Denison Mines
2021 Annual Report

Powering
PEOPLE, PARTNERSHIPS AND PASSION.

Denison Mines

ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

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A Year of Strong Operational and Financial Results Backed by an Improving Uranium Market and Significant Gains on Physical Uranium Holdings

March 23, 2022

Dear Shareholders,

Our results from 2021 reflect a significant improvement in the uranium market, as well as continued operational progress advancing Wheeler River's Phoenix uranium deposit ('Phoenix') towards a development decision.

A year ago, Denison completed a novel project financing initiative in support of the future development of the Wheeler River project, involving the purchase of 2.5 million pounds U_3O_8 in physical uranium holdings at an average cost of US$29.66/lb U_3O_8. The financing was designed to position our shareholders to benefit from the additional financial stability of our uranium holdings, while remaining fully leveraged to any future appreciation of uranium prices that might occur prior to the completion of a project financing for Wheeler River. Since then, the uranium spot market has improved considerably, with continued support from financial investors, leading to a significant increase in the spot price in 2021 and a $41.4 million gain on Denison's physical uranium holdings.

The improvement in the spot price was not only positive for Denison's balance sheet, but it also appears to have catalyzed further fundamental developments in the long-term supply market. We have seen nuclear utilities seek to address significant future uncovered requirements in an environment with reduced visibility to available sources of supply – leading to increased long-term contracting activity and prices. Combined with positive demand signals coming from a growing chorus of support for the critical role nuclear must play in the clean energy transition, the narrative for the development of new top tier new uranium mining projects has become quite positive.

Now several years into Denison's long-term plan for the advancement of Wheeler River, our Company is uniquely aligned with the improving uranium market, as we continue to successfully demonstrate the potential for the Phoenix deposit to emerge as the first In-Situ Recovery ('ISR') uranium mine in the Athabasca Basin region. Our de-risking efforts at Phoenix have involved extensive field and laboratory testing since completion of the Pre-Feasibility Study in 2018, which to date culminated in the completion of the installation and field testing of a 5-spot commercial-scale ISR test pattern in 2021. The field test was highly successful and confirmed key technical assumptions made in the PFS. Taken together with our positive metallurgical results, our work in 2021 has demonstrated tangible support for our selection of the ISR mining method for Phoenix and our decision to initiate a formal Feasibility Study.

Our plans for 2022 are ambitious – with a primary focus on driving towards the completion of key technical and regulatory milestones for Wheeler River, while also supporting a secondary focus of unlocking value from Denison's vast project portfolio, including continued exploration amongst our many highly-prospective property interests, and the initial evaluation of potential development plans for both the Midwest and McClean Lake projects.

As we advance towards our goal of positioning Denison as a high leverage uranium development company, poised to become Canada's next uranium producer, the Board of Directors and the management team thank you for your continued support of, and interest in, Denison.

Best Regards,

/s/ "David D. Cates"

David Cates
Director, President & CEO

This Management's Discussion and Analysis ('MD&A') of Denison Mines Corp. and its subsidiary companies, joint arrangements, and contractual obligations (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 3, 2022 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2021. 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.

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').

2021 PERFORMANCE HIGHLIGHTS

- **Completed highly successful In-Situ Recovery ('ISR') Field Tests at Phoenix, resulting in significant de-risking and supporting the decision to advance to a formal Feasibility Study ('FS')**

  The Company continued its systematic approach to de-risking the technical risks identified for the ISR mining operation for the Phoenix uranium deposit ('Phoenix') at the Wheeler River Uranium Project ('Wheeler River' or the 'Project'), following completion of the 2018 Pre-Feasibility Study ('PFS'). Notably, in 2021 the Company completed a highly successful ISR field test program including the installation and testing of a pattern of five commercial scale wells ('CSWs'). The results from the field test were highlighted by the following:

  - Achieved commercial-scale production flow rates consistent with those assumed in the PFS;
  - Demonstrated hydraulic control of injected solution during an ion tracer test;
  - Established breakthrough times between injection and recovery wells consistent with previously prepared estimates; and
  - Demonstrated the ability to remediate the five-spot CSW test pattern ('Test Pattern').

  Additionally, positive results from ongoing metallurgical test work supported the decision to increase the anticipated ISR mining head-grade for Phoenix by 50%.

  Given consistently positive results from field testing and laboratory testing, Denison and the Wheeler River Joint Venture ('WRJV') approved the initiation of the formal FS report process for the Phoenix ISR project, and appointed Wood PLC ('Wood') as independent lead author of the FS.

- **Secured funding to complete the Environmental Assessment ('EA') and FS process for Wheeler River**

  Denison completed a series of equity financings during 2021 intending to fund the EA and FS processes for Wheeler River. These financings raised gross proceeds of $48.2 million (including $11.9 million from At-the-Market ('ATM') offerings) from the issuance of 39.7 million common shares and 15.8 million common share purchase warrants. Based on current estimates, the net proceeds from these financings are expected to be sufficient to fund the completion of the FS and EA processes for Wheeler River.

- **Executed a Wheeler River project financing initiative involving the strategic acquisition of physical uranium and recorded significant uranium investment gains**

  In March 2021, Denison successfully completed a public offering of units for gross proceeds of $107.9 million. The majority of the net proceeds of the offering were used to fund the strategic purchase of 2.5 million pounds of uranium concentrates ('U_3O_8') at a weighted average price of US$29.66 per pound U_3O_8. The uranium is being held by Denison as a long-term investment, which is intended to support the potential future financing of the advancement and/or construction of Wheeler River.

  The uranium spot price appreciated to US$42.00 per pound U_3O_8 by December 31, 2021, resulting in a fair value gain on the Company's physical uranium holdings of $41,440,000 for the year ended December 31, 2021.

- **Obtained funding for high-potential exploration programs in 2021 and 2022**

  The Company raised gross proceeds of $8.0 million in March 2021, from the issuance of common shares on a flow-through basis, to fund eligible Canadian exploration activities in 2021 and 2022.

- **Acquired 50% of JCU (Canada) Exploration Company, Limited ('JCU') for $20.5 million**

  In August 2021, Denison completed the acquisition of 50% of JCU from UEX Corporation ('UEX') for cash consideration of $20.5 million following UEX's acquisition of 100% of JCU from Overseas Uranium Resources Development Co., Ltd. ('OURD') for $41 million. JCU holds a portfolio of 12 uranium project joint venture interests in Canada, including a 10% interest in Wheeler River, a 30.099% interest in the Millennium project (Cameco Corporation, 69.901%), a 33.8123% interest in the Kiggavik project (Orano Canada Inc. ('Orano Canada'), 66.1877%), and a 34.4508% interest in the Christie Lake project (UEX, 65.5492%).

- **Advanced actions to support reconciliation with Indigenous peoples**

  Denison formally adopted an Indigenous People's Policy ('IPP') in 2021, which reflects the Company's recognition of the important role of Canadian business in the process of reconciliation with Indigenous peoples in Canada and outlines the Company's commitment to take action towards advancing reconciliation.

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

- **Discovery of high-grade uranium outside of the Phoenix Zone A high-grade domain**

  Drill hole GWR-045, completed as part of the ISR field test program as a monitoring well ('MW') to the northwest of the CSW Test Pattern, was, based on the mineral resources currently estimated for Phoenix, expected to intersect low grade uranium mineralization on the northwest margin of the deposit. The drill hole, however, intersected a thick interval of high-grade unconformity-associated uranium mineralization grading 22.0% eU_3O_8 over 8.6 metres. Follow up drilling returned multiple additional intersections of high-grade uranium mineralization, including 24.9% eU_3O_8 over 4.2 metres in drill hole GWR-049. Taken together, these results are expected to expand the volume of the high-grade domain to the northwest in the Phase 1 area of Phoenix Zone A.

- **Sold shares and warrants in GoviEx Uranium Limited ('GoviEx') for proceeds of up to $41.6 million**

  In October 2021, the Company sold 32,500,000 common shares of GoviEx, previously held by Denison for investment purposes, and 32,500,000 common share purchase warrants, entitling the holder to acquire one additional common share of GoviEx owned by Denison at an exercise price of $0.80 for a term of up to 18 months (the 'GoviEx Warrants'). Denison received gross proceeds of $15,600,000 on the sale of the shares and warrants and continues to hold 32,644,000 common shares of GoviEx. If the GoviEx Warrants are exercised in full, Denison will receive further gross proceeds of $26,000,000 and will transfer a further 32,500,000 GoviEx common shares to the warrant holders.

- **Received $5.8 million in connection with the conversion of Uranium Participation Corporation ('UPC') into the Sprott Physical Uranium Trust**

  In April 2021, UPC announced that it had reached an agreement with Sprott Asset Management LP ('Sprott') for the Sprott Physical Uranium Trust to acquire UPC (the 'UPC Transaction'). Upon completion of the UPC Transaction on July 19, 2021, Sprott became the manager of the Sprott Physical Uranium Trust, and the management services agreement ('MSA') between Denison and UPC was terminated. In accordance with the terms of the MSA, Denison received a cash payment of approximately $5.8 million in connection with the termination.

ABOUT DENISON

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

Denison is a uranium exploration and development company with interests focused in the Athabasca Basin region of northern Saskatchewan, Canada. The Company has an effective 95% interest in its flagship Wheeler River Uranium Project, which is the largest undeveloped uranium project in the infrastructure rich eastern portion of the Athabasca Basin region of northern Saskatchewan. A PFS was completed for Wheeler River in late 2018, considering the potential economic merit of developing Phoenix as an ISR operation and the Gryphon deposit as a conventional underground mining operation. Denison's interests in Saskatchewan also include a 22.5% ownership interest in the McClean Lake Joint Venture ('MLJV'), which includes several uranium deposits and the McClean Lake uranium mill, which is contracted to process the ore from the Cigar Lake mine under a toll milling agreement (see RESULTS OF OPERATIONS below for more details), plus a 25.17% interest in the Midwest Main and Midwest A deposits and a 66.90% interest in the Tthe Heldeth Túé ('THT,' formerly J Zone) and Huskie deposits on the Waterbury Lake property. The Midwest Main, Midwest A, THT and Huskie deposits are located within 20 kilometres of the McClean Lake mill.

Through its 50% ownership of JCU, Denison holds additional interests in various uranium project joint ventures in Canada, including the Millennium project (JCU, 30.099%), the Kiggavik project (JCU, 33.8123%) and Christie Lake (JCU, 34.4508%).

Denison's exploration portfolio includes further interests in properties covering approximately 297,000 hectares in the Athabasca Basin region.

Denison is also engaged in mine decommissioning and environmental services through its Closed Mines group, which manages Denison's Elliot Lake reclamation projects and provides third-party post-closure mine care and maintenance services.

Prior to July 19, 2021, Denison also served as the manager of UPC, a publicly traded company listed on the TSX that invested in U_3O_8 and uranium hexafluoride ('UF_6'). In April 2021, UPC announced that it had entered into an agreement with Sprott to convert UPC into the Sprott Physical Uranium Trust. This transaction closed on July 19, 2021, and the MSA between Denison and UPC was terminated.

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 an effective 95% interest in Wheeler River and a minority interest in the MLJV, which owns an operating and licensed uranium milling, 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 offers shareholders exposure to value creation through the potential future development of Wheeler River and advancement of the Company's other potential development projects. Additionally, Denison's exploration and development portfolio, and substantial physical holdings of uranium, provides investors with meaningful leverage to an anticipated increase in future uranium prices.

URANIUM INDUSTRY OVERVIEW

The year ended December 31, 2021, saw significant upward momentum in both the uranium spot price and term price. In the spot market, the price of uranium started the year at US$30,00 per pound U_3O_8, and increased to a high of US$50.25 per pound U_3O_8 in September 2021, before declining modestly to end the year at US$42.00 per pound U_3O_8 – a 40% increase year over year. A similar price increase was observed in the long-term market, with the long-term price increasing from US$33.00 per pound U_3O_8 at December 31, 2020 to a high of US$41.00 per pound U_3O_8, and ending the year at US$40.50 per pound U_3O_8. This US$7.50 per pound U_3O_8 increase in the long-term price is the largest annual gain since 2007.

During 2021, there was a widespread increase in investor interest in the uranium and nuclear energy sectors, which is believed to have largely been driven by a renewed focus on global goals to achieve net-zero carbon emissions, and the necessary role for nuclear energy in a post-COVID-19 pandemic "clean energy transition". In assessing the potential paths to reduce carbon emissions many nations, policymakers, and interest groups have recognized the critical role that their existing or planned future nuclear power plants, must play to achieve decarbonization objectives.

The focus on the importance of nuclear power in enabling the achievement of carbon emissions goals is global. In its 14th Five Year Plan, China included the goal to increase nuclear capacity to 70 GWe by 2025, an expansion of 40% from its current installed capacity at the end of 2021 of approximately 50 Gwe. In Europe, the European Commission announced the inclusion of nuclear power in its clean energy financing taxonomy, which establishes the criteria for 'green' economic activities that can access favourable financing. In the US, the Infrastructure, Investment, and Jobs Act established a US$1.2 billion / year civil nuclear credit program designed to preserve the US's existing nuclear fleet by supporting economically troubled nuclear plants and preventing premature plant shutdowns. In addition, many other countries are also developing plans to expand nuclear capacity, including the UK, France, Japan, the Netherlands, Poland, and Brazil. Taken together, forecasted estimates from UxC LLC ('UxC') for global reactor units and nuclear capacity in 2035 have increased substantially in the current year from 460 units and 448.5 MWe installed capacity (estimated as of Q4'2020) to 512 units and 488.6 Mwe installed capacity (estimated as of Q4'2021). As a result, UxC's base case estimate of global uranium demand in 2035 has increased 10% - from 209 million pounds U_3O_8 (estimated as of Q4'2020) to the current estimate of 229 million pounds U_3O_8 (estimated as of Q4'2021).

The positive investor sentiment that defined 2021 led to a large increase in uranium spot market activity from secondary sources, including uranium exploration and development companies (including Denison), uranium producers, and investment entities. Estimates suggest that approximately 53 million pounds U_3O_8 was acquired by secondary sources in 2021. This strong purchasing from secondary sources resulted in overall spot market activity reaching a record high of 102 million pounds U_3O_8 in 2021, an increase of 8% from the previous record of 94 million pounds U_3O_8 set in 2020. On the supply side, uranium production for 2021 is estimated at 124 million pounds U_3O_8, which represents a 13% reduction from 2019 production levels in part due to production disruptions connected to the COVID-19 pandemic. Total demand for 2021 is estimated at 213 million pounds U_3O_8, resulting in a significant primary supply shortfall of 89 million pounds U_3O_8. UxC estimates that this shortfall was fully met by approximately 89 pounds U_3O_8 that entered the market from secondary supplies.

While primary production is estimated to increase in 2022 (including the announced restart of the McArthur River mine), a significant primary supply deficit is still expected to exist in contrast to base case demand estimated at 200 million pounds U_3O_8. Similar to 2021, it is expected that the excess of demand over primary production in 2022 will again be supplied by secondary sources (including commercial inventories, reprocessing of spent fuel, sales by uranium enrichers, and inventories held by governments). These secondary sources of supply, however, are expected to fall significantly over the next five to seven years, and the pandemic-related production curtailments in 2020 and 2021 accelerated this process, resulting in the drawdown of approximately 55 million more pounds U_3O_8 of secondary supplies during 2020 and 2021 than previously estimated by UxC.

While the restart of idled or curtailed production from existing uranium mining operations are expected to provide the support necessary to balance supply deficits through 2025, the accelerated decline in secondary sources of supply in recent years, the depletion of existing mines, and growing future demand, point to larger supply deficits during the second half of the decade that will be difficult balance without considerable investment in new large-scale uranium mining projects. Given that uncovered utility uranium requirements for the period from 2022 to 2035, not including typical inventory building, are estimated at 1.4 billion pounds U_3O_8, it is evident that the new future sources of supply required by the market have not yet been secured by utilities and that once incumbent suppliers have responded to future demand there is likely to be a further phase of utility procurement directed at incentivizing new projects to meet long-term demand needs.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands, except for per share amounts)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Continuing Operations:			
Total revenues	$ 20,000	$ 14,423	$ 15,549
Exploration expenses	$ (4,477)	$ (5,314)	$ (5,230)
Evaluation expenses	$ (15,521)	$ (3,718)	$ (10,008)
Operating expenses	$ (12,901)	$ (10,594)	$ (14,436)
Net income (loss)	$ 18,977	$ (16,283)	$ (18,141)
Basic and diluted earnings (loss) per share	$ 0.02	$ (0.03)	$ (0.03)

(in thousands)	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Financial Position:			
Cash and cash equivalents	$ 63,998	$ 24,992	$ 8,190
Working capital(1)	$ 70,504	$ 37,571	$ 1,597
Investments in uranium	$ 133,114	$ -	$ -
Property, plant and equipment	$ 254,462	$ 256,870	$ 257,259
Total assets	$ 510,284	$ 320,690	$ 299,998
Total long-term liabilities(2)	$ 97,242	$ 81,565	$ 74,903

(1) Working capital is a non-IFRS financial measure and is calculated as the value of current assets less the value of current liabilities. At December 31, 2021, the Company's working capital includes $14,437,000 in portfolio investment, $1,625,000 in non-cash share purchase warrant liabilities, and a non-cash $4,656,000 deferred revenue liability (December 31, 2020 – $16,657,000 in portfolio investments, and $3,478,000 of non-cash deferred revenue).

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

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands, except for per share amounts)	2021 Q4	2021 Q3	2021 Q2	2021 Q1
Results of Operations:				
Total revenues	$ 3,337	$ 9,541	$ 4,626	$ 2,496
Net earnings (loss)	$ (2,648)	$ 32,866	$ (2,357)	$ (8,884)
Basic and diluted earnings (loss) per share	$ (0.01)	$ 0.04	$ (0.00)	$ (0.01)

(in thousands, except for per share amounts)	2020 Q4	2020 Q3	2020 Q2	2020 Q1
Results of Operations:				
Total revenues	$ 4,094	$ 2,743	$ 2,926	$ 4,660
Net loss	$ (3,095)	$ (5,482)	$ (1,043)	$ (6,663)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ (0.00)	$ (0.01)

Significant items causing variations in quarterly results

- The Company's toll milling revenues fluctuate due to the timing of uranium processing at the McClean Lake mill, as well as changes to the estimated mineral resources of the Cigar Lake mine. Toll milling at McClean Lake was suspended during second and third quarters of 2020 and again during the first and beginning of the second quarters of 2021, due to the suspension of mining at the Cigar Lake mine as a result of the COVID-19 pandemic ('COVID-19'). See RESULTS OF OPERATIONS below for further details.

- Revenues from the Closed Mines group fluctuate due to the timing of projects, which vary throughout the year in the normal course of business.
- Operating expenses fluctuate due to the timing of projects at both the MLJV and the Closed Mines group, which vary throughout the year in the normal course of business.
- Exploration expenses are generally largest in the first and third quarters, due to the timing of the winter and summer exploration seasons in northern Saskatchewan. As a result of COVID-19, the 2020 summer exploration program was deferred to the fourth quarter of 2020. The 2021 summer exploration program commenced in mid-September and continued into the fourth quarter of 2021 due to the timing of the 2021 ISR field program.
- Other income and expense fluctuates due to changes in the fair value of the Company's portfolio investments, share purchase warrants, and uranium investments, all of which are recorded at fair value through profit or loss and are subject to fluctuations in the underlying share / commodity price. The Company's uranium investments and certain of its share purchase warrants are also subject to fluctuations in the US dollar to Canadian dollar exchange rate.
- The Company's results are also impacted, from time to time, by other non-recurring events arising from its ongoing activities, as discussed below where applicable.

RESULTS OF OPERATIONS

REVENUES

McClean Lake Uranium Mill

The McClean Lake property 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 its McClean Lake uranium mill, one of the world's largest uranium processing facilities, which is contracted to process ore from the Cigar Lake mine under a toll milling agreement. The MLJV is a joint venture between Orano Canada with a 77.5% interest and Denison with a 22.5% interest.

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

In response to the COVID-19 pandemic, the CLJV temporarily suspended production at the Cigar Lake mine from the end of March 2020 until September 2020, and then again from the end of December 2020 until April 2021. The MLJV temporarily suspended operations at the mill for the duration of the CLJV shutdowns, operating for approximately 30 weeks during the year ended December 31, 2021 (December 31, 2020 – approximately 26 weeks). As noted above, Denison previously monetized the toll milling revenue to be earned from the processing of the Cigar Lake ore pursuant to the APG Arrangement. While the temporary suspension of operations at the McClean Lake mill resulted in a decrease in revenue recognized by Denison, the impact is non-cash and is limited to a reduction in the drawdown of the Company's deferred revenue balance.

During the year ended December 31, 2021, the McClean Lake mill processed 12.2 million pounds U_3O_8 for the CLJV (December 31, 2020 – 10.1 million pounds U_3O_8) and recorded toll milling revenue of $3,207,000 (December 31, 2020 – $2,762,000). The increase in toll milling revenue during the year ended December 31, 2021, as compared to the prior year, is predominantly due to an increase in mill production in the current period.

During the year ended December 31, 2021, the Company also recorded an accretion expense of $3,098,000 on the toll milling deferred revenue balance (December 31, 2020 – $3,058,000). While the annual accretion expense will decrease over the life of the agreement, as the deferred revenue liability decreases over time, the accretion expense increased in 2021 due to the impact of the McClean Lake mill shutdown during 2020. With the mill shut down in the prior year, the deferred revenue balance increased, as the accretion expense exceeded the drawdown of deferred revenue, resulting in increased accretion expense in 2021, as compared to 2020.

Closed Mine Services

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

Revenue from Closed Mines services during the year ended December 31, 2021 was $8,829,000 (December 31, 2020 - $8,205,000). The increase in revenue in the year ended December 31, 2021, as compared to the prior year, was due to an increase in activity at certain care and maintenance sites, slightly offset by a decrease in revenue related to customer contracts that were not renewed for 2021.

Management Services Agreement with UPC

As discussed in ABOUT DENISON above, prior to July 19, 2021, Denison provided general administrative and management services to UPC, for which Denison earned management fees and commissions.

During the year ended December 31, 2021, revenue from the Company's management contract with UPC was $7,964,000 (December 31, 2020 - $2,604,000). The increase in revenues during year ended December 31, 2021 was predominantly due to $5,848,000 in termination fee revenue earned upon the termination of the MSA between Denison and UPC as well as an increase in commission-based fees. These increases were slightly offset by a decrease in net asset value-based management fees as a result of the early termination of the MSA on July 19, 2021. The increase in commission-based fees in the year ended December 31, 2021, as compared to the prior year, was the result of an increase in uranium transactions completed for UPC during second quarter of 2021. Under the terms of the MSA, Denison earned a 1% commission on the gross value of UPC's uranium purchases and sales.

OPERATING EXPENSES

Mining

Operating expenses of the mining segment include depreciation and development costs, as well as cost of sales related to the sale of uranium, when applicable. Operating expenses in the year ended December 31, 2021 were $5,110,000 (December 31, 2020 – $3,742,000), including mining costs of $2,630,000, milling costs of $2,697,000, and reclamation costs of $280,000, reduced by applicable absorption to inventory for costs attributable to Denison's share of uranium production for the year.

Included in milling costs is depreciation expense relating to the McClean Lake mill of $2,053,000 (December 31, 2020 - $1,730,000), as a result of processing approximately 12.2 million pounds U_3O_8 for the CLJV (December 31, 2020 – 10.1 million pounds U_3O_8).

Operating expenses for mining and milling activities includes development and other operating costs related to the MLJV of $3,057,000 (December 31, 2020 –$2,011,000). For the year ended December 31, 2021, these costs predominantly related to the advancement of the Surface Access Borehole Resource Extraction ('SABRE') mining technology, including the completion of a test mining campaign at the McClean North deposit, as part of a multi-year test mining program operated by Orano Canada within the MLJV.

The SABRE field test ran from May to September 2021 with four cavities mined and the recovery of approximately 1,500 tonnes of high-value ore ranging in grade from 5% to 16% U_3O_8. The program was concluded successfully with no safety, environmental or radiological incidents. Importantly, key operating objectives associated with the test program – including targets for cavity diameter, rates of recovery, and mine production rates – were all achieved during the field test.

The majority of the ore recovered from the test mining program was transferred to the McClean Lake mill, resulting in the production of approximately 176,000 pounds of U_3O_8 (Denison's share: approximately 40,000 pounds of U_3O_8) in the fourth quarter of 2021.

This test represents the achievement of an important milestone for the SABRE technology. Based on the success of the 2021 program, Orano and Denison plan to evaluate the potential use of this innovative method for future mining operations at their jointly owned McClean Lake and Midwest properties.

Closed Mines Services

Operating expenses during the year ended December 31, 2021 totaled $7,791,000 (December 31, 2020 - $6,849,000). The expenses relate primarily to care and maintenance services provided to clients, and include labour and other costs. The increase in operating expenses in the current periods, as compared to the prior year, is predominantly due to an increase in activity at certain care and maintenance sites.

MINERAL PROPERTY EVALUATION

During the year ended December 31, 2021, Denison's share of evaluation expenditures was $15,521,000 (December 31, 2020 - $3,718,000). The increase in evaluation expenditures, compared to the prior period, was due to an increase in Wheeler River evaluation activities, including the 2021 ISR field program. The following table summarizes the evaluation activities completed during the year ended December 31, 2021.

PROJECT EVALUATION ACTIVITIES			
Property	**Denison's ownership(1)**	**Evaluation drilling**	**Other activities**
Wheeler River	95%	2,092 metres (5 large diameter CSWs(2)) 4,392 metres (10 small diameter MW's(3))	ISR field testing, engineering, metallurgical testing, environmental and sustainability activities
		6,484 m (15 holes)	

Notes:
(1) The Company's effective ownership interest as at December 31, 2021, including the indirect 5% ownership interest that Denison acquired on August 3, 2021 with its acquisition of 50% of JCU. See EQUITY SHARE OF INCOME FROM JOINT VENTURES below for further details regarding the accounting treatment for Denison's investment in JCU.
(2) CSW drilling relates to the drilling and installation of new CSWs from surface for the purposes of ISR field testing at Phoenix. Figures include total evaluation meters drilled and total number of holes completed.
(3) Small diameter evaluation drilling includes HQ/PQ sized diamond drilling either as the widening (reaming) of existing exploration drill holes, or the drilling of new holes, for the purposes of installing MWs for ISR field testing at Phoenix. Figures include total evaluation metres drilled and total number of holes completed.

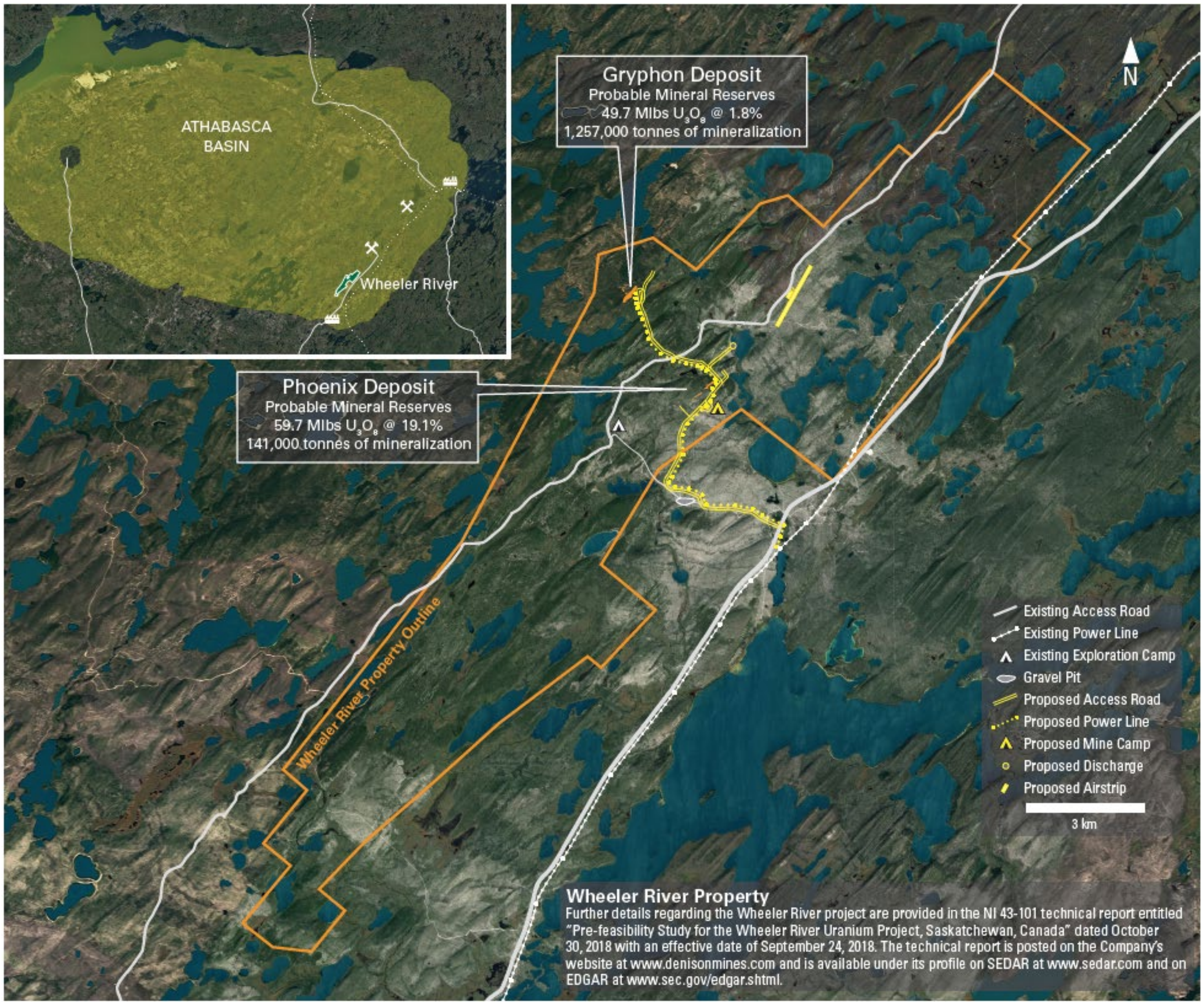
Wheeler River Project

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

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

As a result of the social, financial and market disruptions experienced from the onset of the COVID-19 pandemic in early 2020, Denison temporarily suspended certain activities at Wheeler River, including the EA program, which is on the critical path to achieving the project development schedule outlined in the PFS. While the EA process was formally resumed in 2021, the Company is not currently able to estimate the impact of the delay to the project development schedule outlined in the PFS, and users are cautioned that the estimates provided therein regarding the start of pre-production activities in 2021 and first production in 2024 should not be relied upon.

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



Engineering Activities

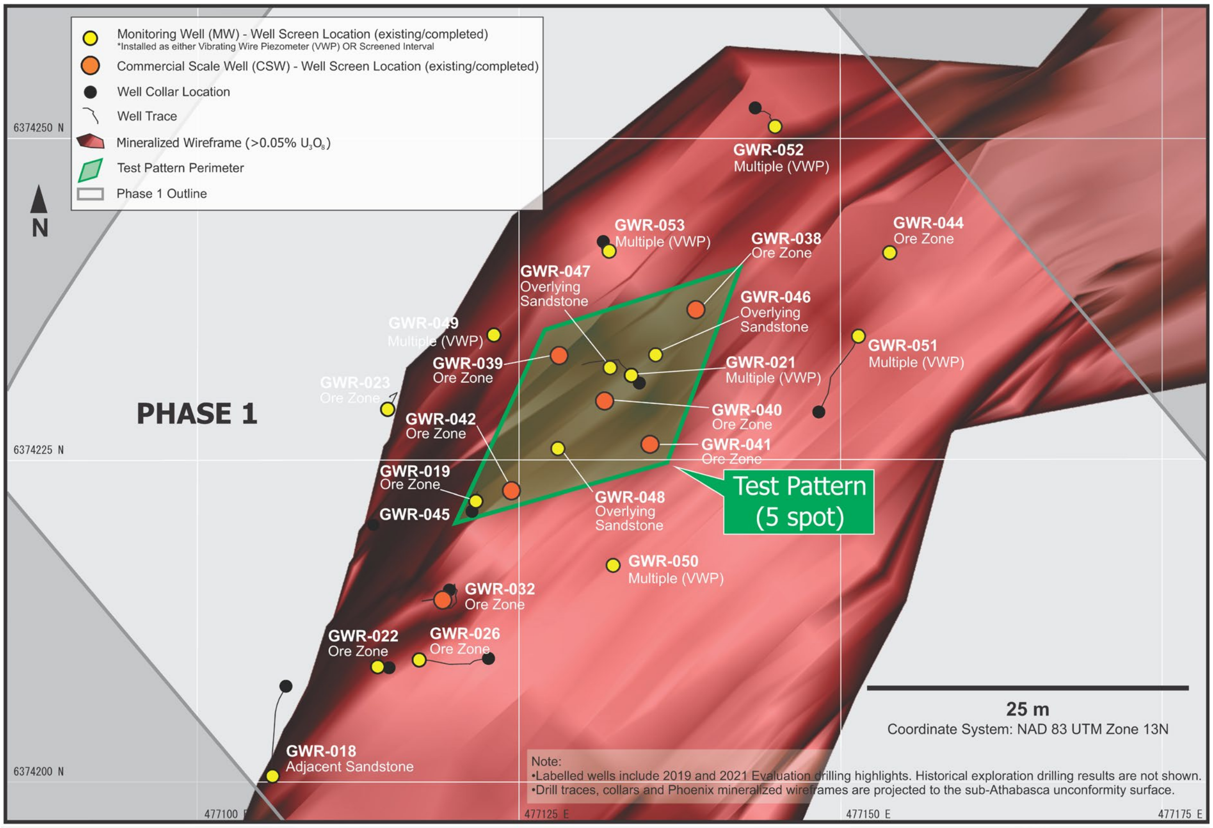
2021 ISR Field Test

The 2021 ISR field test represents the most significant engineering related activity for the project in 2021. The program was designed to further increase confidence and reduce risk in the application of the ISR mining method at Phoenix – with the detailed results providing the necessary datasets for the permitting and preparation of a further planned Feasibility Field Test ('FFT') for 2022, which is intended to support the FS for the Project, and validate certain key assumptions in the EA.

- *Test Pattern Installation*

  A test pattern consisting of five CSWs and 10 additional small diameter monitoring wells ('MWs') (together described as the 'Test Pattern') was successfully installed within the Phase 1 area of the Phoenix deposit (see the map below for the placement of the CSWs and MWs) during the summer months (see Denison press release dated July 29, 2021).

Phoenix Deposit Phase 1 - Well Screen Location - Plan View

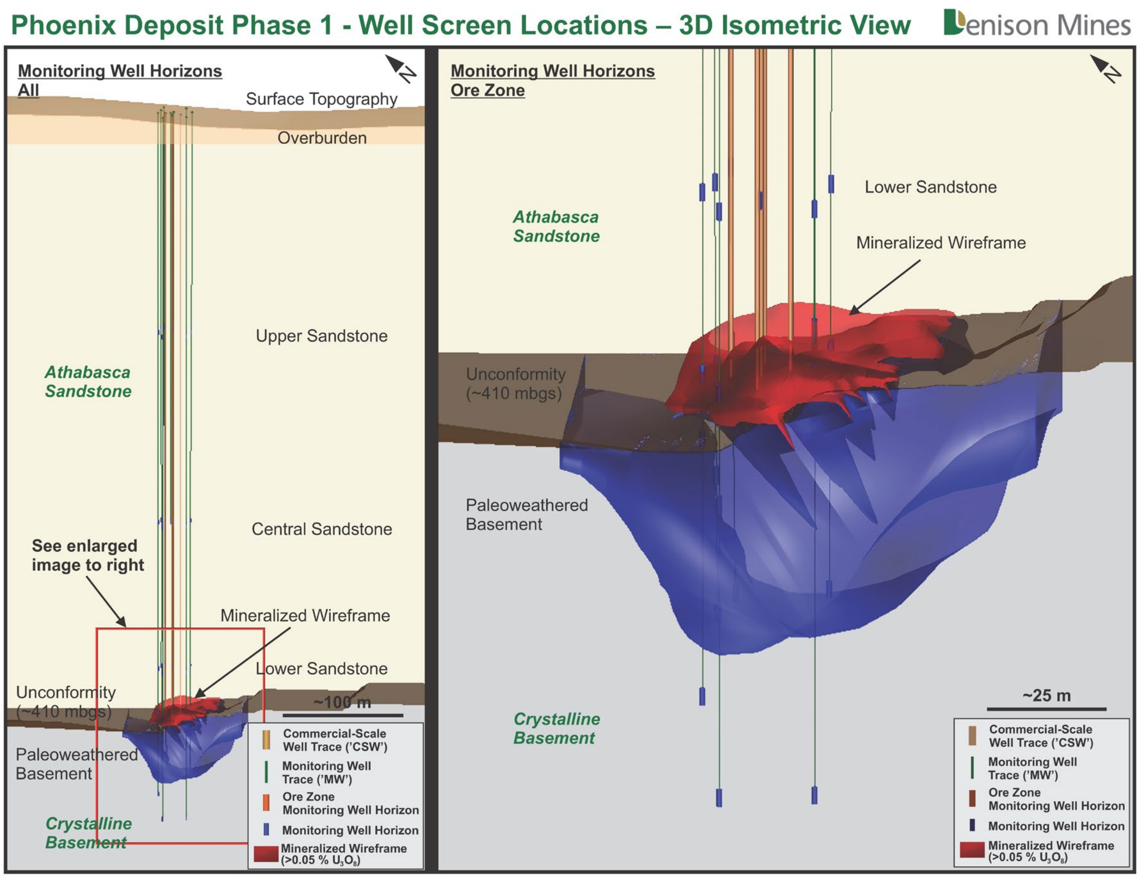


During installation of the Test Pattern, additional high-grade mineralization was intersected in GWR-045, including 22.0% U_3O_8 over 8.6 metres, located outside of the existing high grade resource domain associated with Zone A and Phase 1 of the phased mining approach currently planned for Phoenix (see Denison press release dated July 29, 2021). GWR-045 was completed to install a MW to the northeast of the Test Pattern. Based on the mineral resources currently estimated for Phoenix, GWR-045 was expected to intersect low-grade uranium mineralization along the northwestern margin of the deposit, approximately 5 metres outside of the boundary of the Phoenix Zone A high-grade resource domain (see cross section figure below for location of GWR-045 relative to the Phoenix high-grade resource domain). The drill hole, however, intersected a thick interval of high-grade unconformity associated uranium mineralization.

A similar outcome resulted from the completion of GWR-049, which was completed approximately 17 metres to the northeast of GWR-045. Drill hole GWR-049 intersected a thick interval of high-grade unconformity-associated uranium mineralization (including 24.9% eU_3O_8 over 4.2 metres) that, coupled with the results of GWR-045, is expected to expand the volume of the high-grade domain to the northwest outside of the extents of the same in the current resource model. Follow-up drilling designed to test the extent of the potential extension of the high-grade domain was completed during late 2021. The results are summarized below with the Company's exploration activities.

Following the installation of the Test Pattern, three methods of permeability enhancement were successfully evaluated on the five CSWs, with post-permeability enhancement testing resulting in observed improvement in hydraulic responses and inter-well connectivity within the Test Pattern. These results exhibit and confirm the ability to engineer additional access to the natural permeability within the deposit. Permeability enhancement methods included the use of the MaxPERF drilling tool, as well as wireline-conveyed tools designed to perforate and stimulate well production using a controlled propellant. The wireline tools can effectively "clean out" restricted pathways within the well screen, well bore, and the geological formation and provide increased flow rates in the wells by intersecting and connecting to the naturally occurring fractures within the ore zone.

Twenty single-well injection tests were completed on the Test Pattern to evaluate natural permeability and the efficacy of permeability enhancement methods deployed in the CSWs. Nine single-well pump tests were completed amongst the five CSWs and four of the MWs to evaluate permeability, sustainable pumping rates, hydraulic connectivity and baseline groundwater conditions. Importantly, testing showed good hydraulic connection between the CSWs in the ore zone horizon and no significant responses in any of the MWs in overlying or underlying horizons (see figure below). One step-rate injection test was conducted on the center CSW (GWR-040) to evaluate hydraulic connectivity, maximum injection rates and injection pressures.



- *Full-Scale Well Pattern Pump and Injection Test*

A full-scale well pattern injection and pumping test was conducted to determine hydraulic connectivity for the Test Pattern as a whole, and to evaluate potential production rates for the pattern. The test was run as a modified 4-spot pattern as there was an unanticipated failure of the submersible pump in GWR-042. During the test, injection rates were matched to pumping extraction rates for balanced flow in the Test Pattern. Pumped groundwater from each of the outer wells (GWR-038, GWR-039, and GWR-041) was recycled for injection in the center well (GWR-040) to create a closed system. Production rates for the Test Pattern achieved a sustainable rate of 45.3 litres per minute ('L/min') injection in GWR-040 with minimal pressure on surface (less than 180 psi) balanced with 15.1 L/min extraction at each GWR-038, GWR-039 and GWR-041. This test fundamentally achieved the 50 L/min flow rate assumed in the PFS for an operating well pattern. Hydraulic control of the Test Pattern was confirmed by no significant hydrologic responses observed in any of the overlying or underlying MWs.

- *Ion Tracer Test*

Following the full-scale injection and pumping test, an ion tracer test was completed using the 4 functional CSWs in the Test Pattern. Flow rates were run at the same levels as the full-scale well pattern test with 45.3 L/min injection at the center well and a balanced extraction flow of 15.1 L/min at each of the three outer wells. The ion tracer, consisting of a 15% concentration of potassium chloride ('KCl') by weight, was injected as an initial slug into the Test Pattern at GWR-040, followed by a chase phase involving the recirculation of water extracted from the three outer wells (closed system). The chase phase continued until peak concentrations of the ion tracer, measured in total dissolved solids ('TDS'), were observed at the three extraction wells (GWR-038, GWR-039 and GWR-041), followed by a decline in TDS prior to commencement of a remediation test.

Breakthrough of the ion tracer, as observed by an increase in the TDS, occurred at the three extraction wells within 9 hours (GWR-039), 12 hours (GWR-041), and 14 hours (GWR-038). These breakthrough times are consistent with previous hydrogeological modelling conducted by Petrotek Corporation (see press release dated June 4, 2020).

- *Remediation Test*

After completion of the ion tracer test, a "clean-up" remediation test was conducted to simulate the ability to remove injected fluid from the Test Pattern. For this test, injection was halted at the center well (GWR-040) and the three extraction wells were pumped to remove the remaining injected ion tracer. Tracer concentrations measured during the eight-day clean-up simulation, as observed by field TDS measurements, declined to as low as 13% of the peak TDS value in GWR-038, 11% of the peak TDS value in GWR-041, and 4% of the peak TDS value in GWR-039.

- *Hydrogeological Monitoring*

Monitoring during the ion tracer test and subsequent cleanup test included: 376 field measurements of TDS from the CSW extraction wells to identify tracer concentrations; logging of water levels in each of the CSWs along with all of the surrounding MWs at five minute intervals; logging of TDS values at 5 minute intervals in the three overlying MWs to confirm the absence of any tracer concentrations in the overlying horizons; and daily groundwater sampling to send for lab analysis to confirm TDS values measured in the field and the exact concentration of the KCl tracer.

The ability to maintain hydraulic control was established by sampling the three overlying MWs for TDS values before and after the ion tracer test. No elevated values in TDS were observed during the test, thus confirming there was no migration of the tracer to overlying horizons.

Data collected as part of the 2021 field program will be utilized to update the hydrogeological model for Phoenix, and to provide the necessary datasets for the permitting and preparation of the 2022 FFT.

- *Ongoing Permeameter Analysis*

In addition to the hydrogeological tests described above, over 1,000 drill core samples were collected from historic holes, re-logged for hydrogeologic characteristics, and analyzed for permeability utilizing the on-site permeameter. Samples were selected to ensure the database of on-core permeability results included representative samples from all of the planned mining phases at Phoenix.

- *COVID-19*

The Company is committed to ensuring that the Wheeler River site is a safe operating environment for its staff and contractors and that the Company's field activities do not compromise the health and safety of the residents of northern Saskatchewan. In 2020, the Company's Occupational Health and Safety Committee developed a comprehensive guide for the safe resumption of work at Wheeler River. The protocols consider the unique health and safety risks associated with operating a remote work camp amidst the ongoing COVID-19 pandemic. Public health guidelines and best practices (including testing) have been incorporated into the Company's protocols.

The 2021 ISR Field Test was completed over an eight-month period and involved the on-site support of over 100 different staff and contractors. COVID-19 rapid testing was completed regularly at site with no positive cases reported during the entire program. These results helped to ensure the extensive scope of the 2021 ISR Field Test was able to be completed on schedule and demonstrates the effectiveness of the Company's COVID-19 protocols, as well as the Company's focus on ensuring the safety of its employees and communities.

For further information regarding the 2021 field program results, see the press release dated October 28, 2021.

Groundwater Modelling and ISR Simulations

In the fourth quarter of 2021, detailed groundwater modelling and ISR simulations were conducted for Phase 1 of the Phoenix deposit. These tests were calibrated using the results of the 2021 ISR field test, and studied the physical flow of water through the groundwater system including flow path, sweep efficiency, and groundwater restoration analysis. The results from these tests further support the Proof of Concept analysis completed in 2019 (see Denison press release dated June 4, 2020) and support the assumptions made in the PFS.

Metallurgical Testing

Metallurgical test work continued during 2021 with multiple tests carried out at the SRC Laboratories in Saskatoon ('SRC').

- *Core Leach Tests:*

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

  During 2021, five core leach samples were tested at SRC.

  Four cores representing the high grade/low clay characteristics of the majority of the mineralization in the Phase 1 mining area have been tested to date, with results showing steady-state and average uranium bearing solution ('UBS') head grades significantly above the 10 grams per litre ('g/L') level used in the PFS. Given this result, the Company decided to adapt its plans for the remaining metallurgical test work, including the bench-scale tests of the unit operations for the processing plant, to reflect an assumed UBS head-grade recovered from the wellfield of 15g/L.

  In addition to the high-grade/low clay characteristics of Phase 1, the Phoenix ISR operation is also expected to encounter comparatively rare and isolated areas with lower uranium grades and high clay content. These areas may result in a limited number of zones of reduced permeability. In order to understand the ISR leach dynamics in these areas, test work in 2021 also included a sample representing high clay characteristics (above 25% clay). Results obtained from tests of this core confirm that high clay content can impact the natural permeability of the ore body and lead to lower UBS head-grades. Importantly, testing also confirmed that permeability enhancement techniques have the potential to normalize these areas and significantly improve UBS head-grade concentrations to levels that align with core leach tests carried out using samples with higher grades and lower clay content.

  During 2021, reclamation tests were also completed on two of the core samples described above (one high grade/low clay core and one high clay content core). The tests used alkaline solutions that have been employed in other ISR operations, at varying concentrations, in order to identify the most efficient approach to flush and/or neutralize the low-pH solution planned for mining the Phoenix deposit.

- *Column Leach Tests:*

  The column leach test program was completed in the second quarter of 2021. The primary purpose of the column leach tests was to recover sufficient volumes of UBS to facilitate bench-scale tests of the unit operations outlined in the flowsheet for the Phoenix processing plant. Over 900 litres of UBS was produced from 64 Kilograms ('kg') of Phoenix core samples. Combined results from the four column leach tests were highly positive, with calculated UBS head-grade from the four columns averaging 19 g/L, which further supports the decision to increase the overall UBS head-grade assumption for Phoenix.

  While not the primary purpose of the column leach tests, average reagent addition rates from the column leach tests (1.3 kg acid / kg U_3O_8 and 1.2 kg oxidant / kg U_3O_8) have also provided useful information that is supportive of the values published in the PFS.

- *Bench Scale Tests:*

  Some of the 900 litres of UBS generated during the column leach tests have been utilized for several batch tests intended to confirm the anticipated primary unit processes for the Phoenix operation, including: iron/radium precipitation, uranium precipitation and water treatment.

  The iron and radium precipitation stage was tested with 20 different conditions using 2 litre UBS batches for each test to define optimal precipitation parameters. Using the optimized parameters defined during the iron and radium precipitation tests, four 5 litre batches of UBS were tested to confirm uranium precipitation parameters.

  During the fourth quarter of 2021, the Company commenced processing a high volume of UBS (120 litres) using optimized test conditions in order to finalize the surface processing plant design with process flow sheet, mass balance and major process equipment selection.

Testing efforts continue and are currently focused on water treatment optimization and characterization of the water effluent quality and associated waste streams.

Additionally, over 20 further metallurgical tests have been completed to support the planning for the FFT.

Feasibility Study

In September 2021, Denison announced the decision of the WRJV to advance the ISR mining operation proposed for Phoenix to the FS stage and the selection of Wood PLC as independent Lead Author.

The completion of the FS is a critical step in the progression of the Project and is intended to advance de-risking efforts to the point where the Company and the WRJV will be able to make a definitive development decision. Key objectives of the Study are expected to include:

- *Environmental Stewardship:*

Extensive planning and technical work undertaken as part of the ongoing EA, including applicable feedback from consultation efforts with various interested parties, is expected to be incorporated into the FS project designs to support our aspiration of achieving a superior standard of environmental stewardship that meets and exceeds the anticipated environmental expectations of regulators and aligns with the interests of local Indigenous communities;

- *Updated Estimate of Mineral Resources:*

Mineral resources for Phoenix were last estimated in 2018. Since then, additional drilling has been completed in and around the Phoenix deposit as part of various ISR field tests, including drill hole GWR-045 and GWR-049, and exploration drilling. The updated mineral resource estimate will form the basis for mine planning in the FS;

- *Mine Design Optimization:*

FS mine design is expected to reflect the decision to adopt a freeze wall configuration for containment of the ISR well field (see news release dated December 1, 2020), as well as the results from multiple field test programs and extensive hydrogeological modelling exercises, which have provided various opportunities to optimize other elements of the Project – including well pattern designs, permeability enhancement strategies, and both construction and production schedules;

- *Processing Plant Optimization:*

FS process plant design is expected to reflect the decision to increase the ISR mining uranium head-grade to 15 g/L (see news release dated August 4, 2021), as well as the results from extensive metallurgical laboratory studies designed to optimize the mineral processing aspects of the Project; and

- *Class 3 Capital Cost Estimate:*

The FS is also intended to provide the level of engineering design necessary to support a Class 3 capital cost estimate (AACE international standard with an accuracy of -15% /+25%), which is expected to provide a basis to confirm the economic potential of the Project highlighted in the PFS completed in 2018 (see news release dated September 24, 2018).

Environmental and Sustainability Activities

EA Activities

Technical studies related to the EA continued throughout 2021. Certain assessment components, including the ecological risk assessment and hydrogeological modelling, were of significant focus in order to support the engineering design and mitigation measures for the Project. In addition, the Company' completed assessments on air quality, the terrestrial environment, hydrology and worker health and safety. The Company has worked closely with the primary regulatory agencies involved in the Project, the Canadian Nuclear Safety Commission ('CNSC') and the Saskatchewan Ministry of Environment ('SKMOE'), in order to ensure that the Company's methodology for the EA assessment components is in line with regulatory requirements and expectations.

In addition to the technical studies which progressed during the year, the Company continued to undertake engagement activities with interested parties in accordance with the requirements and guidelines for a Federal and Provincial EA.

The Company met with multiple interested parties to discuss ongoing EA studies and Project components, and land use studies are underway, the results of which are expected to be incorporated in the draft Environmental Impact Statement ('EIS') planned for submission in 2022.

Community Engagement Activities

During 2021, Denison executed two agreements with ERFN: a Participation and Funding Agreement, which outlines a framework and funding agreement to facilitate ERFN's participation and engagement in the Wheeler EA process, and an Exploration Agreement, whereby ERFN consents to the Company's exploration and evaluation activities, provided Denison meets the commitments made therein. In the Exploration Agreement, Denison has committed to providing support for ERFN's interests in relation to community development and benefits, environmental protection and monitoring, as well as a sustainable and predictable consultation and engagement process.

MINERAL PROPERTY EXPLORATION

During the year ended December 31, 2021, Denison's share of exploration expenditures was $4,477,000 (December 31, 2020 – $5,314,000). The decrease in exploration expenditures in the year ended December 31, 2021, compared to the prior year, was due to a decrease in winter exploration activities in the current year.

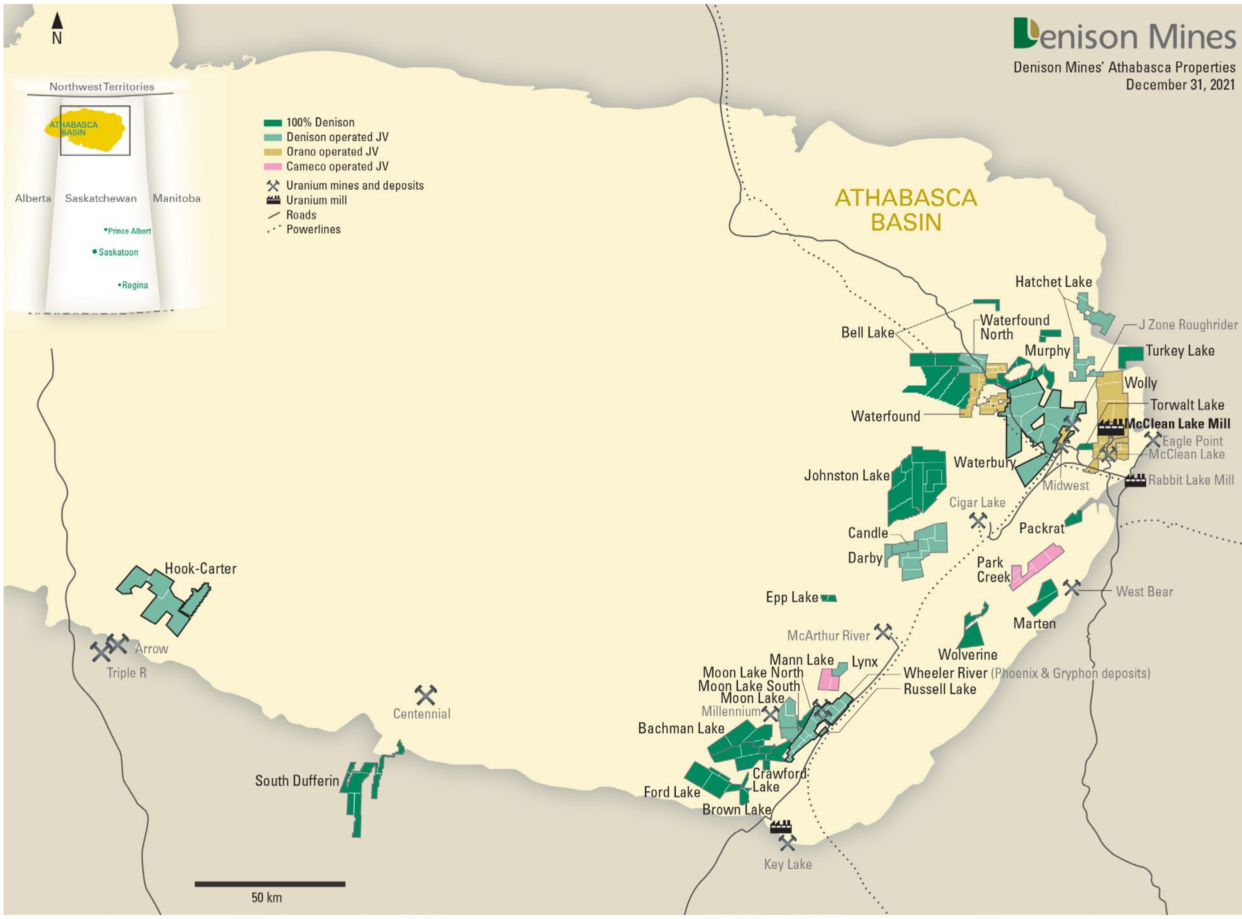
Exploration spending in the Athabasca Basin is generally seasonal in nature, reflecting increased field activity during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October).

The following table summarizes the exploration activities completed during the year ended December 31, 2021. The exploration drilling at Wheeler River, Moon Lake South and Moon Lake North relates to 2021 drilling programs which commenced late in the third quarter of 2021, whereas the winter drilling programs at the three minority interest properties that are not Company operated, were completed during the first quarter of 2021.

EXPLORATION & EVALUATION ACTIVITIES			
Property	**Denison's ownership**(1)	**Drilling in metres (m)**(1)	**Other activities**
Ford Lake	100.00%	-	Geophysical Survey
McClean Lake	22.50%	4,101 (15 holes)	-
Midwest	25.17%	2,669 (8 holes)	Geophysical Survey
Moon Lake South	75.00%(2)	3,356 (4 holes)	-
Moon Lake North	100%	1,384 (2 holes)	-
Waterfound	11.78%(3)	-	Geophysical Survey
Wheeler River	95%(4)	5,906 (12 holes)	-
Wolly	21.32%(5)	2,119 (11 holes)	-
Total		**19,535 (52 holes)**	

(1) The Company's effective ownership interest as at December 31, 2021.
(2) The partner, CanAlaska Uranium Ltd, funded their 25% portion of exploration expenditures during 2021 and ownership interests are unchanged for 2021
(3) Denison elected not to funds its 12.32% share of the $473,000 2021 geophysics program implemented by the operator, Orano Canada. Accordingly, the Company's ownership interest decreased by 0.54% to 11.78%.
(4) The Company's effective ownership interest as at December 31, 2021, including the indirect 5% ownership Denison acquired on August 3, 2021, with its acquisition of 50% of JCU. See EQUITY SHARE OF INCOME FROM JOINT VENTURES below for further details regarding the accounting for Denison's investment in JCU.
(5) Denison elected not to funds its 21.89% share of the $845,000 2021 drilling program implemented by the operator, Orano Canada. Accordingly, the Company's ownership interest decreased by 0.57% to 21.32%.
(6) The Company reports total exploration metres drilled and the number of holes that were successfully completed to their target depth.

The Company's land position in the Athabasca Basin, as of December 31, 2021, is illustrated in the figure below. The size of the Company's Athabasca land package increased in the fourth quarter to 296,661 hectares (211 claims) due to the staking of additional clams bordering the Company's Bell Lake property. The land position reported by the Company excludes the land positions held by JCU.

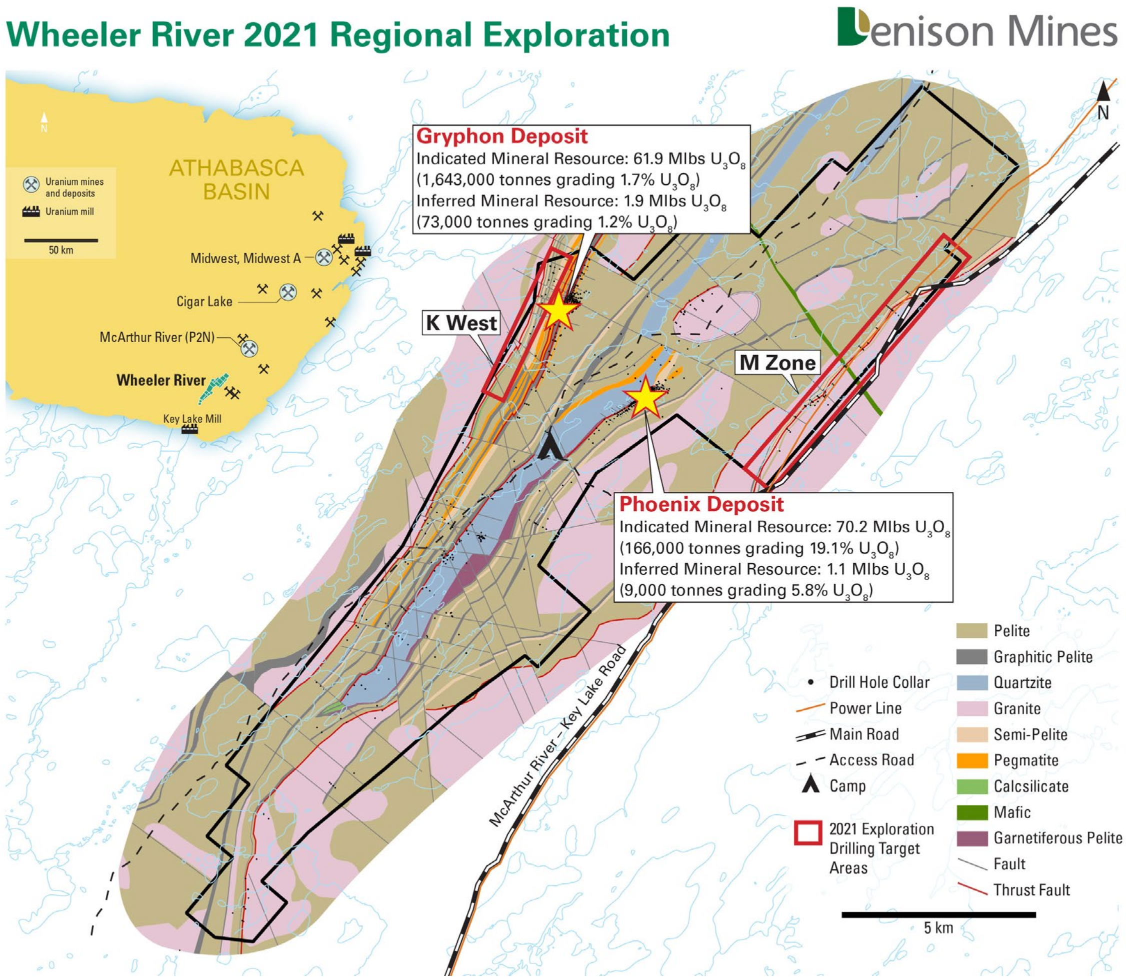


Wheeler River Exploration

Denison's share of exploration costs at Wheeler River was $2,255,000 during the year ended December 31, 2021 (December 31, 2020 – $3,336,000), which includes a portion of camp support and stand-by costs.

During early 2021, Wheeler River exploration work included desktop analysis and interpretation of the results of the 2020 exploration program and the detailed planning for the 2021 exploration drilling program.

The 2021 Wheeler River exploration drilling program commenced late in the third quarter and was completed in December 2021. The program consisted of 12 diamond drill holes for a total of 5,906 metres drilled in three target areas: K West, M Zone, and Phoenix Zone A. Indicative structure, alteration, and elevated radioactivity were encountered at K West and M Zone, while mineralization was extended to the NW of the previously identified extents of Phoenix Zone A.

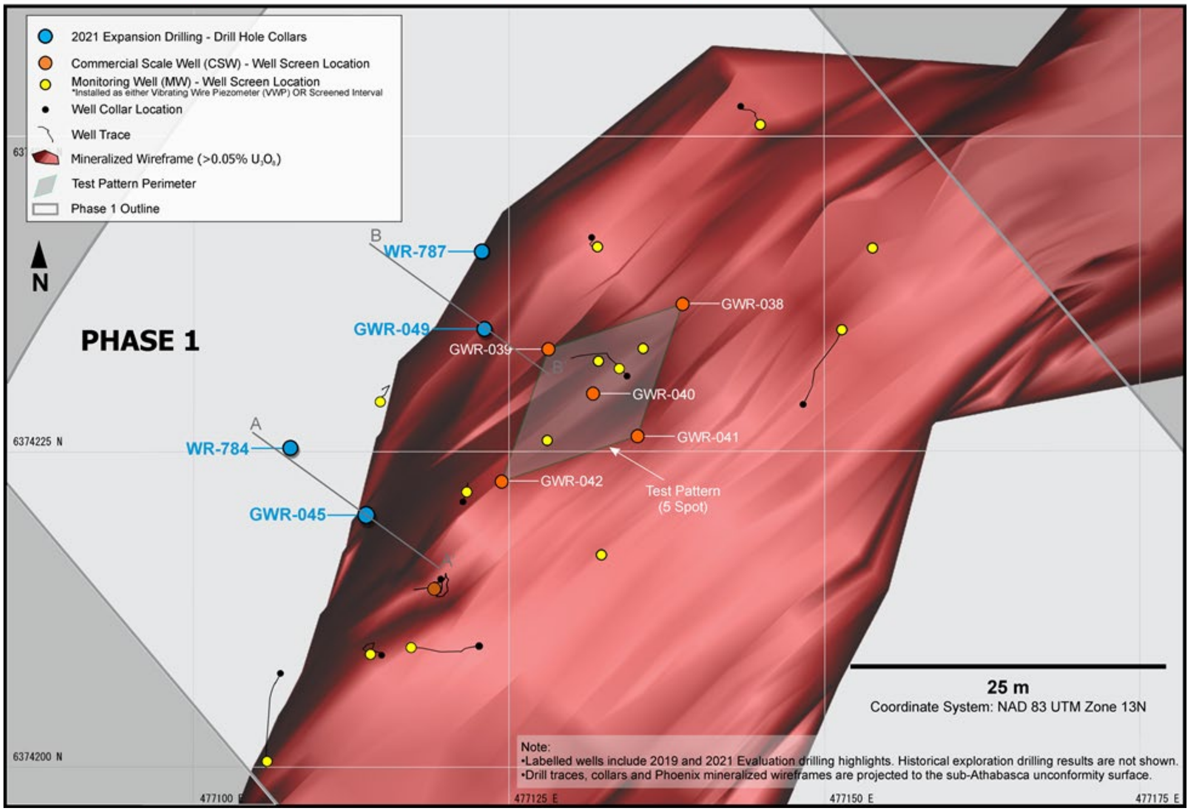


Phoenix Zone A

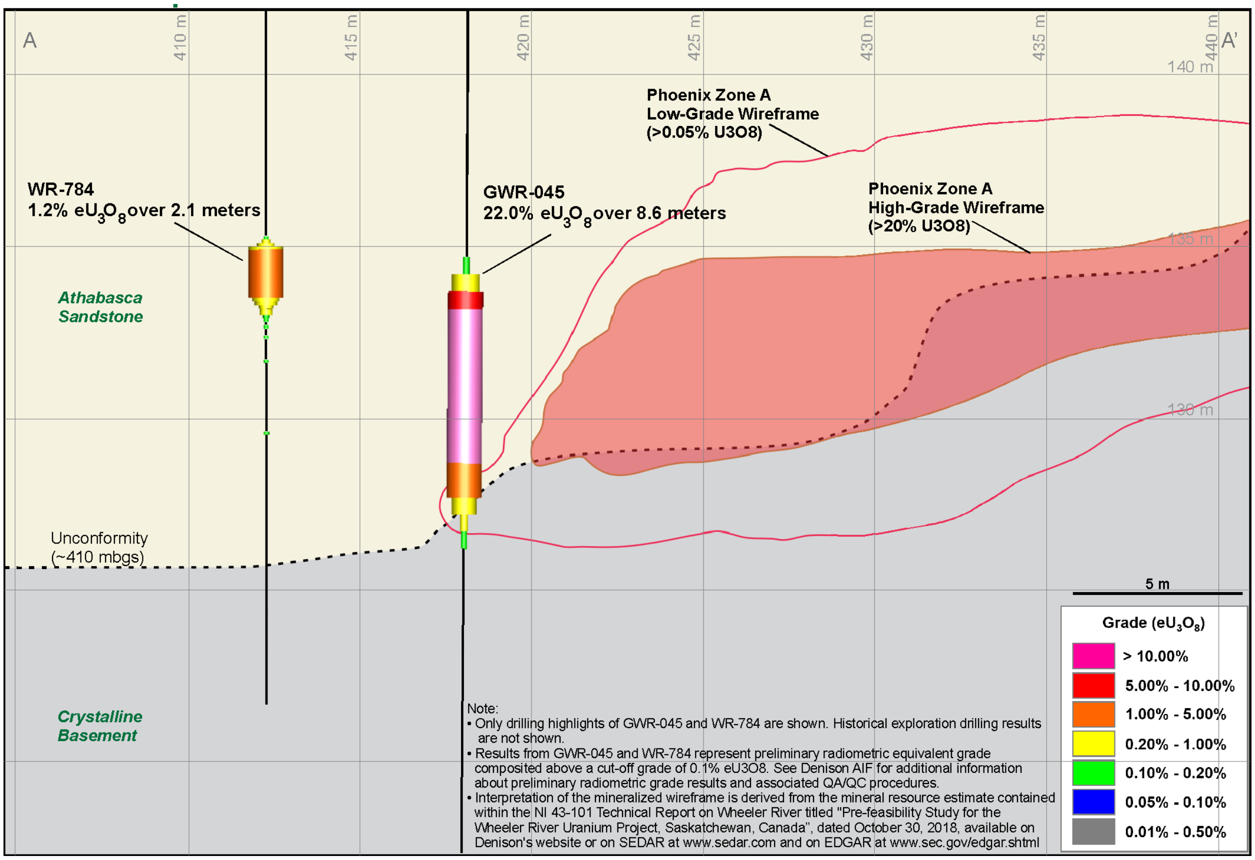
Drilling to support the 2021 ISR field test discovered additional high-grade uranium mineralization outside of the previously defined extents of the high-grade ore domain at Phoenix Zone A in drill holes GWR-045 and GWR-049 (discussed more fully above).

Given the intersection of thick, high-grade unconformity-associated uranium mineralization outside of the boundary of the Phoenix Zone A high-grade resource domain, Denison's exploration team completed follow-up drilling in the vicinity of GWR-045 and GWR-049 once the 2021 ISR field test program was completed. Two drill holes were completed for a total of 874 metres.

Phoenix Deposit Phase 1 – 2021 Expansion Drilling

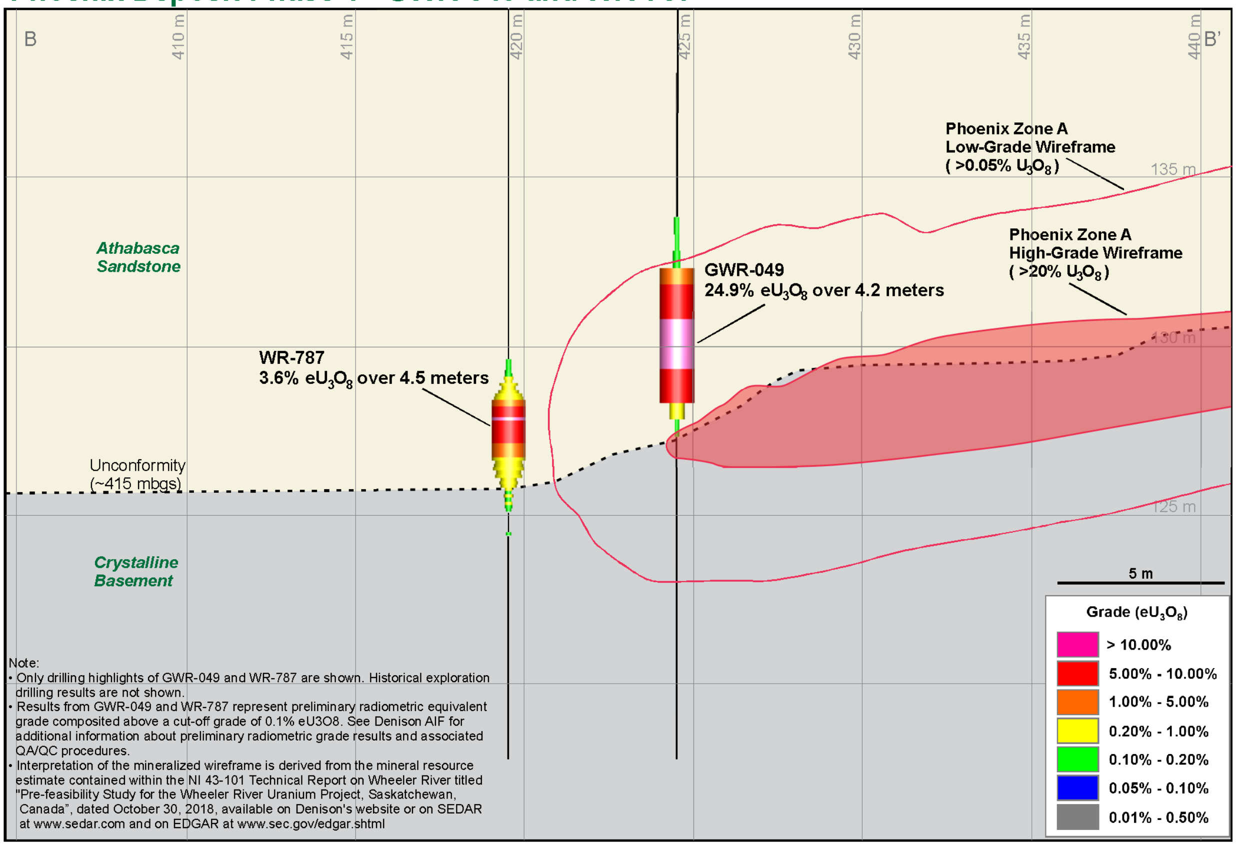


WR-784 was a vertical hole drilled to test the extents of high-grade mineralization, discovered outside of the previously interpreted Phoenix Zone A high-grade mineralized domain by drill hole GWR-045, by targeting the unconformity approximately 6 metres northwest of the mineralized intersection in GWR-045. The drill hole intersected perched uranium mineralization grading 1.2% eU_3O_8 over 2.1 metres from 406.25 metres. The presence of perched mineralization is expected to result in an expansion of the volume of the low-grade resource wireframe at Phoenix Zone A, and provides a potential target for future exploration, as no previous drill testing in the vicinity of Phoenix has identified or targeted perched mineralization to the northwest of the WS-shear, which is the primary geological control for the deposit.



WR-787 was a vertical hole drilled to test the extents of the high-grade mineralization discovered in GWR-049 by targeting the unconformity approximately 6 metres north of the mineralized intersection of GWR-049. GWR-787 encountered high-grade unconformity-associated mineralization grading 3.6% eU_3O_8 over 4.5 metres from 411.40 metres.

Phoenix Deposit Phase 1 - GWR-049 and WR-787



The final assay results from GWR-045, GWR-049, WR-784 and WR-787 were received in early 2022, and confirmed the presence of high-grade mineralization in each drill hole. However, the Company is reporting radiometric equivalent grades ("eU_3O_8") for these holes, instead of final assay results, as significant core loss was encountered in each of these mineralized intervals.

Phoenix Zone A – Select 2021 Mineralized Intersections

Hole Number	From (m)	To (m)	Length[1] (m)	Grade (% eU_3O_8)[2,3]
GWR-045	406.95	415.55	8.6	22.0[4]
GWR-049	408.95	413.15	4.2	24.9[4]
WR-784	406.25	408.35	2.1	1.2
WR-787	411.40	415.90	4.5	3.6
Including[4]	413.00	413.70	0.7	15.2

Notes:
1. As the drill holes are oriented vertically and the mineralization is interpreted to lie nearly horizontal, the drill intersection is interpreted to represent the true thickness.
2. eU_3O_8 is a radiometric equivalent grade U_3O_8 derived from a calibrated total gamma down-hole probe.
3. Composited above a cut-off grade of 0.1% eU_3O_8 unless otherwise indicated.
4. Composited above a cut-off grade of 1.0% eU_3O_8.

K West

K West is located in the northwest portion of the Wheeler River property. The K West fault is the primary exploration target in this area, which lies within the K West conductive trend, at or near the contact between a graphitic pelite and underlying Archean granite. The K West fault has been drill-defined over a strike length of approximately 15 kilometres, on both the Wheeler River property and on adjacent properties located to the north of Wheeler River, where several zones of high-grade unconformity-hosted mineralization have been identified (including on Denison's 30% owned Mann Lake property). Historical drilling at K West, which has been interpreted to have intersected the unconformity anywhere from 30 to 100 metres hanging wall of the K West fault, has defined a broad zone of anomalous uranium pathfinder geochemistry, specifically copper, nickel, and cobalt.

A total of eight drill holes were completed at K West as part of the 2021 exploration program, with a focus on evaluating the extents of mineralization encountered in 2020 by drill hole WR-741AD2, which intersected high-grade uranium mineralization straddling the unconformity contact (2.14% U_3O_8 over 4.0 metres). While all eight holes drilled at K West encountered prospective structure and alteration, only three holes WR-741AD3, WR-782, and WR-785 encountered uranium mineralization above a 0.05% eU_3O_8 cut-off grade.

WR-741AD3, drilled at an azimuth of 293.5° and inclination of -62.8°, tested the unconformity approximately 11 metres to the northwest of mineralization encountered in WE-741AD2 and intersected low-grade, perched mineralization located approximately 10 metres above the unconformity contact, grading 0.12% eU_3O_8 over 5.2 metres from 633.1 metres.

WR-782 was drilled to test the K West fault approximately 300 metres along strike to the southwest of the mineralized intercept in WR-741AD2. The hole, oriented at an azimuth of 280.0° and inclination of -74.0°, encountered a grey alteration and dravitic gouge associated with a fault in the basal sandstone, interpreted to represent the up-dip expression of post-Athabasca brittle reactivation along the K West fault. Low-grade mineralization was identified immediately above the unconformity contact, grading 0.08% eU_3O_8 over 1.0 metres from 592.85 metres. WR-782 is interpreted to have intersected the unconformity at or very close to the unconformity subcrop of the K West fault.

WR-785, drilled at an azimuth of 302.0° and inclination of -74.2°, was drilled approximately 850 metres along strike to the south of WR-782, targeting the subcrop of the K West fault at the unconformity. The hole intersected low-grade unconformity-associated mineralization grading 0.07% eU_3O_8 over 1.6 metres from 592.8 metres associated with moderate clay alteration and quartz dissolution approximately 1.2 metres above the unconformity contact. WR-785 is interpreted to have overshot the optimal target on this fence, intersecting the unconformity approximately 15 metres hanging-wall to the K West fault.

Assay results are pending for the 2021 K West drill holes. Accordingly, mineralized intersections from 2021 exploration drilling at K West are reported on a preliminary basis as eU_3O_8 in the table below.

MINERALIZED DRILL RESULTS FOR 2021 K WEST DRILL HOLES

Hole Number	From (m)	To (m)	Length(1) (m)	Grade (% eU_3O_8)(2,3)
WR-741AD3	633.1	638.3	5.2	0.12
WR-782	592.8	593.8	1.0	0.08
WR-785	592.8	594.4	1.6	0.07

Notes:
1. Lengths indicated are the down-hole length and do not represent the true thickness of mineralization.
2. eU_3O_8 is a radiometric equivalent grade U_3O_8 derived from a calibrated total gamma down-hole probe.
3. Composited above a cut-off grade of 0.05% eU_3O_8 unless otherwise indicated.

M Zone

M Zone is located approximately 5.5 kilometres east of Phoenix and lies roughly 700 metres from the McArthur River – Key Lake haul road. Denison's exploration team conducted a core-relogging program in 2018 and identified several historical drill holes at M Zone that encountered indicative structure, alteration, elevated radioactivity, or anomalous pathfinder geochemistry worthy of follow-up.

Two drill holes were completed at M Zone as part of the 2021 exploration program, focused on testing the M Zone fault in the vicinity of 2020 drill hole WR-778, which intersected a wide reverse fault zone in the lower sandstone, highlighted by multiple basement wedges, intense hydrothermal alteration, and a broad interval of weak uranium mineralization.

Drill hole WR-788A was drilled to test the down-dip projection of mineralization hosted within the reverse fault structure intersected in 2020 by drill hole WR-778. The hole intersected the unconformity approximately 20 metres southeast of WR-778. While the hole successfully intersected the M Zone structure at depth, no significant elevated radioactivity was observed in the drill hole.

WR-789 was drilled to test for unconformity-associated mineralization by targeting the unconformity subcrop of the M Zone fault between historical holes WR-212 and ZM-07. The hole intersected multiple localized brittle faults within the lowermost 14 metres of the sandstone column, interpreted to represent the sandstone expression of brittle reactivation of the M Zone structure. Elevated radioactivity was observed at the unconformity contact, but no mineralization exceeding a 0.05% eU_3O_8 cut-off was identified.

Exploration Pipeline Properties

Ford Lake

Exploration expenses at Ford Lake during the year ended December 31, 2021 were $653,000 (December 31, 2020 – $202,000). During the first and second quarters of 2021, a 6 line Small Moving Loop ('SML') Electromagnetic ('EM') survey was conducted on the Company's Ford Lake property to resolve a complex, multiple conductor trend. Planning and permitting activities commenced in the fourth quarter to support a planned 2022 exploration drilling program designed to test prospective conductive anomalies identified from the 2021 SML EM survey.

Moon Lake North

Exploration expenses at Moon Lake North during the year ended December 31, 2021 were $303,000 (December 31, 2020 – $125,000). During the fourth quarter of 2021, an exploration drilling program was completed, based out of Denison's Wheeler River camp, in conjunction with drilling on Denison's Wheeler River and Moon Lake South properties. A total of 1,384 meters was drilled in two diamond drill holes, which were designed to evaluate the CR-3 conductive corridor by drill testing a conductive anomaly from the 2020 Stepwise Moving Loop ('SWML') EM survey.

A graphitic semibrittle fault was intersected in each of the holes completed, which was interpreted to represent the CR-3 conductor.

Moon Lake South

Denison's share of exploration expenses at Moon Lake South during the year ended December 31, 2021 were $499,000 (December 31, 2020 – $296,000). The 2021 Moon Lake South exploration drilling program commenced in early September 2021 and was completed during the fourth quarter of 2021. The program was designed to evaluate the CR-3 conductive corridor by drill testing conductive anomalies identified from the 2020 SML EM survey coincident with resistivity anomalies identified during the 2017 resistivity survey. A total of four holes were completed to target depth, for a total of 3,356 metres. Low-grade unconformity associated uranium mineralization was intersected in two of four holes completed, as determined from total gamma down-hole probe data.

The 2021 exploration drilling program successfully explained the conductive response outlined in the 2020 SWML EM survey. Taken together with previous drill testing at Moon South, Denison has now identified three mineralized occurrences on the property over a strike length of approximately 4 kilometres along the CR-3 conductive corridor.

McClean Lake

The McClean Lake property is operated by Orano Canada and is host to the McClean mill and several unmined uranium deposits, including Caribou, Sue D, Sue E (partially mined out) and the McClean North and South pods. A diamond drilling program consisting of 15 drill holes totaling 4,101 metres was recently completed at McClean Lake during 2021. Denison's share of exploration expenses at McClean Lake during the year ended December 31, 2021 were $238,000 (December 31, 2020 – $nil).

The 2021 exploration program was designed to test for the potential expansion of previously discovered mineralization in the McClean South 8W and 8E pods, as well as to test for new mineralization in the surrounding area. Three of the final four drill holes completed returned uranium mineralization at the McClean South target area, with the results highlighted by drill hole MCS-34, which returned 8.67% U_3O_8 over 13.5 metres (including 78.43% U_3O_8 over 1.1 metres).

Midwest

The Midwest property is operated by Orano Canada and is host to the high-grade Midwest Main and Midwest A uranium deposits, which lie along strike and within six kilometres of the THT and Huskie deposits on Denison's 66.90% owned Waterbury Lake project. The Midwest and Waterbury deposits are all located in close proximity to existing uranium mining and milling infrastructure – including provincial highways, powerlines, and Denison's 22.5% owned McClean Lake mill. Denison's share of exploration expenses at Midwest during the year ended December 31, 2021 were $260,000 (December 31, 2020 – $nil).

The 2021 Midwest exploration program consisted of 2,669 metres of diamond drilling in 8 holes completed over four different target areas: The Camille Zone (four holes), Midwest Main (one hole), the Dam Zone (one hole), and the Points North Zone (two holes). Elevated radioactivity and indicative alteration were identified from drilling in each of these areas.

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

Waterfound

The Waterfound River project is operated by Orano Canada. A total of 30.5 kilometres of moving-loop transient electromagnetic ('ML-TEM') data was collected over the northeastern portion of the D-1 and E-2 conductors in order to locate and refine the positions of these conductors for the purpose of developing drill targets for future drilling programs. Denison elected not to fund the 2021 exploration program at Waterfound and thus the Company's ownership interest was diluted from 12.32% to 11.78%.

Wolly

The Wolly project is operated by Orano Canada. The 2021 Wolly exploration program consisted of 2,119 metres of diamond drilling in 11 completed drill holes. Drilling was focused on three areas: Top Creek, Moonlight, and Geneva. Elevated radioactivity and alteration indicative of a potentially mineralizing system were encountered in all three areas. Denison elected not to fund the 2021 exploration program at Wolly and thus the Company's ownership interest was diluted from 21.89% to 21.32%.

GENERAL AND ADMINISTRATIVE EXPENSES

During the year ended December 31, 2021, total general and administrative expenses were $9,691,000 (December 31, 2020 - $7,609,000). These costs are principally comprised of head office salaries and benefits, office costs in multiple regions, audit and regulatory costs, legal fees, investor relations expenses, project costs, and all other costs related to operating a public company with listings in Canada and the United States. The increase in general and administrative expenses during the year ended December 31, 2021 was predominantly due to an increase in employee costs, as well as an increase in compliance costs driven by an increase in retail investor ownership in Denison shares and the costs related to their participation in Denison's annual general meeting.

The increase in employee costs in the year ended December 31, 2021 is due to an increase in headcount, an increase in non-cash share-based compensation expense driven by the impact of the Company's increased share price and share price volatility on the valuation of share-based compensation awarded in late March 2021, as well as an increase in bonus expense. In order to preserve cash in early 2020, the Company settled 2019 bonuses for the executive team and the majority of staff with a grant of restricted share units ('RSUs'). The cost of RSUs is expensed over the three-year vesting period of the units, whereas cash bonuses, by comparison, are fully expensed at the time of approval. During 2021, the 2020 bonuses awarded to staff and executives were paid in cash, resulting in a change in the timing of the recognition of the expense.

OTHER INCOME AND EXPENSES

During the year ended December 31, 2021, the Company recognized net other income of $44,163,000 (December 31, 2020 – net other expense of $95,000).

The main drivers of other income/expense are as follows:

Fair value gains or losses on uranium investments

The majority of the proceeds from the Company's March 2021 unit offering (see below for further details) were used to fund the purchase of 2,500,000 pounds of U_3O_8 to be held as a long-term investment to strengthen the Company's balance sheet and potentially enhance its ability to access future project financing in support of the future advancement and/or construction of Wheeler River. Given that this material is held for long-term capital appreciation, the Company's position is measured at fair value with changes in fair value between reporting dates recorded through profit and loss. During the year ended December 31, 2021, the Company completed the purchase of 2,500,000 pounds U_3O_8 at a weighted average cost of $36.67 (US$29.66) per pound U_3O_8 (including purchase commissions of $0.05 (US$0.04) per pound U_3O_8). As at December 31, 2021, the spot price of U_3O_8 was $53.25 (US$42.00) per pound U_3O_8, resulting in mark-to-market gains for the year ended December 31, 2021 of $41,440,000 on these uranium investments (December 31, 2020 - $nil).

Fair value gains or losses on portfolio investments

During the year ended December 31, 2021, the Company recognized gains on portfolio investments carried at fair value of $10,454,000 (December 31, 2020 - gain $5,046,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at the end of the year, or, as applicable, immediately prior to disposal.

Fair value gains or losses on warrants on investments

During the year ended December 31, 2021, the Company sold (1) 32,500,000 common shares of GoviEx and (2) 32,500,000 GoviEx Warrants for combined gross proceeds of $15,600,000. The gross proceeds were allocated to the shares and GoviEx Warrants based on their relative fair values at the time of sale, resulting in allocated proceeds of $12,826,000 for the share sale and $2,774,000 for the GoviEx Warrants. The original cost of the shares was $2,698,000.

The GoviEx Warrants, entitle the holder to acquire one common share of GoviEx owned by Denison in exchange for $0.80 during the 18 month life of the warrant and are accounted for as a derivative liability. At each period end until the GoviEx Warrants are exercised or expire, the warrants are revalued and the revaluation gains and losses are recorded in other income and expense.

During the year ended December 31, 2021, the Company recorded a fair value gain on the GoviEx Warrants of $1,149,000 (December 31, 2020 - $nil). The fair value gain is predominantly driven by a decrease in share price of GoviEx at period end and the increase in the GoviEx share price volatility.

Fair value gains or losses on share purchase warrants

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

At the date of issuance of the units, the gross proceeds of each offering were allocated between the common shares and the common share purchase warrants issued using the relative fair value basis approach, and the amount related to the warrants was recorded as a non-current derivative liability. At each period end until the common share purchase warrants are exercised or expire, the warrants are revalued, with the revaluation gains or losses recorded in other income and expense.

During the year ended December 31, 2021, the Company recorded a fair value loss of $7,104,000 on the revaluation of the Denison share purchase warrants (December 31, 2020 - $nil). The fair value loss in the year was predominantly driven by the increase in Company's share price between the time of issuance and period end as well as an increase in share price volatility.

Foreign exchange losses

During the year ended December 31, 2021, the Company recognized a foreign exchange loss of $1,295,000 (December 31, 2021 – foreign exchange loss of $529,000). The foreign exchange loss in the year ended December 31, 2021 is predominantly due the impact of the decrease in the US dollar to Canadian dollar exchange rate during the year on US dollar cash balances and US dollar payables.

EQUITY SHARE OF INCOME FROM JOINT VENTURES

On August 3, 2021, Denison completed the acquisition of 50% of JCU from UEX for cash consideration of $20,500,000 plus transaction costs of $1,356,000 (the 'JCU Acquisition'). The JCU Acquisition occurred immediately following UEX's acquisition of all of the outstanding shares of JCU from OURD for cash consideration of $41,000,000.

Pursuant to Denison's agreement with UEX for the JCU Acquisition, Denison provided UEX with an interest-free 90-day term loan of $40,950,000 (the 'Term Loan') to facilitate UEX's purchase of JCU from OURD. On the transfer of 50% of the shares in JCU from UEX to Denison, $20,500,000 of the amount drawn under the Term Loan was deemed repaid by UEX. UEX repaid the remainder of the Term Loan in September 2021.

JCU is a private company that holds a portfolio of twelve uranium project joint venture interests in Canada, including a 10% interest in Denison's 90% owned Wheeler River project, a 30.099% interest in the Millennium project (Cameco Corporation, 69.901%), a 33.8123% interest in the Kiggavik project (Orano Canada, 66.1877%), and a 34.4508% interest in the Christie Lake Project (UEX, 65.5492%). At December 31, 2021, Denison holds a 50% interest in JCU and shares joint control. Accordingly, this joint venture is accounted for using the equity method.

During the period from the acquisition date to December 31, 2021, the Company recorded its equity share of loss from JCU of $464,000 (December 31, 2020 - $nil). The Company records its share of income or loss from joint ventures one month in arrears, based on the most available financial information, adjusted for any subsequent material transactions that have occurred.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $63,998,000 at December 31, 2021 (December 31, 2020 – $24,992,000).

The increase in cash and cash equivalents of $39,006,000 was predominantly due to net cash provided by financing activities of $159,817,000, offset by net cash used in operations of $21,245,000, and net cash used in investing activities of $99,004,000.

Net cash used in operating activities of $21,245,000 was predominantly due to net income for the period, which was more than offset by adjustments for non-cash items, including fair value adjustments.

Net cash used in investing activities of $99,004,000 consists primarily of expenditures to fund the purchase of uranium investments, the acquisition of 50% of JCU, and the acquisition of property, plant and equipment, offset by the proceeds from the sale of the common shares of GoviEx and the GoviEx Warrants.

Net cash provided by financing activities of $159,817,000 was predominantly due to the net proceeds from the Company's multiple equity financings during the year (as described below), as well as stock option exercises.

On June 2, 2020, the Company filed a short form base shelf prospectus ('2020 Base Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories in Canada and in the United States. The 2020 Base Shelf Prospectus relates to the public offering for sale of securities, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the 2020 Base Shelf Prospectus and pursuant to a prospectus supplement, for an aggregate offering amount of up to $175,000,000 during the 25 month period beginning on June 2, 2020.

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

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

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

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

Also during the year ended December 31, 2021, the Company received share issue proceeds of $6,300,000 related to the issuance of 8,451,848 shares upon the exercise of employee stock options.

On September 16, 2021, the Company filed a short form base shelf prospectus ('2021 Base Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories in Canada and in the United States. The 2021 Base Shelf Prospectus relates to the public offering for sale of securities, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the 2021 Shelf Prospectus and pursuant to a prospectus supplement, for an aggregate offering amount of up to $250,000,000 during the 25 month period beginning on September 16, 2021.

In September 2021, Denison entered into an equity distribution agreement providing for an ATM equity offering program ('2021 ATM Program'), qualified by a prospectus supplement to the 2021 Base Shelf Prospectus. The 2021 ATM Program will allow Denison, through its agents, to, from time to time, offer and sell, in Canada and the United States, such number of common shares as would have an aggregate offering price of up to US$50,000,000. During 2021, the Company issued 3,840,000 shares under the 2021 ATM program. The common shares were issued at an average price of $2.08 per share for aggregate gross proceeds of $7,975,000. The Company also recognized issue costs of $748,000 related to its ATM share issuances which includes $160,000 of commissions and $588,000 associated with the set-up of the 2021 Shelf Prospectus and 2021 ATM Program.

Use of Proceeds

2020 Flow Through Financing

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

2020 ATM Program Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus dated November 13, 2020 ('November 2020 Prospectus Supplement'), the net proceeds raised under the 2020 ATM Program were expected, subject to the actual amount raised, to be utilized to potentially fund Wheeler River evaluation and detailed project engineering, as well as general, corporate and administrative expenses. The 2020 ATM Program was terminated prior to raising the maximum net proceeds qualified by the November 2020 Prospectus Supplement, and the net proceeds of this financing were fully allocated to general, corporate and administrative expenses.

October 2020 Equity Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus dated October 8, 2020 ('October 2020 Prospectus Supplement'), the net proceeds of the equity financing from October 2020 were expected to be utilized to fund Wheeler River evaluation and EA activities as well as general, corporate and administrative expenses. During the period from the closing of the financing in October 2020 and December 31, 2021, the Company's use of proceeds from this offering was in line with that disclosed in the October 2020 Prospectus Supplement.

February 2021 Unit Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus dated February 16, 2021 ('February 2021 Prospectus Supplement'), the net proceeds of the equity financing from February 2021 were expected to be utilized to fund Wheeler River evaluation and detailed project engineering activities as well as general, corporate and administrative expenses. During the period between the close of the financing in February 2021 and December 31 2021, a portion of the proceeds of this financing was utilized to fund Denison's acquisition of 50% of JCU.

March 2021 Unit Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus dated March 17, 2021 ('March 2021 Prospectus Supplement'), the majority of the net proceeds of the equity financing from March 2021 were expected to be utilized to purchase physical uranium in the uranium spot market, with a target of acquiring approximately 2,500,000 pounds of U_3O_8, as well as general, corporate and administrative expenses, including storage costs for the purchased uranium. During the period between the close of the financing in March 2021 and December 31, 2021, the Company's use of proceeds has been in line with that disclosed in the March 2021 Prospectus Supplement. As at December 31, 2021, the Company completed the purchase of 2,500,000 pounds of U_3O_8 at a weighted average price of $36.67 (US$29.66) per pound U_3O_8.

2021 Flow Through Financing

As at December 31, 2021, the Company has spent $2,283,000 towards its obligation to spend $8,000,000 on eligible Canadian exploration expenditures as a result of the issuance of common shares on a flow-through basis in March 2021.

2021 ATM Program Financing

As disclosed in the Company's prospectus supplement to the 2021 Base Shelf Prospectus dated September 28, 2021 ('September 2021 Prospectus Supplement'), the net proceeds raised under the 2021 ATM Program were expected subject to the actual amount raised, to be utilized to potentially fund Wheeler River evaluation and detailed project engineering, long lead project construction items, as well as general, corporate and administrative expenses. During the period from the closing of the financing in September 2021 and December 31, 2021, the Company's use of proceeds from this offering was in line with that disclosed in the September 2021 Prospectus Supplement.

Revolving Term Credit Facility

On January 21, 2022, 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, 2023 ('2022 Credit Facility'). Under the 2022 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 2022 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 current letters of credit issued under the 2022 Credit Facility. See SUBSEQUENT EVENTS below.

Contractual Obligations and Contingencies

The Company has the following contractual obligations at December 31, 2021:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Accounts payable and accrued liabilities	$ 8,590	$ 8,590	$ -	$ -	$ -
Lease liabilities	521	162	252	107	-
Debt obligations	60	17	32	11	-
	$ 9,171	$ 8,769	$ 284	$ 118	$ -

Exploration Spending Required to Maintain Exploration Portfolio in Good Standing

The Company has a portfolio of mineral properties, predominantly composed of 211 mineral claims in the Athabasca Basin region of Saskatchewan, Canada as at December 31, 2021. Under The Mineral Tenure Registry Regulations in Saskatchewan, once a claim has been 'staked', it may be held for an initial two-year period, and this period may be renewed year to year, subject to the holder expending a minimum required amount on exploration on the claim lands. Exploration expenditures that exceed the annual spending requirements may be carried forward and applied against future spending requirements. In addition, the Company, has mine surface lease payment obligations through its ownership interest in the MLJV and MWJV.

In order to maintain the Company's current exploration portfolio in good standing for a period of five years, the Company's share of the required exploration expenditures is outlined in the table below.

(in thousands)		Total		1 Year		2 Year		3 Year		4-5 Years
Exploration expenditures required to maintain claim status	$	4,938	$	44	$	653	$	1,200	$	3,041
Surface lease payments		1,370		274		274		274		548
	$	6,308	$	318	$	927	$	1,474	$	3,589

The Company routinely assesses its exploration portfolio in order to rank properties in accordance with their exploration potential. From time to time, strategic decisions are made to either acquire new claims, through staking or purchase, or to allow claims to lapse. Claims are allowed to lapse if the Company determines that no further exploration work is warranted by the Company. The amounts in the table above were calculated based on currently approved legislation and assumes that the land claims held at the date of the MD&A would be maintained for the duration of five years. In addition, where Denison holds a claim with a partner, the Company has assumed that each partner will fund their share of the required expenditures.

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, 2021, is estimated to be $37,532,000, which is the present value amount that 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 CNSC. In the fourth quarter of 2021, an adjustment of $585,000 was made to decrease the reclamation liability to reflect minor adjustments in future plans as well as changes in the long-term discount rate used to arrive at 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 the Elliot Lake reclamation trust fund. At December 31, 2021, the amount of restricted cash and investments relating to the Elliot Lake reclamation trust fund was $2,866,000.

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 2021, the Company decreased the liability by $2,056,000 to reflect changes in 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 2038 and 2056.

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 has put in place financial assurances of $24,135,000, providing irrevocable standby letters of credit from BNS in favour of Saskatchewan's Ministry of Environment. As at December 31, 2021, to provide the required standby letters of credit, the Company is utilizing the full capacity of the 2021 Credit Facility and has committed an additional $135,000 with BNS as restricted cash collateral.

Subsequent to year end, an updated reclamation plan for McClean Lake and Midwest was approved by the CNSC. See SUBSEQUENT EVENTS below.

Other – The Company's exploration and evaluation activities are subject to environmental regulations as set out by the Saskatchewan government. Cost estimates of expected future decommissioning and reclamation activities are recognized when the liability is incurred. In 2021, the Company recorded a reclamation obligation of $1,228,000, which represents the Company's best estimate of the present value of the future reclamation cost contemplated in these cost estimates.

FINANCIAL INSTRUMENTS AND INVESTMENTS

(in thousands)	Financial Instrument Category (1)	Fair Value Hierarchy		December 31, 2021 Fair Value		December 31, 2020 Fair Value
Financial Assets:						
Cash and equivalents	Category B		$	63,998	$	24,992
Trade and other receivables	Category B			3,656		3,374
Investments						
Equity instruments (shares)	Category A	Level 1		14,349		16,657
Equity instruments (warrants)	Category A	Level 2		229		293
Restricted cash and equivalents						
Elliot Lake reclamation trust fund	Category B			2,866		2,883
Credit facility pledged assets	Category B			9,000		9,000
Reclamation letter of credit collateral	Category B			135		135
			$	94,233	$	57,334
Financial Liabilities:						
Account payable and accrued liabilities	Category C			8,590		7,178
Debt obligations	Category C			508		615
Warrants on investment	Category A	Level 2		1,625		-
Share purchase warrants	Category A	Level 2		20,337		-
			$	31,060	$	7,793

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

Commodity Price Risk

The Company's investments in uranium are recorded at fair value, with changes in fair value being recorded in the profit or loss. At December 31, 2021, a 10% increase in the uranium spot price would increase the value of the Company's investments by $13,311,000, while a 10% decrease would decrease the value of the investments by $13,311,000.

Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, as reported, of the Company's foreign denominated investments in uranium, cash and cash equivalents, trade and other receivables, and trade and other payables.

As the prices of uranium are quoted in U.S. currency, fluctuations in the Canadian dollar relative to the U.S. dollar can significantly impact the valuation of the Company's holdings of physical uranium from a Canadian dollar perspective.

At December 31, 2021, the Company is exposed to some foreign exchange risk on its net U.S dollar financial asset position, including cash and cash equivalents held in U.S. dollars, predominantly as a result of U.S dollar financing activities completed during 2021.

At December 31, 2021, the Company's net U.S dollar financial assets and uranium investments were $8,697,000, and $133,114,000, respectively. The impact of the U.S dollar strengthening or weakening (by 10%) on the value of the Company's net U.S dollar-denominated assets is as follows:

(in thousands except foreign exchange rates)	December 31 2021 Foreign Exchange Rate	Sensitivity Foreign Exchange Rate	Change in net income (loss)
Currency risk			
CAD weakens	1.2678	1.3945	14,181
CAD strengthens	1.2678	1.1410	(14,181)

Equity Price Risk

The Company is exposed to equity price risk on its investments in equity instruments of other publicly traded companies as well as on the GoviEx Warrants. At December 31, 2021, a 10% increase in the equity price of all of the Company's equity holdings would have increased the Company's investments in equity instruments by $1,472,000 and increased the GoviEx Warrant liability by $423,000. A 10% decrease would have decreased the investments in equity instruments by $1,470,000 and decreased the GoviEx Warrant liability by $390,000.

Credit Risk

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, 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.

Interest Rate Risk

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

Liquidity Risk

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 cash equivalents, debt instruments and equity investments and its access to credit facilities and capital markets, if required.

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

UPC was a publicly-listed investment holding company which invested substantially all of its assets in U_3O_8 and UF_6. The Company had no ownership interest in UPC but received fees for management services it provided and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC.

The MSA between the Company and UPC entitled Denison to receive the following management fees from UPC: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of 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.

On July 19, 2021, UPC and Sprott completed the UPC Transaction and the MSA between Denison and UPC was terminated in accordance with the termination provisions therein. As a result, Denison received a termination payment from UPC of $5,848,000.

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

(in thousands)	Year Ended December 31, 2021	Year Ended December 31, 2020
Management Fee Revenue		
Base and variable fees	$ 1,069	$ 2,011
Termination fee	5,848	-
Discretionary fees	350	300
Commission fees	697	293
	$ 7,964	$ 2,604

At December 31, 2021, accounts receivable includes $nil (December 31, 2020 – $265,000) due from UPC with respect to the fees and transactions discussed above.

Korea Electric Power Corporation ('KEPCO')

To the knowledge of the Company, as at December 31, 2021, KEPCO, through its subsidiaries including KHNP Canada Energy Ltd. ('KHNP'), holds 58,284,000 shares of Denison representing a share interest of approximately 7.17%, and is also the largest member of the consortium of investors that make up the Korea Waterbury Lake Uranium Limited Partnership ('KWULP'). The Waterbury Lake property is owned by Denison and KWULP through their respective interests in Waterbury Lake Uranium Corporation ('WLUC') and Waterbury Lake Uranium Limited Partnership ('WLULP'), entities whose key asset is the Waterbury Lake Property.

Other

During the year ended December 31, 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $164,000 (December 31, 2020 – $206,000) with Namdo Management Services Ltd ('Namdo'), a company of which a former director of Denison is a shareholder. These services were incurred in the normal course of operating a public company. All services and transactions with Namdo were made on terms equivalent to those that prevail with arm's length transactions. As at December 31, 2021, Namdo is no longer a related party of Denison and there are no amounts due to Namdo at period end owing to any related party transactions.

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, 2021	Year Ended December 31, 2020
Salaries and short-term employee benefits	$ 2,546	$ 1,899
Share-based compensation	2,277	1,507
	$ 4,823	$ 3,406

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

Tailings Management Facility Expansion and Updated Reclamation Plan Approved for McClean Lake and Midwest Operations

In January 2022, the Canadian Nuclear Safety Commission approved an amendment to the operating license for the MLJV and MWJV operations, which allows for the expansion of the McClean Lake Tailings Management Facility ('TMF'), along with the associated revised Preliminary Decommissioning Plan ('PDP') and cost estimate. As a result of this updated plan, the Company's pro rata share of the financial assurances required to be provided to the Province of Saskatchewan has decreased from $24,135,000 to $22,972,000. This is expected to result in a decrease in the pledged amount required under the 2022 Facility to $7,972,000, and the full release of the Company's additional cash collateral of $135,000. The Company's reclamation obligation related to the MLJV is also expected to decrease.

Mongolia Mining Division Sale – Repayment Schedule Agreement with Uranium Industry a.s

In January 2022, the Company executed a Repayment Schedule Agreement (the 'Repayment Agreement') pursuant to which the parties negotiated the repayment of the debt owing from UI to Denison. In accordance with the Repayment Agreement, the Company has received an initial US$2 million debt repayment instalment in January 2022.

Under the terms of the Repayment Agreement, UI has agreed to make scheduled payments on account of the Arbitration Award, plus additional interest and fees, through a series of quarterly installments and annual milestone payments, until December 31, 2025. The total amount due to Denison under the Repayment Agreement, including the initial US$2 million already received, is approximately US$16 million. The Repayment Agreement includes customary covenants and conditions in favour of Denison, including certain restrictions on UI's ability to take on additional debt, in consideration for Denison's deferral of enforcement of the Arbitration Award while UI is in compliance with its obligations under the Repayment Agreement.

Bank of Nova Scotia Credit Facility Renewal

In January 2022, the Company entered into an amending agreement with BNS to extend the maturity date of the 2021 Facility. Under the facility amendment, the maturity date has been extended to January 31, 2023 (the "2022 Facility"). All other terms of the 2022 Facility (tangible net worth, pledged cash, investment amounts and security for the facility) remain unchanged from those of the 2021 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 2022 Facility remains subject to letter of credit and standby fees of 2.40% (0.40% on the $9,000,000 covered by pledged cash collateral) and 0.75% respectively.

Changes to Composition of the Board of Directors

In January 2022, Ms. Laurie Sterritt was appointed to Denison's Board of Directors. Ms. Sterritt, Partner at Leaders International, has over 25 years of experience in the fields of Indigenous, government, and community relations.

In February 2022, Mr. Yun Chang Jeong joined the Board of Directors. Mr. Jeong, General Manager of the Nuclear Fuel Supply Section of KHNP, was nominated by KHNP pursuant to the KHNP Strategic Relationship Agreement ('KHNP SRA'), to fill the vacancy on the Board created by the February 2022 resignation of Mr. Jun Gon Kim.

OUTSTANDING SHARE DATA

Common Shares

At March 3, 2022, there were 814,739,441 common shares issued and outstanding and a total of 885,889,570 common shares on a fully-diluted basis.

Stock Options and Share Units

At March 3, 2022, there were 8,949,895 stock options, and 7,193,759 share units outstanding.

Share Purchase Warrants

At March 3, 2022, there were 55,006,475 share purchase warrants outstanding, including 15,791,475 share purchase warrants with a US$2.00 strike price and a February 2023 expiry, and 39,215,000 share purchase warrants with a US$2.25 strike price and a March 2023 expiry.

OUTLOOK FOR 2022

The 2022 Outlook, and discussion below, represents the Company's best estimate of its cash flows for the year:

('000)		2022 OUTLOOK[2]
Mining Segment		
Mineral Sales	$	2,044
Development & Operations		(1,704)
Exploration		(7,213)
Evaluation		(20,356)
JCU Cash Contributions		(713)
		(27,942)
Closed Mines Services Segment		
Closed Mines Environmental Services		1,185
		1,185
Corporate and Other Segment		
Corporate Administration & Other		(9,477)
		(9,477)
Net forecasted cash outflow [1]	**$**	**(36,234)**

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

MINERAL SALES

During 2022, Denison plans to sell the uranium production that it received from the MLJV as a result of the SABRE test mining program that took place in 2021. Uranium sales are estimated to generate, net of selling costs, approximately $2.0 million.

DEVELOPMENT & OPERATIONS

In 2022, Denison's share of operating and capital expenditures at the Orano Canada operated MLJV and Midwest joint ventures ('MWJV') are budgeted to be $684,000. Most of these expenditures relate to McClean Lake – including the MLJV's share of the cost of operating for the Sue water treatment plant and planned work to further advance the MLJV's SABRE mining method.

The successful completion of the 2021 SABRE mining test represented a significant milestone for the SABRE technology. Importantly, during the test, the SABRE mining method was used to successfully produce 1,500 tonnes of high-value ore from the mining of the McClean North deposit. Based on this positive result, the MLJV partners (Orano Canada and Denison) plan to evaluate the technical and economic merit of the potential use of SABRE at their jointly owned McClean Lake and Midwest properties in 2022. Denison's share of planned SABRE expenses for 2022 is estimated to be $316,000.

Additionally, the MWJV has approved a small budget to carry out an internal evaluation of the potential use of the ISR mining method at the Midwest Main and Midwest A deposits.

Operating expenditures in 2022 are also expected to include $900,000 for reclamation costs related to Denison's legacy mine sites in Elliot Lake.

EXPLORATION

The exploration budget for 2022 is estimated at $7.2 million (Denison's share).

As Denison continues to advance the application of ISR mining at Phoenix, exploration efforts remain focused on discovering high-grade unconformity-hosted uranium deposits with ISR potential. The application of ISR in the Athabasca Basin has the potential to make smaller high-grade deposits economically viable, which has influenced new exploration strategies, particularly within highly prospective areas with widely spaced historical drilling.

Denison-operated exploration programs planned for 2022 have been designed to focus on the following objectives:

1) Drill high-priority exploration targets in proximity to planned Wheeler River infrastructure. Significant effort will be spent evaluating exploration target areas with the potential to discover either (i) an ISR-amenable deposit that could be brought into production as a satellite operation to the planned Phoenix ISR processing plant, or (ii) a basement-hosted deposit proximal to Gryphon that could enhance the development economics for a future underground mining operation. To this end, the planned exploration program for Wheeler River includes approximately 6,700 metres in diamond drilling, and is expected to focus primarily on the M Zone and Gryphon South target areas.

2) Advance pipeline projects with the potential for significant new discoveries.

   Following the completion of the 2021 geophysical program at Ford Lake, a drill program of approximately 8 to 10 drill holes (approximately 3,500 metres), is planned for 2022 to test conductor picks identified from the 2021 survey.

   In addition, a large geophysical program is proposed for 2022 to advance several highly prospective projects to a drill-ready stage for 2023 and 2024. Project-scale airborne surveys are proposed for the Johnston Lake, Candle Lake, and Darby projects, while ground EM surveys are planned for portions of the Johnston Lake, Darby, Moon Lake, Moon Lake South, Crawford Lake, and Waterbury Lake projects. In addition, resistivity surveying is planned for Crawford Lake.

   Exploration activities in 2022 will also include non-operated programs at McClean Lake (22.5% Denison; diamond drilling planned for Q1), Midwest (25.17% Denison; geophysics planned for Q1), and Waterfound River (11.78% Denison, 26.98% JCU; diamond drilling planned for Q1 and Q3, plus geophysics for Q1). Orano Canada is the operator of all three projects.

EVALUATION

The 2022 budget reflects an ambitious program designed to further de-risk the technical elements of the Phoenix ISR project ahead of the completion of the FS initiated for the project in late 2021. Activities planned for 2022 include: (1) completing additional field programs, including the completion of the in-ground FFT, which is expected to represent a key milestone in confirming technical feasibility of the project, (2) advancing the completion of an independent FS, to be prepared by Wood PLC in accordance with NI 43-101, (3) completing various environmental assessment scopes and submitting a draft EIS, as applicable, to certain interested parties (for advanced review) and regulators; (4) initiating activities required to license and permit the construction of the proposed Phoenix ISR mining operations; and (5) advancing Impact Benefit Agreement (**'**IBA**'**) negotiations with interested parties.

The budget for Denison's share of evaluation programs and technical services departmental net spending, including capital items and recoveries from operator fees, is approximately $20.4 million (excluding Denison's share attributable to its ownership interest in JCU, discussed below). Total 2022 Wheeler River evaluation expenditures, including JCU's share of expenses, is projected to be approximately $23.9 million.

JCU CASH CONTRIBUTIONS

The budget for 2022 includes cash contributions to JCU of $0.7M, In 2022, JCU is anticipating funding its share of project expenditures at Millennium, Kiggavik, Waterfound River, Wheeler River, and Christie Lake. However, due to JCU's existing cash balance, JCU does not anticipate requiring additional funding from its shareholders until the third quarter of 2022.

CLOSED MINES

Revenue from operations at Denison's Closed Mines group during 2022 is budgeted to be $7.2 million, with operating, overhead, and capital expenditures budgeted to be $6.0 million, resulting in an expected net contribution of approximately $1.2 million.

CORPORATE ADMINISTRATION AND OTHER

Cash corporate administration expenses are budgeted to be $7.5 million in 2022, 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.

The corporate administration and other budget includes cash inflows of $2.4 million related to the first payment received under the Repayment Agreement with UI in January 2022. A further $3.5 million in payments are due to be received over the balance of 2022, but have not been reflected in the budget for 2022 outlined above.

Also included in the budget for 2022 is $4.1M in capital additions, predominantly associated with the purchase and renovation of the Company's newly acquired office building in Saskatoon.

In addition to Corporate administration expenses in 2022, letter of credit and standby fees relating to the 2022 Credit Facility are expected to be approximately $0.4 million and uranium storage fees are expected to be $0.1 million. These amounts are expected to be partly offset by estimated interest income of $0.2 million on the Company's unrestricted and restricted cash and short-term investments, for a net cash outflow of $0.3 million.

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 Executive Vice-President and Chief Financial Officer, of the effectiveness of the design and operation of the Company's 'disclosure controls and procedures' (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and the Executive Vice-President and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective as of December 31, 2021.

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, 2021.

There has not been any change in the Company's internal control over financial reporting that occurred during 2021 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 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. The valuation of the liability typically involves 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.

RISK FACTORS

Denison's business, the value of its common shares (the 'Shares') and management's expectations regarding the same 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 than anticipated. The following information pertains to the outlook and conditions currently known to Denison that could have a material impact on the financial condition of the Company. Other factors may arise in the future that are currently not foreseen by management of the Company, which may present additional risks in the future. Current and prospective security holders of Denison should carefully consider these risk factors.

Capital Intensive Industry and Uncertainty of Funding

The exploration and development of mineral properties and operation of mines and associated facilities requires a substantial amount of capital, and the ability of the Company to proceed with any of its plans with respect thereto depends on its ability to obtain financing through joint ventures, equity financing, debt financing or other means. The Company intends to use the proceeds from its prior equity offerings as described in the applicable prospectus or other public disclosure for such offering; however, the Company's ability to achieve such plans and objectives could change as a result of a number of internal and external factors. The Company's ultimate use of its available funds might vary substantially from its planned use of proceeds. There is no assurance that the proceeds from such prior offerings will be sufficient to meet Denison's business objectives.

To fund additional activities, including certain exploration, evaluation and development activities, the Company anticipates it will require additional financing. 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 the financing necessary to fund the substantial capital that is typically required in order to advance a mineral project, such as the Wheeler River project, through the testing, permitting and feasibility processes to a production decision, or to place a property, such as the Wheeler River project, into commercial production. Similarly, there is uncertainty regarding the Company's ability to fund additional exploration or development of the Company's projects or the acquisition of new projects.

There is no assurance that the Company will be successful in generating and/or 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 any or all of the Company's exploration, development or other growth initiatives.

COVID-19 Outbreaks

Outbreaks of COVID-19 have caused, and may cause further, disruptions to the Company's business and operational plans. Such disruptions may result from (i) restrictions that governments and communities impose to address the COVID-19 outbreak, (ii) restrictions that the Company and its contractors and subcontractors impose to ensure the safety of employees and others, (iii) shortages of employees and/or unavailability of contractors and subcontractors, and/or (iv) interruption of supplies from third parties upon which the Company relies. It is presently not possible to predict the extent or duration of any such disruption. A disruption may have a material adverse effect on the Company's business, financial condition, and results of operations, which could be rapid and unexpected. These disruptions may severely impact the Company's ability to carry out its business plans for 2022 and beyond.

Global Financial Conditions

Global financial conditions are subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence, and market expectations of the same. Examples of such are the broad market impacts observed in connection with the COVID-19 pandemic, including market volatility and global inflation. Access to public financing and credit in Canada can be negatively impacted by global financial conditions. Accordingly, the health of the global financial 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. Instances of volatility and market turmoil could adversely impact Denison's operations and the trading price of the Shares.

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 estimate mineral resources, establish mineral reserves and ultimately develop an orebody. There is no assurance that the Company's uranium deposits are commercially mineable.

Imprecision of Mineral Reserve and Mineral 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 uranium production is dependent in part on the successful development of its known ore bodies, discovery 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, permits and assets needed 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 completion or attainment of which are subject to their own risks and uncertainties. Additionally, the inability to achieve necessary tasks or obtain required inputs, or any delays in the achievement of any one or more key project tasks or inputs, could cause significant delays in timing, cost or results of the assessment of feasibility and/or the process to advance a project to a development decision. 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 volatile and cyclical.

Where a feasibility study is completed by Denison, such as is in progress for the Wheeler River project, any estimates of mineral reserves and mineral resources, development costs and schedule, operating costs and estimates of future cash flow contained therein, will be based on Denison's interpretation of the information available to-date. Development projects have no operating history upon which to base developmental and operational estimates. Particularly for development projects, economic analyses and feasibility studies contain estimates based upon many factors, including estimates of mineral reserves, the interpretation of geologic and engineering data, 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. In addition, results from further studies completed on the project may alter the plans and/or schedule for a project, which in turn may cause potentially significant delays to previous estimates of schedule and/or increases in estimated costs. 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. For example, the plan and schedule, the capital and operating cost projections, and the related economic indicators in the Wheeler PFS Report may vary significantly from the capital and operating costs and economic returns estimated by a final feasibility study or actual expenditures.

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 market conditions, as well as the results of exploration and evaluation programs and/or feasibility studies, and the recommendations of duly qualified engineers and/or geologists, all of which involves significant expense and risk.

It is not unusual in the mining industry for new mining operations to take longer than originally anticipated to be brought 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 or delay or stop its advancement: unavailability of necessary capital, 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, unavailability of labour, increases in operating costs (including due to inflation), increased costs of mining or processing and refining facilities, unavailability of economic sources of power and water, unanticipated transportation costs, changes in government regulations (including regulations with respect to the environment, prices, royalties, duties, taxes, permitting, restrictions on production, quotas on exportation of minerals, etc.), changes or delays in permitting and regulatory approval processes or restrictions associated with permitting or regulatory approvals, 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, and applicable government regulations. The demand for uranium and other minerals is subject to global economic influences and changing attitudes of consumers and demand from end-users. Many of these factors are beyond the control of a mining company and therefore represent a significant risk which could impact the long-term viability of Denison and its operations.

Denison has a History of Negative Operating Cash Flow

Denison had negative operating cash flow for recent past financial reporting periods. Denison anticipates that it will continue to have negative operating cash flow until such time as, if at all, its Wheeler River project goes into production. To the extent that Denison has negative operating cash flow in future periods, Denison may need to allocate a portion of its cash reserves and/or physical uranium holdings to fund such negative cash flow. Denison may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that these financings will be on terms favourable to Denison.

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 and field testing completed to-date. While industry best practices have been utilized in the development of its estimates, actual results may differ significantly.

The MLJV is also developing the SABRE mining method, and Orano Canada and Denison plan to evaluate the potential use of this innovative method for future mining operations at their jointly owned McClean Lake and Midwest properties. While important milestones for the SABRE technology have been achieved to date, actual operations for a full-scale mining operation have not been proven and could be materially different than currently projected or otherwise anticipated.

Denison and the MLJV, respectively, must complete work to further advance and/or confirm its current estimates and projections for development (including advancement to the level of a feasibility study, as applicable). As a result, it is possible that actual costs and economic returns of any mining operations may differ materially from Denison's or the MLJV's best estimates, as applicable.

If these novel mining methods can be advanced, their commercial use beyond the projects for or on which they are being developed could present a significant opportunity for Denison and/or the MLJV to expand upon the benefits of such investments in innovation; however, the ability and process for a joint venture, or either partner thereof, to use the mining method on projects outside of their respective joint ventures has not yet been established.

Dependence on Obtaining Licenses, 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 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 in accordance with applicable environmental standards.

The development of mines and related facilities is contingent upon governmental approvals that are complex and time consuming to obtain and which may involve the coordination of multiple governmental agencies. Environmental and regulatory review has become a long, complex and uncertain process that can cause potentially significant delays. Obtaining these government approvals includes among other things, completing environmental assessments and engaging with local communities. See "Engagement with Canada's First Nations and Métis" for more information regarding Denison's community engagement. 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 explore and evaluate properties and/or 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, locally or globally, may also adversely affect the Company's 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 licenses in the future could have a material adverse effect on Denison.

On March 20, 2020, Denison announced a temporary suspension of activities related to the EA for the Wheeler River project, an important part of which, at that time, involved extensive in-person engagement and consultation with various interested parties. Accordingly, the decision to suspend the EA was partially motivated by the significant social and economic disruptions that emerged as a result of the COVID-19 pandemic. The EA process is a key element of the Wheeler River project's critical path. While the EA process has resumed, the Company is not currently able to estimate the impact of the temporary suspension to the project development schedule, cost estimates or other project development assumptions and projections outlined in the PFS, and users are specifically cautioned against relying on the estimates provided therein regarding the start of pre-production activities in 2021 and first production in 2024.

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 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 may be required to compensate others who suffer loss or damage by reason of their exploration or other activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Engagement with Canada's First Nations and Métis

First Nations and Métis rights, entitlements and 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 in northern Saskatchewan ceded title to most traditional lands but continue to assert title to the minerals within the lands. Métis people have not signed treaties; they assert Aboriginal rights throughout Saskatchewan, including Aboriginal title over most if not all of the Company's project lands.

Managing relations with the local First Nations and Métis communities is a matter of paramount importance to Denison. Engagement with, and consideration of other rights of, potentially affected Indigenous peoples may require accommodations – including undertakings regarding funding, contracting, environmental practices, employment and other matters and can be difficult. This may affect the timetable and costs of exploration, evaluation and development of the Company's projects.

The Company's relationships with various communities of interest 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 communities. 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 proximity to 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 communities of interest, including local First Nations and Métis, 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, licenses 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, licenses 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, licenses 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 nuclear fuel industry, including the supply of uranium concentrates, is relatively small compared to other minerals, and is generally highly 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 is limited by international trade agreements.

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

Volatility and Sensitivity to Uranium Market Prices

The value of the Company's mineral resources, mineral reserves and estimates of the viability of future production for its projects are 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, economic and social 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.

Market Price of Shares

The market price of Denison's Shares may experience wide fluctuations which may not necessarily be related to the financial condition, operating performance, underlying asset values or prospects of the Company. These factors include macroeconomic developments in North America and globally, market perceptions of the attractiveness of particular industries – including mining and nuclear energy – and volatile trading due to unpredictable general market or trading sentiments.

The market price of Denison's Shares are likely to increase or decrease in response to a number of events and factors, including: Denison's operating performance and the performance of competitors and other similar companies; the breadth of the public market for the Shares and the attractiveness of alternative investments; volatility in metal prices; the number of Shares to be publicly traded after an offering pursuant to any prospectus or prospectus supplement; the public's reaction to the Company's press releases, material change reports, other public announcements and its filings with the various securities regulatory authorities; the arrival or departure of key personnel; public perception of the nuclear industry and reaction to the developments therein; changes in recommendations by research analysts who track the Shares or the shares of other companies in the sector; developments that affect the market for all resource sector securities; changes in general economic and/or political conditions (including inflation); acquisitions, strategic alliances or joint ventures involving Denison or its competitors; and the other risk factors listed herein.

Many of these factors that could impact the market price of the Company's Shares are not directly related to Denison's results or operations and are, therefore, not within Denison's control. Accordingly, the market price of the Shares of Denison at any given point in time may not accurately reflect the long-term value of Denison.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. From January 1, 2021 to December 31, 2021, the closing price of the Shares on the NYSE American ranged as low as US$0.63 to as high as US$2.14 and daily trading volumes ranged from approximately 98,422 to 8,204,064 Shares and the closing price of the Shares on the TSX ranged from as low as C$0.79 to as high as C$2.64 and daily trading volumes ranged from approximately 334,165 to 27,471,538 Shares. These volatilities do not represent all trading in the Shares and significant trading volume is facilitated through other trading markets for the Shares in Canada or the United States; for example, such reported aggregate daily trading volumes for "DNN" has ranged from approximately 2,373,700 to 219,113,700 in calendar 2021.

During calendar 2021, the Company has been affected by the results of a seemingly significant change in investor sentiment towards nuclear energy and uranium in connection with a global trend towards the transition to "clean" energy sources, which is believed to have resulted in increased trading volumes and price volatility of the Shares. Investor sentiment can change quickly, and investors may make investment decisions based on third party media and/or social media discussions that may not accurately reflect the Company's disclosure or actual results of operations. Such sentiments may cause volatility in the trading price of the Shares and may or may not be reflective of individual investor's views as to the value of the underlying assets.

Market sentiment and trading in an entity's shares can also be impacted by its inclusion in, or exclusion from, certain equity benchmarks and/or investable indices. For example, in 2021 Denison's Shares were added to the S&P/TSX Composite Index, the headline index for the Canadian equity market. This inclusion could impact the Company's Share price positively, with increased interest in purchasing the Shares. However, a decline in the index could result in investors selling the Shares of the Company for reasons that are unrelated to the Company's operating results, underlying asset values or prospects. In addition, the removal of the Company from the S&P/TSX Composite could have a negative impact on the market price of Shares, as certain shareholders who link investments to the index could be required to sell the Shares for reasons that are unrelated to the Company's operating results, underlying asset values or prospects our actual results.

Accordingly, the market price of the Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of Denison's Shares may be materially adversely affected.

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 Issuances

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.

Denison may sell additional equity securities (including through the sale of securities convertible into common shares) and may issue additional debt or equity securities to finance its exploration, evaluation, development, construction, and other operations, acquisitions or other projects. Denison is authorized to issue an unlimited number of common shares. Denison cannot predict the size of future sales and issuances of debt or equity securities or the effect, if any, that future sales and issuances of debt or equity securities will have on the market price of the Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Shares. With any additional sale or issuance of equity securities, investors may suffer dilution of their voting power and it 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 MLJV and MWJV 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 licenses 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 technically sound, 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 a technical failure, environmental pollution, accidents or spills, industrial and transportation accidents, work stoppages or other actions could adversely affect the Company's operations and financial condition.

Acquisition of Physical Uranium

The Company used the substantial majority of the proceeds of the March 2021 unit offering in order to fund the purchase of physical uranium as part of a financing initiative in connection with the potential advancement of the Company's uranium projects. There is no assurance that the strategy will be successful. Specific risks to the achievement of this strategy include the following:

- The Company intends to use the physical uranium, in part, to support the potential financing of the development of the Wheeler River project. There is no assurance that the physical uranium may be pledged as security for any potential financing, that the full value of the uranium held will be recognized by any party providing financing or that the Company's ownership of the physical uranium will enhance the Company's ability to access future project financing. Further, should the purchased uranium be used as security for a future financing, there is a risk that it would no longer be available for sale by the Company to meet any other objectives described for use of the proceeds of the March 2021 Offering.

- The Company may be required to sell a portion or all of the physical uranium accumulated to funds its operations should other forms of financing not be available to fund the Company's capital requirements.

Reliance on Facilities

Any uranium currently owned by the Company, such as the 2.5 million pounds U_3O_8 acquired with the proceeds of the March 2021 unit offering, will be stored at one or more licensed uranium conversion facilities ('Facilities') owned by different organizations. As the number of duly licensed Facilities is limited, there can be no assurance that storage arrangements that are commercially beneficial to the Company will be readily available. Failure to negotiate commercially reasonable storage terms with the Facilities may have a material impact on the Company's plans with respect to the physical uranium holdings.

Any loss or damage of the uranium may not be fully covered or absolved by contractual arrangements with the Facilities or the Company's insurance arrangements, and the Company may be financially and legally responsible for losses and/or damages not covered by indemnity provisions or insurance. Any failure to recover all of the uranium holdings could have a material adverse effect on the financial condition of the Company.

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 Resources Ltd., the acquisition of an 80% interest in the Hook-Carter property from ALX Resources Corp., the acquisition of an interest in the Moon Lake property from CanAlaska Uranium Ltd., entering into the APG Arrangement, the acquisition of Cameco Corp's interest in the WRJV and the JCU Acquisition. 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 Exploit, Expand and Replace Mineral Reserves and Mineral Resources

Denison's mineral reserves and resources at its Wheeler River, Waterbury Lake, McClean Lake and Midwest projects are Denison's material future sources of possible 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 if its current mineral reserves and mineral resources are exploited or otherwise 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 in future years.

Foreign Exchange Rates

The Company maintains its accounting records and reports its financial position and results in Canadian dollars. Fluctuations in the U.S. currency exchange rate relative to the Canadian currency could significantly impact the Company, including its financial results, operations or the trading value of its securities, as the price of uranium is quoted in U.S. dollars, and a decrease in value of U.S. dollars would result in a relative decrease in the valuation of uranium and the associated market value from a Canadian currency perspective. In addition, the Company's outstanding common share purchase warrants (issued pursuant to the February 2021 Offering and the March 2021 Offering) have a U.S. dollar denominated exercise price, and fluctuations in relative currency exchange rates will impact the Canadian dollar equivalent proceeds raised from the exercises of such warrants. Exchange rate fluctuations, and any potential negative consequences thereof, are beyond the Company's control.

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 incumbency advantages, 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 federal, provincial and local governments in Canada, 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.

Ability to Maintain Obligations under the 2022 Credit Facility and Other Debt

The 2022 Credit Facility only has a term of one year, and will need to be renewed on or before January 31, 2023. There is no certainty what terms of any renewal may be, or any assurance that such renewal will be made available to Denison.

Denison is required to satisfy certain financial covenants in order to maintain its good standing under the 2022 Credit Facility. Denison is also subject to a number of restrictive covenants under the 2022 Credit Facility and the APG Arrangement, 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 2022 Credit Facility, APG Arrangement 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 2022 Credit Facility and APG Arrangement are secured by Denison Mines Inc.'s ('DMI') main properties by a pledge of the shares of DMI. If Denison were to default on its obligations under the 2022 Credit Facility, APG Arrangement 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 Arrangement 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 Arrangement, 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. A portion 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 post-closure mine care and maintenance 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 activities; 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) and the United States *Foreign Corrupt Practices Act of 1977*, as amended. 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, contractors and/or local communities. In addition, reported warming trends could result in later freeze-ups and warmer lake temperatures in the Athabasca Basin region, potentially affecting the Company's winter exploration programs at certain of its projects. Any such event 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, certain environmental impacts from mineral exploration and mining activities may be 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. In addition, Denison's ability to keep essential operating staff in place may also be challenged as a result of potential COVID-19 outbreaks or quarantines.

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.

United States investors may not be able to obtain enforcement of civil liabilities against the Company

The enforcement by investors of civil liabilities under the United States federal or state securities laws may be affected adversely by the fact that the Company is governed by the OBCA, that the majority of the Company's officers and directors are residents of Canada, and that all, or a substantial portion, of their assets and the Company's assets are located outside the United States. It may not be possible for investors to effect service of process within the United States on certain of its directors and officers or enforce judgments obtained in the United States courts against the Company or certain of the Company's directors and officers based upon the civil liability provisions of United States federal securities laws or the securities laws of any state of the United States.

There is some doubt as to whether a judgment of a United States court based solely upon the civil liability provisions of United States federal or state securities laws would be enforceable in Canada against the Company or its directors and officers. There is also doubt as to whether an original action could be brought in Canada against the Company or its directors and officers to enforce liabilities based solely upon United States federal or state securities laws.

If the Company is characterized as a passive foreign investment company, U.S. holders may be subject to adverse U.S. federal income tax consequences

U.S. investors should be aware that they could be subject to certain adverse U.S. federal income tax consequences in the event that the Company is classified as a "passive foreign investment company" ("PFIC") for U.S. federal income tax purposes. The determination of whether the Company is a PFIC for a taxable year depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations, and the determination will depend on the composition of the Company's income, expenses and assets from time to time and the nature of the activities performed by the Company's officers and employees. The Company may be a PFIC in one or more prior tax years, in the current tax year and in subsequent tax years. Prospective investors should carefully read the discussion below under the heading "Material United States Federal Income Tax Considerations for U.S. Holders" and the tax discussion in any applicable prospectus supplement for more information and consult their own tax advisors regarding the likelihood and consequences of the Company being treated as a PFIC for U.S. federal income tax purposes, including the advisability of making certain elections that may mitigate certain possible adverse U.S. federal income tax consequences that may result in an inclusion in gross income without receipt of such income.

As a foreign private issuer, the Company is subject to different U.S. securities laws and rules than a U.S. domestic issuer, which may limit the information publicly available to U.S. investors

The Company is a foreign private issuer under applicable U.S. federal securities laws and, therefore, is not required to comply with all of the periodic disclosure and current reporting requirements of the U.S. Exchange Act and related rules and regulations. As a result, the Company does not file the same reports that a U.S. domestic issuer would file with the SEC, although it will be required to file with or furnish to the SEC the continuous disclosure documents that the Company is required to file in Canada under Canadian securities laws. In addition, the Company's officers, directors and principal shareholders are exempt from the reporting and "short swing" profit recovery provisions of Section 16 of the U.S. Exchange Act. Therefore, the Company's securityholders may not know on as timely a basis when its officers, directors and principal shareholders purchase or sell securities of the Company as the reporting periods under the corresponding Canadian insider reporting requirements are longer. In addition, as a foreign private issuer, the Company is exempt from the proxy rules under the U.S. Exchange Act.

The Company may lose its foreign private issuer status in the future, which could result in significant additional costs and expenses to the Company

The Company may lose its foreign private issuer status if a majority of the Company's common shares are owned of record in the United States and the Company fails to meet the additional requirements necessary to avoid loss of foreign private issuer status. The regulatory and compliance costs to the Company under U.S. federal securities laws as a U.S. domestic issuer may be significantly more than the costs the Company incurs as a Canadian foreign private issuer eligible to use the multijurisdictional disclosure system. If the Company is not a foreign private issuer, it would not be eligible to use the multijurisdictional disclosure system or other foreign issuer forms and would be required to file periodic and current reports and registration statements on U.S. domestic issuer forms with the SEC, which are more detailed and extensive than the forms available to a foreign private issuer.

QUALIFIED PERSON

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

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

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

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

ASSAY PROCEDURES AND DATA VERIFICATION

The Company reports preliminary radiometric equivalent grades ('eU_3O_8'), derived from a calibrated down-hole total gamma probe, during or upon completion of its exploration programs and subsequently reports definitive U_3O_8 assay grades following sampling and chemical analysis of the mineralized drill core. Uranium assays are performed on split core samples by the Saskatchewan Research Council ('SRC') Geoanalytical Laboratories using an ISO/IEC 17025:2005 accredited method for the determination of U_3O_8 weight %. Sample preparation involves crushing and pulverizing core samples to 90% passing -106 microns. The resultant pulp is digested using aqua-regia and the solution analyzed for U_3O_8 weight % using ICP-OES. Geochemical results from composite core samples are reported as parts per million ('ppm') obtained from a partial HNO_3:HCl digest with an ICP-MS finish. Boron values are obtained through NaO_2/$NaCO_3$ fusion followed by an ICP-OES finish. All data are subject to verification procedures by qualified persons employed by Denison prior to disclosure. For further details on Denison's sampling, analysis, quality assurance program and quality control measures and data verification procedures please see Denison's Annual Information Form dated March 26, 2021 available on the Company's website and filed under the Company's profile on SEDAR (www.sedar.com) and in its Form 40-F available on EDGAR at www.sec.gov/edgar.shtml.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

In particular, this MD&A contains forward-looking information pertaining to the following: Denison's plans and objectives for 2022 and beyond, including the proposed use of proceeds of recent equity financings; the benefits to be derived from corporate transactions, including commitments to acquire physical uranium, and estimates of related expenditures; the estimates of Denison's mineral reserves and mineral resources; exploration, development and expansion plans and objectives, including Denison's planned engineering, environmental assessment and other evaluation programs, the results of, and estimates and assumptions within, the PFS, FS, and statements regarding anticipated budgets, fees, expenditures and timelines; expectations regarding Denison's community engagement activities and related agreements, including the Participation and Funding Agreement and Exploration Agreement with ERFN and the anticipated continuity thereof; expectations regarding Denison's joint venture ownership interests and the continuity of its agreements with its partners; expectations regarding adding to its mineral reserves and resources through acquisitions or exploration; expectations regarding the toll milling of Cigar Lake ores, including the impacts of COVID-19; expectations regarding revenues and expenditures from its Closed Mines operations; and the annual operating budget and capital expenditure programs, estimated exploration and development expenditures and reclamation costs and Denison's share of same. Statements relating to 'mineral reserves' or 'mineral resources' are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future.

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements. For example, the results of the Denison's studies, including the PFS, trade-off study, and field work, may not be maintained after further testing or be representative of actual mining plans for the Phoenix deposit after further design and studies are completed. In addition, Denison may decide or otherwise be required to discontinue testing, evaluation and development work at Wheeler River or other projects or its exploration plans if it is unable to maintain or otherwise secure the necessary resources (such as testing facilities, capital funding, regulatory approvals, etc.) or operations are otherwise affected by COVID-19 and its potentially far-reaching impacts.

Denison believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and results may differ materially from those anticipated in this forward-looking information. For a discussion in respect of risks and other factors that could influence forward-looking events, please refer to the factors discussed in Denison's Annual Information Form dated March 26, 2021 under the heading 'Risk Factors'. These factors are not, and should not be construed as being exhaustive.

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

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Mineral Resources and Probable Mineral Reserves: This MD&A may use the terms 'measured', 'indicated' and 'inferred' mineral resources which are Canadian mining terms as defined in and required to be disclosed in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ('NI 43-101'), which references the guidelines set out in the Canadian Institute of Mining, Metallurgy and Petroleum (the 'CIM') – CIM Definition Standards on Mineral Resources and Mineral Reserves ('CIM Standards'), adopted by the CIM Council, as amended.

Until recently, the CIM Standards differed significantly from standards in the United States. Effective in 2019, the U.S. Securities and Exchange Commission (the 'SEC') adopted amendments to its disclosure rules to modernize the mineral property disclosure requirements for issuers whose securities are registered with the SEC under the Exchange Act (the 'SEC Modernization Rules'). As a result, the SEC now recognizes estimates of 'measured mineral resources', 'indicated mineral resources' and 'inferred mineral resources'. In addition, the SEC has amended its definitions of 'proven mineral reserves' and 'probable mineral reserves' to be "substantially similar" to the corresponding definitions under the CIM Standards, as required under NI 43-101.

United States investors are cautioned that while the above terms are "substantially similar" to the corresponding CIM Definition Standards, there are differences in the definitions under the SEC Modernization Rules and the CIM Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that Denison may report as 'proven mineral reserves', 'probable mineral reserves', 'measured mineral resources', 'indicated mineral resources' and 'inferred mineral resources' under NI 43-101 would be the same had the Company prepared those estimates under the standards adopted under the SEC Modernization Rules. Accordingly, descriptions of mineral reserves and mineral resources in Denison's disclosure may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the United States federal securities laws and the rules and regulations thereunder.

United States investors are also cautioned that while the SEC now recognizes 'indicated mineral resources' and 'inferred mineral resources', investors should not assume that any part or all of the mineralization in these categories will ever be converted into a higher category of mineral resources or into mineral reserves. Mineralization described using these terms has a greater amount of uncertainty as to their existence and feasibility than mineralization that has been characterized as reserves**. Accordingly, investors are cautioned not to assume that any 'indicated mineral resources' or 'inferred mineral resources' that the Company reports are or will be economically or legally mineable. Further, 'inferred mineral resources' have a greater amount of uncertainty as to their existence and as to whether they can be mined legally or economically.** Therefore, United States investors are also cautioned not to assume that all or any part of the 'inferred mineral resources' exist. In accordance with Canadian securities laws, estimates of 'inferred mineral resources' cannot form the basis of feasibility or other economic studies, except in limited circumstances permitted under NI 43-101.

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 KPMG 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.

/s/ *"David D. Cates"*

David D. Cates
President and Chief Executive Officer

/s/ *"Gabriel (Mac) McDonald"*

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

March 3, 2022

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, 2021.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2021 has been audited by KPMG 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 2021 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Denison Mines Corp. (the Company) as of December 31, 2021 and 2020, the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity, and cash flow for the years then ended, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 3, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits 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. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter
The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Indicators of impairment for mineral properties
As discussed in note 2I. to the consolidated financial statements, 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. Mineral property assets are assessed for impairment using the impairment indicators under IFRS 6 - Exploration for and evaluation of mineral resources up until the commercial viability and technical feasibility for the property is established. As discussed in Note 10 to the consolidated financial statements, the Company's mineral properties balance as of December 31, 2021 was $179,788 thousand.

We identified the evaluation of indicators of impairment for mineral properties as a critical audit matter. Assessing the Company's evaluation of indicators of impairment involved the application of a higher degree of auditor judgment. Specifically, judgment was required to evaluate the facts and circumstances related to the Company's mineral properties, including assessing the Company's future plans for each property and exploration results.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's impairment indicator assessment process, including controls related to the Company's impairment indicator review for mineral properties. We assessed the Company's future plans by comparing them to the most recent exploration program and budget approved by the Board of Directors and evaluating the time period remaining for the Company's right to explore them by inspecting governmental filings.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

We have served as the Company's auditor since 2020.
Toronto, Canada
March 3, 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

Opinion on Internal Control Over Financial Reporting

We have audited Denison Mines Corp.'s (the Company) internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company as of December 31, 2021 and 2020, the related consolidated statements of income (loss) and comprehensive income (loss), changes in equity and cash flow for each of the years then ended and the related notes (collectively, the consolidated financial statements), and our report dated March 3, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) 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 (3) 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada
March 3, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

	At December 31 2021	At December 31 2020
ASSETS		
Current		
Cash and cash equivalents (note 4)	$ 63,998	$ 24,992
Trade and other receivables (note 5)	3,656	3,374
Inventories (note 6)	3,454	3,015
Investments-equity instruments (note 7)	14,437	16,657
Prepaid expenses and other	1,310	1,373
	86,855	49,411
Non-Current		
Inventories-ore in stockpiles (note 6)	2,098	2,098
Investments-equity instruments (note 7)	141	293
Investments-uranium (note 7)	133,114	-
Investments-joint venture (note 8)	21,392	-
Prepaid expenses and other	221	-
Restricted cash and investments (note 9)	12,001	12,018
Property, plant and equipment (note 10)	254,462	256,870
Total assets	$ 510,284	$ 320,690
LIABILITIES		
Current		
Accounts payable and accrued liabilities (note 11)	$ 8,590	$ 7,178
Warrants on investment (note 7)	1,625	-
Current portion of long-term liabilities:		
Deferred revenue (note 12)	4,656	3,478
Post-employment benefits (note 13)	120	120
Reclamation obligations (note 14)	1,181	802
Other liabilities (note 16)	179	262
	16,351	11,840
Non-Current		
Deferred revenue (note 12)	31,852	33,139
Post-employment benefits (note 13)	1,154	1,241
Reclamation obligations (note 14)	36,351	37,618
Share purchase warrants liability (note 15)	20,337	-
Other liabilities (note 16)	329	375
Deferred income tax liability (note 17)	7,219	9,192
Total liabilities	113,593	93,405
EQUITY		
Share capital (note 18)	1,517,029	1,366,710
Contributed surplus (note 19)	67,496	67,387
Deficit	(1,189,610)	(1,208,587)
Accumulated other comprehensive income (note 20)	1,776	1,775
Total equity	396,691	227,285
Total liabilities and equity	$ 510,284	$ 320,690
Issued and outstanding common shares (note 18)	812,429,995	678,981,882

Commitments and contingencies (note 25); Subsequent events (note 27)

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

On behalf of the Board of Directors

/s/ 'Ron F. Hochstein'

Ron F. Hochstein
Chair of the Board

/s/ 'Patricia M. Volker'

Patricia M. Volker
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	
	2021	2020
REVENUES (note 22)	$ 20,000	$ 14,423
EXPENSES		
Operating expenses (notes 21 and 22)	(12,901)	(10,594)
Exploration (note 22)	(4,477)	(5,314)
Evaluation (note 22)	(15,521)	(3,718)
General and administrative (note 22)	(9,691)	(7,609)
Other income (expense) (note 21)	44,163	(95)
	1,573	(27,330)
Income (loss) before net finance expense, equity accounting	21,573	(12,907)
Finance expense, net (note 21)	(4,127)	(4,236)
Equity share of loss of joint venture (note 8)	(464)	-
Income (loss) before taxes	16,982	(17,143)
Income tax recovery (note 17):		
Deferred	1,995	860
Net income (loss) for the period	$ 18,977	$ (16,283)
Other comprehensive income (loss) (note 20):		
Items that will not be reclassified to income (loss):		
Experience gain-post employment liability	-	638
Items that are or may be subsequently reclassified to income (loss):		
Foreign currency translation change	1	3
Comprehensive income (loss) for the period	$ 18,978	$ (15,642)
Basic and diluted net income (loss) per share:		
Basic	$ 0.02	$ (0.03)
Diluted	$ 0.02	$ (0.03)
Weighted-average number of shares outstanding (in thousands):		
Basic	783,684	628,441
Diluted	793,668	628,441

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	
	2021	2020
Share capital (note 18)		
Balance-beginning of period	$ 1,366,710	$ 1,335,467
Shares issued for cash, net of issue costs	141,278	30,825
Flow-through share premium	-	(22)
Share options exercised-cash	6,300	148
Share options exercised-transfer from contributed surplus	2,157	50
Share units exercised-transfer from contributed surplus	566	242
Share purchase warrants exercised-cash	14	-
Share purchase warrants exercised-warrant liability settled	4	-
Balance-end of period	1,517,029	1,366,710
Share purchase warrants		
Balance-beginning of period	-	435
Share purchase warrants expired	-	(435)
Balance-end of period	-	-
Contributed surplus		
Balance-beginning of period	67,387	65,417
Share-based compensation expense (note 19)	2,832	1,827
Share options exercised-transfer to share capital	(2,157)	(50)
Share units exercised-transfer to share capital	(566)	(242)
Warrants expired	-	435
Balance-end of period	67,496	67,387
Deficit		
Balance-beginning of period	(1,208,587)	(1,192,304)
Net income (loss)	18,977	(16,283)
Balance-end of period	(1,189,610)	(1,208,587)
Accumulated other comprehensive income (note 20)		
Balance-beginning of period	1,775	1,134
Experience gain-post employment liability	-	638
Foreign currency translation	1	3
Balance-end of period	1,776	1,775
Total Equity		
Balance-beginning of period	$ 227,285	$ 210,149
Balance-end of period	$ 396,691	$ 227,285

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	
	2021	2020
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net income (loss) for the period	$ 18,977	$ (16,283)
Adjustments and items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	7,385	7,145
Joint venture-equity share of loss (note 8)	464	-
Recognition of deferred revenue (note 12)	(3,207)	(2,762)
Post-employment benefit payments (note 13)	(110)	(90)
Loss (gain) on reclamation obligation revisions (note 14)	(585)	3,595
Reclamation obligation expenditures (note 14)	(815)	(826)
Gain on debt obligation adjustment (note 16)	(4)	(2)
Deferred income tax recovery (note 17)	(1,995)	(860)
Share purchase warrants liability issue costs expensed (note 18)	791	-
Gain on property, plant and equipment disposals (note 21)	(135)	(405)
Fair value change losses (gains):		
Investment-equity instruments (notes 7 and 21)	(10,454)	(5,046)
Investments-uranium (notes 7 and 21)	(41,440)	-
Warrants on investment (notes 7 and 21)	(1,149)	-
Share purchase warrants liabilities (notes 15 and 21)	7,104	-
Foreign exchange loss (note 21)	1,295	529
Share-based compensation (note 19)	2,832	1,827
Change in non-cash operating working capital items (note 21)	(199)	(307)
Net cash used in operating activities	(21,245)	(13,485)
INVESTING ACTIVITIES		
Sale of investments-equity instruments (note 7)	12,826	477
Sale of warrants on investment (note 7)	2,774	-
Purchase of investments-equity (note 7)	-	(7)
Purchase of investments-uranium (note 7)	(91,674)	-
Issuance of Term loan and investment in joint venture (note 8)	(40,950)	-
Repayment of term loan (note 8)	20,450	-
Transaction costs-investment in joint venture (note 8)	(1,356)	-
Additions of property, plant and equipment (note 10)	(1,230)	(278)
Proceeds on disposal of property, plant and equipment	139	137
Decrease (increase) in restricted cash and investments	17	(24)
Net cash provided by (used in) investing activities	(99,004)	305
FINANCING ACTIVITIES		
Issuance of debt obligations (note 16)	34	-
Repayment of debt obligations (note 16)	(252)	(467)
Proceeds from unit issues, net of issue costs (note 18)	135,630	30,825
Proceeds from share issues, net of issue costs (note 18)	18,091	-
Proceeds from warrants exercised (note 18)	14	-
Proceeds from share options exercised (note 18)	6,300	148
Net cash provided by financing activities	159,817	30,506
Increase in cash and cash equivalents	39,568	17,326
Foreign exchange effect on cash and cash equivalents	(562)	(524)
Cash and cash equivalents, beginning of period	24,992	8,190
Cash and cash equivalents, end of period	$ 63,998	$ 24,992

Supplemental cash flow disclosure (note 21)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(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, as well as the extraction, processing and selling of, and investing in uranium.

The Company has an effective 95.0% interest in the Wheeler River Joint Venture ("WRJV"), a 66.90% 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 is contracted to provide toll milling services to the Cigar Lake Joint Venture ("CLJV") under the terms of a toll milling agreement between the parties (see note 12). In addition, the Company has varying ownership interests in several other development and exploration projects located in Canada.

Through its 50% ownership of JCU (Canada) Exploration Company, Limited ("JCU"), Denison holds further indirect interests in various uranium project joint ventures in Canada, including the Millennium project (JCU 30.099%), the Kiggavik project (JCU 33.8123%) and Christie Lake (JCU 34.4508%). See note 8 for details.

The Company also provides mine decommissioning and other services (collectively "environmental services") through its Closed Mines Group, which manages Denison's Elliot Lake reclamation projects and provides third-party post-closure mine care and maintenance services. Prior to July 19, 2021, the Company was also the manager of Uranium Participation Corporation ("UPC"). See note 23 for further details.

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 "2021" and "2020" refer to the year ended December 31, 2021 and the year ended December 31, 2020 respectively.

2. STATEMENT OF COMPLIANCE AND ACCOUNTING POLICIES

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 3, 2022.

Significant accounting policies

These consolidated financial statements are presented in Canadian dollars ("CAD") and all financial information is presented in CAD, unless otherwise noted.

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, revenues 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 3.

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 and its joint arrangements (see note 26).

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the DMC group of entities 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 arrangements

A joint arrangement is a contractual arrangement of which the DMC group of entities and another party have joint control. Joint arrangements are either joint operations or joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. The Company determines the type of joint arrangement in which it is involved by considering the structure and form of the arrangement, the terms agreed by the parties in the contractual arrangement and other facts and circumstances such as the parties' rights and obligations arising from the arrangement.

Joint operations are contractual arrangements which involve joint control between the parties. 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.

A joint venture is an arrangement over which the Company shares joint control and which provides the Company with the rights to the net assets of the arrangement. Joint ventures are accounted for using the equity method. Under the equity method, investments in joint ventures are initially recorded at cost and adjusted thereafter to record the Company's share of post-acquisition earnings or loss of the joint venture as if the joint venture had been consolidated. The carrying value of investments in joint ventures 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.

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 a 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 the statement of income or loss through finance expense.

Refer to the "Fair Value of Financial Instruments" section of note 24 for the Company's classification of its financial assets and liabilities within the fair value hierarchy.

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 asset's 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 uranium concentrate production, are deferred and accumulated as ore in stockpiles, in-process inventories and concentrate inventories. These amounts are carried at the lower of weighted average cost or net realizable value ("NRV"). NRV is calculated as the estimated future uranium concentrate selling price in the ordinary course of business (net of selling costs) less the 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 weighted average cost per ton 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 weighted 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 NRV, the materials are written down to NRV. In such circumstances, the replacement cost of the materials may be the best available measure of their net realizable value.

G. Investments-uranium

The Company's uranium investments are held for long-term capital appreciation. Investments in uranium are initially recorded at cost, on the date that control of the uranium passes to the Company.

Cost includes the purchase price and any directly attributable transaction costs. Subsequent to initial recognition, investments in uranium are measured at fair value at each reporting period end. Fair value is determined based on the most recent month-end spot prices for uranium published by UxC LLC ("UxC") and converted to Canadian dollars using the foreign exchange rate at the date of the consolidated statement of financial position. Related fair value gains and losses subsequent to initial recognition are recorded in the consolidated statement of income (loss) as a component of "Other income (expense)" in the period in which they arise.

H. Property, plant and equipment

Plant and equipment

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 and loss 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 estimated 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 plant and equipment to its significant parts and depreciates separately each such part over its useful life. Residual values, methods 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 "Advanced 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 viability and technical feasibility has been established for a property, the property is classified as a "Development Stage" mineral property, an impairment test is performed on transition, 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 development 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 reserves and 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 in the statement of income or loss as a gain or loss on sale within other income and expense.

Lease assets (and lease obligations)

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

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

If the contract contains a lease, the Company accounts for the lease and non-lease components separately. For the lease component, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Company. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The lease payments associated with the lease liability are discounted using either the interest rate implicit in the lease, if available, or the Company's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance.

I. 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 assessed for impairment using the impairment indicators under IFRS 6 "Exploration for and Evaluation of Mineral Resources" up until the commercial viability 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".

J. 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 obligation's re-measurement date.

Share-based compensation

The Company uses a fair value-based method of accounting for share 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 share-based compensation expense and the contributed surplus account. When such share 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.

K. Reclamation provisions

Reclamation provisions, which are legal and constructive obligations related to the retirement of tangible long-lived assets, are recognized when such obligations are incurred and 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, if one exists, 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 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.

L. 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 impact of the discount is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

M. 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 the statement of income or loss (or comprehensive income or loss in some specific cases), 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.

N. 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.

O. Revenue recognition

Revenue from pre-sold toll milling services

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 expected 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 the statement of income or loss through "Finance expense, net".

Revenue from environmental services (i.e. Closed Mines Group)

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, otherwise 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 represented 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 was 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 uranium oxide concentrates ("U_3O_8") and and uranium hexafluoride ("UF_6") on behalf of UPC (or other parties where Denison acts as an agent) was recognized when control of the related U_3O_8 or UF_6 passes to the customer, which was the date when title of the U_3O_8 and UF_6 passes to the customer.

On July 19, 2021, UPC and Sprott Asset Management LP ("Sprott") completed a plan of arrangement whereby UPC shareholders became unitholders of the Sprott Physical Uranium Trust, a newly formed entity managed by Sprott (the "UPC Transaction"). In conjunction with the completion of the UPC Transaction, the MSA between Denison and UPC was terminated in accordance with the termination provisions therein and Denison received a termination payment from UPC of $5,848,000 which was recognized in revenue.

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.

P. 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.

3. 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 mill processing 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 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 and other deferred tax assets to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is “probable” that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

D. Reclamation obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed or a constructive or legal obligation exists. The valuation of the liability typically involves 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.

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Cash	$ 2,002	$ 12,004
Cash in MLJV and MWJV	1,275	540
Cash equivalents	60,721	12,448
	$ 63,998	$ 24,992

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.

5. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Trade receivables	$ 2,866	$ 2,644
Receivables in MLJV and MWJV	533	394
Sales tax receivables	255	154
Sundry receivables	2	182
	$ 3,656	$ 3,374

6. INVENTORIES

The inventories balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Uranium concentrates	$ 451	$ -
Inventory of ore in stockpiles	2,098	2,098
Mine and mill supplies in MLJV	3,003	3,015
	$ 5,552	$ 5,113
Inventories-by balance sheet presentation:		
Current	$ 3,454	$ 3,015
Long term-ore in stockpiles	2,098	2,098
	$ 5,552	$ 5,113

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

7. INVESTMENTS

The investments balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Investments:		
Equity instruments		
Shares	$ 14,349	$ 16,657
Warrants	229	293
Uranium	133,114	-
	$ 147,692	$ 16,950
Investments-by balance sheet presentation:		
Current	$ 14,437	$ 16,657
Long-term	133,255	293
	$ 147,692	$ 16,950

The investments continuity summary is as follows:

(in thousands)	Equity Instruments	Physical Uranium	Total
Balance-January 1, 2020	$ 12,104	$ -	$ 12,104
Proceeds from property disposal	270	-	270
Purchase of investments	7	-	7
Sale of investments	(477)	-	(477)
Fair value gain to profit and loss (note 21)	5,046	-	5,046
Balance-December 31, 2020	$ 16,950	$ -	$ 16,950
Purchase of investments	-	91,674	91,674
Sale of investments	(12,826)	-	(12,826)
Fair value gain to profit and loss (note 21)	10,454	41,440	51,894
Balance-December 31, 2021	$ 14,578	$ 133,114	$ 147,692

At December 31, 2021, the Company holds equity instruments consisting of shares and warrants in publicly traded companies and no debt instruments. Non-current equity instruments consist of warrants in publicly traded companies exercisable for a period more than one year after the balance sheet date.

Investment in uranium

During the year ended December 31, 2021, the Company acquired a total of 2,500,000 pounds of physical uranium as U_3O_8 at a cost of $91,674,000 (USD$74,140,000), including purchase commissions. The uranium is being held as a long-term investment.

Sale of investment and issuance of warrants on investment

During the year ended December 31, 2021, the Company sold by private agreement (1) 32,500,000 common shares of GoviEx Uranium Inc. ("GoviEx") and (2) 32,500,000 common share purchase warrants, entitling the holder to acquire one additional common share of GoviEx owned by Denison ("GoviEx Warrants"), for combined gross proceeds of $15,600,000. The proceeds from this transaction were allocated between the GoviEx common shares sold and the GoviEx Warrants issued on a relative fair value basis, resulting in net proceeds from the disposal of GoviEx common shares of $12,826,000 and proceeds from the issuance of the GoviEx Warrants of $2,774,000. The GoviEx shares sold had an initial cost of $2,698,000.

The GoviEx Warrants entitle the holder to acquire one additional common share of GoviEx owned by the Company at an exercise price $0.80, for 18 months after issuance (April 2024).

The fair value of the GoviEx Warrants on the date of issuance was determined using the following assumptions in the Black-Scholes option pricing model – expected volatility 76%, risk-free interest rate of 0.69%, dividend yield of 0% and an expected term of 18 months.

At December 31, 2021, the fair value of the GoviEX Warrants was estimated to be $1,625,000 ($0.05 per warrant), based on the following assumptions in the Black-Scholes option pricing model – expected volatility of 82%, risk free interest rate of 0.91%, dividend yield of 0% and an expected term of 16 months.

The Company continues to hold 32,644,000 common shares of GoviEx. If the GoviEx Warrants are exercised in full, Denison will transfer a further 32,500,000 GoviEx common shares to the warrant holders.

(in thousands except warrant amounts)	Number of Warrants		Warrant Liability
Balance-December 31, 2020	-	$	-
Warrants on investment	32,500,000		2,774
Change in fair value (note 21)	-		(1,149)
Balance-December 31, 2021	32,500,000	$	1,625

8. INVESTMENT IN JOINT VENTURE

The investment in joint venture balance consists of:

(in thousands)		At December 31 2021		At December 31 2020
Investment in joint venture:				
JCU	$	21,392	$	-
	$	21,392	$	-

A summary of the investment in JCU is as follows:

(in thousands)		
Balance-December 31, 2020	$	-
Investment at cost:		
Acquisition of 50% of JCU		21,856
Equity share of loss		(464)
Balance-December 31, 2021	$	21,392

On August 3, 2021, Denison completed the acquisition of 50% of JCU from UEX Corporation ("UEX"), for cash consideration of $20,500,000 plus transaction costs of $1,356,000. Denison's acquisition of its 50% interest in JCU occurred immediately following UEX's acquisition of all the outstanding shares of JCU from Overseas Uranium Resources Development Co., Limited ("OURD") for cash consideration of $41,000,000.

Pursuant to Denison's agreement with UEX, Denison provided UEX with an interest-free 90-day term loan of $40,950,000 (the "Term Loan") to facilitate UEX's purchase of JCU from OURD. On the transfer of 50% of the shares in JCU from UEX to Denison, $20,500,000 of the amount drawn under the Term Loan was deemed repaid by UEX. UEX repaid the remainder of the Term Loan in September 2021.

JCU is a private company that holds a portfolio of twelve uranium project joint venture interests in Canada, including a 10% interest the WRJV, a 30.099% interest in the Millennium project (Cameco Corporation 69.901%), a 33.8123% interest in the Kiggavik project (Orano Canada Inc. 66.1877%), and a 34.4508% interest in the Christie Lake Project (UEX 65.5492%).

The following tables summarize the consolidated financial information of JCU on a 100% basis, taking into account adjustments made by Denison for equity accounting purposes (including fair value adjustments and differences in accounting policies). Denison records its equity share of earnings (loss) in JCU one month in arrears (due to the information not yet being available), adjusted for any known material transactions that have occurred up to the period end date on which Denison is reporting.

(in thousands)		At December 31 2021		At Acquisition (1)
Total current assets(2)	$	4,851	$	5,825
Total non-current assets		38,067		38,067
Total current liabilities		(134)		(181)
Total non-current liabilities		-		-
Total net assets	$	42,784	$	43,711

		4 Months Ended November 30,2021
Revenue	$	-
Net loss		(927)
Other comprehensive income (loss)	$	-

Reconciliation of JCU net assets to Denison investment carrying value:		
Net assets of JCU-at acquisition	$	43,711
Net loss		(927)
Net assets of JCU-at December 31, 2021	$	42,784
Denison ownership interest		50.00%
Denison share of net assets of JCU		21,392
Investment in JCU	$	21,392

(1) Based on financial information on the acquisition date of August 3, 2021.
(2) Included in current assets are $2,525,000 in cash and cash equivalents, $2,322,000 in restricted cash, and $4,000 in accounts receivable

9. 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 2021		At December 31 2020
Cash and cash equivalents	$	2,866	$	2,883
Investments		9,135		9,135
	$	12,001	$	12,018
Restricted cash and investments-by item:				
Elliot Lake reclamation trust fund	$	2,866	$	2,883
Letters of credit facility pledged assets		9,000		9,000
Letters of credit additional collateral		135		135
	$	12,001	$	12,018

At December 31, 2021 and December 31, 2020, investments consist of guaranteed investment certificates with maturities of less 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 (“Reclamation Agreement”) with the Governments of Canada and Ontario. The Reclamation 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 2021, the Company deposited an additional $793,000 into the Elliot Lake reclamation trust fund and withdrew $815,000. In 2020, the Company deposited an additional $803,000 into the Elliot Lake reclamation trust fund and withdrew $811,000.

Letters of credit facility pledged assets

At December 31, 2021, the Company had $9,000,000 in cash on deposit with the Bank of Nova Scotia (“BNS”) as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 14 and 16).

Letters of credit additional collateral

At December 31, 2021, the Company had an additional $135,000 of cash on deposit with BNS as collateral for the portion of its issued reclamation letters of credit in excess of the amount available under its letters of credit facility (see notes 14 and 16).

10. PROPERTY, PLANT AND EQUIPMENT

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

(in thousands)	Plant and Equipment Owned	Plant and Equipment Right-of-Use	Mineral Properties	Total PP&E
Cost:				
Balance-January 1, 2020	$ 104,587	$ 906	$ 179,481	$ 284,974
Additions	16	26	262	304
Disposals	(60)	(41)	-	(101)
Reclamation adjustment (note 14)	1,544	-	-	1,544
Balance-December 31, 2020	$ 106,087	$ 891	$ 179,743	$ 286,721
Additions	1,173	83	46	1,302
Disposals	(466)	(21)	-	(487)
Recoveries	-	-	(1)	(1)
Reclamation adjustment (note 14)	(1,111)	-	-	(1,111)
Balance-December 31, 2021	$ 105,683	$ 953	$ 179,788	$ 286,424
Accumulated amortization, depreciation:				
Balance-January 1, 2020	$ (27,518)	$ (197)	$ -	$ (27,715)
Amortization	(243)	-	-	(243)
Depreciation	(2,037)	(198)	-	(2,235)
Disposals	60	39	-	99
Reclamation adjustment (note 14)	243	-	-	243
Balance-December 31, 2020	$ (29,495)	$ (356)	$ -	$ (29,851)
Amortization	(280)	-	-	(280)
Depreciation	(2,391)	(203)	-	(2,594)
Disposals	466	17	-	483
Reclamation adjustment (note 14)	280	-	-	280
Balance-December 31, 2021	$ (31,420)	$ (542)	$ -	$ (31,962)
Carrying value:				
Balance-December 31, 2020	$ 76,592	$ 535	$ 179,743	$ 256,870
Balance-December 31, 2021	$ 74,263	$ 411	$ 179,788	$ 254,462

Plant and Equipment - Owned

The Company has a 22.5% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents $66,931,000, or 90.1%, of the December 2021 total carrying value amount of owned PP&E assets.

A toll milling agreement amongst the participants of the MLJV and the CLJV provides for the processing of certain 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 (Denison further has an agreement with APG regarding the receipt of certain toll milling fees it receives from this toll milling agreement – see note 12). In determining the units of production amortization rate for the McClean Lake mill, the amount of production attributable to the mill assets includes Denison's expected share of mill feed related to MLJV ores, MWJV ores and the CLJV toll milling contract. Milling activities in 2021 at the McClean Lake mill included processing and packaging ore for the Cigar Lake mine as well as from the test mining activities that occurred at the MLJV during the year. Milling activity in 2020 was dedicated exclusively to processing and packaging ore from the Cigar Lake mine. Mill production in 2020 and 2021 was impacted by the COVID-19 pandemic. See note 12 for the current operating status of the McClean Lake mill.

Plant and Equipment – Right-of-Use

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

Mineral Properties

The Company has various interests in development, evaluation and exploration projects located in Saskatchewan, Canada, which are either held directly or through option or various contractual agreements. The following projects, all located in Saskatchewan, represent $162,687,000, or 90.5%, of the carrying value amount of mineral property assets as at December 31, 2021:

a) Wheeler River – the Company has a 90.0% direct interest in the project, and an additional 5.0% interest through its investment in JCU (includes the Phoenix and Gryphon deposits);
b) Waterbury Lake – the Company has a 66.90% interest in the project (includes the THT 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 30.0% interest in the project;
e) Wolly – the Company has a 21.32% 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

On August 3, 2021, Denison completed the acquisition of 50% of JCU from UEX, for cash consideration plus transaction costs of $21,856,000 (see note 8). JCU is a private company that holds a portfolio of twelve uranium project joint venture interests in Canada, including a 10% interest in the WRJV, a 30.099% interest in the Millennium project (Cameco Corporation 69.901%), a 33.8123% interest in the Kiggavik project (Orano Canada Inc. 66.1877%), and a 34.4508% interest in the Christie Lake Project (UEX 65.5492%). The acquisition increased the Company's effective interest in the WRJV to 95.0%.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Trade payables	$ 3,179	$ 2,513
Payables in MLJV and MWJV	4,316	3,719
Other payables	1,095	946
	$ 8,590	$ 7,178

12. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands)	At December 31 2021	At December 31 2020
Deferred revenue-pre-sold toll milling:		
CLJV Toll Milling-APG	$ 36,508	$ 36,617
	$ 36,508	$ 36,617
Deferred revenue-by balance sheet presentation:		
Current	$ 4,656	$ 3,478
Non-current	31,852	33,139
	$ 36,508	$ 36,617

The deferred revenue liability continuity summary is as follows:

(in thousands)		2021		2020
Balance-January 1	$	36,617	$	36,321
Revenue earned during the period (note 22)		(3,207)		(2,762)
Accretion (note 21)		3,098		3,058
Balance-December 31	$	36,508	$	36,617

Arrangement with Anglo Pacific Group PLC ("APG")

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. At closing, the Company made payments 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, and reflected those amounts as a reduction of the initial upfront amount received, thereby reducing the initial deferred revenue balance to $39,980,000 at the transaction date.

In connection with the closing of the APG Arrangement, 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 16).

In 2021, the Company recognized $3,207,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 12,159,000 pounds U_3O_8 (100% basis). The drawdown in 2021 includes a cumulative increase in revenue for prior periods of $61,000 resulting from changes in estimates to the toll milling drawdown rate during 2021.

In 2020, the Company recognized $2,762,000 of toll milling revenue from the draw-down of deferred revenue, based on Cigar Lake toll milling production of 10,069,000 pounds U_3O_8 (100% basis). The drawdown in 2020 includes a cumulative increase in revenue for prior periods of $168,000 resulting from changes in estimates to the toll milling drawdown rate during 2020.

In response to the COVID-19 pandemic, the CLJV temporarily suspended production at the Cigar Lake mine from the end of March 2020 until September 2020, and then again from the end of December 2020 until April 2021. The MLJV temporarily suspended operations at the mill for the duration of the CLJV shutdowns.

The current portion of the deferred revenue liability reflects Denison's estimate of Cigar Lake toll milling over the next 12 months. This assumption is based on current mill packaged production expectations and is reassessed on a quarterly basis.

13. POST-EMPLOYMENT BENEFITS

The Company provides post-employment benefits for former Canadian employees who retired on immediate pension prior to 1997. The post-employment benefits provided include life insurance and medical and dental benefits as set out in the applicable group policies. 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, 2020. 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 1.75%;
- Medical cost increase trend rate of 4.09% in 2020, grading up to 5.30% per year by 2026, staying flat at 5.30% per year from 2026 to 2030 and then grading down to 4.05% per year from 2031 through to 2041; and
- Dental cost increase trend rate of 4.50% in 2020, grading up to 5.30% per year by 2026, staying flat at 5.30% per year from 2026 to 2030 and then grading down to 4.05% per year from 2031 through to 2041.

The post-employment benefits balance consists of:

(in thousands)		At December 31 2021		At December 31 2020
Accrued benefit obligation	$	1,274	$	1,361
	$	1,274	$	1,361
Post-employment benefits-by balance sheet presentation:				
Current	$	120	$	120
Non-current		1,154		1,241
	$	1,274	$	1,361

The post-employment benefits continuity summary is as follows:

(in thousands)		2021		2020
Balance-January 1	$	1,361	$	2,258
Accretion (note 21)		23		57
Benefits paid		(110)		(90)
Experience gain adjustment		-		(864)
Balance-December 31	$	1,274	$	1,361

14. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands)		At December 31 2021		At December 31 2020
Reclamation obligations-by item:				
Elliot Lake	$	20,877	$	21,523
MLJV and MWJV		15,405		16,875
Other		1,250		22
	$	37,532	$	38,420
Reclamation obligations-by balance sheet presentation:				
Current	$	1,181	$	802
Non-current		36,351		37,618
	$	37,532	$	38,420

The reclamation obligations continuity summary is as follows:

(in thousands)		2021		2020
Balance-January 1	$	38,420	$	32,512
Accretion (note 21)		1,343		1,352
Expenditures incurred		(815)		(826)
Liability adjustments-income statement (note 21)		(585)		3,595
Liability adjustments-balance sheet (note 10)		(831)		1,787
Balance-December 31	$	37,532	$	38,420

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 4.06% per annum (December 31, 2020 - 3.50%). As at December 31, 2021, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $35,837,000 (December 31, 2020 - $32,335,000). Revisions to the reclamation liability for Elliot Lake are recognized in the income statement as the site is closed and there is no asset recognized for this site.

Spending on restoration activities at the Elliot Lake site is funded by the Elliot Lake Reclamation Trust fund (see note 9).

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

The MLJV and MWJV operations are subject to environmental regulations as set out by the Saskatchewan government and the CNSC. Cost estimates of the expected 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 future reclamation costs discounted at 4.06% per annum (December 31, 2020 - 3.50%). As at December 31, 2021, the undiscounted amount of estimated future reclamation costs, in current year dollars, is $24,617,000 (December 31, 2020 - $24,135,000). The majority of the reclamation costs are expected to be incurred between 2038 and 2056. Revisions to the reclamation liabilities for the MLJV and MWJV 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, 2021, 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. See Note 27 for further details.

Site Restoration: Other

The Company's exploration and evaluation activities are subject to environmental regulations as set out by the Saskatchewan government. Cost estimates of the estimated future decommissioning and reclamation activities are recognized when the liability is incurred. The accrual represents the Company's best estimate of the present value of the future reclamation cost contemplated in these cost estimates discounted at 4.06% per annum (December 31, 2020 - nil%). As at December 31, 2021, the undiscounted amount of estimated future reclamation costs, in current year dollars, is estimated at $1,562,000 (December 31, 2020 - $nil). Revisions to the reclamation liabilities for exploration and evaluation activities are recognized on the balance sheet as adjustments to the net reclamation assets associated with the respective properties.

15. SHARE PURCHASE WARRANTS LIABILITY

In connection with the public offerings of units in February 2021 and March 2021 (see note 18), the Company issued 15,796,975 and 39,215,000 share purchase warrants to unit holders, respectively. The February 2021 warrants entitle the holder to acquire one common share of the Company at an exercise price of USD$2.00 for 24 months after issuance (February 2023). The March 2021 warrants entitle the holder to acquire one common share of the Company at an exercise price of USD$2.25 for 24 months after issuance (March 2023).

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

February 2021 Warrants

The fair value of the February 2021 warrants was estimated to be $0.2215 on the date of issue, based on a relative fair value basis approach, using a USD to CAD foreign exchange rate of 0.7928 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 67%, risk-free interest rate of 0.22%, dividend yield of 0% and an expected term of 2 years.

At December 31, 2021, the fair value of the February 2021 warrants was estimated to be $0.4032, using a USD to CAD foreign exchange rate of 0.7888 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 84%, risk-free interest rate of 0.91%, dividend yield of 0% and an expected term of 1.13 years.

March 2021 Warrants

The fair value of the March 2021 warrants was estimated to be $0.2482 on the date of issue, based on a relative fair value basis approach, using a USD to CAD foreign exchange rate of 0.7992 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 72%, risk-free interest rate of 0.27%, dividend yield of 0% and an expected term of 2 years.

At December 31, 2021, the fair value of the March 2021 warrants was estimated to be $0.3563, using a USD to CAD foreign exchange rate of 0.7888 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 82%, risk-free interest rate of 0.91%, dividend yield of 0% and an expected term of 1.22 years.

The share purchase warrants liability continuity is as follows:

(in thousands except warrant amounts)	Number of Warrants		Warrant Liability
Balance-December 31, 2020	-	$	-
Share purchase warrants issued on February 19, 2021	15,796,975		3,499
Share purchase warrants issued on March 22, 2021	39,215,000		9,735
February 2021 warrants exercised	(5,500)		(1)
Fair value loss (note 21)	-		7,104
Balance-December 31, 2021	55,006,475	$	20,337

16. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands)		At December 31 2021		At December 31 2020
Debt obligations:				
Lease obligations	$	452	$	582
Loan obligations		56		33
Flow-through share premium obligation (note 18)		-		22
	$	508	$	637
Other liabilities-by balance sheet presentation:				
Current	$	179	$	262
Non-current		329		375
	$	508	$	637

Debt Obligations

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

(in thousands)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Balance-January 1, 2020	$ 739	$ 263	$ 1,002
Accretion (note 21)	56	-	56
Additions	26	-	26
Repayments	(237)	(230)	(467)
Liability adjustment gain (note 21)	(2)	-	(2)
Balance-December 31, 2020	$ 582	$ 33	$ 615
Accretion (note 21)	44	-	44
Additions	71	34	105
Repayments	(241)	(11)	(252)
Liability adjustment gain (note 21)	(4)	-	(4)
Balance-December 31, 2021	$ 452	$ 56	$ 508

Debt Obligations – Scheduled Maturities

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

(in thousands)	Lease Liabilities	Loan Liabilities	Total Debt Obligations
Maturity analysis-contractual undiscounted cash flows:			
Next 12 months	$ 162	$ 17	$ 179
One to five years	359	43	402
More than five years	-	-	-
Total obligation-end of period-undiscounted	521	60	581
Present value discount adjustment	(69)	(4)	(73)
Total obligation-end of period-discounted	$ 452	$ 56	$ 508

Letters of Credit Facility

In 2021, 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, 2022 (the "2021 Facility"). Use of the 2021 Facility is restricted to non-financial letters of credit in support of reclamation obligations.

The 2021 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 9). As additional security for the 2021 Facility, DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of Denison Mines Inc. ("DMI"). DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the MLJV and MWJV projects. The 2021 Facility is subject to letter of credit fees of 2.40% (0.40% on the $9,000,000 covered by pledged cash collateral) and standby fees of 0.75%.

At December 31, 2021, the Company was in compliance with its 2021 Facility covenants and $24,000,000 of the 2021 Facility was being utilized as collateral for certain letters of credit (December 31, 2020 - $24,000,000). During 2021, the Company incurred letter of credit and standby fees of $397,000 (2020 - $398,000).

In January 2022, the Company entered into an agreement with BNS to amend the terms of the 2021 Facility to extend the maturity date to January 31, 2023 (see note 27).

17. INCOME TAXES

The income tax recovery balance from continuing operations consists of:

(in thousands)		2021		2020
Deferred income tax:				
Origination of temporary differences	$	1,795	$	710
Tax benefit-previously unrecognized tax assets		247		1,255
Prior year over (under) provision		(47)		(1,105)
		1,995		860
Income tax recovery	$	1,995	$	860

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)		2021		2020
Income (loss) before taxes	$	16,982	$	(17,143)
Combined Canadian tax rate		26.50%		26.50%
Income tax (expense) recovery at combined rate		(4,500)		4,543
Difference in tax rates		(1,704)		1,746
Non-deductible amounts		(4,637)		(2,579)
Non-taxable amounts		13,518		2,535
Previously unrecognized deferred tax assets (1)		247		1,255
Renunciation of tax attributes-flow through shares		(423)		(417)
Change in deferred tax assets not recognized		(233)		(5,960)
Change in tax rates, legislation		(29)		(55)
Prior year over (under) provision		(47)		(1,105)
Other		(197)		897
Income tax recovery	$	1,995	$	860

(1) The Company has recognized certain previously unrecognized Canadian tax assets in 2021 and 2020 as a result of the renunciation of certain tax benefits to subscribers pursuant to its December 2020 $930,000 and December 2019 $4,715,000 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 2021		At December 31 2020
Deferred income tax assets:				
Property, plant and equipment, net	$	387	$	387
Post-employment benefits		331		355
Reclamation obligations		11,420		11,709
Non-capital tax loss carry forwards		16,910		16,943
Capital loss carry forward		6,862		-
Other		7,942		7,747
Deferred income tax assets-gross		43,852		37,141
Set-off against deferred income tax liabilities		(43,852)		(37,141)
Deferred income tax assets-per balance sheet	$	-	$	-
Deferred income tax liabilities:				
Inventory	$	(755)	$	(757)
Property, plant and equipment, net		(42,322)		(44,436)
Investments-equity instruments and uranium		(6,862)		-
Other		(1,132)		(1,140)
Deferred income tax liabilities-gross		(51,071)		(46,333)
Set-off of deferred income tax assets		43,852		37,141
Deferred income tax liabilities-per balance sheet	$	(7,219)	$	(9,192)

The deferred income tax liability continuity summary is as follows:

(in thousands)		2021		2020
Balance-January 1	$	(9,192)	$	(8,924)
Recognized in income (loss)		1,995		860
Recognized in other liabilities (flow-through shares)		(22)		(902)
Recognized in other comprehensive income		-		(226)
Balance-December 31	$	(7,219)	$	(9,192)

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 2021		At December 31 2020
Deferred income tax assets not recognized				
Property, plant and equipment	$	4,022	$	4,744
Tax losses-capital		58,312		66,873
Tax losses-operating		51,353		42,635
Tax credits		1,126		1,126
Other deductible temporary differences		5,023		1,441
Deferred income tax assets not recognized	$	119,836	$	116,819

The expiry dates of the Company's Canadian operating tax losses and tax credits are as follows:

(in thousands)	Expiry Date		At December 31 2021		At December 31 2020
Tax losses-gross	2025-2041	$	251,967	$	220,039
Tax benefit at tax rate of 26% - 27%			68,263		59,578
Set-off against deferred tax liabilities			(16,910)		(16,943)
Total tax loss assets not recognized		$	51,353	$	42,635
Tax credits	2025-2035		1,126		1,126
Total tax credit assets not recognized		$	1,126	$	1,126

18. SHARE CAPITAL

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

(in thousands except share amounts)	Number of Common Shares		
Balance-January 1, 2020	597,192,153	$	1,335,467
Issued for cash:			
Unit issue proceeds-total	81,179,280		33,933
Unit issue costs-total	-		(3,108)
Share option exercises	251,500		148
Share option exercises-transfer from contributed surplus	-		50
Share unit exercises-transfer from contributed surplus	358,949		242
Flow-through share premium liability (note 16)	-		(22)
	81,789,729		31,243
Balance-December 31, 2020	678,981,882	$	1,366,710
Issued for cash:			
Unit issue proceeds-total	110,023,950		144,214
Less: allocation to share purchase warrants liability (note 15)	-		(13,234)
Unit issue costs-total	-		(8,584)
Less: allocation to share purchase warrants issue expense	-		791
Other share issue proceeds-total	13,996,486		19,889
Less: other share issue costs	-		(1,798)
Share option exercises	8,451,848		6,300
Share purchase warrant exercises	5,500		14
Share option exercises-transfer from contributed surplus	-		2,157
Share unit exercises-transfer from contributed surplus	970,329		566
Share purchase warrant exercises-warrant liability settled	-		4
	133,448,113		150,319
Balance-December 31, 2021	812,429,995	$	1,517,029

Unit and Other Share Issues

In April 2020, the Company completed a public offering of 28,750,000 common shares at a price of USD$0.20 per share for gross proceeds of $8,041,000 (USD$5,750,000). The offering included the full exercise of an over-allotment option of 3,750,000 common shares granted to the underwriters.

In October 2020, the Company completed a public offering of 51,347,321 common shares at a price of USD$0.37 per share for gross proceeds of approximately $24,962,000 (USD$18,999,000), which included the partial exercise by the underwriters of their over-allotment option.

In December 2020, Denison completed a private placement of 1,081,959 flow-through common shares at a price of $0.86 per share for gross proceeds of $930,485. The income tax benefits of this issue were renounced to subscribers with an effective date of December 31, 2020. The related flow-through share premium liabilities are included as a component of other liabilities on the balance sheet at December 31, 2020 and were extinguished in 2021 when the tax benefit was renounced to the shareholders (see note 16).

In January and February 2021, Denison, through its agents, issued 4,230,186 common shares under its at-the-market ("ATM") program that was established pursuant to the equity distribution agreement dated November 13, 2020 ("2020 ATM Program") and qualified by a prospectus supplement to its short form base shelf prospectus dated June 2, 2020 ("2020 Shelf Prospectus"). The common shares were issued at an average price of $0.93 per share for aggregate gross proceeds of $3,914,000. The Company also recognized issue costs of $466,000 related to its ATM share issuances, which includes $78,000 of commissions and $384,000 associated with the set-up of the 2020 ATM Program, which were previously deferred on the balance sheet and included in Prepaid expenses and other at December 31, 2020. In connection with the public offering completed on March 22, 2021 (see below), the Company terminated its 2020 ATM Program.

On February 19, 2021, the Company completed a public offering by way of a prospectus supplement to the 2020 Shelf Prospectus of 31,593,950 units of the Company at USD$0.91 per unit for gross proceeds of $36,265,000 (USD$28,750,000), including the full exercise of the underwriters' over-allotment option of 4,120,950 units. Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each full warrant is exercisable to acquire one common share of the Company at an exercise price of USD$2.00 for 24 months after issuance. A portion of the gross proceeds ($3,499,000 – see note 15) has been allocated to share warrant liabilities on a relative fair value basis and the pro-rata share of the issue costs associated with the offering has been expensed within Other expense (see note 21).

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

On March 22, 2021, the Company completed a public offering by way of a prospectus supplement to the 2020 Shelf Prospectus of 78,430,000 units of the Company at USD$1.10 per unit for gross proceeds of $107,949,000 (USD$86,273,000), including the full exercise of the underwriters' over-allotment option of 10,230,000 units. Each unit consisted of one common share and one-half of one transferable common share purchase warrant of the Company. Each full warrant is exercisable to acquire one common share of the Company at an exercise price of USD$2.25 for 24 months after issuance. A portion of the gross proceeds ($9,735,000 – see note 15) has been allocated to share warrant liabilities on a relative fair value basis and the pro-rata share of the issue costs associated with the offering has been expensed within Other expense (see note 21).

On September 16, 2021, the Company filed a short form base shelf prospectus with the securities' regulatory authorities in each of the provinces and territories in Canada and a registration statement on Form F-10 in the United States ("2021 Shelf Prospectus"). Under the 2021 Shelf Prospectus, the Company is qualified to issue securities, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the 2021 Shelf Prospectus, for an aggregate offering amount of up to $250,000,000 during the 25-month period ending on October 16, 2023.

On September 28, 2021, Denison entered into an equity distribution agreement providing for an ATM equity offering program qualified by a prospectus supplement to the 2021 Shelf Prospectus ("2021 ATM Program"). The 2021 ATM Program will allow Denison, through its agents, to, from time to time, offer and sell, in Canada and the United States, such number of common shares as would have an aggregate offering price of up to USD$50,000,000. As of December 31, 2021, the Company issued 3,840,000 shares under the 2021 ATM Program. The common shares were issued at an average price of $2.08 per share for aggregate gross proceeds of $7,975,000. The Company also recognized issue costs of $748,000 related to its ATM share issuances which includes $160,000 of commissions and $588,000 associated with the set-up and maintenance of the 2021 Shelf Prospectus and 2021 ATM Program.

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, 2021, the Company estimates that it has satisfied its obligation to spend $930,485 on eligible exploration expenditures in fiscal 2021 in connection with the issuance of flow-through shares in December 2020. The Company renounced the income tax benefits of this issue in February 2021, with an effective date of renunciation to its subscribers of December 31, 2020. In conjunction with the renunciation, the flow-through share premium liability at December 31, 2020 has been extinguished and a deferred tax recovery has been recognized in the first quarter of 2021 (see note 17).

As at December 31, 2021, the Company estimates that it has incurred $2,283,000 of expenditures towards its obligation to spend $8,000,000 on eligible exploration expenditures by the end of fiscal 2022 in connection with the issuance of flow-through shares in March 2021.

19. SHARE-BASED COMPENSATION

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

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

(in thousands)	2021	2020
Share-based compensation expense for:		
Share options	$ (1,383)	$ (559)
RSUs	(1,435)	(1,034)
PSUs	(14)	(234)
Share based compensation expense	$ (2,832)	$ (1,827)

An additional $2,382,000 in share-based compensation expense remains to be recognized, up until November 2024, on options and share units outstanding at December 31, 2021.

Share Options

The Company's Share Option Plan provides for the granting of share 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 of December 31, 2021, an aggregate of 26,226,093 options (December 31, 2020 - 23,401,593) have been granted (less cancellations) since the Plan's inception in 1997.

Under the Share Option Plan, all share options are granted at the discretion of the Company's board of directors, including any vesting provisions if applicable. The term of any share 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, share options granted under the Share Option Plan have five-year terms and vesting periods up to 24 months.

A continuity summary of the share options of the Company granted under the Share Option Plan for 2021 and 2020 is presented below:

	2021		2020	
	Number of Common Shares	Weighted Average Exercise Price per Share (CAD)	Number of Common Shares	Weighted Average Exercise Price per Share (CAD)
Share options outstanding-January 1	15,077,243	$ 0.67	13,827,243	$ 0.75
Grants	4,171,000	1.30	3,671,000	0.46
Exercises [1]	(8,451,848)	0.75	(251,500)	0.59
Expiries	(31,000)	0.66	(1,424,000)	0.97
Forfeitures	(1,315,500)	0.79	(745,500)	0.67
Share options outstanding-December 31	9,449,895	$ 0.86	15,077,243	$ 0.67
Share options exercisable-December 31	4,370,895	$ 0.61	10,289,743	$ 0.74

(1) The weighted average share price at the date of exercise was CAD$1.49 (December 31, 2020 - CAD$0.72).

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

Range of Exercise Prices per Share (CAD)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD)
Share options outstanding			
$ 0.25 to $ 0.49	3.21	2,354,500	$ 0.45
$ 0.50 to $ 0.74	1.69	3,054,395	0.64
$ 0.75 to $ 0.99	0.19	331,000	0.85
$ 1.00 to $ 1.49	4.20	3,606,000	1.28
$ 1.50 to $ 1.99	-	-	-
$ 2.00 to $ 2.49	4.87	104,000	2.29
Share options outstanding-December 31, 2021	3.01	9,449,895	$ 0.86

Share options outstanding at December 31, 2021 expire between March 2022 and November 2026.

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

	2021	2020
Risk-free interest rate	0.70% - 1.29%	0.27% - 0.67%
Expected share price volatility	66.11% - 73.37%	44.16% - 54.16%
Expected life	3.4 years	3.4 years
Estimated forfeiture rate	3.13% - 3.91%	2.84% - 3.08%
Expected dividend yield	–	–
Fair value per option granted	CAD$0.59 - CAD$1.22	CAD$0.15 - CAD$0.25

The fair values of share options with vesting provisions are amortized on a graded method basis as share-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, in the form of RSUs or PSUs. 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. RSUs granted under the plan, to date, vest ratably over a period of three years. PSUs granted under the plan, to date, vest ratably based upon the achievement of certain non-market performance vesting conditions. PSUs granted in 2018 vest ratably over a period of five years, PSUs granted in 2019 vest ratably over a period of four years and PSUs granted in 2020 vest ratably over a period of three years. No PSUs were granted in 2021.

A continuity summary of the RSUs of the Company granted under the share unit plan for 2021 and 2020 is presented below:

	2021			2020		
	Number of Common Shares		Weighted Average Fair Value Per RSU (CAD)	Number of Common Shares		Weighted Average Fair Value Per RSU (CAD)
RSUs outstanding-January 1	5,691,899	$	0.52	2,754,099	$	0.70
Grants	1,958,000		1.44	3,345,750		0.38
Exercises (1)	(760,329)		0.56	(238,949)		0.69
Forfeitures	(1,087,729)		0.63	(169,001)		0.59
RSUs outstanding-December 31	5,801,841	$	0.80	5,691,899	$	0.52
RSUs vested-December 31	1,997,677	$	0.59	970,670	$	0.69

(1) The weighted average share price at the date of exercise was CAD$1.54 (December 31, 2020 - CAD$0.56).

A continuity summary of the PSUs of the Company granted under the share unit plan for 2021 and 2020 is presented below:

	2021			2020		
	Number of Common Shares		Weighted Average Fair Value Per PSU (CAD)	Number of Common Shares		Weighted Average Fair Value Per PSU (CAD)
PSUs outstanding-January 1	2,020,000	$	0.63	2,140,000	$	0.65
Grants	-		-	180,000		0.38
Exercises (1)	(210,000)		0.66	(120,000)		0.65
Forfeitures	(280,000)		0.68	(180,000)		0.65
PSUs outstanding-December 31	1,530,000	$	0.62	2,020,000	$	0.63
PSUs vested-December 31	870,000	$	0.63	700,000	$	0.65

(1) The weighted average share price at the date of exercise was CAD$1.41 (December 31, 2020 - CAD$0.67).

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

20. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The accumulated other comprehensive income balance consists of:

(in thousands)		At December 31 2021		At December 31 2020
Cumulative foreign currency translation	$	414	$	413
Experience gains-post employment liability				
Gross		1,847		1,847
Tax effect		(485)		(485)
	$	1,776	$	1,775

21. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

(in thousands)		2021		2020
Cost of goods and services sold:				
Cost of goods sold-mineral concentrates	$	-	$	(526)
Operating Overheads:				
Mining, other development expense		(2,630)		(1,165)
Milling, conversion expense		(2,697)		(1,769)
Less absorption:				
- Mineral properties		46		39
- Milling		451		-
Cost of services-Closed Mines Services		(7,791)		(6,852)
Cost of goods and services sold		(12,621)		(10,273)
Reclamation asset amortization		(280)		(243)
Selling expenses		-		(14)
Sales royalties and non-income taxes		-		(64)
Operating expenses	$	(12,901)	$	(10,594)

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

(in thousands)		2021		2020
Gains (losses) on:				
Foreign exchange	$	(1,295)	$	(529)
Disposal of property, plant and equipment		135		405
Fair value changes:				
Investments-equity instruments (note 7)		10,454		5,046
Investments-uranium (note 7)		41,440		-
Warrants on investment (note 7)		1,149		-
Share purchase warrants (note 15)		(7,104)		-
Share purchase warrants issue expense (note 18)		(791)		-
Reclamation obligation adjustments (note 14)		585		(3,595)
Uranium investment carrying charges		(223)		-
Debt obligation adjustments (note 16)		4		2
Legal settlement (note 25)		-		(850)
Other		(191)		(574)
Other income (expense)	$	44,163	$	(95)

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

(in thousands)		2021		2020
Interest income	$	383	$	291
Interest expense		(2)		(4)
Accretion expense:				
Deferred revenue (note 12)		(3,098)		(3,058)
Post-employment benefits (note 13)		(23)		(57)
Reclamation obligations (note 14)		(1,343)		(1,352)
Debt obligations (note 16)		(44)		(56)
Finance expense, net	$	(4,127)	$	(4,236)

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

(in thousands)		2021		2020
Operating expenses:				
Mining, other development expense	$	(2)	$	(3)
Milling, conversion expense		(2,053)		(1,730)
Cost of services		(179)		(192)
Exploration		(180)		(148)
Evaluation		(36)		(36)
General and administrative		(114)		(126)
Depreciation expense-gross	$	(2,564)	$	(2,235)

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

(in thousands)		2021		2020
Salaries and short-term employee benefits	$	(9,358)	$	(7,405)
Share-based compensation (note 19)		(2,832)		(1,827)
Termination benefits		(125)		(35)
Employee benefits expense-gross	$	(12,315)	$	(9,267)

A summary of lease related amounts recognized in the statement of income (loss) is as follows:

(in thousands of CAD dollars)		2021		2020
Accretion expense on lease liabilities	$	(44)	$	(56)
Expenses relating to short-term leases		(3,920)		(2,287)
Expenses relating to non-short term low-value leases		(6)		(13)
Lease related expense-gross	$	(3,970)	$	(2,356)

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

(in thousands)		2021		2020
Change in non-cash working capital items:				
Trade and other receivables	$	(282)	$	649
Inventories		(410)		220
Prepaid expenses and other assets		(183)		(422)
Accounts payable and accrued liabilities		676		(754)
Change in non-cash working capital items	$	(199)	$	(307)

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

(in thousands)		2021		2020
Supplemental cash flow disclosure:				
Interest paid	$	(2)	$	(4)
Income taxes paid		-		-

22. SEGMENTED INFORMATION

Business Segments

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

For the year ended December 31, 2021, reportable segment results were as follows:

(in thousands)	Mining	Closed Mines Services	Corporate and Other	Total
Statement of Operations:				
Revenues	3,207	8,829	7,964	20,000
Expenses:				
Operating expenses	(5,110)	(7,791)	-	(12,901)
Exploration	(4,477)	-	-	(4,477)
Evaluation	(15,521)	-	-	(15,521)
General and administrative	(19)	-	(9,672)	(9,691)
	(25,127)	(7,791)	(9,672)	(42,590)
Segment income (loss)	(21,920)	1,038	(1,708)	(22,590)
Revenues-supplemental:				
Environmental services	-	8,829	-	8,829
Management fees	-	-	7,964	7,964
Toll milling services-deferred revenue (note 12)	3,207	-	-	3,207
	3,207	8,829	7,964	20,000
Capital additions:				
Property, plant and equipment (note 10)	1,009	102	191	1,302
Long-lived assets:				
Plant and equipment				
Cost	101,392	4,182	1,062	106,636
Accumulated depreciation	(28,542)	(2,907)	(513)	(31,962)
Mineral properties	179,788	-	-	179,788
	252,638	1,275	549	254,462

For the year ended December 31, 2020, reportable segment results were as follows:

(in thousands)	Mining	Closed Mines Services	Corporate and Other	Total
Statement of Operations:				
Revenues	3,614	8,205	2,604	14,423
Expenses:				
Operating expenses	(3,742)	(6,849)	(3)	(10,594)
Exploration	(5,314)	-	-	(5,314)
Evaluation	(3,718)	-	-	(3,718)
General and administrative	(19)	-	(7,590)	(7,609)
	(12,793)	(6,849)	(7,593)	(27,235)
Segment income (loss)	(9,179)	1,356	(4,989)	(12,812)
Revenues-supplemental:				
Uranium concentrate sales	852	-	-	852
Environmental services	-	8,205	-	8,205
Management fees	-	-	2,604	2,604
Toll milling services-deferred revenue (note 12)	2,762	-	-	2,762
	3,614	8,205	2,604	14,423
Capital additions:				
Property, plant and equipment (note 10)	289	15	-	304
Long-lived assets:				
Plant and equipment				
Cost	101,540	4,546	892	106,978
Accumulated depreciation	(26,241)	(3,194)	(416)	(29,851)
Mineral properties	179,743	-	-	179,743
	255,042	1,352	476	256,870

Revenue Concentration

The Company's business is such that, at any given time, it sells its environmental and other services to a relatively small number of customers. During 2021, one customer from the Corporate and Other segment, two customers from Closed Mines Services segment and one customer from the Mining segment accounted for approximately 100% of total revenues consisting of 40%, 44% and 16% respectively. During 2020, one customer from the Corporate and Other segment, three customers from the Closed Mine Services segment and one customer from the Mining segment accounted for approximately 94% of total revenues consisting of 18%, 57% and 19% 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, 2021:

(in thousands)	2022	2023	2024	2025	There-after	Total
Revenues-by Segment:						
Closed Mines Services						
Environmental services	7,218	3,301	-	-	-	10,519
Total Revenue Commitments	7,218	3,301	-	-	-	10,519

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.

In addition to the amounts disclosed above, the Company is also contracted to pay onward to APG all toll milling cash proceeds received from the MLJV related to the processing of specified Cigar Lake ore through the McClean Lake mill (see note 12). The timing and amount of such future toll milling cash proceeds are outside the control of the Company.

23. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

UPC was a publicly-listed investment holding company which invested substantially all of its assets in uranium oxide concentrates ("U_3O_8") and uranium hexafluoride ("UF_6"). The Company had no ownership interest in UPC but received fees for management services it provided and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC.

The Company entered into a management services agreement ("MSA") with UPC effective April 1, 2019 with a term of five years (the "Term"). Under the MSA, Denison received the following management fees from UPC: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of 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.

On July 19, 2021, UPC and Sprott completed the UPC Transaction and the MSA between Denison and UPC was terminated in accordance with the termination provisions therein. As a result, Denison received a termination payment from UPC of $5,848,000.

As at December 31, 2021, UPC is no longer considered a related party of Denison.

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

(in thousands)	2021	2020
Management fees:		
Base and variable fees	$ 1,069	$ 2,011
Discretionary fees	350	300
Commission fees	697	293
Termination fee	5,848	-
	$ 7,964	$ 2,604

At December 31, 2021, accounts receivable includes $nil (December 31, 2020: $265,000) 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 became 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, 2021, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing approximately 7.17% of Denison's issued and outstanding shares. KHNP Canada Energy Ltd ("KHNP Canada"), a subsidiary of KHNP, is the holder of the majority of the 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, 2021, WLUC is owned by Denison Waterbury Corp (60%) and KWULP (40%) while the WLULP is owned by Denison Waterbury Corp (66.90% - limited partner), KWULP (33.09% - 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, 2022.

In 2021, there was no active exploration program for Waterbury Lake, and therefore the Company's ownership interest in WLULP did not change.

In 2020, Denison funded 100% of the approved fiscal 2020 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 66.57% to 66.90%, in two steps, which was accounted for using effective dates of June 30, 2020 and November 30, 2020. The increased ownership interest resulted in Denison recording its increased pro-rata share of the assets and liabilities of Waterbury Lake, the majority of which relates to an addition to mineral property assets of $223,000.

Other

During 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $164,000 (2020: $206,000) with Namdo Management Services Ltd ("Namdo"), a company of which a former director of Denison is a shareholder. These services were incurred in the normal course of operating a public company. As at December 31, 2021, Namdo is no longer considered a related party of Denison.

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)		2021		2020
Salaries and short-term employee benefits	$	(2,546)	$	(1,899)
Share-based compensation		(2,277)		(1,507)
Key management personnel compensation	$	(4,823)	$	(3,406)

24. CAPITAL MANAGEMENT AND FINANCIAL RISK

Capital Management

The Company's capital includes cash, cash equivalents, investments in debt instruments, investments in equity instruments and the current portion of 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 to shareholders and benefits for other stakeholders, and to pursue growth opportunities.

Long-term 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 business units based on a system of internal controls that require review and approval of significant expenditures by the Company's key decision makers. Under the Company's delegation of authority guidelines, significant debt obligations require the approval of the Board of Directors.

The Company monitors and reviews the composition of its net cash and investment position on an ongoing basis, and adjusts its holdings as necessary to achieve the desired level of risk and/or to accommodate operating plans for the current and future periods.

The Company's net cash and investment position is summarized below:

(in thousands)		At December 31 2021		At December 31 2020
Net cash and investments:				
Cash and cash equivalents	$	63,998	$	24,992
Equity instrument investments (note 7)		14,578		16,950
Investments-uranium (note 7)		133,114		-
Debt obligations-current (note 16)		(179)		(240)
Net cash and investments	$	211,511	$	41,702

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 commodity price and equity 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 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 2021		At December 31 2020
Cash and cash equivalents	$	63,998	$	24,992
Trade and other receivables		3,656		3,374
Restricted cash and investments		12,001		12,018
	$	79,655	$	40,384

The Company limits cash and cash equivalents 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 who have established credit worthiness with the Company through past dealings. Based on its historical credit loss experience, the Company has recorded an allowance for credit loss of $nil as at December 31, 2021 and December 31, 2020.

(b) Liquidity Risk

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

The maturities of the Company's financial liabilities at December 31, 2021 are as follows:

(in thousands)		Within 1 Year		1 to 5 Years
Accounts payable and accrued liabilities	$	8,590	$	-
Debt obligations (note 16)		179		329
	$	8,769	$	329

(c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company predominantly operates in Canada and incurs the majority of its operating and capital costs in Canadian dollars.

As the prices of uranium are quoted in U.S. currency, fluctuations in the Canadian dollar relative to the U.S. dollar can significantly impact the valuation of the Company's holdings of physical uranium from a Canadian dollar perspective.

The Company is also exposed to some foreign exchange risk on its net U.S dollar financial asset position, including cash and cash equivalents held in U.S. dollars.

At December 31, 2021, the Company's net U.S dollar financial assets and uranium investments were $8,697,000, and $133,114,000, respectively. The impact of the U.S dollar strengthening or weakening (by 10%) on the value of the Company's net U.S dollar-denominated assets is as follows:

(in thousands except foreign exchange rates)	December 31 2021 Foreign Exchange Rate	Sensitivity Foreign Exchange Rate		Change in net income (loss)
Currency risk				
CAD weakens	1.2678	1.3945	$	14,181
CAD strengthens	1.2678	1.1410	$	(14,181)

Currently, the Company does not have any programs or instruments in place to hedge this possible currency risk.

(d) Interest Rate Risk

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

(e) Commodity Price Risk

The Company's uranium holdings are directly tied to the spot price of uranium. At December 31, 2021, a 10% increase in the uranium spot price would have increased the Company's holdings of physical uranium by $13,311,000, while a 10% decrease would have decreased the Company's holdings of physical uranium by $13,311,000.

(f) Equity Price Risk

The Company is exposed to equity price risk on its investments in equity instruments of other publicly traded companies as well as on the GoviEx Warrants. The sensitivity analysis below illustrates the impact of equity price risk on the equity investments held by the Company and the GoviEx Warrants at December 31, 2021:

(in thousands)		Change in net income (loss)
Equity price risk		
10% increase in equity prices	$	1,049
10% decrease in equity prices		(1,080)

Fair Value of Investments and 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 2021 and 2020, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

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

(in thousands)	Financial Instrument Category(1)	Fair Value Hierarchy	December 31, 2021 Fair Value	December 31, 2020 Fair Value
Financial Assets:				
Cash and equivalents	Category B		$ 63,998	$ 24,992
Trade and other receivables	Category B		3,656	3,374
Investments				
Equity instruments-shares	Category A	Level 1	14,349	16,657
Equity instruments-warrants	Category A	Level 2	229	293
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		2,866	2,883
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			$ 94,233	$ 57,334
Financial Liabilities:				
Account payable and accrued liabilities	Category C		8,590	7,178
Debt obligations	Category C		508	615
Warrants on investment	Category A	Level 2	1,625	-
Share purchase warrants	Category A	Level 2	20,337	-
			$ 31,060	$ 7,793

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

Investments in uranium are categorized in Level 2. Investments in uranium are measured at fair value at each reporting period based on the month-end spot price for uranium published by UxC and converted to Canadian dollars during the period-end indicative foreign exchange rate.

25. 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 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. The final award was rendered by an arbitration panel on July 27, 2020, with the panel finding in favour of Denison and ordering UI to pay the Company USD$10,000,000 plus interest at a rate of 5% per annum from November 16, 2016, plus certain legal and arbitration costs.

On January 13, 2022, the Company and UI executed a Repayment Schedule Agreement. See note 27 for details.

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, 2021, the Company had outstanding letters of credit of $24,135,000 for reclamation obligations of which $24,000,000 is collateralized by the Company's 2021 credit facility (see note 16) and the remainder is collateralized by cash (see note 9).

Purchase of Office Building in Saskatoon

During the year ended December 31, 2021, the Company entered into an agreement to purchase an office building in Saskatoon, Saskatchewan to accommodate the Company's growing workforce. A deposit of $200,000 was made prior to year-end, with the balance of the purchase amount, $2,800,000 due upon the closing of the transaction in January 2022.

26. INTEREST IN OTHER ENTITIES

The significant subsidiaries, associates and joint arrangements of the Company at December 31, 2021 are listed below. The table also includes information related to key contractual arrangements associated with the Company's mineral property interests that comprise 90.5% of the December 31, 2021 carrying value of its Mineral Property assets (see note 10).

	Place Of Business	December 31, 2021 Ownership Interest (1)	December 31, 2020 Ownership Interest (1)	Fiscal 2021 Participating Interest (2)	Accounting Method
Subsidiaries					
Denison Mines Inc.	Canada	100.00%	100.00%	N/A	Consolidation
Denison AB Holdings Corp.	Canada	100.00%	100.00%	N/A	Consolidation
Denison Waterbury Corp	Canada	100.00%	100.00%	N/A	Consolidation
9373721 Canada Inc.	Canada	100.00%	100.00%	N/A	Consolidation
Denison Mines (Bermuda) I Ltd	Bermuda	100.00%	100.00%	N/A	Consolidation
Joint Operations					
Waterbury Lake Uranium Corp(3)	Canada	60.00%	60.00%	100%	Voting Share (4)
Waterbury Lake Uranium LP(3)	Canada	66.90%	66.90%	100%	Voting Share (4)
Joint Venture					
JCU	Canada	50.00%	nil%	50.00%(5)	Equity(6)
Key Contractual Arrangements					
Wheeler River Joint Venture	Canada	90.00%	90.00%	90.00%(6)	Denison Share (4)
Midwest Joint Venture	Canada	25.17%	25.17%	25.17%	Denison Share (4)
Mann Lake Joint Venture	Canada	30.00%	30.00%	N/A (7)	Denison Share (4)
Wolly Joint Venture	Canada	21.32%	21.89%	nil%	Denison Share (4)
McClean Lake Joint Venture	Canada	22.50%	22.50%	22.50%	Denison Share (4)

(1) Ownership Interest represents Denison's percentage equity / voting interest in the entity or contractual arrangement;
(2) Participating interest represents Denison's percentage funding contribution to the particular joint operation or contractual arrangement. This percentage can differ from ownership interest in instances where other parties to the arrangement have carried interests, they are earning-in to the arrangement, or they are diluting their interest in the arrangement (provided the arrangement has dilution provisions therein);
(3) WLUC and WLULP were acquired by Denison as part of the Fission Energy Corp. Acquisition in April 2013. 2013. Denison uses its equity interest to account for its share of assets, liabilities, revenues and expenses for these joint operations. In 2021, 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 23).
(4) Denison Share is where Denison accounts for its share of assets, liabilities, revenues and expenses in accordance with the specific terms within the contractual arrangement. This can be by using either its ownership interest (i.e. Voting Share) or its participating interest (i.e. Funding Share), depending on the arrangement terms. The Voting Share and Funding Share approaches produce the same accounting result when the Company's ownership interest and participating interests are equal;
(5) Denison acquired its 50% interest in JCU on August 3, 2021 (see note 8).
(6) Denison indirectly owns an additional 5% ownership interest through its joint venture in JCU, which is accounted for using the equity method and is thus not reflected here as part of its participating share in the WRJV.
(7) The participating interest for 2021 for these arrangements is shown as Not Applicable as there were no approved spending programs carried out during fiscal 2021.

27. SUBSEQUENT EVENTS

Tailings Management Facility Expansion and Updated Reclamation Plan Approved for MLJV and MWJV Operations

In January 2022, the Canadian Nuclear Safety Commission approved an amendment to the operating license for the MLJV and MWJV Operations, which allows for the expansion of the McClean Lake Tailings Management Facility ("TMF"), along with the associated revised Preliminary Decommissioning Plan and cost estimate. As a result of this updated plan, the Company's pro-rata share of the financial assurances, required to be provided to the Province of Saskatchewan, has decreased from $24,135,000 to $22,972,000. This will result in a decrease in the pledged amount required under the 2022 Facility to $7,972,000, and the full release of the Company's additional cash collateral of $135,000. The Company's reclamation obligation related to the MLJV is also expected to decrease.

Mongolia Mining Division Sale – Repayment Schedule Agreement with Uranium Industry a.s

In January 2022, the Company executed a Repayment Schedule Agreement (the "Repayment Agreement") pursuant to which the parties negotiated the repayment of the debt owing from UI to Denison. In accordance with the terms of the Repayment Agreement, the Company received an initial USD$2 million debt repayment instalment in January 2022.

Under the terms of the Repayment Agreement, UI has agreed to make scheduled payments on account of the

Arbitration Award, plus additional interest and fees, through a series of quarterly installments and annual milestone payments, until December 31, 2025. The total amount due to Denison under the Repayment Agreement, including the initial USD$2 million already received, is approximately USD$16 million. The Repayment Agreement includes customary covenants and conditions in favour of Denison, including certain restrictions on UI's ability to take on additional debt, in consideration for Denison's deferral of enforcement of the Arbitration Award while UI is in compliance with its obligations under the Repayment Agreement.

Bank of Nova Scotia Credit Facility Renewal

On January 21, 2022, the Company entered into an amending agreement with BNS to extend the maturity date of the 2021 Facility (see note 16). Under the facility amendment, the maturity date has been extended to January 31, 2023 (the "2022 Facility"). All other terms of the 2022 Facility (tangible net worth covenants, pledged cash, investment amounts and security for the facility) remain unchanged from those of the 2021 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 2022 Facility remains subject to letter of credit and standby fees of 2.40% (0.40% on the $9,000,000 covered by pledged cash collateral) and 0.75% respectively.

Changes to Composition of the Board of Directors

In January 2022, Ms. Laurie Sterritt was appointed to Denison's Board of Directors. Ms. Sterritt, Partner at Leaders International, has over 25 years of experience in the fields of Indigenous, government, and community relations.

In February 2022, Mr. Yun Chang Jeong joined the Company's Board of Directors. Mr. Jeong, General Manager of the Nuclear Fuel Supply Section of KHNP, was nominated by KHNP pursuant to the KHNP Strategic Relationship Agreement ('KHNP SRA'), to fill the vacancy on the Board created by the February 2022 resignation of Mr. Jun Gon Kim.

Corporate Information

BOARD OF DIRECTORS

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

David D. Cates
Ontario, Canada

W. Robert Dengler
Ontario, Canada

Brian D. Edgar
British Columbia, Canada

Yun Chang Jeong
Gyeongsangbuk-do, Korea

David M. Neuburger
Saskatchewan, Canada

Laurie M. Sterritt
British Columbia, Canada

Jennifer J. Traub
British Columbia, Canada

Patricia M. Volker
Ontario, Canada

OFFICERS

David D. Cates
President and
Chief Executive Officer

Mac McDonald
Executive Vice President and
Chief Financial Officer

David Bronkhorst
Vice President, Operations

Kevin Himbeault
Vice President, Plant Operations
and Regulatory Affairs

Elizabeth Sidle
Vice President, Finance

Amanda Willett
Vice President, Legal and
Corporate Secretary

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)
Trading Symbol: DML

NYSE American
Trading Symbol: DNN

SHARE REGISTRAR AND TRANSFER AGENT

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

AUDITOR

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ADDITIONAL INFORMATION

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

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Commercial scale well development activities on the 5-spot test pattern at the Phoenix Deposit, Wheeler River, Saskatchewan