the site until commercial production.

Such capital 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 stage 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.

Proceeds received from the sale of an interest in a property are credited against the carrying value of the property, with any difference recorded as a gain or loss on sale.

H. Impairment of non-financial assets

Property, plant and equipment assets are assessed at the end of each reporting period to determine if there is any indication that the asset may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset is made. For the purpose of measuring recoverable amounts, assets are grouped at the lowest level, or cash generating unit (“CGU”), for which there are separately identifiable cash inflows. 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.

Mineral property assets are tested for impairment using the impairment indicators under IFRS 6 “Exploration for and Evaluation of Mineral Resources” up until the commercial and technical feasibility for the property is established. From that point onwards, mineral property assets are tested for impairment using the impairment indicators of IAS 36 “Impairment of Assets”.

I. Employee benefits

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 or loss and are adjusted, as required, on the obligations re-measurement date.

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.

The Company also has a share unit plan pursuant to which it may grant share units to employees – the share units are equity-settled awards. The Company determines the fair value of the awards on the date of grant. The cost is recognized on a graded method basis, adjusted for expected forfeitures, over the applicable vesting period as an increase in share-based compensation expense and the contributed surplus account. When such share units are settled for common shares, the applicable amounts of contributed surplus are credited to share capital.

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.

J. 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 and 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 statement of income or loss. 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 income or loss.

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 liability.

K. 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.

L. Current and deferred Income tax

Current income tax payable is based on taxable income for the period. Taxable income differs from income as reported in the statement of income or 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 taxes are accounted for using the balance sheet liability method. Deferred income tax assets and liabilities are computed 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. Computed 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. 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.

M. 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 Canadian income tax deductions relating to these expenditures are claimable by the subscribers and not by the Company. 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 when the shares are issued, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation of the tax deduction to the flow-through shareholders, 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 to its subscribers – 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.

N. Revenue recognition

<u>Revenue from pre-sold toll milling services</u>

Revenue from the pre-sale of toll milling arrangement cash flows is recognized as the toll milling services are provided. At contract inception, the Company estimates the expected transaction price of the toll milling services being sold based on available information and calculates an average per unit transaction price that applies over the life of the contract. This unit price is used to draw-down the deferred revenue balance as the toll milling services occur. When changes occur to the timing, or volume of toll milling services, the per unit transaction price is adjusted to reflect the change (such review to be done annually, at a minimum), and a cumulative catch up adjustment is made to reflect the updated rate. The amount of the upfront payment received from the toll milling pre-sale arrangements includes a significant financing component due to the longer term nature of such agreements. As such, the Company also recognizes accretion expense on the deferred revenue balance which is recorded in net income through “Finance expense, net”.

<u>Revenue from environmental services (i.e. DES)</u>

Environmental service contracts represent a series of distinct performance obligations that are substantially the same and have the same pattern of transfer of control to the customer. The transaction price is estimated at contract inception and, is recognized over the life of the contract as control is transferred to the customer. Variable consideration, where applicable, is estimated at contract inception using either the expected value method or the most likely amount method. If it is highly probable that a subsequent reversal of revenue will not occur when the uncertainty has been resolved, the Company will recognize as revenue the estimated transaction price, including the estimate of the variable portion, upon transfer of control to the customer. Where it is determined that it is highly probable that a subsequent reversal of revenue will occur upon the resolution of the uncertainty, the variable portion of the transaction price will be constrained, and will not be recognized as revenue until the uncertainty has been resolved.

Revenue from management services (i.e. UPC)

The management services arrangement with UPC represents a series of distinct performance obligations that are substantially the same and have the same pattern of transfer of control to the customer. The transaction price for the contract is estimated at contract inception and is recognized over the life of the contract as control is transferred to the customer as the services are provided. The variable consideration related to the net asset value ("NAV") based management fee was estimated at contract inception using the expected value method. It was determined that it is highly probable that a subsequent reversal of revenue would occur if the variable consideration was included in the transaction price, and as such, the variable portion of the transaction price will be measured and recognized when the uncertainty has been resolved (i.e. when the actual NAV has been calculated).

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 when control of the related U_3O_8 or UF_6 passes to the customer, which is the date when title of the U_3O_8 and UF_6 passes.

Revenue from spot sales of uranium

In a uranium supply arrangement, the Company is contractually obligated to provide uranium concentrates to the customer. Each delivery is considered a separate performance obligation under the contract – revenue is measured based on the transaction price specified in the contract and the Company recognizes revenue when control to the uranium has been transferred to the customer.

Uranium can be delivered either to the customer directly (physical deliveries) or notionally under title within a uranium storage facility (notional deliveries). For physical deliveries to customers, the terms in the supply arrangement specify the location of delivery and revenue is recognized when control transfers to the customer which is generally when the uranium has been delivered and accepted by the customer at that location. For notional deliveries at a uranium storage facility, revenue is recognized on the date that the Company specifies the storage facility to transfer title of a contractually specified quantity of uranium to a customer's account at the storage facility.

O. Earnings (loss) per share

Basic earnings (loss) per share ("EPS") is calculated by dividing the net income or 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.

P. Discontinued operations

A discontinued operation is a component of the Company that has either been disposed of or that is classified as held for sale. A component of the Company is comprised of operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the Company. Net income or loss of a discontinued operation and any gain or loss on disposal are combined and presented as net income or loss from discontinued operations, net of tax, in the statement of income or loss.

Accounting changes for fiscal 2018

Effective January 1, 2018, the Company changed it's presentation currency and adopted two new accounting standards, IFRS 9 and IFRS 15. Refer to note 5 for a summary of the impact of these changes on the consolidated financial statements. Qualitative details of the changes are as follows:

A. Change in Presentation Currency

Effective January 1, 2018, the Company changed its presentation currency to CAD from USD. This change in presentation currency was made to better reflect the Company's current business activities, which are now predominantly focused in Canada following the disposal of the Company's African and Asia mining segments in fiscal 2016 and 2015, respectively.

The consolidated financial statements for all periods presented in the annual financial statements are in CAD. The majority of the Company's current entities, including all of its operating entities, have CAD as their functional currency so their functional currency financial statement amounts have been carried forward into the consolidated results. The financial statements of entities with a functional currency of USD have been translated into CAD in accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates", as follows:

- Assets and liabilities presented and previously reported in USD have been translated into CAD using period-end exchange rates of 1.3426 (January 1, 2017) and 1.2545 (December 31, 2017);
- Consolidated statements of income and other comprehensive income have been translated using average foreign exchange rates prevailing during the reporting periods which ranged from 1.2528 to 1.3449;
- Investment in associates and shareholder's equity balances have been translated using historical foreign exchange rates in effect on the date that transactions occurred; and
- Resulting exchange differences have been recorded within the foreign currency translation reserve accounts.

B. Adoption of IFRS 9 Financial Instruments ("IFRS 9")

On adoption of IFRS 9, Denison elected not to measure any of its equity instruments using the fair value through other comprehensive income ("FVTOCI") approach and instead chose to use the fair value through profit and loss ("FVTPL") measurement method. Previously, under IAS 39, the Company had classified a subset of its equity instruments as "available for sale" and recognized unrealized gains or losses on these investments in other comprehensive income (loss), similar to the FVTOCI approach under IFRS 9.

The Company adopted the provisions of IFRS 9 on January 1, 2018 and has applied the amendment retrospectively, through an adjustment to its opening equity as at January 1, 2017, reflecting a reclassification of the FVTOCI amount previously included in accumulated other comprehensive income ("AOCI") to Deficit. Any subsequent changes in AOCI for changes in FVTOCI during fiscal 2017 have been reversed and reflected as a component of net income (loss) for the period.

There were no other material amounts arising from the adoption of IFRS 9.

C. Adoption of IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 replaced IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations.

The Company reviewed its revenue recognition policies related to its UPC management services and its DES care and maintenance services and determined that no changes in timing or measurement of the revenue previously recognized were required on adoption of IFRS 15.

In its review of toll milling revenue recognition and its arrangement with Anglo Pacific Group PLC and its subsidiaries (the "APG Arrangement" and "APG", respectively – see note 12), the Company determined that the adoption of IFRS 15 required a change to the Company's accounting policy for deferred revenue associated with the APG Arrangement. Previously, the Company amortized the net proceeds of the APG Arrangement into revenue, on a pro-rata basis, based on the actual cash receipts from toll milling received in the period as a percentage of the total remaining undiscounted cash receipts expected to be received over the life of the arrangement. IFRS 15 requires that the APG deferred revenue be separated into a revenue component and a financing component. The transaction price associated with the revenue component is considered "variable" consideration under the standard. The transaction price has initially been measured at the transaction date as the aggregate of the net proceeds from the APG Arrangement and the expected financing charges to be incurred over the contract life, and is subsequently remeasured as changes to the timing or volume of the toll milling production profile occur. Revenue is recognized into net income (loss) based on the average toll milling drawdown rate multiplied by toll milling production during the period. The average toll milling drawdown rate is computed based on estimates of the transaction price over the life of the contract divided by the estimated toll milling production to be delivered over the life of the contract. Changes in the estimated average toll milling drawdown rate are required to be retroactively adjusted each period with a cumulative adjustment to revenue. The financing component, computed annually, is based upon the discount rate applicable to the APG Arrangement up-front fee received multiplied by the outstanding deferred revenue liability amount.

The Company adopted the provisions of IFRS 15 on January 1, 2018 and has applied the provisions of IFRS 15 on a full retrospective basis. This retrospective adoption has resulted in adjustments to increase revenues and finance expenses associated with the APG Arrangement, starting at the inception of the APG Arrangement in February 2017, with the resulting net income (loss) impact being partly offset by the recognition of additional deferred tax recoveries.

Accounting changes for fiscal 2019

A. IFRS 16 Leases ("IFRS 16")

IFRS 16 requires lessees to recognize assets and liabilities for most leases. Under current standards, the Company expenses its lease payments. Application of IFRS 16 is mandatory for reporting periods beginning on or after January 1, 2019. The Company expects the adoption of IFRS 16 to result in the following: a) increased reported assets and liabilities; b) increased depreciation and accretion expense and decreased lease expense within the statement of income (loss); and c) decreased cash outflows from operations and increased cash outflows from financing as lease payments will be recorded as financing outflows in the cash flow statement. Assessments of the magnitude of the above impacts of adopting the standard are ongoing.

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:

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, the suitability of the resource 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. Mineral property impairment reviews and impairment adjustments

Mineral properties are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. When an indicator is identified, the Company determines the recoverable amount of the property, which is the higher of an asset's fair value less costs of disposal or value in use. An impairment loss is recognized if the carrying value exceeds the recoverable amount. The recoverable amount of a mineral property may be determined by reference to estimated future operating results and discounted net cash flows, current market valuations of similar properties or a combination of the above. 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 recoverable amount of a specific mineral property asset. Changes in these estimates could have a material impact on the carrying value of the mineral property amounts and the impairment losses recognized.

C. Deferred revenue – pre-sold toll milling

In February 2017, Denison closed an arrangement with APG. Under the arrangement, Denison monetized its right to receive future toll milling cash receipts from July 1, 2016 onwards from the MLJV under the current toll milling agreement with the CLJV (see note 14) for an upfront cash payment. The APG Arrangement consisted of a loan structure and a stream arrangement. Significant judgement was required to determine whether the APG Arrangement should be accounted for as a financial obligation (i.e. debt) or deferred revenue.

Key factors that support the deferred revenue conclusion reached by management include, but are not limited to: a) Limited recourse loan structure – amounts due to APG are generally repayable only to the extent of Denison's share of the toll milling revenues earned by the MLJV from the processing of the first 215 million pounds of U_3O_8 from the Cigar Lake mine on or after July 1, 2016, under the terms of the current Cigar Lake toll milling agreement; and b) No warranty of the future rate of production - no warranty is provided by Denison to APG regarding the future rate of production at the Cigar Lake mine and / or the McClean Lake mill, or the amount and / or collectability of cash receipts to be received by the MLJV in respect of toll milling of Cigar Lake ore.

D. Deferred revenue – pre-sold toll milling – revenue recognition

In February 2017, Denison closed the APG Arrangement and effectively monetized its right to receive specified future toll milling cash receipts from the MLJV related to the current toll milling agreement with the CLJV. In exchange, Denison received a net up-front payment of $39,980,000 which has been accounted for as a deferred revenue liability as at the transaction close date (see note 14).

Under IFRS 15, the Company is required to recognize a revenue component and a financing component as it draws down the deferred revenue associated with the APG Arrangement over the life of the specified toll milling production included in the APG Arrangement. In estimating both of these components, the Company is required to make assumptions relating to the future toll milling production volume associated with Cigar Lake Phase 1 and 2 ore reserves and resources (to end of mine life) and estimates of the annual timing of that production. Changes in these estimates affect the underlying production profile which in turn affects the average toll milling drawdown rate used to recognize revenue.

When the average toll milling drawdown rate is changed, the impact is reflected on a life-to-date production basis with a retroactive adjustment to revenue recorded in the current period. Going forward, each time the Company updates its estimates of the underlying production profile for the APG Arrangement (typically in the quarter that information relating to Cigar Lake uranium resource updates and / or production schedules becomes publicly available), retroactive adjustments to revenue will be recorded in the period that the revised estimate is determined – such adjustments, which are non-cash in nature, could be material.

E. Deferred tax assets and liabilities

Deferred tax assets and liabilities are computed in respect of taxes that are based on taxable profit. Taxable profit will often differ from accounting profit and management may need to exercise judgement to determine whether some taxes are income taxes (and subject to deferred tax accounting) or operating expenses.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the temporary differences between accounting carrying values and tax basis 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.

F. Reclamation obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed or a constructive or legal obligation exists and typically involve identifying costs to be incurred in the future and discounting them to the present using an appropriate discount rate for the liability. The determination 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 materially 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. CHANGE IN PRESENTATION CURRENCY AND ADOPTION OF NEW STANDARDS

The impact of the changes in presentation currency and the adoption of new accounting pronouncements (see note 3) on the consolidated financial statements is as follows:

Consolidated Statement of Financial Position – As at January 1, 2017

(in thousands)	Previously Reported in USD	Reported in CAD	IFRS Adoption	Restated CAD
Assets				
Current	$ 17,113	$ 22,976	$ -	$ 22,976
Non-Current	200,310	268,657	-	268,657
Total assets	217,423	291,633	-	291,633
Liabilities				
Current	$ 7,260	$ 9,749	$ -	$ 9,749
Non-Current	37,452	50,282	-	50,282
Total liabilities	44,712	60,031	-	60,031
Equity				
Share capital	$ 1,140,631	$ 1,295,235	$ -	$ 1,295,235
Share purchase warrants	-	-	-	-
Contributed surplus	54,306	60,612	-	60,612
Deficit				
Opening	(961,440)	(1,124,532)	9 (1)	(1,124,523)
Accumulated other comprehensive income (loss)				
Cumulative foreign currency translation	(61,371)	(446)	-	(446)
Unamortized experience gain	578	724	-	724
Unrealized gain on investments	7	9	(9) (1)	-
Total equity	172,711	231,602	-	231,602
Total liabilities and equity	$ 217,423	$ 291,633	$ -	$ 291,633

(1) Represents adjustments related to the adoption of IFRS 9 (see note 3).

Consolidated Statement of Financial Position – As at December 31, 2017

(in thousands)	Previously Reported in USD	Reported in CAD	IFRS Adoption	Restated CAD
Assets				
Current	$ 40,135	$ 50,352	$ -	$ 50,352
Non-Current	219,933	275,948	-	275,948
Total assets	260,068	326,300	-	326,300
Liabilities				
Current				
Deferred revenue	$ 2,498	$ 3,134	$ 1,802 (2)	$ 4,936
All other current liabilities	8,497	10,660	-	10,660
	10,995	13,794	1,802	15,596
Non-Current				
Deferred revenue	27,181	34,100	(384) (2)	33,716
Deferred income tax liability	14,182	17,792	(370) (3)	17,422
All other non-current liabilities	23,758	29,805	-	29,805
	65,121	81,697	(754)	80,943
Total liabilities	76,116	95,491	1,048	96,539
Equity				
Share capital	$ 1,151,927	$ 1,310,473	$ -	$ 1,310,473
Share purchase warrants	333	435	-	435
Contributed surplus	55,165	61,799	-	61,799
Deficit				
Opening	(961,440)	(1,124,532)	9 (1)	(1,124,523)
Net income (loss)	(14,168)	(18,520)	5 (1)	
			(1,418) (2)	
			370 (3)	(19,563)
Accumulated other comprehensive income (loss)				
Cumulative foreign currency translation	(48,454)	416	-	416
Unamortized experience gain	578	724	-	724
Unrealized gain on investments	11	14	(14) (1)	-
Total equity	183,952	230,809	(1,048)	229,761
Total liabilities and equity	$ 260,068	$ 326,300	$ -	$ 326,300

(1) Represents adjustments related to the adoption of IFRS 9 (see note 3);
(2) Represents adjustments related to the adoption of IFRS 15 (see note 3); and
(3) Represents adjustments related to the tax impact of the adoption of IFRS 15 (see note 3).

Consolidated Statement of Income (Loss) and Comprehensive Income (Loss) – year ended December 31, 2017

(in thousands)		Previously Reported in USD		Reported in CAD		IFRS Adoption		Restated CAD
Revenues	$	11,085	$	14,370	$	1,697 (2)	$	16,067
Other income (expense) (3)		1,599		1,990		5 (1)		1,995
Finance income (expense)		(858)		(1,111)		(3,115) (2)		(4,226)
Deferred income tax recovery (expense)		3,638		4,796		370 (2)		5,166
Net loss for the period	$	(14,168)	$	(18,520)	$	(1,043)	$	(19,563)
Other comprehensive income (loss)								
Unrealized gain (loss) on investments		4		5		(5) (1)		-
Foreign currency translation change		12,917		862		-		862
Comprehensive income (loss) for the period	$	(1,247)	$	(17,653)	$	(1,048)	$	(18,701)

(1) Represents adjustments related to the adoption of IFRS 9;
(2) Represents before tax and tax adjustments related to the adoption of IFRS 15; and
(3) The amount reported separately as "Foreign exchange" has been grouped into "Other income (expense)" to be consistent with the presentation for fiscal 2018.

Consolidated Statement of Cash Flow – year ended December 31, 2017

(in thousands)		Previously Reported in USD		Reported in CAD		IFRS Adoption		Restated CAD
Net cash provided by operating activities	$	12,380		16,875		-		16,875
Net cash used in investing activities		(35,502)		(47,724)		-		(47,724)
Net cash provided by financing activities		13,743		18,591		-		18,591
Increase (decrease) in cash and equivalents		(9,379)		(12,258)		-		(12,258)
Foreign exchange effect on cash and equivalents		439		-		-		-
Cash and equivalents, beginning of period		11,838		15,894		-		15,894
Cash and equivalents, end of period	$	2,898	$	3,636	$	-	$	3,636

6. DISCONTINUED OPERATIONS

Discontinued operation – Africa Mining Division

The 2017 discontinued operations loss of $109,000 reflects additional transaction costs incurred by the Company for professional fees related to the sale of the Africa Mining Division to GoviEx Uranium Inc. ("GoviEx") in June 2016.

The condensed consolidated statement of income (loss) for the Africa Mining Division discontinued operation for 2018 and 2017 is as follows:

(in thousands)		2018		2017
Net loss for the period		-		-
Loss on disposal		-		(109)
Loss from discontinued operations	$	-	$	(109)

Cash flows for the Africa Mining Division discontinued operation for 2018 and 2017 is as follows:

(in thousands)		2018		2017
Cash inflow (outflow):				
Operating activities	$	-	$	-
Investing activities		-		(109)
Net cash outflow for the period	$	-	$	(109)

7. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Cash	$	1,152	$	2,717	$	6,927
Cash in MLJV and MWJV		654		913		1,557
Cash equivalents		21,401		6		7,410
	$	23,207	$	3,636	$	15,894

Cash equivalents consist of various investment savings account instruments and money market funds all of which are short term in nature, highly liquid and readily convertible into cash.

8. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Trade receivables	$	2,952	$	3,999	$	2,406
Receivables in MLJV and MWJV		571		640		783
Sales tax receivables		98		84		23
Sundry receivables		201		68		14
Loan receivable (note 25)		250		-		-
	$	4,072	$	4,791	$	3,226

9. INVENTORIES

The inventories balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Uranium concentrates	$	526	$	526	$	526
Inventory of ore in stockpiles		2,098		2,098		2,098
Mine and mill supplies in MLJV		3,058		2,928		2,670
	$	5,682	$	5,552	$	5,294
Inventories-by balance sheet presentation:						
Current	$	3,584	$	3,454	$	3,196
Long term-ore in stockpiles		2,098		2,098		2,098
	$	5,682	$	5,552	$	5,294

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.

10. INVESTMENTS

The investments balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Investments:						
Debt instrument	$	-	$	37,807	$	-
Equity instruments		2,255		7,359		5,049
	$	2,255	$	45,166	$	5,049
Investments-by balance sheet presentation:						
Current	$	-	$	37,807	$	-
Long-term		2,255		7,359		5,049
	$	2,255	$	45,166	$	5,049

The investments continuity summary is as follows:

(in thousands)		2018		2017
Balance-January 1	$	45,166	$	5,049
Purchases				
Equity instruments		-		200
Debt instruments		-		40,000
Sales / redemptions				
Debt instruments		(37,500)		(2,500)
Fair value (loss) gain to profit and loss		(5,411)		2,417
Balance-December 31	$	2,255	$	45,166

Equity instruments consists of shares and warrants in publicly-traded companies. Debt instruments at December 31, 2017 consisted of a 5 year redeemable guaranteed investment certificate ("GIC") with guaranteed early redemption rates of interest ranging between 0.25% and 1.60% per annum. The GIC was fully redeemed in 2018.

Investment purchases, sales, impairments and other movements

During 2018, the Company redeemed GIC debt instruments of $37,500,000.

During 2017, the Company purchased GIC debt instruments at a cost of $40,000,000 and it purchased additional equity instruments in Skyharbour Resources Ltd (“Skyharbour”) at a cost of $200,000.

During 2017, the Company redeemed GIC debt instruments of $2,500,000.

11. INVESTMENT IN ASSOCIATES

The investment in associates balance consists of:

(in thousands)	At December 31 2018	At December 31 2017	At January 1 2017
Investment in associates-by investee:			
GoviEx	$ 5,582	$ 5,305	$ 6,011
	$ 5,582	$ 5,305	$ 6,011

A summary of the investment in GoviEx is as follows:

(in thousands except share amounts)	Number of Common Shares	
Balance-January 1, 2017	65,144,021	$ 6,011
Share of equity loss	-	(1,015)
Dilution gain	-	309
Balance-December 31, 2017	65,144,021	$ 5,305
Share of equity loss	-	(472)
Dilution gain	-	749
Balance-December 31, 2018	65,144,021	$ 5,582

GoviEx is a mineral resource company focused on the exploration and development of its uranium properties located in Africa. GoviEx maintains a head office located in Canada and is a public company listed on the TSX Venture Exchange. At December 31, 2018, Denison holds an approximate 16.21% interest in GoviEx based on publicly available information (December 31, 2017: 18.72%) and has one director appointed to the GoviEx board of directors. Through the extent of its share ownership interest and its seat on the board of directors, Denison has the ability to exercise significant influence over GoviEx and accordingly, is using the equity method to account for this investment.

The trading price of GoviEx on December 31, 2018 was $0.15 per share which corresponds to a quoted market value of $9,772,000 (December 31, 2017: $17,589,000) for the Company’s investment in GoviEx common shares.

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

(in thousands of USD dollars)		At December 31 2018		At December 31 2017
Total current assets	$	4,800	$	6,978
Total non-current assets		32,432		24,530
Total current liabilities		(8,315)		(7,792)
Total non-current liabilities		-		(112)
Total net assets	$	28,917	$	23,604

(in thousands of USD dollars)		12 Months Ended December 31,2018		12 Months Ended December 31,2017
Revenue	$	-	$	-
Net loss		(1,892)		(3,632)
Comprehensive loss	$	(1,892)	$	(3,632)

Reconciliation of GoviEx net assets to Denison investment carrying value:				
Net assets of GoviEx – beginning of period - USD	$	23,604	$	20,694
Share issue proceeds		6,654		5,796
Contributed surplus change		74		-
Share-based payment reserve change		477		746
Net loss		(1,892)		(3,632)
Net assets of GoviEx – end of period - USD	$	28,917	$	23,604
Denison ownership interest		16.21%		18.72%
Denison share of net assets of GoviEx		4,687		4,419
Other adjustments		(283)		(216)
Investment in GoviEx – USD		4,404		4,203
At historical exchange rate		1.2675		1.2622
Investment in GoviEx	$	5,582	$	5,305

12. RESTRICTED CASH AND INVESTMENTS

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

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Cash and cash equivalents	$	85	$	3,049	$	372
Investments		12,170		9,135		2,735
	$	12,255	$	12,184	$	3,107
Restricted cash and investments-by item:						
Elliot Lake reclamation trust fund	$	3,120	$	3,049	$	2,972
Letters of credit facility pledged assets		9,000		9,000		-
Letters of credit additional collateral		135		135		135
	$	12,255	$	12,184	$	3,107

At December 31, 2018, investments consist of guaranteed investment certificates and a term deposit with a maturity of more than 90 days.

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 2018, the Company deposited an additional $670,000 into the Elliot Lake reclamation trust fund and withdrew $633,000. In 2017, the Company deposited an additional $917,000 into the Elliot Lake reclamation trust fund and withdrew $873,000.

Letters of credit facility pledged assets

At December 31, 2018, the Company had on deposit $9,000,000 with the Bank of Nova Scotia ("BNS") as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 14, 16 and 17). The monies were initially deposited in 2017.

Letters of credit additional collateral

At December 31, 2018, the Company had on deposit an additional $135,000 of cash collateral with BNS in respect of the portion of its issued reclamation letters of credit in excess of the collateral available under its letters of credit facility (see notes 16 and 17).

13. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Plant and equipment:						
Cost	$	97,243	$	96,762	$	97,477
Construction-in-progress		6,187		6,424		6,473
Accumulated depreciation		(24,086)		(20,516)		(16,930)
Net book value	$	79,344	$	82,670	$	87,020
Mineral properties:						
Cost	$	178,947	$	166,332	$	165,372
Net book value	$	178,947	$	166,332	$	165,372
Total Net book value	$	258,291	$	249,002	$	252,392

The plant and equipment continuity summary is as follows:

(in thousands)		Cost		Accumulated Amortization / Depreciation		Net Book Value
Plant and equipment:						
Balance-January 1, 2017	$	103,950	$	(16,930)	$	87,020
Additions		257		-		257
Amortization		-		(190)		(190)
Depreciation (note 23)		-		(4,371)		(4,371)
Disposals		(806)		785		(21)
Reclamation adjustment (note 16)		(215)		190		(25)
Balance-December 31, 2017	$	103,186	$	(20,516)	$	82,670
Additions		173		-		173
Amortization		-		(189)		(189)
Depreciation (note 23)		-		(3,661)		(3,661)
Disposals		(365)		91		(274)
Reclamation adjustment (note 16)		436		189		625
Balance-December 31, 2018	$	103,430	$	(24,086)	$	79,344

The mineral property continuity summary is as follows:

(in thousands)	Cost	Accumulated Amortization	Net Book Value
Mineral properties:			
Balance-January 1, 2017	$ 165,372	$ -	$ 165,372
Additions	829	-	829
Impairment reversal	331	-	331
Recoveries	(200)	-	(200)
Balance-December 31, 2017	$ 166,332	$ -	$ 166,332
Additions	18,923	-	18,923
Impairment expense	(6,086)	-	(6,086)
Recoveries	(222)	-	(222)
Balance-December 31, 2018	$ 178,947	$ -	$ 178,947

Plant and Equipment

Canada Mining Segment

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 units of production amortization rate for the McClean Lake mill, the amount of production attributable to the mill assets has been adjusted to include Denison's expected share of mill feed related to the CLJV toll milling contract.

Milling activities in 2017 and 2018 at the McClean Lake mill have been dedicated to processing and packaging ore from the Cigar Lake mine.

Environmental Services Segment

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, evaluation and exploration projects located in Canada which are held directly or through option or various contractual agreements.

Canada Mining Segment

As at December 31, 2018, the Company's mineral property interests with significant carrying values are (all of the properties below are located in Saskatchewan):

a) Wheeler River - the Company has a 90% interest in the project (includes the Phoenix and Gryphon deposits);
b) Waterbury Lake - the Company has a 65.92% interest in the project (includes the J Zone and Huskie deposits) and also has a 2.0% net smelter return royalty on the portion of the project it does not own;
c) Midwest - the Company has a 25.17% interest in the project (includes the Midwest Main and Midwest A deposits);
d) Mann Lake - the Company has a 30% interest in the project;
e) Wolly - the Company has a 21.89% interest in the project;
f) Johnston Lake – the Company has a 100% interest in the project; and
g) McClean Lake - the Company has a 22.5% interest in the project (includes the Sue D, Sue E, Caribou, McClean North and McClean South deposits).

Wheeler River

In January 2017, Denison Mines Inc.("DMI") executed an agreement ("2017 Agreement) with the partners of the WRJV to increase its ownership in the WRJV from 60% up to approximately 66% by the end of fiscal 2018. Under the terms of the 2017 Agreement, the partners agreed to allow for a one-time election by Cameco Corp. ("Cameco") to fund 50% of its ordinary 30% share of the WRJV expenses for fiscal 2017 and 2018. The shortfall in Cameco's contribution was funded by DMI (with DMI funding 75% of the WRJV expenses) in exchange for a transfer of a portion of Cameco's interest in the WRJV. In 2017, DMI increased its interest in the WRJV from 60% to 63.3% under the terms of the 2017 Agreement.

In September 2018, DMC announced an agreement ("2018 Agreement") with Cameco to acquire Cameco's remaining minority interest in the WRJV. On October 26, 2018, the 2018 Agreement was completed and DMC acquired Cameco's then 23.92% remaining interest in the WRJV in exchange for the issuance of 24,615,000 common shares of DMC. The shares issued to Cameco are subject to a six month escrow period during which time Cameco has agreed to not, directly or indirectly, transfer any of the shares without the prior written consent of Denison. The transfer of shares is also restricted for a further six month period, where Denison retains the right, under certain circumstances, to designate a purchaser upon notice from Cameco of the intent to transfer or sell all or a portion of the shares.

In conjunction with the completion of the 2018 Agreement, the 2017 Agreement was terminated. At that time, in accordance with the 2017 Agreement, DMI's interest in the WRJV was increased from 63.3% to 66.08%. Combined, Denison's interest in the WRJV is 90%.

Cameco's WRJV minority interest acquired by DMC via the 2018 Agreement has been accounted for as an asset acquisition with share based consideration. DMC has recorded a total acquisition value of $17,688,000, including transaction costs of $457,000. The total acquisition value includes $17,529,000 of share based consideration which has been valued using Denison's closing share price on October 26, 2018 of $0.70 per share.

Waterbury Lake

In 2017, the Company increased its interest in the Waterbury Lake property from 63.01% to 64.22% and further increased it again in 2018 to 65.92% under the terms of the dilution provisions in the agreements governing the project (see note 25).

Moon Lake South

In January 2016, the Company entered into an option agreement with CanAlaska Uranium Ltd ("CanAlaska") to earn an interest in CanAlaska's Moon Lake South project located in the Athabasca Basin in Saskatchewan. Under the terms of the option, Denison can earn an initial 51% interest in the project by spending $200,000 by December 31, 2017 and it can increase its interest to 75% by spending an additional $500,000 by December 31, 2020.

As at December 31, 2018, the Company has spent $551,000 under the option and has earned a 51% interest in the project.

Moore Lake

In June 2016, the Company announced an agreement to option its 100% interest in the Moore Lake property to Skyharbour Resources Ltd ("Skyharbour") in exchange for cash ($500,000 over 5 years), stock (4,500,000 common shares of Skyharbour) and exploration spending commitments ($3,500,000 over 5 years). The Moore Lake mineral property carrying value was impaired to its estimated remaining recoverable amount based on a market-based fair value less costs of disposal assessment of the share and cash consideration to be received by the Company under the terms of the option agreement. The option agreement was closed in August 2016 and Denison received 4,500,000 common shares of Skyharbour on closing.

In April 2017, Denison received $200,000 of cash consideration from Skyharbour under the terms of the option agreement and a recovery of $200,000 was recognized as a reduction of the carrying value of the property.

In June 2017, the Company recognized an impairment reversal of $331,000 for Moore Lake based on an update of the estimated recoverable amount remaining to be received under the option agreement.

In August 2018, Denison received the final $300,000 of cash consideration from Skyharbour, completing all of the commitments required under the option agreement. In conjunction with the final cash payment received, Denison recognized a recovery of $212,000 as a reduction of the remaining carrying value of the property, a gain on disposal of $88,000 and transferred its 100% ownership interest in Moore Lake to Skyharbour.

Under the terms of the option agreement, Denison has various back-in rights to re-acquire a 51% interest in the Moore Lake property. In August 2018, Skyharbour achieved the required $3,500,000 in expenditures on the project to trigger the first stage buyback option, which Denison elected not to exercise. Denison retains a second stage buyback option on the property until a further $3,000,000 in expenditures have been incurred on the project by Skyharbour.

Under the terms of the option agreement, Denison is also entitled to nominate a member to Skyharbour's Board of Directors for as long as Denison maintains a minimum ownership position of 5%. As at December 31, 2018, Denison's ownership interest in Skyharbour is approximately 8.49% (December 31, 2017: 9.95%).

Hook Carter

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

Under terms in the agreement, Denison agreed to fund ALX's share of the first $12,000,000 in expenditures on the property. Denison also agreed to a work commitment of $3,000,000 over 3 years – should Denison not meet this commitment, Denison's interest in the property would decrease from 80% to 75% and ALX's interest would increase from 20% to 25%.

As at December 31, 2018, the Company has spent $4,926,000 on the project since its acquisition in November 2016 and has satisfied the terms of the work commitment condition in the Hook Carter purchase agreement.

Other Properties

In December 2018, due to the Company's current intention to let various claims on three of its Canadian properties lapse in the normal course, the Company has recognized impairment charges of $6,097,000. The impairment charge has been recognized within the Canada Mining Segment. The remaining recoverable amount of these three properties is estimated to be $1,208,000 which reflects the results of a market-based fair value less costs of disposal assessment completed using both observable and unobservable inputs, including market valuations for recent uranium property exchanges, the Company's proprietary data about its properties and management's interpretation of that data. The Company has classified its valuation within Level 3 of the fair value hierarchy. A value in use calculation is not applicable as the Company does not have any expected cash flows from using these properties at this stage.

14. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Deferred revenue – pre-sold toll milling	$	37,727	$	38,652	$	-
	$	37,727	$	38,652	$	-
Deferred revenue-by balance sheet presentation:						
Current	$	4,567	$	4,936	$	-
Non-current		33,160		33,716		-
	$	37,727	$	38,652	$	-

The deferred revenue liability continuity summary is as follows:

(in thousands)		2018		2017
Balance-January 1	$	38,652	$	-
Proceeds of APG Arrangement, net				
Upfront proceeds		-		43,500
Less: toll milling cash receipts from July 1, 2016 to January 31, 2017		-		(3,520)
Revenue earned during the period		(4,239)		(4,443)
Accretion		3,314		3,115
Balance-December 31	$	37,727	$	38,652

Arrangement with Anglo Pacific Group PLC

In February 2017, Denison closed an arrangement with APG under which Denison received an upfront payment of $43,500,000 in exchange for its right to receive future toll milling cash receipts from the MLJV under the current toll milling agreement with the CLJV from July 1, 2016 onwards. The up-front payment was based upon an estimate of the gross toll milling cash receipts to be received by Denison discounted at a rate of 8.50%.

The APG Arrangement represents a contractual obligation of Denison to pay onward to APG any cash proceeds of future toll milling revenue earned by the Company related to the processing of the specified Cigar Lake ore through the McClean Lake mill. The Company has reflected payments made to APG of $3,520,000, representing the Cigar Lake toll milling cash receipts received by Denison in respect of toll milling activity for the period from July 1, 2016 through January 31, 2017, as a reduction of the initial upfront amount received and has reduced the initial deferred revenue balance to $39,980,000 at the transaction date.

In connection with the closing of the APG Arrangement, Denison reimbursed APG for USD$100,000 in due diligence costs and granted 1,673,077 share purchase warrants to APG in satisfaction of a $435,000 arrangement fee payable. The fair value of the warrants was determined using the Black-Scholes option pricing model with the following assumptions: risk-free rate of 0.91%, expected stock price volatility of 51.47%, expected life of 3.0 years and expected dividend yield of nil$. The warrants have an exercise price of $1.27 per share and will be exercisable for a period of 3 years from the date of closing of the financing (see note 20). In addition, the terms of the BNS Letters of Credit Facility between BNS and Denison were amended to reflect certain changes required to facilitate an Intercreditor Agreement between APG, BNS and Denison (see note 17).

The Company's share of toll milling revenue for January 2017, prior to the closing of the transaction with APG, of $587,000 has been recognized as toll milling revenue in the quarter ending March 31, 2017. Following the closing of the APG Arrangement, the Company has recognized $4,443,000 in additional toll milling revenue in 2017 from the draw-down of deferred revenue based on Cigar Lake toll milling production of 16,200,000 pounds U_3O_8 (100% basis).

In 2018, the Company has recognized $4,239,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 18,018,000 pounds U_3O_8 (100% basis). The drawdown in 2018 includes a cumulative decrease in revenue for prior periods of $332,000 resulting from changes in estimates to the toll milling drawdown rate in the first quarter of 2018.

15. 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. 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 October 1, 2016. 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 most recent valuation are listed below:

- Discount rate of 3.10%;
- Medical cost increase trend rates of 7.00% per year in 2017, grading down by 0.125% per year to 4.625% in 2036 and using a rate at 4.00% per year thereafter; and
- Dental cost increase trend rates of 4.00% per year for ten years, followed by 3.50% for the next ten years and 3.00% per year thereafter.

The post-employment benefits balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Accrued benefit obligation	$	2,295	$	2,365	$	2,459
	$	2,295	$	2,365	$	2,459
Post-employment benefits-by balance sheet presentation:						
Current	$	150	$	250	$	250
Non-current		2,145		2,115		2,209
	$	2,295	$	2,365	$	2,459

The post-employment benefits continuity summary is as follows:

(in thousands)		2018		2017
Balance-January 1	$	2,365	$	2,459
Accretion		72		74
Benefits paid		(142)		(168)
Balance-December 31	$	2,295	$	2,365

16. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Reclamation obligations-by item:						
Elliot Lake	$	17,205	$	16,771	$	16,742
McClean and Midwest Joint Ventures		12,837		11,716		11,384
Other		22		22		22
	$	30,064	$	28,509	$	28,148
Reclamation obligations-by balance sheet presentation:						
Current	$	877	$	819	$	1,088
Non-current		29,187		27,690		27,060
	$	30,064	$	28,509	$	28,148

The reclamation obligations continuity summary is as follows:

(in thousands)		2018		2017
Balance-January 1	$	28,509	$	28,148
Accretion		1,316		1,296
Expenditures incurred		(755)		(981)
Liability adjustments-income statement (note 23)		369		71
Liability adjustments-balance sheet (note 13)		625		(25)
Balance-December 31	$	30,064	$	28,509

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 Denison 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 (“CNSC”). The above accrual represents the Company’s best estimate of the present value of the total future reclamation cost, based on assumptions as to what levels of treatment will be required in the future, discounted at 4.53% (2017:

4.62%). As at December 31, 2018, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $32,957,000 (December 31, 2017: $32,803,000). 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 12).

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 CNSC. 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 4.53% (2017: 4.62%). As at December 31, 2018, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $23,275,000 (December 31, 2017: $22,810,000). The majority of the reclamation costs are expected to be incurred between 2036 and 2054. Revisions to the reclamation liabilities for McClean Lake and Midwest are recognized on the balance sheet as adjustments to the net reclamation assets associated with the sites .

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province of Saskatchewan based on periodic filings of estimated reclamation plans and the associated undiscounted future reclamation costs included therein. Accordingly, as at December 31, 2018, the Company has in place irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of the Environment, totalling $24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

17. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands)	At December 31 2018	At December 31 2017	At January 1 2017
Debt obligations	$ -	$ -	$ 370
Unamortized fair value of toll milling contracts	-	-	905
Flow-through share premium obligation (note 19)	1,337	3,835	2,420
	$ 1,337	$ 3,835	$ 3,695
Other liabilities-by balance sheet presentation:			
Current	$ 1,337	$ 3,835	$ 2,850
Non-current	-	-	845
	$ 1,337	$ 3,835	$ 3,695

The debt obligations continuity summary is as follows:

(in thousands)	2018	2017
Balance-January 1	$ -	$ 370
Repayments	-	(370)
Balance-December 31	$ -	$ -

Unamortized fair values of toll milling contracts are amortized to revenue on a pro-rata basis over the estimated volume of the applicable contract. In February 2017, in conjunction with the APG Arrangement, the Company extinguished the remaining unamortized fair value of its toll milling contract liabilities and recognized a gain of $899,000 as a component of "Other income (expense)" – see note 23.

Letters of Credit Facility

In 2018, the Company had a facility in place with BNS for credit of up to $24,000,000 with a one year term and a maturity date of January 31, 2019 (the "2018 facility"). Use of the 2018 facility is restricted to non-financial letters of credit in support of reclamation obligations.

The 2018 facility contains a covenant to maintain a level of tangible net worth greater than or equal to the sum of $131,000,000 and a pledge of $9,000,000 in restricted cash and investments as collateral for the facility (see note 12). During 2018, the maintenance level for the tangible net worth covenant was amended from USD$150,000,000 to accommodate the Company's change in presentation currency (see note 2). As additional security for the 2018 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 2018 facility is subject to letter of credit fees of 2.40% (0.40% on the first $9,000,000) and standby fees of 0.75%.

At December 31, 2018, the Company was in compliance with its 2018 facility covenants and $24,000,000 of the 2018 facility was being utilized as collateral for certain letters of credit (December 31, 2017 - $24,000,000). During 2018 and 2017, the Company incurred letter of credit and standby fees of $397,000 and $411,000, respectively.

In January 2019, the Company has entered into an agreement with BNS to amend the terms of the 2018 facility to extend the maturity date to January 31, 2020 (see note 29).

18. INCOME TAXES

The income tax recovery balance from continuing operations consists of:

(in thousands)		2018		2017
Deferred income tax:				
Origination of temporary differences	$	4,520	$	1,930
Tax benefit-previously unrecognized tax assets		3,852		3,307
Prior year over (under) provision		(78)		(71)
		8,294		5,166
Income tax recovery	$	8,294	$	5,166

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)		2018		2017
Loss before taxes from continuing operations	$	(38,371)	$	(24,620)
Combined Canadian tax rate		26.50%		26.50%
Income tax recovery at combined rate		10,168		6,524
Difference in tax rates		7,573		2,096
Non-deductible amounts		(5,996)		(2,237)
Non-taxable amounts		1,439		1,795
Previously unrecognized deferred tax assets (1)		3,852		3,307
Renunciation of tax attributes-flow through shares		(1,589)		(2,827)
Change in deferred tax assets not recognized		(7,488)		(3,743)
Prior year over (under) provision		(78)		(71)
Other		413		322
Income tax recovery	$	8,294	$	5,166

(1) The Company has recognized certain previously unrecognized Canadian tax assets in 2018 and 2017 as a result of the renunciation of certain tax benefits to subscribers pursuant to its March 2017 $14,499,790 and May 2016 $12,405,000 flow-through share offerings.

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 2018		At December 31 2017		At January 1 2017
Deferred income tax assets:						
Property, plant and equipment, net	$	381	$	977	$	889
Post-employment benefits		600		617		645
Reclamation obligations		8,798		8,296		8,217
Other liabilities		-		-		237
Tax loss carry forwards		13,346		11,718		11,790
Other		8,164		7,522		6,081
Deferred income tax assets-gross		31,289		29,130		27,859
Set-off against deferred income tax liabilities		(31,289)		(29,130)		(27,859)
Deferred income tax assets-per balance sheet	$	-	$	-	$	-
Deferred income tax liabilities:						
Inventory	$	(742)	$	(741)	$	(744)
Investments		29		(651)		(368)
Investments in associates		(23)		14		(80)
Property, plant and equipment, net		(42,313)		(44,042)		(45,581)
Other		(1,203)		(1,132)		(1,254)
Deferred income tax liabilities-gross		(44,252)		(46,552)		(48,027)
Set-off of deferred income tax assets		31,289		29,130		27,859
Deferred income tax liabilities-per balance sheet	$	(12,963)	$	(17,422)	$	(20,168)

The deferred income tax liability continuity summary is as follows:

(in thousands)		2018		2017
Balance-January 1	$	(17,422)	$	(20,168)
Recognized in income (loss)		8,294		5,166
Recognized in other liabilities (flow-through shares)		(3,835)		(2,420)
Balance-December 31	$	(12,963)	$	(17,422)

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 2018		At December 31 2017		At January 1 2017
Deferred income tax assets not recognized						
Property, plant and equipment	$	10,439	$	8,472	$	6,678
Tax losses – capital		66,527		66,763		36,981
Tax losses – operating		29,220		27,530		26,628
Tax credits		1,126		1,125		1,154
Other deductible temporary differences		2,220		826		783
Deferred income tax assets not recognized	$	109,532	$	104,716	$	72,224

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 2018		At December 31 2017
Tax losses - gross					
Canada	2025-2038	$	158,437	$	147,046
Tax losses - gross			158,437		147,046
Tax benefit at tax rate of 25% - 27%			42,566		39,248
Set-off against deferred tax liabilities			(13,346)		(11,718)
Total tax loss assets not recognized		$	29,220	$	27,530
Tax credits					
Canada	2025-2035		1,126		1,125
Total tax credit assets not recognized		$	1,126	$	1,125

19. 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-January 1, 2017	540,722,365	$	1,295,235
Issued for cash:			
Share issue proceeds	18,337,000		20,000
Share issue costs	-		(1,129)
Share option exercises	128,873		90
Share option exercises-fair value adjustment	-		112
Flow-through share premium liability (note 17)	-		(3,835)
Share cancellations	(5,029)		-
	18,460,844		15,238
Balance-December 31, 2017	559,183,209	$	1,310,473
Issued for cash:			
Share issue proceeds	4,950,495		5,000
Share issue costs	-		(451)
Acquisition-Wheeler River additional interest (note 13)	24,615,000		17,231
Acquisition-Wheeler River additional interest–transaction costs (note 13)	426,382		298
Flow-through share premium liability (note 17)	-		(1,337)
	29,991,877		20,741
Balance-December 31, 2018	589,175,086	$	1,331,214

Share Issues

In March 2017, Denison completed a private placement of 18,337,000 shares of Denison for gross proceeds of $20,000,290. The aggregate share offering was comprised of the following three elements: (1) a “Common Share” offering which consisted of 5,790,000 common shares of Denison at a price of $0.95 per share for gross proceeds of $5,500,500; (2) a “Tranche A Flow-Through” offering which consisted of 8,482,000 flow-through shares at a price of $1.12 per share for gross proceeds of $9,499,840; and (3) a “Tranche B Flow-Through” offering which consisted of 4,065,000 flow-through shares at a price of $1.23 per share for gross proceeds of $4,999,950. The income tax benefits of the flow-through elements of this issue were renounced to subscribers with an effective date of December 31, 2017. The related flow-through share premium liabilities are included as a component of other liabilities on the balance sheet at December 31, 2017 and were extinguished during 2018 (see note 17).

In November 2018, Denison completed a private placement of 4,950,495 flow-through common shares at a price of $1.01 per share for gross proceeds of $5,000,000. The income tax benefits of this issue were renounced to subscribers with an effective date of December 31, 2018. The related flow-through share premium liabilities are included as a component of other liabilities on the balance sheet at December 31, 2018 and will be extinguished during 2019 when the tax benefit is renounced to the shareholders (see note 17).

Share Cancellations

In January 2017, 5,029 shares were cancelled in connection with the January 2014 acquisition of the minority interest of Rockgate Capital Corp ("RCC"). RCC shareholders were entitled to exchange their RCC shares for shares of Denison in accordance with the share exchange ratio established for the acquisition. In January 2017, this right expired and the un-exchanged shares for which shareholders had not elected to exercise their exchange rights were subsequently cancelled.

Flow-Through Share Issues

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

As at December 31, 2018, the Company estimates that it has satisfied its obligation to spend $14,499,790 on eligible exploration expenditures as a result of the issuance of Tranche A and Tranche B flow-through shares in March 2017. The Company renounced the income tax benefits of this issue in February 2018, with an effective date of renunciation to its subscribers of December 31, 2017. In conjunction with the renunciation, the flow-through share premium liability has been reversed and recognized as part of the deferred tax recovery in 2018 (see note 18).

As at December 31, 2018, the Company estimates that it incurred $253,000 of expenditures towards its obligation to spend $5,000,000 on eligible exploration expenditures as a result of the issuance of flow-through shares in November 2018.

20. 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-January 1, 2017	$ -	-	$ -
February 2017 warrants issued	1.27	1,673,077	435
Balance-December 31, 2017 and 2018	$ 1.27	1,673,077	$ 435

The February 2017 warrants were issued in conjunction with the APG Arrangement (see note 14) and expire on February 14, 2020.

21. SHARE-BASED COMPENSATION

In May 2018, shareholders ratified and confirmed the Company's new share unit plan and the grant of share units thereunder (further described below). As a result, the Company's share based compensation arrangements now include restricted share units ("RSUs") and performance share units ("PSUs") in addition to stock options.

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

(in thousands)	2018	2017
Share based compensation expense for:		
Stock options	$ (1,051)	$ (1,299)
RSUs	(337)	-
PSUs	(447)	-
Share based compensation expense	$ (1,835)	$ (1,299)

At December 31, 2018, an additional $1,615,000 in share-based compensation expense remains to be recognized up until April 2023.

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, 2018, an aggregate of 21,274,893 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 24 months.

A continuity summary of the stock options of the Company granted under the Plan for 2018 is presented below:

	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD)
Stock options outstanding – January 1, 2018	11,799,650	$ 0.94
Granted	3,427,543	0.61
Expiries	(816,000)	1.30
Forfeitures	(546,000)	0.90
Stock options outstanding – December 31, 2018	13,865,193	$ 0.83
Stock options exercisable – December 31, 2018	7,439,950	$ 0.93

A summary of the Company's stock options outstanding at December 31, 2018 is presented below:

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD)
Stock options outstanding			
$ 0.50 to $ 0.99	3.28	11,797,193	$ 0.74
$ 1.00 to $ 1.19	1.19	1,202,000	1.09
$ 1.20 to $ 1.39	0.35	11,000	1.33
$ 1.40 to $ 1.99	0.18	855,000	1.82
Stock options outstanding - December 31, 2018	2.91	13,865,193	$ 0.83

Options outstanding at December 31, 2018 expire between March 2019 and September 2023.

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:

	2018	2017
Risk-free interest rate	2.02% - 2.12%	0.11% - 1.44%
Expected stock price volatility	43.17% - 48.39%	47.02% - 47.77%
Expected life	3.4 to 3.5 years	3.4 to 3.5 years
Estimated forfeiture rate	2.86% - 3.01%	2.94% - 4.14%
Expected dividend yield	–	–
Fair value per option granted	CAD$0.22 - CAD$0.23	CAD$0.21 - CAD$0.29

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.

Share Units

The Company has a share unit plan which provides for the granting of share unit awards to directors, officers and employees of the Company. The maximum number of share units that are issuable under the share unit plan is 15,000,000. Each share unit represents the right to receive one common share from treasury, subject to the satisfaction of various time and / or performance conditions.

Under the plan, all share unit grants, vesting periods and performance conditions therein are approved by the Company's board of directors. Share unit grants are either in the form of RSUs or PSUs. RSUs granted in 2018 vest ratably over a period of three years. PSUs granted in 2018 vest ratably over a period of five years, based upon the achievement of certain non-market performance vesting conditions.

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

	Number of Common Shares	Weighted-Average Fair Value Per RSU (CAD)
RSUs outstanding – January 1, 2018	-	$ -
Granted	1,299,432	0.65
Forfeitures	(99,000)	0.65
RSUs outstanding – December 31, 2018	1,200,432	$ 0.65
RSUs vested – December 31, 2018	-	$ -

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

	Number of Common Shares	Weighted-Average Fair Value Per PSU (CAD)
PSUs outstanding – January 1, 2018	-	$ -
Granted	2,200,000	0.65
PSUs outstanding – December 31, 2018	2,200,000	$ 0.65
PSUs vested – December 31, 2018	-	$ -

22. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The accumulated other comprehensive income balance consists of:

(in thousands)		At December 31 2018		At December 31 2017		At January 1 2017
Cumulative foreign currency translation	$	403	$	416	$	(446)
Unamortized experience gain – post employment liability						
Gross		983		983		983
Tax effect		(259)		(259)		(259)
	$	1,127	$	1,140	$	278

23. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses for continuing operations are as follows:

(in thousands)		2018		2017
Cost of goods and services sold:				
Operating Overheads:				
Mining, other development expense	$	(3,695)	$	(1,043)
Milling, conversion expense		(3,268)		(3,899)
Less absorption:				
-Mineral properties		50		50
Cost of services		(8,420)		(8,454)
Inventory-non cash adjustments		(57)		(151)
Cost of goods and services sold		(15,390)		(13,497)
Reclamation asset amortization		(189)		(190)
Reclamation liability adjustments (note 16)		(369)		(71)
Operating expenses	$	(15,948)	$	(13,758)

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

(in thousands)		2018		2017
Gains (losses) on:				
Foreign exchange	$	(1)	$	(853)
Disposal of property, plant and equipment		(135)		27
Investment fair value through profit (loss) (note 10)		(5,411)		2,417
Extinguishment of toll milling contract liability (note 17)		-		899
Other		(318)		(495)
Other income (expense)	$	(5,865)	$	1,995

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

(in thousands)		2018		2017
Interest income	$	1,049	$	265
Interest expense		-		(6)
Accretion expense-deferred revenue (note 14)		(3,314)		(3,115)
Accretion expense-reclamation obligations (note 16)		(1,316)		(1,296)
Accretion expense-post-employment benefits (note 15)		(72)		(74)
Finance expense, net	$	(3,653)	$	(4,226)

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

(in thousands)		2018		2017
Operating expenses:				
Mining, other development expense	$	(3)	$	(6)
Milling, conversion expense		(3,264)		(3,895)
Cost of services		(233)		(303)
Exploration and evaluation		(124)		(123)
General and administrative		(37)		(44)
Depreciation expense-gross (note 13)	$	(3,661)	$	(4,371)

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

(in thousands)		2018		2017
Salaries and short-term employee benefits	$	(8,236)	$	(8,079)
Share-based compensation (note 21)		(1,835)		(1,299)
Termination benefits		(20)		(27)
Employee benefits expense-gross	$	(10,091)	$	(9,405)

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

(in thousands)		2018		2017
Change in non-cash working capital items:				
Trade and other receivables	$	968	$	(1,586)
Inventories		(186)		(409)
Prepaid expenses and other assets		(213)		(99)
Accounts payable and accrued liabilities		(214)		639
Change in non-cash working capital items	$	355	$	(1,455)

The supplemental cash flow disclosure required for the consolidated statements of cash flows is as follows:

(in thousands)		2018		2017
Supplemental cash flow disclosure:				
Interest paid	$	-	$	(6)
Income taxes paid		-		-

24. SEGMENTED INFORMATION

Business Segments

The Company operates in three primary segments – the Mining segment, the Environmental Services segment and the Corporate and Other segment. The Mining segment has historically been further subdivided into geographic regions, being Canada, Africa and Asia, and includes activities related to exploration, evaluation and development, mining, milling (including toll milling) and the sale of mineral concentrates. The Africa and Asia Mining segments were disposed of in 2016 and 2015 respectively. The Environmental Services segment includes the results of the Company's environmental services business, DES. The Corporate and Other segment includes management fee income earned from UPC and general corporate expenses not allocated to the other segments. Management fee income has been included with general corporate expenses due to the shared infrastructure between the two activities.

For the year ended December 31, 2018, reportable segment results were as follows:

(in thousands)	Canada Mining	DES	Corporate and Other	Total
Statement of Operations:				
Revenues	4,239	9,298	2,013	15,550
Expenses:				
Operating expenses	(7,528)	(8,211)	(209)	(15,948)
Exploration and evaluation	(15,457)	-	-	(15,457)
General and administrative	(17)	-	(7,172)	(7,189)
Impairment expense	(6,086)	-	-	(6,086)
	(29,088)	(8,211)	(7,381)	(44,680)
Segment income (loss)	(24,849)	1,087	(5,368)	(29,130)
Revenues – supplemental:				
Environmental services	-	9,298	-	9,298
Management fees	-	-	2,013	2,013
Toll milling services–deferred revenue	4,239	-	-	4,239
	4,239	9,298	2,013	15,550
Capital additions:				
Property, plant and equipment	19,001	95	-	19,096
Long-lived assets:				
Plant and equipment				
Cost	98,737	4,399	294	103,430
Accumulated depreciation	(20,982)	(2,927)	(177)	(24,086)
Mineral properties	178,947	-	-	178,947
	256,702	1,472	117	258,291

For the year ended December 31, 2017, reportable segment results were as follows:

(in thousands)	Canada Mining	DES	Corporate and Other	Total
Statement of Operations:				
Revenues	5,029	9,232	1,806	16,067
Expenses:				
Operating expenses	(5,304)	(8,230)	(224)	(13,758)
Exploration and evaluation	(16,643)	-	-	(16,643)
General and administrative	(16)	-	(7,664)	(7,680)
Impairment reversal	331	-	-	331
	(21,632)	(8,230)	(7,888)	(37,750)
Segment income (loss)	(16,603)	1,002	(6,082)	(21,683)
Revenues – supplemental:				
Environmental services	-	9,232	-	9,232
Management fees	-	-	1,806	1,806
Toll milling services	587	-	-	587
Toll milling services–deferred revenue	4,442	-	-	4,442
	5,029	9,232	1,806	16,067
Capital additions:				
Property, plant and equipment	1,035	51	-	1,086
Long-lived assets:				
Plant and equipment				
Cost	98,558	4,334	294	103,186
Accumulated depreciation	(17,652)	(2,724)	(140)	(20,516)
Mineral properties	166,332	-	-	166,332
	247,238	1,610	154	249,002

As at January 1, 2017, reportable segment amounts for the Company's long-lived assets were as follows:

(in thousands)	Canada Mining	DES	Corporate and Other	Total
Long-lived assets:				
Plant and equipment				
Cost	99,278	4,378	294	103,950
Accumulated depreciation	(14,339)	(2,495)	(96)	(16,930)
Mineral properties	165,372	-	-	165,372
	250,311	1,883	198	252,392

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 2018, one customer from the corporate and other segment, three customers from the DES segment and one customer from the mining segment accounted for approximately 97% of total revenues consisting of 13%, 57% and 27% respectively. During 2017, one customer from the corporate and other segment, three customers from the DES segment and one customer from the mining segment accounted for approximately 95% of total revenues consisting of 11%, 53% and 31% respectively.

Revenue Commitments

Denison's revenue portfolio consists of short and long-term sales commitments. The following table summarizes the expected future revenue, by segment, based on the customer contract commitments and information that exists as at December 31, 2018:

(in thousands)	2019	2020	2021	2022	2023	There-after	Total
Revenues – by Segment:							
Canada Mining							
Toll milling services – APG Arrangement	4,567	4,567	4,567	4,567	4,567	46,724	69,559
D.E.S							
Environmental services	4,761	874	-	-	-	-	5,635
Corporate and Other							
Management fees	489	-	-	-	-	-	489
Total Revenue Commitments	9,817	5,441	4,567	4,567	4,567	46,724	75,683

With the exception of the toll milling services related to the APG Arrangement, the amounts in the table above represent the estimated consideration that Denison will be entitled to receive when it satisfies the remaining performance obligations in its customer contracts. Various assumptions, consistent with past experience, have been made where the quantity of the performance obligation may vary.

The APG Arrangement toll milling revenue commitment represents the estimated non-cash amount of the revenue component of the Company's deferred revenue balance at December 31, 2018 (see note 14). The difference between the total revenue commitment amount above and the liability on the balance sheet represents the cumulative remaining impact of discounting to the end of the APG Arrangement contract.

25. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC that was renewed in 2016 with an effective start date of April 1, 2016 and a term of three years. Under the current agreement, Denison receives the following fees from UPC: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

(in thousands)	2018	2017
Management fees:		
Base and variable fees	$ 1,739	$ 1,438
Discretionary fees	50	-
Commission fees	224	368
	$ 2,013	$ 1,806

At December 31, 2018, accounts receivable includes $303,000 (December 31, 2017: $481,000) due from UPC with respect to the fees and transactions indicated above.

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

In connection with KEPCO's investment in Denison in June 2009, KEPCO and Denison were parties to a strategic relationship agreement. In December 2016, Denison was notified that KEPCO's indirect ownership of Denison's shares had been transferred from an affiliate of KEPCO to an affiliate of KEPCO's wholly-owned subsidiary, KHNP. In September 2017, Denison and KHNP's affiliate entered into an amended and restated strategic relationship agreement, in large part providing KHNP's affiliate with the same rights as those previously given to KEPCO under the prior agreement, including entitling KHNP's affiliate to: (a) subscribe for additional common shares in Denison's future public equity offerings; (b) a right of first opportunity if Denison intends to sell any of its substantial assets; (c) a right to participate in certain purchases of substantial assets which Denison proposes to acquire; and (d) 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, 2018, KHNP, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 9.89%. KHNP Canada Energy Ltd ("KHNP Canada"), a subsidiary of KHNP, is the holder of the majority of Denison's shares.

KHNP Canada is also the majority member of the Korea Waterbury Uranium Limited Partnership ("KWULP"). KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation ("WLUC") and the WLULP, entities whose key asset is the Waterbury Lake property. At December 31, 2018, WLUC is owned by Denison (60%) and KWULP (40%) while the WLULP is owned by Denison (65.92% - limited partner), KWULP (34.06% - limited partner) and WLUC (0.02% - general partner). When a spending program is approved, each participant is required to fund these entities based upon its respective ownership interest or be diluted accordingly. Spending program approval requires 75% of the limited partners' voting interest.

In January 2014, Denison agreed to allow KWULP to defer a decision regarding its funding obligation to WLUC and WLULP until September 30, 2015 and to not be immediately diluted as per the dilution provisions in the relevant agreements ("Dilution Agreement"). Instead, under the Dilution Agreement, dilution would be delayed until September 30, 2015 and then applied in each subsequent period, if applicable, in accordance with the original agreements. In exchange, Denison received authorization to approve spending programs on the property, up to an aggregate $10,000,000, until September 30, 2016 without obtaining approval from 75% of the voting interest. Under subsequent amendments, Denison and KWULP have agreed to extend Denison's authorization under the Dilution Agreement to approve program spending up to an aggregate $15,000,000 until December 31, 2019.

In 2017, Denison funded 100% of the approved fiscal 2017 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 63.01% to 64.22%, in two steps, which has been accounted for using effective dates of May 31, 2017 and August 31, 2017. The increased ownership interest resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $779,000.

In 2018, Denison funded 100% of the approved fiscal 2018 program for Waterbury Lake and KWULP continued to dilute its interest in the WLULP. As a result, Denison increased its interest in the WLULP from 64.22% to 65.92%, in two steps, which has been accounted for using effective dates of May 31, 2018 and October 31, 2018. The increased ownership interest resulted in Denison recording its increased pro-rata share of the net assets of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $1,141,000.

Other

On December 12, 2018, the Company lent $250,000 to GoviEx pursuant to a credit agreement between the parties (see note 8). The loan is unsecured, bears interest at 7.5% per annum and is payable on demand at any time that is 60 days after the lending date.

During 2018, the Company incurred investor relations, administrative service fees and other expenses of $209,000 (2017: $186,000) with Namdo Management Services Ltd, which shares a common director with Denison. These services were incurred in the normal course of operating a public company. At December 31, 2018, an amount of $nil (December 31, 2017: $nil) was due to this company.

During 2018, the Company incurred office and other expenses of $81,000 (2017: $60,000) with Lundin S.A, a company which provided office, administration and other services to the former executive chairman, other directors and management of Denison. The agreement for the office and administration services was terminated effective September 30, 2018. At December 31, 2018, an amount of $nil (December 31, 2017: $nil) was due to this company.

Compensation of Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel 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)		2018		2017
Salaries and short-term employee benefits	$	(1,759)	$	(1,670)
Share-based compensation		(1,522)		(1,104)
Key management personnel compensation	$	(3,281)	$	(2,774)

26. 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 and / or business units 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 2018		At December 31 2017
Net cash:				
Cash and cash equivalents	$	23,207	$	3,636
Investments in debt instruments (note 10)		-		37,807
Debt obligations-current (note 17)		-		-
Net cash	$	23,207	$	41,443

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 2018		At December 31 2017
Cash and cash equivalents	$	23,207	$	3,636
Trade and other receivables		4,072		4,791
Investments in debt instruments		-		37,807
Restricted cash and investments		12,255		12,184
	$	39,534	$	58,418

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 majority of the Company's normal course trade and other receivables balance relates to a small number of customers whom have established credit worthiness with the Company through 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, its financial covenants and its access to credit and capital markets, if required.

The maturities of the Company's financial liabilities at December 31, 2018 are as follows:

(in thousands)		Within 1 Year		1 to 5 Years
Accounts payable and accrued liabilities	$	5,554	$	-
	$	5,554	$	-

(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. As at December 31, 2018, the Company predominantly operates in Canada and incurs the majority of its operating and capital costs in Canadian dollars. Some small foreign exchange risk exists from assets and liabilities that are denominated in a currency that is not the functional currency for the relevant subsidiary company but the risk is minimal.

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.

(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, if any, 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, 2018:

(in thousands)		Change in net income (loss)
Equity price risk		
10% increase in equity prices	$	368
10% decrease in equity prices		(305)

Fair Value of Financial Instruments

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

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

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

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

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

During 2018, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques. The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at December 31, 2018 and December 31, 2017:

(in thousands)	Financial Instrument Category(1)	Fair Value Hierarchy	December 31, 2018 Fair Value	December 31, 2017 Fair Value
Financial Assets:				
Cash and equivalents	Category B		$ 23,207	$ 3,636
Trade and other receivables	Category B		4,072	4,791
Investments				
Debt instruments-GICs	Category A	Level 2	-	37,807
Equity instruments-shares	Category A	Level 1	2,007	2,833
Equity instruments-warrants	Category A	Level 2	248	4,526
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		3,120	3,049
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			$ 41,789	$ 65,777
Financial Liabilities:				
Account payable and accrued liabilities	Category C		5,554	5,756
Debt obligations	Category C		-	-
			$ 5,554	$ 5,756

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

27. 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.

Specific Legal Matters

Mongolia Mining Division Sale – Arbitration Proceedings with Uranium Industry a.s

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

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

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

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

On December 12, 2017, the Company filed a Request for Arbitration between the Company and UI under the Arbitration Rules of the London Court of International Arbitration in conjunction with the default of UI's obligations under the GSJV and Extension agreements. The three person arbitration panel was appointed on February 28, 2018, and UI submitted a formal response and counterclaim on October 19, 2018. As of the date hereof, arbitration proceedings are continuing, including further submissions of documentation to the arbitration panel by the Company and UI.

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, 2018, the Company had: (a) outstanding letters of credit of $24,135,000 for reclamation obligations of which $24,000,000 is collateralized by the Company's 2018 credit facility (see note 17) and the remainder is collateralized by cash (see note 12); and (b) outstanding performance bonds of $790,000 as security for various contractual performance obligations.

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)		
2019	$	(319)
2020		(291)
2021		(226)
2022		(126)
2023		(103)
Thereafter		(194)
	$	(1,259)

28. INTEREST IN OTHER ENTITIES

The significant subsidiaries, associates and joint operations of the Company at December 31, 2018 are listed below.

	Place Of Business	Entity Type (1)	December 31, 2018 Ownership Interest (2)	Fiscal 2018 Participating Interest (3)	Accounting Method (4)
Subsidiaries					
Denison Mines Inc.	Canada		100.00%	N/A	Consolidation
Denison AB Holdings Corp.	Canada		100.00%	N/A	Consolidation
Denison Waterbury Corp	Canada		100.00%	N/A	Consolidation
9373721 Canada Inc.	Canada		100.00%	N/A	Consolidation
Denison Mines (Bermuda) I Ltd	Bermuda		100.00%	N/A	Consolidation
Associates					
GoviEx Uranium Inc.	Africa		16.21%	N/A	Equity Method
Joint Operations					
Waterbury Lake Uranium Corp	Canada	JO-1	60.00%	100%	Voting Share
Waterbury Lake Uranium LP	Canada	JO-1	65.92%	100%	Voting Share
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	90.00%	75.85%	Proportionate Share
Mann Lake	Canada	JO-2	30.00%	30.00%	Proportionate Share
Wolly	Canada	JO-2	21.89%	Nil%	Proportionate Share

(1) Joint operations are further subdivided into the following two entity types: 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) Ownership Interest represents Denison's percentage ownership / voting interest in the entity or contractual arrangement;
(3) Participating interest represents Denison's percentage funding contribution to the particular joint operation arrangement. This percentage can differ from voting interest in instances where other parties to the arrangement have carried interests in the arrangement and / or are earning-in or diluting their voting interest in the arrangement; and
(4) Voting share or proportionate share is where Denison accounts for its share of assets, liabilities, revenues and expenses of the arrangement in relation to its ownership interest or participating interest, respectively.

WLUC and WLULP were acquired by Denison as part of the Fission Energy Corp acquisition in April 2013. Denison uses its voting interest to account for its share of assets, liabilities, revenues and expenses for these joint operations. In 2018, Denison funded 100% of the activities in these joint operations pursuant to the terms of an agreement that allows it to approve spending for the WLULP without having the required 75% of the voting interest (see note 25).

29. SUBSEQUENT EVENTS

Bank of Nova Scotia Credit Facility Renewal

On January 29, 2019, the Company entered into an amending agreement with BNS to extend the maturity date of the 2018 facility (see note 17). Under the 2019 facility amendment, the maturity date has been extended to January 31, 2020. All other terms of the 2019 facility (tangible net worth covenant, pledged cash, investments amounts and security for the facility) remain unchanged from those of the 2018 facility, and the Company continues to have access to credit up to $24,000,000 the use of which is restricted to non-financial letters of credit in support of reclamation obligations.

The 2019 facility remains subject to letter of credit and standby fees of 2.40% (0.40% on the first $9,000,000) and 0.75% respectively.

Corporate Information

BOARD OF DIRECTORS

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

David D. Cates
Ontario, Canada

W. Robert Dengler
Ontario, Canada

Brian D. Edgar
British Columbia, Canada

Ron F. Hochstein
British Columbia, Canada

Jack O.A. Lundin
British Columbia, Canada

William A. Rand
British Columbia, Canada

Geun Park
Gyeonggi-do, Korea

Patricia M. Volker
Ontario, Canada

OFFICERS

David D. Cates
President and
Chief Executive Officer

Mac McDonald
Vice President, Finance and
Chief Financial Officer

Tim Gabruch
Vice President, Commercial

Peter Longo
Vice President, Project Development

Michael J. Schoonderwoerd
Vice President, Controller

Dale Verran
Vice President, Exploration

Amanda Willett
Corporate Counsel and
Corporate Secretary

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STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)
Trading Symbol: DML

NYSE American
Trading Symbol: DNN

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ADDITIONAL INFORMATION

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