Denison Mines

POWERING PEOPLE, PARTNERSHIPS AND PASSION

2021 Second Quarter Report

2021 SECOND QUARTER REPORT
FOR THE THREE AND SIX MONTHS ENDED
JUNE 30, 2021

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This Management's Discussion and Analysis ('MD&A') of Denison Mines Corp. and its subsidiary companies and joint arrangements (collectively, 'Denison' or the 'Company') provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated as of August 5, 2021 and should be read in conjunction with the Company's unaudited interim condensed consolidate0d financial statements and related notes for the three and six months ended June 30, 2021. The unaudited interim condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'). Readers are also encouraged to consult the audited consolidated financial statements and MD&A for the year ended December 31, 2020. 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 SECOND QUARTER PERFORMANCE HIGHLIGHTS

- **In-Situ Recovery ('ISR') field test activities at the Phoenix uranium deposit ('Phoenix') progress**

  A substantial portion of the ISR field test program has been successfully completed, including the installation of all five commercial-scale wells ('CSWs') and nine of eleven monitoring wells ('MWs') planned for the 5-spot test pattern (the 'Test Pattern') located in the Phase 1 area of Phoenix on the Company's Wheeler River Uranium Project ('Wheeler River' or the 'Project'). Based on the progress to date, multi-day pump and injection tests and ion tracer tests are planned to be initiated and completed on the full-scale Test Pattern during the third quarter.

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

  Drill hole GWR-045 was completed as part of the ISR field test program to install MWs to the northwest of the CSW Test Pattern. Based on the mineral resources currently estimated for Phoenix, GWR-045 was expected to intersect low grade uranium mineralization on the northwest margin of the deposit, approximately 5 metres outside of the boundary of the Phoenix Zone A high-grade resource domain. The drill hole, however, intersected a thick interval of high-grade unconformity-associated uranium mineralization with grades of 22.0% eU_3O_8 over 8.6 metres. The intersection is presently open further to the northwest and represents an area for further exploration and potential mineral resource expansion of Phoenix.

- **Decision to increase anticipated ISR mining head grade at Phoenix by 50%**

  Positive interim results, completed to date, from the ongoing metallurgical test program for the planned ISR mining operation at Phoenix have consistently supported uranium bearing solution ('UBS') head-grade for Phoenix well in excess of the 10 grams / Litre ('g/L') used in the Pre-Feasibility Study ("PFS") completed for Wheeler River in 2018. Accordingly, the Company has decided to adapt its plans for the remaining metallurgical test work, including the bench-scale tests of the unit operations of the proposed process plant, to reflect a 50% increase in the head-grade of UBS to be recovered from the well-field.

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

  In June 2021, Denison announced that it had entered into a binding agreement with UEX Corporation ('UEX') to acquire 50% of JCU from 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. Denison's acquisition of 50% of JCU was completed on August 3, 2021. 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%).

- **Received $5.8 million in connection with 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') to convert UPC into the Sprott Physical Uranium Trust. Upon completion of this 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. 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 deposits and a 66.90% interest in the THT (formerly J Zone) and Huskie deposits on the Waterbury Lake property. The Midwest, THT and Huskie deposits are located within 20 kilometres of the McClean Lake mill. In addition, Denison has an extensive portfolio of exploration projects in the Athabasca Basin region.

Additionally, through its 50% ownership of JCU, Denison also holds 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 is engaged in mine decommissioning and environmental services through its Closed Mines group, which manages Denison's Elliot Lake reclamation projects and provides post-closure mine and maintenance services to a variety of industry and government clients.

Up until July 19, 2021, Denison also served as the manager of UPC. UPC was a publicly traded company listed on the TSX, which invested in uranium oxide in concentrates ('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.

SELECTED QUARTERLY FINANCIAL INFORMATION

(in thousands)	As at June 30, 2021	As at December 31, 2020
Financial Position:		
Cash and cash equivalents	$ 84,852	$ 24,992
Working capital[(1)]	$ 92,259	$ 37,571
Property, plant and equipment	$ 256,484	$ 256,870
Total assets	$ 478,125	$ 320,690
Total long-term liabilities[(2)]	$ 99,561	$ 81,565

(1) At June 30, 2021, the Company's working capital includes $21,847,000 in portfolio investments 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.

(in thousands, except for per share amounts)		2021 Q2		2021 Q1		2020 Q4		2020 Q3
Results of Operations:								
Total revenues	$	4,626	$	2,496	$	4,094	$	2,743
Net loss	$	(2,357)	$	(8,884)	$	(3,095)	$	(5,482)
Basic and diluted loss per share	$	(0.00)	$	(0.01)	$	(0.00)	$	(0.01)

(in thousands, except for per share amounts)		2020 Q2		2020 Q1		2019 Q4		2019 Q3
Results of Operations:								
Total revenues	$	2,926	$	4,660	$	3,956	$	3,478
Net loss	$	(1,043)	$	(6,663)	$	(1,498)	$	(6,424)
Basic and diluted loss per share	$	(0.00)	$	(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 Q2 and Q3 of 2020 and again during Q1 and the beginning of Q2 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.
- 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 share purchase warrants and uranium investments 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

McClean Lake is located on the eastern edge of the Athabasca Basin in northern Saskatchewan, approximately 750 kilometres north of Saskatoon. Denison holds a 22.5% ownership interest in the MLJV and 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. As noted above, Denison sold 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 three and six months ended June 30, 2021, the McClean Lake mill processed 2.5 million and 2.5 million pounds U_3O_8 for the CLJV, respectively (June 30, 2020 – nil and 4.2 million pounds U_3O_8) and recorded toll milling revenue of $582,000 and $719,000, respectively (June 30, 2020 – $152,000 and $1,115,000). Toll milling revenue reported for the six months ended June 30, 2021, includes a $137,000 non-cash cumulative catch up adjustment recorded in the first quarter of 2021 related to the Cigar Lake mineral resource estimate update published in the first quarter. The increase in toll milling revenue during the three months ended June 30, 2021, as compared to the prior year, is predominantly due to an increase in mill production in the current period. The McClean Lake mill reopened following the second COVID-19-related temporary shutdown in April 2021, while it was shut down for the entirety of the second quarter in 2020. The impact of the increase in mill production in the current quarter was slightly offset by a negative non-cash cumulative catch up adjustment of $76,000, due to a change in the estimated timing of toll milling activity driven by the reopening of the mill in April. The decrease in toll milling revenue during the six months ended June 30, 2021, as compared to the prior period, was predominantly due to a reduction in mill production in the current period. The mill was in operation for approximately six weeks in the six months ended June 30, 2021, compared to approximately three months of operations in the six months ended June 30, 2020.

During the three and six months ended June 30, 2021, the Company also recorded accretion expense of $790,000 and $1,544,000, respectively, on the toll milling deferred revenue balance (June 30, 2020 – $755,000 and $1,537,000). While the annual accretion expense will decrease over the life of the agreement, as the deferred revenue liability decreases over time, accretion expense increased in the current three and six month periods due to the impact of the McClean Lake mill shutdown. With the mill shut down, the deferred revenue balance increased, as accretion expense exceeded the drawdown of deferred revenue.

Closed Mine Services

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

Revenue from Closed Mines services during the three and six months ended June 30, 2021 was $2,566,000 and $4,310,000 (June 30, 2020 - $2,104,000 and $4,132,000). The increase in revenue in the three and six months ended June 30, 2021, as compared to the prior period, was due to an increase in activity at certain care and maintenance sites, slightly offset by a decrease in revenue related to one customer contract that was not renewed for 2021.

Management Services Agreement with UPC

As discussed in ABOUT DENISON above, up until July 19, 2021, Denison provided general administrative and management services to UPC, and the Management fees and commissions earned by Denison provided a source of cash flow to partly offset corporate administrative expenditures incurred by the Company during the year.

During the three and six months ended June 30, 2021, revenue from the Company's management contract with UPC was $1,478,000 and $2,093,000 (June 30, 2020 - $670,000 and $1,487,000). The increase in revenues during the three and six months ended June 30, 2021, compared to the prior year periods, was due to an increase in management fees earned based on UPC's monthly net asset value ('NAV'), as well as an increase in both discretionary management fees and commission-based management fees. UPC's balance sheet consists primarily of uranium held either in the form of U_3O_8 or UF_6, which is accounted for at its fair value. The increase in NAV-based management fees was due to the increase in the average fair value of UPC's uranium holdings during the three and six months ended June 30, 2021, compared to the prior year, resulting from higher uranium spot prices. Discretionary management fees are awarded to Denison for non-routine activities performed by the Company. During the three and six months ended June 30, 2021, Denison was awarded $210,000 and $350,000 in discretionary management fees, compared to $nil and $300,000 in the prior periods. Denison also earned a 1% commission on the gross value of UPC's uranium purchases and sales. The increase in commission-based fees in both the three and six months ended June 30, 2021, as compared to the prior year, was due to an increase in uranium transactions completed for UPC during the current periods.

OPERATING EXPENSES

Mining

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

Operating expenses in the three and six months ended June 30, 2021 were $1,353,000 and $1,648,000, respectively (June 30, 2020 – $389,000 and $1,994,000), including depreciation expense relating to the McClean Lake mill of $429,000 and $429,000 (June 30, 2020 - $nil and $736,000), as a result of processing approximately 2.5 million and 2.5 million pounds U_3O_8, respectively, for the CLJV (June 30, 2020 – nil and 4.2 million pounds).

In the three and six months ended June 30, 2021, operating expenses also included development and other operating costs related to the MLJV of $924,000 and $1,219,000 (June 30, 2020 – $389,000 and $1,258,000). The development and other operating costs for the three and six months ended June 30, 2021 predominantly related to the advancement of the Surface Access Borehole Resource Extraction ('SABRE') mining technology, as part of a multi-year test mining program operated by Orano Canada within the MLJV.

Closed Mines Services

Operating expenses during the three and six months ended June 30, 2021 totaled $2,338,000 and $3,931,000 respectively (June 30, 2020 - $1,659,000 and $3,374,000). 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 three and six months ended June 30, 2021, Denison's share of evaluation expenditures was $6,381,000 and $9,142,000 (June 30, 2020 - $364,000 and $1,855,000). 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 first half of 2021 and up until the middle of July 2021.

PROJECT EVALUATION ACTIVITIES			
Property	**Denison's ownership(1)**	**Evaluation drilling**	**Other activities**
Wheeler River	90%	2,092 metres (5 large diameter CSWs(2)) 3,431metres (9 small diameter MWs(3))	ISR field testing, engineering, metallurgical testing, environmental and sustainability activities
		5,523 m (14 holes)	

Notes:
(1) The Company's ownership interest as at June 30, 2021. Effective August 3, 2021, the Company has acquired an additional 5% ownership interest in Wheeler River through its acquisition of 50% of JCU (see SUBSEQEUNT EVENTS for further details).
(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.

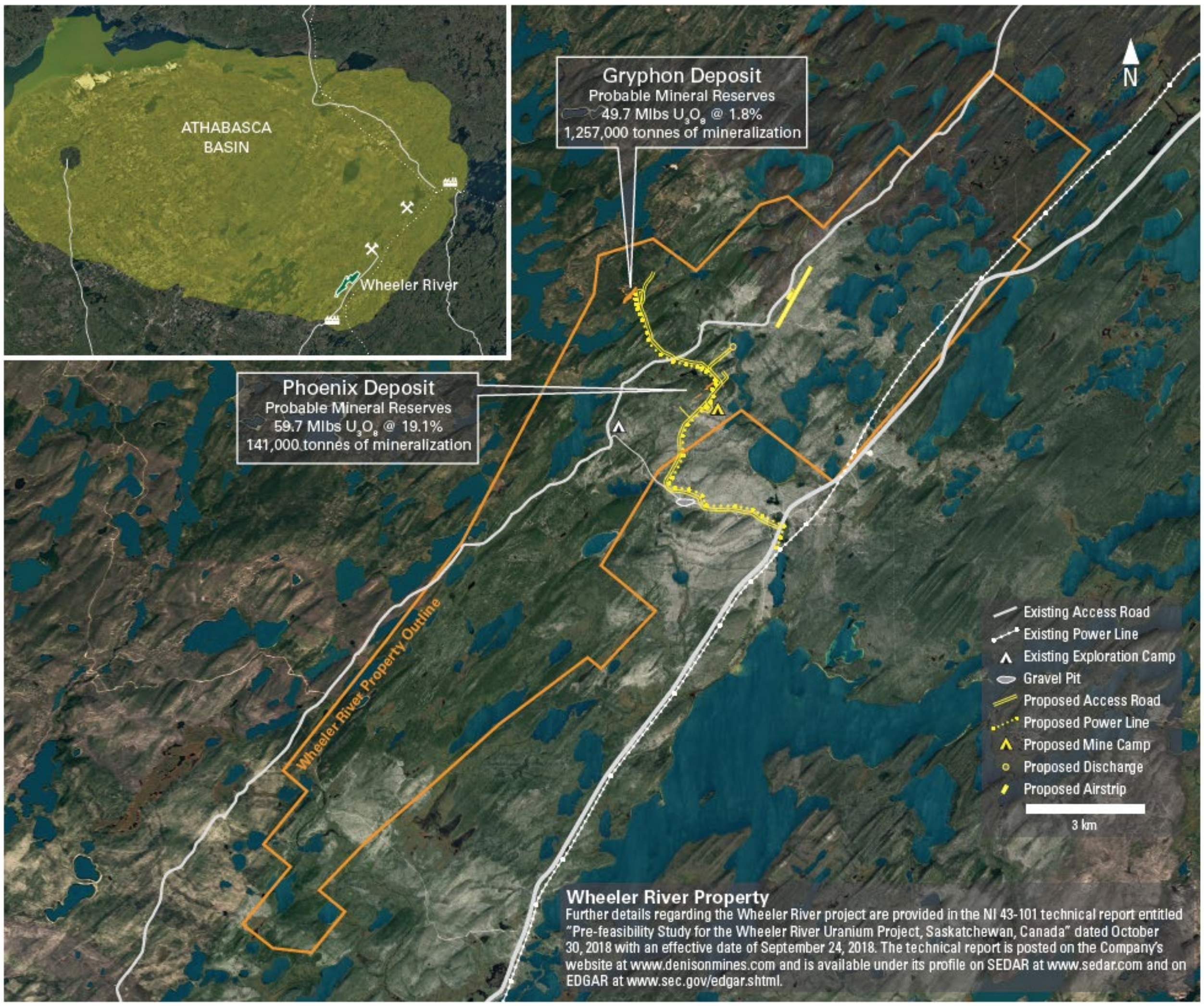
Wheeler River Project

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 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.

Given the social, financial and market disruptions in early 2020, Denison suspended certain activities at Wheeler River, including the Environmental Assessment ('EA') program, which is on the critical path to achieving the project development schedule outlined in the PFS. The Company is not currently able to estimate the impact to the project development schedule outlined in the PFS, and users are cautioned that the estimates provided therein regarding the start of pre-production activities in 2021 and first production in 2024 should not be relied upon.

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



Engineering Activities

<u>*2021 Field Program*</u>:

Drill crews were fully mobilized for the 2021 ISR Field Program in the second quarter. Activities progressed largely on schedule during the quarter as the Wheeler River site managed to prevent any outbreaks or disruptions related to COVID-19 with rigorous application of safety protocols. Interim progress highlights from the 2021 ISR field program include the following:

- **Installation of a 5-spot Test Pattern:** The Test Pattern, located in the planned first mining area ('Phase 1') of Phoenix, consists of five new CSWs and has been designed to facilitate the further evaluation of the ISR mining conditions at Phoenix – for incorporation into detailed mine planning, expected to be included in a future Feasibility Study ('FS') for the Project.

During the second quarter of 2021, all five CSWs were drilled to depth and initial hydrogeologic testing was completed. Work planned for the third quarter includes additional permeability enhancement and well screen installations, followed by the commencement of additional comprehensive hydrogeologic testing, as outlined below.

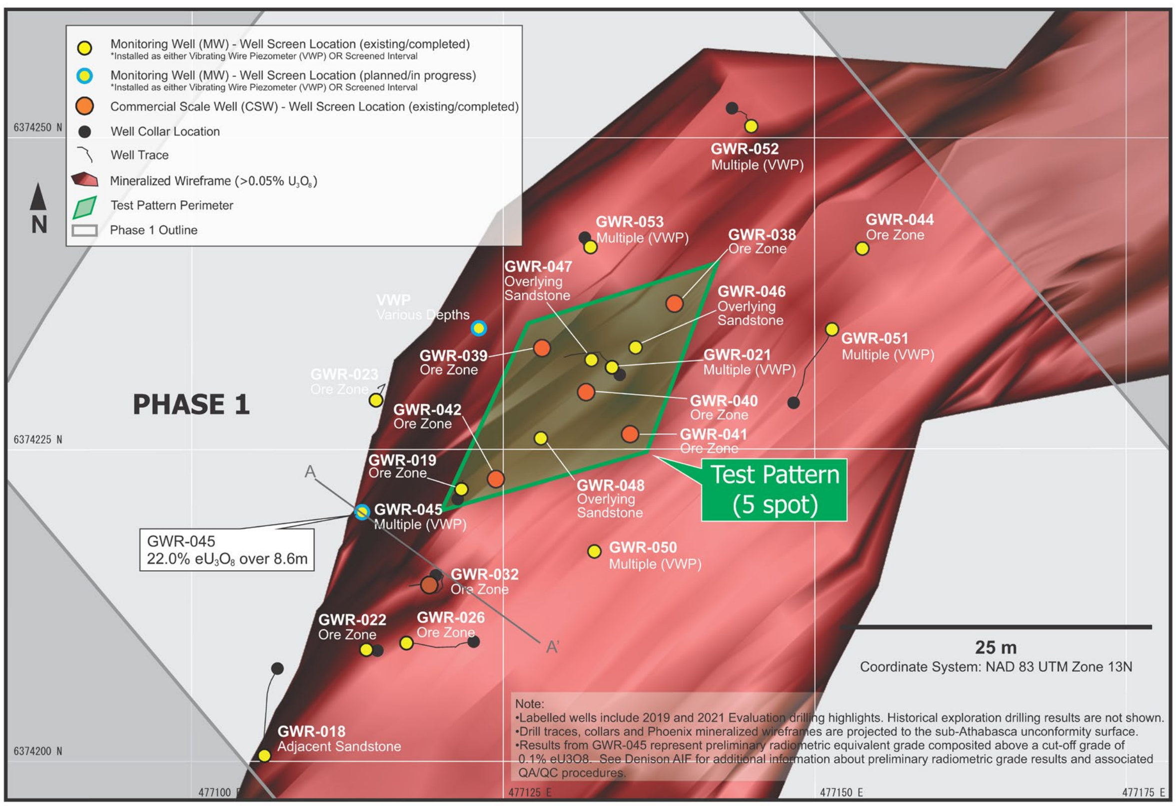
- **Installation of 11 additional MWs:** Eleven additional small-diameter MWs are planned to be installed around the Phase 1 area and are designed to surround the Test Pattern on all sides and above the ore zone horizon, in order to facilitate detailed monitoring of pressure changes and observations of fluid flow patterns during active hydrogeological tests. Certain MWs will also allow for water quality sampling over the duration of the test work.

  The drilling of the MWs is underway, with the five water sampling MWs and four of the six additional small diameter Vibrating Wire Piezometers ('VWP') MWs having been completed.

  In addition, some historical exploration drill holes have been re-purposed for monitoring fluid flows within the Test Pattern.

  Refer to the map below for the placement of the CSWs and the MWs.

Phoenix Deposit Phase 1 - Well Screen Location - Plan View



- **Discovery of High-Grade Mineralization in GWR-045:** GWR-045, a MW located to the northwest of the Test Pattern, intersected a thick interval of high-grade unconformity-associated uranium mineralization, with grades of 22.0% eU_3O_8 over 8.6 metres (see Denison press release dated July 29, 2021). Based on the mineral resources currently estimated for Phoenix, GWR-045 was expected to intersect low grade uranium mineralization on the northwest margin of the deposit, approximately 5 metres outside of the boundary of the Phoenix Zone A high-grade resource domain. The intersection is presently open further to the northwest and represents an area for potential resource expansion of Phoenix.

- **Extensive Hydrogeologic Testing:** Approximately twenty-five hydrogeologic tests are planned to be completed during the 2021 Field Program. Tests will first evaluate baseline conditions and the effectiveness of permeability enhancement tools deployed on an individual well basis, and are then expected to progress to assessing the Test Pattern's total permeability on a full-scale basis with multi-day pump and injection tests. Tests using ion tracers are also expected to be conducted on the full Test Pattern to establish breakthrough times for each CSW and confirm sub-surface pathways. These tests are expected to provide a more complete understanding of the hydrogeologic characteristics expected throughout Phase 1 in order to support the permitting and design of a lixiviant test, utilizing the existing Test Pattern, planned for 2022.

The initial qualitative tests to evaluate baseline conditions were completed in the second quarter.

The full-scale hydrogeological testing is planned to commence after the installation of all the MWs has been completed. This work is currently scheduled to take place in the third quarter.

- **Permeameter Analysis:** Permeameter analysis of additional areas within Phoenix resumed in 2021 to refine the understanding of the mineralized hydrogeologic horizons. To date, analysis has been completed from 16 of the planned program of 47 holes, consisting of 383 permeameter tests. The 47 holes planned for testing represents different mineralization zones across all of Phoenix Zone A.

Metallurgical Testing

Metallurgical test work continued in the second quarter of 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, designed to evaluate uranium recovery specifically for the ISR mining method.

  During the first half of 2021, four core leach samples were tested at SRC.

  Three 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 UBS head grades significantly above the 10g/L level used in the PFS.

  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, which is expected to result in a limited number of zones of reduced permeability. In order to understand the ISR leach dynamics in these areas, test work was also initiated on a sample representing high clay characteristics (above 25% clay). Results obtained from these tests confirm that high clay content can impact the natural permeability of the ore body and lead to lower UBS head-grades. Importantly, these tests also confirm 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.

  The test work completed to date has consistently supported an ISR mining uranium head-grade for Phoenix in excess of the 10g/L assumed in the PFS. Accordingly, the Company has 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, which represents a 50% increase from the UBS head-grade used in the PFS.

- *Column Leach Tests:*

  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 were produced from 64 Kilograms ("kg") of Phoenix core samples. Combined results from the four column leach tests are highly positive, with calculated UBS head-grade from the four columns averaging 19g/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.

Environmental and Sustainability Activities

EA Activities

Technical studies related to the hydrogeological model continued in the second quarter of 2021, with the Denison technical team validating the assumptions in the model provided by the Company's consultant to ensure that the model is aligned with Denison's current mining strategy and decommissioning plans. During the second quarter, the groundwater sampling required to support the hydrogeological assessment was completed.

Also during the second quarter, the team commenced the development of a Caribou Protection Plan with the selection of a trial location, and progressed both terrestrial and air quality assessment efforts.

Community Engagement Activities

At the end of the first quarter of 2021, Denison executed two agreements with the English River First Nation ('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 the ERFN consents to the Company's exploration and evaluation activities, provided Denison meets the commitments made in the Exploration Agreement, which include Denison 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.

During the second quarter, a Letter Agreement was completed between Denison and the Ya'thi Néné Lands and Resources Office, allowing the parties to undertake engagement activities in the communities in the northernmost portion of the Athabasca Basin region (Black Lake First Nation, Fond du Lac First Nation, Hatchet Lake First Nation, Camsell Portage, Uranium City, Stony Rapids and Wollaston Lake) for the Project. Engagement meetings are currently scheduled to occur in the third quarter.

MINERAL PROPERTY EXPLORATION

During the three and six months ended June 30, 2021, Denison's share of exploration expenditures was $528,0000 and $1,876,000, (June 30, 2020 – $481,000 and $2,181,000). The decrease in exploration expenditures in the six months ended June 30, 2021 compared to the prior year was due to a decrease in winter exploration activities.

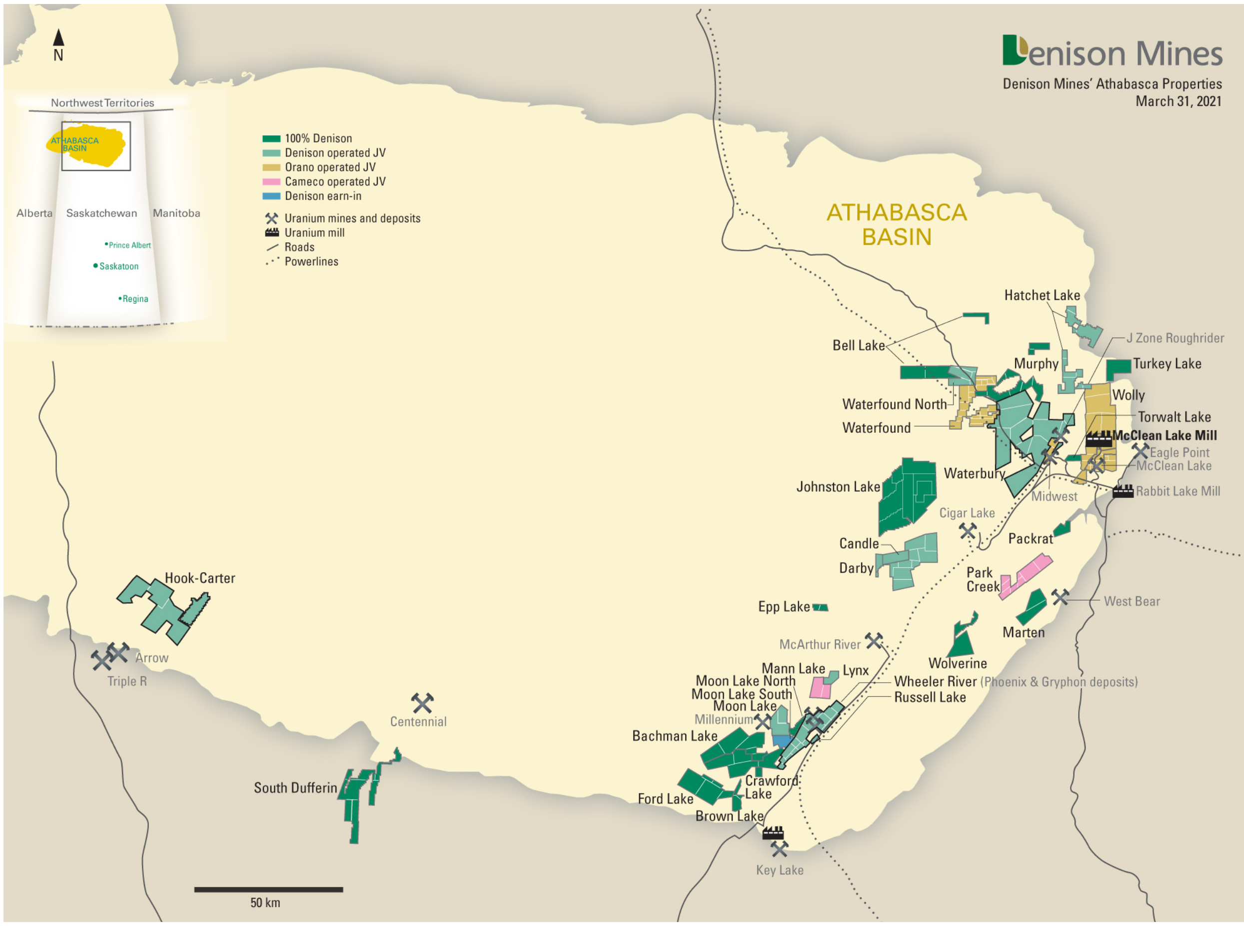
Exploration spending in the Athabasca Basin is generally seasonal in nature, reflecting increased field activity during the winter exploration season (January to mid-April) and summer exploration season (June to mid-October).

The following table summarize the exploration activities completed during the first half of 2021. The exploration drilling relates to the winter drilling programs at three of the Company's non-operated properties.

EXPLORATION & EVALUATION ACTIVITIES			
Property	**Denison's ownership**	**Drilling in metres (m)[1]**	**Other activities**
Ford Lake	100.00%	-	Geophysical Survey
McClean Lake	22.50%	4,083.0 (15 holes)	-
Midwest	25.17%	2,669.0 (8 holes)	Geophysical Survey
Waterfound	12.32%[2]	-	Geophysical Survey
Wolly	21.89%[3]	2,118.5 (11 holes)	-
Total		**8,870.5 (34 holes)**	

(1) The Company reports total exploration metres drilled and the number of holes that were successfully completed to their target depth.
(2) Represents Denison's ownership position at December 31, 2020. Denison has elected not to funds its 12.32% share of the 2021 exploration program implemented by the operator, Orano Canada. Accordingly, Denison's ownership share will decrease.
(3) Represents Denison's ownership position at December 31, 2020. Denison has elected not to funds its 21.89% share of the 2021 exploration program implemented by the operator, Orano Canada. Accordingly, Denison's ownership share will decrease.

The Company's land position in the Athabasca Basin, as of June 30, 2021, is illustrated in the figure below. The size of the Company's Athabasca land package did not change during the second quarter of 2021, remaining at 280,107 hectares (207 claims).



Wheeler River Exploration

Denison's share of exploration costs at Wheeler River was $186,000 and $446,000 during the three and six months ended June 30, 2021, respectively (June 30, 2020 – $188,000 and $394,000), which includes a portion of camp support and stand-by costs.

During the three and six months ended June 30, 2020, exploration work related to Wheeler River included desktop analysis and interpretation of the results of the 2020 exploration program and the detailed planning for the upcoming 2021 exploration drilling program – which is expected to begin in the third quarter of 2021 and include an estimated 7,500 metres in approximately 12 to 15 drill holes.

Given the recent intersection of a thick interval of high-grade unconformity-associated uranium mineralization in GWR-045, which returned 22.0% eU_3O_8 over 8.6 metres, the exploration team is currently carrying out further geologic interpretation, updates to the geologic model, and planning for follow-up drilling, which could be completed as part of the exploration field work planned for 2021.

Regional exploration during 2021 will be focused at the K West and M Zone target areas, where additional exploration drilling is required to follow up on mineralization encountered in each of these areas from the 2020 exploration drilling program.

Exploration Pipeline Properties

<u>Ford Lake</u>

The final data sets for the 2021 Ford Lake SML-EM survey were received during the quarter. Denison's exploration team is currently analyzing the data to develop a conductivity model for the survey area, and to identify targets for future drilling programs.

McClean Lake

The McClean Lake property is operated by Orano Canada and is host to the McClean mill and several unmined uranium deposits. A diamond drilling program consisting of 15 drill holes totaling 4,083 metres was completed at McClean Lake during the first quarter, which was highlighted by the discovery of high-grade uranium mineralization in the McClean South target area.

Following completion of the field programs, Orano Canada has initiated a further review and analysis of all drilling data (historical and recent) in the McClean South area in order to develop a comprehensive and consistent geological interpretation reflective of the mineralization intersected during the winter drill program.

Assay results from drilling at McClean South were received for the mineralized intersections reported in Denison's news release dated April 14, 2021. Final assays reflect a significant increase in the U_3O_8 grades previously reported for hole MCS-34, which returned 33.54% U_3O_8 over 3.0 metres (as compared to previously disclosed preliminary radiometric equivalent grades of 14.86% eU_3O_8 over 3.9 metres). The following table summarizes the assay results from the mineralized intersections for the winter 2021 McClean Lake exploration drill program.

HIGHLIGHTS OF ASSAY RESULTS FOR MCLEAN LAKE DRILL HOLES

Hole Number	From (m)	To (m)	Length (m)	Grade (% U_3O_8)
MCS-31(1)	224.7	225.2	0.5(3)	0.26
MCS-34(1)	183.1	196.6	13.5(4)	8.67
Including(2)	190.1	190.6	0.5(4)	18.5
Including(2)	193.1	196.1	3.0(4)	33.54
MCS-36(1)	165.7	168.7	3.0(5)	0.51
Mcs-37(1)	164.9	170.9	6.0(5)	0.64

Notes:
1. Intersection interval is composited above a cut-off grade of 0.1% U_3O_8.
2. Intersection interval is composited above a cut-off grade of 2.0% U_3O_8
3. True thickness is estimated to be approximately 65% of stated downhole length.
4. True thickness is estimated to be approximately 85% of stated downhole length.
5. True thickness is estimated to be approximately 90% of stated downhole length.

GENERAL AND ADMINISTRATIVE EXPENSES

During the three and six months ended June 30, 2021, total general and administrative expenses were $2,362,000 and $4,987,000, respectively (June 30, 2020 - $1,421,000 and $3,609,000). These costs are mainly comprised of head office salaries and benefits, office costs in multiple regions, audit and regulatory costs, legal fees, investor relations expenses, project costs, and all other costs related to operating a public company with listings in Canada and the United States. The increase in general and administrative expenses during the three and six months ended June 30, 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 trading and ownership in Denison shares and the costs related to their participation in Denison's annual general meeting.

The increase in employee costs in the three months ended June 30, 2021, was due to an increase in the non-cash stock-based compensation expense driven by the impact of the Company's increased share price and share price volatility on the valuation of stock-based compensation awarded in late March 2021. The increase in employee costs in the six months ended June 30, 2021, is due to an increase in stock-based compensation expense, 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 three and six months ended June 30, 2021, the Company recognized gains of $6,348,000 and $4,307,000 in other income/expense, respectively (June 30, 2020 – gain of $2,163,000 and a loss of $1,029,000).

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

Fair value gains or losses on uranium investments

A portion of the proceeds from the Company's March 2021 unit offering (see below for further details) is intended 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 they are held for long-term capital appreciation, these investments are accounted for by analogy to IAS 40 investment property and are measured at fair value with changes in fair value between reporting dates recorded through profit and loss. During the second quarter, the Company completed the purchase of 2,300,000 pounds U_3O_8 at a weighted average cost of $36.51 (US$29.58) per pound U_3O_8 (including purchase commissions of $0.05 (US$0.04) per pound U_3O_8). As at June 30, 2021, the spot price of U_3O_8 was $39.79 (US$32.10) per pound U_3O_8, resulting in mark-to-market gains for the three and six months ended June 30, 2021 of $7,534,000, on these uranium investments (June 30, 2020 - $nil).

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 three and six months ended June 30, 2021, the Company recorded fair value losses of $4,268,000 and $5,832,000, respectively (June 30, 2020 - $nil and $nil). Fair value gains and losses on the share purchase warrants are predominantly driven by the Company's share price at period end, changes in the volatility of the Company's share price, and the US dollar to Canadian dollar exchange rate.

Fair value gains or losses on portfolio investments

During the three and six months ended June 30, 2021, the Company recognized gains on investments carried at fair value of $5,233,000 and $5,142,000 (June 30, 2020 – a gain of $1,989,000 and a loss of $961,000). Gains and losses on investments carried at fair value are driven by the closing share price of the related investee at the end of the quarter.

Foreign exchange gains or losses

During the three and six months ended June 30, 2021, the Company recognized FX losses of $2,059,000 and $1,618,000 respectively (June 30, 2020 – FX losses of $98,000 and $78,000). The increase in FX loss in the current year is predominantly driven by the impact of the decrease in the US dollar to Canadian dollar exchange rate on the US dollar cash balances and US-dollar payables.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $84,852,000 at June 30, 2021 (December 31, 2020 – $24,992,000).

The increase in cash and cash equivalents of $59,860,000 was predominantly due to net cash provided by financing activities of $150,692,000, offset by net cash used in operations of $12,840,000, and net cash used in investing activities of $77,061,000.

Net cash used in operating activities of $12,840,000 was predominantly due to the net loss for the period, adjusted for non-cash items and changes in working capital items.

Net cash used in investing activities of $77,061,000 consists primarily of expenditures for uranium investments, as well as expenditures for property, plant and equipment, and an increase in restricted cash related to the Company's funding the Elliot Lake reclamation trust fund.

Net cash provided by financing activities of $150,692,000 was due to the net proceeds from the Company's ATM program, February 2021 unit offering, March flow-through share offering, March 2021 unit offering, as well as stock option exercises. See below for further details regarding these transactions.

On June 2, 2020, the Company filed a short form base shelf prospectus ('2020 Shelf Prospectus') with the securities regulatory authorities in each of the provinces and territories in Canada and in the United States. Under the 2020 Shelf Prospectus, the Company was allowed 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 2020 Shelf Prospectus, 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 Shelf Prospectus. The ATM 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 USD$20,000,000. In January and February 2021, Denison issued 4,230,186 common shares under the 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 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 March 2021, Denison issued 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 first half of 2021, the Company received share issue proceeds of $4,289,000 related to the issuance of 5,918,248 shares upon the exercise of employee stock options.

Use of Proceeds

2020 Flow Through Financing

As at June 30, 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.

October 2020 Equity Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus ('October 2020 Prospectus Supplement') dated October 8, 2020, the net proceeds of the October 2020 Offering will be utilized to fund Wheeler River evaluation and EA activities as well as general, corporate and administrative expenses. During the period between the close of the financing in October 2020 and June 30, 2021, the Company's use of proceeds has been 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 ('February 2021 Prospectus Supplement') dated February 16, 2021, the net proceeds of the February 2021 Offering will 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 June 30, 2021, the Company's use of proceeds has been in line with that disclosed in the February 2021 Prospectus Supplement. Subsequent to quarter end, a portion of the proceeds from the February 2021 unit offering were utilized to fund the acquisition of JCU (see SUBSEQUENT EVENTS).

March 2021 Unit Financing

As disclosed in the Company's prospectus supplement to the 2020 Base Shelf Prospectus ('March 2021 Prospectus Supplement') dated March 17, 2021, the majority of the net proceeds of the March 2021 Offering will be utilized to purchase physical uranium 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 June 30, 2021, the Company's use of proceeds has been in line with that disclosed in the March 2021 Prospectus Supplement. As at June 30. 2021, the Company has completed the purchase of 2,300,000 pounds of U_3O_8 at a weighted average price of \$36.51 per pound U_3O_8 (US\$29.58 per pound U_3O_8) and has committed to the purchase of an additional 200,000 pounds of U_3O_8 at a weighted average price of US\$30.50 per pound U_3O_8.

2021 Flow Through Financing

As at June 30, 2021, the Company has spent $377,000 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.

Revolving Term Credit Facility

On January 14, 2021, 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, 2022 ('2021 Credit Facility'). Under the 2021 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 2021 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 2021 Credit Facility.

TRANSACTIONS WITH RELATED PARTIES

Uranium Participation Corporation

The Company's management services agreement with UPC ('MSA') included a term of five years (the 'Term'), expiring on March 31, 2024. Under the MSA, Denison is entitled 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 June 3, 2021, Denison received notice from UPC that, conditional on the successful completion of the transaction with Sprott (see ABOUT DENISON above for further details), the MSA would be terminated and Denison would receive the termination amount calculated in accordance with the agreement. See SUBSEQUENT EVENTS below for further details.

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

	Three Months Ended		Six Months Ended	
(in thousands)	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Management Fee Revenue				
Base and variable fees	$ 571	$ 551	$ 1,046	$ 1,014
Discretionary fees	210	-	350	300
Commission fees	697	119	697	173
	$ 1,478	$ 670	$ 2,093	$ 1,487

At June 30, 2021, accounts receivable includes $1,199,000 (December 31, 2020 – $265,000) due from UPC with respect to the fees and transactions discussed above.

Korea Electric Power Corporation ('KEPCO')

As at June 30, 2021, KEPCO, through its subsidiaries including KHNP Canada Energy Ltd., holds 58,284,000 shares of Denison representing a share interest of approximately 7.23% and is also the largest member of the consortium of investors that make up 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

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

- During the three and six months ended June 30, 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $144,000 and $164,000, respectively (June 30, 2020 – $75,000 and $96,000) with Namdo Management Services Ltd, 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. At June 30, 2021, an amount of $71,000 (December 31, 2020 – $nil) was due to this company.

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

The following compensation was awarded to key management personnel:

(in thousands)	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Salaries and short-term employee benefits	$ (494)	$ (371)	$ (1,537)	$ (955)
Share-based compensation	(737)	(320)	(1,057)	(750)
	$ (1,231)	$ (691)	$ (2,594)	$ (1,705)

OFF-BALANCE SHEET ARRANGEMENTS

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

SUBSEQUENT EVENTS

Uranium Participation Corporation

On July 19, 2021, UPC and 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 and Denison received a termination payment from UPC of $5,848,000.

Acquisition of 50% of JCU from UEX

On August 3, 2021, acquired 50% ownership of JCU from UEX for cash consideration of $20.5 million. JCU holds a portfolio of twelve uranium project joint venture interests in Canada, including a 10% interest in Wheeler River, a 30.099% interest in the Millenium project, a 33.8123% interest in the Kiggavik project and a 34.4508% interest in the Christie Lake project.

UEX acquired 100% of JCU from OURD for $40.5 million, which was funded by Denison providing UEX with an interest-free term loan for three months in the amount of $41.0 million (the 'UEX Term Loan'). Half of the amount owing from

UEX to Denison was settled by the transfer of 50% of the shares of JCU to Denison, with UEX continuing to owe Denison $20.5 million. The UEX Term Loan is secured by all the shares of JCU owned by UEX. UEX may extend the term of the loan by an additional three months, in which case interest will be charged at a rate of 4% from the original start date of the UEX Term Loan.

Denison and UEX have entered into a shareholder's agreement which governs the operations of JCU, including provisions for future funding, dilution and the resolution of management deadlock situations.

At June 30, 2021, Denison has capitalized $76,000 of transaction costs related to the JCU acquisition on its statement of financial position.

OUTSTANDING SHARE DATA

Common Shares

At August 5, 2021, there were 805,739,098 common shares issued and outstanding and a total of 881,162,907 common shares on a fully-diluted basis.

Stock Options and Share Units

At August 5, 2021, the Company had 12,393,995 Denison stock options, and 8,017,839 share units outstanding.

Share Purchase Warrants

At August 5, 2021, the Company had outstanding 15,796,975 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 2021

Refer to the Company's annual MD&A for the year ended December 31, 2020 and the MD&A for the three months ended March 31, 2021 for a detailed discussion of the previously disclosed 2021 budget and outlook.

During the second quarter of 2021, the Company increased its outlook for income from UPC management services by $1,395,000. The increase is related to the an increase in commission fees earned in relation to uranium purchase transactions undertaken by Denison on behalf of UPC during the second quarter, as well as an increase in the final termination payment that the Company received upon the termination of the MSA compared to the amount previously estimated (see SUBSEQUENT EVENTS for further details).

(in thousands)	PREVIOUS 2021 OUTLOOK	CURRENT 2021 OUTLOOK	Actual to June 30, 2021(2)
Mining Segment			
Mineral Sales	3,709	3,709	-
Development & Operations	(4,972)	(4,972)	(1,579)
Exploration	(4,178)	(4,178)	(2,086)
Evaluation	(19,413)	(19,413)	(9,124)
	(24,854)	(24,854)	(12,789)
Closed Mines Segment			
Closed Mines Environmental Services	964	964	467
	964	964	467
Corporate and Other Segment			
UPC Management Services	6,639	8,034	2,094
Corporate Administration & Other	(6,854)	(6,854)	(4,260)
	(215)	1,180	(2,166)
Total(1)	**$ (24,105)**	**$ (22,710)**	**$ (14,488)**

Notes:
1. Only material operations shown.
2. The budget is prepared on a cash basis. As a result, actual amounts represent a non-GAAP measure. Compared to segment loss as presented in the Company's unaudited interim consolidated financial statements for the six months ended June 30, 2021, actual amounts reported above excludes $26,000 net impact of non-cash items and other adjustments.

ADDITIONAL INFORMATION

SIGNIFICANT ACCOUNTING POLICIES

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 2021 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, such as projected increases in uranium storage costs; 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, 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. The UPC Transaction may not be completed or, if completed, may not be on the terms described herein and/or the termination payment may be materially different than the amount stated herein.

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

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

		At June 30 2021		At December 31 2020
ASSETS				
Current				
Cash and cash equivalents (note 4)	$	84,852	$	24,992
Trade and other receivables (note 5)		4,639		3,374
Inventories (note 6)		3,016		3,015
Investments-equity instruments (note 7)		21,847		16,657
Prepaid expenses and other		786		1,373
		115,140		49,411
Non-Current				
Inventories-ore in stockpiles (note 6)		2,098		2,098
Investments-equity instruments (note 7)		245		293
Investments-uranium (note 7)		91,510		-
Prepaid expenses and other		312		-
Restricted cash and investments (note 8)		12,336		12,018
Property, plant and equipment (note 9)		256,484		256,870
Total assets	$	478,125	$	320,690
LIABILITIES				
Current				
Accounts payable and accrued liabilities (note 10)	$	17,069	$	7,178
Current portion of long-term liabilities:				
Deferred revenue (note 11)		4,656		3,478
Post-employment benefits (note 12)		120		120
Reclamation obligations (note 13)		802		802
Other liabilities (note 15)		234		262
		22,881		11,840
Non-Current				
Deferred revenue (note 11)		32,786		33,139
Post-employment benefits (note 12)		1,192		1,241
Reclamation obligations (note 13)		37,870		37,618
Share purchase warrants liability (note 14)		19,066		-
Other liabilities (note 15)		387		375
Deferred income tax liability		8,260		9,192
Total liabilities		122,442		93,405
EQUITY				
Share capital (note 16)		1,506,888		1,366,710
Contributed surplus (note 17)		66,843		67,387
Deficit		(1,219,828)		(1,208,587)
Accumulated other comprehensive income (note 18)		1,780		1,775
Total equity		355,683		227,285
Total liabilities and equity	$	478,125	$	320,690
Issued and outstanding common shares (in thousands) (note 16)		805,711		678,982

Commitments and contingencies (note 24)
Subsequent events (note 25)

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

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

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

	Three Month Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
REVENUES (note 20)	$ 4,626	$ 2,926	$ 7,122	$ 7,586
EXPENSES				
Operating expenses (note 19, 20)	(3,691)	(2,048)	(5,579)	(5,368)
Evaluation (note 20)	(6,381)	(364)	(9,142)	(1,855)
Exploration (note 20)	(528)	(481)	(1,876)	(2,181)
General and administrative (note 20)	(2,362)	(1,421)	(4,987)	(3,609)
Other income (expense) (note 19)	6,348	2,163	4,307	(1,029)
	(6,614)	(2,151)	(17,277)	(14,042)
Income (loss) before net finance expense	(1,988)	775	(10,155)	(6,456)
Finance expense, net (note 19)	(1,015)	(1,061)	(2,040)	(2,124)
Loss before taxes	(3,003)	(286)	(12,195)	(8,580)
Income tax recovery (expense) (note 22)				
Deferred	646	(757)	954	874
Net loss for the period	$ (2,357)	$ (1,043)	$ (11,241)	$ (7,706)
Other comprehensive income (loss) (note 18):				
Items that may be reclassified to income (loss):				
Foreign currency translation change	2	7	5	(7)
Comprehensive loss for the period	$ (2,355)	$ (1,036)	$ (11,236)	$ (7,713)
Basic and diluted net loss per share:				
All operations	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)
Weighted-average number of shares outstanding (in thousands):				
Basic and diluted	805,061	621,233	759,743	609,216

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited - Expressed in thousands of CAD dollars)

	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Share capital (note 16)		
Balance-beginning of period	$ 1,366,710	$ 1,335,467
Shares issued for cash, net of issue costs	134,050	6,878
Share options exercised-cash	4,289	-
Share options exercised-fair value adjustment	1,473	-
Share units exercised-fair value adjustment	366	80
Balance-end of period	1,506,888	1,342,425
Share purchase warrants		
Balance-beginning of period	-	435
Warrants expired	-	(435)
Balance-end of period	-	-
Contributed surplus		
Balance-beginning of period	67,387	65,417
Share-based compensation expense (note 17)	1,295	904
Share options exercised-fair value adjustment	(1,473)	-
Share units exercised-fair value adjustment	(366)	(80)
Warrants expired	-	435
Balance-end of period	66,843	66,676
Deficit		
Balance-beginning of period	(1,208,587)	(1,192,304)
Net loss	(11,241)	(7,706)
Balance-end of period	(1,219,828)	(1,200,010)
Accumulated other comprehensive income (note 18)		
Balance-beginning of period	1,775	1,134
Foreign currency translation	5	(7)
Balance-end of period	1,780	1,127
Total Equity		
Balance-beginning of period	227,285	210,149
Balance-end of period	$ 355,683	$ 210,218

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

(Unaudited - Expressed in thousands of CAD dollars)

	Six Months Ended June 30	
CASH PROVIDED BY (USED IN):	2021	2020
OPERATING ACTIVITIES		
Net loss for the period	$ (11,241)	$ (7,706)
Items not affecting cash and cash equivalents:		
Depletion, depreciation, amortization and accretion	3,079	3,527
Share-based compensation (note 17)	1,295	904
Recognition of deferred revenue (note 11)	(719)	(1,115)
Gains on property, plant and equipment disposals (note 19)	(2)	(407)
Fair value change losses (gains):		
Investments-equity instruments (note 19)	(5,142)	961
Investments-uranium (note 19)	(7,534)	-
Share warrant liabilities (note 19)	5,832	-
Warrant liabilities issue costs expensed (note 16)	791	-
Foreign exchange losses (gains) (note 19)	1,618	-
Deferred income tax recovery	(954)	(874)
Post-employment benefit payments (note 12)	(61)	(38)
Reclamation obligation expenditures ((note 13)	(420)	(427)
Change in non-cash working capital items (note 19)	618	(1,628)
Net cash used in operating activities	(12,840)	(6,803)
INVESTING ACTIVITIES		
Sale of investments-equity instruments (note 7)	-	108
Purchase of investments-uranium (note 7)	(76,390)	-
Expenditures on property, plant and equipment (note 9)	(355)	(139)
Proceeds on sale of property, plant and equipment	2	137
Increase in restricted cash and investments	(318)	(377)
Net cash used in investing activities	(77,061)	(271)
FINANCING ACTIVITIES		
Issuance of debt obligations (note 15)	34	-
Repayment of debt obligations (note 15)	(124)	(345)
Proceeds from unit issues, net of issue costs (note 16)	135,630	-
Proceeds from other share issues, net of issue costs (note 16)	10,863	6,878
Share option exercise proceeds (note 16)	4,289	-
Net cash provided by financing activities	150,692	6,533
Increase (decrease) in cash and cash equivalents	60,791	(541)
Foreign exchange effect on cash and cash equivalents	(931)	-
Cash and cash equivalents, beginning of period	24,992	8,190
Cash and cash equivalents, end of period	$ 84,852	$ 7,649

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

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

1. NATURE OF OPERATIONS

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

The Company has a 90.0% interest in the Wheeler River Joint Venture ("WRJV"), a 66.90% interest in the Waterbury Lake Limited Partnership ("WLULP"), a 22.5% interest in the McClean Lake Joint Venture ("MLJV") (which includes the McClean Lake mill) and a 25.17% interest in the Midwest Joint Venture ("MWJV"), each of which are located in the eastern portion of the Athabasca Basin region in northern Saskatchewan, Canada. The McClean Lake mill 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 11). In addition, the Company has varying ownership interests in a number of other development and exploration projects located in Canada.

The Company provides mine decommissioning and other services (collectively "environmental services") to third parties through its Closed Mines group and was also the manager of Uranium Participation Corporation ("UPC") during the quarter, a publicly-listed investment holding company formed to invest substantially all of its assets in uranium oxide concentrates ("U_3O_8") and uranium hexafluoride ("UF_6"). The Company has no ownership interest in UPC but receives fees for management services it provides and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC. See note 25 for an update on the Company's management services agreement with UPC.

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

2. STATEMENT OF COMPLIANCE

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2020. The Company's presentation currency is Canadian dollars ("CAD").

These financial statements were approved by the board of directors for issue on August 5, 2021.

3. ACCOUNTING POLICIES AND COMPARATIVE NUMBERS

Accounting Policies

The significant accounting policies followed in these condensed interim consolidated financial statements are consistent with those applied in the Company's audited annual consolidated financial statements for the year ended December 31, 2020 except as noted below.

During the six months ended June 30, 2021, the Company acquired physical uranium to be held as a long-term investment. As physical uranium is not a financial asset, the provisions of IFRS 9 "Financial Instruments" do not apply to the Company's investment in uranium. The Company has added the following accounting policy in 2021 for its uranium investments:

(a) Investments-uranium

Investments in uranium are initially recorded at cost, on the date that control of the uranium passes to the Company. Cost is calculated as the purchase price and any directly attributable expenditure. 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.

The Company is presenting its uranium investments at fair value based on the application of IAS 40 "Investment Property" which allows for the use of a fair value model for assets held for long-term capital appreciation.

Comparative numbers

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

4. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Cash	$	2,175	$	12,004
Cash in MLJV and MWJV		1,203		540
Cash equivalents		81,474		12,448
	$	84,852	$	24,992

5. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Trade receivables	$	4,315	$	2,644
Receivables in MLJV and MWJV		156		394
Sales tax receivables		166		154
Sundry receivables		2		182
	$	4,639	$	3,374

6. INVENTORIES

The inventories balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Inventory of ore in stockpiles	$	2,098	$	2,098
Mine and mill supplies in MLJV		3,016		3,015
	$	5,114	$	5,113
Inventories-by balance sheet presentation:				
Current	$	3,016	$	3,015
Long-term-ore in stockpiles		2,098		2,098
	$	5,114	$	5,113

7. INVESTMENTS

The investments balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Investments:				
Equity instruments				
Shares	$	21,847	$	16,657
Warrants		245		293
Uranium		91,510		-
	$	113,602	$	16,950
Investments-by balance sheet presentation:				
Current	$	21,847	$	16,657
Long-term		91,755		293
	$	113,602	$	16,950

The investments continuity summary is as follows:

(in thousands of CAD dollars)		Equity Instruments		Physical Uranium		Investments
Balance - December 31, 2020	$	16,950	$	-	$	16,950
Purchase of investments		-		83,976		83,976
Fair value gain to profit and loss (note 18)		5,142		7,534		12,676
Balance – June 30, 2021	$	22,092	$	91,510	$	113,602

During the six months ended June 30, 2021, the Company entered into purchase agreements to acquire a total of 2,500,000 pounds of physical uranium as U_3O_8 to be held as a long-term investment. As at June 30, 2021, the Company has purchased 2,300,000 pounds of physical uranium as U_3O_8 at a cost of $83,976,000 (USD$68,030,000), including purchase commissions. At June 30, 2021, $7,586,000 of this purchase amount is included in the Company's "Accounts payable and accrued liabilities" reported balance and an adjustment has been made to exclude this amount from the purchases reported in the Company's Consolidated statement of cash flows. See note 24 for additional details on the Company's remaining purchase commitment of physical uranium.

8. RESTRICTED CASH AND INVESTMENTS

The restricted cash and investments balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Cash and cash equivalents	$	12,336	$	2,883
Investments		-		9,135
	$	12,336	$	12,018
Restricted cash and investments-by item:				
Elliot Lake reclamation trust fund	$	3,201	$	2,883
Letters of credit facility pledged assets		9,000		9,000
Letters of credit additional collateral		135		135
	$	12,336	$	12,018

At June 30, 2021, all term deposits have maturities of less than 90 days at date of purchase.

Elliot Lake Reclamation Trust Fund

During the six months ended June 30, 2021, the Company deposited an additional $793,000 into the Elliot Lake Reclamation Trust Fund and withdrew $477,000.

Letters of Credit Facility Pledged Assets

At June 30, 2021, the Company had on deposit $9,000,000 with the Bank of Nova Scotia ("BNS") as pledged restricted cash and investments pursuant to its obligations under an amended and extended letters of credit facility (see notes 13 and 15).

Letters of Credit Additional Collateral

At June 30, 2021, the Company had on deposit an additional $135,000 of cash collateral with BNS in respect of the portion of its issued reclamation letters of credit in excess of the collateral available under its letters of credit facility (see notes 13 and 15).

9. PROPERTY, PLANT AND EQUIPMENT

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

	Plant and Equipment		Mineral	Total
(in thousands of CAD dollars)	Owned	Right-of-Use	Properties	PP&E
Cost:				
Balance – December 31, 2020	$ 106,087	$ 891	$ 179,743	$ 286,721
Additions	324	83	22	429
Disposals	(117)	-	-	(117)
Recoveries	-	-	(1)	(1)
Balance – June 30, 2021	$ 106,294	$ 974	$ 179,764	$ 287,032
Accumulated amortization, depreciation:				
Balance – December 31, 2020	$ (29,495)	$ (356)	$ -	$ (29,851)
Amortization	(140)	-	-	(140)
Depreciation	(574)	(100)	-	(674)
Disposals	117	-	-	117
Balance – June 30, 2021	$ (30,092)	$ (456)	$ -	$ (30,548)
Carrying value:				
Balance – December 31, 2020	$ 76,592	$ 535	$ 179,743	$ 256,870
Balance – June 30, 2021	$ 76,202	$ 518	$ 179,764	$ 256,484

Plant and Equipment – Owned

The Company has a 22.5% interest in the McClean Lake mill through its ownership interest in the MLJV. The carrying value of the mill, comprised of various infrastructure, building and machinery assets, represents $68,340,000, or 89.7%, of the June 2021 PP&E total carrying value amount. See note 10 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 PP&E carrying value amount. These assets consist of building, vehicle and office equipment leases. The majority of the value, 77.3%, is attributable to the building lease assets for the Company's office and warehousing spaces located in Toronto and Saskatoon.

Mineral Properties

As at June 30, 2021, 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 properties with significant carrying values, being Wheeler River, Waterbury Lake, Midwest, Mann Lake, Wolly, Johnston Lake and McClean Lake, represent $162,663,000, or 90.5%, of the June 2021 total mineral property carrying amount.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounts payable and accrued liabilities balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Trade payables	$	4,531	$	2,513
Trade payables – uranium investments		7,586		-
Payables in MLJV and MWJV		4,197		3,719
Other payables		755		946
	$	17,069	$	7,178

11. DEFERRED REVENUE

The deferred revenue balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Deferred revenue – pre-sold toll milling:				
CLJV toll milling – APG	$	37,442	$	36,617
	$	37,442	$	36,617
Deferred revenue-by balance sheet presentation:				
Current	$	4,656	$	3,478
Non-current		32,786		33,139
	$	37,442	$	36,617

The deferred revenue liability continuity summary is as follows:

(in thousands of CAD dollars)		Deferred Revenue
Balance - December 31, 2020	$	36,617
Accretion (note 19)		1,544
Revenue recognized during the period (note 20)		(719)
Balance – June 30, 2021	$	37,442

Arrangement with Anglo Pacific Group PLC ("APG")

In February 2017, Denison closed an arrangement with APG under which Denison received an upfront payment in exchange for its right to receive specified future toll milling cash receipts from the MLJV under the current toll milling agreement with the CLJV from July 1, 2016 onwards. The APG Arrangement represents a contractual obligation of Denison to pay onward to APG any cash proceeds of future toll milling revenue earned by the Company related to the processing of specified Cigar Lake ore through the McClean Lake mill. The deferred revenue balance represents a non-cash liability, which is adjusted as any toll milling revenue received by Denison is passed through to APG or any changes in Cigar Lake Phase 1 and Phase 2 toll milling production estimates are recognized.

In the six months ended June 30, 2021, the Company has recognized $719,000 of toll milling revenue from the draw-down of deferred revenue consisting of $658,000 based on Cigar Lake toll milling production in the quarter (2,542,000 pounds U_3O_8 on a 100% basis) and a retroactive $61,000 increase in revenue resulting from changes in estimates to the toll milling drawdown rate in the second quarter of 2021. For the comparative six months ended June 30, 2020, the Company recognized $1,115,000 of toll milling revenue from the draw-down of deferred revenue comprised of $1,056,000 based on Cigar Lake toll milling production in the quarter (4,184,000 pounds U_3O_8 on a 100% basis) and a retroactive $59,000 increase in revenue resulting from changes in estimates to the toll milling drawdown rate in the second quarter of 2020.

Production at the Cigar Lake mine and the McClean Lake mill, which had been temporarily suspended since the beginning of 2021 in response to the COVID-19 pandemic, has resumed. Cameco restarted ore production at the Cigar Lake mine in April 2021 and toll-milling production at McClean Lake restarted in May 2021 with packaged uranium production occuring in early June 2021. The current portion of the deferred revenue liability at June 2021 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 will be reassessed on a quarterly basis throughout fiscal 2021.

12. POST-EMPLOYMENT BENEFITS

The post-employment benefits balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Accrued benefit obligation	$	1,312	$	1,361
	$	1,312	$	1,361
Post-employment benefits-by balance sheet presentation:				
Current	$	120	$	120
Non-current		1,192		1,241
	$	1,312	$	1,361

The post-employment benefits continuity summary is as follows:

(in thousands of CAD dollars)		Post-Employment Benefits
Balance - December 31, 2020	$	1,361
Accretion (note 19)		12
Benefits paid		(61)
Balance – June 30, 2021	$	1,312

13. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands of CAD dollars)		At June 30 2020		At December 31 2020
Reclamation obligations-by location:				
Elliot Lake	$	21,481	$	21,523
McClean and Midwest Joint Ventures		17,169		16,875
Other		22		22
	$	38,672	$	38,420
Reclamation obligations-by balance sheet presentation:				
Current	$	802	$	802
Non-current		37,870		37,618
	$	38,672	$	38,420

The reclamation obligations continuity summary is as follows:

(in thousands of CAD dollars)		Reclamation Obligations
Balance - December 31, 2020	$	38,420
Accretion (note 19)		672
Expenditures incurred		(420)
Balance – June 30, 2021	$	38,672

Site Restoration: Elliot Lake

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

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province of Saskatchewan relating to future decommissioning and reclamation plans that have been filed and approved by the applicable regulatory authorities. As at June 30, 2021, the Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of the Saskatchewan Ministry of Environment, totalling $24,135,000 which relate to the most recently filed reclamation plan dated March 2016.

14. SHARE PURCHASE WARRANTS LIABILITY

In connection with the public offerings of units in February 2021 and March 2021 (see note 16), 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. 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.

Since both of these warrants are excercisable 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 fair value through profit and loss. 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.

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 67.3%, risk-free interest rate of 0.22%, dividend yield of 0% and an expected term of 2 years.

At June 30, 2021, the fair value of the February 2021 warrants was estimated to be $0.3793, using a USD to CAD foreign exchange rate of 0.8068 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 80.1%, risk-free interest rate of 0.44%, dividend yield of 0% and an expected term of 1.64 years.

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 71.54%, risk-free interest rate of 0.27%, dividend yield of 0% and an expected term of 2 years.

At June 30, 2021, the fair value of the March 2021 warrants was estimated to be $0.3342, using a USD to CAD foreign exchange rate of 0.8068 and incorporating the following assumptions in the Black-Scholes option pricing model – expected volatility of 78.0%, risk-free interest rate of 0.44%, dividend yield of 0% and an expected term of 1.72 years.

The share purchase warrants liability continuity is as follows:

(in thousands of CAD dollars except warrant amounts)	Number of Warrants		Warrant Liability
Balance - December 31, 2020	-	$	-
Warrants issued on February 19, 2021	15,796,975		3,499
Warrants issued on March 22, 2021	39,215,000		9,735
Change in fair value estimates	-		5,832
Balance – June 30, 2021	55,011,975	$	19,066

15. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Debt obligations:				
Lease liabilities	$	558	$	582
Loan liabilities		63		33
Flow-through share premium obligation (note 17)		-		22
	$	621	$	637
Other liabilities-by balance sheet presentation:				
Current	$	234	$	262
Non-current		387		375
	$	621	$	637

Debt Obligations

At June 30, 2021, the Company's debt obligations are comprised of lease liabilities and loan liabilities. The debt obligations continuity summary is as follows:

(in thousands of CAD dollars)		Lease Liabilitites		Loan Liabilities		Total Debt Obligations
Balance – December 31, 2020	$	582	$	33	$	615
Accretion (note 19)		24		-		24
Additions		72		34		106
Repayments		(120)		(4)		(124)
Balance – June 30, 2021	$	558	$	63	$	621

Debt Obligations – Scheduled Maturities

The following table outlines the Company's scheduled maturities of its debt obligations at June 30, 2021:

(in thousands of CAD dollars)		Lease Liabilitites		Loan Liabilities		Total Debt Obligations
Maturity analysis – contractual undiscounted cash flows:						
Next 12 months	$	217	$	17	$	234
One to five years		431		52		483
More than five years		-		-		-
Total obligation – June 30, 2021 – undiscounted		648		69		717
Present value discount adjustment		(90)		(6)		(96)
Total obligation – June 30, 2021 – discounted	$	558	$	63	$	621

Letters of Credit Facility

In January 2021, the Company entered into an amending agreement for its letters of credit facility with BNS (the "2021 Facility"). Under the amendment, the maturity date of the 2021 Facility has been extended to January 31, 2022. All other terms of the 2021 Facility (tangible net worth covenant, pledged cash, investment amounts and security for the facility) remain unchanged from the previous facility. Accordingly, the 2021 Facility continues to provide the Company with access to credit up to $24,000,000 (the use of which is restricted to non-financial letters of credit in support of reclamation obligations) subject to letter of credit fees of 2.40% (0.40% on the $9,000,000 covered by pledged cash collateral) and standby fees of 0.75%.

At June 30, 2021, the Company is in compliance with its facility covenants and $24,000,000 (December 31, 2020: $24,000,000) of the facility is being utilized as collateral for letters of credit issued in respect of the reclamation obligations for the MLJV and MWJV. During the six months ended June 30, 2021, the Company incurred letter of credit fees of $196,000 (June 30, 2020: $198,000).

16. SHARE CAPITAL

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

(in thousands of CAD dollars except share amounts)	Number of Common Shares		Share Capital
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 warrants liability (note 14)	-		(13,234)
Unit issue costs - total	-		(8,584)
Less: allocation to share warrants issue expense	-		791
Other share issue proceeds – total	10,156,186		11,914
Less: other share issue costs	-		(1,051)
Share option exercises	5,918,248		4,289
Share option exercises – fair value adjustment	-		1,473
Share units exercises – fair value adjustment	630,499		366
	126,728,883		140,178
Balance – June 30, 2021	805,710,765	$	1,506,888

Unit and Other Share Issues

In January and February 2021, Denison, through its agents, issued 4,230,186 common shares under its at-the-market ("ATM") program 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 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 ATM program and has ceased any distributions thereunder.

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 14) 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 19).

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 will be 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 14) 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 19).

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 June 30, 2021, the Company estimates that it has satisfied its obligation to spend $930,485 on eligible exploration expenditures in fiscal 2021 due to 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 notes 15 and 22).

As at June 30, 2021, the Company estimates that it has incurred $377,000 of expenditures towards its obligation to spend $8,000,000 on eligible exploration expenditures by the end of fiscal 2022 due to the issuance of flow-through shares in March 2021.

17. SHARE-BASED COMPENSATION

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

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

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Share based compensation expense for:				
Stock options	$ (420)	$ (139)	$ (615)	$ (296)
RSUs	(457)	(259)	(663)	(487)
PSUs	(43)	(23)	(17)	(121)
Share based compensation expense	$ (920)	$ (421)	$ (1,295)	$ (904)

An additional $4,153,000 in share-based compensation expense remains to be recognized, up until May 2024, on outstanding options and share units at June 30, 2021.

Stock Options

Stock options granted in 2021 vest over a period of 24 months. A continuity summary of the stock options granted under the Company's stock-based compensation plan is presented below:

	Number of Common Shares		Weighted-Average Exercise Price per Share (CAD)
Stock options outstanding – December 31, 2020	15,077,243	$	0.67
Grants	3,969,000		1.27
Exercises [(1)]	(5,918,248)		0.72
Expiries	(15,000)		0.64
Forfeitures	(693,000)		0.69
Stock options outstanding – June 30, 2021	12,419,995	$	0.83
Stock options exercisable – June 30, 2021	6,863,995	$	0.68

(1) The weighted average share price at the date of exercise was $1.23.

A summary of the Company's stock options outstanding at June 30, 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)
Stock options outstanding				
$ 0.25 to $ 0.49	3.72	2,722,000	$	0.45
$ 0.50 to $ 0.74	2.28	3,503,395		0.64
$ 0.75 to $ 0.99	0.69	2,383,600		0.85
$ 1.00 to $ 1.39	4.69	3,508,000		1.26
$ 1.40 to $ 1.99	4.86	303,000		1.43
Stock options outstanding – June 30, 2021	3.03	12,419,995	$	0.83

Options outstanding at June 30, 2021 expire between August 2021 and May 2026.

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

	Six Months Ended June 30, 2021
Risk-free interest rate	0.70% - 0.76%
Expected stock price volatility	66.11% - 68.86%
Expected life	3.4 years
Expected dividend yield	-
Fair value per share under options granted	$0.59 - $0.69

Share Units

RSUs granted under the plan in 2021 vest ratably over a period of three years. No PSUs have been granted in 2021 as at June 30, 2021.

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

	RSUs			PSUs		
	Number of Common Shares		Weighted Average Fair Value Per RSU (CAD)	Number of Common Shares		Weighted Average Fair Value Per PSU (CAD)
Units outstanding – December 31, 2020	5,691,899	$	0.52	2,020,000	$	0.63
Grants	1,886,000		1.42	-		-
Exercises [(1)]	(420,499)		0.54	(210,000)		0.66
Forfeitures	(767,228)		0.56	(180,000)		0.69
Units outstanding – June 30, 2021	6,390,172	$	0.78	1,630,000	$	0.62
Units vested – June 30, 2021	2,319,173	$	0.59	870,000	$	0.63

(1) The weighted average share price at the date of exercise was $1.35 for RSUs and $1.41 for PSUs.

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.

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

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

(in thousands of CAD dollars)		At June 30 2021		At December 31 2020
Cumulative foreign currency translation	$	418	$	413
Unamortized experience gain-post employment liability				
Gross		1,847		1,847
Tax effect		(485)		(485)
	$	1,780	$	1,775

19. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

	Three Months Ended June 30				Six Months Ended June 30			
(in thousands of CAD dollars)		2021		2020		2021		2020
Cost of goods and services sold:								
Cost of goods sold – mineral concentrates	$	-	$	-	$	-	$	(526)
Operating overheads:								
Mining, other development expense		(823)		(334)		(1,055)		(547)
Milling, conversion expense		(471)		(6)		(475)		(746)
Less absorption:								
-Mineral properties		11		13		22		25
Cost of services		(2,338)		(1,659)		(3,931)		(3,374)
Cost of goods and services sold		(3,621)		(1,986)		(5,439)		(5,168)
Reclamation asset amortization		(70)		(62)		(140)		(122)
Selling expenses		-		-		-		(14)
Sales royalties and non-income taxes		-		-		-		(64)
Operating expenses	$	(3,691)	$	(2,048)	$	(5,579)	$	(5,368)

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

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Gains (losses) on:				
Foreign exchange	$ (2,059)	$ (98)	$ (1,618)	$ (78)
Disposal of property, plant and equipment	2	405	2	407
Fair value changes:				
Investments-equity instruments (note 7)	5,233	1,989	5,142	(961)
Investments-uranium (note 7)	7,534	-	7,534	-
Warrant liabilities (note 14)	(4,268)	-	(5,832)	-
Issue costs-warrant liabilities (note 16)	(2)	-	(791)	-
Uranium investment carrying charges	(54)	-	(54)	-
Other	(38)	(133)	(76)	(397)
Other income (expense)	$ 6,348	$ 2,163	$ 4,307	$ (1,029)

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

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Interest income	$ 130	$ 64	$ 213	$ 156
Interest expense	(1)	(1)	(1)	(3)
Accretion expense				
Deferred revenue (note 11)	(790)	(755)	(1,544)	(1,537)
Post-employment benefits (note 12)	(6)	(17)	(12)	(34)
Reclamation obligations (note 13)	(336)	(338)	(672)	(676)
Debt obligations (note 14)	(12)	(14)	(24)	(30)
Finance income (expense)	$ (1,015)	$ (1,061)	$ (2,040)	$ (2,124)

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

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Operating expenses				
Mining, other development expense	$ -	$ (1)	$ (1)	$ (2)
Milling, conversion expense	(429)	-	(429)	(736)
Cost of services	(46)	(47)	(91)	(100)
Evaluation	(9)	(9)	(18)	(18)
Exploration	(50)	(37)	(80)	(78)
General and administrative	(30)	(32)	(55)	(64)
Depreciation expense-gross	$ (564)	$ (126)	$ (674)	$ (998)

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

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Salaries and short-term employee benefits	$ (2,104)	$ (1,545)	$ (5,138)	$ (3,703)
Share-based compensation (note 17)	(920)	(421)	(1,295)	(904)
Termination benefits	-	-	(29)	-
Employee benefits expense	$ (3,024)	$ (1,966)	$ (6,462)	$ (4,607)

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

(in thousands of CAD dollars)	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Change in non-cash working capital items:		
Trade and other receivables	$ (1,265)	$ 890
Inventories	(1)	433
Prepaid expenses and other assets	262	401
Accounts payable and accrued liabilities	1,622	(3,352)
Change in non-cash working capital items	$ 618	$ (1,628)

20. SEGMENTED INFORMATION

Business Segments

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

For the six months ended June 30, 2021, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	719	4,310	2,093	7,122
Expenses:				
Operating expenses	(1,648)	(3,931)	-	(5,579)
Evaluation	(9,142)	-	-	(9,142)
Exploration	(1,876)	-	-	(1,876)
General and administrative	(17)	-	(4,970)	(4,987)
	(12,683)	(3,931)	(4,970)	(21,584)
Segment income (loss)	(11,964)	379	(2,877)	(14,462)
Revenues – supplemental:				
Environmental services	-	4,310	-	4,310
Management fees	-	-	2,093	2,093
Toll milling services–deferred revenue (note 11)	719	-	-	719
	719	4,310	2,093	7,122
Capital additions:				
Property, plant and equipment	310	36	83	429
Long-lived assets – as at June 30, 2021:				
Plant and equipment				
Cost	101,829	4,465	974	107,268
Accumulated depreciation	(26,910)	(3,167)	(471)	(30,548)
Mineral properties	179,764	-	-	179,764
	254,683	1,298	503	256,484

For the three months ended June 30, 2021, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	582	2,566	1,478	4,626
Expenses:				
Operating expenses	(1,353)	(2,338)	-	(3,691)
Evaluation	(6,381)	-	-	(6,381)
Exploration	(528)	-	-	(528)
General and administrative	-	-	(2,362)	(2,362)
	(8,262)	(2,338)	(2,362)	(12,962)
Segment income (loss)	(7,680)	228	(884)	(8,336)
Revenues – supplemental:				
Environmental services	-	2,566	-	2,566
Management fees	-	-	1,478	1,478
Toll milling services–deferred revenue (note 11)	582	-	-	582
	582	2,566	1,478	4,626

For the six months ended June 30, 2020, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	1,967	4,132	1,487	7,586
Expenses:				
Operating expenses	(1,994)	(3,374)	-	(5,368)
Evaluation	(1,855)	-	-	(1,855)
Exploration	(2,181)	-	-	(2,181)
General and administrative	(19)	-	(3,590)	(3,609)
	(6,049)	(3,374)	(3,590)	(13,013)
Segment income (loss)	(4,082)	758	(2,103)	(5,427)
Revenues – supplemental:				
Environmental services	-	4,132	-	4,132
Management fees	-	-	1,487	1,487
Uranium concentrate sales	852	-	-	852
Toll milling services–deferred revenue (note 11)	1,115	-	-	1,115
	1,967	4,132	1,487	7,586
Capital additions:				
Property, plant and equipment	124	15	-	139
Long-lived assets – as at June 30, 2020:				
Plant and equipment				
Cost	99,994	4,546	908	105,448
Accumulated depreciation	(25,305)	(3,102)	(368)	(28,775)
Mineral properties	179,605	-	-	179,605
	254,294	1,444	540	256,278

For the three months ended June 30, 2020, reportable segment results were as follows:

(in thousands of CAD dollars)	Mining	Closed Mine Services	Corporate and Other	Total
Statement of Operations:				
Revenues	152	2,104	670	2,926
Expenses:				
Operating expenses	(389)	(1,659)	-	(2,048)
Evaluation	(364)	-	-	(364)
Exploration	(481)	-	-	(481)
General and administrative	(5)	-	(1,416)	(1,421)
	(1,239)	(1,659)	(1,416)	(4,314)
Segment income (loss)	(1,087)	445	(746)	(1,388)
Revenues – supplemental:				
Environmental services	-	2,104	-	2,104
Management fees	-	-	670	670
Toll milling services–deferred revenue (note 11)	152	-	-	152
	152	2,104	670	2,926

21. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The current management services agreement ("MSA") with UPC became effective on April 1, 2019 and has a term of five years (the "Term"). Under the MSA, Denison receives the following management fees from UPC: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of UPC's total assets in excess of $100 million and up to and including $500 million, and (ii) 0.2% per annum of UPC's total assets in excess of $500 million; c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6 or gross interest fees payable to UPC in connection with any uranium loan arrangements.

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

See note 25 for further information regarding the UPC MSA.

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

(in thousands of CAD dollars)	Three Months Ended June 30 2021	Three Months Ended June 30 2020	Six Months Ended June 30 2021	Six Months Ended June 30 2020
Management fees:				
Base and variable fees	$ 571	$ 551	$ 1,046	$ 1,014
Commission fees	697	119	697	173
Discretionary fees	210	-	350	300
	$ 1,478	$ 670	$ 2,093	$ 1,487

At June 30, 2021, accounts receivable includes $1,199,000 (December 31, 2020: $265,000) due from UPC with respect to the fees indicated above.

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

As at June 30, 2021, KEPCO, through its subsidiaries, holds 58,284,000 shares of Denison representing a share interest of approximately 7.23%. KHNP Canada Energy Ltd., a subsidiary of KEPCO's subsidiary KHNP, is the holder of the majority of Denison's shares and is also the majority member of Korea Waterbury Uranium Limited Partnership ("KWULP"). KWULP is a consortium of investors that holds the non-Denison owned interests in Waterbury Lake Uranium Corporation ("WLUC") and Waterbury Lake Uranium Limited Partnership ("WLULP"), entities whose key asset is the Waterbury Lake property.

Other

During the six months ended June 30, 2021, the Company incurred investor relations, administrative service fees and certain pass-through expenses of $164,000 (June 30, 2020: $96,000) with Namdo Management Services Ltd, a company that a former director of Denison is a shareholder of. These services were incurred in the normal course of operating a public company. At June 30, 2021, an amount of $71,000 (December 31, 2020: $nil) was due to this company.

Compensation of Key Management Personnel

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

The following compensation was awarded to key management personnel:

	Three Months Ended June 30		Six Months Ended June 30	
(in thousands of CAD dollars)	2021	2020	2021	2020
Salaries and short-term employee benefits	$ (494)	$ (371)	$ (1,537)	$ (955)
Share-based compensation	(737)	(320)	(1,057)	(750)
Key management personnel compensation	$ (1,231)	$ (691)	$ (2,594)	$ (1,705)

22. INCOME TAXES

For the six months ended June 30, 2021, Denison has recognized deferred tax recoveries of $954,000. The deferred tax recovery includes the recognition of previously unrecognized Canadian tax assets of $247,000 relating to the February 2021 renunciation of the tax benefits associated with the Company's $930,485 flow-through share issue in December 2020.

23. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

During the six months ended June 30, 2021, there were no transfers between levels 1, 2 and 3 and there were no changes in valuation techniques.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at June 30, 2021 and December 31, 2020:

(in thousands of CAD dollars)	Financial Instrument Category(1)	Fair Value Hierarchy	June 30 2021 Fair Value	December 31, 2020 Fair Value
Financial Assets:				
Cash and equivalents	Category B		$ 84,852	$ 24,992
Trade and other receivables	Category B		4,639	3,374
Investments				
Equity instruments-shares	Category A	Level 1	21,847	16,657
Equity instruments-warrants	Category A	Level 2	245	293
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category B		3,201	2,883
Credit facility pledged assets	Category B		9,000	9,000
Reclamation letter of credit collateral	Category B		135	135
			$ 123,919	$ 57,334
Financial Liabilities:				
Accounts payable and accrued liabilities	Category C		17,069	7,178
Share purchase warrants liabilty	Category A	Level 2	19,066	-
Debt obligations	Category C		621	615
			$ 36,756	$ 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.

24. COMMITMENTS AND CONTINGENCIES

Specific Legal Matters

Mongolia Mining Division Sale – Arbitration Proceedings with Uranium Industry

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

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

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

On February 24, 2017, the Company served notice to UI that it was in default of its obligations under the GSJV Agreement and the Extension Agreement and 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. Hearings in front of the arbitration panel were held in December 2019. 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. Denison and UI have exchanged correspondence, and award recovery options are being considered.

Uranium Purchase Commitments

Denison has entered into agreements to purchase 2,500,000 pounds of U_3O_8 for delivery in 2021. As at June 30th, Denison has taken delivery of 2,300,000 pounds with the remaining 200,000 pounds to be delivered at various times between July 1, 2021 and October 31, 2021. The purchase commitment for the remaining deliveries is valued at USD$6,100,000 ($7,560,000 using the June 30, 2021 foreign exchange rate of 1.2394).

25. SUBSEQUENT EVENTS

Uranium Participation Corporation

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 and Denison received a termination payment from UPC of $5,848,000.

Acquisition of 50% of JCU (Canada) Exploration Company, Limited ("JCU") from UEX Corporation ("UEX")

On August 3, 2021, Denison acquired 50% ownership of JCU from UEX for cash consideration of $20.5 million. JCU holds a portfolio of twelve uranium project joint venture interests in Canada, including a 10% interest in Wheeler River, a 30.099% interest in the Millenium project, a 33.8123% interest in the Kiggavik project and a 34.4508% interest in the Christie Lake project.

On August 3, 2021, UEX acquired 100% of JCU from OURD for $40.5 million, which was funded by Denison providing UEX an interest-free term loan for three-months in the amount of $41.0 million ("UEX Term Loan"). Half of the amount owing from UEX to Denison was settled on the transfer of 50% of the shares of JCU to Denison, with UEX continuing to owe Denison $20.5 million. The UEX Term Loan is secured by all of the shares of JCU owned by UEX. UEX may extend the term of the loan by an additional three months, in which case interest will be charged at a rate of 4% from the original start date of the UEX Term Loan.

Denison and UEX have entered into a shareholder's agreement which governs the operating activities of JCU, including provisions for future funding, dilution and the resolution of management deadlock situations.

At June 30, 2021, Denison has capitalized $76,000 of transaction costs related to the JCU acquisition on its statement of financial position.

Corporate Information

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British Columbia, Canada

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Ontario, Canada

W. Robert Dengler
Ontario, Canada

Brian D. Edgar
British Columbia, Canada

Jun Gon Kim
Gyeongsangbuk-do, Korea

David Neuburger
Saskatchewan, Canada

Jennifer 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

Michael J. Schoonderwoerd
Vice President, Controller

Amanda Willett
Vice President, Legal and
Corporate Secretary

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange (TSX)
Trading Symbol: DML

NYSE American
Trading Symbol: DNN

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ADDITIONAL INFORMATION

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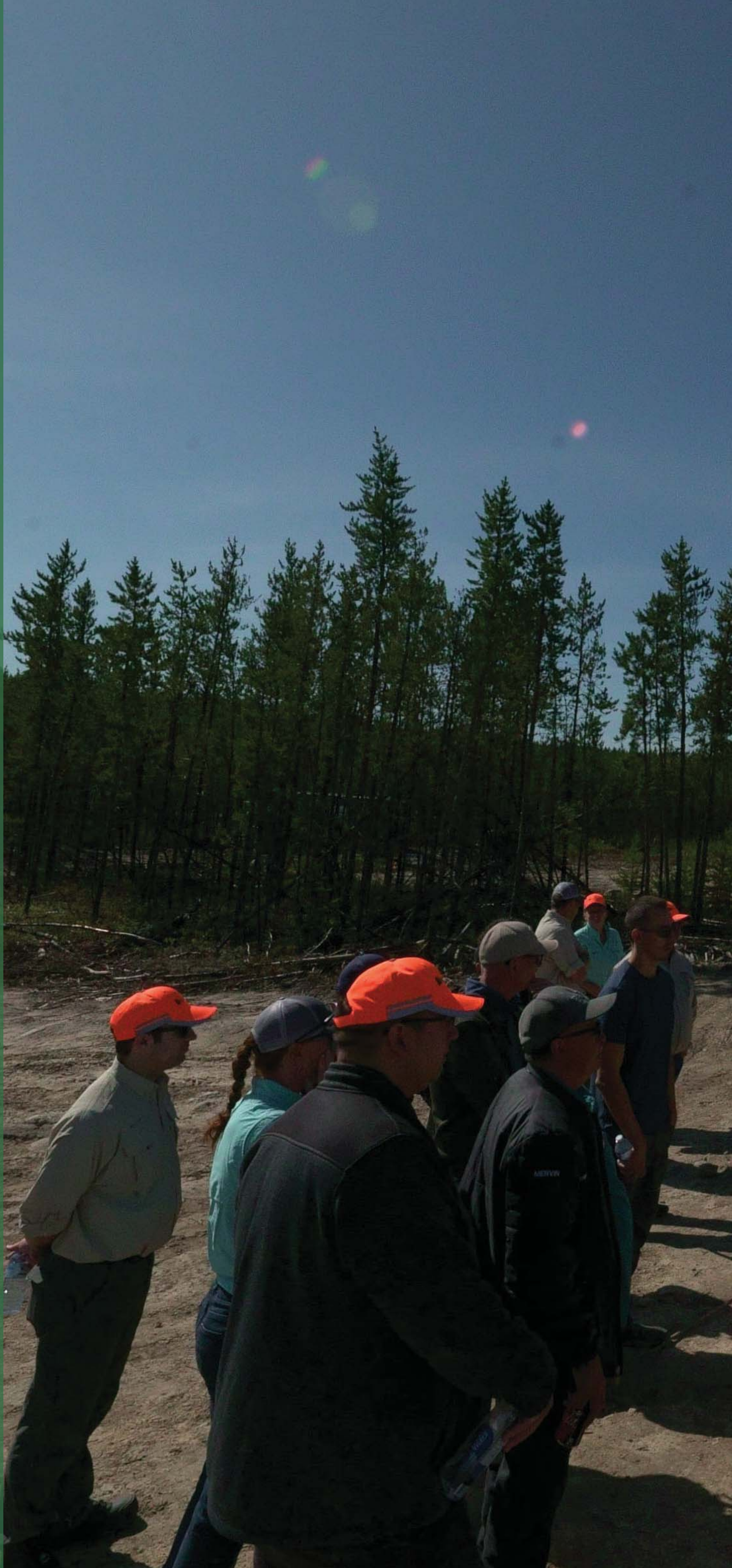

In 2019 Denison Mines' executives and its Wheeler River Project team met with leaders from various communities of interest at the Wheeler River Project site for a tour. Engaging with these important communities is part of our commitment to sustainability. We thank the Pinehouse Photography club for this and other images captured that day.