UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 40-F

(Check One)

o **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

þ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the twelve months ended: December 31, 2007

Commission file number: 000-24443

DENISON MINES CORP.

(Exact name of registrant as specified in its charter)

Ontario, Canada
(Province or other jurisdiction of incorporation or organization)

1090
(Primary standard industrial classification code number)

Not Applicable
(I.R.S. employer identification number)

Atrium on Bay, 595 Bay Street, Suite 402, Toronto, Ontario M5G 2C2; Phone number: 416-979-1991
(Address and telephone number of registrant's principal executive offices)

Denison Mines (USA) Corp.
1050 17th Street, Suite 950
Denver, CO 80265
Phone: 303-628-7798
(Name, address and telephone number of agent for service in the United States)

Securities registered pursuant to Section 12(b) of the Act: **Not applicable.**

Securities registered pursuant to Section 12(g) of the Act: **Common Stock without par value.**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **Not applicable.**

For annual reports, indicate by check mark the information filed with this form:

þ Annual Information Form þ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: 189,731,635 Common Shares

Indicate by check mark whether the registrant by filing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.

Yes o No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13(d) or 15(d) of the Exchange Act during the proceeding 12 months (or for such shorter period that the registrant has been required to file such reports); and (2) has been subject to such filing requirements in the past 90 days.

Yes þ No o

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Officers' Certifications Required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

INTRODUCTION

On December 1, 2006, International Uranium Corporation ("IUC") and Denison Mines Inc. ("DMI") combined their business operations by way of arrangement under the Ontario Business Corporations Act (the "Denison Arrangement"). Pursuant to the Denison Arrangement, DMI amalgamated with a subsidiary of IUC. The amalgamated companies continued as "Denison Mines Inc." Under the Denison Arrangement, IUC acquired all of the shares of the newly amalgamated DMI in exchange for IUC shares on the basis of 2.88 IUC shares for each DMI share. Effective December 1, 2006, IUC's articles were amended to change its name to "Denison Mines Corp." In this Form 40-F, Denison Mines Corp. formerly known as International Uranium Corporation, is referred to as the Company.

DISCLOSURE CONTROLS AND PROCEDURES

A. Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures to ensure that information required to be disclosed in the Company's filings under the Securities Exchange Act of 1934, as amended (the "Exchange Act") is recorded, processed, summarized and reported in accordance with the requirements specified in the rules and forms of the Securities and Exchange Commission (the "SEC"). The Company carried out an evaluation, under the supervision and with the participation of its management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures as of December 31, 2007, are effective to ensure that information required to be disclosed by the Registrant in reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to the Registrant's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely required disclosure.

The Company's disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and, as indicated in the preceding paragraph, the CEO and CFO believe that the Company's disclosure controls and procedures are effective at that reasonable assurance level, although the CEO and CFO do not expect that the disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. The Company will continue to periodically review its disclosure controls and procedures and may make such modifications from time to time as it considers necessary.

B. Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of the Company's financial reporting for external purposes in accordance with accounting principles generally accepted in Canada and the United States of America. Management conducted an assessment of the Company's internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control — Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2007, the Company's internal control over financial reporting is effective.

C. Report of the Independent Auditors, PricewaterhouseCoopers LLC

The report of the Company's independent auditors regarding internal control over financial reporting is included as an Exhibit to this Form 40-F.

D. Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the twelve month period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company's Board of Directors has determined that all three members of its Audit Committee (Mr. Paul F. Little, Ms. Catherine Stefan, and Mr. William A. Rand), are audit committee financial experts, within the meaning of the note to paragraph 8(a) of General Instruction B of Form 40-F, and are also independent within the meaning of United States and Canadian securities regulations. A description of the education and experience of these persons is set forth in the table below:

Member Name	Education & experience relevant to performance of audit committee duties
Paul F. Little	• Chartered Accountant (ICAO) • M.B.A. (Finance) • Held position of Chief Financial Officer of one public company and two private companies.
Catherine J.G. Stefan, Chair of the Audit Committee	• Chartered Accountant (ICAO) • B.Comm • Held position of Chief Operating Officer of O&Y Properties Inc., President of Stefan & Associates and Executive Vice-President of Bramalea Group, Chair, Tax Committee of the Canadian Institute of Public Real Estate Companies (CIPREC).
William R. Rand	• B.Comm (Accounting) • LLB, LLM, with extensive corporate finance experience • Has served on audit committees of a number of public companies

Through such education and experience, each of these three members has experience overseeing and assessing the performance of companies and public accountants with respect to the preparation, auditing and evaluation of financial statements, and has: (1) an understanding of generally accepted accounting principles and financial statements; (2) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves; (3) experience analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements; (4) an understanding of internal controls over financial reporting; and (5) an understanding of audit committee functions.

The SEC has provided that the designation of an audit committee financial expert does not make him or her an "expert" for any purpose, impose on him or her any duties, obligations or liability that are greater than the duties, obligations or liability imposed on him or her as a member of the Audit Committee and the Board of Directors in the absence of such designation, or affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.

CODE OF ETHICS

The Company has adopted a code of ethics that applies to the Company's directors, officers and employees, including the chief executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions and other officers, directors and employees of the Company. A current copy of the code of ethics is available on the Company's website at http://www.denisonmines.com.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

The following table discloses the fees billed to the Company by its external auditor during the financial year ended December 31, 2007 and the fifteen month period ended December 31, 2006. Services were billed and paid in Canadian dollars and have been translated into U.S. dollars using an average annual exchange rate of: 1.0749 for 2007, and 1.134 for 2006. The Company's external auditor was also the auditor for DMI prior to the Denison Arrangement. Fees billed to DMI by the external auditor for the fifteen month period ended December 31, 2006 are also noted below.

Periods Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2006	$ 79,075	$ 93,821	$ 33,183	$ 37,504
December 31, 2007	$ 301,882	$ 247,832	$108,889	$ 29,710

Notes:

(1) The aggregate fees billed for audit services. Corresponding amounts for DMI for 2006 are $65,894.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the company's financial statements and are not disclosed in the Audit Fees column. Corresponding amounts for DMI for 2006 are $49,334.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services. Corresponding amounts for DMI for 2006 are $32,717.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2007, "All Other Fees" relates to due diligence reporting of the IUC/DMI merger. For 2006, the amount was billed on account of services relating to the Denison Arrangement. Corresponding amounts for DMI for 2006 are $111,640. DMI amounts in 2006 were billed on account of services relating to DMI's public offering completed in March 2006, as to $87,830, and on account of services relating to the Denison Arrangement, as to $23,810.

The Company's audit committee mandate provides "All auditing services and non-audit services provided to the Corporation by the Corporation's auditors shall, to the extent and in the manner required by applicable law or regulation, be pre-approved by the Audit Committee of the Corporation. In no circumstances shall the Corporation's auditors provide any non-audit services to the Corporation that are prohibited by applicable law or regulation."

The following sets forth the percentage of services described above that were approved by the audit committee pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X:

	2006	2007
Audit Related Fees:	100%	100%
Tax Fees:	100%	100%
All Other Fees:	100%	100%

OFF-BALANCE SHEET ARRANGEMENTS

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

TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

At December 31, 2007, the Company had a reclamation liability of $20,389,000, the timing of which will depend upon the Company's business objectives.

In addition, the Company's contractual obligations as of December 31, 2007, were as follows:

	Total	Less Than One Year	1-3 Years	4-5 Years	After 5 Years
Operating lease obligations	$2,753,000	$767,000	$974,000	$643,000	$369,000

IDENTIFICATION OF THE AUDIT COMMITTEE

The Company has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. The committee members are Mr. Paul F. Little, Ms. Catherine Stefan, and Mr. William A. Rand. For further information on these members, see discussion above under "Audit Committee Financial Experts."

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking

The Company undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the staff of the SEC, and to furnish promptly, when requested to do so by the SEC staff, information relating to the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process

The Company has previously filed with the SEC a Form F-X in connection with its common stock. Any change to the name or address of the Company's agent for service shall be communicated promptly to the SEC by amendment to the Form F-X referencing the file number of the Company.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the Company certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

Registrant: Denison Mines Corp.

By: *s/E. Peter Farmer*
Title: Chief Executive Officer

Date: March 28, 2008

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99.5	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
99.6	Officers' Certifications Required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code

Exhibit 99.1



ANNUAL INFORMATION FORM
OF
DENISON MINES CORP.

FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2007

MARCH 28, 2008

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Currency

All amounts stated in this Annual Information Form ("**AIF**") are in United States dollars, unless otherwise indicated.

Basis of Presentation

Financial information is presented in accordance with Canadian generally accepted accounting principles. Differences between generally accepted accounting principles in Canada and in the United States, as applicable to Denison Mines Corp. ("**Denison**" or the "**Company**"), are explained in the consolidated financial statements of the Company for the year ended December 31, 2007, which are incorporated herein by reference.

Note Regarding Forward-Looking Information

This AIF contains "forward-looking statements," within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation, concerning the business, operations and financial performance and condition of Denison.

Forward-looking statements include, but are not limited to, statements with respect to estimated production; the expected effects of possible corporate transactions and the development potential of Denison's properties; the future price of uranium, vanadium, nickel and cobalt; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; permitting timelines and permitting, mining or processing issues; currency exchange rate fluctuations; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans," "expects" or "does not expect," "is expected," "budget," "scheduled," "estimates," forecasts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases or state that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur" or "be achieved."

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, including but not limited to risks related to: unexpected events during construction, expansion and start-up; variations in ore grade, amount of material mined or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; risks related to international operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium, vanadium, nickel and cobalt; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities and other factors listed under the heading "Risk Factors" in this AIF. Although management of Denison has attempted to identify important factors that could cause actual results to differ materially from those contained in

forward-looking statements, which only apply as of the date hereof, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Denison does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

Note To United States Investors Concerning Estimates Of Measured, Indicated And Inferred Resources

This AIF uses the terms "Measured," "Indicated" and "Inferred" Resources. United States investors are advised that while such terms are recognized and required by Canadian regulations, the United States Securities and Exchange Commission does not recognize them. "Inferred Mineral Resources" have a great amount of uncertainty as to their existence, and as to their economic and legal feasibility. It cannot be assumed that all or any part of an Inferred Mineral Resource will ever be upgraded to a higher category. Under Canadian rules, estimates of Inferred Mineral Resources may not form the basis of feasibility or other economic studies. **United States investors are cautioned not to assume that all or any part of Measured or Indicated Mineral Resources will ever be converted into Mineral Reserves. United States investors are also cautioned not to assume that all or any part of an Inferred Mineral Resource exists, or is economically or legally mineable.**

The definitions of certain technical terms used in this AIF are set forth in Schedule B — Glossary of Technical Terms.

This AIF is dated March 28, 2008. Except as otherwise indicated, the information contained in this AIF is stated as at December 31, 2007.

Incorporation And Subsidiaries

Incorporation

Denison, formerly International Uranium Corporation, was formed by articles of amalgamation effective May 9, 1997 pursuant to an amalgamation under the *Ontario Business Corporations Act* (the "**OBCA**") involving two companies: International Uranium Corporation, incorporated on October 3, 1996 under the OBCA, and Thornbury Capital Corporation, incorporated under the laws of the Province of Ontario by Letters Patent on September 29, 1950. The amalgamated companies were continued under the name "International Uranium Corporation" ("**IUC**").

On December 1, 2006, IUC and Denison Mines Inc. (" **DMI**") combined their business operations by way of arrangement under the OBCA (the " **Denison Arrangement**"). Pursuant to the Denison Arrangement, DMI amalgamated with a subsidiary of IUC, 2113537 Ontario Inc. (" **IUC Subco**"). The amalgamated companies continued as "Denison Mines Inc." Under the Denison Arrangement, IUC acquired all of the shares of the newly amalgamated DMI in exchange for IUC shares on the basis of 2.88 IUC shares for

each DMI share. Effective December 1, 2006, IUC's articles were amended to change its name to "Denison Mines Corp."

The registered and head office of Denison is located at Atrium on Bay, Suite 402, 595 Bay Street, Toronto, Ontario, M5G 2C2, Canada.

Denison is a reporting issuer in all of the Canadian provinces. Denison's common shares (the " **Common Shares**") are listed on the Toronto Stock Exchange (the "**TSX**") under the symbol "DML" and on the American Stock Exchange (the " **AMEX**") under the symbol "DNN."

Denison's Common Shares are registered under the Securities Exchange Act of 1934, as amended, and Denison files periodic reports with the United States Securities and Exchange Commission.

Subsidiaries

The Company conducts its business through a number of subsidiaries. A diagram depicting the organizational structure of the Company and its subsidiaries, including the name, country of incorporation and proportion of ownership interest is included as Exhibit 1 to this AIF.

All of the Company's U.S. assets are held directly or indirectly through the Company's wholly-owned subsidiary Denison Mines Holdings Corp. (" **DMH**"). DMH holds its uranium mining and milling assets through a series of Colorado limited liability companies:

- the White Mesa mill, a 2,000-ton per day uranium and vanadium processing plant near Blanding, Utah through Denison White Mesa LLC;
- the Colorado Plateau mines, straddling the Colorado and Utah border, through Denison Colorado Plateau LLC and Denison Sunday Mine LLC;
- the Arizona Strip properties through Denison Arizona Strip LLC;
- the Henry Mountains uranium complex in southern Utah and other exploration properties through Denison Henry Mountains LLC; and
- miscellaneous properties through Denison Properties LLC.

All of the U.S. properties are operated by Denison Mines (USA) Corp, a wholly-owned subsidiary of DMH.

The Company's 70% interest in the Gurvan Saihan Joint Venture in Mongolia is held through International Uranium Company (Mongolia) Ltd, which is wholly owned by Denison Mines (Bermuda I) Ltd., a wholly-owned subsidiary of the Company. The remaining interests in this Joint Venture are held by the Mongolian Government and Geologorazvedka, a Russian government entity, as to 15% each. In addition to its interest in the Gurvan Saihan Joint Venture, the Company also holds other uranium exploration licenses in Mongolia through Denison Mines Mongolia XXK, which is also wholly owned by International Uranium Company (Mongolia) Ltd.

Denison's recently acquired Mutanga project in Zambia, is held through OmegaCorp Limited (" **Omega**"), a wholly-owned subsidiary of the Company.

The Company's Canadian uranium exploration properties are held directly, except those properties which belonged to DMI prior to the Denison Arrangement; these are still held through DMI. DMI is a wholly-owned subsidiary of the Company. It holds a 22.5% interest in the McClean Lake project and a 25.17%

interest in the Midwest project, both of which are operated by Denison's joint venture partner, AREVA Resources Canada Inc. (" **ARC**"), a subsidiary of the AREVA Group ("**AREVA**").

DMI owns 30% of the outstanding common shares of McClean Uranium Limited (" **MUL**"). The balance of the common shares of MUL is held by ARC. ARC and Denison jointly market their respective shares of Canadian production from McClean Lake to electrical utilities around the world through MUL. See "Marketing."

The Company's 50% interest in Urizon Recovery Systems, LLC is held through Denison Recovery LLC, which is owned as to 1% by DMH and as to 99% by DMH's wholly-owned subsidiary, Denison Mines Recovery Corp. See "Denison's Business — Urizon Joint Venture."

The Company has established an entity, Denison Mines Argentina S.A. to pursue potential opportunities in Argentina. This entity is held by two wholly-owned subsidiaries Denison Mines (Argentina I) Ltd. and Denison Mines (Argentina II) Ltd. holding 95% and 5% of the Argentine subsidiary, respectively.

General Development Of The Business

Three-Year Highlights

2005

Spot uranium prices continued to steadily increase during 2005 as a result of an ongoing tightening supply/demand situation, the expansion of the number of intermediaries acquiring material and the drawdown of existing inventories. The spot price increased from $20.70 to $36.25 by year-end, representing an increase of about 75% during the year. The Canadian dollar continued to strengthen against the U.S. dollar.

In March, the Supreme Court of Canada dismissed with costs the plaintiff's application to appeal the June 2004 Federal Court of Appeal decision that upheld the validity of the McClean Lake uranium facility's operating licence. As a result, any uncertainty regarding the validity of the McClean Lake facility's operating licence was eliminated. The McClean Lake uranium facility operating licence was renewed by the Canadian Nuclear Safety Commission ("**CNSC**") in July 2005 for a period of four years.

In March, the Company completed the addition of two key properties adjoining its existing Bullfrog mining claims in Garfield County in southeast Utah: a Utah-state section, and 17 privately-held unpatented mining claims. These additional properties encompass the entire Tony M Mine, which was extensively developed in the early 1980s but was never put into full production. The Tony M properties and the Bullfrog property now comprise the Company's Henry Mountains Complex. The Company began the permitting process for the Henry Mountains Complex with the aim to put this mine into production immediately upon receipt of the required permits.

In March, the Company raised proceeds of Cdn$7 million through a non-brokered private placement of 1,000,000 flow-through Common Shares at a price of Cdn$7.00 per share. The Company used the proceeds from the offering to fund the Company's Canadian exploration projects. A 4% finder's fee was paid in connection with the private placement.

In March, DMI was appointed as the manager of Uranium Participation Corporation (" **UPC**"), a public company established to invest in uranium. DMI did not acquire an ownership interest in UPC. DMI and UPC do not have any directors in common.

In March, the Company's White Mesa mill began processing alternate feed materials which was expected to result in the production for the Company of approximately 500,000 pounds of yellowcake.

In May, the Company announced that it had agreed with Santoy Resources Ltd. (" **Santoy**") to jointly acquire, by contract staking, 13 mineral exploration claims totalling 63,489 hectares in the northeast margin of the Athabasca Basin. The majority of the ground is contiguous with and was integrated into the Hatchet Lake Joint Venture project, which is owned 50:50 by Santoy and the Company. The acquisition brought the total of the Hatchet Lake Joint Venture project to 33 exploration claims totalling approximately 123,400 hectares.

In June, estimates of mineral reserves and mineral resources at Midwest were prepared by Roscoe Postle Associates Inc., now Scott Wilson Roscoe Postle Associates Inc. ("**Scott Wilson RPA**"), which was retained to independently review and audit the reserves and resources in accordance with the requirements of National Instrument 43-101 — *Standards of Disclosure for Mineral Projects*, Companion Policy 43-101CP and Form 43-101F (collectively, "**NI 43-101**") of the Canadian Securities Administrators. As a result of this new estimate, DMI reported increased mineral reserves of approximately 3.0 million pounds of U_3O_8. DMI's share of mineral reserves at Midwest also include 8.38 million pounds of nickel and 0.63 million pounds of cobalt. See "Mineral Properties — Midwest."

In August, the Company provided notice to JNR Resources Inc. (" **JNR**") that it intended to exercise the balance of its option to earn a 75% interest in the Moore Lake property by subscribing for 173,913 units of JNR at a price of Cdn$1.15 per unit. Each unit consisted of one common share and one share purchase warrant entitling the Company to purchase one additional common share of JNR at a price of Cdn$1.16 for a period of two years.

Mining of the Sue A and Sue E uranium deposits at McClean Lake commenced during the third quarter of 2005 to provide ongoing feed to the JEB mill at McClean Lake.

In October, the Company closed a non-brokered private placement of 6,000,000 Common Shares at a price of Cdn$7.50 per share for gross proceeds of Cdn$45 million. The Company paid a finder's fee of 4% on a portion of the private placement. Net proceeds of the private placement were used by the Company towards re-opening the Company's U.S. uranium mines and for general working capital purposes.

In November, the Company entered into an agreement with Consolidated Abaddon Resources Inc. (" **Abaddon**") pursuant to which the Company can acquire an exclusive option for a 51% interest in Abaddon's Huard-Kirsch uranium property. The Huard-Kirsch property is located in the eastern Athabasca Basin approximately 20 kilometres northwest of the McArthur River mine. The Company can earn a 51% interest in the property by incurring Cdn$1.5 million of exploration expenditures on or before September 21, 2008 and by making a cash payment of Cdn$25,000.

In November, Scott Wilson RPA prepared a new estimate of mineral reserves and resources for McClean Lake in accordance with the requirements of NI 43-101. See "Mineral Properties — McClean Lake."

In December, the Company closed a private placement of 850,000 flow-through Common Shares at a price of Cdn$7.75 per share for gross proceeds of approximately Cdn$6.6 million. The proceeds of the sale of the flow-through Common Shares were used by the Company for the exploration of the

Company's Canadian exploration projects. The Company paid a 4% finder's fee in connection with the private placement.

In December 2005, the Company and JNR entered into an agreement to combine a number of claims in the Bell Lake area of northern Saskatchewan into a newly constituted joint venture. The Bell Lake project is located in the Athabasca Basin some 50 to 75 kilometres northwest of the Rabbit Lake mine and within 5 kilometres of Cameco Corporation's ("**Cameco**") La Rocque Lake uranium zone. The project consists of nine claims totalling 29,952 hectares and includes all of the Company's Ward Creek claims and JNR's Bell Lake and La Rocque Lake claims. The latter two claims were under option to the Company. The Company holds a 60% interest in the project and is the operator. JNR holds a 40% interest in the new project and will retain a 2% net smelter royalty on the Bell Lake and La Rocque Lake claims. The Ward Creek claims are also subject to a 2% net smelter royalty, payable to a third party.

Denison Environmental Services ("**DES**"), a division of DMI, completed its contract for demolition services at a uranium mine site at Cluff Lake in Saskatchewan and completed several smaller contracts. During the year, DES entered into a new six-year agreement with Rio Algom for the care and maintenance of its closed mine site at Elliot Lake.

In December, the project description for the development of the Midwest project, in which DMI has a 25.17% interest, was submitted to the CNSC, the Environmental Assessment Branch of Saskatchewan Environment and the Canadian Environmental Assessment Agency. The project description contemplates the Midwest deposit being mined as an open pit with further expansion of the JEB mill at McClean Lake where the Midwest ore will be processed.

2006

Spot uranium prices continued to steadily increase during 2006 from $36.25 to $72.00 per pound of U_3O_8 by year-end. The Canadian dollar continued to strengthen against the U.S. dollar.

In March, the Company signed a letter of intent with Cameco to earn an aggregate 75% interest in the Park Creek uranium property in the Athabasca Basin, Saskatchewan. The earn-in agreement requires the Company to spend Cdn$2.8 million over 3 years to earn 49%, and then an option to earn an additional 26% by incurring expenditures of Cdn$3.0 million over the next two years**.** The Company is the operator during the earn-in period.

In March, new estimates of mineral resources at the Sue D deposit on the McClean Lake lease were prepared by Scott Wilson RPA, which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101. The report identified indicated mineral resources for the Sue D deposit of 2.8 million pounds of U_3O_8 (the Company's share 0.6 million pounds) and inferred mineral resources containing 0.2 million pounds (the Company's share 0.05 million pounds) based on a 0.1% U_3O_8 cut-off grade. See "Mineral Properties — McClean Lake."

In May, the Company initiated a 65,000 meter drilling campaign in Mongolia after years of reduced activity in that country due to depressed U_3O_8 prices.

In June, the Company announced the re-opening of its U.S. uranium/vanadium mines in the south western United States, including the Pandora, Topaz, Sunday/St. Jude and West Sunday mines in the Colorado Plateau.

In June, the Utah Department of Environmental Quality issued an amendment to the Company's radioactive materials licence, allowing the mill to receive and process up to 32,000 tons of alternate feed

material from FMRI Inc.'s Muskogee Facility, located in Oklahoma. The amendment was challenged by the Glen Canyon Group of the Utah Chapter of the Sierra Club. In February 2007, the State of Utah Radiation Control Board voted in favour of upholding the licence amendment.

In October, new estimates of mineral resources at the Henry Mountains Complex, in south eastern Utah, were prepared by Scott Wilson RPA, which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101. Scott Wilson RPA reported an indicated mineral resource of 6.87 million pounds U_3O_8 and an inferred mineral resource of 6.05 million pounds at its Bullfrog deposit at a cut-off grade of 0.20% eU_3O_8. The report also identified historical mineral resources of 5.3 million pounds U_3O_8, at a 0.15% eU_3O_8 cut-off grade, at the Tony M deposit, which are considered to be equivalent to indicated under the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**"). See "Mineral Properties — Henry Mountains Complex."

On November 20, the Company's shareholders approved certain matters relating to the Denison Arrangement and amendments to the Company's stock option plan. At the same time, shareholders of DMI also approved matters pertaining to the Denison Arrangement. Shortly thereafter, the Ontario Superior Court of Justice approved the Denison Arrangement.

On December 1, IUC and DMI combined their businesses and operations. Pursuant to the Denison Arrangement, DMI amalgamated with IUC Subco and the amalgamated company continued as DMI. IUC acquired all of the shares of DMI on the basis of 2.88 IUC shares for each DMI share. Effective December 1, IUC's articles were amended to change its name to "Denison Mines Corp." On December 7, the Common Shares started trading on the TSX under the symbol "DML."

2007

In January, Denison closed a private placement of 9,010,700 Common Shares at a price of Cdn$11.75 per share for gross proceeds of approximately Cdn$105.9 million. Net proceeds of the private placement were used by the Company towards the acquisition of Omega, the purchase of other uranium assets, and for general working capital purposes.

In February, Denison acquired five uranium deposits from Pathfinder Mines Corporation ("**Pathfinder**"), a subsidiary of AREVA, located in the Arizona Strip district in north eastern Arizona for cash consideration of $5.5 million plus a 1% yellowcake royalty. The historical resource estimates of these deposits are 1.3 million tons at an average grade of 0.28% U_3O_8, containing an estimated 7.1 million pounds of U_3O_8. The deposits are located within hauling distance of Denison's White Mesa mill and near its existing Arizona Strip mines. Denison also committed to sell to AREVA up to 6.5 million pounds of production from the White Mesa mill. The sales agreement will provide for a price equal to 95% of the long-term uranium price with a floor price of $45.00 per pound.

In March, new estimates of mineral resources at the McClean North deposit, on the McClean Lake property, were received from Scott Wilson RPA, which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101. The report identified indicated mineral resources for the McClean North deposit containing 11.48 million pounds of U_3O_8 (Denison's share 2.58 million pounds) and inferred mineral resources containing 0.05 million pounds (Denison's share 0.01 million pounds) based on a 0.1% U_3O_8 cut-off grade using an open pit mining method. The McClean North deposit resources had previously been estimated based on mining by blind boring. See "Mineral Properties — McClean Lake."

In March, new estimates of mineral resources at the Hairhan deposit in Mongolia were received from Scott Wilson RPA, which was retained to independently review and audit the resources in accordance

with the requirements of NI 43-101. The report identified indicated mineral resources for the Hairhan deposit containing 7.89 million pounds of U_3O_8 (Denison's share 5.52 million pounds) and inferred mineral resources containing 3.48 million pounds (Denison's share 2.44 million pounds) based on a 0.02% U_3O_8 cut-off grade. The report also identifies historical mineral resources of 6.4 million pounds U_3O_8 (Denison portion 4.48 million pounds) at a 0.01% U_3O_8 cut-off grade at the Haraat deposit, which are considered to be equivalent to inferred under the definition standards of the CIM. See "Mineral Properties — Gurvan Saihan Joint Venture."

In March, new estimates of mineral resources at the breccia pipe deposits in Arizona were prepared by Scott Wilson RPA, who was retained in accordance with the requirements of NI 43-101. The report identified inferred mineral resources for the Arizona 1, Canyon, and Pinenut deposits of 0.96 million pounds of U_3O_8, 1.52 million pounds of U_3O_8 and 0.87 million pounds of U_3O_8 respectively, based on a 0.2% eU_3O_8 cut-off grade. See "Mineral Properties — Arizona Strip."

In April, Denison closed a non-brokered private placement of 1,104,295 flow-through Common Shares priced at Cdn$16.30, for gross proceeds of approximately Cdn$18 million. Proceeds of the private placement were used for the Company's exploration program in Saskatchewan.

In April, the Company commenced trading its common shares on the American Stock Exchange under the ticker symbol "DNN."

In June, historical estimates of mineral resources on the Company's Elliot Lake properties were prepared by Scott Wilson RPA which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101. The report identified a historical mineral resource of 205 million pounds of U_3O_8, based on a cut-off grade of 0.04% U_3O_8. See "Mineral Properties- Elliot Lake."

In July, the Company announced the start of a uranium and uranium/vanadium ore buying program to supplement feed for the White Mesa mill. The ore will be purchased from independent third parties at a price based on a published schedule and will provide an additional source of mill feed.

In August, Denison, having acquired 96.3% of the outstanding shares of Omega, proceeded with the compulsory acquisition of the outstanding shares. In January, Denison had lodged a bidder's statement with the Australian Securities and Investment Commission in connection with Denison's offer to acquire any or all of the issued and outstanding shares of Omega at a price of AU$1.10 per share. Following the expiration of the offer on April 13, 2007, Denison owned approximately 51 million shares representing approximately 33% of the issued capital of Omega. On June 25, 2007, Denison announced a new takeover offer to acquire the remaining shares of Omega at a price of AU$1.30 per share. Following the compulsory acquisition of the remaining shares, Denison now owns 100% of Omega and its Mutanga project in Zambia.

In December, Denison, together with its joint venture partners, ARC and OURD (Canada) Co., Ltd. (" **OURD**"), made the decision to proceed with the development of the Midwest Project in northern Saskatchewan. Denison has a 25.17% interest in Midwest, which is located approximately 15 kilometres west of the McClean Lake mill and will be mined by open pit methods.

2008 — Recent Developments

On February 25, Denison announced that it has received an independent resource estimate on the Midwest A deposit (formerly called the Mae Zone) on the Midwest joint venture property in the Athabasca Basin of northern Saskatchewan. The resource estimate was prepared by Geostat Systems International Inc. ("**Geostat**") in accordance with the requirements of NI 43-101. The report identified indicated mineral

resources for the Midwest A deposit of 5.8 million pounds of U_3O_8 (the Company's share 1.5 million pounds) at an average grade of 0.57% U_3O_8 and inferred mineral resources containing 4.3 million pounds (the Company's share 1.1 million pounds) at an average grade of 21.2% U_3O_8 based on a 0.05% eU (or 0.06% U_3O_8) cut-off grade. See "Mineral Properties — McClean Lake."

Significant Acquisitions

Effective September 4, 2007 Denison announced that it had acquired 98.45% of the shares of Omega and would be proceeding with compulsory acquisition of the remaining shares of Omega. Omega was de-listed from the Australian Securities Exchange after the close on September 14, 2007. Omega is now a wholly-owned subsidiary of the Company. The total amount paid for the shares of Omega was $167.2 million dollars. Denison is now the sole owner of a 1,893 square kilometre prospecting licence in southern Zambia, which includes the advanced stage Mutanga uranium project, as well as a number of other exploration projects. See "Mineral Properties- Mutanga Project."

Denison was not required to file a business acquisition report in respect of the transaction.

DENISON'S BUSINESS

Overview

The Company is engaged in uranium exploration, development, mining and milling. The Company has uranium exploration and development programs in the Athabasca Region of Saskatchewan, Canada, the United States, Mongolia and Zambia. The Company owns several uranium and uranium/vanadium mines and the only currently operating conventional uranium/vanadium mill in the United States. The Company's business also includes the recycling of uranium-bearing waste materials, known as alternate feed materials, at its White Mesa uranium mill to recover uranium for sale as an alternative to the direct disposal of these waste materials.

The Company entered the uranium industry in May 1997 by acquiring substantially all of the uranium producing assets of Energy Fuels Ltd., Energy Fuels Exploration Company, and Energy Fuels Nuclear, Inc. (collectively "**EFN**"). EFN was a uranium producer with properties in the United States and Mongolia. EFN went bankrupt in 1995 and ceased to carry on business at that time. The Company acquired EFN's uranium assets as part of the bankruptcy proceedings.

The EFN assets acquired included several developed mines that were shut down, several partially developed properties and exploration properties within the states of Colorado, Utah, Arizona, Wyoming and South Dakota, as well as the 2,000 ton per day White Mesa mill near Blanding, Utah. The White Mesa mill is a fully permitted dual circuit uranium/vanadium mill. In addition to the U.S. properties, the Company also acquired a 70% interest in the Gurvan Saihan Joint Venture with the government of Mongolia and a Russian government entity to explore for uranium in Mongolia.

Due to deteriorating commodity prices at the time and other factors, the Company ceased its uranium mining and exploration activities in 1999 and shut down all of its mines and suspended its Mongolian uranium joint venture activities. The Company also sold its uranium property in Wyoming and released its properties in South Dakota.

As a result of subsequent increases in uranium prices, the Company acquired and staked uranium exploration properties in Canada and commenced exploration on a number of those properties. The Company also recommenced its uranium exploration program in Mongolia. In addition, the Company purchased uranium properties in the U.S. and recommenced its U.S. mining activities.

In December 2006, the Company combined its business and operations with DMI by way of the Denison Arrangement. DMI became a wholly-owned subsidiary of the Company. DMI or its predecessor companies have been in the uranium exploration, development, mining and milling business since 1954. As a result of the combination, the Company, through DMI, holds a 22.5% interest in the McClean Lake uranium project, a 25.17% interest in the Midwest uranium project in northern Saskatchewan, interests in a number of exploration properties for uranium and other minerals and DES. DES provides services such as ongoing monitoring of closed mine sites, effluent treatment and maintenance services, hazardous material abatement and demolition of closed mines. The Company, through DMI, is also the manager of UPC.

The Company's principal assets as at December 31, 2007 include the following:

In United States:

- the White Mesa mill, a 2,000 ton per day uranium and vanadium processing plant near Blanding, Utah;
- the Arizona Strip uranium properties, in north central Arizona;
- the Colorado Plateau uranium/vanadium properties, straddling the south western Colorado and Utah border;
- the Henry Mountains Complex uranium properties, in south central Utah; and
- various uranium alternate feed processing contracts and joint venture contracts.

In Canada:

- a 22.50% interest in the McClean Lake uranium processing facility in northern Saskatchewan;
- a 22.50% interest in the McClean Lake uranium deposits;
- a 25.17% interest in the Midwest uranium project, including the Midwest and the Midwest A deposits;
- a 60% interest in the Wheeler River Project;
- a 6.5% interest in the Wolly project with an option to earn a further 16% interest therein;
- a 75% interest in the Moore Lake property;
- various exploration properties in the Athabasca Basin;
- management services agreement with UPC; and
- environmental services business (DES).

In Mongolia:

- a 70% interest in the Gurvan Saihan Joint Venture, which holds 750,000 hectares of uranium exploration properties in Mongolia; and
- one exploration licence held by Denison Mines Mongolia XXK totalling 13,500 hectares.

In Zambia:

- a 100% interest in the Mutanga uranium project which holds a 1,893 square kilometre prospecting licence in the southern province of Zambia.

Other:

- a 10% equity interest in Energy Metals Limited, an exploration company whose securities are listed on the Australian Stock Exchange. Energy Metals Limited has promising uranium exploration and development properties in both Western Australia and the Northern Territory of Australia; and
- portfolio investments in junior uranium exploration companies.

Marketing

The Uranium Industry

Commercial nuclear power generation began over 50 years ago and now generates as much global electricity as was produced in 1960 by all sources. The low operating cost of nuclear power generation and the increasing concern for the environment and climate change are driving a nuclear renaissance. China, India and Russia are proceeding with ambitious plans for new nuclear power plants. Many companies in the United States have filed applications for a combined construction and operating licence to build new nuclear reactors. Countries such as Egypt, United Arab Emirates, Thailand and Turkey are actively considering building nuclear power plants.

There are now 104 operating nuclear reactors in the United States and a total of 439 operating worldwide in 30 countries, representing a total world nuclear capacity of 372.1 gigawatts. A further 34 reactors with a capacity of 27.8 gigawatts are under construction in 12 countries and an additional 93 reactors (100.6 gigawatts) are planned. With the only significant commercial use for uranium being fuel for nuclear reactors, it follows that the nuclear renaissance will have a significant effect on future uranium demand.

Uranium Supply and Demand

The world's operating nuclear power reactors require approximately 180 million pounds of U_3O_8 per year. As nuclear power capacity increases, the uranium fuel requirement also increases and is estimated to rise to approximately 187 million pounds U_3O_8 by 2010 and approximately 212 million pounds U_3O_8 by 2015. Demand for uranium can be supplied through either primary production (newly mined uranium) or secondary sources (inventories, down blending of weapon grade material and reprocessing fuel rods). Secondary sources are of particular importance to the uranium industry when compared to other commodity markets.

Over the four-year period 2000-2003, annual global primary uranium production averaged 93.1 million pounds of uranium. In response to increasing uranium prices, worldwide uranium production rose to 104.6 million pounds in 2004 and to 108.1 million pounds in 2005; however, production decreased in 2006 to 102.5 million pounds as a result of problems at several production centres. 2007 production is estimated at 107 million pounds. Canada and Australia currently account for over 41% of the world's production. The United States' production represented a little over 4.4%, or 4.7 million pounds of uranium in 2007. During the last decade, takeovers, mergers and closures have consolidated the uranium production industry. Based on preliminary 2007 production figures, seven companies accounted for over 88% of primary production while the six largest uranium mines produced over 56% of the aggregate global production.

Primary uranium production only supplies approximately 60% of the total annual requirements of nuclear power generators. The balance of requirements are met from secondary sources of supply, which include inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and uranium recycled from nuclear weapons. The recycling of highly enriched uranium ("**HEU**") from former warheads in the Russian Federation is a unique subset of secondary supply. Surplus fissile military materials are converted in Russia from HEU into low enriched uranium ("**LEU**") suitable for use in nuclear reactors. In February 1993, the United States and Russia entered into an

agreement (the "**Russian HEU Agreement**") which provided for the United States to purchase 500 metric tons of Russian HEU over a 20-year period. In April 1996, the USEC Privatization Act gave Russia and a three company consortium composed of Cameco, AREVA and NUKEM, Inc., the authority to sell the natural uranium feed component (in the form of UF_6) derived from the LEU (the "**HEU Feed**") in the United States over the 20-year period into the commercial U.S. uranium market under defined annual quotas. The USEC Privatization Act provides a framework for the introduction of this Russian HEU Feed into the U.S. commercial uranium market. Russia has been selling this HEU Feed through long-term supply agreements directly with U.S. utilities and the three companies.

The Russian HEU Agreement terminates in 2013 and Russia has formally stated that the agreement will not be renewed, as had once been anticipated. Additionally, as a result of the dramatic rise in uranium and enrichment prices of the past two years, Russia has notified all of the parties to the HEU Agreement that the previously agreed pricing can no longer stand. Renegotiation of the component prices among the parties has begun and is expected to be completed later this year.

Based upon recent assessments of future secondary uranium supply, the uranium industry's scheduled uranium production forecast and expected nuclear generating capacity, there is a growing requirement for increased uranium production to meet the forecast needs of reactors world-wide. Based upon the most recent assessment of market trends published by The Ux Consulting Company LLC in their January 2008 edition of "The Uranium Market Outlook," under Reference Case conditions, uranium production to support Western reactors will need to expand from its estimated 2007 level of 107 million pounds, to 152 million pounds in 2010 and reach 212 million pounds by 2015.

Uranium Prices

Most of the countries that use nuclear-generated electricity do not have a sufficient domestic uranium supply to fuel their nuclear power reactors, and their electric utilities secure most of their required uranium supply by entering into medium-term and long-term contracts with foreign uranium producers and other suppliers. These contracts usually provide for deliveries to begin one to three years after they are signed and to continue for several years thereafter. In awarding medium-term and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's uranium reserves, record of performance and costs, all of which are important to the producer's or supplier's ability to fulfill long-term supply commitments. Under medium-term and long-term contracts, prices are established by a number of methods, including base prices adjusted by inflation indices, reference prices (generally spot price indicators but also long-term reference prices) and annual price negotiations. Contracts may also contain floor prices, ceiling prices, and other negotiated provisions which affect the amount paid by the buyer to the seller. Under these contracts the actual price mechanisms are usually confidential.

Electric utilities procure their remaining requirements through spot and near-term purchases from uranium producers and other suppliers, including other utilities holding excess inventory and governments.

Over the period from 1996 through 2004, annual spot market demand averaged just under 20 million pounds U_3O_8 or about 12% of the annual world consumption, but had jumped to about 35 million pounds in 2005 and 2006 as the rebuilding of utility inventories commenced, and investors and hedge funds entered the market as significant buyers. Spot market volume returned to its traditional level of approximately 20 million pounds in 2007.

Historically, spot prices have been more volatile than long-term contract prices. In December 2000, the spot price reached an all time low of $7.10 per pound. The uranium price increased at a moderate rate reaching $14.50 per pound U_3O_8 by the end of 2003. The spot price increased steadily from that date

reaching $72.00 by the end of 2006. A further market impact in October 2006 was the announcement of the flooding and indefinite postponement of the start up of the Cigar Lake mine in northern Saskatchewan. The Cigar Lake mine was scheduled to ramp up to an annual production rate of 18.0 million pounds by 2008. Producers were also active in the spot market, purchasing material to fill contractual demand, which they could not supply due to production issues at their respective operations. During the first half of 2007, the spot price continued its rapid rise reaching a peak of $136.00 in June 2007. At the end of June 2007, the spot price dropped $3.00, the first decline in the spot price since May of 2003. In the last half of the year, the spot price was very volatile, dropping to $75.00 in October, then rebounding to $95.00 in December. Prices have continued to be volatile in 2008. As of the date hereof, the uranium spot price is $73.00 per pound U_3O_8.

The long-term uranium price has undergone a similar increase over the past several years, but with significantly less volatility, rising from just under $11.00 per pound U_3O_8, at the end of 2002, to $95.00 per pound in May 2007. Since that time the long-term price has remained at $95.00 per pound U_3O_8. The long-term price rose due to increased demand from utilities as they placed more of their requirements under contract.

Future uranium prices will be influenced by increased demand from new reactors being constructed or planned in many parts of the world, as well as the amount of incremental supply made available to the market from the remaining excess inventories, HEU feed supplies, other stockpiles, and the availability of increased or new production from other uranium producers.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. In 2007, four Western companies, Cameco, AREVA, Rio Tinto plc and BHP Billiton Limited produced approximately 58.4% of total world output. Most of the world's production was from Canada and Australia which produced a combined 41.6% of global uranium output in 2007. In 2006, Kazakhstan, Russia and Uzbekistan produced a combined 30.4% of worldwide uranium while supplying significant quantities of uranium into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing nearly 22.7% of the world supply.

Marketing Uranium

Denison markets its entire share of production from McClean Lake and Midwest jointly with ARC's production from these properties through a joint marketing company, MUL. MUL is incorporated in Saskatchewan and is owned 30% by Denison and 70% by ARC. Denison's production from the White Mesa mill is marketed directly by Denison. Agreements with AREVA provide for production to be allocated first to market related contracts with any surplus to be apportioned evenly over the legacy contracts. The lower price, base-escalated legacy contracts expire by the end of 2008.

The sale of Denison's uranium has traditionally been through long-term contracts and not on the spot market. These long-term, or "legacy" contracts have a variety of pricing methods, including fixed prices, base prices adjusted by inflation indices, changes in reference prices (spot price indicators or long-term contract reference prices) and annual price negotiations. Prices in the long-term market have normally been higher than those in the spot market at the time the contracts are entered into and are normally less volatile. However, when market prices are increasing rapidly, as has been the case over the last several years, prices received under some of the legacy contracts cannot match such market increases.

Delivery scheduling (or timing) under long-term contracts is at the discretion of the customer so may vary markedly from quarter to quarter.

Marketing of the White Mesa production, which is scheduled to begin in the second quarter of 2008, will concentrate on long-term contracts utilizing a variety of pricing mechanisms while retaining a portion of the production to be sold on the spot market to take advantage of opportunities in the current tight supply-demand situation.

The Vanadium Market

Vanadium is an essential alloying element for steels and titanium, and its chemical compounds are indispensable for many industrial and domestic products and processes. The principal uses for vanadium are: (i) carbon steels used for reinforcing bars; (ii) high strength, low alloy steels used in construction and pipelines; (iii) full alloy steels used in castings; (iv) tool steels used for high speed tools and wear resistant parts; (v) titanium alloys used for jet engine parts and air frames; and (vi) various chemicals used as catalysts.

Principal sources of vanadium are (i) titaniferous magnetites found in Russia, China, Australia and South Africa; (ii) sludges and fly ash from the refining and burning of U.S., Caribbean and Middle Eastern oils; and (iii) uranium co-product production from the Colorado Plateau. While produced and sold in a variety of ways, vanadium production figures and prices are typically reported in pounds of an intermediate product, vanadium pentoxide, or V_2O_5. The White Mesa mill is capable of producing three products, ammonium metavanadate ("AMV") and vanadium pregnant liquor ("VPL"), both intermediate products, and vanadium pentoxide ("flake," "black flake," "tech flake" or "V_2O_5"). The majority of sales are as V_2O_5, with AMV and VPL produced and sold on a request basis only.

In the United States, although vanadium is produced through processing petroleum residues, spent catalysts, utility ash, and vanadium bearing iron slag, the most significant source of production historically has been as a by-product of uranium production from ores in the Colorado Plateau District, accounting for more than half of historic U.S. production. Vanadium in these deposits typically occurs at an average ratio of five to six pounds of vanadium for every pound of uranium, and the financial benefit derived from the by-product sales have helped to make the mines in this area profitable in the past.

The market for vanadium has fluctuated greatly over the last 20 years. During the early 1980s, quoted prices were in the range of $3.00 per pound V_2O_5, but increased exports from China and Australia, coupled with the continued economic recession of the 1980s drove prices to as low as $1.30 per pound. Prices stabilized in the $2.00 to $2.45 per pound range until perceived supply problems in 1988 caused by cancellation of contracts by China and rumours of South African production problems resulted in a price run-up to a high of nearly $12.00 per pound in February of 1989. This enticed new producers to construct additional capacity, and oversupply problems again depressed the price in the early 1990s to $2.00 per pound and below. Late in 1994, a reduction in supplies from Russia and China, coupled with concerns about the political climate in South Africa and a stronger steel market caused the price to climb to $4.50 per pound early in 1995. In the beginning of 1998, prices had climbed to a nine-year high of $7.00 per pound caused by supply being unable to keep pace with record demand from steel and aerospace industries. However, during the second half of 1998, prices began to decline to $2.56 per pound by December 1998. This was due to sudden decreases in Far East steel production, along with suppliers from Russia and China selling available inventories at low prices in order to receive cash. Since that time, prices fell dramatically to a range of $1.20 to $1.50 per pound V_2O_5 due in part to the difficult economic conditions being experienced throughout the Pacific Rim and new sources of supply coming into the market. In the third quarter of 2003, vanadium prices started to increase because of increased steel consumption and the shutdown of an Australian primary producer. This trend continued through 2004. In 2005, demand from China resulted in a significant price run-up culminating in all time highs of $23.00 to $27.00 per pound V_2O_5. Subsequently, prices declined to a range of $8.00 to $10.00 per pound V_2O_5, at the end of 2005, due to the ramp-up of Chinese vanadium production. Prices continued to decline during 2006 to the $7.00 to $8.00 range and have remained in this range throughout 2007. In

early 2008, vanadium prices increased significantly to $14.00 to $15.00 per pound due to South African producers claiming force majeure as a result of power supply issues in South Africa. South Africa is a major supply source of vanadium, representing approximately 39% of the world's production.

World demand will continue to fluctuate in response to changes in steel production. However, the overall consumption is anticipated to increase as demand for stronger and lighter steels grows and the demand for titanium alloys for jet engine components increases with new aircraft orders throughout the world.

Marketing Vanadium

Prices for the products that are produced by the Company are generally based on weekly quotations published in Ryan's Notes or Platt's Metals Weekly. Historically, vanadium production from the White Mesa mill has been sold into the worldwide market both through traders, who take a 2% to 3% commission for their efforts and, to a lesser extent, through direct contacts with domestic converters and consumers. While priced in U.S. dollars per pound of V_2O_5, the product is typically sold by the container, which contains nominally 40,000 pounds of product packed in 55 gallon drums, each containing approximately 660 pounds of product.

Operations

McClean Lake Mining and Processing Facilities

McClean Lake is a state-of-the-art uranium mining and processing facility located on the eastern edge of the Athabasca Basin in northern Saskatchewan approximately 26 kilometres west of the Rabbit Lake mine and approximately 750 kilometres north of Saskatoon. Development of the McClean Lake project began in March 1995. Construction and commissioning were completed in 1997. The JEB deposit was mined out and the ore stockpiled. The JEB pit was then converted in 1999 into the JEB Tailings Management Facility ("**TMF**"). The McClean Lake uranium processing facility ("**McClean Lake mill**") began the production of uranium concentrates in 1999, processing ore from the JEB deposit. The first ore was fed to the processing facilities on June 22, 1999 and commercial production was achieved on November 1, 1999.

McClean Lake is owned by Denison (22.5%) and its joint venture partners, ARC (70.0%) and OURD (7.5%). ARC is the operator/manager of the facility. Denison, ARC and OURD also jointly own the nearby Midwest project, although ownership ratios are slightly different as documented. See "Mineral Properties — Midwest." It is planned that the Midwest ore will be milled at the McClean Lake mill.

McClean Lake Mill

The McClean Lake surface facilities consist of a modern mill licensed to produce 8.0 million pounds of uranium concentrate per year. The McClean Lake mill uses sulphuric acid and hydrogen peroxide leaching and a solvent extraction recovery process to extract and recover the uranium product from the ore. In addition to the mill facility, other infrastructure on the site includes a sulphuric acid plant, a ferric sulphate plant, an oxygen plant, warehouses, shops, offices and living accommodations for site personnel. The facilities have been expanded to permit the processing of ore from Cigar Lake; construction of this expansion was substantially completed in 2007.

Mining

The McClean Lake facility consists of at least eight ore deposits classified as reserves or resources, three of which have been mined out with some of the ore still stockpiled on surface. The JEB pit has been converted into the TMF designed to receive tailings from Midwest and Cigar Lake ores in addition to the tailings from the McClean Lake deposits.

Mining of the Sue C ore body was completed in February, 2002 and all of the ore was stockpiled on the surface. Approximately 24% more uranium than had been expected from the results of the surface drilling was recovered during the mining operations. Mining was suspended following completion of the mining of the Sue C deposit until the third quarter of 2005 when mining began on the Sue A and Sue E deposits. Sue A mining was completed in the first quarter of 2006. Sue E mining continued throughout 2007. Completion is scheduled for early in the second quarter of 2008. Prestripping of the Sue B pit was completed during the 4th quarter of 2007 and upon completion of the mining of the Sue E pit, mining of Sue B will commence. The Caribou deposit is scheduled to be mined by open pit after completion of Sue B, pending the receipt of the necessary regulatory approvals.

Low-grade special waste from the mining of the JEB, Sue C, Sue A and Sue E deposits has been disposed of in the mined out Sue C pit. An agreement has been reached with the Cigar Lake joint venture to also dispose of special waste from its mining operations in the Sue C pit. The costs of dewatering the Sue C pit at that time and the handling and disposing of the Cigar Lake wastes will be paid by the Cigar Lake joint venture.

The test-mining program that had been conducted on McClean North was suspended late in 2007. See “Mining Equipment Development Program” (“ **MED**”). With the increase in the price of U_3O_8, studies were carried out to examine the feasibility of mining using either open pit or conventional underground methods. Either of these methods would essentially double the recoverable pounds. Work is now proceeding on the design of an underground operation and on obtaining the necessary regulatory approvals.

Operations

The stockpiled ore from JEB, the Sue C ore and a small amount of Sue A ore provided the mill feed from start-up through to the end of 2005. In 2006, the grade of ore being fed to the McClean Lake mill declined considerably with a combination of the remaining low-grade portion of Sue C and the Sue A ore. This low-grade feed continued through 2007 with Sue E material being added to the mix toward the end of the year.

Unit operating costs had generally declined until the end of 2005; however, these costs increased significantly in 2006 and 2007 as very low-grade ore was processed with a resulting sharp drop in production. Since the majority of the mill operating cost is fixed, the reduced production resulted in a significant increase in unit costs.

The table below shows the operation of the McClean Lake uranium facilities over the last five calendar years of production:

	2007	2006	2005	2004	2003
Ore Milled (thousand tonnes)	170	131	177	152	132
Average Grade (% U_3O_8)	0.53	0.68	1.45	1.86	2.07
Production (thousand pounds U_3O_8)	1,905	1,795	5,490	6,005	6,028

Production in 2008 is scheduled to be 3.2 million pounds with the mill feed consisting principally of Sue E ore and the remaining stockpiled Sue A ore.

For information pertaining to markets and the sale of production, see “Marketing.” For taxes and royalties, see “Government Regulation — Canadian Royalties” and “Government Regulation — Canadian Income and Other Taxes.”

Tailings Disposal

The disposal of mill tailings in an environmentally acceptable manner has led to advances in the design and construction of new tailings management facilities. In the state-of-the-art TMF, tailings are deposited subaqueously in a paste form from a barge. This procedure minimizes tailings segregation, eliminates concerns of freezing and dust generation, and controls radiation and radon emissions from the pond. This facility has been designed to receive tailings from the processing of the high-grade Midwest and Cigar Lake ores in addition to the tailings from the McClean Lake deposits.

Property

All of the surface facilities and the mine sites are located on lands owned by the Province of Saskatchewan. The right to use and occupy the lands was granted in a surface lease agreement with the Province of Saskatchewan. The original surface lease agreement of 1991 was replaced by a new agreement in 2002. This new surface lease is valid for a period of 33 years. Obligations under the surface lease agreement primarily relate to annual reporting regarding the status of the environment, the land development and progress made on northern employment and business development. The McClean Lake surface lease covers an area of approximately 3,677 hectares.

Mill Licence

The McClean Lake site is operated under various permits, licences, leases and claims granted and renewed from time to time, all of which are currently in good standing. On July 25, 2005, the CNSC issued Mine Operating Licence, UMOL — MINEMILL — McCLEAN.02/2009 for a four year term which will expire on May 30, 2009. The Approval to Operate Pollutant Control Facilities 10—205 has been issued by Saskatchewan Environment and is valid until August 31, 2010. For additional information on licensing, see “Government Regulation — Canadian Uranium Industry.”

Environmental

During the licensing process, a significant amount of attention was paid to environmental matters. As a result, a number of design changes were made in the processing facilities, both to address environmental concerns and to enable the facilities to process much higher grade ores from Midwest and Cigar Lake in the future. Special attention was given to providing protection for the workers from exposure to high levels of radiation. Environmental results have continued to improve and to exceed regulatory expectations. See “Environmental and Safety Matters — Canada.”

Cigar Lake Toll Milling

In 2005, Denison entered into an agreement with the Cigar Lake joint venture to process its ore at the McClean Lake mill. Pursuant to that agreement, all Cigar Lake ore is to be leached at the McClean Lake mill with the pregnant aqueous solution being divided between McClean Lake and Rabbit Lake facilities for processing into uranium concentrates. In order to process this Cigar Lake ore, an expansion of the McClean Lake mill was required. All costs of the expansion and modifications of the McClean Lake mill have been paid for by the Cigar Lake joint venture. This expansion was substantially completed in 2007.

As a result of the significant flood that occurred at Cigar Lake in October 2006, the Cigar Lake joint venture announced that processing of its ore at the McClean Lake mill will not begin until 2011, at the earliest. In the meantime, the expanded capacity will be available for use by the McClean Lake joint venture.

Mining Equipment Development Program

During 2006 and 2007 a test of hydraulic borehole mining was undertaken on McClean North. Hydraulic borehole mining is a technique used to extract materials through a small access borehole, typically less than one metre in diameter, resulting in a very small disturbance to the surface. A mining tool containing a high-pressure water jet nozzle is lowered through the access borehole in the overburden and sandstone

to the mineralized horizon. The high-pressure water jet is used to cut or erode the mineral bearing ore and create a slurry, enlarging the hole to three to four metres in diameter. The slurry is sent to surface using a slurry pump or an air lift system. On the surface, through a series of settling ponds, the water is separated from the cuttings and returned back to the hole. Each mined out cavity is backfilled after completion with a cemented mixture in the mineralized horizon, and unmineralized drill cuttings in the remainder of the hole through the overlying sandstone and glacial overburden layers.

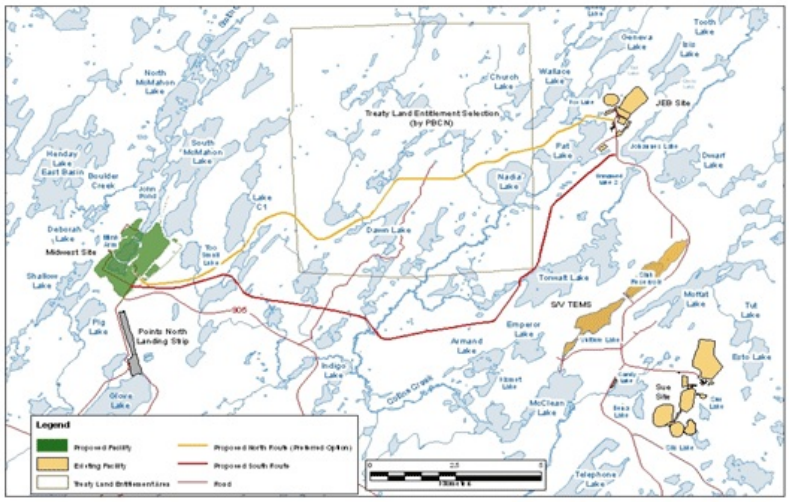
The 2006/2007 program showed that the technique is viable from a technical point of view; however, the economics of MED did not justify continued pursuit of this technology for the McClean North deposit.

The program has now been suspended and development of McClean North will now be carried out using underground mining methods.

Midwest Project Development

The Midwest Project, owned 25.17% by Denison, 69.16% by ARC and 5.67% by OURD, is host to two significant uranium deposits. The Midwest deposit, discovered in 1978, was followed many years later, in 2004/2005, by the discovery of the Midwest A deposit. Several other mineralized intersections, located between the Midwest and Midwest A deposits, are the subject of ongoing exploration activities.

Midwest is located 15 kilometres from the McClean Lake mill (see “Operations — McClean Lake Mining and Processing Facilities”) where the Midwest ore will be processed.



Ore Deposits

The Midwest ore deposit (see “Mineral Properties — Midwest”) will be the first to be mined. Various studies since its discovery in 1978 have examined the feasibility of mining by open pit, hydraulic bore-hole mining and underground methods. Mining by open pit has been selected as the preferred method.

Following the significant increase in the price of uranium since 2001, exploration resumed in an area about 3 kilometres north-east of the Midwest deposit as a follow-up to a hole drilled in the early 1980s which reported an intersection of 6.9% U_3O_8 over 3.8 metres. This work led to the discovery of the Midwest A deposit (see “Mineral Properties — Midwest”) as well as a number of other significant mineralized zones. An active exploration and development drilling program is continuing in this area. See “Mineral Exploration — Midwest.”

Development

In December 2005, the project description for the development of the Midwest deposit was submitted to the CNSC, the Environmental Assessment Branch of Saskatchewan Environment and the Canadian Environmental Assessment Agency. This project description contemplated the Midwest deposit being mined by open pit and a further expansion of the McClean Lake mill.

In November 2007, the Midwest joint venture partners took the formal production decision to proceed with the development of the Midwest deposit.

The development of this deposit involves the draining of the Mink Arm of the South McMahon Lake in northern Saskatchewan to construct an open pit mine about 45 hectares in size (approximately 900 metres by 350 metres) and 215 metres deep. The pit, as currently designed, will produce an estimated 36 million pounds of U_3O_8. Other deposits and extensions located to the north, south and in the basement could be developed once the pit is nearing completion. Ore from this deposit will be trucked over a dedicated haul road to the McClean Lake mill, which may be expanded to 16 million pounds per year.

The total capital cost, including mine development, the water treatment plant, the haul road and the related mill expansion, will be approximately Cdn$435 million. Expenditures are estimated to be as follows: Cdn$75 million for the water treatment plant, Cdn$115 million for de-watering wells, Cdn$100 million for infrastructure, Cdn$35 million for mine equipment, Cdn$100 million for modification to the mill and Cdn$10 million for miscellaneous capital expenses. Approximately Cdn$50 million of these costs are expected to be incurred in 2008 with the balance spent in 2009 and 2010.

Subject to regulatory approvals, site construction could begin in mid-2009. Stripping of the ore body would then commence in early 2010 with ore removal starting in mid-2011 and continuing through 2013.

The infrastructure for the Midwest deposit — haul road, power, water treatment and mill expansion — will also serve for the future development for the Midwest A deposit.

White Mesa Mill

The White Mesa mill, a fully licensed uranium mill with a vanadium co-product recovery circuit, is located in south eastern Utah near the Colorado Plateau District, the Henry Mountains Complex and the Arizona Strip. The mill is approximately six miles south of the city of Blanding, Utah. Access is by state highway.

Construction of the White Mesa mill started in 1979, and conventionally-mined, uranium/vanadium ore was first processed in May 1980. To date, the mill has produced over 30 million pounds of U_3O_8 and 33 million pounds of V_2O_5. The mill uses sulphuric acid leaching and a solvent extraction recovery process to extract and recover uranium and vanadium.

The mill is licensed to process an average of 2,000 tons per day of ore and produce 8.0 million pounds of U_3O_8 per year. In full operation, the mill employs approximately 130 people.

Current Condition and Operating Status

During the first half of 2003, the mill processed alternate feed materials from the Ashland 1, Linde, Heritage and Molycorp sites. There was no uranium packaged from this material as it was held in process until the mill run which began in 2005. The mill was on standby from June 2003 to mid-March 2005. The mill began processing alternate feed materials on March 21, 2005 and is currently operating with a staff of 46 Company personnel and 63 contract personnel from White Mesa Inc., a local native owned company. The mill is currently processing alternate feed material from two sources.

Uranium production at the mill over the past five years is shown below:

	2007	2006	2005	2004	2003
Production (thousand pounds U_3O_8)	254	242	—	—	—

The mill is scheduled to begin processing of conventional uranium and uranium/vanadium ore in May, 2008.

Mill Licence

The mill operates under a Radioactive Materials License issued by the State of Utah. The mill's licence expired on March 31, 2007. The License Renewal Application was submitted to the State of Utah, Department of Environmental Quality, Division of Radiation Control ("**DRC")** on February 28, 2007. The current licence remains in effect in its current form during the licence renewal process. The DRC has informed Denison that the review of the Application will not begin until the fall of 2007 due to limited availability of personnel. The mill continues to operate under its existing Radioactive Materials License.

Tailings Disposal

Synthetic lined cells are used to contain tailings and, in one case, solutions for evaporation. As each tailings cell is filled with tailings, the water is drawn off and pumped to the evaporation pond and the tailings solids allowed to dry. As each cell reaches final capacity, reclamation will begin with the placement of interim cover over the tailings. Additional cells are excavated into the ground, and the overburden is used to reclaim previous cells. In this way, there is an ongoing reclamation process.

To ensure sufficient volume for tailings solids, the Company is refurbishing Cell 4A. After Cell 4A is relined and an operating licence for the cell is obtained, approximately 2.0 million tons of tailings solids can be disposed of in it before an additional cell will be needed. The Company received a construction permit from the DRC for the refurbishment of Cell 4A in June 2007, after an eighteen month review process. Construction began immediately upon receipt of the permit. Construction is anticipated to be completed in the second quarter of 2008. Upon completion, an operating permit is required from the DRC before the cell can be used. The granting of the operating permit will require the increase of the reclamation surety, estimated at $1.4 million, and the review by the DRC of the quality assurance data from the liner installation. This is estimated to take about a month to complete.

The Environmental Statement for the mill currently contemplates construction of three additional tailings cells, each of which can provide further tailings capacity of approximately 2 million tons, when necessary. Denison has filed the engineering and design package for Cell 4B, the next tailings cell to be constructed. An amendment to the mill's Radioactive Materials License is also being prepared which will be submitted to the State.

Environmental

The Company has detected some chloroform contamination at the White Mesa mill site that appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and

during the construction of the Mill facility, and septic drain fields that were used for laboratory and sanitary wastes prior to construction of the Mill's tailings cells. In April 2003, the Company commenced an interim remedial program of pumping the chloroform contaminated water from the groundwater to the Mill's tailings cells. This will enable the Company to begin clean up of the contaminated areas and to take a further step towards resolution of this outstanding issue. Pumping from the wells continued in 2007. Denison is continuing to work with the State of Utah to develop a long-term corrective action plan. A draft of an action plan was submitted and is currently being reviewed by the State. Although the investigations to date indicate that this contamination appears to be contained in a manageable area, the scope and costs of final remediation have not yet been determined and could be significant. See "Environmental and Safety Matters — U.S."

Refurbishment of Mill

The Company began a program to refurbish the mill in late 2006. The total estimated cost of the refurbishment program is estimated at $21.0 million, which also includes the relining of Cell 4A. The mill capital program includes the purchase of mobile equipment, restoration of the vanadium roasting, fusion and packaging circuits, replacement of major pumps and component drives, modernization of the mill's instrumentation and process control systems, and completion of the relining of tailings Cell 4A.

Alternate Feed Processing

The Company's State of Utah Radioactive Materials Licence gives the Company the right to process other uranium-bearing materials known as "alternate feed materials," pursuant to an Alternate Feed Guidance adopted by the U.S. Nuclear Regulatory Commission ("**NRC**") in 1995 and amended in 2000. Alternate feed materials are uranium-bearing materials, which usually are classified as waste products by the generators of the materials. Requiring a routine amendment to its licence for each different alternate feed, the Company can process these uranium-bearing materials and recover uranium, in some cases, at a fraction of the cost of processing conventional ore, alone or together with other valuable metals such as niobium, tantalum and zirconium. In other cases, the generators of the alternate feed materials are willing to pay a recycling fee to the Company to process these materials to recover uranium and then dispose of the remaining by-product in the mill's licensed tailings cells, rather than directly disposing of the materials at a disposal site. By working with the Company and taking the recycling approach, the suppliers of alternate feed materials can significantly reduce their remediation costs, as there are only a limited number of disposal sites for uranium-bearing materials in the United States.

The White Mesa mill is currently processing alternate feed materials which the Company receives from two North American conversion facilities.

To date, the mill has received 15 licence amendments, authorizing the mill to process eighteen different alternate feed materials. Of these amendments, nine involve the processing of feeds provided by nuclear fuel cycle facilities and private industry and one has involved the processing of material from the United States Department of Energy (the "**DOE**"). These ten feed materials have been relatively high in uranium content and relatively low in volume. The remaining five amendments have been to allow the mill to process uranium-bearing soils from former defence sites, known as FUSRAP sites, which are being remediated by the U.S. Army Corps of Engineers. These materials are typically relatively low in uranium content but relatively high in volume.

The Company intends to continue to devote resources to the development of the alternate feed business as a source of feed for the White Mesa mill. The Company has had considerable success to date with this initiative.

U.S. Mines

Colorado Plateau District

The Colorado Plateau district is an area encompassing approximately 20,000 square miles and straddles the border of south eastern Utah and south western Colorado. The Company's principal mining complexes in the Colorado Plateau District consist of the Deer Creek, Van 4, Sunday, and East Canyon (Rim) zones. The bulk of the mineral deposits in the Colorado Plateau District are contained in three areas: the Sunday Mine complex, which includes the Sunday/St. Jude, West Sunday, Topaz and Carnation mines; the Deer Creek complex, which includes the La Sal, Beaver and Pandora mines; and the East Canyon Area, which includes the Rim mine. All of these areas have developed permitted mines that had been shut down in the 1990's. There was limited mining activity on the Sunday Mine complex in 1998 and 1999.

The mines are located approximately 65 to 100 miles northwest of the Company's White Mesa mill. Haulage of the ore from the mines to the Mill is along County and State highways.

The Uravan mineral belt in the Colorado Plateau (the " **Colorado Plateau District**") has a lengthy mining history, with the first shipment of mined materials made to France in 1898. World War II brought increased attention to the uranium mineralization in the Uravan area, and by the 1950s this district was one of the world's foremost producers of both uranium and vanadium. Production continued more or less uninterrupted until 1984 when low uranium prices forced the closure of all operations. Production resumed in 1987, but once again ceased in 1990. Total historical production from the Union Carbide mines in the Uravan area (many of which were later acquired by EFN, and hence the Company) is reported at 47 million pounds of U_3O_8 and 273 million pounds of vanadium, yielding an overall V_2O_5/U_3O_8 ratio of 5.79:1.

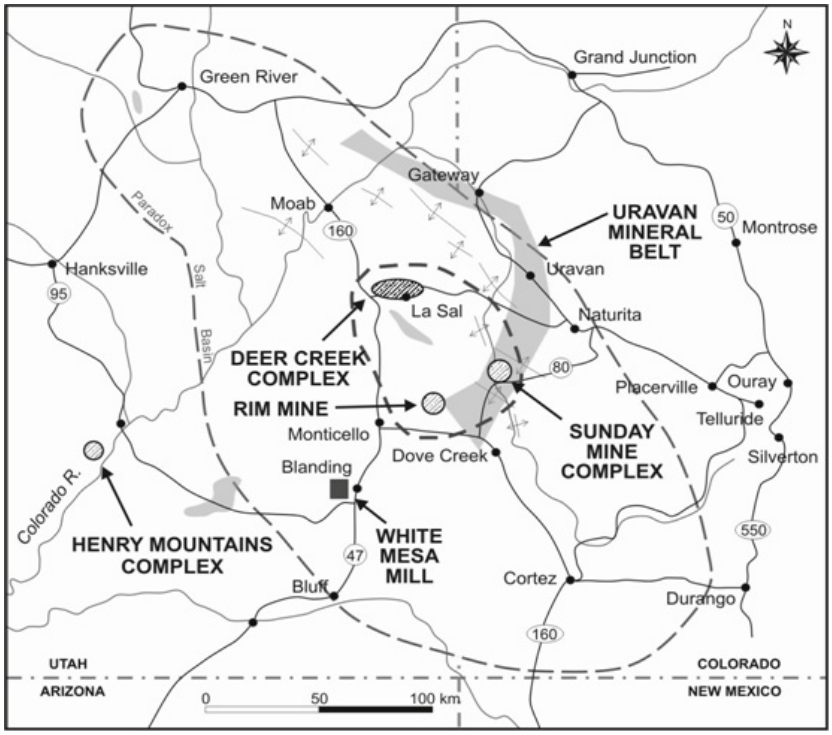
The uranium/vanadium deposits in the Colorado Plateau District were deposited as alluvial fans by braided streams. The shape and size of the mineralized seams are extremely variable. As a result, exploration and mining have historically involved conducting exploration to find a seam and then merely following its erratic path, with little exploration other than development drilling in the course of following the seam. The unusual nature of these deposits has therefore traditionally resulted in a limited amount of resources being dedicated to delineate mineral resources or reserves prior to mining.

The Colorado Plateau District mining properties are held by a combination of U.S. Bureau of Land Management (" **BLM**") unpatented claims and leases with third parties. On the leased properties there are uranium royalties payable ranging from 2.5% to 12.5% and vanadium royalties payable ranging from 4% to 15%. It should be noted that these royalties are only payable on ore recovered from specific claim areas and do not necessarily apply to the entire deposit.

Operations

In June 2006, the Company announced that it was restarting mining activity in the United States with the re-opening of several mines on the Colorado Plateau.

Colorado Plateau



The Sunday/St. Jude, Topaz, West Sunday and Pandora mines are all accessed by declines from the surface. The Sunday/St. Jude, West Sunday and Pandora mines are mature operating mines with extensive underground workings. The Topaz mine is relatively new with the initial development drift completed in 2007. The mining method is random room and pillar in which no set pillar pattern is established but rather both the size of the rooms and the pillars are variable and are defined by the deposit geometry. A typical room is about 20 feet wide with pillars as small as 12 feet square in highly mined areas.

Because of the limited height of the ore, mining must be quite selective in order to maintain a satisfactory production grade. This is done by following the mineralized zones closely and by the technique of “split shooting” wherein the ore and waste are blasted separately in a two-stage operation.

In September 2006, the Company reached an agreement with an independent mining contractor, Reliance Resources LLC, to conduct contract mining at the Pandora mine, and with another independent contractor, Tomcat Mining Corporation, for the Topaz, West Sunday and St. Jude mines. After some development work, mining began and the first ore shipments were received and stockpiled at the White Mesa mill in the fourth quarter of 2006. At the Sunday mine, the Company engaged E & D Mining LLC as its contract miner early in 2007. First ore shipments from the Sunday mine were received at the mill in October 2007, after several months of rehabilitation work.

The ore production by mine for 2007 is shown in the table below.

	Tons	% U_3O_8	% V_2O_5
Pandora	32,348	0.25%	1.34%
Sunday	6,078	0.17%	0.92%
West Sunday	16,500	0.17%	0.92%
Topaz	7,753	0.16%	0.86%
St. Jude	4,766	0.15%	0.79%

Production was hampered in 2007 due to delays in the installation of ventilation raises (see “Colorado Plateau — Permitting”) and difficulties in hiring experienced mining personnel.

In addition to the mine production detailed above, a number of low grade stockpiles from the Colorado Plateau mines have been transported to the mill. During 2007 a total of 12,260 tons were shipped to the mill grading 0.08% U_3O_8 and 0.49% V_2O_5.

Late in 2007, rehabilitation work began at the Rim mine with the objective of bringing this mine into production in mid-2008. In addition to the Rim mine, the Company will also be bringing on stream the Beaver mine in 2008. Rehabilitation work will begin during 2008 on the Van 4 with the intent of bringing this mine into production in early 2009.

Permitting

The Sunday, West Sunday and St. Jude mines on the Colorado Plateau are fully permitted for their mining activities. At the Topaz mine a 112 Permit application was filed with the Colorado Division of Reclamation, Mining and Safety (“**CDRMS**”). The Topaz mine presently has a 110 Permit, which limits total mine disturbances to less than 10 acres. A 112 Permit will allow for a larger disturbed area, and is necessary to allow development at Topaz. In conjunction with this effort, Denison also filed a Plan of Operation with the BLM, which incorporates all of the mines in the Sunday Complex (e.g. Sunday, West Sunday, St. Jude and Topaz). The Pandora, Rim, Van 4 and several other Colorado Plateau mines are also permitted for mining.

During 2007, the Company prepared a number of permit amendment requests in order to enable the installation of ventilation raises at the Pandora, Topaz and Sunday mines. Historically, a ventilation raise was considered a “notice” event which was not considered to be a formal amendment of an operating permit or plan of operations. This was due to the small amount of land disturbance for the installation of a ventilation raise. Due to changes in the permitting regulations, ventilation raises now require an amendment to the plan of operations and permits, plus an environmental assessment. This more involved process requires significant time and as a result some of the mine operations were hampered due to the delay in the installation of the required ventilation raises.

An amendment to the plan of operations was also required in order to commence surface exploration drilling near the Colorado Plateau mines. As with the ventilation raises, exploration drilling used to be handled with the regulatory authorities through a notice; however, it now requires an amendment. Due to these requirements and the delays in receiving approval for the amendments, the Company was unable to carry out any exploration drilling near the Colorado Plateau mines in 2007. The Company anticipates receiving approval for these activities in mid-2008.

Recent changes in the laws of Colorado could give rise to additional permitting requirements. The State of Colorado has passed a law that provides that the CDRMS can determine that a mine is a Designated Mining Operation (a “**DMO**”) if it is a mining operation at which “toxic or acidic chemicals used in

extractive metallurgical processing are present on site or acid or toxic forming materials will be exposed or disturbed as a result of mining operations." If a mine is determined to be a DMO, the most significant result is the requirement that it submit an Environmental Protection Plan (an "**EPP**"). The EPP must identify the methods the operator will utilize for the protection of human health, wildlife, property and the environment from the potential toxic or acid forming material or acid mine drainage associated with the operations. The EPP must be submitted to the CDRMS for review, and after approval by CDRMS, will be subject to public comment.

In 1995, CDRMS notified EFN that it believed the Sunday Mine Complex was a DMO, because of the potential that storm water could come in contact with the low-grade waste rock on site. EFN disputed this assertion. Testing was performed on the waste rock. In November 1996, the CDRMS advised EFN that the test results of the average uranium content of the waste dumps at the mine sites satisfied the CDRMS that the Sunday Mine Complex is not a DMO. However, the CDRMS also advised that its determination could change if site conditions or circumstances change. On February 11, 2008, the Company was notified that CDRMS is designating operations at the Sunday Mine Complex and the Van 4 mine as DMOs. The Company will be eligible to file for an exemption from the need to prepare an EPP if further characterization and testing, to be performed by the Company, can demonstrate that any toxic materials exposed or disturbed at the mines will not adversely affect human health, property or the environment.

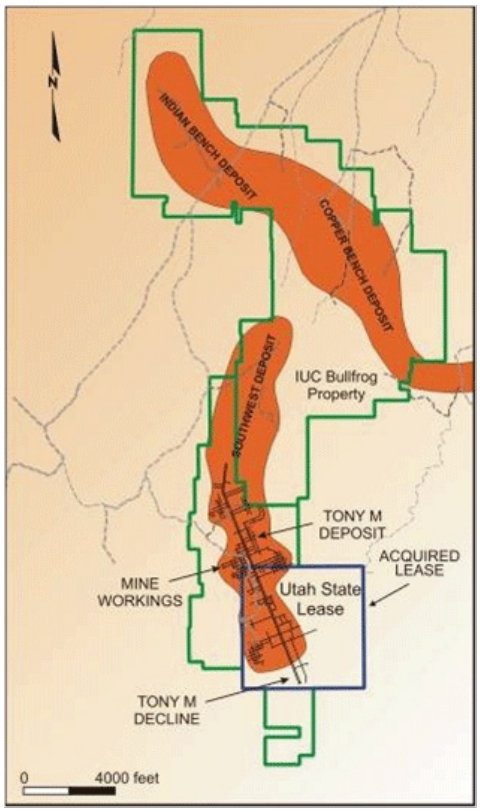
Henry Mountains Complex

The Henry Mountains Complex is one contiguous property located in eastern Garfield County, Utah, 15 to 20 miles north of Bullfrog Basin Marina on Lake Powell and approximately 40 air miles south of the village of Hanksville, Utah. It is situated three miles west of Utah State Highway 276. The Henry Mountains Complex includes Bullfrog on the north end of the property, hosting the Indian Bench, Copper Bench, and Southwest uranium deposits, and the Tony M located on the south end of the property, hosting the Tony M deposit and mine.

The Tony M mine is located approximately 117 miles west of the Company's White Mesa mill. Haulage of the ore from the mine to the Mill is along County and State highways.

The Bullfrog property was extensively explored by Exxon and Atlas Minerals in the period from 1974 to 1990. Development of the Tony M mine started in September, 1977. By mid-1984, nearly 17 miles of underground workings had been developed in the Tony M mine. In or around 1985, when work on the mine was suspended, the mine was allowed to flood. See "Mineral Properties — Henry Mountains Complex."

Denison acquired the Bullfrog property when it purchased substantially all of the uranium producing assets of EFN in 1997. In February 2005, Denison acquired the Tony M property, thus bringing it under common ownership with the Bullfrog property. Prior to 2005, all exploration, mine development, and related activities for the two properties were conducted independently.



The Henry Mountains Complex is comprised of 202 unpatented BLM mining claims and one 640 acre Utah State Mineral Lease. Seventeen of the claims, comprising a portion of the Tony M property, are subject to an escalating annual advance minimum royalty based on the uranium spot price, which totalled approximately $200,000 in 2007, and a 4% yellowcake royalty, less taxes and certain other deductions. There is also a vanadium production royalty which is a 2% gross royalty less certain deductions. The Utah State Mineral Lease has an annual rental of $640 and is subject to royalties set by the State of Utah including: an escalating annual advance minimum royalty based on the uranium spot price; a uranium royalty of 8% of gross value less certain deductions; and a vanadium royalty of 4% of gross value less certain deductions.

Operations

Upon receipt of the initial exploration permit, the Company engaged Dynatec Mining Corporation (" **Dynatec**") as its mine contractor for the Tony M operation. In May 2007, Dynatec began limited rehabilitation work on the existing Tony M workings.

With the receipt of the operating permit in September 2007, Dynatec shifted from rehabilitation work to mining of the Tony M deposit. As of the end of 2007, 11,441 tons of ore grading 0.14% U_3O_8 had been shipped to the White Mesa mill from the Tony M mine. In addition to the mined material, 11,537 tons of material from historic stockpiles on site, grading 0.11% U_3O_8 has been shipped to the mill. Mining operations continue to ramp up to a rate of 300 tons per day by mid-year and to 450 tons per day by year-end.

In addition to a ramp-up of underground activities, the Company also began construction of a number of surface facilities including a power generation station and ancillary equipment, maintenance building and offices. An evaporation pond, which was originally constructed when the Tony M mine was in operation in the 1980's, was reconstructed so that dewatering of the mine could begin. Approximately 50% of the mine is currently flooded. Dewatering of the mine will enable Dynatec to reach the end of the historic drifts and begin development on the Bullfrog deposit.

Permitting

The Tony M mine permit was allowed to lapse by the previous operator. The Company filed for an exploration permit with the Utah Division of Oil and Gas and Mining ("**UDOGM**") and the BLM. These permits were granted by UDOGM and the BLM on December 2, 2005 and March 6, 2006, respectively. These permits enabled the Company to regain access and inspect and begin rehabilitation of the Tony M underground workings. The Company also began the permitting process for a mine permit for the Henry Mountains Complex, which comprises both the Tony M mine and the Bullfrog property. The permit

application was submitted in November 2006 and a Record of Decision and Operating Permit was received in September 2007.

The permit was challenged by the Center for Water Advocacy and the Utah Chapter of the Sierra Club, which requested a Utah State BLM Director Review and a Stay of the decision approving the Final Plan of Operations for the Tony M Mine. On November 21, 2007, the BLM State Director issued a decision vacating the previously issued permit and remanded the case to the Field Office in order that the Environmental Assessment for the Tony M Mine Plan of Operations could be amended and a new decision record issued. As a result of this decision to vacate and renew, the request for stay was considered moot. The new decision was issued by the BLM on November 23, 2007 approving the Plan of Operations for the mine. The new decision was once again appealed by the Center for Water Advocacy and the Utah Chapter of the Sierra Club. The Utah State Director issued a decision denying the appeal and upholding the Plan of Operations on February 19, 2008.

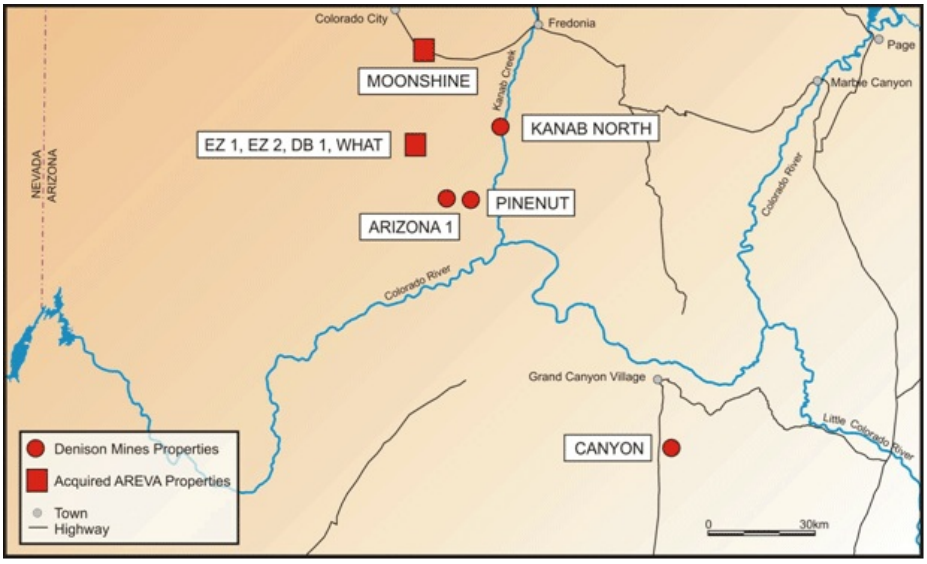
Work has begun to prepare the Phase 2 filing of the Plan of Operations for the development of the Bullfrog deposit which will entail surface infrastructure for a mine shaft and related surface facilities and support buildings.

Arizona Strip

The Arizona Strip is an area largely bounded on the north by the Arizona/Utah state line; on the east by the Colorado River and Marble Canyon; on the West by the Grand Wash cliffs; and on the south by a midpoint between the city of Flagstaff and the Grand Canyon. The area encompasses approximately 13,000 square miles.

The Company owns four developed and partially developed mines in the Arizona Strip, being the Arizona 1, Canyon, Pinenut and Kanab North mines, all of which had been shut down since the 1980s. In February 2007, the Company purchased from Pathfinder five additional uranium deposits in the Arizona Strip: the EZ1, EZ2, DB, WHAT and Moonshine Springs. The Company recommenced development work on the Arizona 1 mine in April 2007.

Arizona Strip



Since 1980, when mine development first began at Hack Canyon II, the Arizona Strip has produced in excess of 19 million pounds of uranium from seven mines, each of which was owned and operated by EFN. Of these mines, Hack Canyon I, II, and III, Pigeon and Hermit are mined out and have been reclaimed.

Ore from the Arizona Strip mines is hauled by truck from the mine sites to the White Mesa mill. The Arizona 1 and Pinenut mines are approximately 307 road miles, and the Canyon Mine is 325 road miles from the mill.

The Arizona 1, Pinenut and Canyon mines are held by unpatented BLM claims. There is a 3.5% yellowcake royalty on the Canyon property.

Operations

Denison has engaged J.S. Redpath Corporation (“ **Redpath**”) as its mining contractor for the Arizona 1 operation. In April 2007, Redpath began work on site including rehabilitation of the surface facilities and the hoist and headframe. Work began on the rehabilitation of the shaft mid-year and continued throughout 2007. The work on the shaft is substantially complete and work has now shifted to mine development.

In the mid-1980s the shaft at Arizona 1 was sunk approximately 1,200 feet below surface before activity at the mine was shut down due to depressed uranium prices. The original target depth was 1,600 feet in order to reach the bottom of the ore body. The Company has decided to ramp down from the bottom of the existing shaft rather than deepen the shaft to access the lower parts of the ore body.

Mine production from Arizona 1 is anticipated to begin in mid-2008.

Permitting

The Arizona 1 mine has substantially all of the permits necessary for mining. An air quality permit is currently being applied for from the State of Arizona, Department of Air Quality. All other permits are in place for the Arizona 1 mine.

In 1992, the State of Arizona updated its laws relating to groundwater issues, requiring that an Aquifer Protection Permit be obtained. The Canyon Mine, the Pinenut and Kanab North mines require that existing permits be converted to Aquifer Protection Permits. Work has begun on the conversion of the existing permits to Aquifer Protection Permits for the Canyon and Pinenut mines.

The Canyon Mine is the first mine to be permitted in the portion of the Arizona Strip that is south of the Grand Canyon. The Canyon Mine is located on federal lands administered by the United States Forest Service ("**USFS**") and is approximately 18 miles south of the Grand Canyon. The plan of operations submitted by EFN in 1984 for development and operation of the mine generated significant public comment resulting in the preparation of an environmental impact statement ("**EIS**") by the USFS. The USFS for the State of Arizona approved the plan set forth by EFN and issued all necessary federal and state permits and approvals. The Havasupai Indian Tribe and others filed appeals. The USFS for the State of Arizona and EFN prevailed on all appeals. During the permitting process, EFN constructed all the necessary service facilities at the mine site. EFN agreed with the USFS not to implement underground development during the EIS process. EFN did not resume underground development at the mine site after the appeals were decided due to the decrease in uranium prices at that time.

Mineral Properties

William C. Kerr, the Company's Vice President, Exploration who is a "Qualified Person" in accordance with the requirements of NI 43-101, is responsible for the Mineral Reserves and Mineral Resources estimates for the Company's properties and is responsible for the information of a scientific or technical nature concerning Mineral Properties and Mineral Exploration in the following sections.

Summary of Reserves and Resources

The following tables show the Company's estimate of mineral reserves and mineral resources as of December 31, 2007, except for the Midwest A resources estimated in a report received in February, 2008. NI 43-101 requires mining companies to disclose reserves and resources using the subcategories of proven reserves, probable reserves, indicated resources and inferred resources. Denison reports reserves and resources separately. Several of the tables below identify "historic resource estimates," prepared prior to the implementation of NI 43-101. See "Mineral Properties — Henry Mountains Complex" and "Mineral Properties — Gurvan Saihan Joint Venture" for the Company's disclosure regarding these estimates, including a discussion as to their relevance and reliability.

Mineral Reserve Estimates (1)

	Probable Reserves 100% Basis			**Company Share**
Deposit	Tonnes (,000)	Grade % U_3O_8	Pounds of U_3O_8 (,000)	Pounds of U_3O_8 (,000)
McClean — Ore Stockpile	234.3	0.41	2,097	472
McClean — Sue E Ore (2)	299.6	1.07	7,110	1,600
Midwest (3) (4)	345.5	5.47	41,664	10,487
Total Reserves				12,559

Notes:

(1) A U_3O_8 price of US$23.20 per pound was used in the evaluation of project economics for the purpose of determining mineral reserves.

(2) The historical and proposed mining cut-off grade for the McClean open pit is 0.10% U $_3O_8$.

(3) The mining cut-off grade for the Midwest open pit is estimated at 0.30% U $_3O_8$.

(4) The Company's share of probable reserves at Midwest also contains 4.37% Nickel (8,378,000 pounds) and 0.33% Cobalt (633,000 pounds).

Mineral Indicated Resource Estimates(1)

Deposit	Indicated Resources(2) 100% Basis Tonnes (,000)	Grade % U_3O_8	Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean — Sue B	72.9	0.73	1,174	264
McClean — Caribou	39.5	3.13	2,724	613
McClean — Sue D	122.8	1.05	2,840	639
McClean North	186.1	2.80	11,480	2,583
Midwest A	464.0	0.57	5,800	1,460
Henry Mountains — Bullfrog	961.6	0.32	6,866	6,866
Mongolia — Hairhan	4,726.0	0.08	7,891	5,524
Total Indicated Resources				17,949

Mineral Inferred Resource Estimates(1)

Deposit	Indicated Resources(3) 100% Basis Tonnes (,000)	Grade % U_3O_8	Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean — Sue B	12.0	0.95	252	57
McClean — Sue E (4)	780.3	0.69	11,783	2,651
McClean — Sue D	24.2	0.39	209	47
McClean North	3.2	0.74	50	11
Midwest A	9.2	21.23	4,300	1,082
Henry Mountains — Bullfrog	798.3	0.35	6,046	6,046
Arizona Strip	217.7	0.70	3,352	3,352
Mongolia — Hairhan	1,848.0	0.09	3,484	2,439
Total Inferred Resources				15,685

Notes:

(1) Mineral resources that are not mineral reserves do not have demonstrated economic viability.

(2) The indicated resources were estimated at various block cut-off grades and 0.1% U $_3O_8$ was selected as most reasonable for the McClean deposits, 0.35% U_3O_8 for the Caribou deposit, 0.05% eU for Midwest A, 0.2% eU $_3O_8$ with a 0.8 feet % GT (grade x thickness) for Henry Mountains and a 0.02% U (0.024% U_3O_8) with a minimum thickness of 1.0 metre for Mongolia.

(3) The inferred resources were estimated at various block cut-off grades and 0.1% U $_3O_8$ was selected as most reasonable for the McClean deposits, 0.05% eU % for Midwest A, 0.2% eU_3O_8 with a 0.8 feet % GT for Henry Mountains, 0.2% eU $_3O_8$ for the Arizona Strip and a 0.02% U (0.024% U $_3O_8$) with a minimum thickness of 1.0 metre for Mongolia.

(4) The operator conducted confirmatory drilling on a portion of these resources outside the designed pit and late in 2006 submitted a preliminary analysis detailing an inferred resource of 2 million pounds on a 100% basis in this area, as compared to the 7 million pounds that Scott Wilson RPA has estimated. As at December 31, 2007, Scott Wilson RPA has not re-estimated the resource using the new drill information.

The reserve and resource information shown above is as reported in the various technical reports prepared in accordance with NI 43-101 (the " **Reports**") by Scott Wilson RPA or by Geostat. See "Mineral Properties — McClean Lake," "Mineral Properties — Midwest," "Mineral Properties — Henry Mountains Complex," "Mineral Properties — Arizona Strip" and "Mineral Properties — Gurvan Saihan Joint Venture." Information on the Ore Stockpile was prepared from the year-end stockpile survey, mill feed and mine production data reported by ARC, the operator of the McClean Lake joint venture. Reserve and Resource information in the Reports has been adjusted to reflect ore mined into Ore Stockpile.

The reconciliations shown below detail the changes from the Mineral Reserves and Mineral Resources reported as of December 31, 2006. The 2007 additions and deletions result from ore mined to stockpile, additional information provided by mining and milling results, new or updated technical reports, including the report on the Midwest A resources, and reclassification of reserves and resources.

Reconciliation of Denison's Share of Uranium Reserves
(in thousands of pounds U_3O_8)

Reserves	December 31, 2006	2007 Throughput(1)	2007 Additions (Deletions)(2)	December 31, 2007
McClean — Ore Stockpile	380	(450)	542	472
McClean — Sue E	2,138	0	(538)	1,600
Midwest	10,487	0	0	10,487
Total Reserves	13,005	(450)	4	12,559

Notes:

(1) Corresponds to mill feed. The difference between the 2007 mill feed and Denison's share of pounds of U_3O_8 produced is due to mill recovery and changes of in-process circuit inventory.

(2) Additions or deletions of reserves include ore mined to stockpile, reassessment of geological data, results of information provided from mining and milling and reclassification of reserves or resources.

Reconciliation of Denison's Share of Uranium Resources
(in thousands of pounds U_3O_8)

Resources	December 31, 2006	2007 Throughput	2007 Additions (Deletions)(1)	December 31, 2007
McClean — Sue B				
indicated	264	0	0	264
inferred	57	0	0	57
McClean — Caribou				
indicated	613	0	0	613
inferred		0	0	0
McClean — Sue E				
indicated	0	0	0	0
inferred	2,651	0	0	2,651
McClean — Sue D				
indicated	639	0	0	639
inferred	47	0	0	47
McClean North(2)				
indicated	2,583	0	0	2,583
inferred	11	0	0	11
Henry Mountains — Bullfrog				
indicated	6,866	0	0	6,866
inferred	6,046	0	0	6,046
Mongolia — Hairhan(2)				
indicated	5,524	0	0	5,524
inferred	2,439	0	0	2,439
Arizona Strip(2)				
indicated	0	0	0	0
inferred	3,352	0	0	3,352

Notes:

(1) Additions or deletions of resources include reassessment of geological data and reclassification of reserves or resources.

(2) These properties were included in the Annual Information Form dated March 27, 2007 as additions. These properties were added to the Company's portfolios in March 2007.

Historical Resources

On several of Denison's mineral properties, where there are no current estimates of mineral resources or mineral reserves, as such terms are defined under NI 43-101, historical estimates exist. Several of these historical estimates have been reviewed and are considered reasonable and reliable.

On Tony M, Scott Wilson RPA reviewed an estimation prepared by Nuclear Assurance Corporation in 1989 and is of the opinion that the estimation, as shown in the following table, meets the CIM classification of an Indicated Mineral Resource. See "Mineral Properties — Henry Mountains Complex."

Tony M Historical Mineral Resources(1)

Category	Tons Ore (000's)	Grade(2) (% eU_3O_8)	Pounds eU_3O_8 (000s)
Indicated Resource	1,280	0.21	5,300

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. In the opinion of Scott Wilson RPA, the Tony M historical mineral resource is the most reasonable and reliable of several historical estimates, and the classification complies with CIM definition standards.

(2) The cut-off grade is 0.15% eU_3O_8. The term eU_3O_8 refers to equivalent U_3O_8 grade derived by gamma logging of drill holes.

On the Haraat deposit in Mongolia, Geologorazvedka prepared an estimate of mineral resources in 1998. These estimates are considered historical mineral resources under Section 2.4 of NI 43-101. The methodology for the Haraat resource estimate is considered reliable to the level of classification specified. Scott Wilson RPA considers that the mineral resources, as shown in the following table, in the Haraat area are equivalent to inferred and, because they are potentially economic, they are relevant. See "Mineral Properties — Gurvan Saihan Joint Venture."

Haraat Historical Mineral Resources

Category	Tonnes Ore (thousands)	Grade (% U)	Pounds eU_3O_8 (thousands)
Inferred Resources	10,600	0.027	6,398

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. In the opinion of Scott Wilson RPA, the classification complies with CIM definition standards.

(2) The cut-off grade is 0.01% eU.

Scott Wilson RPA prepared an estimate of the mineral resources at Elliot Lake in 2007. Scott Wilson RPA compiled the historic mineral resources for the Elliot Lake deposits and reported in accordance with the requirements of NI 43-101. The resource estimate is based on historical mine records at the time of the shutdown of the mines in 1992. No subsequent work has been carried out since that time.

Elliot Lake Historical Mineral Resources

Category	Tons Ore (thousands)	Grade (Lbs/ton)	Pounds U_3O_8 (thousands)
Developed	89,200	1.29	115,000
Undeveloped	80,500	1.13	90,000
			205,000

Notes:

(1) CIM definitions are not used.

(2) Historic resource estimates are reported at a cut-off grade of 0.8 lb/ton U_3O_8.

(3) A minimum mining width of 6 feet was used and no mining recovery factors were applied.

(4) The historic resource estimates cannot be verified and the estimates are not necessarily indicative of the mineralization on the property.

In the opinion of Scott Wilson RPA, although the historical estimate cannot be verified, the estimate is considered to be reasonable based on the estimation methods at the time. The current historical resource, without access to the drilling information, cannot be classified directly under the CIM classification standards incorporated under NI 43-101. The mineral resource estimates were originally classified for the purposes of the Report as Developed and Undeveloped. Developed resources are those resources that have been developed for mining and represent total mineralization remaining after partial extraction during the previous mining operations. Undeveloped resources are located in blocks beyond existing development workings where no mining has taken place.

Denison is investigating the possibility of extracting uranium from the water that has seeped into the old mine over the past fifteen years.

McClean Lake

Property Description and Location

McClean Lake is owned by Denison (22.5%) and its joint venture partners, ARC (70.0%) and OURD (7.5%). ARC is the operator/manager of the facility. Denison, ARC and OURD also jointly own the nearby Midwest project. It is planned that the Midwest ore will be milled at McClean Lake.

The McClean Lake facility is located approximately 26 kilometres west of the Rabbit Lake mine and approximately 750 kilometres north of Saskatoon.

The mineral property consists of four mineral leases covering an area of 1,147 hectares and 13 mineral claims covering an area of 3,111 hectares. The right to mine the McClean Lake deposits was acquired under these mineral leases, as renewed from time to time. Mineral leases are for terms of 10 years with the right to renew for successive 10-year periods provided that the leaseholders are not in default pursuant to the terms of the lease. The terms of the four mineral leases must be renewed between November 2015 and August 2016. A mineral claim grants the holder the right to explore for minerals within the claim lands and the right to apply for a mineral lease. Title to the mineral claims is secure until at least 2023. It is expected that the leases will be renewed in the normal course, as required, to enable all the McClean Lake deposits to be fully exploited.

For additional information on mineral leases, mineral claims and surface leases, see “Government Regulation — Land Tenure.”

The uranium produced from the McClean Lake deposit is subject to Saskatchewan uranium royalties under the terms of Part III of the Crown Mineral Royalty Schedule, 1986 (Saskatchewan), as amended,

see “Government Regulation — Canadian Royalties.” In addition, a royalty of 2% of the spot market price of all U_3O_8 produced from the Sue E deposit is payable to the previous owner of a portion of the deposit.

Accessibility, Climate, Infrastructure and Physiography

Access to the McClean Lake site is by both road and air. Goods are transported to the site by truck over an all—weather road connecting with the provincial highway system. Air transportation is provided through the Points North airstrip about 25 kilometres from the project site.

The nearest permanent community is Wollaston Post, about 50 kilometres from the property. Workers commute to and from the site by aircraft landing at Points North then by bus to the site. While at the site, workers reside in permanent camp facilities. Personnel are recruited from the northern communities and major population centres, such as Saskatoon, and normally work one week on and one week off.

Site activities are carried out all year, despite the cold weather during the winter months. Mean daily temperatures range from —25°C in January to +15°C in July. The average length of the frost—free period is about 90 days.

Water for industrial activities is obtained from one of the many lakes and ponds that surround the area. Electric power is obtained from the provincial grid with stand—by power available as required.

All tailings from the McClean Lake processing facility are deposited in the TMF in the mined out JEB pit. In addition, the TMF has been designed to receive tailings from the processing of the high—grade Midwest and Cigar Lake ores.

The terrain at McClean Lake is typical of the Athabasca basin area with glacial drift features following northeast—southwest trends to produce sand and gravel ridges. These ridges are surrounded by low—lying ground which is often water logged and dominated by muskeg. Small ponds and lakes cover over 25% of the area. Jack pine and spruce, rarely more than 10 metres high, are the predominant trees. Surface elevations range from 400 to 500 metres above sea level.

History

Canadian Occidental Petroleum Limited (“**CanadianOxy**”) began exploring for uranium in northern Saskatchewan in 1974 in the area between the Rabbit Lake deposit and the Midwest Lake area where uraniferous boulder trains had been found previously. In April 1977, CanadianOxy entered into a joint venture agreement with Inco Limited (“**Inco**”). During a diamond drilling program in 1977, one of the 47 drilled holes encountered encouraging uranium mineralization. During the next two years, extensive exploration work, including airborne geophysics, electromagnetic surveys and diamond drilling was carried out.

Mineralization was discovered at McClean Lake (the McClean North deposit) in January 1979 and follow up drilling later that year confirmed the existence of significant unconformity type uranium mineralization. Subsequent exploration resulted in the discovery in 1980 of the McClean South zone and the JEB deposit in 1982. The Sue trend deposits were discovered between 1988 and 1991, and the Caribou deposit in 2002.

In 1993, the owners of the Midwest and McClean Lake projects agreed to combine the two projects and develop them as a complementary development. Ownership interests in the respective joint ventures were interchanged, with a predecessor in title to the Company, which owned an interest in the Midwest project, acquiring a 22.5% interest in McClean Lake.

Geological Setting

The McClean Lake uranium deposits lie near the eastern margin of the Athabasca basin in the Churchill Structural Province of the Canadian Shield. The bedrock geology of the area consists of Precambrian gneisses unconformably overlain by flat lying, unmetamorphosed sandstones and conglomerates of the Athabasca Group. The Precambrian basement complex is composed of an overlying Aphebian aged supracrustal metasedimentary unit infolded into the older Archean gneisses. The younger Helikian aged, Athabasca sandstone was deposited onto this basement complex. The basement surface is marked by a paleoweathered zone with lateritic characteristics referred to as regolith.

Mineralization

Excluding the JEB deposit, which was mined out several years ago and which is now used as the TMF, the McClean Lake reserves are located along two “trends” of mineralization, the Sue trend and the McClean trend. The Caribou pod is a singular deposit at this time.

The mineralized zones in the McClean trend occur as sausage—shaped pods straddling the unconformity between the Athabasca sandstones and the crystalline basement. The high grade part of the mineralized pods undulates from 13 metres above to 13 metres below the unconformable contact which is, on average, 160 metres below the surface in this area. The host rocks for the mineralization are altered sandstones and Aphebian basement rocks usually altered to clay—rich rocks. A zone of illite alteration forms a mushroom—shaped envelope tilted to the north in the McClean North zone. There are 11 discrete pods, arranged along two separate but parallel trends (termed the North and South zones) separated by approximately 500 metres. Generally, mineralization in the basement is at the eastern extremity of the combined zone. Uranium mineralization is hosted in hematitically altered clay—rich zones in which illite forms massive layers. Uranium occurs as fine—grained coffinite, as veinlets and nodules of pitchblende and as massive masses of pitchblende/uraninite. Highly variable but generally small amounts of nickel arsenides are associated with the uranium.

The deposits of the Sue trend are along a linear trend on the western flank of the Collins Bay dome. These deposits trend north—south along or near a steeply east-dipping unit of graphitic gneiss within a 4.2 kilometre long basement conductor.

The Sue B deposit is located on and above the unconformity which lies 65 to 75 metres below the surface. The bulk of the mineralization lies in the overlying sandstone.

The Sue D deposit lies north of Sue E and south of the Sue C pit along the Sue trend. Uranium mineralization is hosted by faulted/fractured brecciated and altered graphitic paragneiss.

The Sue E deposit, although discovered in the early 1990s, did not undergo development drilling until 2002. The mineralization has an approximate strike length of 320 metres, with widths varying from 5 to 15 metres and occurring from 65 to 135 metres below the surface. The style of mineralization and setting is similar to that of the southern part of the Sue C deposit, that is, totally basement hosted with relatively clean mineralogy.

Drilling

As of April 30, 1990, when the diamond drilling of the McClean trend ceased, 416 diamond drill holes totalling 81,800 metres had been drilled into the McClean North and McClean South zones. A total of 81 diamond drill holes totalling 8,006 metres have been drilled in the Sue A deposit. A total of 71 holes totalling 7,094 metres have been drilled into the Sue B deposit.

The JEB deposit was discovered by CanadianOxy and Inco in 1982. A total of 92 diamond drill holes totalling 11,779 metres were drilled on this deposit by the time of the feasibility study in 1990.

A total of 128 diamond drill holes were drilled into the Sue C deposit prior to the development decision, totalling 21,749 metres of core.

Sue D was explored by diamond drilling from surface from 1989 to 2001 with 70 holes totalling 13,395 metres drilled.

At Sue E, a total of 135 diamond drill holes have been cored for a total of 23,757 metres. Drill spacing was at 10 metre centres on 12.5 metre lines on all of the above properties.

The Caribou deposit was explored in 2002 with the drilling of 44 diamond drill holes with 7,022 metres. Holes were drilled on 12.5-metre sections at a spacing of 5 metres.

Sampling and Analysis

The following description applies to all exploration on the McClean Lake property.

Following the completion of a drill hole, the hole was radiometrically logged using a downhole slim-line gamma probe. The gamma-log results provide an immediate equivalent uranium value (eU3O8%) for the hole, which, except in high grade zones, is reasonably accurate. The gamma-log results, however, have not been used for the purposes of estimating reserves.

Sample intervals are generally 500 millimetres long, except where higher or lower grade mineralization boundaries fall within the interval. In that case, two 250 millimetre samples are collected. Flank samples of 1.0 metre are always collected where mineralization is located. A background geochemistry sample is collected every 10 metres down the hole.

All sampled core is split in half, one half retained and the other sent to an independent laboratory. Lost core is not an issue at the McClean project as core recovery has been good. Control samples were routinely assayed with each batch of core samples analyzed.

The mineralization in the various McClean deposits is highly variable in both mineralogy and uranium content. The principal minerals identified in the deposits are pitchblende, uraninite and niccolite. As a result of the highly variable uranium content, a variable density formula was developed for the McClean deposits. This formula was modified over the years to account for the fact that it originally tended to underestimate U_3O_8 content where the U_3O_8 values were associated with high values of nickel and arsenic.

Security of Samples

No opinion can be given regarding security of samples in the mid to late 1970s and the late 1980s other than to indicate that subsequent geological work and all metallurgical and geotechnical work have confirmed the results. All procedures reviewed follow generally accepted industry practice. A good demonstration of the reliability is that both the JEB and Sue C deposits have been mined out and more uranium has been recovered into stockpiles than had been estimated from surface drilling.

Mineral Reserve and Mineral Resource Estimates

Mineral reserve estimation procedures have evolved over the years. At the time of the feasibility study in 1990, polygonal methods were used for JEB, Sue A, Sue B, Sue C deposits and the McClean zones. Prior to the start of mining at the JEB deposit, the reserves were re—evaluated using computerized methods whereby block models were constructed and geostatistical methods were implemented. Much more recently, these figures have been further fine tuned using Whittle pit optimization software. Throughout all this, the reserve numbers have not changed materially. Appropriate tests and audits of the databases on

all the McClean deposits have been carried out by qualified Denison personnel. In the case of both JEB and Sue C, the amount of U_3O_8 recovered into stockpiles was 12% and 28% respectively higher than that estimated from surface drilling.

The Company received a technical report from Scott Wilson RPA dated November 21, 2005, as revised February 16, 2006 , on its mineral reserves and mineral resources at certain of the deposits at McClean Lake in which it has an interest entitled "Technical Report on the Denison Mines Inc. Uranium Properties, Saskatchewan, Canada" (the "**McClean Technical Report**"), a copy of which is available on the Company 's profile on the SEDAR website at www.sedar.com. The mineral reserve and mineral resource estimates, as reported in the McClean Technical Report, for Sue E, after adjusting for ore mined to stockpile, and for Sue B and Caribou are as shown in "Mineral Properties — Summaries of Reserves and Resources."

In preparing the McClean Technical Report, Scott Wilson RPA reviewed previous estimates of mineral reserves and mineral resources at the applicable properties, and examined and analyzed data supporting the previous estimates, as well as other available data regarding the properties, including extensive information from ARC. For the purpose of the economic analysis for determining reserves for open pitable deposits, Scott Wilson RPA used a 0.1% U_3O_8 cut-off, mining costs based on previous actual operating experience at Sue C, historical milling costs at the JEB mill and a uranium price of $23.20 per pound of U_3O_8. The economic analysis for the McClean North deposit in this Report was based on the blind shaft boring mining method.

In preparing the McClean Technical report for the Sue A deposit, Scott Wilson RPA constructed a block model based on a total of 81 drill holes. Scott Wilson RPA adopted the 2003 wireframe interpretation as the constraining mineralization envelope for the block model. The resulting resource block model was subsequently imported into the Whittle Pit optimization program and mineral reserves estimated.

For the Sue B deposit, Scott Wilson RPA evaluated the previously developed 2003 resource model which was based on a total of 71 drill holes. Scott Wilson RPA accepted and reclassified the previously developed resource model and estimate. At the date of the McClean Technical Report, Sue B was not planned to be developed, so Scott Wilson RPA did not evaluate the economic potential of the deposit and did not estimate reserves. Sue B is now planned to be mined in 2008.

For the Sue E deposit, Scott Wilson RPA constructed a block model using indicator kriging to both map out and geologically constrain mineralized areas. A block that had at least one nearby composite within 10 metres of its centre, and that had composites from at least two different drill holes in its search neighbourhood was classified as part of the indicated resource. The indicated resource has been evaluated by Scott Wilson RPA using Whittle economic evaluation software showing that the Sue E pit economics are robust and mineral reserves were estimated. Scott Wilson RPA classified approximately 7.0 million pounds outside the designated pit and not in the current mining plan as inferred. Confirmatory drilling in 2006 by the operator has indicated that this may be reduced to 2.0 million pounds. Scott Wilson RPA has not re-estimated the resources based on this drilling.

Scott Wilson RPA's estimation of the McClean North deposit was carried out by 2-D block modeling with inverse distance cubed (ID 3) interpolation of drill hole composites spanning the vertical thickness of the pod, and 3 x 3 block model cells were developed. Potentially economic uranium mineralization, using the blind-shaft boring method, was correlated on longitudinal and cross sections and in plan to define the plan boundaries of the pods, effectively providing a contour of mineralization grading 0.1% U_3O_8 over three metres vertically. Resources were estimated based on a grade thickness cut-off of 24% U_3O_8 x metres.

The Company received a technical report from Scott Wilson RPA dated March 31, 2006 on its mineral resources at the Sue D deposit entitled "Technical Report on the Sue D Uranium Deposit Mineral Resource Estimate, Saskatchewan, Canada" (the "**Sue D Report**"), a copy of which is available on the Company's profile on the SEDAR website at www.sedar.com. Scott Wilson RPA carried out an independent resource estimate for Sue D by conventional 3-D computer block modeling. A minimum vertical mining width of two metres was employed with a 0.1% U_3O_8 cut-off.

The resource estimate for the Caribou deposit is based on a block model for which grade was interpolated using ordinary kriging. Since there were no plans for the mining of this deposit at the date of the McClean Technical Report, the economic potential was not evaluated and reserves were not estimated.

Due to the significant increase in the price of uranium, Denison requested Scott Wilson RPA to re-evaluate the uranium resources in the McClean North trend that are amenable to open pit mining. The original McClean Technical Report had only evaluated Mineral Resources and Mineral Reserves of the high grade portions under the assumption of the blind shaft mining method. The Corporation received a technical report from Scott Wilson RPA dated January 31, 2007, on its mineral reserves and resources at the McClean North uranium project entitled "Technical Report on the McClean North Uranium Deposit Mineral Resource Estimate, Saskatchewan, Canada" (the "**McClean North Technical Report**"), a copy of which is available on the Company's profile on the SEDAR website at www.sedar.com.

The re-evaluation of McClean North was carried out by conventional 3-D computer block modeling. Wire frames were constructed for each of pods 1, 2 and 5. The estimate included internal dilution, but not external dilution, and was carried out at a 0.1% U_3O_8 cut-off. This resource estimate is based entirely on diamond drill information. Block cell dimensions were selected at eight metre model grid east west x 5 metre model grid north south and a 2 metre bench height or approximately 180 tonnes/block. Scott Wilson RPA constructed a resource wireframe based on kriging, and constructed a special waste wireframe, that generally surrounds the resource wireframe, using similar kriging parameters but with larger search distances.

Midwest

Property Description and Location

The Midwest and Midwest A uranium deposits at the Midwest project are two of several high-grade deposits at or near the contact between the basement complex and the sandstone in the Athabasca Basin in northern Saskatchewan. Midwest is owned by Denison (25.17%) and its joint venture partners, ARC (69.16%) and OURD (5.67%). ARC is the operator/manager. Denison, ARC and OURD are also the joint venture partners in the McClean Lake joint venture and the owners of the McClean Lake mill where the Midwest ore is planned to be milled.

The Midwest project is located near South McMahon Lake approximately 15 kilometres from the McClean Lake mill, which began operating in 1999. The site is approximately 750 kilometres north of Saskatoon.

Since the completion of the test mine at the Midwest deposit in 1988 and 1989, the site has been under an environmental monitoring and site security surveillance program. At present, there is an inactive water treatment plant, two water storage ponds and a core storage area on the site and a dam in the Mink Arm of South McMahon Lake. All of the facilities used in the test mine program and all of the existing surface facilities are located on lands owned by the Province of Saskatchewan. The right to use and occupy the lands was granted in a surface lease agreement with the Province of Saskatchewan. The original surface lease agreement of 1988 was replaced by a new agreement in 2002. This new surface lease is valid for a period of 33 years. Obligations under the surface lease agreement primarily relate to annual reporting

regarding the status of the environment, the land development and progress made on northern employment and business development. The Midwest surface lease covers an area of approximately 646 hectares.

The mineral property consists of three contiguous mineral leases covering an area of 1,426 hectares. The right to mine the Midwest deposit was acquired under these mineral leases, as renewed from time to time. The mineral leases are for terms of 10 years with the right to renew for successive subsequent 10—year periods, provided that the leaseholders are not in default pursuant to the terms of the lease. The term of two of the mineral leases expires in December 2008 and the third expires in December 2013. The Company expects that the leases will be renewed in the normal course, as required, to enable the Midwest deposit to be fully exploited.

For additional information on mineral leases and surface leases, see “Government Regulation — Land Tenure.”

The uranium produced from the two Midwest deposits will be subject to Saskatchewan uranium royalties under the terms of Part III of the Crown Mineral Royalty Schedule, 1986 (Saskatchewan), as amended, see “Government Regulation — Canadian Royalties.” In addition, a portion of Denison’s interest in the Midwest project (i.e. 5.5% of the project reducing to 3.44% after payout) is subject to a sliding—scale, gross overriding royalty ranging from 2% to 4% payable to two previous owners of a portion of the Midwest project.

Accessibility, Climate, Infrastructure and Physiography

Access to the Midwest project is by both road and air. Goods are transported to the site by truck over an all—weather road connecting with the provincial highway system. Air transportation is provided through the Points North airstrip about approximately 4 kilometres from the project site.

The nearest permanent community is Wollaston Post, about 70 kilometres from the property on the other side of Wollaston Lake.

Site activities are carried out all year despite the cold weather during the winter months. Mean daily temperatures range from —25°C in January to +15°C in July. The average length of the frost—free period is about 90 days.

Water for industrial activities is obtained from one of the many lakes and ponds that surround the area. Electric power can be accessed from the provincial grid through nearby Points North.

No tailings storage areas are expected to be required at Midwest since it is planned that all Midwest ore will be transported to the McClean Lake Mill for processing, with all resulting tailings being disposed of in McClean Lake’s licensed TMF.

Surface facilities and infrastructure at the Midwest project will consist of a water treatment plant and those necessary to support the mining operation and the ore shipment activities. Ample area for these facilities is available on the existing surface lease.

The terrain at Midwest is typical of the Athabasca Basin area with glacial drift features following northeast-southwest trends to produce sand and gravel ridges. These ridges are surrounded by low lying ground which is often water logged and dominated by muskeg. Over 25% of the area is covered by small ponds and lakes. Jack pine and spruce, rarely more than 10 metres high, are the predominant trees. Surface elevations range from 400 to 500 metres above sea level.

History

Initial exploration work in the vicinity of the two Midwest deposits began in 1966. Canada Wide Mines Ltd, a subsidiary of Esso Resources Canada Ltd. was operator of the project from 1968 to 1982. From 1968 to 1975, exploration was carried out on an exploration permit which included the area covered by the current mineral leases. Most of the work was concentrated on the area near South McMahon Lake where uranium mineralized boulders were found. In 1974, the exploration permit was changed to mineral leases.

During the winter season of 1977, one of the holes drilled through the unconformity encountered radioactive mineralization. In January 1978, the Midwest deposit was intersected by the first drill holes. During 1978 through 1980, a further 439 holes were drilled (for a total of about 650) to delineate the deposit and to explore the surrounding area of the mineral leases.

In 1987, Denison acquired a 45% interest in the Midwest project and became the operator. An underground test mine program was completed in 1989 which confirmed the results of the surface drilling program and identified a high—grade mineral reserve containing 35.7 million pounds of U_3O_8 at an average diluted grade of 99 pounds per tonne, mineable by underground methods.

In 1993, the respective owners of McClean Lake and Midwest combined their interests to make one complementary project with one mill at McClean Lake. In order to accomplish this, a portion of Denison's interest in Midwest was exchanged for an interest in McClean Lake. This transaction, together with several related ownership changes, resulted in Denison's ownership interest in Midwest being reduced to 19.5% and Minatco, ARC's predecessor in title, becoming the operator.

In 1999, Denison increased its interest in Midwest by 5.50% through the exercise of first refusal rights. With the increase in uranium reserves recovered into stockpiles at McClean Lake, the uncertainty of the timing and costs of the Midwest development and the desire to eliminate the obligation to pay advance and future royalties on production from Midwest, Denison decreased its interest in Midwest from 25% to 19.96% effective March 31, 2001. ARC, the operator/manager of Midwest, also reduced its interest from 70.5% to 54.84% for the same reason.

At the end of 2004, in order to take advantage of uranium prices rapidly increasing and the supply demand balance becoming tighter, Denison again increased its interest at Midwest, along with its joint venture partners, by buying the 20.70% interest in Midwest then held by Redstone Resources Inc. This purchase permitted Denison to acquire a further 5.21% interest in Midwest, bringing its interest to 25.17% and adding 1.7 million pounds to the Company's uranium reserve base. ARC's interest increased to 69.16% and OURD's interest increased to 5.67%.

Exploration activities resumed in 2004 some three kilometres to the northeast of the Midwest deposit to test ground around a historic hole MW338 that had returned an isolated intercept of 3.8 metres at 6.9% U_3O_8. Continuing exploration identified the Midwest A deposit and several other mineralized areas, including the Josie Zone, lying between the Midwest and the Midwest A deposits.

In December 2007, the decision was made to proceed with the development of the Midwest deposit.

Geological Setting

The Midwest uranium deposits lie near the eastern margin of the Athabasca Basin in the Churchill Structural Province of the Canadian Shield. The bedrock geology of the area consists of Precambrian gneisses unconformably overlain by flat lying, unmetamorphosed sandstones and conglomerates of the Athabasca Group. The Precambrian basement rocks are Aphebian—aged, are termed the Wollaston Group, and are essentially graphitic pelitic metasediments. These pelitic metasediments form a steeply

dipping syncline which trends northeast. The basement surface is marked by a paleoweathered zone with lateritic characteristics referred to as regolith.

Exploration

Initial work on the property was a regional airborne geophysical survey, which located conductors below the sandstone cover. Ground prospecting identified a radioactive boulder field and subsequent drill testing of the conductors located the mineralization in 1978.

After Denison acquired a 45% interest in the project and became the operator in 1987, an underground exploration test mine program was initiated at the Midwest deposit. From the fall of 1988 through April 1989, a 3.7 metre diameter shaft was sunk to a depth of 185 metres on the west shore of the Mink Arm of South McMahon Lake. From a depth of 170 metres, a crosscut was driven a total of 180 metres east. At the end of the crosscut, a blind-hole boring rig was installed to test the unconformity and related mineralization. Blind—hole boring of two 1.2 metre diameter holes through the mineralization was then carried out.

All three known uranium occurrences in the area (Midwest deposit, Josie Zone and Midwest A deposit) lie along a long resistivity low corresponding to a conductor associated to the graphite-bearing gneissic units of the basement. The other exploration tool of choice is rock geochemistry and clay mineralogy in drill hole core samples, mostly to define alteration haloes in the overlying Athabasca sandstone.

Mineralization

The Midwest deposit is lens to cigar—shaped, 215 metres long with two main pods of high—grade mineralization separated by a 50 metre long section of low grade disseminated mineralization. The average width is 80 metres with a maximum of 128 metres. Thickness of the zone averages 10 metres with a maximum of 30 metres. Overall, the deposit is high grade at 5.47% U_3O_8. Nickel and arsenic average grades are high, at 3.2% and 5.3% respectively.

The Midwest deposit is representative of a typical unconformity type zone, whereby 99.5% of the mineable reserves are located at the basement sandstone contact either in the basal conglomerate or in the upper basement unit.

Locally, mineralized lenses occur along steep faults above and below the main unconformity mineralization. These are termed “perched” and “deep basement mineralization” respectively.

The Midwest A deposit is located at a depth of between 175 and 210 metres below the surface. It consists of several sub-parallel high-grade mineralized zones. These structures are surrounded by low-grade remobilized and clay-rich mineralization that has formed in the typical ‘pancake’ morphology. This occurs on several layers, with the most pronounced being located in the sandstone just under the contact with the chlorite zone, immediately under a conglomerate marker horizon located at approximately 175 metres below surface. This conglomerate layer has been somewhat disturbed and locally destroyed by the quartz dissolution associated with the mineralization. Another layer, more poorly defined, occurs just above the unconformity. The mineralized structures also exhibit structurally controlled roots that go well down into the basement (as far as 70 metres beneath the unconformity).

Drilling

Over 650 drill holes had tested the Midwest property prior to 2004, of which 100 surface (and wedged extensions) and three underground holes have been used for reserve estimations for the Midwest deposit. Eighty of these are NQ diamond drill holes from the surface, 20 are PQ holes drilled for metallurgical test work, and three are confirmation holes drilled from the underground crosscut. All of the surface holes

were geologically and geotechnically logged and sampled by previous owners of Midwest, while the underground holes were logged and sampled by Denison.

Of the 103 holes used for estimation of the Midwest reserves, 22 did not have downhole survey information and therefore were assumed to be vertical. A statistical analysis carried out in 1982 indicated that at the 285 metre level, these supposedly vertical holes could have deviated by as much as 12 metres with an average of roughly five metres. Sensitivity studies have been carried out and indicate that, if the block boundaries remain fixed, the uncertainty in hole location for these 22 holes causes a fluctuation of 8% in tonnes, 5% in metal content and 3% on grade.

The resource estimate for Midwest A is based on 85 new core holes drilled between 2005 and 2007, as well as 29 old vertical core holes drilled in 1979 and 1980, and in 1989.

Sampling and Analysis

Due to the nature of the mineralization, lost core is a significant issue. Lost core ranges between 0% and 50% with an average core loss of 33% for the drill holes included in the reserve estimation for the Midwest deposit. The original owners initiated a convention which is conservative and has withstood many audit procedures over the years. The value assigned to lost core is the lowest assay of recovered material from one of three samples. These samples are: (1) the sample within which the lost core occurs; (2) the sample immediately above the one containing the lost core; and (3) the sample immediately below the one containing the lost core.

Core recovery from the 2005 to 2007 Midwest A drilling was substantially improved in relation to earlier drilling, with 86% overall core recovery. The sections of poor core recovery occur with more frequency in the sandstone just above the unconformity.

Geochemical rock samples from the 2005 to 2007 drilling were shipped to and analysed by Saskatchewan Research Council Geoanalytical Laboratories ("**SRC**") in Saskatoon. Quality control procedures in place at SRC include a systemic insertion of blanks, duplicates and standards. Radiometric data are converted into % eU in a standard manner.

Security of Samples

No opinion can be given regarding security of samples by the previous owners in the mid to late 1970s, other than to indicate that subsequent geological work, and all metallurgical and geotechnical work, including the sinking of a shaft and a test mining program in the late 1980s, have given no cause to doubt the veracity of the samples from which the reserve estimations are based. The best confirmation that proper security of samples was maintained is the previously mentioned report on the assay data, where the assay data base was checked at two external labs and found to contain an average variation of only 4% for values greater than 0.5% U_3O_8.

No special security measures were enforced for the core samples from the 2005 to 2007 drilling. They are transported to the core shack and logging facility in sealed, standard, wooden core boxes, where they are photographed, logged, radiometrically scanned and, in some cases, split or chipped. Bagged samples are shipped to SRC in plastic pails or metallic containers.

Mineral Reserve and Mineral Resource Estimates

From June of 1978 up to and including October of 1980, there were a total of 13 discrete "reserve estimation" reports published on the Midwest deposit by the previous owners.

The Company retained Scott Wilson RPA to independently review and audit its previously reported mineral reserves and resources in accordance with the requirements of NI 43-101. The Company

received a technical report from Scott Wilson RPA dated June 1, 2005, revised on February 14, 2006, on its mineral reserves and resources at the Midwest uranium project entitled "Technical Report on the Midwest Uranium Deposit Mineral Resource and Mineral Reserve Estimates, Saskatchewan, Canada" (the "**Midwest Technical Report**"), a copy of which is available on the Company's profile on the SEDAR website at www.sedar.com.

In preparing the Midwest Technical Report, Scott Wilson RPA reviewed previous estimates of mineral reserves and mineral resources, and examined and analyzed data supporting the previous estimates, as well as other available data regarding the properties, including extensive information from ARC. For the purpose of the economic analysis for determining reserves for the open pitable deposit, Scott Wilson RPA used a 0.3% U_3O_8 mining cut-off, mining costs based on previous actual operating experience at Sue C, historical milling costs at the JEB mill and a uranium price of $23.20 per pound of U_3O_8. Scott Wilson RPA constructed a block model based on a total of 265 surface drill holes. Scott Wilson RPA adopted the ARC unconformity and sandstone mineralization interpretation with some minor modifications. The total reserve in the Scott Wilson RPA estimate is approximately 24% greater than the previously reported estimates due to the addition of the South Extension Zone and increased U_3O_8 grade estimates due to the application of a density weighted methodology. This block model was then used as the basis for evaluation of open pit economics using industry standard Whittle software analysis program. Scott Wilson RPA categorized the mineral reserves and mineral resources on Midwest as follows:

Midwest Probable Mineral Reserves(1)

Category	Tonnes (000's)	100% Basis Grade (% U_3O_8)	Pounds of U_3O_8 (000's)	Company Share Pounds of U_3O_8 (000's)
Probable(2) (3)	345.5	5.47	41,664	10,487

Notes:

(1) A U_3O_8 price of $23.20 per pound was used in the evaluation of project economics for the purpose of determining mineral reserves.

(2) The mining cut-off grade for the Midwest open pit is estimated at 0.3% U $_3O_8$.

(3) The probable reserves also contain 4.37% nickel (Company share of 8,378,000 pounds) and 0.33% cobalt (Company share of 633,000 pounds).

Geostat was retained to complete an independent technical review of the Midwest A uranium deposit. Geostat's review was carried out and a report was prepared in compliance with the standards of NI 43-101. The Company received Geostat's report on the mineral resources of the Midwest A deposit, dated January 31, 2008, entitled "Technical Report on the Midwest A Uranium Deposit of Saskatchewan, Canada" (the "**Midwest A Technical Report**"), a copy of which is available on the Company's profile on the SEDAR website at www.sedar.com.

In preparing the Midwest A Technical Report, Geostat delineated mineralized envelopes on drill section planes at 25 metre intervals, mostly based on equivalent uranium grades and a cut-off of 0.05% eU. As a general rule, the mineralized shapes look simple on both extremities of the zone while they seem to have a more complex geometry in the centre part of the zone. In that centre part, a small high-grade pod is defined within the outline of the mineralized zone itself around a few intercepts of significant length and consistently showing high grades, generally above 10%e U.

Once mineralized solids and the location and cut grades of composites within those solids are defined, the next step was to fill the solids with small blocks on a regular grid and interpolate the grade of each block from the grades of composites close to the blocks. Blocks of the current resource model are 10 x 10 x 3 metres and they are oriented along the strike of the deposit. The procedure used calculates the proportion of each mineralized solid in each resource block on the regular grid. All together, 1,461 resource blocks have some mineralized material with proportions ranging from 0.6% to 100%, and an average of 47.6%.

Volumes of mineralized material of each solid, obtained by adding block fractions, are reasonably close to the mineralized solid volumes. For the low-grade solids , the interpolation of the uranium grade of the block fraction in a given solid is done with ordinary kriging following search conditions as defined by variography routines With the above conditions, the grade of all low-grade fractions in the 1,461 blocks can be interpolated.

For the high-grade solid (only 73 blocks with some fraction of that material from 0.2% to 49.2%), no local block grade interpolation was attempted. An 18% U fixed value (reasonably close to the average composite grade of 18.6% U) has been assigned to all block fractions. This approach corresponds to kriging with a pure nugget effect variogram.

The resource block model leads to resource estimates provided that volumes are converted into tonnages. Since at the moment, there are no density measurements from Midwest A core samples, densities used are based on the density model defined for the nearby Midwest deposit. In this model, fixed densities (from 2.24 to 2.34 tonnes per cubic metre) are assigned to material in given uranium grade categories (from 0 to 6% U) and a fixed density of 2.8 tonnes per cubic metre is used for the high-grade material.

Geostat classified the Midwest A resources as follows:

Midwest A Mineral Resources(1)

Category	Tonnes (000's)	100% Basis Grade (% U_3O_8)	Pounds of U_3O_8 (000's)	Company Share Pounds of U_3O_8 (000's)
Indicated	464.0	0.57	5,800	1,460
Inferred	9.2	21.23	4,300	1,082

Note

(1) The cut-off grade is 0.05% eU.

Other Midwest Information

For taxes and royalties, see “Government Regulation — Canadian Royalties” and “Government Regulation — Canadian Income and Other Taxes.”

Henry Mountains Complex

The Henry Mountains Complex is 100% owned by Denison. Henry Mountain is comprised of the Bullfrog and Tony M deposits.

On October 17, 2006, Denison filed on the SEDAR website at www.sedar.com an independent technical report entitled “Technical Report on the Henry Mountains Complex Uranium Project, Utah, U.S.A.” prepared by Scott Wilson RPA in accordance with the requirements of NI 43-101 with respect to its Henry Mountains Complex (the “**Henry Mountains Technical Report**”).

Property Description and Location

The Henry Mountains Complex is one contiguous property located in eastern Garfield County, Utah, 15 miles to 20 miles north of Bullfrog Basin Marina on Lake Powell and approximately 40 air miles south of the town of Hanksville, Utah. It is situated three miles west of Utah State Highway 276. The Henry Mountains Complex includes the Bullfrog property located to the north, hosting the Indian Bench, Copper Bench, and Southwest uranium deposits, and the Tony M property located to the south, hosting the Tony M deposit and mine.

The Henry Mountains Complex is comprised of 202 unpatented BLM mining claims totalling approximately 3,665 acres and one 640 acre Utah State Mineral Lease. The surface rights are owned by the federal government and administered by the BLM, with the exception of the Utah State Mineral Lease which has associated state surface rights. Seventeen of the claims, comprising a portion of the Tony M property, are subject to an escalating annual advance minimum royalty based on the uranium spot price, which totalled approximately $200,000 in 2007, and a 4% yellowcake royalty, less taxes and certain other deductions. There is also a vanadium production royalty which is a 2% gross royalty less certain deductions. The Utah State Mineral Lease has an annual rental of $640 and is subject to royalties set by the State of Utah including: an escalating annual advance minimum royalty based on the uranium spot price; a uranium royalty of 8% of gross value less certain deductions; and a vanadium royalty of 4% of gross value less certain deductions.

There are no outstanding environmental liabilities with respect to the Henry Mountains Complex.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Road access to the Henry Mountains Complex is by paved Highway 276, running between Hanksville and Bullfrog Basin Marina, Utah. A gravel road, maintained by Garfield County and extending west from Highway 276, provides access to the northern end of the property. An unimproved county road passes by the portal of the Tony M mine and extends northerly across the property. A network of unimproved, dirt exploration roads provide access over the property except for areas of rugged terrain. The Bullfrog Basin Marina airstrip is located approximately 15 miles south of the Henry Mountains Complex. The Henry Mountains Complex is located in a relatively remote area of Utah, and the infrastructure is limited. The distance to Denison's White Mesa mill is 117 miles.

The climate is distinctly arid, with average annual precipitation of approximately 8 inches, including about 12 inches of snow. Local records indicate the temperature ranges from a minimum of - -10°F to a maximum of 110°F. The vegetation consists primarily of small plants including some of the major varieties of blackbrush, sagebrush, and rabbit brush. A few small junipers are also present.

Relief over the combined Bullfrog Tony M properties is about 2,250 feet. The elevation on the property ranges from 4,550 feet above sea level at the portal of the Tony M mine, near the southern end of the property, to 6,800 feet above sea level over the northern end of the property. The terrain is typical canyon lands topography, with some areas deeply dissected by gullies and headwalls of canyons and the rest consisting of gently sloping gravel benches covering the northern one-half of the property.

History

The Bullfrog property was initially explored by Exxon Minerals Company (" **Exxon**"), while the Tony M property was explored and developed by Plateau Resources Inc. ("**Plateau**"), a subsidiary of Consumers Power Company of Michigan.

Denison acquired the Bullfrog property when it purchased substantially all of the uranium producing assets of EFN in 1997. In February 2005, Denison acquired the Tony M property, thus bringing it under common ownership with the Bullfrog property.

Prior to 2005, all exploration, mine development, and related activities for the two properties were conducted independently. The Bullfrog and Tony M properties are therefore discussed separately, except where correlations and comparisons are made.

Bullfrog Property

Exxon conducted reconnaissance in the area in 1974 and 1975, and then staked its first Bullfrog claims in 1975 and 1976. A first phase drilling program conducted in 1977 resulted in the discovery of what

became the “Southwest” uranium deposit. Additional claims were subsequently staked and drilling was continued by Exxon. Several uranium and vanadium zones were discovered in the Southwest and Copper Bench and Indian Bench areas. With the declining uranium markets of the early 1980s, Exxon prepared a prefeasibility report and then discontinued development of the property.

From July 1982 to July 1983, 112 drill holes were completed by Atlas Corp., under a purchase option with Exxon, delineating the Southwest and Copper Bench deposits on approximately 100 foot centres. From July 1983 to March 1984, a core drilling program was completed throughout the Bullfrog Property with 133 rotary drill holes to delineate the Indian Bench deposit on approximately 200 foot centres.

In late 1992, EFN purchased the Bullfrog property from Exxon and conducted a geologic review and internal economic analysis of the property. In 1997, Denison became the owner of the Bullfrog property.

Tony M Property

Exploration drilling in the Shootaring Canyon area was initiated by Plateau during 1976 in the vicinity of outcropping uranium mineralization. In February 1977, drilling commenced in what was to become the Tony M mine. More than 2,000 rotary drill holes totalling about one million feet were drilled.

Development of the Tony M mine started in September, 1977. By mid-1984, nearly 17 miles of underground workings had been developed in the Tony M mine. During development of the Tony M entryways and crosscuts, a total of 237,441 tons of muck with an average grade of 0.121% U_3O_8 was extracted and stockpiled. In or around 1985, when work on the mine was suspended, the mine was allowed to flood.

In 1989, 30 to 40 rotary holes were drilled to delineate zones of high grade uranium mineralization.

There are no current estimates of mineral resources or mineral reserves, as such terms are defined under NI 43-101 for the Tony M property. Scott Wilson RPA is of the opinion that the diluted, chemically adjusted estimate for the Tony M deposit as shown in the following table is a relevant estimate that meets the CIM classification of an Indicated Mineral Resource.

Tony M Historical Mineral Resource Estimate(1)

Category	Million Tons	Grade eU_3O_8(2) (%)	Contained eU_3O_8 (Million Pounds)
Indicated Resource	1.28	0.21	5.3

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. In the opinion of Scott Wilson RPA, the Tony M historical mineral resource is the most reasonable and reliable of several historical estimates, and the classification complies with CIM definition standards.

(2) The cut-off grade is 0.15% eU_3O_8. The term eU_3O_8 refers to equivalent U_3O_8 grade derived by gamma logging of drill holes.

This estimate is based on results of gamma logging of surface drill holes. However, a detailed mine segment by mine segment adjustment of the radiometric equivalent log values of uranium was made based on the statistics of chemical analyses from 1,763 samples. Many of the samples were composites collected from the various mineralized zones of the Tony M deposit. Scott Wilson RPA is of the opinion that this most recent historical estimate is the most relevant and reliable.

Geological Setting

The Henry Mountains Complex uranium deposits occur within the Salt Wash Member of the Morrison Formation, located within the Colorado Plateau. The Morrison Formation is a complex fluvial deposit of

Late Jurassic age that occupies an area of approximately 600,000 square miles, including parts of 13 western states and small portions of three Canadian provinces, far to the north and east of the boundary of the Colorado Plateau.

The Bullfrog and Tony M deposits consist of two extensive elongate, tabular zones containing a large concentration of mineralization. Together the Southwest deposit of the Bullfrog deposit and the Tony M deposit extend for a distance of about three miles along a north-south trend and have a maximum width of about one-half mile. The larger Indian Bench and Copper Bench deposits within the Bullfrog property extend about 3.5 miles along a northwesterly trend.

Mineralization in the Bullfrog property deposit occurs over three stratigraphic zones of the Salt Wash Member of the Morrison Formation, while mineralization at the Tony M property occurs over four zones. The Southwest deposit (like most of the adjacent Tony M property) occurs in the lowermost 35 feet to 40 feet of the Salt Wash Member sandstone. Mineralization forming the Copper Bench and Indian Bench deposits occurs between about 60 feet and 100 feet above the base of the Salt Wash Member.

The depth below the surface to the base of the three deposits ranges from about 475 feet (Southwest deposit) to nearly 1,100 feet in both the Copper Bench and Indian Bench deposits.

Exploration

Surface drilling using rotary tricone technology, together with radiometric gamma logging, was the primary exploration method used to discover and delineate uranium on the Bullfrog and Tony M properties.

During development of the Tony M mine, Plateau also conducted an intensive mine geology program to collect detailed information on the occurrence of uranium, including its thickness, grade, and lateral extent. This was done through geological mapping, together with face and rib scanning, as well as gamma probing of short up and down holes extending to about eight feet. Probing was also done using long-hole drilling to test target zones up to about 150 feet from mine openings. The results of this program are recorded on a systematic set of cross sections through the Tony M mine developed at a scale of 10 feet to the inch. Scott Wilson RPA did not have access to the detailed information collected underground in the Tony M mine.

Denison carried out no work on the Bullfrog and Tony M properties, with the exception of a review of available data and critical evaluation, until the end of 2005 when certain activities including underground reconnaissance and permitting were initiated. See “Operations — Henry Mountains Complex.”

Mineralization

The uranium/vanadium mineralization in the Henry Mountains Complex is similar to ores observed elsewhere in the Colorado Plateau. It occurs as intragranular disseminations within the fluvial sand facies of the Salt Wash Member. It also forms coatings on sand grains and organic associated masses. A significant portion of the uranium occurs in a very fine grained phase whose mineralogy is best defined with the aid of an electron microscope.

Coffinite is the dominant primary uranium mineral in the mineralized horizons, with uraninite occurring in only trace amounts.

Vanadium occurs as montroseite (hydrous vanadium oxide) and vanadium chlorite in primary mineralized zones located below the water table, (i.e., the northern portion of the Tony M Property). Above the water table to the south, vanadium chlorite is absent, while montroseite and a suite of secondary uranium/vanadium minerals are present.

Drilling

Bullfrog Property

Most of the drilling done on the Southwest, Copper Bench, and Indian Bench deposits on the Bullfrog property was conducted by rotary drilling using a tricone bit. Additional drilling was done to collect core samples.

The Indian Bench deposit is delineated by drilling on approximately 200 foot centres, while the Southwest and Copper Bench deposits were drilled on 100 foot centres. In some areas, the rugged terrain made access difficult, resulting in an irregular drill pattern. A total of 2,232 drill holes were completed on the Bullfrog property.

The mineralization is approximately horizontal on the Bullfrog property, so vertical holes provide a reliable estimate of the thickness of the deposits.

Tony M Property

In February 1977, drilling commenced in what was to become the Tony M property deposit. Plateau Resources Inc. drilled more than 2,000 rotary drill holes totalling about 1,000,000 feet. The holes were drilled using rotary tricone technology. The rugged terrain over much of the Tony M property made drilling access difficult, resulting in an irregular drill pattern. The drilling includes 24 core holes. The core holes provided samples of the mineralized zone for chemical and amenability testing and to determine geologic and engineering properties of the mineralized zone.

Sampling and Analysis

Bullfrog Property

Downhole gamma logging of surface holes was done on the Bullfrog property. Standard logging suites included radiometric gamma, resistivity and self potential measurements, supplemented by neutron-neutron surveys for dry holes. Deviation surveys were conducted for most of the holes.

Assays of samples from core drilling were collected by company geologists and submitted to various commercial labs for analysis. Results of these analyses were compared to eU_3O_8 values from gamma logs to evaluate radiometric equilibrium, logging tool performance, and validity of gamma logging.

Metallurgical testing included leach amenability studies, settling, and filtration tests.

Resource estimates for the Bullfrog property are based on the eU_3O_8% gamma log conversion values used to identify the mineralized zone, its thickness and calculate an average grade. The procedures implemented to identify the minimum grade and cut-off grade thickness ("**GT**") product for resource estimation are described below under the heading "Cut-Off Grade and Mining Considerations."

Tony M Property

The same suite of logging surveys and procedures as employed at the Bullfrog property were conducted for Tony M. Assays of samples from core drilling were collected and submitted for analysis. Confirmation assays of chemical U_3O_8% were completed on drill core samples for comparison and calibration with eU_3O_8% values from gamma logging.

Status of Chemical Equilibrium of Uranium

Bullfrog Property

Exxon conducted analyses of samples from core drilling in the Southwest and Copper Bench deposits and found that the radioactive disequilibrium of potentially economic grade intercepts in cores, measured as the ratio of chemical U_3O_8% to log radiometric equivalent (eU_3O_8%), varied from 0.80 to 1.35 and

averaged 1.06, close to the equilibrium value of 1.0. Other investigations had identified no significant disequilibrium problem.

Tony M Property

Plateau conducted an extensive investigation of the state of chemical disequilibrium of uranium in the Tony M deposit. In 1989, NAC reported that an analysis of results from 1,763 samples, including 1,137 composite samples collected from buggies coming from the Tony M mine, was completed in 1983. Based on that analysis, it was concluded: (i) the state of disequilibrium varies from location to location within the deposit; (ii) with the exception of one small area in the southern part of the deposit, the equilibrium factor is positive; (iii) low grade material with less than 0.06% U_3O_8 is depleted in uranium; and (iv) higher grade material containing more than 0.06% U_3O_8 is enriched in uranium.

Scott Wilson RPA is of the opinion that based on the information available, the original gamma log data and subsequent conversion to eU $_3O_8$% values are reliable but slightly conservative estimates of the uranium U_3O_8% grade. Furthermore, there is no evidence that radiometric disequilibrium would be expected to negatively affect the uranium resource estimates of the Henry Mountains Complex.

Data Verification

Based on its review of the grade and thickness of uranium mineralization determined in the original gamma logs and a comparison with the computer generated GT composites, Scott Wilson RPA is of the opinion that the original gamma log data and subsequent conversion to eU_3O_8 values are reliable. Furthermore, Scott Wilson RPA reviewed the chemical analyses of core from diamond drill holes from the Bullfrog property and is of the opinion that the gamma logging results for the Bullfrog property provide a reliable, but conservative, estimate of the uranium content. The review suggests that the resource estimate may underestimate the uranium content of the Bullfrog property by up to about 5%.

Security of Samples

Procedures followed during exploration were well documented and at the time followed best practices and standards of companies participating in uranium exploration and development. Onsite collection of the downhole gamma data and onsite data conversion limit the possibility of sample contamination or tampering.

Mineral Resource Estimation

There are no current estimates of mineral resources or mineral reserves, as such terms are defined under NI 43-101, for the Tony M property. Historical mineral resources for the Tony M property are described under the heading “Mineral Properties — Henry Mountains Complex — History” above.

Scott Wilson RPA has audited the 1993 EFN mineral resource estimate of the Bullfrog property and accepted it as a current resource estimate, and has classified it as indicated and inferred as such terms have been defined in NI 43-101.

The basis for resource estimation on the Bullfrog property is the gamma logs from 1,801 rotary drill holes located on the properties comprising the Southwest, Copper Bench and Indian Bench deposits. This represents about 80% of the 2,232 total holes drilled on the Bullfrog property. A total of 81 core holes were drilled to recover samples for chemical and geologic analysis and to establish stratigraphic relationships. All of the drilling and analyses were conducted by past owners (i.e., prior to Denison’s tenure) of the Bullfrog property. See “Drilling” above for further detail on the Bullfrog drilling.

The grades of the mineralized zones on the Bullfrog property were calculated on a polygonal block-by-block basis. The pounds of eU $_3O_8$ for each polygon were then tabulated along with the area and calculated volume for each block. The total number of tons and pounds of eU_3O_8 contained in the blocks

were summed to provide a total inventory for each of the three deposits. Average grades for each deposit were estimated from the grades of the drill hole intersections used in the resource estimate weighted by tonnage. The EFN resource estimate was audited by Scott Wilson RPA and accepted as a current mineral resource estimate.

Scott Wilson RPA estimates the indicated and inferred mineral resources for the Southwest, Copper Bench, and Indian Bench deposits at the Bullfrog property as shown below:

BULLFROG MINERAL RESOURCE ESTIMATES(1)

Category	Million Tons	Grade eU_3O_8(2) (%)	Contained eU_3O_8 (Million Pounds)
Indicated Resource	1.06	0.32	6.87
Inferred Resource	0.88	0.35	6.05

Notes:

(1) The Bullfrog mineral resource estimate complies with the requirements of NI 43-101 and the classification complies with CIM definition standards.

(2) The term eU_3O_8 refers to equivalent U_3O_8 grade derived by gamma logging of drill holes.

(3) Mineral Resources were estimated at a cut-off grade of 0.20% eU_3O_8 a minimum thickness of 4 feet and a minimum GT of 0.8 ft-% that does not include any intervals with less than a 0.5 foot intercept of 0.08% U_3O_8.

Cut-Off Grade and Mining Considerations

The selection of a 0.20% eU_3O_8 cut-off for the Bullfrog property was made by Scott Wilson RPA based on evaluations of current mining and processing costs made by both Denison and other operators in the region. Preliminary estimates for mining and processing costs are in the order of $150/ton.

The 0.20% eU_3O_8 cut-off maximizes the tonnage of higher grade mineralization while maintaining strong positive value. Based on the extensive review of the drilling of the Bullfrog property, Scott Wilson RPA notes that lowering the cut-off criteria will increase total tonnage by increasing the number of drill hole intercepts meeting the cut-off, while also increasing the apparent continuity of mineralization between adjacent drill holes.

Arizona Strip

Denison has a 100% interest in four significant breccia pipe uranium deposits in the Arizona Strip district of northern Arizona, being: Arizona 1, Canyon, Pinenut, and Kanab North.

On March 26, 2007, Denison filed, on the SEDAR website at www.sedar.com, an independent technical report entitled “Technical Report on the Arizona Strip Uranium Project” prepared by Scott Wilson RPA in accordance with the requirements of NI 43-101 with respect to the Company’s Arizona Strip properties (the “**Arizona Strip Report**”).

Arizona 1 has been partially developed for underground mining; all surface facilities for shaft sinking are in place at Canyon, and Pinenut is a fully developed underground mine currently on standby. Kanab North, mined previously, is reported to have only minor quantities of mineralized material remaining in place and is not included in the Scott Wilson RPA mineral resource estimate.

Property Description and Location

Prior to its bankruptcy in 1995, EFN located and developed to various stages, numerous uranium mineralized breccia pipe structures in north western Arizona, between Utah and the Grand Canyon, an area termed the “Arizona Strip.” Most of Denison’s breccia pipes are between the town of Fredonia, on the Arizona Utah state line, and Grand Canyon National Park. These include the Pinenut, and Arizona 1

pipes. One deposit, Canyon, is located south of the park. The properties are approximately 320 miles from the White Mesa mill.

Arizona 1 is located in Mojave County, Arizona, about 45 miles south west from Fredonia, Arizona by unsurfaced road. Denison's property position consists of 10 unpatented mining claims covering approximately 207 acres.

Pinenut consists of 10 unpatented mining claims encompassing 207 acres. It is located 45 miles south of Fredonia in Mojave County, Arizona and is accessible via an unsurfaced road.

The Canyon project is in north central Arizona, 153 miles north of Phoenix and 10 miles south of Grand Canyon Village in the Kaibab National Forest, Coconino County. The Canyon site consists of nine unpatented mining claims encompassing approximately 186 acres. There is a 3.5% yellowcake royalty on the Canyon property.

Accessibility, Local Resources, Physiography and Infrastructure

Climate in northern Arizona is semi-arid, with cold winters and hot summers. January temperatures range from about 7° F to 57° F and July temperatures range from 52° F to 97° F. Annual precipitation, mostly in the form of rain but some snow, is about 12 inches. Vegetation on the plateaus is primarily open pinon juniper woodland and shrubs.

The region north of the Grand Canyon is very sparsely populated. Due to the inaccessibility and low population, infrastructure is not well developed. The nearest commercial centres to the Fredonia area are the towns of St. George and Cedar City, Utah, both approximately 88 miles to the northwest by road. The White Mesa mill is approximately 275 miles by road from Fredonia and about 325 miles by road from the Canyon site.

Arizona 1 is a partially developed mine with the production shaft completed for 1,250 feet of the proposed final 1,650 feet depth. Drill stations were cut near the current shaft bottom and some 40,000 feet of drilling were completed from those stations. A headframe, hoist and compressor are in place.

Pinenut is a fully developed underground mine that produced about 0.5 million pounds U_3O_8 in 1989 and is now on standby. A hoist, headframe and compressor are in place.

Only surface development has been completed at the Canyon site with a headframe, hoist and compressor in place. The shaft has been collared to a depth of 50 feet.

History

Uranium exploration and mining of breccia pipe uranium deposits started in 1951 when a geologist employed by the U.S. Geological Survey noted uranium ore on the dump of an old copper prospect on the South Rim of the Grand Canyon of Northern Arizona. The prospect was inside the Grand Canyon National Park, but on fee land that predates the park. A mining firm acquired the prospect and then mined a significant high grade uranium deposit, the Orphan Mine. By the time mining ended in the early 1960s, 4.26 million pounds of U_3O_8 and some minor amounts of copper and silver had been produced.

After the discovery of the first deposit in the 1950s, an extensive search for other deposits was made by the government and industry, but only a few low grade prospects were found. Exploration started again in the early 1970s. In the mid 1970s, Western Nuclear acquired the Hack Canyon prospect located about 25 miles north of the Grand Canyon and found high grade uranium mineralization offsetting an old shallow copper/uranium site. In the next few years, a second deposit was found a mile away along a fault.

EFN leased the Hack Canyon property from Western Nuclear in December 1980 as a likely low cost source of U_3O_8. Development started promptly, and the deposits were in production by the end of 1981.

The Kanab North deposit was discovered in 1981, but development did not begin until late 1984. Kanab North was fully developed in 1988 and operated until December 1990 when it was placed on standby. Production totalled about 2.8 million pounds U_3O_8 at an average grade of just over 0.50% U_3O_8. Some minor quantity of mineralized material remains.

EFN explored the Arizona 1 pipe with a total of 253 drill holes, including: 18 core holes from underground drill stations with a total footage of 6,122 feet; 17 rotary holes from surface with a total footage of 25,289 feet, and 218 long holes from underground drill stations with a total footage of 36,189 feet. Mine development of the Arizona 1 ore body began in 1990 but was suspended in 1992, with the shaft at a depth of 1,254 feet.

The Canyon deposit is located on mining claims that EFN acquired in 1982. Drilling completed by EFN in 1983 identified a major deposit. EFN drilled a further 36 holes from May 1983 through April 1985 to delineate the uranium mineralization and to determine placement of the mine shaft and water supply well. Additional drilling of six holes was completed in 1994. Development of the site was discontinued as a result of low uranium prices.

The Pinenut mine was developed in 1989, but saw only minor production, approximately 0.5 million pounds U_3O_8 at an average grade of 1.02% U_3O_8, and was then placed on standby.

EFN identified and investigated more than 4,000 circular features in northern Arizona. Some 110 of the most prospective features were explored by deep drilling, and approximately 50% of those drilled were shown to contain uranium mineralization. Ultimately, nine pipes were deemed worthy of development. Total mine production from the EFN breccia pipes from 1980 through 1991 was approximately 19.1 million pounds U_3O_8 at an average grade of just over 0.60% U_3O_8.

Most of the EFN assets were acquired by the Company in 1997. Since that time, Denison has maintained its ownership of the Kanab North, Pinenut, Arizona 1, and Canyon pipes. All other EFN breccia pipe prospects have been dropped, although Denison recently acquired four additional breccia pipe deposits and one sandstone type deposit from Pathfinder.

Geological Setting

Parts of two distinct physiographic provinces are found within Arizona: the Basin and Range province in the southern and western edge of the state, and the Colorado Plateau province in most of northern and central Arizona. The Arizona Strip lies within the Colorado Plateau province.

Surface exposures within the Arizona Strip reveal sedimentary and volcanic rocks ranging in age from upper Paleozoic to Quaternary; the area is largely underlain by Mississippian through Triassic sedimentary rocks. However, exposed within the Grand Canyon are older rocks reaching Precambrian in age.

The cross sectional area of the Kanab North pipe probably averages about 30,000 square feet. The pipe extends vertically for some 1,000 feet from the Toroweap limestone into the Supai Group. The ultimate depth to the bottom of the pipe is unknown. Internal ring fractures have been recognized and are mineralized.

Mineralization in Kanab North extends discontinuously from the Toroweap over the length of the pipe, but is concentrated predominantly in the Hermit Shale and upper Esplanade Sandstone. A sulphide cap,

largely in the Toroweap, overlies the mineralization. High grade mineralization is found in the ring fractures, largely in the Esplanade Sandstone. The thickness of mineralization within the fractures ranges between 6 ft. to 30 ft., with a grade range between 0.5% U_3O_8 and 0.7% U_3O_8.

Arizona 1, in common with all other breccia pipes within the Arizona Strip, was believed by EFN to have had its origin as a solution collapse of the Redwall Limestone. This collapse worked its way upward through the overlying formations to the surface where the throat diameter is on the order of 200 feet to 300 feet. Vertical displacement in the throat averages some 175 feet. Uranium mineralization is distributed irregularly over a depth interval of approximately 650 feet mainly at the level of the Hermit Shale formation to a maximum depth of some 1,400 feet from surface.

At Canyon, the surface expression of the pipe is a broad shallow depression in the Permian Kaibab Formation. The pipe is essentially vertical with an average diameter of less than 200 feet, but it is considerably narrower through the Coconino and Hermit horizons (80 feet). The cross sectional area is probably between 20,000 square feet and 25,000 square feet. The pipe extends for at least 2,300 feet from the Toroweap limestone to the upper Redwall horizons. The ultimate depth of the pipe is unknown.

Mineralization extends vertically both inside and outside the Canyon pipe over some 1,700 vertical feet, but ore grade mineralization has been found mainly in the Coconino, Hermit, and Esplanade horizons and at the margins of the pipe in fracture zones. Sulphide zones are found scattered throughout the pipe but are especially concentrated (sulphide cap) near the Toroweap Coconino contact, where the cap averages 20 feet thick and consists of pyrite and bravoite, an iron-nickel sulphide. The ore assemblage consists of uranium-pyrite-hematite with massive copper sulphide mineralization common in and near the ore zone. The strongest mineralization appears to occur in the lower Hermit-upper Esplanade horizons in an annular fracture zone.

Deposit Types

Paleozoic sedimentary rocks of northern Arizona are host to thousands of breccia pipes. The pipes are known to extend from the Mississippian Redwall Limestone to the Triassic Chinle Formation, which makes some 4,000 feet of section. However, because of erosion and other factors, no single pipe has been observed cutting through the entire section. No pipe is known to occur above the Chinle Formation or below the Redwall Limestone.

Breccia pipes within the Arizona Strip are vertical or near vertical, circular to elliptical bodies of broken rock. Broken rock is comprised of slabs and rotated angular blocks and fragments of surrounding and stratigraphically higher formations. Hence, many geologists consider the pipes to have been formed by solution collapse of underlying calcareous rocks, such as the Redwall Limestone. Surrounding the blocks and slabs making up the breccia is a matrix of fine material comprised of surrounding and overlying rock from various formations. The matrix has been cemented by silicification and calcification for the most part.

Breccia pipes are comprised of three interrelated features: a basinal or structurally shallow depression at surface (designated by some as a collapse cone); a breccia pipe which underlies the structural depression, and annular fracture rings which occur outside of, but at the margin of the pipes. Annular fracture rings are commonly, but not always, mineralized. The structural depression may range in diameter up to 0.5 miles or more, whereas breccia pipe diameters range up to about 600 feet; the normal range is 200 feet to 300 feet.

Mineralized breccia pipes found to date appear to occur in clusters or trends. Spacing between pipes ranges from some hundreds of feet within a cluster to several miles within a trend. Pipe location may have been controlled by deep seated faults, but karstification of the Redwall Limestone in Mississippian

and Permian times is considered to have initiated formation of the numerous and widespread pipes in the region.

Exploration

Denison has not carried out any exploration on the properties since the acquisition in 1997.

Mineralization

In the breccia pipe deposits, uranium occurs largely as blebs, streaks, small veins, and fine disseminations of uraninite/pitchblende (UO_2). Mineralization is mainly confined to matrix material, but may extend into clasts and larger breccia fragments, particularly where these fragments are of Coconino sandstone. In addition to uranium, an extensive suite of elements is reported to be anomalously concentrated in mineralized rock within breccia pipes throughout northern Arizona. Within many pipes, there is a definite mineralogical zoning in and around the uranium ore body.

Pipes are surrounded by bleached zones, particularly notable in the Hermit Formation where unaltered red sediments contrast sharply with grey-green bleached material. Both age dating and disequilibrium determinations indicate that remobilization of uranium has occurred. Uranium concentrations in the upper levels of a pipe tend to be in equilibrium, but with depth disequilibrium in the ore bodies increases in favour of the chemical assays.

Uranium mineralization within Arizona 1 extends significantly in the vertical dimension. Continuous drill hole intersections of several tens of feet with grades exceeding 1.00% U_3O_8 or more are not uncommon. The maximum continuous surface drill hole intersection was 92.5 feet at an average grade of 1.55% U_3O_8. On average, the 12 drill holes from surface which had intersected uranium mineralization recorded 75 feet of 0.62% U_3O_8.

Uranium mineralization at Canyon is concentrated in three stratigraphic levels: Coconino, Hermit/Esplanade, and a lower zone. Mineralization extends vertically from a depth of 600 feet to over 2,100 feet. Intercepts range widely up to several tens of feet with grades in excess of 1.00% U_3O_8. Twenty-two drill holes from surface encountered uranium mineralization averaging 100 feet of 0.45% U_3O_8.

Drilling

Shallow drilling was often conducted to locate the centre of the collapse feature as a guide to the throat of the underlying breccia pipe. The basic tool for exploring breccia pipes in northern Arizona is deep rotary drilling supplemented by core drilling, to a depth of 2,000 feet or more from surface. Prospective pipes were usually first tested with three drill holes. If no showing of mineralization was present, the effort was abandoned.

Exploration drilling of breccia pipes is a difficult process. Substantial depths, approximately 2,000 feet, small targets, approximately 200 feet in diameter, and non-homogeneous rock formations combine to limit the accuracy of the drilling process. The presence of cavernous and brecciated sediments near the present land surface can result in loss of circulation of drilling fluid; as a result, much drilling is conducted “blind.” Periodic “spot cores” are taken to determine whether or not holes are within the target structure or have drifted away from the pipe. Indeed, most pipes cannot be completely drilled out from the surface due to deviation from desired targets. All drill holes are surveyed for deviation and logged with gamma logging equipment.

If surface drilling provides sufficient encouragement that a mine can be developed, on that basis a vertical shaft is sunk or drilled to its ultimate depth and underground drill stations are established at various levels to provide platforms for further exploration and delineation drilling. Drilling from underground stations

typically utilized large bore percussion drills. The resulting drill holes, out to as much as approximately 200 feet or so, were then gamma logged and surveyed as a supplement to surface drilling.

Sampling Method and Approach

All the historical drill holes on Denison's Arizona Strip breccia pipe properties were gamma logged and surveyed for deviation. These data provide the basic building blocks from which quantities of mineralized material are estimated. Core holes were drilled to supplement this data, to provide information for determination of disequilibrium, and to accommodate material for metallurgical testing. This process was consistent with industry standards at the time and the work carried out by EFN is judged by Scott Wilson RPA to have been of superior quality.

All of the basic data for calculation of quantities and grades of mineralized material for the Arizona 1, Pinenut, and Canyon deposits was derived directly by gamma log interpretation. Numerous checks were completed on this data by means of chemical assays, closed-can assays, and various beta gamma analyses.

Sample Preparation, Analyses and Protocols

Industry standards for uranium exploration in the western United States are based almost completely on the gamma logging process with a number of checks, including: (i) frequent calibration of logging tools, (ii) core drilling and chemical analysis of core as a check on gamma log values and the potential for disequilibrium; (iii) possible closed-can analysis as an adjunct to chemical assays; and (iv) possible gamma logging by different tools and/or companies.

EFN used the GAMLOG computer program to interpret gamma-ray logs. The GAMLOG program was developed by the U.S. Atomic Energy Commission. The essence of the method is a trial and error iterative process by which U_3O_8 grades are determined for a series of 1/2-foot or 1-foot layers which can be considered to comprise the zone under analysis. The objective of the iterative process is to find a grade for each separate layer such that an imaginary set of separate gamma-ray anomalies (one from each separate layer) could be composited to form an over all anomaly which would closely match the real anomaly under analysis.

Security of Samples

There are no specific provisions for security of data or samples other than those employed for confidentiality. The previous property owner, EFN, is deemed to have met or exceeded industry standards for the exploration process.

Data Verification

Data verification in uranium exploration in the western United States takes the form of a combination of logging tool calibration, chemical assays on core, and various checks by other logging units and outside laboratories. Most of this verification process is internal and company specific. Independent verification has not been part of the industry standard process. EFN operations in the Arizona Strip are judged by Scott Wilson RPA to have met or exceeded industry standards.

Mineral Resource and Mineral Reserve Estimates

Mineral resource estimates were prepared for the Arizona 1, Canyon, and Pinenut deposits using historical drill hole data provided by Denison. Scott Wilson RPA interpreted a set of cross sections and plan views to construct 3-D grade-shell wireframe models at 0.2% eU_3O_8. Variogram parameters were interpreted and eU_3O_8 grades were estimated in the block model using kriging. The grade-shell wireframes were used to constrain the grade interpolation. All blocks within the 0.2% eU_3O_8 grade-shell wireframes, regardless of grade, were included in the mineral resource estimate. There are no Mineral Reserves estimated at any of the three deposits at this time. Scott Wilson RPA estimates the inferred mineral resources as shown below:

ARIZONA STRIP INFERRED MINERAL RESOURCE ESTIMATES(1)

	Tons	Grade eU_3O_8(2) (%)	Contained eU_3O_8 (Pounds)
Arizona 1	70,300	0.68	956,000
Canyon	70,500	1.08	1,523,000
Pinenut	99,200	0.44	873,000

Notes:

1. CIM Definitions were followed for mineral resources.
2. Interval grades were converted from the gamma log data and are therefore equivalent U_3O_8 (eU_3O_8).
3. Grade-shell wireframes at 0.2% eU_3O_8 were used to constrain the grade interpolation. All material within the wireframes is included in the estimate.
4. eU_3O_8 values were interpolated by kriging.
5. Wireframes were constructed with a minimum drill hole sample length of 6 feet.
6. High eU_3O_8 grades were cut to 6% at Arizona 1, 10% at Canyon, and 8% at Pinenut.
7. Blocks are 5 feet by 5 feet by 5 feet.
8. Gemcom Software International Inc. Resource Evaluation Edition Version GEMS 6.02 was used.

Cut-off Grade

In its feasibility studies of the various Arizona Strip breccia pipes compiled during the 1980s and 1990s, EFN typically used a cut-off grade of 0.15% U_3O_8. A reasonable cut-off grade for long term sustainable market conditions would be approximately 0.20% U_3O_8. This cut-off grade was applied by Scott Wilson RPA to all the breccia pipe deposits.

Acquisition

On February 27, 2007 Denison announced that it had acquired five uranium deposits located in the Arizona Strip district in north eastern Arizona from Pathfinder. In aggregate, the historical resource estimates at these deposits are 1.3 million tons at an average grade of 0.28% U_3O_8, containing an estimated 7.1 million pounds of U_3O_8.

Four of the mineral deposits (EZ 1, EZ 2, WHAT and DB 1) are breccia pipe type deposits. The fifth deposit, Moonshine Springs, is sandstone hosted with uranium mineralization in reduced zones along oxidation-reduction fronts occurring at surface and gradually becoming deeper towards the north.

Historical resource estimates of the deposits, as presented by Pathfinder to Denison and estimated in 1996, are shown below. No cut-off grades have been reported for the breccia pipe deposits, while a 0.05% U_3O_8 cut-off has been used for Moonshine Springs.

The uranium produced from these deposits is subject to royalties that aggregate less than 2%.

The Company has initiated the permitting to develop the EZ1 and EZ2 deposits.

Pathfinder Historical Resource Estimate

Deposit	Tons	% U_3O_8	Lbs U_3O_8 (Millions)
EZ1	106,250	0.66%	1.4
EZ2	216,480	0.44%	1.9
DB1	103,550	0.44%	0.9
WHAT	89,800	0.25%	0.4
Moonshine Springs	775,000	0.16%	2.5

The Pathfinder resource estimates are based on data, reports and documentation obtained from and prepared by previous operators, including AREVA. Denison is not treating the historical mineral resource estimate as NI 43-101 defined resources verified by a qualified person. The properties will require considerable further evaluation which Denison's management and consultants intend to carry out in due course.

Colorado Plateau

The Company mined uranium and vanadium bearing ore from its Sunday and Rim mines in the Colorado Plateau District from November 1997 to mid-1999 and is currently mining at the Topaz, Pandora, Sunday and West Sunday mines. To date, the Company has not completed the necessary studies to classify the existing mineralized material as reserves or resources in accordance with NI 43-101; hence, these properties should be classified as "mineral deposits." The quantity and grade must be treated as conceptual in nature, the quantity of work has been insufficient to define a mineral resource, and it is uncertain if further exploration work will result in conversion of these estimates to a mineral resource. The current estimate of the deposit's tons and grade are shown in the following table. The estimates are based on historical estimates prepared by EFN.

Colorado Plateau Mineral Deposit Estimates

	Mineral Tons (millions)	% U_3O_8	Pounds U_3O_8 (millions)	%V_2O_5	Pounds V_2O_5 (millions)
Colorado Plateau	1,335,600	0.21	5.6	1.23	32.9

The most recent estimation of resources was conducted in November 1996. Several estimation methods, including the long-established "uravan" method of estimation, were compared. This particular method applies a reduction factor of 0.6 to the tonnage to account for the highly erratic nature of the mineralization in the Uravan belt.

As part of this estimation process, the resources were re-estimated at part of the West Sunday complex (West Sunday, Le May, and Leonard-Clark) as a comparison with the EFN uravan estimates. A total of 275 drill holes from original data sources were input into the BORSURV program for estimating resources using polygonal, triangular, and inverse distance squared methods. It was found that the polygonal estimation method was the most robust. A 0.5 foot dilution factor above and below the mineralized horizon was applied. The EFN estimate of 262,000 tons of material at a grade of 0.24% U_3O_8 for a total of 1.261 million pounds U_3O_8 compared favourably with the polygonal estimation of 268,140 tons of material grading 0.25% U_3O_8 and totalling 1.354 million pounds U_3O_8. Cut-off grades used were 0.10% U_3O_8 for Le May and West Sunday, and 0.14% U_3O_8 for Leonard-Clark.

Although the resources at the Topaz and Carnation deposits were not estimated, it was concluded that the estimates by EFN are slightly conservative but are realistic numbers for any possible future mining operations. Note that the deposits evaluated in 1996 contain 24% of the estimated contained pounds in

the table above as the work was primarily driven by verification of estimation methods and was not done on all deposits.

The above work represents Denison's most recent resource estimation at the Colorado Plateau operations. Therefore, the estimated resources described herein are classified as historical resources under NI 43-101.

Gurvan Saihan Joint Venture

On March 13, 2007, Denison filed on the SEDAR website at www.sedar.com an independent technical report entitled "Technical Report on the Uranium Exploration Properties in Mongolia" prepared by Scott Wilson RPA in accordance with the requirements of NI 43-101 with respect to its uranium properties in Mongolia (the "**Mongolia Technical Report**").

Property Description and Location

Denison has a significant mineral land position in Mongolia. Denison has been active in Mongolia for more than ten years, and initial exploration commenced prior to the promulgation of the law on mineral resources in Mongolia in 1997 (the "**1997 Mineral Law of Mongolia**"). Denison's property holdings are divided into three groups: (i) properties obtained prior to the 1997 Mineral Law of Mongolia and held within the Gurvan Saihan Joint Venture (or "**GSJV**") with the Government of Mongolia (through the Ministry of Industry and Trade) and "Geologorazvedka", a Russian state organization for uranium exploration and development, (ii) exploration licences acquired by the GSJV since 1997 that are subject to the 1997 Mineral Law of Mongolia, and (iii) certain wholly-owned properties of Denison that are also subject to the 1997 Mineral Law of Mongolia. The following details the resources estimated in the Mongolia Technical Report. The other properties which Denison holds are covered in further detail in the section "Mineral Exploration — Mongolia."

The GSJV holds four exploration licences that were obtained under an agreement with the Government of Mongolia (the "Mineral Agreement") prior to the introduction of the 1997 Mineral Law of Mongolia. The GSJV licences have an area of 671,314 hectares and are located in the South Gobi region of Mongolia. This area is termed desert steppe and supports nomadic herdsmen.

Properties Obtained Prior to 1997

The GSJV was formed in 1994 by EFN, the Government of Mongolia (currently represented by the Ministry of Industry and Trade of Mongolia), and "Geologorazvedka," a Russian government agency. Denison currently holds a 70% interest in the GSJV and the Mongolian and Russian participants each hold a 15% interest. Denison is the Managing Director of the GSJV.

The initial properties obtained by the GSJV were granted under the Mineral Agreement with the Government of Mongolia. The Mineral Agreement grants properties exclusively to the GSJV, and establishes the fiscal and operating policies under which the GSJV operates. Under the GSJV Founding Agreement:

- The Government of Mongolia entered into the Mineral Agreement, granting the GSJV exclusive rights and permits to five areas without obligations for further licensing fees. This includes the obligation of the Government to provide all necessary authorizations, permits, and licences needed by the joint venture to conduct business.
- The Russian participant contributed all of the exploration data, records, and information it possessed for the five areas.
- Denison was obligated to provide 100% of venture funding until the predetermined total had been reached (initially it was $4 million that then changed to $5.1 million).

The key provisions and terms of the Mineral Agreement between the GSJV and the Mongolian Government include:

- Exclusive rights were granted to the GSJV for a period of 15 years, commencing in 1994.
- When Mongolia enacts new laws, the GSJV will not be subject to conditions, restrictions, taxes, or fees more severe than those effective at the time of approval of the Mineral Agreement.
- No areas included in the Mineral Agreement can later be designated as closed, restricted, or open to competitive bidding as long as the Mineral Agreement is in effect.
- After the first four years of work, the venture may identify certain lands which are no longer of exploration interest and may release such lands from the Mineral Agreement.
- The GSJV and the Mongolian Government will negotiate a procedure and a schedule to release any such lands from the Mineral Agreement.
- The initial funding obligation by Denison was to be fulfilled within four years in accordance with a schedule in the Mineral Agreement.
- After the initial funding of the first US$4 million (subsequently changed to US$5.1 million) of GSJV expenditures, funding will be on the basis of equity share in the GSJV, and each partner will receive its equity share of net proceeds from mining operations.
- Each participant is required to fund its own share of GSJV expenditures.
- If a participant fails to fund its share of expenditures, such participant will be suspended from participating in the business and management of the venture, and will give up its rights to its share of profits until the participant providing funding on behalf of any non-funding participant has recovered from net profits of the venture an amount equal to 150% of contributions made on behalf of the non-funding participant.
- Specific tax provisions for the GSJV are defined.
- Participants cannot assign their interest to another party without the written consent of the other participants.
- The Government of Mongolia acknowledges that its 15% interest in the GSJV is its entire interest, and Mongolia will receive a production royalty of 4% and cannot take a greater interest or impose a greater royalty in the future.
- The GSJV is entitled to apply to receive benefits or favourable provisions under new laws which contain terms or conditions that are more favourable to the GSJV than the conditions existing when the Mineral Agreement was approved.

Subsequent to the formation of the GSJV, Mongolia enacted the Mineral Law of Mongolia. The Mineral Law contains some conditions and provisions that are not consistent with the Mineral Agreement. However, the Mineral Agreement has been recognized as an “International Agreement” under the Mineral Law, and any inconsistencies between the Mineral Law and the Mineral Agreement have, thus far, been resolved in favour of the provisions of the Mineral Agreement.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Mongolia is a large, landlocked country with an area of about 1,566,000 square kilometres. The capital is Ulaanbaatar, which is located in the north central part of the country. Ulaanbaatar is the site of the only international airport in the country. The Trans-Mongolian Railway connects to the Trans-Siberian Railway in the north and the China rail system to the south. Much of the country is open and vehicle access is possible to most of the areas. Distances are large, however, and roads are often poor or non-existent. The local airline, MIAT, serves about 20 communities.

The climate in Mongolia is extreme continental. Temperatures are extreme in winter (down to -50º C) and summer (up to 40º C). In Ulaanbaatar, July is the warmest and wettest month, with an average temperature of 17º C and an average rainfall of 76 mm, while January is the coldest and driest month, with an average temperature of -25º C and no precipitation. Rainfall and temperature throughout Mongolia are variable depending on elevation.

In the areas where Denison is working, there is essentially no infrastructure currently available to support mine development.

History

During 1988-1989, regional scale exploration drilling was commenced by Geologorazvedka in the Choir Depression. In addition to providing depression-wide stratigraphic profiles, the early drilling confirmed the presence of large areas of continuous, shallow uranium mineralization occurring in sands, siltstones, clays, and coals of the Dzuunbayan Formation. The early exploration clearly established the favourability of the sedimentary basins of the Gobi region as hosts for uranium deposits.

Following approval of the formation of the GSJV in January 1994, work began immediately on a field program in the summer of 1994. The focus of the GSJV exploration was for deposits amenable to in-situ recovery ("**ISR**") production method, and previous exploration in the Choir Depression had indicated that the deposits there might be suitable for ISR mining. The 1994 work consisted of limited delineation drilling at Haraat to expand known resources and to increase confidence in the resources. A small ISR field test was run in 1994 to determine the ISR favourability of the Haraat type mineralization.

In 1996, the GSJV began a major escalation of exploration work. A total of 30,210 metres were drilled, and 6,000 kilometres of gamma spectrometric surveys were run. This drilling resulted in addition of substantial resources, but as with the previously identified deposits, the majority of the mineralization was determined to be above the natural water table.

Initial reconnaissance drilling was conducted in the Gurvan Saihan and Hairhan Depressions in 1996, following gamma surveys which delineated favourable, anomalous trends. Uranium mineralization was encountered in all of the profiles, and in several instances ore grade mineralization was discovered.

Initial reconnaissance drilling in the Hairhan Depression totalled slightly over 1,000 metres in 22 holes, and was conducted near the end of the 1996 field season. The largest ore discovery encountered by the GSJV to that point in time was made at Hairhan. The discovery hole intersected a 14-metre thick ore zone grading 0.144% U.

In May 1997, the Company acquired the assets of EFN including its interest in the GSJV.

No estimates were completed at Haraat for the widespread mineralization that occurs above the natural water table. Historical mineral resource estimates for the mineralization at Haraat that is below the water

table were prepared by Geologorazvedka, as General Contractor, in 1997 and 1998. The results of the estimates are set out below:

Haraat Historical Resource Mineral Estimate(1)

Category	Million Tonnes	Grade %U(2)	Tonnes U	Million Pounds U_3O_8
Inferred Resource	10.60	0.023	2,461	6.4

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. In the opinion of Scott Wilson RPA, the classification complies with CIM definition standards.

(2) The cut-off grade is 0.01% U.

The methodology used for the historical mineral resource estimation at Haraat is standard in the former Soviet Union. It used Russian gamma logs from the 1988 and 1994 drilling and American gamma logs for the 1996 drilling, which were all converted to a common database and corrected for disequilibrium using the results of 1,950 core sample chemical analysis. A correction was also applied for moisture content for mineralization below the water table. The resource estimate was based on polygons for each drill hole and a density factor of 1.65 tonnes per cubic metre.

Part of the Haraat deposit is above the water table and part is below. The resources below the water table are presently considered potentially exploitable by ISR methods. Mineralization above the water table requires further work to confirm its possible economic potential and is not included in the historical resource estimate.

A major part of the 1996 program was the acquisition, assembly, and operation of an ISR Pilot Plant at Haraat. This plant was a fully integrated facility, capable of producing a final product, although drying and packaging equipment were not included. The testing in 1996 included both a test on mineralization above the water table, as well as a test below the water table, the latter being the normal operating regime for an ISR project. These tests confirmed that hydraulic control can be maintained and that uranium solubilization and mobilization can be controlled.

Work in 1997 expanded beyond the level of 1996, with efforts concentrated on drilling to define potential ore reserves and to test new exploration targets on the GSJV lands. The bulk of the 1997 drilling was in the Hairhan and Choir Depressions, with a modest amount of initial reconnaissance drilling conducted in the Ulziit Depression. The Ulziit drilling followed gamma spectrometric surveys to identify favourable locales. No ISR testing was conducted in 1997.

The 1997 drilling effort was redirected to focus on Hairhan with the goal to delineate and confirm resources by the end of the 1997 season. In only five months, over 32,000 metres were drilled, resulting in delineation of a significant uranium deposit. At Hairhan, the natural water table is near the surface, so all the mineralization of possible commercial interest is below the water table.

Work in 1998 was once again directed toward the objectives of exploration reconnaissance, resource delineation, and ISR testing, with over 50,000 metres of drilling, and the first stage ISR testing at the Hairhan deposit. The Hairhan Depression received the bulk of the exploration drilling effort in 1998. The mineralization depth ranges from 10 metres to 200 metres, with the average depth in the 60-metre to 80-metre range. The Hairhan 1998 test confirmed the leachability of the mineralization at Hairhan.

With the decline of the uranium price, no drilling was conducted during 1999; however, an extensive regional geologic reconnaissance program was conducted. In 2000, the GSJV Managing Director placed the GSJV program on “standby” status.

During 2004 and 2005, the GSJV resumed work and applied for additional Exploration Licences in six areas. In the Gurvan Saihan depression, previously identified uranium occurrences, as well as additional target areas within the depression, were tested with 159 holes totalling 12,562 meters. Results indicated that uranium mineralization was encountered in a variety of settings, which indicated that additional exploration drilling is warranted.

During 2006, the Company completed over 76,000 metres of drilling on the GSJV properties and 11,600 metres on its 100% owned properties. Based on this drilling, Denison reduced its property position to focus on its higher priority targets. For a description of the 2007 program, see “Mineral Exploration — Mongolia”.

Geological Setting

The geology of Mongolia is dominated by the Altaid orogen — an orogenic collage of subduction and accretion terranes that extend from the Ural Mountains to the Korean Peninsula (Yakubchuk et al., 2001, Dejidmaa and Badarch, 1999). This orogen formed between the Neoproterozoic and the Carboniferous. The Altaid rocks of Mongolia lie between the North China Craton and the Siberian Craton.

The Altaid rocks of Mongolia are a mélange of Neoproterozoic basement areas separated by various island arc segments and accretionary wedges. These various sedimentary and volcanic terranes have been intruded by mafic and felsic plutons ranging in age from Cambrian to Mesozoic. Cretaceous and younger basins unconformably overlie the Altaid rocks.

Late Mesozoic extensional basins are a prominent geological and topographic feature of central east Asia. The basins are interpreted as having formed in an intracontinental, back-arc tectonic setting in response to extensional faulting. These basins, likely fault bounded grabens and half grabens, were filled by eroded sediment during the Jurassic and Cretaceous periods.

Property Geology

The GSJV licences cover a number of the internal basins, or depressions, located in central Mongolia. All of these depressions appear to have similar geological features. The depression that has received most testing to date is the Choir Depression.

The Choir Depression is a linear depression about 150 kilometres long and from 10 kilometres to 20 kilometres wide. The elevation of the depression varies from about 1,100 metres to 1,140 metres above sea level, while the surrounding upland is from 300 metres to 500 metres higher. Basement around the Choir Depression comprises Proterozoic schist, gneiss and limestone, Paleozoic granitic rocks, Permian acid volcanic rocks, and Mesozoic leucogranitic rocks and associated volcanic rocks.

The depression fill is composed of non-lithified sediments with a total thickness of approximately 1,500 metres. The Lower Cretaceous sediments of the Dzuunbayan Formation are divided into two facies, with the first typically variegated and the second normally grey. The variegated section is comprised of conglomerate, sandstone, and siltstone, and occurs mainly on the margins of the depression. The second facies is comprised of lacustrine sediments, typically clays and argillaceous sandstone, with interbeds of brown coal and disseminated iron sulphides. The Upper Cretaceous section is comparatively thin in the Choir Depression and is generally from 5 metres to 40 metres thick. It is typically composed of variegated sand and gravel with limonite-goethite cementation.

Drilling

A significant amount of drilling has been completed on the GSJV. The aggregate lengths of the historical drilling and type of drilling completed in the period 1994-1998 are set out below.

DRILLING BY PROPERTY AND YEAR

Depression/Licence	Exploration Drilling (metres) 1994	1996	1997	1998	Totals
Choir	8,439	25,699	18,816		52,954
Hairhan		1,014	32,426	33,058	66,498
Gurvan Saihan		3,495			3,495
Ulziit			4,179	16,900	21,079
Undurshil				2,360	2,360
Exploration Areas (Ulziit)				672	672
Totals	**8,439**	**30,208**	**55,421**	**52,990**	**147,058**

DRILLING BY LOCATION AND TYPE

Depression/Licence	Exploration Drilling (metres) Rotary Non-Core	Rotary Core	Hydrology	ISR Test Wells	Water Wells	Total
Choir	45,453	4,163	1,368	1,536	434	52,954
Hairhan	61,555	2,531	1,678	605	129	66,498
Gurvan Saihan	3,362	133				3,495
Ulziit	15,839	5,096			144	21,079
Undurshil(1)	1,650	710				2,360
Exploration Areas (Ulziit)	497	175				672
Totals	**128,356**	**12,808**	**3,046**	**2,141**	**707**	**147,058**

Notes:

(1) The Undurshil project was returned to the Government in 2001 and the Company retains no interest in this area.

Drilling was carried out by Geologorazvedka working as a drilling contractor to the venture in the period 1994 to 1998. In the period from 1994 to 1996, down hole logging was carried out by Geologorazvedka. In the period 1996 to 1998, down hole logging was carried out in-house. Holes are now logged by a Mongolian contractor using Mount Sopris equipment. Some of the early drilling was logged using Russian equipment, but the Mount Sopris equipment was in place relatively early in the program.

Sampling Method and Approach

A percentage of the rotary drill holes completed were cored. The purpose of this coring was to provide samples for testing to allow determination of specific gravity and disequilibrium factors for the deposits. Coring also allows analysis of various elements and a check of the reliability of the electric logging equipment.

Samples were selected on the basis of down-hole radiometric surveys, the presence of alteration in the cores, and handheld spectrometry results. Cores were split by hand. Samples ranged in length from 0.2 metres to 0.9 metres, but the bulk of the samples were either 0.2 metres or 0.3 metres. Samples were transported to the camp near Haraat for sample preparation.

Sample Preparation, Analyses and Security

Core samples were crushed in the GSJV camp to -200, +300 mesh size and transported to the Central Analytical Laboratory (" **CAL**") of Sosnovgeology, a state geological enterprise in Irkutsk, Russia. CAL is registered by the Russian Federation and is certified to standard N 41083-95. Analyses performed by CAL were carried out at a level suitable for the estimation of reserves. Reports translated from Russian indicate that the laboratory maintained internal quality control programs.

Data Verification

Uranium data acquisition for the Hairhan ISR project was focused primarily on gamma logging of rotary non-core drill holes with a small percentage of rotary core holes and accompanying chemical assays of core as a means of validating the gamma logging process. This is a standard means of data verification for such projects.

Other data verification exercises completed by Scott Wilson RPA included: (i) location of drill hole collars in the field; and (ii) manual checking of the algorithm for converting down hole gamma readings to uranium grades.

Mineral Resource and Mineral Reserve Estimates

For the mineral resource estimate, Scott Wilson RPA accepted and used the drill hole database compiled by Denison for its 1999 historical estimate. Denison carried out a detailed correlation of approximately 520 drill holes within the Hairhan deposit. Correlation of the geophysical logs was accomplished using commonly accepted subsurface exploration methods with a primary emphasis on identifying sands, interbedded shales, and lignites and assigning them "formation" marker designations.

The raw borehole natural gamma data (counts per second or CPS) were processed using the Denison in-house GAMLOG program (based on Scott's AEC Algorithm), with output generated on 10 cm intervals in percent U. Upon completion of the initial data processing, the borehole logging information was uploaded into TECHBASE®. For each mineralized zone and for each drill hole, thickness (" **TH**") and GT were calculated using the following parameters:

Cut-off Grade	0.02%U
Minimum Thickness (TH)	1 m
Grade X Thickness (GT)	0.02
Waste Thickness	2 m

The values for the density and disequilibrium factor are based on calculations completed by Geologorazvedka. Density is 1.65 tonnes per cubic metre and the disequilibrium factor is 1.0.

Scott Wilson RPA reviewed the correlations of sandstone units hosting the uranium mineralization and found them to be reasonable. The Denison database was used to plot plans for each mineralized zone showing the GT and TH values for each drill hole that penetrated the zone, with a minimum GT value of 0.05 metre %. The GT value and the TH values were contoured by hand on separate plans and the contours were digitized into AutoCAD.

Each lens within each mineralized zone was classified by the number of drill holes and spacing of the holes, to reflect confidence in the lens resource estimate. In general, drill hole spacing is in the order of 100 metres. In some areas where good mineralization was encountered, drill hole spacing was closed up, and in a few locations, clusters of several holes were drilled at a spacing of tens of metres. In other areas, two holes are plotted very close together and appear to be twinned holes.

Indicated resource lenses were generally defined by a minimum of three drill holes. Some lenses had up to twenty or more drill holes. In one case, an indicated resource lens was defined by two holes spaced in the order of 50-metres apart. In general, the indicated resource lenses were contourable and were estimated by the contour method described above.

Inferred resource lenses were mostly defined by a single drill hole or by two drill holes clustered closely together. In a few cases, indicated resource lenses were defined by two drill holes in the order of 100 metres apart.

Scott Wilson RPA has estimated mineral resources for the Hairhan property as summarized in the table below. The cut-off is 0.1 metre GT over a minimum of 1 metre. The average thickness of the indicated resources is 5.2 metres and of the inferred resources is 5.7 metres.

Hairhan Mineral Resource Estimate

Category	Tonnes (x 1,000)	Grade % U	Tonnes U	lb U_3O_8 (x 1,000)
Indicated	4,726	0.064	3,036	7,891
Inferred	1,848	0.073	1,341	3,484

Notes:

(1) The cut-off grade is 0.02% U.

(2) Minimum thickness of 1 metre.

(3) Density is 1.65 tonnes per cubic metre.

There are no mineral reserves estimated for any of the Denison Mongolia Properties at this time.

Mutanga Project

Denison acquired the Mutanga Project (formerly the Kariba Project) (“ **Mutanga**”) in 2007 through the acquisition of Omega. Mutanga is comprised of the Mutanga and Dibwe deposits plus a number of exploration areas.

Property Description and Location

Mutanga is located in a sparsely populated region in southern Zambia, in the Siavonga District of the Southern Province, approximately 200 kilometres south of the nation’s capital, Lusaka.

Mutanga is comprised of a prospecting licence (PLLS 237) encompassing 1,893 square kilometres, which is held by OmegaCorp Minerals Limited, a wholly-owned subsidiary of Denison. The licence authorises the Company to carry out prospecting activities for industrial metals, base metals, precious metals, fuel metals and uranium. The licence was initially granted to Okurusu Florspar (Pty) Limited on October 21, 2004 and formally transferred to Omega on December 20, 2005. The licence was renewed on October 20, 2006 for a further two years and may be renewed for an additional three years.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

Mutanga is located approximately 200 kilometres south of Lusaka. The main road from Lusaka to Siavonga (the nearest town to the project site) is in fairly good condition. The mine site itself is located east of the main road and is accessed via 39 kilometres of poorly maintained gravel road, for which a four-wheel drive vehicle is required. This road will be upgraded for the project.

The Mutanga site lies to the south of the Zambezi escarpment and is situated in the Zambezi valley at an altitude of 600 metres above sea level. The climate is warm to hot with dry warm winters and hot

summers during which the seasonal rainfall occurs. The average annual rainfall is approximately 720 mm and occurs from November to March.

The population is very sparse and limited to small family settlements. No service facilities or accommodation are available in the area.

History

Uranium was first identified in the area in 1957 after a ground survey located five anomalous areas in the vicinity of Bungua Hill, west of Siavonga. Further exploration in 1958 and 1959 then found low-grade uranium mineralization that could be followed for over 800 metres of strike extent. Confirmation of this uranium mineralization was further defined in two campaigns after regional airborne magnetic and radiometric surveys had been flown over the area by Geometrics in 1974. The Geological Survey of Zambia ("**GSZ**") conducted a ground investigation (1973 — 1977) and a second campaign was conducted by the Italian oil company SPA ("**AGIP**") between 1974 and1984.

GSZ and AGIP completed fairly extensive field programs on several areas within the licence. Both GSZ and AGIP carried out 'resource' estimations on prospects within the current licence area. The Mutanga and Dibwe deposits were investigated by AGIP during the late 1970s and early 1980s. Considerable exploration was undertaken by AGIP including extensive resource drilling at both Dibwe and Mutanga. AGIP estimated a combined resource for Mutanga and Dibwe containing more than 20 million pounds of U_3O_8.

Geological Setting

The Mutanga uranium deposits are located within the Zambezi Rift Valley which is hilly with large fault-bounded valleys filled with Permian, Triassic and possibly Cretaceous sediments of the Karoo Supergroup. Rocks of the Karoo Supergroup (late carboniferous to Jurassic) occupy the rift trough of the Zambezi Valley. The Lower Karoo Group comprises a basal conglomerate, tillite and sandstone overlain unconformably by conglomerate, coal, sandstone and carbonaceous siltstones and mudstones (the Gwembe Formation), and fine-grained lacustrine sediments of the Madumabasia Formation. The Upper Karoo sediments unconformably overlay the Lower Karro and comprise a series of arenaceous continental sediments overlain by mudstones capped by basalt.

Mineralization

The uranium mineralization identified to date appears to be restricted to the Escarpment Grit Formation of the Karoo Supergroup. Within the tenement area, the Karoo sediments are in a northeast trending rift valley. They have a shallow dip and are displaced by a series of normal faults, which, in general, trend parallel to the axis of the valley. The Madumabisa Mudstones form an impermeable unit and are thought to have prevented uranium mineralization from moving further down through stratigraphy.

Mineralization is associated with iron-rich areas (goethite) as well as secondary uranium being distributed within mud flakes and mud balls as well in pore spaces, joints, and other fractures.

It is probable that the uranium was eroded from the surrounding gneissic and plutonic basement rocks during weathering and deposition of the immature grits and sandstones. The uranium was transported together with this material in a presumably arid environment. Uranium was precipitated during reducing conditions in certain favourable units. Later fluctuations in the groundwater table caused remobilization of this material; uranium was again dissolved and then re-deposited in reducing often clay-rich areas with a certain degree of enrichment.

Mineral Resource Estimation

There are no current estimates of mineral resources or mineral reserves, as such terms are defined under NI 43-101, for the Mutanga property. FinOre Mining Consultants Pty Ltd completed a resource estimate for Omega, and reported by the Company in November 2006, as detailed in the table below. This estimate was based on historical data and eleven drill holes completed by Omega.

Mutanga Historical Mineral Resource Estimate

Deposit	Tonnes (thousands)	Grade (ppm U_3O_8)	Pounds U_3O_8 (thousands)
Mutanga	7,000	400	6,200
Mutanga Extensions	500	340	400
Mutanga East	200	320	100
Mutanga West	500	340	400
Dibwe	8,200	370	6,600
Total			13,700

Notes:

(1) The cut-off grade is 200 parts per million ("ppm") U_3O_8.

CSA Australia Pty Ltd. subsequently carried out an updated resource estimation as of December 31, 2007, shown in the table below. This resource estimate incorporated further drilling carried out by Omega in 2007 but does not include any of the drilling done by Denison in late 2007.

Mutanga Mineral Resource Estimate
(as of December 31, 2007)

Deposit	Tonnes (thousands)	Grade (ppm U_3O_8)	Pounds U_3O_8 (thousands)
Mutanga(1)	13,000	270	7,800
Mutanga East(2)	200	320	100
Mutanga West(2)	400	340	300
Dibwe(1)	11,500	260	6,500
Total			14,700

Notes:

(1) The cut-off grade is 100 ppm U_3O_8.

(2) The cut-off grade is 200 ppm U_3O_8.

The foregoing estimates detailed in the tables above are considered historical and Denison is not treating these mineral resource estimates as NI 43-101 defined resources.

Denison is currently carrying out an extensive drilling campaign on the Mutanga and Dibwe deposits (See "Mineral Exploration — Mutanga") and will be preparing a NI 43-101 compliant resource estimate for the Mutanga and Dibwe deposits upon completion of the 2008 drilling program.

Mineral Exploration

General

In the Athabasca Basin, Denison is participating in over 35 exploration projects, primarily located in the southeast part of the basin and within open pit depths and trucking distance of the operating mills. These projects represent a good balance of grass roots, mid-stage and developed projects. Denison's intent is to advance any grass roots projects as fast as possible to the development stage. During 2008, a total of

28,000 metres will be carried out on Denison-operated projects, and a further 18,000 metres performed by ARC on properties in the McClean mill area.

Denison is participating in nine drill programs in the basin during the 2008 winter season. On operated projects, drilling will be undertaken on the Bell Lake, Bachman-Crawford Lakes, Wheeler River, Moore Lake, Park Creek-Jasper Lake-North Wedge-Stevenson River and Ahenakew Lake Projects. ARC will undertake winter drill programs at the Midwest, McClean and Wolly projects. A major focus of ARC's work will be to look for mineralized strike extensions from both the Midwest and Midwest A deposits.

On Denison's operated and non-operated projects, a total of 34,000 metres of drilling is planned for the 2008 winter season. In addition to these major drill campaigns, Denison is carrying out a number of different geophysical surveys to identify targets for future drill programs.

Exploration in the United States is ramping up after a 28-year hiatus. An estimated 45,000 metres of drilling are planned for 2008, with work to be carried out on six properties, concentrating near the Company's permitted and producing mines in Utah and Colorado.

In Mongolia, the Company was successful last year in making a significant discovery on the Hairhan deposit where a deeper zone of relatively thick and permeable sands was discovered underlying the north half of the deposit. In 2008 over 25,000 metres of drilling, which is part of an overall planned 85,000 metre program, will attempt to move this mineralization to resources. Drill testing will also be done on five other projects, including the Choir depression where a recently completed scoping study on the Haraat deposits will guide future development.

At Mutanga in Zambia, the Company initiated a major $20 million exploration and development drilling program that will consist of 47,000 metres of both reverse circulation and diamond drilling. This work started at the onset of the wet season and despite the poor operational conditions, enough results have been obtained to demonstrate that there is mineralization outside of the previously known areas.

McClean Lake

The McClean project includes the deposits of the Sue Trend, and the JEB, Caribou and McClean Lake sandstone hosted deposits. The "Sue Trend" represents an arcuate graphitic gneiss which flanks various granitic domes, and one of these domes is associated with virtually all of the mineralization at the property. Depths to basement are relatively shallow, rarely exceeding 175 metres, which is well within the range of open pit mining methods. The Sue Trend is host to five deposits, including Sue A and Sue C which have been mined. The Sue E deposit is geologically similar to the Sue C deposit, in that it is basement hosted and contains an order of magnitude more pounds than the nearby unconformity hosted deposits (Sue A, B and D).

Work in 2008 will primarily target the Tent-Seal trend, where basement mineralization was discovered during three previous drill campaigns. The Tent-Seal is a relatively long conductor which has not been thoroughly drill tested and exhibits good alteration. Several drill holes will also test the basement potential of the McClean North and South deposits. The corridor between the Caribou and McClean North/South deposits is also untested and is presently targeted for drilling.

Midwest

For 2008, drilling will focus on targets within the highly-altered 3 kilometre corridor between the Midwest and Midwest A deposits, which do not have demonstrated resources. A major 9,400 metre drill program is slated for winter 2008 and will almost entirely be carried out from the ice.

Moore Lake

The Moore Lake property, owned 75% by Denison and 25% by JNR, comprises 11 contiguous claims totalling approximately 36,000 hectares. The property is located in the south-eastern portion of the Athabasca Basin in the La Ronge Mining District of Saskatchewan. The Moore Lake property is subject to a 2.5% net smelter return royalty. The target on the Moore Lake property is an Athabasca unconformity type deposit.

The most encouraging discovery to date on the Moore Lake project has been the Maverick zone. While mineralized intercepts have been recovered along nearly 800 metres of strike, and the mineralized system has been traced by wide-spaced drilling for over three kilometres, the controls, distribution and concentration mechanism of the uranium mineralization are not understood. The 2008 program will attempt to determine the controls of the Maverick mineralization. If successful, the Company will then attempt to expand the Maverick deposit and also look for repetitions elsewhere on the Moore Lake property. This work will consist of a focused relogging program and drilling. A significant program of resistivity surveying will also attempt to create targets by responding to any sandstone alteration chimneys.

Wheeler River

Denison has earned a 60% interest in the Wheeler River joint venture and is operator. The Wheeler project is favourably located along strike from the McArthur River deposit and is underlain by many of the same geological features as are present on that producing property. A prime target during the past three years of Denison operated work has been the quartzite ridge, where significant but uneconomic mineralization has been intercepted at a depth of 300 metres on two separate locations along this ridge separated by 600 metres.

2007 was an important year at Wheeler as it both concluded a three-year earn-in, where Denison earned an additional 20% interest to hold a 60% interest in the project, and established the exploration program where Denison will now operate under a five-year plan. A number of areas on the property have not been tested for years, and the proposed drilling, over five years, represents a systematic approach to the testing of these high potential targets.

A 7,000 metre drill program is planned on three areas, with the winter program commencing with a drill test of the M Zone, an unconformity hosted target at a 400 metre depth. Two years ago, a zone of mineralization was intersected 50 metres above the unconformity, and this target, in an area of known unconformity related mineralization, remains a priority target. Further work will also be undertaken in the area of mineralization discovered in the last hole of 2007, on the west side of the quartzite ridge.

Wolly

The Wolly uranium exploration project is a large and well located property that essentially surrounds the McClean project and comprises 23,799 hectares (approximately double the size of Wheeler). In October 2004, Denison entered into an agreement to earn up to a 22.5% interest in this project by spending up to Cdn$5 million over a six-year period. To this point in time, Denison has earned an initial 6.5% interest, and anticipates earning a further 6.5% interest during 2008.

The property was first explored in the mid 1970s, due to its proximity to the Rabbit Lake discoveries. Because of the relatively shallow depths to unconformity, which do not exceed 200 metres, drill testing is inexpensive, and deposits are well within the realm of open pit extraction methods. Wolly originally included the McClean area until the decision was made to place McClean into production, at which time McClean was separated out. ARC is the operator of the Wolly project. Denison believes that the Wolly property, despite containing a total of 799 exploration holes for 118,000 metres, is arguably the most

geologically prospective in the Athabasca Basin, on the basis of favourable geology, lack of basement exploration, and shallowness of cover.

In 2007, work consisted of a variety of ground geophysical surveying of a number of strongly anomalous conductors and drill testing of targets relatively proximal to the JEB mill. For 2008, drill testing will be carried out on the 2007 geophysical targets, which were testing areas of previous mineralized intersections, and also will follow up anomalous mineralization intersected on one of the trends drilled in 2007.

Park Creek

Denison signed a letter of intent with Cameco in March 2006 for an option to earn an aggregate 75% interest in Cameco's Park Creek uranium exploration project in two stages by incurring Cdn$2.8 million in exploration expenditures over a period of three years to earn a 49% interest, with a second option to earn an additional 26% interest by incurring expenditures of Cdn$3.0 million over two years. Denison is the operator during the earn-in period and has earned the initial 49% interest.

The work completed on Park Creek in 2007 included an AeroTEM survey and a winter and summer drill program for a total of six holes. Four holes were drilled on the Park Creek Property during the winter drill program which lasted from February 1 to April 1, 2007. The main area of drilling was located on the Esker grid where previous drill programs had outlined an area of anomalous geochemistry associated with an apparent intersection of the northeast-southwest trending Bird Lake Fault with north-south trending Tabbernor faults. The most favourable hole was drilled on the Hook grid which targeted a conductor and coincident major fault zone, identified during 2006 drilling and which had low but anomalous radioactivity in a wedge of basal conglomerate below the unconformity.

The 2008 work program, which will be completed during the winter season due to access issues, will consist of a 2,400-metre, six-hole drill program. The target at Park Creek is a Rabbit Lake type deposit, which is anticipated to be a structurally-controlled, basement hosted deposit rather than an unconformity hosted deposit.

Bell Lake Joint Venture

The Bell Lake project is a joint venture with JNR and is located in the Athabasca Basin some 50 to 75 kilometres northwest of the Rabbit Lake mine. Denison holds a 60% interest and is the operator of the prospect. The project consists of nine claims totalling 29,952 hectares and includes all of Denison's Ward Creek claims and JNR's Bell Lake and La Rocque Lake claims. The latter two were under option to Denison. Three holes were drilled in 2007 on this project by Denison and all three intersected favourable conductive zones in the basement, which included variable amounts of graphite and pyrite along with interesting alteration. The Bell Lake Joint Venture will be the focus of a five-hole 2,500-metre drill program in the late winter. In addition, linecutting and fixed loop geophysical surveys will be carried out. The work will be carried out on both sides of the Black Lake road and must be completed before break-up.

Huard-Kirsch

Denison has an option from Abaddon to earn a 51% interest in the Huard-Kirsch Property. The Huard-Kirsch Property is located in the eastern part of the Athabasca Basin, approximately 20 kilometres northwest of Cameco's McArthur River uranium mine. Denison is the operator of the project.

One hole was drilled, testing Airborne electromagnetic (" **EM**") and magnetic (" **Mag**") as well as ground IP Resistivity work done on the properties only grid. The hole intersected weak illite clays throughout the hole with chlorite in the basement. The basement lithologies were graphitic pelites with weak sulphides and pegmatite.

The unconformity was intersected approximately 50 metres higher than anticipated on the basis of previous drilling, implying a possible thrust fault in the area. Ground geophysics is planned for the winter 2008 to further define this fault in preparation for a further 2009 drill test.

Other Canadian Properties

Murphy Lake Project

Three holes were drilled on this project, all testing Airborne EM and Mag anomalies. The anomalies tested by the first two holes were both north dipping east-west conductors which successfully interested weak graphite and strong sulphide content in the basement. One hole had anomalous results 20 metres below the unconformity, which will be followed up in a future program, and no significant results were returned from the other two holes.

Hatchet Lake Project

Three holes were drilled on this project, all testing Airborne EM and Mag anomalies. All three holes intersected moderate to strong sulphides and weak graphite throughout the basement. Weak alteration and a few notable structures were intersected.

Fond du Lac River Project

A project wide boulder and lake sediment sampling program was undertaken on this property. 635 boulder samples were collected and 336 lake sediment samples were collected. All lines were perpendicular to ice flow and targeted around Airborne EM and Mag anomalies.

Bachman Lake Project

While no drilling was conducted on this property in 2007, linecutting and geophysics were conducted on three grids.

Crawford Lake Project

One drill hole was conducted on this project, which was drilled to try to intercept a weak geophysical anomaly based on a 2007 fixed loop Time Domain Electromagnetic survey. The hole had weak structure and alteration throughout the sandstone and basement.

Brown Lake Project

Two drill holes were conducted on this property. The first was drilled to test the down dip extension of uranium mineralization in the historic hole 79-17. Very weak anomalous mineralization, heavy fracturing over an interval and a very significant alteration profile was seen. The second was conducted to test a graphitic horizon at the unconformity in an untested area, but was not mineralized though a graphitic horizon was intercepted in the basement.

Ford Lake Project

No drilling was conducted on this property in 2007.

Stevenson River, Jasper Lake, North Wedge

Work on the Stevenson River group of properties in 2007 included a follow up boulder sampling survey, a six-hole drill program and an AeroTEM survey.

The boulder survey re-sampled an area of anomalous geochemistry, found during the summer 2006 sampling program, to further delineate the uranium and subtle illite and trace elements. Results are pending. No mineralization or significant radiometric peaks were encountered. However, one hole was lost near the unconformity in a zone of alteration and/or faulting. The psammite below the unconformity was bleached.

Webb River

A boulder sampling survey was completed on the Webb River property during the summer 2007.

JNR Operated Projects

On JNR operated projects Dufferin, Kelic Lake, Lazy Edwards and Pendleton, ground geophysical surveys were carried out on a variety of locations.

Gold Properties

Denison also holds a 100% interest in a gold prospect at Talbot Lake in Ontario and also maintains a 37.115% interest in the 630 hectare Sulphide Lake gold prospect in Saskatchewan. No activity is planned on these properties for 2008.

U.S. Properties

The uranium mineralization found in the Colorado Plateau was deposited in alluvial fans by braided streams. The shape and size of the mineralized lenses are extremely variable. As a result, exploration and mining have historically involved conducting exploration to find the lens and then following its erratic path, with little additional surface exploration drilling other than development drilling in the course of following the lens. This is unlike other types of mining where mineralization is almost completely delineated by surface explorative drilling prior to mining.

The unusual nature of these deposits has traditionally resulted in a limited amount of resources being dedicated to delineate reserves prior to mining. Traditionally, there will be some reserves that have been delineated at the beginning of each year, uranium will be mined during the year and approximately the same amount of reserves will remain delineated at the end of the year. This pattern has persisted since the 1940s.

Following an extensive review by the Company's exploration staff, it was determined that an exploration drilling program was warranted to more fully define the resources, in order to better direct the mining activities and to locate similar deposits with potential for development. As a consequence, an estimated 90,000 feet (28,000 metres) of drilling was planned for 2007, with work initially concentrating near the Company's permitted and operating mines in Utah and Colorado. Unfortunately, unforeseen delays with permitting effectively cancelled the work in 2007. Work is planned for late spring of 2008 assuming receipt of the necessary regulatory approvals. A total of 245 drill holes totalling an estimated 149,000 feet will be drilled on six properties.

Mongolia

In addition to the four GSJV depressions discussed in the section "Mineral Properties — Gurvan Saihan Joint Venture," Denison also holds other exploration properties, in the GSJV and through a wholly-owned subsidiary, International Uranium Mongolia, XXK.

In 2007, a total of 56,000 metres of drilling was carried out on the Hairhan depression, the Choir depression and a variety of exploration projects, including Bayankhonger and Gobiguulin located in the west part of the country. The exploration work on these far west properties was not successful in advancing the projects, and the properties were dropped. However, there were several areas that responded to exploration work. A significant deeper discovery was made underlying the north half of the Hairhan deposit on multiple holes on multiple profiles, where uniform permeable sands of approximately five metre thickness returned grades in the 0.04%U range. This is a priority target which will be tested in the 2008 program.

For 2008, a total of 85,000 metres will be carried out on six projects using three crews. This will be a combination of exploration and development drilling.

Mutanga

Work commenced on the Mutanga project late in 2007.

An intensive 47,000 metre reverse and diamond drill exploration program is currently underway in an attempt to more accurately define the controls of the mineralization at Mutanga and Dibwe, to upgrade the classification to indicated resources and to explore for both extensions of known mineralization proximal to the proposed open pits and along strike. In addition, the exploration crew is collecting samples for metallurgical testwork and pilot plant bench testing to aid in the determination of the mineralogy of the deposits and refine the extractive process in support of the definitive feasibility study.

An exploration camp is situated near the Mutanga site. There are approximately 95 people working at the site at any given time. During the course of the year, as the pit and pit extension drilling programs are completed, exploration will move away from the area of the pits and will focus more on existing untested high-priority targets located as a result of previous airborne surveys and surface prospecting.

Quality Assurance and Quality Control Procedures and Protocols

Athabasca Basin

Denison has developed Quality Assurance and Quality Control (" **QA**/**QC**") procedures and protocols for all exploration projects operated by Denison.

The following details the protocols used by all Denison staff and consultants. The use of very large historic databases, and ongoing compilation and evaluation, allows Denison to target both reconnaissance and detail follow up targets on many of its projects. Selected control points on historic and newly cut grids are located by differential Global Positional System ("**GPS**"). Diamond drill holes are initially located with respect to local grid coordinates, and are located post-drilling by differential GPS. This GPS allows definition of the surface elevation control, which is critical in location of any unconformity offsets. Denison also collects down hole spatial data which allows determination of the true position of the drill hole, as the azimuth and dip down the hole often varies from that at the collar of the hole.

Denison collects several types of down hole geochemical data during drilling operations, as follows:

- Regular geochemical samples of two types are collected at specific intervals down the hole, generally at predetermined intervals in the 5.0 metre range:
- Regular samples are taken for clay analysis by (PIMA) spectrometer. The speciation of clays determined by this method helps to characterize proximity to mineralized alteration zones at the unconformity. Less than 10 centimetres of sample is collected for this work.
- Regular samples of core are taken for multi-element geochemical analysis to determine background levels of 53 elements; elevated concentrations of certain elements can then aid in economic evaluation of the hole. Three selected samples of less than 10 centimetres are composited to make up this sample.
- Selected samples of drill core are sampled on the basis of radiometric data collected during core logging, and on the local geology in the hole. This radiometric data is obtained by using a hand held scintillometer. The scintillometer does not allow quantification of grades, but it does help to identify mineralization and therefore select samples for further geochemical analysis and assay. These special samples are selected for geochemical analysis and are generally less than 10 cm.

- Following completion of drilling, the hole is flushed with water for an hour to remove any material from the bottom of the hole, and then a radiometric probe is lowered through the rods to within 10 metres of the bottom. Readings are taken both on the way down and on the way up. Probe results are presented as “grade equivalent” eU_3O_8. The correlation of eU_3O_8 versus the true grade, as determined by assay on split core, is generally assumed to be within 10%. The downhole probes are calibrated originally by the manufacturer at test pits with known mineralization in the United States. These probes are also regularly tested in the test pits at a government-owned facility in Saskatoon.
- Assay data is collected where the geologist suspects, on the basis of alteration, geology, scintillometer and probe results, that the grade of a sample could be greater than 0.01% U_3O_8. The start and end points of the sample are marked; Denison strives to keep a constant 0.5 metre sample interval. Flank samples are taken above and below the suspected mineralized interval to geochemically constrain this mineralization. These samples are split longitudinally with a mechanical splitter, and half of the core is archived. The sample is placed in individual plastic bags, a sample tag is placed in the bag and sealed and a corresponding tag is stapled to the core box where the core was removed, and the samples are collected in five gallon pails for shipment to the analytical lab.

Once the diamond drill core is geologically logged but before sampling, the core is photographed, labelled with aluminium tags, and all core is stored in specially constructed core racks out of doors in the event the core needs to be re-logged or re-sampled in the future.

The geochemical lab routinely inserts and tests known standards inserted with batches of the Company’s samples as an internal check on their analytical precision. The Company regularly submits a variety of duplicate samples in the sample stream as a check on the accuracy of the analytical lab. On Denison operated projects where the Company anticipates definition drilling of potentially economic mineral deposits, Denison will insert known samples containing known standards into the sample stream. Following receipt of the analytical results, the Company uses specialized statistical software to monitor the expected results of the control samples against the actual results.

Sample pails containing material for clay analysis (PIMA) are transported to Saskatoon to a contractor who specializes in determination of clay altered sandstones. Sample pails for geochemical analysis and assay type samples are transported to the analytical laboratories of SRC in Saskatoon, Saskatchewan by representatives of a licensed and bonded transport company regulated to transport this type of material.

All analyses are conducted by SRC, a Standards Council of Canada (CCRMP) certified analytical laboratory. SRC has specialized in the field of uranium research and analysis for over 30 years and is a CNSC licensed laboratory for the analysis of uranium samples.

The following outlines SRC’s sample processing and analytical procedures:

All data for U_3O_8 assaying is obtained under a QA/QC program that involves sample processing and analysis as follows:

- Drill cores are received by the analytical laboratory from Denison in sealed five-gallon plastic pails. Each core sample is contained in a sealed plastic bag with a sample tag. A packing slip is enclosed that contains instructions and a sample number list. Samples are verified against the packing slip. Any extra samples or missing samples are noted and Denison is informed.

- Samples are sorted by the analytical laboratory according to location (sandstone or basement origin) radioactivity, and are dried and processed as follows:
  - Samples are processed from lowest to highest radioactivity.
  - Crushed to 60% -2 millimetres. Approximately 200 grams of crush is riffled out then ground in a chrome steel grinding mill to 90% -106 microns.
  - Replicates are chosen at random and another 200 grams of crush is riffled and ground.
- The pulp is digested in aqua regia leach and diluted. The solutions are then analyzed by ICP for % U_3O_8.
- Certified U_3O_8 standards are analyzed with samples with corresponding radioactivities. The detection limit is 0.002 wt% U_3O_8. Accuracy at various concentrations of U_3O_8 are listed below:

Sample #	%U_3O_8	Typical Accuracy
BL-1	0.026	±0.004
BL-4a	0.147	±0.004
BL-2a	0.502	±0.008
BL-3	1.21	±0.02
BL-5	8.36	±0.10
RS2-11	48.0	±0.7

Check assays are done on selected pulps by DNC (Delayed Neutron Counting) at SRC. All radioactive samples are monitored and recorded as per CNSC licence 01784-1-09.0.

Mongolia

All uranium exploration technical information is obtained, verified and compiled under a formal quality assurance and quality control program in Mongolia. The following details the protocols used by all Denison staff and consultants.

Processes for Determining Uranium Content by Gamma Logging

Exploration for uranium deposits in Mongolia typically involves identification and testing of permeable sandstones within reduced sedimentary sequences. The primary method of collecting formation is through extensive drilling and the use of down hole geophysical probes. The down hole geophysical probes measure natural gamma radiation, from which an indirect estimate of uranium content can be made.

The radiometric (gamma) probe measures gamma radiation which is emitted during the natural radioactive decay of uranium. The gamma radiation is detected by a sodium iodide crystal, which when struck by a gamma ray emits a pulse of light. This pulse of light is amplified by a photomultiplier tube, which outputs a current pulse. The gamma probe is lowered to the bottom of a drill hole and data is recorded as the tool is withdrawn up the hole. The current pulse is carried up a conductive cable and processed by a logging system computer which stores the raw gamma counts per second ("**cps**") data.

If the gamma radiation emitted by the daughter products of uranium is in balance with the actual uranium content of the measured interval, then uranium grade can be calculated solely from the gamma intensity measurement. Down hole cps data is subjected to a complex set of mathematical equations, taking into account the specific parameters of the probe used, speed of logging, size of bore hole, drilling fluids and

presence or absence of and type of drill hole casing. The result is an indirect measurement of uranium content within the sphere of measurement of the gamma detector.

The basis of the indirect uranium grade calculation (referred to as "eU $_3O_8$" for "equivalent U_3O_8") is the sensitivity of the sodium iodide crystal used in each individual probe. Each probe's sensitivity is measured against a known set of standard "test pits," with various known grades of uranium mineralization, located at the U.S. Department of Energy's Grand Junction, Colorado office. The ratio of cps to known uranium grade is referred to as the probe "K-Factor," and this value is determined for every gamma probe when it is first manufactured and is also periodically checked throughout the operating life of each probe. Application of the K-Factor, along with other probe correction factors, allows for immediate grade estimation in the field as each drill hole is logged.

Core Sampling, Processing, and Assaying

Core samples are collected for a number of purposes: verification of lithology as determined from geophysical logging and examination of drill cuttings, determination of uranium content as a general check of gamma probing to determine if gamma measurement and chemical uranium content are close to balance (this is referred to as "radiometric disequilibrium"), whole rock analysis, and specific geochemistry for uranium species and other minerals of interest. Typically core is only taken over select intervals of interest as identified from logging of drill holes. This reduces the amount of core through barren zones or horizons of no interest and greatly reduces overall exploration costs.

Core diameter is typically 76 millimetres. For zones selected for laboratory analyses, one half of the core will normally be used. The minimum length of core submitted is usually 0.2 metres and the maximum length per sample is 0.4 metres. Sample intervals are selected by geologists in the field based on lithology, oxidation/reduction, and uranium grade (from gamma logging and from hand-held gamma counters).

Core samples are prepared at either the Central Analytical Laboratory or Activation Laboratories Ltd.'s facilities in Ulaanbaatar, Mongolia. Samples are crushed and then ground to -200 mesh. The sample pulps are split to 250 to 300 grams for laboratory work.

Quality Assurance and Quality Control Measures

Drill hole logging is conducted by an independent Mongolian contractor. The contractor developed its logging capabilities specifically to meet Denison's logging requirements in Mongolia. The tools, and a complete set of spares, were manufactured by Mount Sopris Instrument Company in Golden, Colorado and were shipped to Mongolia in 2005 ahead of the drilling season. Denison has retained the services of a senior geophysical consultant to oversee training, implementation, and quality control protocols with the Mongolian logging contractor. All tools were checked and calibrated before being shipped to Mongolia, and a variety of system checks and standards are also established for routine checking and calibration of tools. In addition, Denison cased a mineralized hole at one of its centrally located exploration areas, and this cased hole can be logged periodically to ensure exact repeatability of the gamma probes.

Drill hole logging data is stored on digital media in the logging truck at the exploration sites. The digital data are periodically brought in from the field locations to the Ulaanbaatar office. The raw and converted logging data are copied and then sent via e-mail to Denison's Denver office, where all data is checked and reviewed.

Samples of drill core are chosen on the basis of radiometric data collected during core logging. This radiometric data is obtained by using a hand held scintillometer. The general concept behind the scintillometer is similar to the gamma probe except the radiometric pulses are displayed on a scale and the respective count rates are recorded manually by the geologist logging the core. The hand-held

scintillometer provides quantitative data only and can not be used to calculate uranium grades. However, it does allow the geologist to identify uranium mineralization in the core and select intervals for geochemical sampling.

Additional samples are collected above and below the horizons of interest in order to “close-off” sample intervals. Sample widths are selected according to radiometric values and lithologic breaks or changes. All reasonable efforts are made to ensure that splitting of the core is representative and that no significant sampling biases occur. Once the sample intervals are identified, an exclusive sample number is assigned each interval and recorded by the on-site geologist.

After the geological logging of the core and sample selection, all of the selected sample intervals of drill core are split longitudinally at the drill site. One half of the core is placed in a new sample bag along with a sample tag corresponding to the sample number. The other half of the core is re-assembled in the core box and stored for future reference. Samples are transported to Ulaanbaatar under the supervision of the project geologists and delivered to either the Central Analytical Laboratory or Activation Laboratories Ltd. for preparation. As standard procedure, field duplicates are included in assay suites sent to the laboratories and reference samples are used to verify laboratory controls and analytical repeatability.

Zambia

All uranium exploration technical information is obtained, verified and compiled under a formal quality assurance and quality control program in Zambia. The following details the protocols used by all Denison staff and consultants.

Processes for Determining Uranium Content by Gamma Logging

Exploration for uranium deposits in Zambia typically involves identification and testing of sandstones within reduced sedimentary sequences. The primary method of collecting information is through extensive drilling (both Reverse Circulation and Diamond Drill coring) and the use of down hole geophysical probes. The down hole geophysical probes measure natural gamma radiation, from which an indirect estimate of uranium content can be made.

The radiometric (gamma) probe measures gamma radiation which is emitted during the natural radioactive decay of uranium. The gamma radiation is detected by a sodium iodide crystal, which when struck by a gamma ray emits a pulse of light. This pulse of light is amplified by a photomultiplier tube, which outputs a current pulse. The gamma probe is lowered to the bottom of a drill hole and data is recorded as the tool is withdrawn up the hole. The current pulse is carried up a conductive cable and processed by a logging system computer which stores the raw gamma cps data.

If the gamma radiation emitted by the daughter products of uranium is in balance with the actual uranium content of the measured interval, then uranium grade can be calculated solely from the gamma intensity measurement. Down hole cps data is subjected to a complex set of mathematical equations, taking into account the specific parameters of the probe used, speed of logging, size of bore hole, drilling fluids and presence or absence of and type of drill hole casing. The result is an indirect measurement of uranium content within the sphere of measurement of the gamma detector.

The basis of the indirect uranium grade calculation (referred to as “eU $_3O_8$” for “equivalent U_3O_8”) is the sensitivity of the sodium iodide crystal used in each individual probe. Each probe’s sensitivity is measured against a known set of standard “test pits,” with various known grades of uranium mineralization, located at the U.S. Department of Energy’s Grand Junction, Colorado office. The ratio of cps to known uranium grade is referred to as the probe “K-Factor,” and this value is determined for every gamma probe when it is first manufactured and is also periodically checked throughout the operating life of each probe. In addition, certain boreholes at the Mutanga property are cased and the probes are

periodically checked for any instrument drift. Application of the K-Factor, along with other probe correction factors, allows for immediate grade estimation in the field as each drill hole is logged.

Core Sampling, Processing, and Assaying

Core and reverse circulation chip samples are collected for a number of purposes in addition to purely geological reasons: verification of lithology as determined from geophysical logging and examination of drill cuttings if RC; determination of uranium content as a general check of gamma probing to determine if gamma measurement and chemical uranium content are close to balance (this is referred to as “radiometric disequilibrium”); whole rock analysis; and specific geochemistry for uranium species and other minerals of interest. Core diameter is typically 76 millimetres. For zones selected for laboratory analyses, one half of the core will normally be used and the other half retained. The minimum length of core submitted is usually 0.2 metres and the maximum length per sample is 0.4 metres. Sample intervals are selected by geologists in the field based on lithology, oxidation/reduction, and uranium grade (from gamma logging and from hand-held gamma counters).

Samples are analyzed at the Genalysis Laboratory Services PTY LTD (“ **Genalysis**”) in Perth, Australia. Samples are transported in a dedicated truck from Zambia to Johannesburg, where Genalysis operates a dedicated sample preparation facility. The sample is crushed, pulped and homogenized and a sample pulp is air freighted to the lab in Perth, Australia.

This laboratory has been in operation since 1975 and now processes over 1,000,000 samples per year. It is fully certified and accredited by Australian standards. Genalysis is an accredited NATA (National Association of Testing Authorities, Australia) laboratory (Number 3244). Genalysis has been approved by AQIS (Australian Quarantine and Inspection Service) for the receipt and treatment of samples from interstate and overseas. Genalysis is an Associate Member of the Association of Mining and Exploration Companies Inc., and a Member of the Standards Association of Australia.

Quality Assurance and Quality Control Measures

Drill hole logging is conducted by trained and dedicated personnel devoted solely to this task. The tools, and a complete set of spares, were manufactured by Mount Sopris Instrument Company in Golden, Colorado and were shipped to Zambia in 2007, ahead of the drilling season. Denison has retained the services of a senior geophysical consultant to oversee training, implementation, and quality control protocols with the Zambian logging personnel. All tools were checked and calibrated before being shipped to Zambia, and a variety of system checks and standards have also been established for routine checking and calibration of tools. In addition, Denison is planning on casing a mineralized hole at one of its centrally located exploration areas, and this cased hole will be logged periodically to ensure exact repeatability of the gamma probes.

Drill hole logging data is stored on digital media in the logging truck at the exploration sites. The digital data are periodically brought in from the field locations to the Lusaka office. The raw and converted logging data are copied and then sent via e-mail to Denison’s Saskatoon office, where all data is checked and reviewed.

Samples of drill core are chosen on the basis of radiometric data collected during core logging. This radiometric data is obtained by using a hand-held scintillometer and on the basis of subsequent down hole probing. The general concept behind the scintillometer is similar to the gamma probe except the radiometric pulses are displayed on a scale and the respective count rates are recorded manually by the geologist logging the core. The hand-held scintillometer provides quantitative data only and can not be used to calculate uranium grades, however, it does allow the geologist to identify uranium mineralization in the core and select intervals for geochemical sampling.

Additional samples are collected above and below the horizons of interest in order to “close-off” sample intervals. Sample widths are selected according to radiometric values and lithologic breaks or changes. All reasonable efforts are made to ensure that splitting of the core is representative and that no significant sampling biases occur. Once the sample intervals are identified, an exclusive sample number is assigned each interval and recorded by the on-site geologist.

After the geological logging of the core and sample selection, all of the selected sample intervals of drill core are split longitudinally at the drill site. One half of the core is placed in a new sample bag along with a sample tag corresponding to the sample number. The other half of the core is re-assembled in the core box and stored for future reference. Samples are transported by dedicated truck transport and delivered to Genalysis for preparation. As standard procedure, field duplicates are included in assay suites sent to the laboratory and reference samples are used to verify laboratory controls and analytical repeatability.

U.S.

As of the date of this AIF, Denison has not commenced exploration activities on its mineral properties in the United States. When exploration activities commence in the United States in 2008, the Company expects that the QA/QC procedures outlined above for Mongolia will be applied to the Company’s activities in the United States.

Manager of UPC

In March 2005, DMI was appointed as the manager of UPC for an initial term of five years. UPC is a public company with the primary investment objective of achieving an appreciation in the value of its uranium holdings. The Company does not, directly or indirectly, have an ownership interest in UPC, and the two companies do not have any directors in common. As manager, Denison provides the corporation’s officers and manages the activities of UPC including purchasing uranium for and on behalf of UPC, arranging for its storage at converters and attending to regulatory reporting for UPC.

For its management services, Denison receives a yearly fee equal to $400,000 plus 0.3% of UPC’s net asset value between Cdn$100 million and Cdn$200 million, plus a fee of 0.2% of UPC’s net asset value in excess of Cdn$200 million. Denison also receives a commission of 1.5% on the gross value of any purchases or sales of uranium and fees for work out of the ordinary course. UPC raised Cdn$152.4 million in two public financings during 2007. UPC has used over 85% of the net proceeds of such financings to purchase 1,175,000 pounds of U_3O_8 and 467,230 kilograms U as UF_6.

Denison had extended a Cdn$15 million temporary revolving credit facility to UPC in 2006. The facility was fully secured by the uranium investments of UPC. Interest under the credit facility was based upon Canadian bank prime plus 1%. Standby fees also applied at a rate of 1% of the committed facility amount. UPC had drawn Cdn$11.6 million under the facility and repaid that amount prior to the termination of the facility on May 10, 2007.

During 2007, DMI earned an aggregate of $4.6 million in management fees, commissions and loan and standby charge fees.

Urizon Joint Venture

In November, 2002 the Company formed a 50/50 joint venture company, Urizon Recovery Systems, LLC (“ **Urizon**”), with Nuclear Fuel Services, Inc. (“**NFS**”) to pursue the development of a new, alternate feed program (the “ **USM Ore Program**”) for the Company’s White Mesa mill.

NFS is a privately owned corporation with operations based in Erwin, Tennessee. Since 1957, NFS has been a leader in the process development and production of specialty nuclear fuels for commercial power, research reactors and naval reactors. NFS is the supplier of highly enriched uranium fuel materials for the U.S. Government. NFS has also developed and implemented the process for recycling highly enriched uranium material into lower commercial enrichments. This process supports the U.S. government's program for downblending surplus material from the weapons program into fuel for nuclear power reactors. In addition, NFS is involved as a contractor at the DOE facilities.

The USM Ore Program that Urizon is pursuing involves the development of a process and construction of a plant at NFS' facility in Erwin, Tennessee, for the blending of contaminated low enriched uranium with depleted uranium to produce a natural uranium ore ("**USM Ore**"). The USM Ore will then be further processed at the Company's White Mesa mill to produce conventional yellowcake.

The primary source of feed targeted by Urizon is contaminated materials within the DOE complex. Throughout the DOE complex, there are a number of streams of low enriched uranium that contain various contaminants. These surplus nuclear materials often require additional processing in order to meet commercial fuel cycle specifications. Urizon's USM Ore Program is intended to provide a method for DOE to deal with the material, while at the same time recycling the material as a valuable energy resource for reintroduction into the nuclear fuel cycle.

The first phase of the project would be the preparation and submittal of a request for an amendment to the mill's licence. Assuming receipt of regulatory approvals, construction of the blending facility at NFS' site in Erwin, Tennessee could be completed within two years of submittal. Commercial production would be expected to last three to six years or longer depending on the amount of DOE materials that are available.

Application testing was conducted from 2002 to 2004. Pursuant to its agreement with NFS, the Company contributed $1.5 million to the joint venture in December 2002 to be used in connection with this project. The success of the program will depend on DOE's support of the program as a means to disposition these surplus nuclear materials within the DOE complex. An unsolicited proposal was submitted by NFS to DOE in April 2003 for funding of this program. The DOE informed Urizon in early 2004 that it was not prepared to accept the proposal at that time due to funding considerations and other DOE priorities. During 2006, the DOE announced a long term uranium disposition strategy of which the potential Urizon feed materials were a component of this strategy. The Joint Venture anticipates that it will have an opportunity to propose the Urizon Program to the DOE as a suitable disposition option for this feedstock. In the interim, the Company will not be submitting its licence amendment application until the path forward is further defined. The Joint Venture anticipates a decision will be made in 2008 as to how DOE intends to proceed on this matter.

Denison Environmental Services

DES, a division of DMI and headquartered in Elliot Lake, Ontario, is engaged in the rehabilitation and monitoring of closed mine sites. DES offers a complete decommissioning package from mine closure planning, through to implementation of a closure plan, then long-term care and maintenance and monitoring. Services offered include site restoration, asset disposal, demolition, tailings relocation, dam construction and decant decommissioning, hazardous material abatement, and long term treatment and monitoring of mine and tailings effluents.

The primary activities of DES in 2007 were providing the ongoing monitoring of Denison's two closed mine sites, environmental monitoring, effluent treatment and maintenance services for Rio Algom's five closed Elliot Lake mines, effluent treatment and monitoring at the Ministry of Northern Development and

Mines' Kam Kotia property and the care and maintenance of the closed Vale Shebandowan Mine west of Thunder Bay, Ontario. In March 2007, DES secured the contract for the long-term care and maintenance of a closed base metal mine at Les Mines Selbaie in Quebec. The five-year agreement, which was awarded by the property's owner, BHP Base Metals, calls for the operation of an onsite effluent treatment plant, ongoing administration of the site's health and safety plan and environmental monitoring and performance reporting. DES also carried out work on several other smaller contracts.

Environmental and Safety Matters

The Company has adopted an Environmental, Health and Safety Policy (the " **Policy**") that affirms Denison's commitment to environmentally responsible management and compliance with occupational health and safety laws. Under the Policy, the Company has committed to run its operations in compliance with applicable legislation, in a manner that minimizes the impact on our ecosystem. The Policy mandates the use of regular monitoring programs to identify risks to the environment, public and Denison's employees and to ensure compliance with regulatory requirements. The Policy also sets out Denison's requirement to train its employees regarding environmental and health and safety compliance and best practices and to provide adequate resources in this regard. Finally, the Policy requires regular reporting to the Board of Directors regarding the Company's compliance and the results of the Company's monitoring.

Canada

McClean Lake

The McClean Lake facility operated continuously for all 12 months of the year without a major shut down. The facility reported three lost time accidents in 2007. There were no environmental action level exceedances, and the hydraulic containment of the TMF was maintained throughout the year. All radiological monitoring was conducted in accordance with the routine monitoring schedule. The facility has maintained its internationally recognized ISO 14001:2004 certification. ARC is the operator of the McClean Lake facility.

Reclamation

The McClean Lake property is subject to decommissioning liabilities. ARC, the operator, filed with the Saskatchewan government a conceptual decommissioning plan. Financial assurances are in place for the total amount of Cdn$35 million to cover the estimated costs of this decommissioning work. An updated decommission plan has been filed with the regulatory bodies, showing estimated decommissioning costs reduced to Cdn$29 million.

Midwest Facility

Reclamation

The Midwest property is subject to decommissioning liabilities. ARC, the operator, filed with the Saskatchewan government the "Midwest Project Preliminary Decommissioning Plan, December 2001 — Version 2." Financial assurances are in place for the total amount of Cdn$0.75 million to cover the estimated costs of this decommissioning work.

Elliot Lake

Denison's uranium mine at Elliot Lake, Ontario, which started operations in 1957, was permanently closed upon completion of deliveries of U_3O_8 to Ontario Hydro in May 1992. During its 35 years of continuous operation, the facility produced 147 million pounds of U_3O_8 in concentrates from the milling of 70 million tons of ore.

By 1998, all significant capital reclamation activities at Denison's two closed Elliot Lake mines had been completed and, for the most part, decommissioning has progressed to the long-term monitoring phase.

During 2007, the treatment plants operated as planned and all environmental targets were met. Monitoring expenses were Cdn$0.7 million in 2007. Monitoring costs for 2008 are budgeted to be Cdn$0.6 million. All expenditures are funded from the Reclamation Trust described below under "Reclamation." It is expected that sufficient funds are in the Reclamation Trust to meet all monitoring costs through 2014.

All activities and monitoring results are reviewed regularly by the CNSC and the Elliot Lake Joint Regulatory Group (the " **JRG**") consisting of federal and provincial regulators. During the course of its monitoring, Denison detected and reported to the JRG on a number of matters, including the levels of acidity in the effluent run off from one area associated with one of its Elliot Lake mine sites. In consultation with the JRG, the Company took steps to identify the source of and to address the acidity, though the source of the acidity has to date not been determined. Despite the Company's compliance with its CNSC licence, cooperation with the JRG and compliance with a Direction from Environment Canada that was contrary to a memorandum of agreement between the CNSC and Environment Canada, Environment Canada chose to charge Denison with violating the *Fisheries Act* (Canada). In 2007, the Company settled these charges. Except as outlined above, Denison continues to be in full compliance with its licensing and environmental requirements.

Reclamation

Pursuant to a Reclamation Funding Agreement, effective June 30, 1994, with the Governments of Canada and Ontario, Denison has established a Reclamation Trust from which all spending on its Elliot Lake reclamation activities is funded. When the Reclamation Trust was first established in 1994, Denison was required to deposit 90% of its cash receipts after deducting permitted expenses, as defined in such agreement, into the Reclamation Trust. In 1997, the Governments of Canada and Ontario agreed to suspend the 90% funding requirement provided Denison maintained four years of cash requirements in the Reclamation Trust. Early in 1999, the Governments of Canada and Ontario agreed to further amend the Reclamation Funding Agreement, effective when Denison received an amended site decommissioning licence, which was obtained on April 22, 1999. Pursuant to that amendment, Denison is required to maintain in the Reclamation Trust sufficient funds to meet six years of cash requirements.

Denison Environmental Services

DES was formed to assist the mining industry with the final stages of the mining cycle. Through DES, it is the Company's goal to lead the industry in cost effective and environmentally sound solutions to mine closure issues. Denison enjoys an impressive safety record. DES has maintained its internationally recognized ISO 9001:2000 certification. In 2007, DES did not have any first aid, medical aid or lost time accidents.

Exploration

The Denison exploration office in Saskatchewan had one lost time accident in 2007. All required permits were obtained and the exploration sites were remediated as required.

U.S. Environmental Regulation

White Mesa Mill

The White Mesa mill operated continuously for all 12 months of the year without a major shut down or serious accident. The mill has not had a lost time accident since May, 2001.

The Company has detected some chloroform contamination at the White Mesa mill site that appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and during the construction of the mill facility, and septic drain fields that were used for laboratory and sanitary wastes prior to construction of the mill's tailings cells. In April 2003, the Company commenced an interim remedial program of pumping the chloroform contaminated water from the groundwater to the mill's tailings cells. This will enable the Company to begin clean up of the contaminated areas and to take a further step towards resolution of this outstanding issue. Pumping from four wells continued in 2007. Denison is continuing to work with the State of Utah to prepare a long term corrective action plan. A draft of a long-term action plan was submitted and is currently being reviewed by the State. Although the investigations to date indicate that this contamination appears to be contained in a manageable area, the scope and costs of final remediation have not yet been determined and could be significant.

The Company has submitted to the State of Utah, Department of Environmental Quality (" **UDEQ**") a Background Groundwater Quality Report ("**BGQR**") to establish background levels for groundwater monitoring parameters under its State of Utah groundwater discharge permit ("**GWDP**"). This permit was issued by UDEQ in March 2005, after the State assumed regulatory responsibility from NRC over uranium mills in Utah. Pending determination of background levels, the permit sets drinking water standards as compliance limits for the site, which will be adjusted once background levels for these parameters are established and accepted by the State. Pending adjustment of the compliance limits, groundwater at the mill will exceed certain of these limits, and the mill will be technically out of compliance with the provisions of the GWDP. On August 24, 2006, Denison received a Notice of Violation ("**NOV**") to that effect. This NOV was resolved by the Company agreeing to submit the BGQR by January 2, 2007. The Company submitted the BGQR prior to that date. The BGQR was reviewed by UDEQ and a revised BGQR was submitted by the Company in October 2007. UDEQ and the Company are currently in the process of determining revised groundwater compliance limits for the site based on the conclusions in the revised BGQR.

Reclamation

The White Mesa mill is subject to decommissioning liabilities. Denison, as part of its Radioactive Materials Licence, is required to annually review its estimate for the decommissioning of the White Mesa mill site and submit it to the UDEQ for approval. The estimate of closure costs for the mill is $12.6 million, and financial assurances are in place for the total amount. Based on the annual review of the reclamation estimate, the closure costs are estimated to increase by $600,000 to $13.2 million. In addition, with the completion of Cell 4A, scheduled for early 2008, the estimate of the closure costs will increase further by an estimated $1.4 million.

U.S. Mines

The mines recommenced operations in September 2006. To date, there have been no lost time accidents at the mining operations.

Reclamation

All of the Company's mines in the U.S. are subject to closure and reclamation liabilities. The estimate of the reclamation costs for the various mining operations in Colorado, Utah and Arizona is $2.0 million. Financial bonds are in place for the total amount.

Mongolia

There were no medical aid or lost time accidents during the 2007 drilling program.

Zambia

There were no medical aid or lost time accidents.

Employees

At December 31, 2007, the Company had a total of 236 active employees, of which 61 are in Canada, 86 in the United States, 5 in Mongolia and 84 in Zambia. None of the Company's employees are unionized.

In the United States, the Company also retains the services of White Mesa Inc., an independent local native-owned company that provides the services of 71 additional personnel to the mill and mine operations.

Government Regulation

Canadian Uranium Industry

The federal government recognizes that the uranium industry has special importance in relation to the national interest and therefore regulates the mining, extraction, use and export of uranium under the *Nuclear Safety and Control Act* ("**NSCA**") which replaced the *Atomic Energy Control Act* in 1997. The NSCA is administered by the CNSC which issues licences pursuant to the regulations under the NSCA. All of the McClean Lake and Midwest uranium operations are governed primarily by such licences and are subject to all applicable federal statutes and regulations and to all laws of general application in Saskatchewan, except to the extent that such laws conflict with the terms and conditions of the licences or applicable federal laws.

Environmental matters related to the McClean Lake uranium facility and the Midwest project are regulated by the CNSC and Saskatchewan Environment. A number of other ministries and departments of the federal and Saskatchewan governments also regulate certain aspects of the operation. Prior to proceeding with development of the McClean Lake uranium facility and Midwest project, the proponents were required to submit Environmental Impact Statements for review. After completion of that review and receipt of recommendations, the federal and Saskatchewan governments issued the appropriate authorizations, subject to the normal licensing process, for the McClean Lake uranium facility in 1995 and for Midwest in 1998.

Decommissioning activities at Elliot Lake are carried out under two decommissioning licences issued by the CNSC, one for the Stanrock tailings area and one for the Denison mine site and tailings areas. These licences are issued for an indefinite period.

Decommissioning of the facilities pursuant to the terms of the decommissioning licences has been completed and, after a lengthy period of care, maintenance and monitoring, Denison may then apply to the CNSC for permission to abandon the sites.

U.S. Uranium Industry

Uranium milling in the U.S. is primarily regulated by the NRC pursuant to the *Atomic Energy Act of 1954*, as amended. Its primary function is to ensure the protection of employees, the public and the environment from radioactive materials and it also regulates most aspects of the uranium recovery process. The NRC regulations pertaining to the uranium recovery facilities are codified in Title 10 of the Code of Federal Regulations ("**10 CFR**").

On August 16, 2004, the State of Utah became an Agreement State for the regulation of uranium mills. This means that the primary regulator for the Mill is now the UDEQ rather than the U.S. Nuclear

Regulatory Commission. At that time, the Mill's NRC Source Materials Licence was transferred to the State and became a Radioactive Materials Licence. The State of Utah incorporates, through its own regulations or by reference, all aspects of 10 CFR pertaining to uranium recovery facilities. The White Mesa mill's licence was due for renewal on March 31, 2007. Denison submitted its application for renewal of the licence on February 28, 2007. During the period that the State is reviewing the licence renewal application, the mill can continue to operate under its existing Radioactive Materials Licence. The mill's licence was initially issued in 1980 and was renewed in 1987 and 1997.

When the State became an Agreement State it required that a GWDP be put in place. The GWDP is required for all similar facilities in the State of Utah, and specifically tailors the implementation of the State groundwater regulations to the mill site. The State of Utah requires that every operating uranium mill in the State have a GWDP, regardless of whether or not the facility discharges to groundwater.

The GWDP for the mill was finalized and implemented in March 2005. The GWDP required that the mill add over 40 additional monitoring parameters and fifteen additional monitoring wells. In addition, the State and the Company are currently determining the compliance levels for all the monitoring parameters.

Uranium mining is subject to regulation by a number of agencies including the applicable State divisions responsible for mining within the State, the BLM and the Mine Safety and Health Administration.

Land Tenure

Canada

The right to mine minerals in Saskatchewan is acquired under a mineral lease from the province (a " **Mining Lease**"). A Mining Lease is for a term of 10 years, with a right to renew for successive 10-year terms in the absence of default by the lessee. The lessee is required to spend certain amounts for work during each year of a Mining Lease. A Mining Lease cannot be terminated except in the event of default and for certain environmental concerns, as prescribed in *The Crown Minerals Act* (Saskatchewan). However, Mining Leases may be amended unilaterally by the lessor by amendment to *The Crown Minerals Act* (Saskatchewan) or *The Mineral Disposition Regulations*, 1986 (Saskatchewan).

The right to explore for minerals is acquired in Saskatchewan under a mineral claim from the province of Saskatchewan (a " **Mineral Claim**"). The initial term of a Mineral Claim is two years, renewable for successive one—year periods, provided the Mineral Claim is in good standing. To maintain a Mineral Claim in good standing, generally, the holder of a Mineral Claim must expend a prescribed amount on exploration. Excess expenditures can be applied to satisfy expenditure requirements for future claim years. Except for exploration purposes, a Mineral Claim does not grant the holder the right to mine minerals. A holder of a Mineral Claim in good standing has the right to convert a Mineral Claim into a Mineral Lease. Surface exploration work of a Mineral Claim requires additional governmental approvals. The surface facilities and mine workings are located on lands owned by the Province of Saskatchewan. The right to use and occupy lands is acquired under a surface lease (a "**Surface Lease"**) from the Province of Saskatchewan. A Surface Lease is for a period of time, up to a maximum of 33 years, as is necessary to allow the lessee to operate its mine and plant and thereafter to carry out the reclamation of the lands involved. Surface Leases are also used by the Province of Saskatchewan as a mechanism to achieve certain environmental protection, radiation protection and socio-economic objectives and contain certain undertakings in this regard.

United States

The Company's land holdings in the U.S. are held either by leases from the fee simple owners (private parties or the state) or unpatented mining claims located on property owned by the U.S. Federal Government. Annual fees must be paid to maintain unpatented mining claims, but work expenditures are not required. Holders of unpatented mining claims are generally granted surface access to conduct

mineral exploration and mining activities. However, additional mine permits and plans are generally required prior to conducting exploration or mining activities on such claims.

Canadian Royalties

Denison pays royalties to the Province of Saskatchewan on the sale of uranium extracted from ore bodies in the province under the terms of Part III of the Crown Mineral Royalty Schedule, 1986 (Saskatchewan) (the "**Royalty Schedule**") as amended. The calculations call for the payment of a basic royalty (currently 5% of gross sales of uranium), reduced by a Saskatchewan resource credit (currently 1% of gross sales of uranium).

The Schedule also provides for additional tiered royalties to become payable as a percentage of revenue after Denison has deducted from revenue its capital costs for mill expansion and mine development in accordance with provisions set out in the Royalty Schedule. Denison currently has sufficient capital recovery banks and anticipates that at current selling prices, it will not be subject to tiered royalties for at least the 2008 period. Following recovery of the capital investment, revenues are subject to an additional tiered royalty as follows:

Average Price per Kilogram of U_3O_8* in Cdn $	Tiered Royalty as a % of Revenues within the Bracket
Up to $30	0%
$30 to $45	6%
$45 to $60	10%
More than $60	15%

* 1999 bracket value to be indexed annually

Canadian Income and Other Taxes

Denison is subject to capital tax on paid-up capital (as defined in the relevant provincial legislation) in respect of its operations in Saskatchewan and Ontario. In Ontario, Denison currently pays a rate of 0.285% on paid up capital allocated to Ontario in excess of Cdn$12.5 million and in Saskatchewan pays capital tax of 0.225% on paid up capital allocated to Saskatchewan in excess of Cdn$20 million. A resource corporation in Saskatchewan also pays a corporate surcharge of between 3.3% and 3.1% of the gross sales in the calendar 2007 year to the extent that the amount so calculated exceeds the Saskatchewan capital tax. For uranium production after January 1, 2008, the factor applied to gross sales in the calendar year will be between 3.1% and 3.0% as further reductions are phased in.

Denison is subject to federal and provincial income taxes in Canada. Because of various tax deductions available, no Canadian income taxes were paid in 2006, Denison does expect to pay federal and provincial income taxes for the calendar 2007 period.

U.S. Income and Other Taxes

Denison pays property and sales taxes in each of the states it operates.

The Company's U.S. subsidiaries are subject to U.S. federal and state income tax. No U.S. federal and state income taxes were paid in fiscal 2006. Denison expects to pay federal and state income taxes for the calendar 2007 period.

RISK FACTORS

There are a number of factors that could negatively affect Denison's business and the value of Denison's Common Shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to Denison that could have a material impact on the financial condition of Denison. This information, by its nature, is not all inclusive. It is not a guarantee that other factors will not affect Denison in the future.

Volatility and Sensitivity to Prices and Costs

Because the majority of Denison's revenues are derived from the sale of uranium and vanadium, Denison's net earnings and operating cash flow are closely related and sensitive to fluctuations in the long and short term market price of U_3O_8 and V_2O_5. Among other factors, these prices also affect the value of Denison's reserves and the market price of Denison's Common Shares. Historically, these prices have fluctuated and have been and will continue to be affected by numerous factors beyond Denison's control.

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

Although Denison employs various pricing mechanisms within its sales contracts to manage its exposure to price fluctuations, there can be no assurance that such a program will be successful.

Competition from Other Energy Sources and Public Acceptance of Nuclear Energy

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

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is competitive. Denison markets uranium in direct competition with supplies available from a relatively small number of western world uranium mining companies, from certain republics of the former Soviet Union and the People's Republic of China, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF_6. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of

Denison and may affect the supply of uranium available in the United States and Europe, which are the largest markets for uranium in the world.

Competition for Properties

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

Replacement of Reserves and Resources

McClean Lake, Midwest, Arizona Strip, Colorado Plateau, Henry Mountains, GSJV and Mutanga reserves and resources are Denison's sources of uranium concentrates. Unless other reserves and resources are discovered or extensions to existing ore bodies are found, Denison's sources of production for uranium concentrates will decrease over time as its current reserves and resources are depleted. The McClean Lake, Midwest, Colorado Plateau and Arizona Strip deposits are expected to be produced by 2017, and the Henry Mountains, GSJV and Mutanga deposits produced by 2020. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its reserves. In addition, while Denison believes that the Midwest deposit, certain of its US properties, and its Mongolian and Zambian properties will be put into production, there can be no assurance that they will be.

Due to the unique nature of uranium deposits, technical challenges exist involving groundwater, rock properties, radiation protection and ore handling and transport.

Imprecision of Reserve and Resource Estimates

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

Decommissioning and Reclamation

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

In addition, effective January 20, 2001, the BLM implemented new Surface Management (3809) Regulations pertaining to mining operations conducted on mining claims on public lands. The new 3809 regulations impose additional requirements for permitting of mines on federal lands and may have some impact on the closure and reclamation requirement for Company mines on public lands. If more stringent and costly reclamation requirements are imposed as a result of the new 3809 rules, the amount of reclamation bonds held by the Company and the reclamation liability recorded in the Company's financial statements may need to be increased.

Decommissioning plans for the Company's properties have been filed with applicable regulatory authorities. These regulatory authorities have accepted the decommissioning plans in concept, not upon a detailed performance forecast, which has not yet been generated. As Denison's properties approach or go into decommissioning, further regulatory review of the decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulatory authorities.

Technical Obsolescence

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

Property Title Risk

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

The validity of unpatented mining claims on U.S. public lands is sometimes uncertain and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, the Company's U.S. properties may be subject to various uncertainties which are common to the industry, with the attendant risk that its title may be defective.

Production Estimates

Denison prepares estimates of future production for particular operations. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have an adverse impact on Denison's future cash flows, earnings, results of operations and financial condition. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and the accuracy of estimated rates and costs of mining and processing.

Denison's actual production may vary from estimates for a variety of reasons, including, among others: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages or strikes.

Mining and Insurance

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

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

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

Dependence on Issuance of Licence Amendments and Renewals

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

Nature of Exploration and Development

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

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

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

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

Governmental Regulation and Policy Risks

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

agreement between the United States and Russia and the agreement between the United States and Russia related to the supply of Russian HEU into the United States. Changes in these policies and restrictions may adversely impact Denison's business.

Operations in Foreign Jurisdictions

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

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

Environmental, Health and Safety Risks

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

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

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

Aboriginal Title and Consultation Issues

First Nations and Métis title claims as well as related consultation issues may impact Denison's ability and that of its joint venture partners to pursue exploration, development and mining at its Saskatchewan properties. Pursuant to historical treaties, First Nations bands in Northern Saskatchewan ceded title to most traditional lands but continue to assert title to the minerals within the lands. Managing relations with the local native bands is a matter of paramount importance to Denison. There may be no assurance

however that title claims as well as related consultation issues will not arise on or with respect to the Company's properties.

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and they may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with Canadian GAAP. Management of Denison exercises judgement in applying accounting methods to ensure that, while GAAP compliant, they reflect the most appropriate manner in which to record the Company's financial condition and operating results. In certain instances, Canadian GAAP allows accounting policies and methods to be selected from two or more alternatives, any of which might be reasonable but may result in Denison reporting materially different amounts. Management regularly re-evaluates its assumptions but the choice of method or policy employed may have a significant impact on the actual values reported.

Credit Risk

Denison's sales of uranium and vanadium products and its environmental services expose Denison to the risk of non-payment. Denison manages this risk by monitoring the credit worthiness of its customers and requiring pre-payment or other forms of payment security from customers with an unacceptable level of credit risk.

Although Denison seeks to manage its credit risk exposure, there can be no assurance that Denison will be successful and that some of Denison's customers will fail to pay for the uranium or vanadium purchased or the environmental services provided.

Currency Fluctuations

Most of Denison's revenue is denominated in U.S. dollars; however, its operating costs are incurred in the currencies of the United States, Canada, Mongolia and Zambia. Consequently, changes in the relative value of the different currencies affect Denison's earnings and cash flows.

Capital Intensive Industry; Uncertainty of Funding

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

Dependence on Key Personnel

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

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and

operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Conflicts of Interest

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

Reliance on ARC as Operator

As ARC is the operator and majority owner of the McClean Lake and Midwest properties in Saskatchewan, Canada, Denison is and will be, to a certain extent, dependent on ARC for the nature and timing of activities related to these properties and may be unable to direct or control such activities.

Labour Relations

Both the McClean Lake mill and the Midwest properties employ unionized workers who work under collective agreements. ARC, as the operator of both of these projects, is responsible for all dealings with unionized employees. ARC may not be successful in its attempts to renegotiate the collective agreements, which may impact mill and mining operations. Any lengthy work stoppages may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Indemnities

As part of a reorganization in 2004, DMI acquired from Denison Energy all of Denison Energy's mining and environmental services assets and agreed to assume all debts, liabilities and obligations relating to such assets before the date of the reorganization. In addition, DMI agreed to provide certain indemnities in favour of Denison Energy for certain claims and losses relating to matters with respect to Denison Energy's mining business prior to the date of the arrangement, to breaches by DMI of certain of its agreements, covenants, representations and warranties in the agreements governing such reorganization, and to damages caused by breaches by DMI of its representations and warranties in certain agreements related to such arrangement. Denison cannot predict the outcome or the ultimate impact of any legal or regulatory proceeding against Denison or affecting the business of Denison and cannot predict the potential liabilities associated with the indemnities provided in favour of Denison Energy. Consequently, there can be no assurance that the legal or regulatory proceedings referred to in this AIF or any such proceedings that may arise in the future will be resolved without a material adverse effect on the business, financial condition, results of operation or cash flows of Denison.

DESCRIPTION OF SECURITIES

Common Shares

The holders of Common Shares are entitled to receive notice of, and to one vote per share at, every meeting of shareholders of Denison, to receive such dividends as the Board of Directors declares and to share equally in the assets of Denison remaining upon the liquidation, dissolution or winding up of

Denison after the creditors of Denison have been satisfied. As of December 31, 2007, Denison had an aggregate of 189,731,635 Common Shares issued and outstanding. As at March 28, 2008, Denison had an aggregate of 189,780,035 Common Shares issued and outstanding. The Common Shares trade on the Toronto Stock Exchange under the symbol “DML” and on the American Stock Exchange under the symbol “DNN”.

2004 Warrants

On November 24, 2004, DMI issued 1,100,001 common share purchase warrants (the “ **2004 Warrants**”). The 2004 Warrants expire on November 24, 2009. Upon issue, each 2004 Warrant entitled the holder to acquire one common share of DMI at a price of Cdn$15.00. The 2004 Warrants traded on the TSX under the symbol “DEN.WT” until December 6, 2006.

As part of the Denison Arrangement, the Company agreed to assume the obligations relating to the 2004 Warrants and to issue Common Shares to holders upon exercise. Accordingly, effective December 1, 2006, each 2004 Warrant entitles the holder to acquire 2.88 Common Shares of Denison at a price of Cdn$15.00. As a result of the Denison Arrangement, the 2004 Warrants continued trading under the symbol “DML.WT.” Except as stated, no other terms of the 2004 Warrants were changed.

As at December 31, 2007, an aggregate of 1,096,151 2004 Warrants were outstanding, and as at March 28, 2008, an aggregate of 1,096,151 2004 Warrants were outstanding.

2006 Warrants

On March 1, 2006, DMI issued 2,225,000 common share purchase warrants (the “ **2006 Warrants**”). The 2006 Warrants expire on March 1, 2011. Each 2006 Warrant entitled the holder to acquire one common share of DMI at a price of Cdn$30.00. The 2006 Warrants were listed on the TSX on March 1, 2006 and traded under the symbol “DEN.WT.A.”

As part of the Denison Arrangement, the Company agreed to assume the obligations relating to the 2006 Warrants and to issue Common Shares to holders upon exercise. Accordingly, effective December 1, 2006, each 2006 Warrant entitles the holder to acquire 2.88 Common Shares of Denison at a price of C$30.00. As a result of the Denison Arrangement, the 2006 Warrants continued trading under the symbol “DML.WT.A.” Except as stated, no other terms of the 2006 Warrants were changed.

As at December 31, 2007, an aggregate of 2,225,000 2006 Warrants were outstanding, and as at March 28, 2008, an aggregate of 2,225,000 2006 Warrants were outstanding.

Dividend Policy

The Directors have adopted a policy of dedicating cash flow to reinvestment in the business. Accordingly, no dividends have been declared to date.

Market for Securities

Trading Price and Volume of the Common Shares

The following table sets forth, for the months indicated, the high and low closing sale prices and trading volumes for the Common Shares, as reported on the TSX:

Month	Common Shares	
	Cdn$ Price Range	Trading Volume ('000s)
2007		
January	10.20 — 12.20	24,862
February	11.18 — 15.72	40,976
March	11.95 — 14.30	44,847
April	13.15 — 15.38	36,152
May	12.88 — 16.30	40,632
June	12.69 — 14.54	28,046
July	10.81 — 13.67	36,378
August	8.30 — 10.84	40,029
September	8.73 — 11.15	22,081
October	10.10 — 13.33	28,156
November	8.90 — 13.13	32,453
December	8.28 — 9.63	21,451

Data supplied by the TSX.

Trading Price and Volume of the 2004 Warrants and the 2006 Warrants

The following table sets forth, for the months indicated, the high and low closing sale prices and trading volumes for the 2004 Warrants and the 2006 Warrants as reported on the TSX.

Month	2006 Warrants		2004 Warrants	
	Cdn$ Price Range	Trading Volume ('000s)	Cdn$ Price Range	Trading Volume ('000s)
2007				
January	10.50 — 13.80	140	16.25 — 22.00	123
February	18.90 — 31.70	74	12.60 — 23.29	140
March	15.79 — 21.49	103	20.77 — 28.00	334
April	18.00 — 22.00	36	23.74 — 30.63	83
May	17.50 — 23.65	119	22.56 — 32.00	74
June	16.10 — 20.50	103	22.50 — 27.50	45
July	13.06 — 18.50	209	16.95 — 25.00	63
August	8.05 — 13.02	123	9.88 — 17.05	200
September	10.20 — 12.65	35	11.85 — 18.50	89
October	11.85 — 17.42	186	15.50 — 24.99	36
November	9.01 — 16.50	38	11.94 — 24.25	83
December	8.09 — 10.50	24	10.56 — 13.88	123

Data supplied by the TSX.

Directors and Officers

Directors

The following table sets out the names and the provinces and countries of residence of each of the directors of Denison, their respective positions and offices held with Denison and their principal occupations as of the date hereof. The following table also identifies the members of each committee of the Board of Directors.

Name and Province and Country of Residence	Principal Occupation and Employment for Past Five Years	Director Since(1)
Craig, John H.(2, 4) Ontario, Canada	Lawyer, Partner, Cassels Brock & Blackwell LLP.	1997

Name and Province and Country of Residence	Principal Occupation and Employment for Past Five Years	Director Since(1)
W. Robert Dengler(3, 4) Ontario, Canada	Corporate Director, commencing in 2006; prior: Vice-Chairman and Director of Dynatec Corporation in 2005; President and Chief Executive Officer of Dynatec Corporation.	2006
Brian D. Edgar(2) British Columbia, Canada	Director of Rand Edgar Investment Corp.	2005
E. Peter Farmer Ontario, Canada	Chief Executive Officer of the Company, commencing in 2006; prior: President and Chief Executive Officer and Director of DMI from 2003-2006; President and Chief Executive Officer and Director of Denison Energy from 2002-2004.	2006
Ron F. Hochstein(4) British Columbia, Canada	President and Chief Operating Officer of the Company, commencing 2006; prior: President and Chief Executive Officer and Director of the Company.	2000
Paul F. Little(3, 5) Ontario, Canada	Corporate Director and Financial Consultant; prior: Chairman of the Board of DMI from 2004-2006.	2006
Lukas H. Lundin(3) British Columbia, Canada	Chairman of the Board of the Company; Mining Executive	1997
William A. Rand(5) British Columbia, Canada	Director of Rand Edgar Investment Corp.	1997
Roy J. Romanow P.C., O.C., Q.C.(2) Saskatchewan, Canada	Senior Fellow, Department of Political Studies, University of Saskatchewan.	2006
Catherine J. G. Stefan(5,6) Ontario, Canada	Managing Partner of Tivona Capital Corporation.	2006

Notes:

(1) The term of office of each of the directors of Denison will expire at the Annual Meeting of the shareholders to be held on April 29, 2008.

(2) Member, Corporate Governance and Nominating Committee

(3) Member, Compensation Committee

(4) Member, Environment, Health and Safety Committee

(5) Member, Audit Committee

(6) Chair, Audit Committee

Executive Officers

The following table sets out the names and the provinces and countries of residence of each of the executive officers (1) of Denison, their respective positions and offices held with Denison and their principal occupations as of the date hereof.

Name and Province and Country of Residence	Position with Denison and Employment for Past Five Years
James R. Anderson Ontario, Canada	Executive Vice President and Chief Financial Officer, commencing in 2006; prior: Executive Vice President and Chief Financial Officer of DMI from 2004 — 2006; Managing Director of Excel Energy Group Inc. from 2003 — 2004.
Philip g buck Colorado, U.S.A.	Vice President, Mining, commencing in January, 2008; prior: General Manager, Canada Dynatec Corporation from 2006 — 2008; prior: Area Manager of Dynatec 2003 — 2005; Project Manager for Barrick Gold Corporation 2001 — 2003

Name and Province and Country of Residence	Position with Denison and Employment for Past Five Years
DONALD C. CAMPBELL Ontario, Canada	Vice President, Commercial, commencing in 2006; prior: Vice President, Marketing and Special Projects of DMI from 2004 — 2006 and of Denison Energy and its predecessor from 1993 — 2004.
DAVID C. FRYDENLUND Colorado, U.S.A.	Vice-President, U.S. Legal and Regulatory Affairs, commencing 2006; prior: Vice-President and General Counsel and Corporate Secretary of the Company from 1997 — 2006; Chief Financial Officer and Treasurer of the Company from 2000 — 2005; Director of the Company from 1997 — 2006.
WILLIAM C. KERR Ontario, Canada	Vice-President, Explorationt, commencing 2006; prior: Vice-President Exploration and Development for DMI in 2006; Director, Resources for DMI from 2004 — 2006; Director, Resource Evaluation for Denison Energy and its predecessor from 1997 — 2003.
HAROLD R. ROBERTS Colorado, U.S.A.	Executive Vice President, US Operations, commencing 2006; prior: Vice President, Corporate Development of International Uranium (USA) Corporation ("IUSA") from 2005 — 2006; Consultant to the Company 2003 — 2004; Vice President, Corporate Development of IUSA from 2001 — 2003.
WILLIAM SHAVER Ontario, Canada	Executive Vice President, Mine Development and Canadian Operations, commencing 2006; prior: Executive Vice-President, Mining and Canadian Operations of DMI in 2006; President, Shaver Engineering Limited from 2004 — 2006; Senior Vice-President, Dynatec Corporation from 1980 — 2004.
CURT D. STEEL Connecticut, U.S.A.	Vice President, Sales and Marketing, commencing in 2008; prior: Senior Trader, NUKEM Inc. from 1998 — 2007.

Notes:

(1) Messrs. Farmer and Hochstein are discussed under "Directors."

As of March 28, 2008, the directors and executive officers of Denison, as a group, beneficially own or exercise control over, directly or indirectly, 3,090,431 Common Shares or about 1.6 % of the Common Shares of Denison as of the date of this AIF. No single director or officer owns or exercises control, directly or indirectly, of one percent or more of the Common Shares as of the date of this AIF. The information as to Common Shares beneficially owned or over which the directors and officers exercise control or direction, not being within the knowledge of the Company, has been furnished by each such individual.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as referred to below, no director or officer of the Company or a shareholder holding a sufficient number of securities of Denison to affect materially the control of Denison:

(a) is or has, within the previous ten year period, been a director or officer of any company, that, while the person was acting in that capacity:

  (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days;

  (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemptions under applicable securities legislation for a period of more than 30 consecutive days; or

  (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the previous ten year period, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Messrs. Rand and Edgar are currently and were directors of New West Energy Services Inc. (TSX-V), when on September 5, 2006, a cease trade order was issued by the British Columbia Securities Commission against that company for its failure to file financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

Conflicts of Interest

Some of Denison's directors are also directors and officers of other natural resource companies and, consequently, there exists the possibility for such directors and officers to be in a position of conflict relating to any future transactions or relationships between the Company or common third parties. However, the Company is unaware of any such pending or existing conflicts between these parties. Any decision made by any of such directors and officers involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, each of the directors of the Company discloses and refrains from voting on any matter in which such director may have a conflict of interest.

None of the present directors, senior officers or principal shareholders of the Company and no associate or affiliate of any of them has any material interest in any transaction of the Company or in any proposed transaction which has materially affected or will materially affect the Company except as described herein.

During the 12-month period ended December 31, 2007, the Company sold 16,562,500 shares of Fortress Mineral Corp. to a company associated with the Chairman of the Company for gross proceeds of approximately Cdn$20,703,000.

During the 12-month period ending December 31, 2007, the Company incurred legal fees of $20,000 with a law firm of which John H. Craig, a director of the Company, is a partner. Legal fees incurred with this law firm were $292,000 for the period ended December 31, 2006.

During the 12-month period ending December 31, 2007, the Company incurred management and administrative service fees of $251,000 with a company owned by the Chairman of the Company, which provides investor relations, office premises, secretarial and other services in Vancouver at a rate of Cdn$18,000 per month plus expenses. Amounts due to this company were $9,000 as of December 31, 2007.

STANDING COMMITTEES

The Audit Committee

Overview

The audit committee of the Company's Board of Directors is principally responsible for:

- recommending to the Company's Board of Directors the external auditor to be nominated for election by the Company's shareholders at each annual general meeting and negotiating the compensation of such external auditor;
- overseeing the work of the external auditor;
- reviewing the Company's annual and interim financial statements, MD&A and press releases regarding earnings before they are reviewed and approved by the Board of Directors and publicly disseminated by the Company; and
- reviewing the Company's financial reporting procedures for the Company's public disclosure of financial information extracted or derived from its financial statements.

Audit Committee Mandate/Terms of Reference

The Company's Board of Directors has adopted an audit committee mandate/terms of reference (the " **Mandate**") which sets out the audit committee's mandate, organization, powers and responsibilities. The complete Mandate is attached as Schedule A to this AIF.

Composition of the Audit Committee

Below are the details of each audit committee member, including his or her name, whether she or he is independent and financially literate as such terms are defined under Multilateral Instrument 52-110 — *Audit Committees* ("**MI 52-110**") and his or her education and experience as it relates to the performance of his or her duties as an audit committee member. All three audit committee members have "financial expertise" within the meaning of the Sarbanes-Oxley Act of 2002. The qualifications and independence of each member is discussed below and in the Company's Management Proxy Circular dated, 2008 (the "**Circular**"), a copy of which is available on the Company's profile on the SEDAR website at www.sedar.com.

Member Name	Independent(1)	Financially Literate (2)	Education & Experience Relevant to Performance of Audit Committee Duties
Paul F. Little	Yes	Yes	• Chartered Accountant (ICAO) • M.B.A. (Finance) • Held position of Chief Financial Officer of one public company and two private companies.
Catherine J.G. Stefan, Chair of the Audit Committee	Yes	Yes	• Chartered Accountant (ICAO) • B.Comm • Held position of Chief Operating Officer of O&Y Properties Inc., President of Stefan & Associates and Executive Vice-President of Bramalea Group, Chair, Tax Committee of the Canadian Institute of Public Real Estate Companies (CIPREC).
William A. Rand	Yes	Yes	• B.Comm (Accounting) • Law degree, with extensive corporate finance experience • Has served on audit committees of a number of public companies

(1) To be considered independent, a member of the Committee must not have any direct or indirect "material relationship" with the Company. A material relationship is a relationship which could, in the view of the Board of Directors of the Company, reasonably interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, the Company has not relied on the exemption in **Section 2.4 (De Minimis Non-audit Services**), Section 3.2 (Initial Public Offerings), Section 3.4 (Events Outside Control of Member), Section 3.5 (Death, Disability or Resignation of Audit Committee Member) of MI 52-110 or an exemption from MI 52-110, in whole or in part, granted under Part 8 (Exemptions) of MI 52-110.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an internal auditor which was not adopted by the Company's Board of Directors.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as described in Section D of the Mandate.

External Auditor Service Fees (By Category)

The following table discloses the fees billed to the Company by its external auditor during the financial year ended December 31, 2007. Services were billed and paid in Canadian dollars and have been translated into U.S. dollars using an average annual exchange rate of: 1.0749 for 2007. The Company's external auditor was also the auditor for DMI prior to the Denison Arrangement. Fees billed to DMI by the external auditor for 2006 are noted below.

Financial Year Ending	Audit Fees(1)	Audit Related Fees (2)	Tax Fees(3)	All Other Fees(4)
December 31, 2006	$ 79,075	$ 93,821	$ 33,183	$ 37,504
December 31, 2007	$ 301,882	$ 247,832	$108,889	$ 29,710

Notes:

(1) The aggregate fees billed for audit services. Corresponding amounts for DMI for 2006 are $65,894.

(2) The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the company's financial statements and are not disclosed in the Audit Fees column. Corresponding amounts for DMI for 2006 are $49,334.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services. Corresponding amounts for DMI for 2006 are $32,717.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2007, "All Other Fees" relates to due diligence reporting of the IUC/DMI merger. For 2006, the amount was billed on account of services relating to the Denison Arrangement. Corresponding amounts for DMI for 2006 are $111,640. DMI amounts in 2006 were billed on account of services relating to DMI's public offering completed in March 2006, as to $87,830, and on account of services relating to the Denison Arrangement, as to $23,810.

Other Board Committees

The Board currently has three other standing committees in addition to the Audit Committee, namely the Corporate Governance and Nominating Committee, the Compensation Committee and the Environment, Health and Safety Committee. Each standing committee of the Board operates according to its mandate, approved by the Board, which sets out the committee's duties and responsibilities. A discussion of each committee and its composition can be found in the Circular.

LEGAL PROCEEDINGS

The Company is not currently a party to any material legal proceedings. However, from time to time, the Company may become party to routine litigation incidental to Denison's business. Denison has provided

certain indemnities in favour of Denison Energy against any future liabilities it may incur related to the assets and liabilities transferred to Denison on March 8, 2004.

Specific Legal Matters

Blue Hill, Maine

DMI was a defendant in an action filed by the State of Maine against Kerramerican, Inc., a subsidiary of Noranda Inc., Black Hawk Mining Ltd. and DMI, regarding potential liability for clean-up costs at a zinc mining site in the state of Maine known as Blue Hill. This matter has been settled by all parties and claims filed in the Maine and Ontario courts have been dismissed.

Fisheries Act Charges

During the course of its monitoring of its closed Elliot Lake mines, Denison detected and reported to the Joint Regulatory Group ("JRG"), a body comprised of federal and provincial regulators responsible for the Elliot Lake mines, on a number of matters, including the levels of acidity in the effluent run off from one area associated with one of its Elliot Lake mine sites. In consultation with the JRG, the Company took steps to identify the source of and to address the acidity, though the source of the acidity has to date not been determined. Despite the Company's compliance with its CNSC license, cooperation with the JRG and compliance with a Direction from Environment Canada that was not in accordance with a memorandum of agreement between the CNSC and Environment Canada, Environment Canada charged Denison with allegedly violating the Fisheries Act (Canada). On December 4, 2007, Denison pled guilty to a single count of failing to report a single incidence of a deposit of a deleterious substance in water frequented by fish and agreed to pay a fine of $5,000 and to make a charitable contribution of $15,000 to the Mines Rehabilitation Partnership Project managed by the Ontario Mining Association.

Interest Of Management And Others In Material Transactions

Other than as disclosed in this AIF, none of the directors, officers or principal shareholders of Denison, and no associate or affiliate of any of them, has or has had any material interest in any transaction which materially affects Denison.

Registrar And Transfer Agent

Computershare Investor Services Inc. acts as the registrar and transfer agent for the Common Shares and 2004 Warrants and the 2006 Warrants. The address for Computershare Investor Services Inc. is 100 University Avenue, 9th Floor, Toronto, ON, M5J 2Y1, Canada, and the telephone number is 1-800-564-6253.

Material Contracts

Reference is made to the material contracts which have been filed by Denison with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com.

Below are the particulars of each contract, other than those entered into in the ordinary course of business, that is material to Denison and that was entered into between January 1, 2007 and December 31, 2007 or

was entered into before those dates but is still in effect. No disclosure is made regarding any contract that was entered into before January 1, 2002.

1. The Reclamation Funding Agreement made as of the 21 st day of December 1995 among DML, Her Majesty the Queen in Right of Canada (the "**Government of Canada**") and Her Majesty the Queen in right of the Province of Ontario (the " **Government of Ontario**") as amended by the Amending Agreement made as of the 11th day of April 1997 among DML, the Government of Canada and the Government of Ontario and as further amended by the Amending Agreement made as of the 25th day of February 1999 among DML, the Government of Canada and the Government of Ontario and further amended by an Assignment and Novation Agreement made as of the 29th day of December, 2003 among Denison Energy, the Company, the Government of Canada and the Government of Ontario.

   According to the Reclamation Funding Agreement, the Company is required to maintain funds in an Environmental Trust sufficient for the succeeding 6 years of the estimated reclamation and on-going care and monitoring expenditures for the Company's closed Elliot Lake mining facility.

2. The Arrangement Agreement dated as of September 18, 2006, as amended and restated as of October 16, 2006, with effect as and from September 18, 2006, among DMI, IUC and IUC Subco. A copy of this agreement, as amended, was filed on the Company's profile on the SEDAR website at www.sedar.com on October 25, 2006.

   According to the Arrangement Agreement, IUC, DMI and IUC Subco completed the Denison Arrangement pursuant to which DMI and IUC Subco amalgamated, and each shareholder of DMI received 2.88 Common Shares of IUC for each share of DMI held. In addition, pursuant to the Arrangement Agreement, IUC filed Articles of Amendment to change IUC's name to "Denison Mines Corp.".

Names And Interests Of Experts

William C. Kerr, Vice-President Exploration of Denison, who is a "qualified person" within the meaning of this term in NI 43-101, has prepared sections of this AIF that are of a scientific or technical nature. To the knowledge of Denison, William Kerr beneficially owns, directly or indirectly, less than one percent of the outstanding Common Shares.

The Arizona Strip Technical Report, Mongolia Technical Report, Henry Mountains Technical Report, McClean Technical Report, the McClean North Technical Report and the Midwest Technical Report were prepared by Scott Wilson RPA, who was retained to independently review and audit the reserves in accordance with the requirements of NI 43-101. To the knowledge of Denison, Scott Wilson RPA and the partners, employees and consultants of Scott Wilson RPA who participated in the preparation of the Arizona Strip Technical Report, Mongolia Technical Report, Henry Mountains Technical Report, McClean Technical Report, the McClean North Technical Report and the Midwest Technical Report, or who were in a position to influence the outcome of either of the foregoing, as a group, beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

The Midwest A Technical Report was prepared by Geostat, which was retained to independently review and audit the reserves in accordance with the requirements of NI 43-101. To the knowledge of Denison, Geostat and the partners, employees and consultants of Geostat who participated in the preparation of the

Midwest A Technical Report, or who were in a position to influence the outcome of the report beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

ADDITIONAL INFORMATION

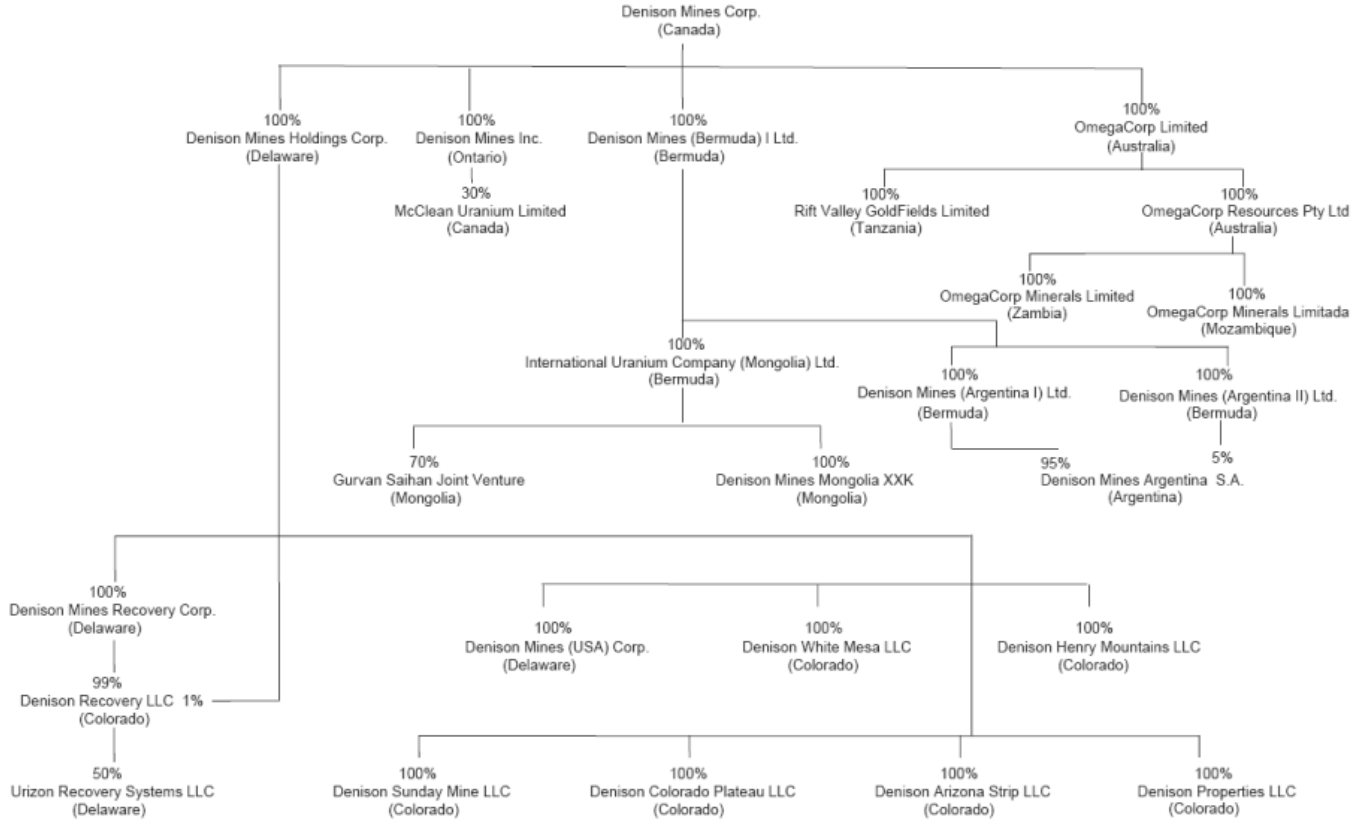
Additional information regarding the Company is available on the SEDAR website at www.sedar.com. Further information concerning the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, will be contained in the Circular for the Annual Meeting of Shareholders to be held on April 29, 2008. Additional financial information is provided in the Company's Financial Statements and MD&A for the 12-months ended December 31, 2007.

A copy of this AIF, as well as the Circular and such other information and documentation that the Company makes available via SEDAR, can be found at www.sedar.com. Certain of this information is distributed to shareholders in connection with Denison's Annual Meeting of Shareholders. The Company will provide any of the foregoing documents subject to its rights to require people who are not security holders of the Company to pay a reasonable charge. Copies of these documents may be obtained by writing to:

Corporate Secretary
Denison Mines Corp.
Atrium on Bay
Suite 402
595 Bay Street
Toronto, Ontario
M5G 2C2

Telephone: (416) 979-1991 Ext. 366
Facsimile: (416) 979-5893
Email: blazare@denisonmines.com

EXHIBIT 1 — ORGANIZATIONAL STRUCTURE



SCHEDULE A

Denison Mines Corp.
Audit Committee Mandate and Charter

A. **Composition of the Committee**

(1) The Board shall appoint annually from among its members at the first meeting of the Board following the annual meeting of the shareholders a committee to be known as the Audit Committee (the "Committee") to be composed of three (3) directors or such other number not less than three (3) as the Board may from time to time determine.

(2) Any member of the Committee may be removed or replaced at any time by the Board. Any member of the Committee ceasing to be a director or ceasing to qualify under A(3) below shall cease to be a member of the Committee. Subject to the foregoing, each member of the Committee shall hold office as such until the next annual appointment of members to the Committee after his or her election. Any vacancy occurring in the Committee shall be filled at the next meeting of the Board.

(3) Each member of the Committee shall:

(a) be a member of the Board;

(b) not be an officer or employee of the Company or any of its affiliates;

(c) be an unrelated director as defined in the Toronto Stock Exchange (the "TSX") Corporate Governance Guidelines ("TSX Guidelines") as the same may be amended from time to time;

(d) satisfy the independence requirements applicable to members of audit committees under each of Multilateral Instrument 52-110 — *Audit Committees* of the Canadian Securities Administrators ("M1 52-110"), Rule 10A-3(b)(1)(ii) of the United States Securities and Exchange Commission, and any other applicable laws and regulations, as the same may be amended from time to time (with the TSX Guidelines, "Applicable Laws"); and

(e) satisfy the financial literacy requirements prescribed by Applicable Laws.

(4) A majority of the Committee shall constitute a quorum.

(5) The Committee shall elect annually a chairperson from among its members.

B. **Purpose**

(1) The Committee's purpose is to assist the Board in its supervision of the management of the business and affairs of the Company through oversight of:

(a) the integrity of the Company's financial statements, Management's Discussion and Analysis ("MD&A") and other financial reporting;

(b) the integrity of the Company's internal control and management information systems;

(c) the Company's compliance with all applicable laws, rules, regulations, policies and other requirements of governments, regulatory agencies and stock exchanges relating to accounting matters and financial disclosure;

(d) the auditor's qualifications and activities;

(e) communication among the auditor, management and the Board; and

(f) such other matters as are determined by the Board from time to time.

C. **Committee Resources**

(1) The Committee shall have direct channels of communication with the Company's auditor to discuss and review specific issues as appropriate.

(2) The Committee, or any member of the Committee with the approval of the Committee, may retain at the expense of the Company such independent legal, accounting (other than the auditor) or other advisors on such terms as the Committee may consider appropriate and shall not be required to obtain the approval of the Board in order to retain or compensate any such advisors.

(3) The Committee shall have unrestricted access to Company personnel and documents and shall be provided with all necessary funding and other resources to carry out its responsibilities;

D. **Committee Responsibilities**

(1) The responsibilities of the Committee shall be to:

(a) with respect to financial accounting matters:

(i) review with management and the external auditors the annual consolidated financial statements, MD&A and press release announcing annual financial results of operations before making recommendations to the Board relating to approval of such documents;

(ii) review with management and the external auditors interim financial statements, MD&A and press release announcing interim financial results of operations before making recommendations to the Board relating to approval of such documents;

(iii) review and discuss with management and the external auditors all public disclosure documents containing audited or unaudited financial information including: any Prospectus; the Annual Report; interim unaudited reports; the Annual Information Form; Management Information Circular, and any material change report pertaining to the Company's financial matters. The Committee will review the consistency of the foregoing documents with facts, estimates or judgments contained in the audited or unaudited financial statements;

(iv) satisfy itself that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the

Company's financial statements, other than the Company's financial statements, MD&A and earnings press releases, and shall periodically assess the adequacy of those procedures;

(v) prior to the completion of the annual audit, and at any other time deemed advisable by the Committee, review and discuss with management and the auditor the quality of the Company's accounting policies and financial statement presentation, including, without limitation, the following:

1. all critical accounting policies and practices to be used, including, without limitation, the reasons why certain estimates or policies are or are not considered critical and how current and anticipated future events may impact those determinations as well as an assessment of any proposed modifications by the auditors that were not made;

2. all alternative accounting treatments for policies and practices that have been discussed by management and the auditors; and

3. other material written communications between the auditor and management, including, without limitation, any management letter, schedule of unadjusted differences, the management representation letter, report on internal controls, as well as the engagement letter and the independence letter;

(vi) review annually the accounting principles and practices followed by the Company and any changes in the same as they occur;

(vii) review new accounting principles of the Canadian Institute of Chartered Accountants and the Financial Accounting Standards Board which would have a significant impact on the Company's financial reporting as reported to the Committee by management;

(viii) review the status of material contingent liabilities as reported to the Committee by management;

(ix) review potentially significant tax problems as reported to the Committee by management; and

(x) review any errors or omissions in the current or prior year's financial statements which appear material as reported to the Committee by management;

(b) with respect to the external auditors:

(i) be directly responsible for the appointment, compensation, retention, termination and oversight of the work of the auditor (including, without limitation, resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or services for the Company;

(ii) approve, prior to the auditor's audit, the auditor's audit plan (including, without limitation, staffing), the scope of the auditor's review and all related fees;

(iii) satisfy itself as to the independence of the auditor. The Committee shall pre-approve any non-audit services (including, without limitation, fees therefor) provided to the Company or its subsidiaries by the auditor or any auditor of any such subsidiary and shall consider whether these services are compatible with the auditor's independence, including, without limitation, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the auditor to review any advice rendered by the auditor in connection with the provision of non-audit services. The Committee shall not allow the auditor to render any non-audit services to the Company or its subsidiaries that are prohibited by Applicable Law;

(iv) review and approve the Company's policies concerning the hiring of employees and former employees of the Company's auditor or former auditor.

(c) with respect to internal controls:

(i) oversee management's design, testing and implementation of the Company's internal controls and management information systems and review the adequacy and effectiveness thereof.

(d) with respect to concerns and complaints:

(i) establish procedures for:

1. the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and

2. the confidential, anonymous submission by employees of the Company of concern regarding questionable accounting or auditing matters.

(e) with respect to ethics:

(i) The Committee shall be responsible for oversight and enforcement of the Code of Ethics for the Chief Executive Officer, Senior Financial Officers and Other Officers of the Company, subject to the supervision of the Board.

(f) with respect to general audit matters:

(i) inquire of management and the external auditors as to any activities that may or may not appear to be illegal or unethical;

(ii) review with management, the operations analyst and the external auditors any frauds reported to the Audit Committee;

(iii) review with the external auditors the adequacy of staffing for accounting and financial responsibilities; and

(iv) report and make recommendations to the Board as the Committee considers appropriate.

(2) In addition, the Board may refer to the Committee such matters and questions relating to the Company as the Board may from time to time see fit;

(3) Any member of the Committee may require the auditors to attend any or every meeting of the Committee.

E. **Meetings**

(1) The times of and the places where meetings of the Audit Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Committee, provided however that the Committee shall meet at least quarterly, and the Committee shall maintain minutes or other records of its meetings and activities. Notice of every such meeting to be given in writing not less than five (5) days prior to the date fixed for the meeting, and shall be given to the auditors of the Company, that the auditors shall be entitled to attend and be heard thereat. Meetings shall be convened whenever requested by the auditors, the operations analyst or any member of the Audit Committee in accordance with the *Ontario Business Corporations Act*.

(2) As part of each meeting of the Committee at which it recommends that the Board approve the financial statements of the Company, and at such other times as the Committee deems appropriate, the Committee shall meet separately with the auditor to discuss and review specific issues as appropriate.

F. **Evaluation of Charter and Mandate**

(1) On at least an annual basis, the Committee shall review and assess the adequacy of this Charter and Mandate and recommend any proposed changes to the Board of Directors.

(2) All prior resolutions of the Board relating to the constitution and responsibilities of the Audit Committee are hereby repealed.

SCHEDULE B

Glossary of Technical Terms

Note: The terms related to mineral resources and reserves presented herein are as defined in "CIM DEFINITION STANDARDS on Mineral Resources and Mineral Reserves" prepared by the CIM Standing Committee on Reserve Definitions, adapted by CIM Council, December 11, 2005.

Indicated Mineral Resource

An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

Inferred Mineral Resource

An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes

Measured Mineral Resource

A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Mineral Reserve

A Mineral Reserve is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

Mineral Resource

A Mineral Resource is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal, and industrial materials in or on the Earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.

Preliminary Feasibility Study

A Preliminary Feasibility Study is a comprehensive study of the viability of a mineral project that has advanced to a stage where the mining method, in the case of underground mining, or the pit configuration,

in the case of an open pit, has been established and an effective method of mineral processing has been determined, and includes a financial analysis based on reasonable assumptions of technical, engineering, legal, operating, economic, social, and environmental factors and the evaluation of other relevant factors which are sufficient for a Qualified Person, acting reasonably, to determine if all or part of the Mineral Resource may be classified as a Mineral Reserve.

Probable Mineral Reserve

A 'Probable Mineral Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

Proven Mineral Reserve

A 'Proven Mineral Reserve' is the economically mineable part of a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Qualified Person

A 'Qualified Person' means an individual who is an engineer or geoscientist with at least five years of experience in mineral exploration, mine development or operation or mineral project assessment, or any combination of these; has experience relevant to the subject matter of the mineral project and the technical report and is a member or licensee in good standing of a professional association.

Spot market

The buying and selling of uranium products for delivery within one year.

Spot market price

Price for product sold or purchased in the spot market rather than under long-term contract.

U_3O_8

Triuranium octoxide. It is in the form of concentrate; often called yellowcake. 1 pound U = 1.17924 pound U_3O_8.

V_2O_5

Vanadium pentoxide. It is the form of vanadium produced at the White Mesa mill; often called blackflake.

Exhibit 99.2



Denison Mines Corp.

Management's Discussion and Analysis

December 31, 2007

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Denison Mines Corp. and its subsidiary companies and joint ventures (collectively, "Denison" or the "Company") provides a detailed analysis of the Company's business and compares its financial results with those of the previous year. This MD&A is dated as of March 18, 2008 and should be read in conjunction with, and is qualified by, the Company's audited consolidated financial statements and related notes for the year ended December 31, 2007. The financial statements are prepared in accordance with generally accepted accounting principles in Canada with a discussion in Note 28 of the material differences between Canadian and United States generally accepted accounting principles and practices affecting the Company. All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

Other continuous disclosure documents, including the Company's press releases, quarterly and annual reports, Annual Information Form and Form 40-F are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and the United States at sec.gov/edgar.shtml

In August 2006, the Company changed its fiscal year end from September 30 to December 31 to align its reporting periods with that of its peers in the uranium industry. The Company elected to use a 15-month period ending December 31, 2006 for its audited consolidated financial statements as permitted under Canadian securities regulations. References to "2006" and "2005" refer to the 15-month period ended December 31, 2006 and year ended September 30, 2005. References to 2007 refer to the year ended December 31, 2007.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains "forward-looking statements", within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation, concerning the business, operations and financial performance and condition of Denison.

Forward-looking statements include, but are not limited to, statements with respect to estimated production; the expected effects of possible corporate transactions and the development potential of Denison's properties; the future price of uranium, vanadium, nickel and cobalt; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; permitting timelines and permitting, mining or processing issues; currency exchange rate fluctuations; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans," "expects" or "does not expect," "is expected," "budget," "scheduled," "estimates," forecasts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases or state that certain actions, events or results "may," "could," "would," "might" or "will be taken," "occur" or "be achieved."

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, including but not limited to risks related to: unexpected events during construction, expansion and start-up; variations in ore grade, amount of material mined or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; risks related to international operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium, vanadium, nickel and cobalt; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities and other factors listed under the heading "Risk Factors" in this MD&A. Although management of Denison has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, which only apply as of the date hereof, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Denison does not undertake to update any forward-looking statements that are included or incorporated by reference herein, except in accordance with applicable securities laws.

OVERVIEW

Denison, formerly International Uranium Corporation ("IUC"), was formed by articles of amalgamation effective May 9, 1997 pursuant to the Business Corporations Act (Ontario) (the "OBCA"). On December 1, 2006, IUC combined its business and operations with Denison Mines Inc. ("DMI"), by way of arrangement under the OBCA. Pursuant to the arrangement, all of the issued and outstanding shares of DMI were acquired in exchange for the Company's shares at a ratio of 2.88 common shares of the Company for each common share of DMI. Effective December 1, 2006, IUC's articles were amended to change its name to "Denison Mines Corp.".

Denison is a reporting issuer in all of the Canadian provinces. Denison's common shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol "DML" and on the American Stock Exchange (the "AMEX") under the symbol "DNN".

Denison is a diversified, growth-oriented, intermediate uranium producer with active uranium mining projects in both the U.S. and Canada and development projects in Canada, Zambia and Mongolia. Denison expects production of between 3.6 to 6.0 million pounds of uranium oxide in concentrates ("U_3O_8") by 2011. Denison's assets include an interest in 2 of the 4 licensed and operating conventional uranium mills in North America, with its 100% ownership of the White Mesa mill in Utah and its 22.5% ownership of the McClean Lake mill in Saskatchewan. Both mills are fully permitted and operating. The Company also produces vanadium as a co-product from some of its mines in Colorado and Utah. The Company is also in the business of recycling uranium-bearing waste materials, referred to as "alternate feed materials", for the recovery of uranium, alone or in combination with other metals, at the Company's White Mesa mill.

Denison enjoys a global portfolio of world-class exploration projects, including properties in close proximity to the Company's mills in the Athabasca Basin in Saskatchewan and in the Colorado Plateau, Henry Mountains and Arizona Strip regions of the southwestern United States. Denison also has exploration and development properties in Mongolia, Zambia and, indirectly through its investments, in Australia.

Denison is the manager of Uranium Participation Corporation ("UPC"), a publicly traded company which invests in uranium oxide in concentrates and uranium hexafluoride. Denison is also engaged in mine decommissioning and environmental services through its Denison Environmental Services ("DES") division.

The Uranium Industry

Commercial nuclear power generation began over 50 years ago and now generates as much global electricity as was produced in 1960 by all sources. The low operating cost of nuclear power generation and the increasing concern for the environment and climate change are driving a nuclear renaissance. China, India and Russia are proceeding with ambitious plans for new nuclear power plants. Many companies in the United States have filed applications for a combined construction and operating licence to build new nuclear reactors. Countries such as Egypt, United Arab Emirates, Thailand and Turkey are actively considering building nuclear power plants.

There are now 104 operating nuclear reactors in the United States and a total of 439 operating worldwide in 30 countries, representing a total world nuclear capacity of 372.1 gigawatts. A further 34 reactors with a capacity of 27.8 gigawatts are under construction in 12 countries and an additional 93 reactors (100.6 gigawatts) are planned. With the only significant commercial use for uranium being fuel for nuclear reactors, it follows that the nuclear renaissance will have a significant effect on future uranium demand.

Uranium Supply and Demand

The world's operating nuclear power reactors require approximately 180 million pounds of U_3O_8 per year. As nuclear power capacity increases, the uranium fuel requirement also increases and is estimated to rise to approximately 187 million pounds U_3O_8 by 2010 and approximately 212 million pounds U_3O_8 by 2015. Demand for uranium can be supplied through either primary production (newly mined uranium) or secondary sources (inventories, down blending of weapon grade material and reprocessing fuel rods). Secondary sources are of particular importance to the uranium industry when compared to other commodity markets.

Over the four-year period 2000-2003, annual global primary uranium production averaged 93.1 million pounds of uranium. In response to increasing uranium prices, worldwide uranium production rose to 104.6 million pounds in 2004 and to 108.1 million pounds in 2005; however, production decreased in 2006 to 102.5 million pounds as a result of problems at several production centres. 2007 production is estimated at 107 million pounds. Canada and Australia currently account for over 41% of the world's production. The United States' production represented a little over 4.4%, or 4.7 million pounds of uranium in 2007. During the last decade, takeovers, mergers and closures have consolidated the uranium production industry. Based on preliminary 2007 production figures, seven companies

accounted for over 88% of primary production while the six largest uranium mines produced over 56% of the aggregate global production.

Primary uranium production only supplies approximately 60% of the total annual requirements of nuclear power generators. The balance of requirements are met from secondary sources of supply, which include inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and uranium recycled from nuclear weapons. The recycling of highly enriched uranium ("HEU") from former warheads in the Russian Federation is a unique subset of secondary supply. Surplus fissile military materials are converted in Russia from HEU into low enriched uranium ("LEU") suitable for use in nuclear reactors. In February 1993, the United States and Russia entered into an agreement (the "Russian HEU Agreement") which provided for the United States to purchase 500 metric tons of Russian HEU over a 20-year period. In April 1996, the USEC Privatization Act gave Russia and a three company consortium composed of Cameco Corporation ("Cameco"), AREVA Group ("AREVA") and NUKEM, Inc., the authority to sell the natural uranium feed component (in the form of UF_6) derived from the LEU (the "HEU Feed") in the United States over the 20-year period into the commercial U.S. uranium market under defined annual quotas. The USEC Privatization Act provides a framework for the introduction of this Russian HEU Feed into the U.S. commercial uranium market. Russia has been selling this HEU Feed through long-term supply agreements directly with U.S. utilities and the three companies.

The Russian HEU Agreement terminates in 2013 and Russia has formally stated that it will not be renewed, as had once been anticipated. Additionally, as a result of the dramatic rise in uranium and enrichment prices of the past two years, Russia has notified all of the parties to the HEU Agreement that the previously agreed pricing can no longer stand. Discussions have begun to renegotiate the component prices among the parties and are expected to be completed later this year.

Based upon recent assessments of future secondary uranium supply, the uranium industry's scheduled uranium production forecast and expected nuclear generating capacity, there is a growing requirement for increased uranium production to meet the forecast needs of reactors world-wide. Based upon the most recent assessment of market trends published by The Ux Consulting Company LLC in their January 2008 edition of "The Uranium Market Outlook", under Reference Case conditions, uranium production to support Western reactors will need to expand from its 2007 level of 107 million pounds, up to 152 million pounds in 2010 and reach 212 million pounds by 2015.

Uranium Prices

Most of the countries that use nuclear-generated electricity do not have a sufficient domestic uranium supply to fuel their nuclear power reactors, and their electric utilities secure most of their required uranium supply by entering into medium-term and long-term contracts with foreign uranium producers and other suppliers. These contracts usually provide for deliveries to begin one to three years after they are signed and to continue for several years thereafter. In awarding medium-term and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's or supplier's uranium reserves, record of performance and costs, all of which are important to the producer's or supplier's ability to fulfill long-term supply commitments. Under medium-term and long-term contracts, prices are established by a number of methods, including base prices adjusted by inflation indices, reference prices (generally spot price indicators but also long-term reference prices) and annual price negotiations. Contracts may also contain floor prices, ceiling prices, and other negotiated provisions which affect the amount paid by the buyer to the seller. Under these contracts the actual price mechanisms are usually confidential.

Electric utilities procure their remaining requirements through spot and near-term purchases from uranium producers and other suppliers, including other utilities holding excess inventory and governments.

Over the period from 1996 through 2004, annual spot market demand averaged just under 20 million pounds U_3O_8 or about 12% of the annual world consumption, but had jumped to about 35 million pounds in 2005 and 2006 as the rebuilding of utility inventories commenced, and investors and hedge funds entered the market as significant buyers. Spot market volume returned to its traditional level of approximately 20 million pounds in 2007.

Historically, spot prices have been more volatile than long-term contract prices. In December 2000, the spot price reached an all-time low of $7.10 per pound. The uranium price increased at a moderate rate reaching $14.50 per pound U_3O_8 by the end of 2003. The spot price increased steadily from that date reaching $72.00 by the end of 2006. A further market impact in October 2006 was the announcement of the flooding and indefinite postponement of the start up of the Cigar Lake mine in northern Saskatchewan. The Cigar Lake mine was scheduled to ramp up to an annual production rate of 18.0 million pounds by 2008. Producers were also active in the spot market, purchasing material to fill contractual demand, which they could not supply due to production issues at their respective operations. During the first half of 2007, the spot price continued its rapid rise reaching a peak of $136.00 in June 2007. At the end of June 2007, the spot price dropped $3.00, the first decline in the spot price since May of 2003. In the last half of the year, the spot price was very volatile, dropping to $75.00 in October, then rebounding to $95.00 in

December. Prices have continued to be volatile in 2008. As of the date hereof, the uranium spot price is $74.00 per pound U_3O_8.

The long-term uranium price has undergone a similar increase over the past several years, but with significantly less volatility, rising from just under $11.00 per pound U_3O_8, at the end of 2002, to $95.00 per pound in May 2007. Since that time the long-term price has remained at $95.00 per pound U_3O_8. The long-term price rose due to increased demand from utilities as they placed more of their requirements under contract.

Future uranium prices will be influenced by increased demand from new reactors being constructed or planned in many parts of the world, as well as the amount of incremental supply made available to the market from the remaining excess inventories, HEU feed supplies, other stockpiles, and the availability of increased or new production from other uranium producers.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. In 2007, four Western companies, Cameco, AREVA, Rio Tinto plc and BHP Billiton Limited produced approximately 58.4% of total world output. Most of the world's production was from Canada and Australia which produced a combined 41.6% of global uranium output in 2007. In 2006, Kazakhstan, Russia and Uzbekistan produced a combined 30.4% of worldwide uranium while supplying significant quantities of uranium into Western World markets. The Canadian uranium industry has in recent years been the leading world supplier, producing nearly 22.7% of the world supply.

Marketing Uranium

Denison markets its entire share of production from McClean Lake and Midwest jointly with AREVA Resources Canada Inc. ("ARC") production from these properties through a joint marketing company, McClean Uranium Limited ("MUL"). MUL is incorporated in Saskatchewan and is owned 30% by Denison and 70% by ARC. Denison's production from the White Mesa mill is marketed directly by Denison. Agreements with AREVA provide for production to be allocated first to market related contracts with any surplus to be apportioned evenly over the legacy contracts. The lower price, base-escalated legacy contracts expire by the end of 2008.

The sale of Denison's uranium has traditionally been through long-term contracts and not on the spot market. These long-term, or "legacy" contracts have a variety of pricing methods, including fixed prices, base prices adjusted by inflation indices, changes in reference prices (spot price indicators or long-term contract reference prices) and annual price negotiations. Prices in the long-term market have normally been higher than those in the spot market at the time the contracts are entered into and are normally less volatile. However, when market prices are increasing rapidly, as has been the case over the last several years, prices received under some of the legacy contracts cannot match such market increases.

Delivery scheduling (or timing) under long-term contracts is at the discretion of the customer so may vary markedly from quarter to quarter.

Marketing of the White Mesa production, which is scheduled to begin in the second quarter of 2008, will concentrate on long-term contracts utilizing a variety of pricing mechanisms while retaining a portion of the production to be sold on the spot market to take advantage of opportunities in the current tight supply-demand situation.

The Vanadium Market

Vanadium is an essential alloying element for steels and titanium, and its chemical compounds are indispensable for many industrial and domestic products and processes. The principal uses for vanadium are: (i) carbon steels used for reinforcing bars; (ii) high strength, low alloy steels used in construction and pipelines; (iii) full alloy steels used in castings; (iv) tool steels used for high speed tools and wear resistant parts; (v) titanium alloys used for jet engine parts and air frames; and (vi) various chemicals used as catalysts.

Principal sources of vanadium are (i) titaniferous magnetites found in Russia, China, Australia and South Africa; (ii) sludges and fly ash from the refining and burning of U.S., Caribbean and Middle Eastern oils; and (iii) uranium co-product production from the Colorado Plateau. While produced and sold in a variety of ways, vanadium production figures and prices are typically reported in pounds of an intermediate product, vanadium pentoxide, or V_2O_5. The White Mesa mill is capable of producing three products, ammonium metavanadate ("AMV") and vanadium pregnant liquor ("VPL"), both intermediate products, and vanadium pentoxide ("flake," "black flake," "tech flake" or "V_2O_5"). The majority of sales are as V_2O_5, with AMV and VPL produced and sold on a request basis only.

In the United States, although vanadium is produced through processing petroleum residues, spent catalysts, utility ash, and vanadium bearing iron slag, the most significant source of production historically has been as a by-product of uranium production from ores in the Colorado Plateau District, accounting for more than half of historic U.S. production. Vanadium in these deposits typically occurs at an average ratio of five to six pounds of vanadium for every pound of uranium, and the financial benefit derived from the by-product sales have helped to make the mines in this area profitable in the past.

The market for vanadium has fluctuated greatly over the last 20 years. During the early 1980s, quoted prices were in the range of $3.00 per pound V_2O_5, but increased exports from China and Australia, coupled with the continued economic recession of the 1980s drove prices to as low as $1.30 per pound. Prices stabilized in the $2.00—$2.45 per pound range until perceived supply problems in 1988 caused by cancellation of contracts by China and rumours of South African production problems resulted in a price run-up to a high of nearly $12.00 per pound in February of 1989. This enticed new producers to construct additional capacity, and oversupply problems again depressed the price in the early 1990s to $2.00 per pound and below. Late in 1994, a reduction in supplies from Russia and China, coupled with concerns about the political climate in South Africa and a stronger steel market caused the price to climb to $4.50 per pound early in 1995. In the beginning of 1998, prices had climbed to a nine-year high of $7.00 caused by supply being unable to keep pace with record demand from steel and aerospace industries. However, during the second half of 1998, prices began to decline to $2.56 per pound by December 1998. This was due to sudden decreases in Far East steel production, along with suppliers from Russia and China selling available inventories at low prices in order to receive cash. Since that time, prices fell dramatically to a range of $1.20 to $1.50 per pound V_2O_5 due in part to the difficult economic conditions being experienced throughout the Pacific Rim and new sources of supply coming into the market. In the third quarter of 2003, vanadium prices started to increase because of increased steel consumption and the shutdown of an Australian primary producer. This trend continued through 2004. In 2005, demand from China resulted in a significant price run-up culminating in all time highs of $23.00 to $27.00 per pound V_2O_5. Subsequently, prices declined to a range of $8.00 to $10.00 per pound V_2O_5, at the end of 2005, due to the ramp-up of Chinese vanadium production. Prices continued to decline during 2006 to the $7.00 to $8.00 range and have remained in this range throughout 2007. In early 2008, vanadium prices increased significantly to $14.00 to $15.00 per pound due to power supply issues in South Africa. South Africa is a major supply source of vanadium, representing approximately 39% of the world's production.

World demand will continue to fluctuate in response to changes in steel production. However, the overall consumption is anticipated to increase as demand for stronger and lighter steels grows and the demand for titanium alloys for jet engine components increases with new aircraft orders throughout the world.

Marketing Vanadium

Prices for the products that are produced by the Company are generally based on weekly quotations published in Ryan's Notes or Platt's Metals Weekly. Historically, vanadium production from the White Mesa mill has been sold into the worldwide market both through traders, who take a 2% to 3% commission for their efforts and, to a lesser extent, through direct contacts with domestic converters and consumers. While priced in U.S. dollars per pound of V_2O_5, the product is typically sold by the container, which contains nominally 40,000 pounds of product packed in 55 gallon drums, each containing approximately 660 pounds of product.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information was obtained directly from or calculated using the Company's consolidated financial statements for the year ended December 31, 2007, for the 15 months ended December 31, 2006 and for the year ended September 30, 2005.

(in thousands)	3 Months ended Dec. 31, 2007	Year ended Dec. 31, 2007	15 Months ended Dec. 31, 2006	Year ended Sept. 30 2005
Results of Operations:				
Total revenues	$ 36,825	$ 76,764	$ 9,722	$ 131
Net income (loss)	23,542	47,244	(16,998)	(11,450)
Basic earnings (loss) per share	0.12	0.25	(0.18)	(0.14)
Diluted earnings (loss) per share	0.12	0.24	(0.18)	(0.14)

	As at Dec. 31, 2007	As at Dec. 31, 2006	As at Sept. 30, 2005
Financial Position:			
Working capital	$ 75,915	$ 93,743	$ 4,244
Long-term investments	20,507	16,600	3,814
Property, plant and equipment	727,823	403,571	6,767
Total assets	1,001,581	659,348	34,214
Total long-term liabilities	$ 175,081	$ 123,244	$ 13,444

RESULTS OF OPERATIONS

General

The Company recorded net income of $47,244,000 ($0.25 per share) for 2007 compared with a net loss of $16,998,000 ($0.18 per share) for 2006.

Revenues totaled $76,764,000 for 2007 compared with $9,722,000 for 2006. Expenses totaled $83,771,000 for 2007 compared with $33,816,000 for 2006. Net other income totaled $41,627,000 for 2007 compared with $7,399,000 for 2006.

Revenues

Uranium sales revenues for the fourth quarter were $34,173,000. Sales from U.S. production were 250,000 pounds U_3O_8 at an average price of $89.84 per pound. Sales of Canadian production were 150,000 pounds U_3O_8 at an average price of $74.37 per pound. Amortization of the fair value increment related to the DMI sales contracts totaled $906,000 for the quarter. Reported revenue is also impacted by the effect of foreign currency transactions.

Uranium sales revenues for the year were $65,125,000. Sales from U.S. production were 325,000 pounds U_3O_8 at an average price of $99.11 per pound. Sales of Canadian production were 420,000 pounds U_3O_8 at an average price of $74.91 per pound. Uranium sales revenue also includes amortization of the fair value increment related to long-term sales contracts from the acquisition of DMI in the amount of $2,418,000.

Uranium sales revenue in the 2006 period totaled $7,575,000 for the net sale of 109,400 pounds U_3O_8 from Canadian production at an average sales price of $55.76 per pound and from amortization of the fair value increment related to the long-term sales contracts of DMI in the amount of $1,475,000. Revenue in 2006 represents only one month activity post acquisition of DMI.

Denison currently markets its uranium from the McClean Lake joint venture jointly with ARC. Denison' share of current contracts sales volumes is set out in the table below:

Current Contracted Sales Volumes
(pounds U_3O_8 x 1000)

(in thousands)	2008	2009	Pricing
Market Related	590	440	80% to 85% of Spot
Legacy Base Escalated	220	0	$20.00 to $26.00
Legacy Market Related	140	0	96% of Spot

Notes:

It is anticipated that the joint marketing of Canadian uranium production will cease at the end of 2008 except for the market related category above. Future long-term sales agreements for the Company's uranium inventory and production are expected to be primarily under market related contracts with appropriate floor prices. In March 2007, one such contract was completed for the sale of 17% of the White Mesa mill production commencing in 2008 up to 6.5 million pounds with a minimum of 250,000 pounds in 2008 increasing to a minimum of 1 million pounds by 2011. The sales price is 95% of the published long-term price for the month prior to delivery with a floor price of $45.00. No other new sales contracts are in place at this time.

During 2007, the Company continued to receive alternate feed materials at the White Mesa mill. Alternate feed materials, usually classified as waste products by the processing facilities that generate these materials, contain uranium that can be recovered as an environmentally preferable alternative to direct disposal. The Company received a fee for a majority of its alternate feed materials once they are delivered to the mill. In addition to the recycling fees, the Company will retain any uranium recovered from these materials, which can be sold in subsequent periods, at which time the revenue from the sales will be recorded. Also during 2007, the Company continued to receive high-grade alternate feed materials under its existing contract with Cameco Corporation. The Company does not receive a recycling fee for these types of material; however, the Company is able to retain all of the proceeds received from the sale of the uranium produced.

During the year, the Company completed a processing campaign of alternate feed materials on which a processing fee is paid. Processing and by-product disposal revenue totaled $2,526,000 compared to $1,492,000 in 2006.

Revenue from the environmental services division was $4,723,000 compared to $221,000 in 2006. Revenue from the management contract with Uranium Participation Corporation was $4,390,000 compared to $430,000 in 2006. Both of these revenue sources were acquired in the DMI transaction that was effective December 1, 2006. Therefore 2006 revenues represent only one month.

Operating Expenses

Milling and Mining Expenses

The McClean Lake joint venture produced 738,000 pounds U_3O_8 for the three months and 1,907,000 pounds U_3O_8 for the year ended December 31, 2007. Denison's 22.5% share of production totaled 166,000 and 429,000 pounds respectively.

Unit production cash costs in Canada are driven primarily by production volumes as the majority of costs do not vary with volume. These fixed costs for the McClean operations total approximately Cdn$46 million per year so as production volumes increase, the cost per pound decreases. Reagent costs are in addition to this cost as are amortization depletion and depreciation costs. Production by the joint venture in 2008 is expected to be 3.2 million pounds U_3O_8.

The Midwest deposit is currently scheduled to commence production in mid-2011 and production is planned to be processed at a rate of about 8-9 million pounds per year. The processing of Cigar Lake ore, expected to ramp up to over 7.7 million pounds of mill output per year, was scheduled to commence in early 2008 until delayed by the flooding of the Cigar Lake mine in late 2006. The timing of commencement of production of Cigar Lake ore is in 2011 at the earliest. The McClean Lake mill expansion required to receive and process ore from Cigar Lake, which was funded by the Cigar Lake joint venture, is substantially complete. The McClean joint venture will have the benefit of the Cigar Lake expansion until it is utilized for processing Cigar Lake ore. Denison has no ownership interest in the Cigar Lake joint venture.

Production at the White Mesa mill from alternate feed milling was 254,000 pounds U_3O_8. The Company will continue to process alternate feed materials in the first quarter 2008

Sales Royalties and Capital Taxes

Sales royalties and capital taxes totaled $2,301,000 for the year compared with $420,000 in 2006. This difference is due to the inclusion of the operation of DMI for only one month in 2006. Denison pays a Saskatchewan basic uranium royalty of 4% of gross uranium sales after receiving the benefit of a 1% Saskatchewan resource credit. Denison also pays Saskatchewan capital taxes based on the greater of 3.3% of gross uranium sales and capital tax otherwise computed under the Saskatchewan Corporation Capital Tax Act. For uranium production after July 1, 2007, the factor applied to gross uranium sales for Saskatchewan capital tax purposes will be reduced to 3.1% with further reductions scheduled in 2008. The Saskatchewan government also imposes a tiered royalty which ranges from 6% to 15% of gross uranium sales after recovery of mill and mine capital allowances which approximate capital costs. Denison has sufficient mill and mine capital and expansion allowances available or anticipated to shelter it from the tiered royalty at current uranium prices for at least 2008.

MINERAL PROPERTY EXPLORATION

Denison is engaged in uranium exploration, as both operator and non-operator of joint ventures and as operator of its own properties in Canada, the U.S. and Mongolia. For the three months ended December 31, 2007 exploration expenditures totaled $4,049,000 and totaled $20,963,000 for the year ended December 31, 2007 as compared to $3,370,000 and $14,790,000 for the three and fifteen months ended December 31, 2006.

A majority of the exploration expenditures during the period were spent in the Athabasca Basin region of northern Saskatchewan. Denison is engaged in uranium exploration on advanced projects in this region of Canada as part of the ARC operated McClean and Midwest joint ventures. A significant discovery, termed the Midwest A deposit (formerly the Mae Zone) and located 3 km northeast of the proposed Midwest open pit, was drilled this past winter. Denison is also participating in a total of 33 other exploration projects concentrating in the productive southeast margin of the Athabasca Basin. Denison is operator of two mid-stage projects, the Moore Lake and the Wheeler River joint ventures, included in this portfolio. Denison's share of exploration spending on its Canadian properties totaled $3,239,000 of which $3,036,000 was expensed in the statement of operations for the three months ended December 31, 2007 and totaled $17,445,000 of which $16,638,000 was expensed in the statement of operations for the year ended December 31, 2007.

Exploration expenditures of $1,000,000 for the three month period and $4,048,000 for the year ended December 31, 2007 were spent in Mongolia on the Company's joint venture and 100% owned properties. The Company has a 70% interest in the Gurvan Saihan Joint Venture ("GSJV") in Mongolia. The other parties to the joint venture are the Mongolian government as to 15% and Geologorazvedka, a Russian government entity, as to 15%. Additional expenditures for development of the GSJV's Hairhan uranium deposits have also been incurred. Development work includes extensive resource delineation drilling, hydrological drilling, plant design and environmental studies.

The remaining expenditures of $13,000 for the three-month period and $277,000 for the year were spent on the Company's other properties.

General and Administrative

General and administrative expenses were $3,871,000 for the three months and $13,469,000 for the year ended December 31, 2007 compared with $7,286,000 and $11,379,000 for the three and fifteen months ended December 31, 2006. The increase was primarily the result of the inclusion of Denison Mines Inc. ("DMI") effective December 1, 2006, a ramping up of the Company's operations, the acquisition and implementation of new information systems and an increase in public company expenses due to additional compliance costs. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures.

Other Income and Expenses

Other income (expense) totaled $4,284,000 for the three months and $41,627,000 for the year ended December 31, 2007 compared with $4,652,000 and $7,399,000 for the three and fifteen month periods ended December 31, 2006. The net other income in the quarter and for the year is primarily due to the disposition of portfolio investments.

Income Taxes

The Company has provided for a current tax expense of $3,141,000 and for a future tax recovery of $15,765,000. The future tax recovery results primarily from a decline in expected future income tax rates.

Outlook for 2008

Mining and Production

Canada

Mining at the Sue E pit at McClean Lake in northern Saskatchewan is expected to be completed early in the second quarter of 2008. Stripping of the Sue B overburden was completed in 2007. Mining of the Sue B deposit, which contains approximately 1.4 million pounds U_3O_8, will follow completion of Sue E.

U_3O_8 production at McClean Lake in 2008 is expected to be 3.2 million pounds of which Denison's share is 720,000 pounds.

United States

Four mines are operating on the Colorado Plateau with production from the Sunday, Pandora, Topaz and West Sunday mines running at about 350 tons per day. At the Tony M mine within the Henry Mountains Complex, located in Utah, operational permits have been received and production from this mine is underway and will ramp up to 300 tons per day in the second quarter of 2008 eventually climbing to 450 tons per day by year end. Production from these mines is being hauled to Denison's White Mesa mill and is currently being stockpiled. At December 31, 2007, a total of 85,000 tons had been shipped to the mill. The Company expects to have approximately 160,000 tons of material stockpiled before conventional ore production commences in May of 2008. Mine development work has begun at the Company's Arizona 1 mine on the Arizona Strip located in northeastern Arizona. Ore production from this mine is anticipated by mid-2008.

The White Mesa mill refurbishment program is now scheduled to be completed by the end of April, 2008. The short delay is due to a number of factors including, abnormal snow fall, equipment deliveries, contractor availability and difficulties in completing the alternate feed processing. The $21 million program includes modifications and upgrading of the mill process equipment, upgrading the entire mill process control system, and relining of tailings cell 4A. Once relining of cell 4A is completed, the company will apply for an operating permit which is expected to be received by July 2008.

Due to the short delay in commencing the milling of conventional ore and the scheduling of ore feeds, we now expect to produce 1.4 to 1.7 million pounds U_3O_8 and 3 to 4 million pounds V_2O_5 during 2008. The drop in uranium production is impacted primarily by the delay in processing of the Arizona 1 ore to late in the year. This has pushed uranium production from the fourth quarter 2008 to the first quarter of 2009.

Sales

The Company expects to sell 1.8-1.9 million pounds of U_3O_8 in 2008 including 1.1-1.2 million pounds from U.S. production. It also anticipates selling 3 million pounds of vanadium. Vanadium prices are quite volatile but have recently risen to a level of $14 to $15 per pound V_2O_5 from an average of $7.00 to $8.00 per pound in 2007. Most of Denison's sales of uranium and vanadium from U.S. production will occur in the third and fourth quarters of the year.

Exploration

Athabasca Basin

In the Athabasca Basin, Denison is participating in 35 exploration projects, primarily located in the southeast part of the Basin and within trucking distance of all the three operating mills in the area. The physical properties of the basement rocks underlying the sandstone Basin, not the sandstone, determine the economic potential of any property. Denison, together with a subsidiary of AREVA and Cameco Corporation, now control the majority of the highly favourable basements rocks in the prolific southeastern sector of the Basin.

Denison is participating in 14 drill programs during the current winter season in the Basin. Denison is operator on the Wheeler River, Park Creek, North Wedge, Bell Lake, and Moore Lake Joint Ventures. In addition, Denison is drilling on the 100% owned Bachman-Crawford Lakes, Jasper Lake, Stevenson River and Ahenakew projects. JNR Resources Inc. is operator of the Pendleton Lake JV, where four holes totalling 500 metres will be drilled, and the Lazy Edward Bay project where 3,500 metres in 20 holes are targeted. Near the McClean Mill, joint venture partner ARC is operator of the Midwest, Wolly and McClean projects, where 72 holes totalling 17,800 metres in aggregate are planned.

On Denison's operated and non-operated projects, a total of approximately 34,000 metres of drilling is planned this winter. The Company's projects in the Basin represent a good balance of grass roots, mid-stage, and developed projects. Other than 11,600 metres dedicated to drilling advanced targets on the Midwest property, almost all holes

are focussed on well prepared targets in high potential areas not yet at the development stage. Denison strives to achieve a budget total of 80% devoted to drilling.

In addition to these major drill campaigns, Denison is carrying out a number of different geophysical surveys to identify targets for future drill programs. Approximately 750 line kilometres of airborne geophysical surveys are being flown over two properties as an initial screening tool. Denison is also carrying out a large number of ground geophysical surveys on ten properties, where over 200 line kilometres of Fixed Loop or Moving Loop Time Domain EM surveys, 317 line kilometres of Horizontal Loop Electromagnetics and over 160 line kilometres of DC Resistivity surveys will be completed during the 2008 winter season. Over 675 line kilometres of ground magnetic surveys will also be carried out in conjunction with the above.

Denison's exploration spending in 2008 in the Athabasca Basin is expected to total $15,300,000.

Southwest United States

Denison is planning on spending $2,000,000 on its 2008 U.S. exploration program. The program will be focussed on exploring near its existing operations on the Colorado Plateau. The program is projected to entail an estimated 149,000 feet (45,000 metres) of drilling.

Mongolia

In Mongolia, Denison is committing to a substantial increase in work compared to previous years. The work in 2007 was successful in confirming and enhancing the potential of the two advanced properties and several exploration projects while downgrading several reconnaissance projects.

Denison's plans for 2008 involve over 85,000 metres of drilling. All drill and logging contracts have been signed and are in place for this work. On the GSJV Hairhan project, development drilling will be aimed at upgrading resources from inferred to indicated, and to test high potential areas for additional resources. Several basinal depressions (one over 200 kilometres long) will be evaluated. A major hydrological drilling program will also be undertaken at Hairhan in preparation for ISR pilot plant commercial testwork slated for 2009.

Zambia

Denison commenced field work in the last quarter of 2007, and is planning an intensive program of both reverse circulation and diamond drilling totalling 47,000 metres of drilling in support of its advanced work. A budget of over $20,000,000 is slated to upgrade resources, carry out a metallurgical pilot plant program and complete the feasibility study in support of taking an anticipated production decision in 2009. The Mutanga project has two deposits drill defined to date - - Mutanga and Dibwe — where the drilling efforts are focussed on upgrading and expanding the resources of both deposits.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in thousands)	2007 Q4	2007 Q3	2007 Q2	2007 Q1
Total revenues	$36,825	$ 9,411	$18,809	$11,719
Net income (loss)	23,542	(11,721)	40,489	(5,066)
Basic and diluted earnings (loss) per share	0.12	(0.06)	0.21	(0.03)

(in thousands)	2006 Q5	2006 Q4	2006 Q3	2006 Q2	2006 Q1
Total revenues	8,322	$ 1	$ 2	$ 666	$ 731
Net income (loss)	(2,407)	(6,368)	(2,886)	(2,474)	(2,863)
Basic and diluted earnings (loss) per share	(0.02)	(0.06)	(0.03)	(0.03)	(0.04)

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $19,680,000 at December 31, 2007 compared with $69,127,000 at December 31, 2006. The decrease of $49,447,000 was due primarily to the acquisition of OmegaCorp Limited ("OmegaCorp") using net cash of $158,583,000 offset by net cash proceeds of $107,265,000 received from the issuance of common

shares through private placements and exercise of warrants and stock options. In addition, the Company raised $52,870,000 from the sale of long-term investments and expended $59,578,000 for property, plant and equipment.

Net cash used in operating activities was $23,084,000 during 2007 compared with $27,494,000 during 2006. Net cash used in operating activities are comprised of net income for the period, adjusted for non-cash items and for changes in working capital items. Significant changes in working capital items during 2007 include increases of $28,443,000 (2006: $7,175,000) in trade and other receivables and $9,468,000 (2006: $4,414,000) in inventories. The increase in trade and other receivables during 2007 is primarily the result of uranium sales in December. The increase in inventories during 2007 consists primarily of the increase in ore in stockpile at December 31, 2007.

Net cash used in investing activities was $158,469,000 during 2007 compared with net cash provided of $45,752,000 during 2006. The decrease was due primarily to the acquisition of OmegaCorp using net cash of $158,583,000, expenditures on property, plant and equipment of $59,578,000 offset by proceeds from the sale of long-term investments of $52,870,000 and a decrease in notes receivable of $9,778,000.

During 2007, the Company completed two significant equity financings for total gross proceeds of $105,419,000 (Cdn$123,876,000). On January 9, 2007, the Company completed a private placement of 9,010,700 common shares at a price of Cdn$11.75 per share for gross proceeds of $89,847,000 (Cdn$105,876,000). On April 2, 2007, the Company completed a private placement of 1,104,295 flow-through common shares at a price of Cdn$16.30 per share for gross proceeds of $15,572,000 (Cdn$18,000,000) to fund eligible Canadian exploration expenditures. Net proceeds from these private placement financings totaled $102,151,000.

In total, these sources and uses of cash resulted in a net cash outflow of $49,447,000 during 2007 compared with a net cash inflow of $63,016,000 during 2006.

Subsequent to the year end, the Company put in place a Cdn$25,000,000 uncommitted secured revolving credit facility with the Bank of Nova Scotia. It is secured by the assets of Denison Mines Inc. Management is confident that the Company's future cash flows and additional financing available to it will be sufficient to allow it to carry out its operational and development plans.

OFF-BALANCE SHEET ARRANGEMENTS

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

TRANSACTIONS WITH RELATED PARTIES

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company will receive the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of U_3O_8 and UF_6 completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of Cdn$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC's net asset value between Cdn$100,000,000 and Cdn$200,000,000 and 0.2% per annum based upon UPC's net asset value in excess of Cdn$200,000,000; c) a fee of Cdn$200,000 upon the completion of each equity financing where proceeds to UPC exceed Cdn$20,000,000; d) a fee of Cdn$200,000 for each transaction or arrangement (other than the purchase or sale of U_3O_8 and UF_6) of business where the gross value of such transaction exceeds Cdn$20,000,000 ("an initiative"); and e) an annual fee up to a maximum of Cdn$200,000, at the discretion of the Board of Directors of UPC, for on-going maintenance or work associated with an initiative. In accordance with the management services agreement, all uranium investments owned by UPC are held in accounts with conversion facilities in the name of Denison Mines Inc. as manager for and on behalf of UPC.

The Company was also a party to a temporary revolving credit facility agreement with UPC (not to exceed Cdn$15,000,000). The credit facility terminated on the earlier of repayment or May 10, 2007 and was collateralized by the uranium investments of UPC. Interest under the credit facility was based upon Canadian bank prime plus 1%. Standby fees also applied at a rate of 1% of the committed facility amount. As at December 31, 2006, UPC had drawn Cdn$11,000,000 under the facility. The temporary facility was fully repaid and cancelled on April 10, 2007.

In June 2007, the Company sold 75,000 pounds of U_3O_8 to UPC at a price of $130.00 per pound for total consideration of $9,750,000.

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

(in thousands)	2007	2006[1]
Revenue		
Uranium sales	$ 9,750	$ —
Management fees (including expenses)	2,301	94
Commission fees on purchase and sale of uranium	2,089	336
Other income		
Loan interest under credit facility	202	57
Standby fee under credit facility	9	3
Total fees earned from UPC	$14,351	$490

(1) Reflects fees earned for the one month period of December 2006 only.

At December 31, 2007, accounts receivable includes $377,000 due from UPC with respect to the fees indicated above.

During 2007, the Company had the following additional related party transactions:

a) Sold 16,562,500 shares of Fortress Minerals Corp. ("Fortress") to a company associated with the Chairman of the Company for gross proceeds of approximately Cdn$20,703,000;

b) incurred management and administrative service fees of $251,000 (2006: $237,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services in Vancouver at a rate of Cdn$18,000 per month plus expenses. At December 31, 2007, an amount of $9,000 (2006: $100,000) was due to this company; and

c) provided executive and administrative services to Fortress and charged an aggregate of $69,000 (2006: $112,000) for such services. At December 31, 2007, no amount (2006: $31,000) was due from Fortress relating to this agreement.

OUTSTANDING SHARE DATA

At March 18, 2008, there were 189,780,035 common shares issued and outstanding, 8,409,155 stock options outstanding to purchase a total of 8,409,155 common shares and 3,321,151 warrants outstanding to purchase a total of 9,564,914 common shares, for a total of 207,754,104 common shares on a fully-diluted basis.

CONTROLS AND PROCEDURES

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

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2007. Management's assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 excluded the operations of OmegaCorp, which was acquired by the Company effective August 1, 2007. OmegaCorp is a wholly-owned subsidiary of the Company. OmegaCorp total assets represented approximately 23% of the book value of consolidated total assets of the Company for the period ended December 31, 2007. Companies are allowed to exclude acquisitions from their assessment of internal control over financial reporting during the first year of an acquisition while integrating the acquired company under guidelines established by the SEC.

There has not been any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter of 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles in Canada requires management to make judgments with respect to certain estimates and assumptions. These estimates and assumptions, based on management's best judgment, affect the reported amounts of certain assets and liabilities, including disclosure of contingent liabilities. On an ongoing basis, management re-evaluates its estimates and assumptions. Actual amounts, however, could differ significantly from those based on such estimates and assumptions.

Significant areas critical in understanding the judgments that are involved in the preparation of the Company's consolidated financial statements and the uncertainties inherent within them include the following:

Depletion and Amortization of Property, Plant and Equipment

Depletion and amortization of property, plant and equipment used in production is calculated on a straight line basis or a unit of production basis as appropriate. The unit of production method allocates the cost of an asset to production cost based on current period production in proportion to total anticipated production from the facility. Mining costs are amortized based on total estimated uranium in the ore body. Mill facility costs to be amortized are reduced by estimated residual values. In certain instances, residual values are established based upon estimated toll milling fees to be received. If Denison's estimated amounts to be received from toll milling prove to be significantly different from estimates or its reserves and resource estimates are different from actual (in the case where unit of production amortization is used), there could be a material adjustment to the amounts of depreciation and amortization to be recorded in the future.

Impairment of Long-Lived Assets

The Company's long-lived assets consist of plant and equipment, mineral properties, intangible assets and goodwill. At the end of each accounting period, the Company reviews the carrying value of its long-lived assets based on a number of factors. Capitalized mineral property expenditures, these factors include analysis of net recoverable amounts, permitting considerations and current economics. Should an impairment be determined, the Company would write-down the recorded value of the long-lived asset to fair value.

Asset Retirement Obligations

Denison follows CICA Handbook section 3110, Asset Retirement Obligations, which requires that the fair value of the full decommissioning cost of an asset be capitalized as part of property, plant and equipment when the asset is initially constructed. In subsequent periods, Denison then is required to recognize "interest" on the liability, to amortize the capital costs in a rational and systematic manner, and to adjust the carrying value of the asset and liability for changes in estimates of the amount or timing of underlying future cash flows. Denison has accrued, in accordance with CICA Handbook Section 3110, its best estimate of the ongoing reclamation liability in connection with the decommissioned Elliot Lake mine site and is currently accruing its best estimate of its share of the cost to decommission its other mining and milling properties. The costs of decommissioning are subject to inflation and to government regulations, which are subject to change and often not known until mining is substantially complete. A significant change in either may materially change the amount of the reclamation liability accrual.

Stock-Based Compensation

Denison has recorded stock based compensation expense in accordance with the CICA handbook section 3870, using the Black-Scholes option pricing model, based on its best estimate of the expected life of the options, the expected volatility factor of the share price, a risk-free rate of return and expected dividend yield. The use of different assumptions regarding these factors could have a significant impact on the amount of stock-based compensation expense charged to income over time. Changes in these estimates will only apply to future grants of options and the amounts amortized over the vesting period of existing options should not change as a result.

Retiree Benefit Obligation

Denison has assumed an obligation to pay certain and limited retiree medical and dental benefits and life insurance as set out in a plan to a group of former employees. Denison has made certain assumptions and will retain an actuary at least once every three years to estimate the anticipated costs related to this benefit plan. The actual cost to Denison of this plan will be influenced by changes in health care practices and actuarial factors. While the plan contains certain limits, changes in assumptions could affect earnings.

CHANGES IN ACCOUNTING POLICIES

Effective December 1, 2006, the Company adopted the expensing of exploration expenditures on mineral properties not sufficiently advanced to identify their development potential. Previously, the Company had been capitalizing such exploration expenditures as incurred which is permitted under Canadian GAAP, provided that these exploration

expenditures have the characteristics of property, plant and equipment and that capitalization is appropriate under the circumstances.

The primary purpose of this change in accounting policy is to align the accounting treatment of exploration expenditures on mineral properties not sufficiently advanced to identify their development potential, with those of the Company's producing peers in the resource industry.

The Company has adopted this change in accounting policy on a retrospective basis with restatement of the comparative periods presented. This change has also been applied to the Company's recognition of its investment in Fortress Minerals Corp.

The Company adopted the following new accounting standards effective January 1, 2007:

a) CICA Handbook Section 1530: "Comprehensive Income" establishes standards for reporting comprehensive income, defined as a change in value of net assets that is not due to owner activities, by introducing a new requirement to temporarily present certain gains and losses outside of net income. The impact of this new standard is discussed below in c);

b) CICA Handbook Section 3251: "Equity" establishes standards for the presentation of equity and changes in equity during the reporting period. The adoption of this new standard by the Company did not have a material impact;

c) CICA Handbook Section 3855: "Financial Instruments — Recognition and Measurement" establishes standards for the recognition, classification and measurement of financial instruments including the presentation of any resulting gains and losses. Assets classified as available-for-sale securities have revaluation gains and losses included in other comprehensive income (and not included in the income statement) until such time as the asset is disposed of or incurs a decline in fair value that is other than temporary. At such time, any gains or losses are then realized and reclassified to the income statement. At December 31, 2006, the Company had certain long-term investments that would be classified as available-for-sale securities under this new standard, and any unrealized gains and losses would be included in comprehensive income; and

d) CICA Handbook Section 1506: Accounting Changes ("CICA 1506") effective for fiscal years beginning on or after January 1, 2007 establishes standards and new disclosure requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. CICA 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings.

The CICA issued the following accounting standards effective for the fiscal years beginning on or after October 1, 2007 and January 1, 2008:

a) Accounting Standards Section 3031 "Inventories" provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and is effective for the fiscal years beginning on or after January 1, 2008.

b) Accounting Standards Section 3862 "Financial Instruments — Disclosures" requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the Company's financial positions and performance; the nature and extent of risks arising from financial instruments to which the Company is exposed during the period and at the balance sheet date; and how the Company manages those risks. This accounting standard is effective for fiscal years beginning on or after October 1, 2007.

CONTRACTUAL OBLIGATIONS

At December 31, 2007, the Company had a reclamation liability of $20,389,000 consisting of $10,467,000 for U.S. mill and mine obligations, $8,319,000 for Elliot Lake and $1,603,000 for the McClean Lake and Midwest joint ventures.

In addition, the Company's contractual obligations at December 31, 2007 are as follows:

	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Operating lease obligations	$2,753,000	$767,000	$974,000	$643,000	$369,000

ENVIRONMENTAL RESPONSIBILITY

The Company periodically reviews the anticipated costs of decommissioning and reclaiming its mill and mine sites as part of its environmental planning process. Further, the Company formally reviews the mill's reclamation estimate annually with applicable regulatory authorities. The mill and mine reclamation estimates at December 31, 2007 are $20,389,000 which are expected to be sufficient to cover the projected future costs for reclamation of the mill and mine operations. However, there can be no assurance that the ultimate cost of such reclamation obligations will not exceed the estimated liability contained in the Company's financial statements.

The Company has posted bonds and letters of credit as security for these liabilities and has deposited cash and equivalents as collateral against certain of these security items. At December 31, 2007, the amount of these restricted investments collateralizing the Company's reclamation obligations was $15,849,000.

Although the White Mesa mill is designed as a facility that does not discharge to groundwater, the Company has a Groundwater Discharge Permit ("GWDP") with Utah Department of Environmental Quality, which is required for all similar facilities in the State of Utah, and specifically tailors the implementation of the State groundwater regulations to the Mill site. The State of Utah requires that every operating uranium mill in the State have a GWDP, regardless of whether or not the facility discharges to groundwater. The GWDP for the mill was finalized and implemented during the second quarter of fiscal 2005. As requested by the GWDP, the mill added over 40 additional monitoring parameters and fifteen additional monitoring wells to its ground water monitoring program at the site. In addition, the State and the Company are currently determining the compliance levels for all the monitoring parameters.

As mentioned in previous reports, the Company has detected some chloroform contamination at the mill site that appears to have resulted from the operation of a temporary laboratory facility that was located at the site prior to and during the construction of the mill facility, and from septic drain fields that were used for laboratory and sanitary wastes prior to construction of the mill's tailings cells. In April 2003, the Company commenced an interim remedial program of pumping the chloroform-contaminated water from the groundwater to the Mill's tailings cells. This will enable the Company to begin clean up of the contaminated areas and to take a further step towards resolution of this outstanding issue. The investigations to date indicate that this contamination appears to be contained in a manageable area. The scope and costs of remediation have yet to be fully determined but are unlikely to be significant.

RESEARCH AND DEVELOPMENT

The Company does not have a formal research and development program. Process development efforts expended in connection with processing alternate feeds are included as a cost of processing. Process development efforts expended in the evaluation of potential alternate feed materials that are not ultimately processed at the mill are included in mill overhead costs. The Company does not rely on patents or technological licenses in any significant way in the conduct of its business.

RISK FACTORS

There are a number of factors that could negatively affect Denison's business and the value of Denison's Common Shares, including the factors listed below. The following information pertains to the outlook and conditions currently known to Denison that could have a material impact on the financial condition of Denison. This information, by its nature, is not all inclusive. It is not a guarantee that other factors will not affect Denison in the future.

Volatility and Sensitivity to Prices and Costs

Because the majority of Denison's revenues are derived from the sale of uranium and vanadium, Denison's net earnings and operating cash flow are closely related and sensitive to fluctuations in the long and short term market price of U_3O_8 and V_2O_5. Among other factors, these prices also affect the value of Denison's reserves and the

market price of Denison's Common Shares. Historically, these prices have fluctuated and have been and will continue to be affected by numerous factors beyond Denison's control.

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

Although Denison employs various pricing mechanisms within its sales contracts to manage its exposure to price fluctuations, there can be no assurance that such a program will be successful.

Competition from Other Energy Sources and Public Acceptance of Nuclear Energy

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

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is competitive. Denison markets uranium in direct competition with supplies available from a relatively small number of western world uranium mining companies, from certain republics of the former Soviet Union and the People's Republic of China, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF_6. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of Denison and may affect the supply of uranium available in the United States and Europe, which are the largest markets for uranium in the world.

Competition for Properties

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

Replacement of Reserves and Resources

McClean Lake, Midwest, Arizona, Colorado Plateau and Henry Mountains reserves and resources are currently Denison's sources of uranium concentrates. Unless other reserves and resources are discovered or extensions to existing ore bodies are found, Denison's sources of production for uranium concentrates will decrease over time as its current reserves and resources are depleted. The McClean Lake, Midwest, Colorado Plateau and Arizona strip deposits are expected to be produced by 2017, and the Henry Mountains' deposits produced by 2020. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its reserves. In addition, while Denison believes that the Midwest deposit and certain of its US properties will be put into production, there can be no assurance that they will be.

Due to the unique nature of uranium deposits, technical challenges exist involving groundwater, rock properties, radiation protection and ore handling and transport.

Imprecision of Reserve and Resource Estimates

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

Decommissioning and Reclamation

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

In addition, effective January 20, 2001, the U.S. Bureau of Land Management ("BLM") implemented new Surface Management (3809) Regulations pertaining to mining operations conducted on mining claims on public lands. The new 3809 regulations impose additional requirements for permitting of mines on federal lands and may have some impact on the closure and reclamation requirement for Company mines on public lands. If more stringent and costly reclamation requirements are imposed as a result of the new 3809 rules, the amount of reclamation bonds held by the Company and the reclamation liability recorded in the Company's financial statements may need to be increased.

Decommissioning plans for the Company's properties have been filed with applicable regulatory authorities. These regulatory authorities have accepted the decommissioning plans in concept, not upon a detailed performance forecast, which has not yet been generated. As Denison's properties approach or go into decommissioning, further regulatory review of the decommissioning plans may result in additional decommissioning requirements, associated costs and the requirement to provide additional financial assurances. It is not possible to predict what level of decommissioning and reclamation (and financial assurances relating thereto) may be required in the future by regulatory authorities.

Technical Obsolescence

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

Property Title Risk

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

The validity of unpatented mining claims on U.S. public lands is sometimes uncertain and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, the Company's U.S. properties may be subject to various uncertainties which are common to the industry, with the attendant risk that its title may be defective.

Production Estimates

Denison prepares estimates of future production for particular operations. No assurance can be given that production estimates will be achieved. Failure to achieve production estimates could have an adverse impact on Denison's future cash flows, earnings, results of operations and financial condition. These production estimates are based on, among other things, the following factors: the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; and the accuracy of estimated rates and costs of mining and processing.

Denison's actual production may vary from estimates for a variety of reasons, including, among others: actual ore mined varying from estimates of grade, tonnage, dilution and metallurgical and other characteristics; short term operating factors relating to the ore reserves, such as the need for sequential development of ore bodies and the processing of new or different ore grades; risk and hazards associated with mining; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures and cave-ins; and unexpected labour shortages or strikes.

Mining and Insurance

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

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

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

Dependence on Issuance of Licence Amendments and Renewals

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

Nature of Exploration and Development

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

Denison's ability to sustain or increase its present levels of uranium production is dependent in part on the successful development of new ore bodies and/or expansion of existing mining operations. The economic feasibility of development projects is based upon many factors, including, among others: the accuracy of reserve estimates; metallurgical recoveries; capital and operating costs of such projects; government regulations relating to prices,

taxes, royalties, infrastructure, land tenure, land use, importing and exporting, and environmental protection; and uranium prices, which are historically cyclical. Development projects are also subject to the successful completion of engineering studies, issuance of necessary governmental permits and availability of adequate financing.

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

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

Governmental Regulation and Policy Risks

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

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions. These actions may result in orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Companies engaged in uranium exploration operations may be required to compensate others who suffer loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

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

Operations in Foreign Jurisdictions

The Company owns uranium properties directly and through joint venture interests and is undertaking a uranium exploration program in Mongolia and a development program in Zambia. As with any foreign operation, these international properties and interests are subject to certain risks, such as the possibility of adverse political and economic developments, foreign currency controls and fluctuations, as well as risks of war and civil disturbances. Other events may limit or disrupt activities on these properties, restrict the movement of funds, result in a deprivation of contract rights or the taking of property or an interest therein by nationalization or expropriation without fair

compensation, increases in taxation or the placing of limits on repatriations of earnings. No assurance can be given that current policies of Mongolia or Zambia or the political situations within these countries will not change so as to adversely affect the value or continued viability of the Company's interest in these assets.

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

Environmental, Health and Safety Risks

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

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

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

Aboriginal Title and Consultation Issues

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

Accounting Policies

The accounting policies and methods employed by the Company determine how it reports its financial condition and results of operations, and they may require management to make judgements or rely on assumptions about matters that are inherently uncertain. The Company's results of operations are reported using policies and methods in accordance with Canadian GAAP. Management of Denison exercises judgement in applying accounting methods to ensure that, while GAAP compliant, they reflect the most appropriate manner in which to record the Company's financial condition and operating results. In certain instances, Canadian GAAP allows accounting policies and methods to be selected from two or more alternatives, any of which might be reasonable but may result in Denison reporting materially different amounts. Management regularly re-evaluates its assumptions but the choice of method or policy employed may have a significant impact on the actual values reported.

Credit Risk

Denison's sales of uranium and vanadium products and its environmental services expose Denison to the risk of non-payment. Denison manages this risk by monitoring the credit worthiness of its customers and requiring pre-payment or other forms of payment security from customers with an unacceptable level of credit risk.

Although Denison seeks to manage its credit risk exposure, there can be no assurance that Denison will be successful and that some of Denison's customers will fail to pay for the uranium or vanadium purchased or the environmental services provided.

Currency Fluctuations

Most of Denison's revenue is denominated in U.S. dollars; however, its operating costs are incurred in the currencies of the United States, Canada, Mongolia and Zambia. Consequently, changes in the relative value of the different currencies affect Denison's earnings and cash flows.

Capital Intensive Industry; Uncertainty of Funding

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

Dependence on Key Personnel

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

Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Conflicts of Interest

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

Reliance on ARC as Operator

As ARC is the operator and majority owner of the McClean Lake and Midwest properties in Saskatchewan, Canada, Denison is and will be, to a certain extent, dependent on ARC for the nature and timing of activities related to these properties and may be unable to direct or control such activities.

Labour Relations

Both the McClean Lake mill and the Midwest properties employ unionized workers who work under collective agreements. ARC, as the operator of both of these projects, is responsible for all dealings with unionized employees. ARC may not be successful in its attempts to renegotiate the collective agreements, which may impact mill and mining operations. Any lengthy work stoppages may have a material adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

Indemnities

As part of a reorganization in 2004, DMI acquired from Denison Energy all of Denison Energy's mining and environmental services assets and agreed to assume all debts, liabilities and obligations relating to such assets before the date of the reorganization. In addition, DMI agreed to provide certain indemnities in favour of Denison Energy for certain claims and losses relating to matters with respect to Denison Energy's mining business prior to the date of the arrangement, to breaches by DMI of certain of its agreements, covenants, representations and warranties in the agreements governing such reorganization, and to damages caused by breaches by DMI of its representations

and warranties in certain agreements related to such arrangement. Denison cannot predict the outcome or the ultimate impact of any legal or regulatory proceeding against Denison or affecting the business of Denison and cannot predict the potential liabilities associated with the indemnities provided in favour of Denison Energy. Consequently, there can be no assurance that the legal or regulatory proceedings referred to in this MD&A or any such proceedings that may arise in the future will be resolved without a material adverse effect on the business, financial condition, results of operation or cash flows of Denison.

Exhibit 99.3



Denison Mines Corp.

Financial Statements

December 31, 2007

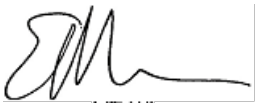
Responsibility for Financial Statements

The Company's management is responsible for the integrity and fairness of presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles for review by the Audit Committee and approval by the Board of Directors.

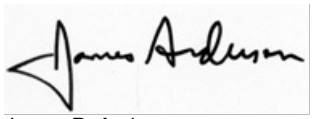
The preparation of financial statements requires the selection of appropriate accounting policies in accordance with generally accepted accounting principles and the use of estimates and judgments by management to present fairly and consistently the consolidated financial position of the Company. Estimates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

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

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Accountants. Their report outlines the scope of their examination and expresses their opinion on the consolidated financial statements and on internal control over financial reporting.



E. Peter Farmer
Chief Executive Officer



James R. Anderson
Executive Vice-President and
Chief Financial Officer

March 18, 2008

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Management conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as at December 31, 2007. Management's assessment of the effectiveness of the Company's internal control over financial reporting as at December 31, 2007 excluded the operations of OmegaCorp, which was acquired by the Company effective August 1, 2007. OmegaCorp is a wholly-owned subsidiary of the Company. OmegaCorp total assets represented approximately 23% of the book value of consolidated total assets of the Company for the period ended December 31, 2007.

Changes to Internal Control over Financial Reporting

There has not been any change in the Company's internal control over financial reporting that occurred during the Company's fourth fiscal quarter of 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Independent Auditors' Report

To the Shareholders of Denison Mines Corp.,

We have completed an integrated audit of the consolidated financial statements and internal control over financial reporting of Denison Mines Corp. as at December 31, 2007 and audits of its 2006 and 2005 consolidated financial statements. Our opinions, based on our audits, are presented below.

Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Denison Mines Corp. as at December 31, 2007 and 2006, and the related consolidated statements of operations and deficit, comprehensive income and cash flows for the year ended December 31, 2007, the fifteen-month period ended December 31, 2006 and the year ended September 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit of the Company's financial statements as at December 31, 2007 and for the year then ended in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). We conducted our audits of the Company's financial statements as at December 31, 2006 and for the fifteen-month period ended December 31, 2006 and the year ended September 30, 2005 in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2007 and 2006 and the results of its operations and its cash flows for the year ended December 31, 2007, the fifteen-month period ended December 31, 2006 and the year ended September 30, 2005 in accordance with Canadian generally accepted accounting principles.

Internal Control over Financial Reporting

We have also audited Denison Mines Corp.'s internal control over financial reporting as at December 31, 2007, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

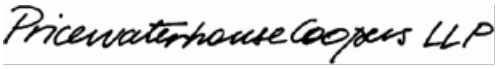
We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

As described in Management's Report on Internal Controls over Financial Reporting, management has excluded OmegaCorp from its assessment of internal control over financial reporting as at December 31, 2007 because it was acquired by the Company effective August 1, 2007. We have also excluded OmegaCorp from our audit of internal control over financial reporting. OmegaCorp is a wholly-owned subsidiary whose total assets represent 23% of the related consolidated financial statement amounts as at and for the year ended December 31, 2007.

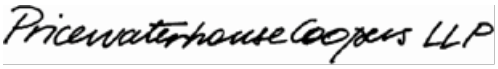
In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2007 based on criteria established in Internal Control — Integrated Framework issued by the COSO.



Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 18, 2008

Comments by Auditors on Canada — US Reporting Differences

In the United States, reporting standards for auditors require the addition of an explanatory paragraph (following the opinion paragraph) when there is a change in accounting principles that has a material effect on the comparability of the Company's financial statements, such as the changes described in Note 3 to these consolidated financial statements. Our report to the shareholders dated March 18, 2008 is expressed in accordance with Canadian reporting standards which do not require a reference to such a change in accounting principles in the Auditors' report when the change is properly accounted for and adequately disclosed in the financial statements.



Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 18, 2008

DENISON MINES CORP.
Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	December 31, 2007	December 31, 2006
ASSETS		
Current		
Cash and equivalents	$ 19,680	$ 69,127
Trade and other receivables	39,667	8,964
Note receivable (Note 22)	455	9,439
Inventories (Note 5)	30,921	21,553
Investments (Note 6)	13,930	—
Prepaid expenses and other	1,492	786
	106,145	109,869
Investments (Note 6)	20,507	16,600
Property, plant and equipment, net (Note 7)	727,823	403,571
Restricted investments (Note 8)	17,797	15,623
Intangibles (Notes 4 & 9)	6,979	10,844
Goodwill (Notes 4 & 10)	122,330	102,841
	$ 1,001,581	$ 659,348
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 22,642	$ 6,737
Deferred revenue	—	3,839
Current portion of long-term liabilities:		
Post-employment benefits (Note 11)	404	343
Reclamation and remediation obligations (Note 12)	565	524
Other long-term liabilities (Note 13)	6,619	4,683
	30,230	16,126
Deferred revenue	2,359	—
Provision for post-employment benefits (Note 11)	4,030	3,628
Reclamation and remediation obligations (Note 12)	19,824	17,923
Other long-term liabilities (Note 13)	7,343	9,489
Future income tax liability (Note 14)	141,525	92,204
	205,311	139,370
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	662,949	548,069
Share purchase warrants (Note 16)	11,728	11,733
Contributed surplus (Notes 17 & 18)	25,471	30,752
Deficit	(14,834)	(62,078)
Accumulated other comprehensive income		
Unrealized gains on investments (note 19)	18,100	—
Cumulative foreign currency translation gain (loss)	92,856	(8,498)
	796,270	519,978
	$ 1,001,581	$ 659,348
Issued and outstanding common shares (Note 15)	189,731,635	178,142,682

Contingent liabilities and commitments (Note 26)

On Behalf of the Board of Directors:

"*E. Peter Farmer*"
Director

"*Catherine J. G. Stefan*"
Director

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.

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

	Year Ended December 31, 2007	Fifteen Months Ended December 31, 2006	Restated (Note 3) Year Ended September 30, 2005
REVENUES (Note 22)	$ 76,764	$ 9,722	$ 131
EXPENSES			
Operating expenses	47,038	7,023	2,542
Sales royalties and capital taxes	2,301	420	—
Mineral property exploration	20,963	14,790	8,108
General and administrative	13,469	11,379	4,537
Write-down of mineral properties (Note 7)	—	204	1,761
	83,771	33,816	16,948
Loss from operations	(7,007)	(24,094)	(16,817)
Other income, net (Note 20)	41,627	7,399	5,757
Income (loss) for the period before taxes	34,620	(16,695)	(11,060)
Income tax recovery (expense):			
Current	(3,141)	—	—
Future	15,765	(303)	(390)
Net income (loss) for the period	$ 47,244	$ (16,998)	$ (11,450)
Deficit, beginning of period	$ (62,078)	$ (45,080)	$ (32,856)
Retrospective effect of change in accounting policy for stock-based compensation expense (Note 3)	—	—	(774)
Deficit, beginning of period as restated	(62,078)	(45,080)	(33,630)
Deficit, end of period	$ (14,834)	$ (62,078)	$ (45,080)
Net income (loss) for the period	$ 47,244	$ (16,998)	$ (11,450)
Change in unrealized gains in investments	(6,742)	—	—
Change in foreign currency translation	101,354	(8,498)	—
Comprehensive income (loss)	$ 141,856	$ (25,496)	$ (11,450)
Net income (loss) per share			
Basic	$ 0.25	$ (0.18)	$ (0.14)
Diluted	$ 0.24	$ (0.18)	$ (0.14)
Weighted-average number of shares outstanding (in thousands)			
Basic	188,722	94,238	80,575
Diluted	193,613	94,238	80,575

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.

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

CASH PROVIDED BY (USED IN):	Year Ended December 31, 2007	Fifteen Months Ended December 31, 2006	Restated (Note 3) Year Ended September 30, 2005
OPERATING ACTIVITIES			
Net income (loss) for the period	$ 47,244	$ (16,998)	$ (11,450)
Items not affecting cash:			
Depletion, depreciation, amortization and accretion	13,386	850	549
Stock-based compensation	1,382	6,203	1,180
Gain on timing and estimate revision of asset retirement obligations	—	(3,065)	—
Equity loss of Fortress Minerals Corp.	—	4,003	1,493
Dilution gain	—	(7,167)	(2,098)
Minority interest	—	—	(917)
Net (gain) loss on sale of assets	(45,446)	273	(2,976)
Mineral property write-downs	—	204	1,761
Other non-cash	2,425	—	—
Change in future income taxes	(15,765)	304	390
Net change in non-cash working capital items (Note 24)	(26,310)	(12,101)	(124)
Net cash used in operating activities	(23,084)	(27,494)	(12,192)
INVESTING ACTIVITIES			
Acquisition of businesses, net of cash and equivalents acquired and acquisition costs (Note 4)	(158,583)	60,219	—
Decrease in notes receivable	9,778	—	—
Purchase of long-term investments	(1,458)	(2,158)	(1,259)
Proceeds from sale of long-term investments	52,870	—	4,303
Expenditures on property, plant and equipment	(59,578)	(11,253)	(2,405)
Proceeds from sale of property, plant and equipment	33	—	100
Increase in restricted investments	(1,531)	(1,056)	(458)
Net cash provided by (used in) investing activities	(158,469)	45,752	281
FINANCING ACTIVITIES			
Decrease in other long-term liabilities	(50)	(21)	(15)
Issuance of common shares for cash:			
New share issues	102,151	42,526	5,574
Exercise of stock options and warrants	5,114	3,330	418
Net cash provided by financing activities	107,215	45,835	5,977
Foreign exchange effect on cash and equivalents	24,891	(1,077)	—
Net increase (decrease) in cash and equivalents	(49,447)	63,016	(5,934)
Cash and equivalents, beginning of period	69,127	6,111	12,045
Cash and equivalents, end of period	$ 19,680	$ 69,127	$ 6,111

Supplemental cash flow information (Note 24)

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS

Denison Mines Corp. is incorporated under the Business Corporations Act (Ontario) ("OBCA"). Denison Mines Corp. and its subsidiary companies and joint ventures (collectively, the "Company") are engaged in uranium mining and related activities, including acquisition, exploration and development of uranium bearing properties, extraction, processing, selling and reclamation. The environmental services division of the Company provides mine decommissioning and decommissioned site monitoring services for third parties.

The Company has a 100% interest in the White Mesa mill located in Utah, United States and a 22.5% interest in the McClean Lake mill located in the Athabasca Basin of Saskatchewan, Canada. The Company has interests in a number of nearby mines at both locations, as well as interests in development and exploration projects located in Canada, the United States, Mongolia and Zambia, some of which are operated through joint ventures and joint arrangements. Uranium, the Company's primary product, is produced in the form of uranium oxide concentrates ("U_3O_8") and sold to various customers around the world for further processing. Vanadium, a co-product of some of the Company's mines is also produced and is in the form of vanadium pentoxide, or V_2O_5. The Company is also in the business of recycling uranium bearing waste materials, referred to as "alternate feed materials".

Denison Mines Inc. ("DMI"), a subsidiary of the Company is the manager of Uranium Participation Corporation ("UPC"), a publicly-listed investment holding company formed to invest substantially all of its assets in U_3O_8 and uranium hexafluoride ("UF_6"). The Company has no ownership interest in UPC but receives various fees for management services and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC.

In August 2006, the Company changed its fiscal year end from September 30 to December 31 to align its reporting periods with that of its peers in the uranium industry. The Company had elected to use a 15-month period ending December 31, 2006 for its audited consolidated financial statements as permitted under Canadian securities regulation. References to "2007", "2006" and "2005" refer to the year ended December 31, 2007, the 15-month period ended December 31, 2006 and the year ended September 30, 2005 respectively.

2. SUMMARY OF SIGNIFICANT MINING INTERESTS AND ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared by management in U.S. dollars, unless otherwise stated, in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"). All adjustments considered necessary by management for fair presentation have been included in these financial statements. Differences between Canadian GAAP and those generally accepted accounting principles and practices in the United States ("U.S. GAAP") that would have a significant impact on these financial statements are disclosed in Note 28.

Significant Mining Interests

The following table sets forth the Company's ownership of its significant mining interests that have projects at the development stage within them as at December 31, 2007:

	Location	Ownership Interest
Through majority owned subsidiaries		
Arizona Strip	USA	100.00%
Henry Mountains	USA	100.00%
Colorado Plateau	USA	100.00%
Sunday Mine	USA	100.00%
Gurvan Saihan Joint Venture	Mongolia	70.00%
Mutanga	Zambia	100.00%
As interests in unincorporated joint ventures, or jointly controlled assets		
McClean Lake	Canada	22.50%
Midwest	Canada	25.17%

Significant Accounting Policies

The principal accounting policies and practices under Canadian GAAP followed by the Company in the preparation of these financial statements are summarized below:

a) Principles of Consolidation

These consolidated financial statements include the accounts of Denison Mines Corp., its subsidiaries and its share of assets, liabilities, revenues and expenses of jointly-controlled companies and unincorporated ventures proportionate to the Company's percentage ownership or participating interest. All significant intercompany balances and transactions have been eliminated on consolidation.

The companies and ventures controlled by Denison Mines Corp. are consolidated using the full consolidation method. Control is defined as the direct or indirect power to govern a company's financial and operating policies in order to benefit from its activities.

The companies and ventures jointly controlled by Denison Mines Corp. are consolidated using the proportionate consolidation method. Joint control is deemed to exist when agreements exist that require that material changes to the operating, investing and financing policies of such company or venture be approved by a percentage of the participating interest sufficiently high enough to prevent any one participant from exercising unilateral control.

The companies and ventures in which Denison Mines Corp. exercises significant influence over financial policy and management ("associates") are accounted for using the equity method. In determining whether significant influence exists, the Company evaluates a number of criteria including the percentage of voting interest held, and representation on the board of directors or in senior management.

Variable Interest Entities ("VIEs") (which include, but are not limited to, special purpose entities, trusts, partnerships and other legal structures) are consolidated by the Company if it is the primary beneficiary who will absorb the majority of the entities expected losses and / or expected residual returns in accordance with the guidance in Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline ("AcG") 15, "Consolidation of Variable Interest Entities".

(a) Use of Estimates

The presentation of consolidated financial statements in conformity with Canadian GAAP requires the Company's management to make estimates and assumptions that affect the amounts reported in these financial statements and related note disclosures. Although the Company regularly reviews the estimates and assumptions that affect these financial statements, actual results may be materially different. Significant estimates and assumptions made by management relate to the determination of economic lives, recoverability of and reclamation obligations for property, plant and equipment and the evaluation of post-employment benefits, future income taxes, contingent liabilities and stock-based compensation.

(b) Foreign Currency Translation

As of December 1, 2006, the Company's currency of measurement for its Canadian operations, including those acquired under the business combination with Denison Mines Inc., is the Canadian dollar. As the Company's reporting currency is the U.S. dollar, the Company applies the current rate method for translation of the Company's net investment in its Canadian operations. Assets and liabilities denominated in currencies other

than the U.S. dollar are translated at the exchange rate in effect at the balance sheet date. Revenues and expenses denominated in currencies other than the U.S. dollar are translated at the average rate in effect during the period. Translation gains and losses are recorded in other comprehensive income which will be recognized in the results of operations upon the substantial disposition, impairment, liquidation or closure of the investment that gave rise to such amounts.

Prior to December 1, 2006, the Company's primary currency of measurement and reporting was the U.S. dollar. Monetary assets and liabilities denominated in currencies other than the U.S. dollar were translated at the exchange rate in effect at the balance sheet date. Non-monetary assets and liabilities denominated in currencies other than the U.S. dollar were translated at the exchange rate in effect at the transaction date. Revenues and expenses denominated in currencies other than the U.S. dollar were translated at the average rate in effect during the period, with the exception of depreciation and amortization which were translated at historical rates. Translation gains and losses were recorded in the results of operations for the period.

(c) Income Taxes

Income taxes are accounted for using the liability method of accounting for future income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current period. Future income tax assets and liabilities are recognized based on temporary differences between the financial statement carrying values of the existing assets and liabilities and their respective income tax bases using enacted or substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled. The recognition of future income tax assets such as tax losses available for carry forward are limited to the amount that is "more likely than not" to be realized.

(d) Flow-Through Common Shares

The Company's Canadian exploration activities have been financed in part through the issuance of flow-through common shares whereby the tax benefits of the eligible exploration expenditures incurred under this arrangement are renounced to the subscribers. In accordance with Emerging Issues Committee ("EIC") Abstract No. 146: Flow-Through Shares applicable for flow-through financings initiated after March 19, 2004, the foregone tax benefits to the Company are recognized by reducing the proceeds received from these financings by the tax effects of the renunciation to the subscribers at the time of renunciation by the Company.

(e) Cash and Equivalents

Cash and equivalents consist of cash on deposit and highly-liquid, short-term money market instruments which, on acquisition, have terms to maturity of three months or less. Cash and equivalents which are subject to restrictions that prevent its use for current purposes are classified as restricted investments.

(f) Inventories

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

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

In-process and concentrate inventories include the cost of the ore removed from the stockpile as well as production costs incurred to convert the ore into a saleable product. Conversion costs typically include labor, chemical reagents and certain mill overhead expenditures. Items are valued according to the first-in first-out method (FIFO) or at weighted average cost, depending on the type of inventory or work-in-process.

Mine and mill supplies are valued at the lower of average cost and replacement cost.

(g) Investments

Portfolio investments over which the Company does not exercise significant influence are accounted for as available for sale securities.

Investments in affiliates over which the Company exercises significant influence are accounted for using the equity method, whereby the investment is initially recorded at cost and adjusted to recognize the Company's share of earnings or losses, reduced by dividends and distributions received.

(h) Property, Plant and Equipment

Plant and equipment

Property, plant and equipment are recorded at acquisition or production cost and carried net of depreciation. Depreciation is calculated on a straight line or unit of production basis as appropriate. Where a straight line methodology is used, the assets are depreciated to their estimated residual value over an estimated useful life which ranges from three to fifteen years depending upon the asset type. Where a unit of production methodology is used, the assets are depreciated to their estimated residual value over the useful life defined by management's best estimate of recoverable reserves and resources in the current mine plan. When assets are retired or sold, the resulting gains or losses are reflected in current earnings as a component of other income or expense.

Mineral Property Acquisition, Exploration and Development Costs

Mineral property costs include acquisition costs relating to acquired mineral use rights and are capitalized.

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

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

Impairment of Long-Lived Assets

The Company applies CICA Handbook Section 3063: Impairment of Long-Lived Assets which provides standards for the recognition, measurement and disclosure of impairment of long-lived assets including property, plant and equipment.

Long-lived assets are assessed by management for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value and is charged to the results of operations. Fair value represents future undiscounted cash flows from an area of interest, including estimates of selling price and costs to develop and extract the mining assets.

(i) Asset Retirement Obligations

The Company applies CICA Handbook Section 3110: Asset Retirement Obligations which provides standards for the recognition, measurement and disclosure of liabilities for asset retirement obligations and the associated asset retirement costs.

Asset retirement obligations, any statutory, contractual or other legal obligation related to the retirement of tangible long-lived assets, are recognized when such obligations are incurred, if a reasonable estimate of fair value can be determined. These obligations are measured initially at fair value and the resulting costs are capitalized and added to the carrying value of the related assets. In subsequent periods, the liability is adjusted for the accretion of the discount and the expense is recorded in the income statement. Changes in the amount or timing of the underlying future cash flows are immediately recognized as an increase or decrease in the carrying amounts of the liability and related assets. These costs are amortized to the results of operations over the life of the asset.

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

(j) Goodwill and Other Intangibles

Business combinations are accounted for under the purchase method of accounting whereby acquired assets and liabilities are recorded at fair value as of the date of acquisition. The excess of the purchase price over the

fair value is recorded as goodwill. The Company evaluates the carrying amount of goodwill at least annually to determine whether events or changes in circumstances indicate that such carrying amount may no longer be recoverable. Any impairment as determined in accordance with CICA Handbook Section 3062: Goodwill and Other Intangible Assets is charged to operations.

(k) Post-Employment Benefits

The Company assumed the obligation of a predecessor company to provide life insurance, supplemental health care and dental benefits, excluding pensions, to its former Canadian employees who retired on immediate pension from active service prior to 1997. The estimated cost of providing these benefits was actuarially determined using the projected benefits method and is recorded on the balance sheet at its estimated present value. The interest cost on this unfunded liability is being accreted over the remaining lives of this retiree group.

(l) Fair Values

The carrying amounts for cash and equivalents, trade and other receivables, notes receivable and accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments. The fair value of other long-term liabilities approximates book value unless otherwise disclosed. Fair value estimates are made at the balance sheet date, based on relevant market data.

(m) Revenue Recognition

Revenue from the sale of uranium concentrate to customers is recognized when title to the product passes to the customer and delivery is effected by book transfer.

Revenue from alternate feed process milling is recognized as material is processed, in accordance with the specifics of the applicable processing agreement. In general, the Company collects a recycling fee for receipt of the material and/or receives the proceeds from the sale of any uranium concentrate and other metals produced. Deferred revenues represent processing proceeds received on delivery of materials but in advance of the required processing activity.

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

Management fees earned from UPC are recognized as earned on a monthly basis. Commission revenue earned on acquisition or sale of U_3O_8 and UF_6 on behalf of UPC is recognized on the date when title passes to UPC.

Revenues are recognized only to the extent they are reasonably considered to be collectible.

(n) Stock-Based Compensation

Effective October 1, 2004, the Company retrospectively adopted, without restatement, the amended standards of CICA Handbook Section 3870: Stock-Based Compensation and Other Stock-Based Payments (“Section 3870”) which established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services.

Section 3870 requires a fair value-based method of accounting for stock options granted to employees, including directors, and to non-employees. The fair value of stock options granted is recognized on a straight-line basis over the applicable vesting period as an increase in stock-based compensation expense and the contributed surplus account. When such stock options are exercised, the proceeds received by the Company, together with the respective amount from contributed surplus, are credited to share capital.

(o) Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) for the period by the weighted-average number of common shares outstanding for the period. The Company follows the “treasury stock” method in the calculation of diluted earnings per share. Under this method, the calculation of diluted earnings per share assumes that the proceeds to be received from the exercise of “in the money” stock options and warrants are applied to repurchase common shares at the average market price for the period. The calculation of diluted loss per share does not make this assumption as the result would be anti-dilutive.

(p) Financial Instruments — Recognition and Measurement

CICA Handbook Section 3855: Financial Instruments — Recognition and Measurement establishes standards for the recognition, classification and measurement of financial instruments including the presentation of any resulting gains and losses. Assets classified as available-for-sale securities will have revaluation gains and

losses included in other comprehensive income (and not included in the income statement) until such time as the asset is disposed of or incurs a decline in fair value that is other than temporary. At such time, any gains or losses will then be realized and reclassified to the income statement.

Recent Pronouncements

The CICA issued the following accounting standards effective for the fiscal years beginning on or after October 1, 2007 and January 1, 2008:

a) Accounting Standards Section 3031 “Inventories” provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories and is effective for the fiscal years beginning on or after January 1, 2008.

b) Accounting Standards Section 3862 “Financial Instruments — Disclosures” requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the company’s financial positions and performance; the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date; and how the company manages those risks. This accounting standard is effective for fiscal years beginning on or after October 1, 2007.

c) General Accounting Section 1535 “Capital Disclosures” requires the disclosure of both qualitative and quantitative information that enable users to evaluate the company’s objectives, policies and processes for managing capital.

d) Effective January 1, 2009, the Company will adopt Section 3064 “Goodwill and intangible assets” which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27 “Revenues and expenses during the pre-operating period”. As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

Comparative Numbers

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

3. CHANGE IN ACCOUNTING POLICIES

The Company adopted the following new accounting standards effective January 1, 2007:

a) CICA Handbook Section 1530: “Comprehensive Income” establishes standards for reporting comprehensive income, defined as a change in value of net assets that is not due to owner activities, by introducing a new requirement to temporarily present certain gains and losses outside of net income. The impact of this new standard is discussed below in c);

b) CICA Handbook Section 3251: “Equity” establishes standards for the presentation of equity and changes in equity during the reporting period. The adoption of this new standard by the Company did not have a material impact;

c) CICA Handbook Section 3855: “Financial Instruments — Recognition and Measurement” establishes standards for the recognition, classification and measurement of financial instruments including the presentation of any resulting gains and losses. Assets classified as available-for-sale securities have revaluation gains and losses included in other comprehensive income (and not included in the income statement) until such time as the asset is disposed of or incurs a decline in fair value that is other than temporary. At such time, any gains or losses are then realized and reclassified to the income statement. At December 31, 2006, the Company had certain long-term investments that would be classified as available-for-sale securities under this new standard, and any unrealized gains and losses would be included in comprehensive income; and

d) CICA Handbook Section 1506: Accounting Changes (“CICA 1506”) effective for fiscal years beginning on or after January 1, 2007 establishes standards and new disclosure requirements for the reporting of changes in accounting policies and estimates and the reporting of error corrections. CICA 1506 clarifies that a change in accounting policy can be made only if it is a requirement under Canadian GAAP or if it provides reliable and more relevant financial statement information. Voluntary changes in accounting policies require retrospective application of prior period financial statements, unless the retrospective effects of the changes are impracticable to determine, in which case the retrospective application may be limited to the assets and liabilities of the earliest period practicable, with a corresponding adjustment made to opening retained earnings.

Exploration Expenditures

In 2006, the Company adopted the policy of expensing exploration expenditures on mineral properties not sufficiently advanced to identify their development potential. Previously, the Company had been capitalizing such exploration expenditures as incurred which is permitted under Canadian GAAP, provided that these exploration expenditures have the characteristics of property, plant and equipment and that capitalization is appropriate under the circumstances.

The primary purpose of this change in accounting policy is to align the accounting treatment of exploration expenditures on mineral properties not sufficiently advanced to identify their development potential, with those of the Company's producing peers in the resource industry.

The Company has adopted this change in accounting policy on a retrospective basis with restatement of the comparative periods presented. This change has also been applied to the Company's recognition of its investment in Fortress Minerals Corp.

Results for the 2005 period have been restated to reflect this change in accounting policy. The following table summarizes the effects of this change in accounting policy:

(in thousands)	As Previously Reported	Adjustment	As Restated
Balance Sheet at September 30, 2005:			
Long-term investments	$ 4,938	$ (1,124)	$ 3,814
Property, plant & equipment	16,631	(9,864)	6,767
Future income tax liability	1,461	(1,071)	390
Share capital	56,146	2,019	58,165
Deficit	(33,144)	(11,936)	(45,080)
2005 Statement of Operations and Deficit			
Mineral property exploration	98	8,010	8,108
Write-down of mineral properties	1,870	(109)	1,761
Equity in loss of Fortress Minerals Corp.	679	814	1,493
Income tax expense	27	363	390
Net loss for the year	(2,372)	(9,078)	(11,450)
2005 Statement of Cash Flows			
Stock-based compensation	948	232	1,180
Write-down of mineral properties	1,870	(109)	1,761
Change in future income taxes	27	363	390
Equity in loss of Fortress Minerals Corp.	679	814	1,493
Net cash used in operating activities	(4,414)	(7,778)	(12,192)
Expenditures on mineral properties	(9,265)	7,778	(1,487)
Net cash provided by (used in) investing activities	(7,497)	7,778	281

Stock-Based Compensation

Effective October 1, 2004, the Company adopted the amended standards of CICA Handbook Section 3870 which establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. It requires a fair value-based method of accounting for stock options granted to employees, including directors, and to non-employees. Prior to October 1, 2004, the application of the fair value-method of accounting was limited to stock options granted to non-employees. The intrinsic value-based method of accounting was applied to stock options granted to employees which did not result in additional stock-based compensation expense as the exercise price was equal to the market price on the grant date. Pro forma disclosure of net income (loss) and earnings (loss) per share had the fair value-method been applied to stock options granted to employees was required.

The Company has adopted the amendments to CICA Handbook Section 3870 on a retrospective basis without restatement of periods prior to October 1, 2004. As a result, a cumulative adjustment of $774,000 to opening deficit effective October 1, 2004 has been reported separately on the consolidated statements of deficit. This adjustment represents the fair value of stock options granted to employees of $738,000 during 2004 and $36,000 during 2003.

4. ACQUISITIONS

Acquisition of OmegaCorp Limited ("Omega")

In 2007, the Company acquired 154,250,060 common shares of Omega and initiated compulsory acquisition proceedings for the remaining shares that it did not yet own. The cost of this investment, which was settled in cash, was $167,204,000. The Company has determined that it exercises control over Omega and is using the full consolidation method to account for this investment effective August 1, 2007. Prior to this date, the investment was being accounted for using the fair value method.

The preliminary allocation of the purchase price for Omega is based on management's estimate of the cost of the acquisition and is summarized below.

(in thousands)	Omega Fair Value August 1, 2007
Cash and equivalents	$ 8,621
Trade and other receivables	243
Long-term investments	3,022
Property, plant and equipment	
Plant and equipment	199
Mineral properties	208,088
Total assets	220,173
Accounts payable and accrued liabilities	947
Future income tax liability	52,022
Total liabilities	52,969
Net assets purchased	$167,204

Omega's assets and liabilities were measured at their individual fair values as of August 1, 2007. The majority of the fair value has been allocated to the Mutanga project mineral property resources included in the property, plant and equipment value above. In arriving at these preliminary fair values, management has made assumptions, estimates and assessments at the time these financial statements were prepared. The future income tax liability as a result of these fair value adjustments has been estimated based on the income tax rates that management believes are most applicable to the operations acquired. In Zambia, the income tax rate used in the estimate was 25%.

Subsequent to the 2007 year-end, the Zambian government proposed enactment of legislation which would increase the income tax rate for mining companies from 25% to 30%. The Company is still evaluating the impact of this proposed legislative change.

Acquisition of Denison Mines Inc. ("DMI")

Effective December 1, 2006, International Uranium Corporation ("IUC") completed the acquisition of Denison Mines Inc. ("DMI") pursuant to the terms of an arrangement agreement dated September 18, 2006, as amended and restated on October 16, 2006 (the "Arrangement"). Under the Arrangement, IUC and DMI entered into a business combination by way of a plan of arrangement whereby IUC acquired all of the issued and outstanding shares of DMI in a share exchange at a ratio of 2.88 common shares of IUC for each common share of DMI. Immediately thereafter, the pre-Arrangement shareholders of IUC and DMI each owned 50.2% and 49.8%, respectively, of the Company with 177,648,226 common shares issued and outstanding, excluding the effects of outstanding stock options and share purchase warrants.

Concurrent with the Arrangement, the Company changed its name from International Uranium Corporation to Denison Mines Corp. ("DMC").

DMI was formed by arrangement under the OBCA and, prior to the Arrangement, its common shares were publicly traded on the TSX under the symbol DEN. DMI is engaged in uranium mining and related activities and its assets include a 22.5% interest in the McClean Lake mill and nearby mines and an environmental services division which provides mine decommissioning and decommissioned site monitoring services for third parties.

The purchase price calculation for the Arrangement is summarized below (in thousands, except for per share amounts):

DMI common shares outstanding	30,552
Exchange ratio	2.88
Common shares of IUC issued to DMI shareholders	87,991
Fair value per share of each IUC common share issued, in CDN$	$ 5.74
Fair value of common shares issued by the Company, in CDN$	$505,069
Canadian/U.S. dollar exchange rate	1.1449
Fair value of common shares issued by the Company	$441,147
Fair value of DMI share purchase warrants assumed by the Company	11,744
Fair value of DMI stock options assumed by the Company	25,635
Direct acquisition costs incurred by the Company	3,414
Purchase price	$481,940

The fair value per share of each IUC common share represents the weighted-average closing price of the two days before, day of and two days after the day the Arrangement was announced on September 18, 2006. The calculation of the fair value of the share purchase warrants assumed by the Company to replace those of DMI was based on the weighted-average closing price of each warrant series for the two days before, day of and two days after the day the Arrangement was announced on September 18, 2006. The calculation of the fair value of stock options assumed by the Company to replace those of DMI was determined using the Black-Scholes option pricing model. Each DMI stock option and warrant will provide the holder the right to acquire a common share of the Company when presented for exercise adjusted by the exchange ratio above.

The fair value of the share purchase warrants assumed by the Company to replace those of DMI totaled $11,744,000 (CDN$13,445,000) and was based on a fair value of $1.23 (CDN$1.40) per share. As at December 1, 2006, DMI had outstanding share purchase warrants to purchase 1,099,051 common shares of DMI exercisable at CDN$15.00 per share (the “November 2004” series) and outstanding share purchase warrants to purchase 2,225,000 common shares of DMI exercisable at CDN$30.00 per share (the “March 2006” series). Each warrant assumed is exercisable for 2.88 shares of the Company (see note 16).

The fair value of the stock options assumed by the Company to replace those of DMI totaled $25,635,000 (CDN$29,349,000). The calculation of this fair value of $6.31 (CDN$7.22) per share was estimated as of December 1, 2006 using the Black-Scholes option pricing model with the following weighted-average assumptions: risk-free interest rate of 3.90%, expected stock price volatility of 50%, expected life of 3.75 to 4.93 years and expected dividend yield of Nil. As at December 1, 2006, DMI had outstanding fully-vested stock options to purchase 1,411,000 common shares of DMI exercisable at a weighted-average price of CDN$11.15 per share with various expiry dates to October 4, 2016.

The allocation of the purchase price is based on management's estimate of the fair values after giving effect to the Arrangement as summarized below:

(in thousands)	DMI Fair Value December 1, 2006
Cash and equivalents	$ 63,634
Other current assets	25,067
Long-term investments	7,596
Property, plant and equipment	
Plant and equipment	70,134
Mineral properties	325,618
Restricted investments	1,990
Intangibles	
UPC management contract	6,463
Goodwill	105,915
Total assets	606,417
Current liabilities	
Account payable and accruals	6,234
Fair value of sales and toll milling contracts	6,201
Provision for post-employment benefits	3,692
Reclamation and remediation obligations	7,888
Other long-term liabilities	
Fair value of sales and toll milling contracts	9,520
Other	33
Future income tax liability	90,909
Total liabilities	124,477
Net assets purchased	$ 481,940

The Arrangement has been accounted for under the purchase method with IUC as the acquirer for accounting purposes. In making this determination, management considered the relative shareholdings of the combined company, the premium paid by IUC to acquire DMI and the composition of the board of directors and the executive management team.

DMI's assets and liabilities were measured at their individual fair values as of December 1, 2006. In arriving at these fair values, management has made assumptions, estimates and assessments at the time these financial statements were prepared. The company engaged independent valuators to assist in the determination of the fair values of the significant assets and liabilities acquired. The future income tax liability as a result of these fair value adjustments has been estimated based on a statutory income tax rate of 31%.

In 2007, the Company adjusted the fair value of the UPC management contract. The estimated useful life of the contract was reduced to 8 years from 13 years and the associated discounted cash flow stream was decreased by CDN$4,600,000. The fair value adjustment (net of future tax effects) has been reclassified to goodwill. The intangible asset is being amortized over its estimated life of 8 years (see note 9 and 10).

5. INVENTORIES

The inventories balance consists of:

(in thousands)	December 31, 2007	December 31, 2006
Uranium and vanadium concentrates	$ 8,344	$ 9,758
Inventory of ore in stockpiles	19,289	8,817
Mine and mill supplies	3,288	2,978
	$ 30,921	$ 21,553

6. INVESTMENTS

The investments balance consists of:

(in thousands)	December 31, 2007	January 1, 2007	December 31, 2006
Portfolio investments			
At accounting cost (1)	$ 16,234	$10,249	$ 10,249
Excess of market value over cost	18,203	25,008	—
Investments in affiliates (2)			
Fortress Minerals Corp.	—	6,351	6,351
	$ 34,437	$41,608	$ 16,600
Investments:			
Current	13,930	—	—
Long-term	20,507	41,608	16,600
	$ 34,437	$41,608	$ 16,600

(1) For accounting purposes, effective January 1, 2007, portfolio investments are carried at fair value on the balance sheet. The adjustments to fair value have been reflected in other comprehensive income net of tax;

(2) Investments in affiliates are those in which the Company exercises significant influence. For accounting purposes, these investments are accounted for using the equity method and are not carried at fair value.

Portfolio investments

At December 31, 2007, portfolio investments consist of common shares of six publicly-traded companies (and options to acquire additional shares in two of them) at an accounting cost of $16,234,000 (December 31, 2006: $10,249,000) and an aggregate market value of $34,437,000 (December 31, 2006: $35,257,000). The options entitle the Company to purchase an additional 7,500,000 common shares for a total exercise price of $1,362,000.

During 2007, the Company acquired additional equity interests in portfolio investments at a cost of $1,458,000 (2006: $634,000).

During 2007, the Company sold 1,152,000 common shares of Energy Metals Corp (“EMC”) for cash consideration of approximately CDN$18,754,000. The resulting gain has been included in net other income in the statement of operations (see note 20). The Company no longer holds a common share interest in EMC.

Investments in affiliates

At December 31, 2007, the Company held nil common shares (December 31, 2006: 30,598,750 common shares) of Fortress Minerals Corp. (“Fortress”), representing 0.0% (December 31, 2006: 44.39%) of its issued and outstanding common shares.

During 2007, the Company sold 30,598,750 common shares of Fortress for cash consideration of approximately CDN$38,067,000. The resulting gain has been included in net other income in the statement of operations (see note 20). The Company no longer holds a common share interest in Fortress.

During 2006, the Company participated in private placements to purchase 1,866,250 common shares of Fortress at a total cost of $1,524,000 (CDN$1,745,000).

The Company’s investment in Fortress has been subject to varying degrees of ownership interest. These financial statements include the accounts of Fortress Minerals Corp. on a consolidated basis for the period from October 1, 2004 to April 29, 2005. For the period from April 30, 2005 to September 30, 2005, the fifteen month period ended December 31, 2006 and the six month period ended June 30, 2007, the equity method was used. The equity method was discontinued subsequent to June 30, 2007 and the appropriate portion of the cumulative equity accounting adjustments were derecognized at the time of the common share sales and included in the gain referred to above.

In 2006, the Company recognized a dilution gain of $7,167,000 offset by a loss in equity of $4,003,000 associated with its investment in Fortress.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

(in thousands)	December 31, 2007	December 31, 2006
Cost, net of write-downs		
Plant and equipment		
Mill and mining related	$ 135,375	$ 83,354
Environmental services and other	2,742	1,662
Mineral properties	609,569	326,334
	747,686	411,350
Accumulated depreciation and amortization		
Plant and equipment		
Mill and mining related	9,182	6,326
Environmental services and other	843	457
Mineral properties	9,838	996
	19,863	7,779
Property, plant and equipment, net	$ 727,823	$ 403,571
Net book value		
Plant and equipment		
Mill and mining related	$ 126,193	$ 77,028
Environmental services and other	1,899	1,205
Mineral properties	599,731	325,338
	$ 727,823	$ 403,571

Plant and Equipment — Mill and Mining Related

The Company has a 100% interest in the White Mesa mill located in Utah and mines located in Arizona, Colorado and Utah. Mined ore from these mines will be processed at the White Mesa mill.

The Company has a 22.5% interest in the McClean Lake mill and mines located in the Athabasca Basin of Saskatchewan, Canada. The McClean Lake mill achieved commercial production levels on November 1, 1999 and has been constructed to process ore from the McClean Lake mine as well as other deposits in the area. A toll milling agreement has been signed with the participants in the Cigar Lake joint venture that provides for the processing of a substantial portion of the future output of the Cigar Lake mine at the McClean Lake mill, for which the owners of the McClean Lake mill will receive a toll milling fee and other benefits. In determining the amortization rate for the McClean Lake mill, the amount to be amortized has been adjusted to reflect Denison's expected share of future toll milling revenue.

Plant and Equipment — Environmental Services and Other

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

Mineral Properties

The Company has various interests in development and exploration projects located in Canada, the U.S., Mongolia and Zambia which are held directly or through option or joint venture agreements. The most significant of these interests are as follows:

Canada

The Company has a 22.5% interest in the McClean project and a 25.17% interest in the Midwest project located in the Athabasca Basin of Saskatchewan, Canada. These projects are in the development stage and were acquired by the Company in 2006, along with some other exploration projects, as part of the DMI acquisition (see note 4).

Other significant mineral property interests that the Company has in Canada include:

a) Moore Lake — the Company has a 75% interest in the project (located in the Athabasca Basin) subject to a 2.5% net smelter return royalty;

b) Wheeler River — in October 2004, the Company entered into an option agreement with its joint venture partners to earn a further 20% ownership interest in the Wheeler project by funding CDN$7,000,000 in exploration expenditures over the next 6 years. During 2007, the Company fulfilled its obligations under the option agreement and increased its ownership interest in the project from 40% to 60%; and

c) Wolly — In October 2004, the Company entered into an option agreement with its joint venture partners to earn a 22.5% ownership interest in the Wolly project by funding CDN$5,000,000 in exploration expenditures over the next six years. As at December 31, 2007, the Company has incurred a total of CDN$2,560,000 towards this option and has earned a 6.5% ownership interest in the project under the phase-in ownership provisions of the agreement.

United States

During 2007 and 2006, the Company commenced mining activities through the re-opening of some of its U.S. mines in Colorado, Utah and Arizona which had been shut down since 1999.

In March 2007, the Company acquired certain uranium deposits located in the Arizona Strip district in northeastern Arizona for cash consideration of $5,500,000 (excluding deal costs) plus a 1% royalty.

In January 2007, the Company completed a mineral property acquisition in the Henry Mountains district by issuing an additional 103,000 shares at a value of $947,000 (see note 15).

Mongolia

The Company has a 70% interest in and is the managing partner of the Gurvan Saihan Joint Venture in Mongolia. The results of the Gurvan Saihan Joint Venture have been included in these financial statements on a consolidated basis since the Company exercises control.

During 2006, the Company recorded a write-down of mineral property acquisition costs totaling $204,000 relating to certain of its Mongolian uranium properties due to exploration program results that did not warrant further work. Many of these properties were grass roots exploration prospects licensed in 2004 on the basis of favorable geology and radiometric anomalies. The properties were aggressively explored in 2005 and 2006.

During 2005, the Company recorded a write-down of mineral property acquisition costs of $1,761,000 relating to a decision by Fortress not to pursue its option on the Shiveen Gol Property, a precious/base metal property located in Mongolia.

Zambia

In August 2007, the Company acquired certain uranium deposits located in Zambia in conjunction with its purchase of Omega. The deposits, which are part of the Mutanga project, have been assigned a fair value of $208,088,000 (see note 4).

8. RESTRICTED INVESTMENTS

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

(in thousands)	December 31, 2007	December 31, 2006
U.S. mill and mine reclamation	$ 15,849	$ 13,667
Elliot Lake reclamation trust fund	1,948	1,541
Letter of credit collateral	—	415
	$ 17,797	$ 15,623

U.S. Mill and Mine Reclamation

The Company has cash and cash equivalents and fixed income securities as collateral for various bonds posted in favour of the State of Utah and the applicable state regulatory agencies in Colorado and Arizona for estimated reclamation costs associated with the White Mesa mill and U.S. mining properties. In 2007, the Company deposited an additional $982,000 into its collateral account.

Elliot Lake Reclamation Trust Fund

The Company has the obligation to maintain its decommissioned Elliot Lake uranium mine pursuant to a Reclamation Funding Agreement effective September 30, 1994 ("Agreement") with the Governments of Canada and Ontario. The Agreement requires the Company to deposit 90% of cash flow, after deducting permitted expenses, into the Reclamation Trust Fund. A subsequent amendment to the Agreement provides for the suspension of this obligation to deposit 90% of cash flow into the Reclamation Trust Fund, provided funds are maintained in the Reclamation Trust Fund equal to estimated reclamation spending for the succeeding six calendar years, less interest expected to accrue on the funds during the period. Withdrawals from this Reclamation Trust Fund can only be made with the approval of the Governments of Canada and Ontario to fund Elliot Lake monitoring and site restoration costs. In 2007, the Company deposited an additional CDN$552,000 into the Reclamation Trust Fund.

Letter of Credit Collateral

As at December 31, 2006, the Company had $415,000 of cash and cash equivalents restricted as collateral for certain letters of credit associated with performance obligations under a completed contract of its environmental services division. This obligation ended in 2007.

9. INTANGIBLES

A continuity summary of intangibles is presented below:

(in thousands)	December 31, 2007	December 31, 2006
Intangibles, beginning of period	$ 10,844	$ 625
Acquisition related additions	—	10,481
Fair value allocation adjustments	(4,279)	—
Amortization	(958)	(78)
Foreign exchange	1,372	(184)
Intangibles, end of period	$ 6,979	$ 10,844
Intangibles, by item:		
UPC management contract	6,495	10,297
Urizon technology licenses	484	547
	$ 6,979	$ 10,844

UPC Management Contract

The UPC management contract is associated with the acquisition of DMI (see note 4). The initial fair value of $10,481,000 was determined using a discounted cash flow approach after taking into account an appropriate discount rate. In 2007, the Company adjusted the fair value of the contract by $4,279,000 and adjusted the estimated useful life of the contract to 8 years. The contract is being amortized over its 8 year estimated useful life. The fair value adjustment (net of future tax effects) has been reclassified to goodwill.

Urizon Technology Licenses

The Company has a 50% interest in a joint venture with Nuclear Fuel Services, Inc. ("NFS") (the "Urizon" joint venture) to pursue an alternate feed program for the White Mesa mill. NFS contributed its technology license to the joint venture while the Company contributed $1,500,000 in cash together with its technology license. The accounts of Urizon have been included in the Company's consolidated financial statements on a proportionate consolidation basis. The joint venture has no cash flows arising from investing or financing activities.

This Urizon technology license is being amortized over an estimated useful life of 12 years and represents the Company's 50% interest in Urizon's technology licenses.

10. GOODWILL

A continuity summary of goodwill is presented below:

(in thousands)	December 31, 2007	December 31, 2006
Goodwill, beginning of period	$ 102,841	$ —
Acquisition related additions	—	104,682
Fair value allocation adjustments	1,314	—
Foreign exchange	18,175	(1,841)
Goodwill, end of period	$ 122,330	$ 102,841
Goodwill, by business unit:		
Canada mining segment	$ 122,330	$ 102,841

The Company's acquisition of DMI was accounted for using the purchase method. The excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. Under GAAP, goodwill is not amortized and is tested annually for impairment. The goodwill has been allocated to the Company's Canadian mining segment.

In 2007, the Company finalized the purchase price allocation associated with its acquisition of DMI resulting in an increase in goodwill of $1,314,000.

11. POST-EMPLOYMENT BENEFITS

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

The effective date of the most recent actuarial valuation of the accrued benefit obligation is October 1, 2005. The amount accrued is based on estimates provided by the plan administrator which are based on past experience, limits on coverage as set out in the applicable group policies and assumptions about future cost trends. The significant assumptions used in the valuation are listed below.

Discount rate	5.25%
Initial medical cost growth rate per annum	12.00%
Medical cost growth rate per annum decline to	6.00%
Year in which medical cost growth rate reaches its final level	2011
Dental cost growth rate per annum	4.00%

A continuity summary of post-employment benefits is presented below:

(in thousands)	December 31, 2007	December 31, 2006
Liability, beginning of period	$ 3,971	$ —
Acquisition related additions	—	4,041
Benefits paid	(432)	(16)
Interest cost	215	16
Foreign exchange	680	(70)
Liability, end of period	$ 4,434	$ 3,971
Post-employment benefits liability by duration:		
Current	$ 404	$ 343
Non-current	4,030	3,628
	$ 4,434	$ 3,971

12. RECLAMATION AND REMEDIATION OBLIGATIONS

A continuity summary of reclamation and remediation obligations is presented below:

(in thousands)	December 31, 2007	December 31, 2006
Reclamation obligations, beginning of period	$ 18,447	$ 12,935
Acquisition related additions	—	8,360
Accretion	1,364	50
Expenditures incurred	(436)	(39)
Liability adjustments	(449)	(2,712)
Foreign exchange	1,463	(147)
Reclamation obligations, end of period	$ 20,389	$ 18,447
Site restoration liability by location:		
U.S. Mill and Mines	$ 10,467	$ 10,223
Elliot Lake	8,319	6,956
McClean Lake and Midwest Joint Ventures	1,603	1,268
	$ 20,389	$ 18,447
Site restoration liability :		
Current	$ 565	$ 524
Non-current	19,824	17,923
	$ 20,389	$ 18,447

Site Restoration: U.S. Mill and Mines

The decommissioning and reclamation of the White Mesa mill and U.S. mines are subject to legal and regulatory requirements. Estimates of the costs of reclamation are reviewed periodically by the applicable regulatory authorities. The current estimate for the White Mesa mill and U.S. mines are $8,809,000 and $1,658,000, respectively. The above accrual represents the company's best estimate of the present value of future reclamation costs, discounted at 7.5%. The undiscounted amount of estimated future reclamation costs is $14,801,000.

Site Restoration: Elliot Lake

The Elliot Lake uranium mine was closed in 1992 and capital works to decommission this site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Company and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to decommissioning licenses issued by the Canadian Nuclear Safety Commission. The above accrual represents the Company's best estimate of the present value of the total future reclamation cost based on assumptions as to levels of treatment, which will be required in the future, discounted at 7.5%. The undiscounted amount of estimated future reclamation costs is $25,372,000

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

Site Restoration: McClean Lake Joint Venture and Midwest Joint Venture

The McClean Lake and Midwest operations are subject to environmental regulations as set out by the Saskatchewan government and the Canadian Nuclear Safety Commission. Cost estimates of the estimated future decommissioning and reclamation activities are prepared periodically and filed with the applicable regulatory authorities for approval. The above accrual represents the Company's best estimate of the present value of the future reclamation cost contemplated in these cost estimates discounted at 7.5%. The undiscounted amount of estimated future reclamation costs is $17,245,000.

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the province. The Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of Saskatchewan Environment totalling CDN$8,064,000.

13. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

(in thousands)	December 31, 2007	December 31, 2006
Long-term debt:		
Capital lease obligations	$ 100	$ 100
Notes payable	42	85
Unamortized fair value of sales and toll milling contracts	13,820	13,987
	$ 13,962	$ 14,172
Other long-term liabilities:		
Current	6,619	4,683
Non-current	7,343	9,489
	$ 13,962	$ 14,172

Long-Term Debt and Lines of Credit

A Canadian chartered bank has provided DMI with a credit facility pursuant to a credit agreement dated effective November 2, 2005. The credit facility is a revolving CDN$500,000 facility with a one year term (subject to renewals) collateralized by all present and future assets of DMI and its subsidiaries. Interest under the credit facility is incurred based on bankers acceptances plus 2% or the lender's prime rate plus 1%. To date, the Company has not incurred any indebtedness under the facility (see note 27).

14. INCOME TAXES

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

(in thousands)	2007	2006	Restated (Note 3) 2005
Combined basic tax rate	36%	36%	40%
Income (loss) from operations before taxes	$ 34,620	$(16,695)	$ (11,060)
Income tax expense (recovery) at basic tax rate	12,465	(6,010)	(4,425)
Non-deductible amounts	796	1,933	994
Non-taxable amounts	(8,712)	—	—
Flow through shares renounced	—	4,036	1,434
Difference in foreign tax rates	748	(222)	627
Change in valuation allowance	(6,133)	337	(149)
Tax losses not tax benefited	1,906	—	—
Impact of legislative changes	(10,797)	—	—
Other	(2,897)	229	1,909
Tax expense (recovery) per consolidated financial statements	$(12,624)	$ 303	$ 390

The tax effects of temporary differences resulting in future income tax assets and future income tax liabilities are presented below:

(in thousands)	December 31, 2007	December 31, 2006	Restated (Note 3) September 30, 2005
Future income tax assets:			
Property, plant and equipment, net	$ 9,755	$ 2,277	$ 1,074
Intangibles	106	81	50
Deferred revenue	944	1,535	1,509
Post-employment benefits	1,208	1,255	—
Reclamation and remediation obligations	2,271	2,162	—
Other long-term liabilities	3,732	4,336	—
Tax loss carryforwards	1,735	7,461	4,846
Other	3,347	1,482	106
	23,098	20,589	7,585
Future income tax liability:			
Inventory	(3,492)	(2,579)	—
Long-term investments	(4,517)	(1,498)	—
Property, plant and equipment, net	(146,764)	(95,149)	—
Intangibles	(1,770)	(3,254)	—
Reclamation and remediation obligations	—	—	(421)
Other	—	(2,812)	(390)
Net future tax asset (liability)	(133,445)	(84,703)	6,774
Valuation allowance	(8,080)	(7,501)	(7,164)
Net future income tax assets (liabilities)	$ (141,525)	$ (92,204)	$ (390)

Management believes that sufficient uncertainty exists regarding the realization of certain future income tax assets and liabilities that a valuation allowance is required.

At December 31, 2007, the Company had the following non-capital loss carry-forwards available for tax purposes:

Country	Amount (in thousands)	Expiry
Australia	$ 5,288	Unlimited
Zambia	$ 567	2011-2012

The tax benefit of the above Zambian non-capital loss carry-forwards has not been recognized in the financial statements.

15. SHARE CAPITAL

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

(in thousands except share amounts)	Number of Common Shares	Amount
Balance at September 30, 2005	81,569,066	$ 58,165
Issued for cash:		
New issue gross proceeds	6,850,000	43,703
New issue gross issue costs	—	(1,177)
Exercise of stock options	1,726,696	3,305
Exercise of share purchase warrants	5,760	26
Acquisition of Denison Mines Inc.	87,991,160	441,147
Fair value of stock options exercised	—	2,889
Fair value of share purchase warrants exercised	—	11
	96,573,616	489,904
Balance at December 31, 2006	178,142,682	$548,069
Issues for cash		
New issue gross proceeds	10,114,995	105,419
New issue gross issue costs	—	(3,268)
Exercise of stock options	1,367,962	5,102
Exercise of share purchase warrants	2,592	12
Issued for mineral property acquisition	103,000	947
Fair value of stock options exercised	—	6,663
Fair value of share purchase warrants exercised	—	5
Other	404	—
	11,588,953	114,880
Balance at December 31, 2007	189,731,635	$662,949

New Issues

In April 2007, the Company completed a private placement of 1,104,295 flow-through common shares at a price of CDN$16.30 per share for gross proceeds of $15,572,000 (CDN$18,000,000). The income tax benefits of this issue were renounced to the subscribers in February 2008.

In January 2007, the Company completed a private placement of 9,010,700 common shares at a price of CDN$11.75 per share for gross proceeds of $89,847,000 (CDN$105,876,000).

In December 2005, the Company completed a private placement of 850,000 flow-through common shares at a price of CDN$7.75 per share for gross proceeds of $5,692,000 (CDN$6,587,500). The income tax benefits of this issue were renounced to the subscribers in February 2006.

In October 2005, the Company completed a private placement of 6,000,000 common shares at a price of CDN$7.50 per share for gross proceeds of $38,011,000 (CDN$45,000,000).

Acquisition Related Issues

In January 2007, the Company issued 103,000 common shares at a price of CDN$10.81 per share for a total value of $947,000 (CDN$1,113,000) as part of the acquisition of a U.S. uranium property (see note 7).

In December 2006, the Company issued 87,991,160 shares at a value of $441,147,000 (CDN$505,069,000) as part of the acquisition of DMI (see note 4).

Flow-Through Share Issues

The Company finances a portion of its exploration programs through the use of flow-through share issuances. Income tax deductions relating to these expenditures are claimable by the investors and not by the Company. As at December 31, 2007, the Company estimates that it has spent CDN$10,207,000 of the CDN$18,000,000 April 2007 flow-through share issue obligation. The Company renounced the tax benefit of this issue to subscribers in February 2008.

16. SHARE PURCHASE WARRANTS

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

(in thousands except share amounts)	Weighted Average Exercise Price Per Share (CDN$)	Number of Common Shares Issuable	Fair Value Amount
Balance outstanding at September 30, 2005	—	—	$ —
Warrants assumed on acquisition of DMI	8.69	9,573,267	11,744
Warrants exercised	5.21	(5,760)	(11)
Balance outstanding at December 31, 2006	8.70	9,567,507	$11,733
Warrants exercised	5.21	(2,592)	(5)
Balance outstanding at December 31, 2007	8.70	9,564,915	$11,728
Balance exercisable at December 31, 2007	8.70	9,564,915	$11,728
Balance of common shares issuable by warrant series			
November 2004 series (1)		3,156,915	5,898
March 2006 series (2)		6,408,000	5,830
Balance outstanding at December 31, 2007		9,564,915	$11,728

(1) The November 2004 series has an effective exercise price of CDN$5.21 per issuable share (CDN$15.00 per warrant adjusted for the 2.88 exchange ratio associated with the Denison and IUC merger) and expires on November 24, 2009;

(2) The March 2006 series has an effective exercise price of CDN$10.42 per issuable share (CDN$30.00 per warrant adjusted for the 2.88 exchange ratio associated with the Denison and IUC merger) and expires on March 1, 2011;

17. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

(in thousands)	December 31, 2007	December 31, 2006
Balance, beginning of period	$ 30,752	$ 1,803
Options assumed on acquisition of DMI	—	25,635
Stock-based compensation expense (note 18)	1,382	6,203
Fair value of stock options exercised	(6,663)	(2,889)
Balance, end of period	$ 25,471	$ 30,752

18. STOCK OPTIONS

On November 20, 2006, the Company's shareholders approved amendments to the Company's stock-based compensation plan (the "Plan"). The Plan, as amended, provides for the granting of stock options up to 10% of the issued and outstanding common shares at the time of grant, subject to a maximum of 20 million common shares. As at December 31, 2007, an aggregate of 9,939,000 options have been granted (less cancellations) since the Plan's inception in 1997.

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

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

	Number of Common Shares	2007 Weighted-Average Exercise Price per Share (CDN $)	Number of Common Shares	2006 Weighted-Average Exercise Price per Share (CDN $)
Stock options outstanding, beginning of period	6,648,316	$ 6.23	1,863,000	$ 2.62
Assumed on acquisition of DMI (1)	—		4,064,012	3.87
Granted	717,000	11.19	2,458,000	10.03
Exercised	(1,367,962)	4.21	(1,726,696)	2.20
Expired	(36,000)	10.74	(10,000)	5.27
Stock options outstanding, end of the period	5,961,354	$ 7.27	6,648,316	$ 6.23
Stock options exercisable, end of period	5,520,872	$ 6.96	6,503,315	$ 6.25

(1) The stock options assumed by the Company on the acquisition of DMI have been adjusted to reflect the 2.88 exchange ratio (see note 4).

A summary of stock options outstanding of the Company at December 31, 2007 is presented below:

Range of Exercise Prices per Share (CDN$)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted-Average Exercise Price per Share (CDN $)
Stock options outstanding			
$1.88 to $4.87	6.48	1,044,555	$ 2.14
$5.02 to $7.53	7.28	2,225,799	5.29
$10.08 to $15.30	2.10	2,691,000	10.89
Stock options outstanding, end of period	4.80	5,961,354	$ 7.27

Outstanding options expire between January 2008 and October 2016.

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option pricing model. The following table outlines the range of assumptions used in the model for the year:

	2007	2006
Risk-free interest rate	3.95% to 4.46%	3.60% — 4.18%
Expected stock price volatility	46.4% — 63.0%	48.3% — 69.3%
Expected life	2.1 — 3.5 years	2.0 years
Expected dividend yield	—	—
Fair value per share under options granted	CDN$3.18 — CDN$5.32	CDN$1.87 — CDN$3.19

Stock-based compensation has been recognized in the consolidated statement of operations as follows:

(in thousands)	2007	2006
Mineral property exploration	$ 236	$ 833
General and administrative	1,146	5,370
	$1,382	$6,203

The fair values of stock options with vesting provisions are amortized on a straight-line basis as stock-based compensation expense over the applicable vesting periods. At December 31, 2007, the Company had an additional $1,130,000 in stock-based compensation expense to be recognized periodically to August 2010.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME

A continuity summary of accumulated other comprehensive income is as follows:

(in thousands)	2007	2006
Cumulative foreign currency translation gain (loss)		
Balance, beginning of period	$ (8,498)	$ —
Change in foreign currency translation	101,354	(8,498)
Balance, end of period	92,856	(8,498)
Unrealized gains on investments		
Balance, beginning of period	—	—
Unrealized gains as at January 1, 2007, net of tax (1)	24,842	—
Net increase (decrease) in unrealized gains, net of tax (2)	(6,742)	—
Balance, end of period	18,100	—
Accumulated other comprehensive income, end of period	$110,956	$(8,498)

(1) Reflects the adoption of CICA Section 3855 on January 1, 2007.

(2) Unrealized gains (losses) on investments deemed available-for-sale are included in other comprehensive income (loss) until realized. When the investment is disposed of or incurs a decline in value that is other than temporary, the gain (loss) is realized and reclassified to the income statement. During 2007, approximately $16,836,000 of gains were realized and reclassified to the income statement within “Other income, net”.

20. OTHER INCOME, NET

The elements of other income, net in the statement of operations is as follows:

(in thousands)	2007	2006	2005
Net interest and other income	$ 5,665	$ 2,614	$ 699
Gain (loss) on foreign exchange	(9,671)	1,915	560
Gain (loss) on sale of land and equipment	(18)	(24)	100
Gain on sale of portfolio investments (note 6)	45,115	—	2,939
Gain (loss) on sale of restricted investments	536	(270)	(63)
Equity loss of affiliates (note 6)	—	(4,003)	(1,493)
Dilution gain of affiliates (note 6)	—	7,167	2,098
Minority interest	—	—	917
Other income, net	$41,627	$ 7,399	$ 5,757

21. SEGMENTED INFORMATION

Business Segments

The Company operates in 2 primary segments — the mining segment and the corporate and other segment. The mining segment, which has been further subdivided by major geographic regions, includes activities related to exploration, evaluation and development, mining, milling and the sale of mineral concentrates. The corporate and other segment includes the results of the Company's environmental services business, management fees and commission income earned from UPC and general corporate expenses not allocated to the other segments.

For 2007, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Corporate and Other	Total
Statement of Operations:						
Revenues	32,915	34,736	—	—	9,113	76,764
Expenses						
Operating expenses	27,012	14,598	—	—	5,428	47,038
Sales royalties and capital taxes	2,215	—	—	—	86	2,301
Mineral property exploration	16,638	126	—	4,048	151	20,963
General and administrative	—	—	—	—	13,469	13,469
	45,865	14,724	—	4,048	19,134	83,771
Income (loss) from operations	(12,950)	20,012	—	(4,048)	(10,021)	(7,007)
Revenues — supplemental:						
Uranium concentrates	32,915	32,210	—	—	—	65,125
Environmental services	—	—	—	—	4,723	4,723
Management fees and commissions	—	—	—	—	4,390	4,390
Other	—	2,526	—	—	—	2,526
	32,915	34,736	—	—	9,113	76,764
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	86,810	38,981	314	88	1,899	128,092
Mineral properties	369,066	18,601	209,694	2,370	—	599,731
Intangibles	—	484	—	—	6,495	6,979
Goodwill	122,330	—	—	—	—	122,330
	578,206	58,066	210,008	2,458	8,394	857,132

For 2006, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Corporate and Other	Total
Statement of Operations:						
Revenues	7,575	1,492	—	—	655	9,722
Expenses						
Operating expenses	5,860	908	—	—	255	7,023
Sales royalties and capital taxes	414	—	—	—	6	420
Mineral property exploration	10,838	—	—	3,939	13	14,790
Mineral property write-downs	—	—	—	204	—	204
General and administrative	—	—	—	—	11,379	11,379
	17,112	908	—	4,143	11,653	33,816
Income (loss) from operations	(9,537)	584	—	(4,143)	(10,998)	(24,094)
Revenues — supplemental:						
Uranium concentrates	7,575	—	—	—	—	7,575
Environmental services	—	—	—	—	221	221
Management fees and commissions	—	—	—	—	430	430
Other	—	1,492	—	—	4	1,496
	7,575	1,492	—	—	655	9,722
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	68,203	8,776	—	49	1,205	78,233
Mineral properties	320,390	4,738	—	195	15	325,338
Intangibles	—	547	—	—	10,297	10,844
Goodwill	102,841	—	—	—	—	102,841
	491,434	14,061	—	244	11,517	517,246

For 2005, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Corporate and Other	Total
Statement of Operations:						
Revenues	—	51	—	—	80	131
Expenses						
Operating expenses	—	2,477	—	—	65	2,542
Mineral property exploration	6,426	—	—	1,682	—	8,108
Mineral property write-downs	—	—	—	1,761	—	1,761
General and administrative	—	—	—	—	4,537	4,537
	6,426	2,477	—	3,443	4,602	16,948
Loss from operations	(6,426)	(2,426)	—	(3,443)	(4,522)	(16,817)
Revenues — supplemental:						
Other	—	51	—	—	80	131
	—	51	—	—	80	131
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	80	2,966	—	80	92	3,218
Mineral properties	936	2,462	—	150	—	3,548
Intangibles	—	625	—	—	—	625
	1,016	6,053	—	230	92	7,391

Revenue Concentration

The Company's business is such that, at any given time, it sells its uranium and vanadium concentrates to and enters into process milling arrangements and other services with a relatively small number of customers. During 2007, three customers accounted for approximately 91% of total revenues. During 2006, two customers accounted for approximately 79% of total revenues. During 2005, a process milling customer accounted for approximately 33% of total revenues.

22. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company will receive the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of U_3O_8 and UF_6 completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of CDN$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC's net asset value between CDN$100,000,000 and CDN$200,000,000 and 0.2% per annum based upon UPC's net asset value in excess of CDN$200,000,000; c) a fee of CDN$200,000 upon the completion of each equity financing where proceeds to UPC exceed CDN$20,000,000; d) a fee of CDN$200,000 for each transaction or arrangement (other than the purchase or sale of U_3O_8 and UF_6) of business where the gross value of such transaction exceeds CDN$20,000,000 ("an initiative"); and e) an annual fee up to a maximum of CDN$200,000, at the discretion of the Board of Directors of UPC, for on-going maintenance or work associated with an initiative.

In accordance with the management services agreement, all uranium investments owned by UPC are held in accounts with conversion facilities in the name of Denison Mines Inc. as manager for and on behalf of UPC.

The Company was also a party to a temporary revolving credit facility agreement with UPC (not to exceed CDN$15,000,000). The credit facility terminated on the earlier of repayment or May 10, 2007 and was collateralized by the uranium investments of UPC. Interest under the credit facility was based upon Canadian bank prime plus 1%. Standby fees also applied at a rate of 1% of the committed facility amount. As at December 31, 2006, UPC had drawn CDN$11,000,000 under the facility. The temporary credit facility was fully repaid and cancelled on April 10, 2007.

In June 2007, the Company sold 75,000 pounds of U_3O_8 to UPC at a price of $130.00 per pound for total consideration of $9,750,000.

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

(in thousands)	2007	2006 (1)
Revenue		
Uranium sales	$ 9,750	$ —
Management fees (including expenses)	2,301	94
Commission fees on purchase and sale of uranium	2,089	336
Other income (expense):		
Loan interest under credit facility	202	57
Standby fee under credit facility	9	3
	$14,351	$ 490

(1) The related party transactions for UPC reflect activity from December 1, 2006 to December 31, 2006 only due to the acquisition of DMI.

At December 31, 2007, accounts receivable includes $377,000 due from UPC with respect to the fees indicated above.

Other

During 2007, the Company had the following additional related party transactions:

a) sold 16,562,500 shares of Fortress to a company associated with the Chairman of the Company for gross proceeds of approximately CDN$20,703,000;

b) incurred management and administrative service fees of $251,000 (2006: $237,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services in Vancouver at a rate of CDN$18,000 per month plus expenses. At December 31, 2007, an amount of $9,000 (2006: $100,000) was due to this company; and

c) provided executive and administrative services to Fortress and charged an aggregate of $69,000 (2006: $112,000) for such services. At December 31, 2007, no amount (2006: $31,000) was due from Fortress relating to this agreement.

23. JOINT VENTURE INTERESTS

The Company conducts a substantial portion of its production and exploration activities through joint ventures. The joint ventures allocate production and exploration expenses to each joint venture participant and the participant derives revenue directly from the sale of such product. The Company records its proportionate share of assets, liabilities and operating costs of the joint ventures.

A summary of joint venture information is as follows:

(in thousands)	2007	2006
Operating expenses	$ 26,179	$ 5,799
Mineral property exploration	14,009	8,850
Mineral property write-downs	—	186
General and administrative	63	91
Net other income	(46)	7
Loss for the period before taxes	40,205	14,933
Current assets	21,044	13,912
Property, plant and equipment Plant and equipment	85,997	67,492
Mineral properties	371,437	319,015
Intangibles	484	547
Goodwill	—	—
Current liabilities	4,177	3,133
Long-term liabilities	2,712	2,226
Net investment in joint ventures	$472,073	$395,607

24. SUPPLEMENTAL CASH FLOW INFORMATION

(in thousands)	2007	2006	2005
Changes in non-cash working capital items:			
Decrease (increase) in trade and other receivables	$(28,443)	$ (7,175)	$ 1,065
Decrease (increase) in inventories	(9,468)	(4,414)	(2,134)
Decrease (increase) in other current assets	(687)	(145)	283
Increase (decrease) in accounts payable and accrued liabilities	14,636	(379)	115
Increase (decrease) in reclamation obligations	(436)	(39)	331
Increase (decrease) in deferred revenue	(1,480)	67	216
Funding of post-retirement benefits	(432)	(16)	—
Net change in non-cash working capital items	$(26,310)	(12,101)	(124)

25. FINANCIAL INSTRUMENTS

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist of cash and cash equivalents, accounts receivable, amounts due from joint ventures, and restricted fixed income securities. The Company deposits cash and cash equivalents with financial institutions it believes to be creditworthy, principally in money market funds, which may at certain times, exceed federally insured levels. The Company's restricted investments consist of investments in U.S. government bonds, commercial paper and high-grade corporate bonds with maturities extending beyond 90 days. The Company performs ongoing credit evaluation of its customers' financial condition and, in most cases, requires no collateral from its customers. The Company will maintain an allowance for doubtful accounts receivable in those cases where the expected collectability of accounts receivable is in question.

Fair Values

The fair values of cash and cash equivalents, trade and other receivables and accounts payable and accrued liabilities approximate their carrying values because of the short-term nature of these instruments.

The fair values of the Company's restricted investments in cash and cash equivalents, U.S. government bonds, commercial paper and corporate bonds approximate carrying values.

26. COMMITMENTS AND CONTINGENCIES

General Legal Matters

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

Third Party Indemnities

The Company has agreed to indemnify Calfrac Well Services against any future liabilities it may incur related to the assets or liabilities transferred to the Company on March 8, 2004.

Performance Bonds and Letters of Credit

In conjunction with various contracts, reclamation and other performance obligations, the Company may be required to issue performance bonds and letters of credit as security to creditors to guarantee the Company's performance. Any potential payments which might become due under these items would be related to the Company's non-performance under the applicable contract. As at December 31, 2007, the Company had outstanding bonds and letters of credit of $22,966,000 of which $15,849,000 was collateralized by restricted cash (see note 8).

Others

The Company has committed to payments under various operating leases. The future minimum lease payments are as follows:

(in thousands)	
2008	$ 767
2009	502
2010	472
2011	387
2012	256
2013 and thereafter	369

27. SUBSEQUENT EVENTS

In March, 2008, the Company put in place a Cdn$25,000,000 uncommitted secured revolving credit facility with the Bank of Nova Scotia. It is secured by the assets of Denison Mines Inc.

28. MATERIAL DIFFERENCES BETWEEN CANADIAN AND U.S. GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with Canadian GAAP which differ in certain material respects from those principles and practices that the Company would have followed had its consolidated financial statements been prepared in accordance with U.S. GAAP. Material differences between financial statement items under Canadian GAAP and the amounts determined under U.S. GAAP are as follows:

a) Cash and Equivalents

U.S. GAAP requires that funds raised through the issuance of flow-through shares be shown as restricted cash and not be considered to be a component of cash and cash equivalents. In addition, the restricted cash would be excluded from cash and cash equivalents in the statement of cash flows and shown as a financing activity. At December 31, 2007 $7,862,000 of funds raised from the issue of flow-through shares remained (December 31, 2006: nil).

b) Long-Term Investments

In 2005 and 2006, Canadian GAAP required portfolio investments to be carried at the lower of cost and estimated fair market value. In 2007, Canadian GAAP harmonized its accounting standard with that of the U.S. Under U.S. GAAP, a difference existed in 2005 and 2006 since portfolio investments that are classified as available-for-sale securities are recorded at fair value and unrealized gains or losses are excluded from earnings and recorded as other comprehensive income, a separate component of shareholders' equity.

c) Plant and Equipment

Under Canadian GAAP, the Company's surplus assets held for resale were depreciated to an amount less than net realizable value. Under U.S. GAAP, assets held for resale are recorded at the lower of cost or net realizable value and are not depreciated.

d) Mineral Properties

Under Canadian GAAP, the Company expenses exploration and development expenditures on mineral properties not sufficiently advanced to identify their development potential. At the point in time that management feels that the mineral property has sufficient development potential, costs are accumulated and recorded as mineral property assets. Under U.S. GAAP, all mine project related costs incurred before a commercially mineable deposit is established are expensed as incurred. The U.S defines a commercially mineable deposit as one with proven and probable reserves and a bankable feasibility study.

e) Joint Ventures

Under Canadian GAAP, investments in jointly-controlled entities are permitted to be accounted for using the proportionate consolidation method. Under U.S. GAAP, investments in jointly-controlled entities are accounted for using the equity method. Although there are material differences between these accounting methods, the Company relies on an accommodation of the United States Securities and Exchange Commission ("SEC") permitting the Company to exclude the disclosure of such differences which affect only the display and classification of financial statement items excluding shareholders' equity and net income.

f) Goodwill

Under Canadian GAAP, the Company's formation in 1997 through an amalgamation of IUC with Thornbury Capital Corporation ("Thornbury") has been accounted for as an acquisition of Thornbury resulting in the recording of goodwill. Under U.S. GAAP, the transaction has been accounted for as a recapitalization whereby the net monetary assets of Thornbury would be recorded at fair value, except that no goodwill or other intangibles would be recorded. The goodwill recorded under Canadian GAAP has been subsequently written off. As a result, the deficit and share capital of the Company are both reduced under U.S. GAAP.

g) Liabilities

Under U.S. GAAP, the sale of flow-through shares results in a liability being recognized for the excess of the purchase price paid by the investors over the fair value of common shares without the flow-through feature. The fair value of the shares is recorded as equity. When the tax deductibility of the expenditures is renounced, the liability is reversed and a future income tax liability is recorded for the amount of the benefits renounced to third parties and an income tax expense is recognized. Under Canadian GAAP, an adjustment to share capital is recorded for recognized future tax liabilities related to the renunciation of flow-through share expenditures.

h) Dilution Gains

Under Canadian GAAP, gains on dilution of interests in a subsidiary or equity interest are recognized in income in the period in which they occur. Under U.S. GAAP, the gain on dilution is not recognized if it results from the sale of securities by a company in the exploration stage and instead is accounted for as a capital transaction.

i) Foreign Currency Translation

In 2006, Canadian GAAP required unrealized translation gains and losses as a result of translating self-sustaining operations under the current rate method to be accumulated in a cumulative translation adjustment account as a separate component of shareholders' equity. In 2007, Canadian GAAP harmonized its standards with that of the U.S. Under U.S. GAAP, these unrealized translation gains and losses are shown as an adjustment to other comprehensive income.

The consolidated balance sheet items, adjusted to comply with U.S. GAAP, would be as follows:

	December 31, 2007			
	Canadian GAAP		Adjustments	U.S. GAAP
Cash and cash equivalents	$ 19,680	(a)	$ (7,862)	$ 11,818
Property, plant and equipment	727,823	(d)	(16,444)	711,379
Restricted investments	17,797	(a)	7,862	25,659
Accounts payable and accrued liabilities	22,642	(g)	3,114	25,756
Future income tax liability	141,525	(d)	(4,621)	136,904
Share capital	662,949	(f)	(616)	
		(g)	(3,114)	659,219
Additional paid-in capital	—	(h)	9,814	9,814
Deficit	(14,834)	(d)	(16,098)	
		(d)	4,621	
		(f)	616	
		(h)	(9,814)	(35,509)
Accumulated other comprehensive income	110,956	(d)	(346)	110,610

	December 31, 2006			
	Canadian GAAP		Adjustments	U.S. GAAP
Investments	$ 16,600	(b)	$ 25,008	$ 41,608
Property, plant & equipment	403,571	(c)	301	403,872
Future income tax liability	92,204	(b)	1,838	94,042
Share capital	548,069	(f)	(616)	547,453
Additional paid-in capital	—	(h)	9,814	9,814
Deficit	(62,078)	(b)	2,162	
		(c)	301	
		(f)	616	
		(h)	(9,814)	(68,813)
Cumulative translation adjustment	(8,498)	(i)	8,498	—
Accumulated other comprehensive income	—	(b)	25,008	
		(b)	(4,000)	
	—	(i)	(8,498)	12,510

The consolidated statements of operations and deficit and comprehensive income, adjusted to comply with U.S. GAAP, would be as follows:

		2007	2006	2005
Net income (loss) for the period, Canadian GAAP		$ 47,244	$(16,998)	$(11,450)
Depreciation of assets held for resale	(c)	(301)	—	(31)
Adjust capitalized mineral property amounts, net of tax of $4,621	(d)	(11,477)	—	—
Adjust dilution gain from equity interests	(h)	—	(7,167)	(2,098)
Net income (loss) for the period, U.S. GAAP		$ 35,466	$(24,165)	$(13,579)
Comprehensive income, U.S. GAAP				
Net income (loss) for the period, U.S. GAAP		$ 35,466	$(24,165)	$(13,579)
Unrealized gain on available-for-sale securities	(b)	(6,742)	17,735	2,370
Cumulative foreign currency translation adjustment	(i)	104,842	(8,498)	—
Comprehensive income (loss), U.S. GAAP		133,566	(14,928)	(11,209)
Basic net income (loss) per share, U.S. GAAP		$ 0.19	$ (0.26)	$ (0.17)
Diluted net Income (loss) per share, U.S. GAAP		$ 0.18	$ (0.26)	$ (0.17)

The consolidated statements of cash flows, adjusted to comply with U.S. GAAP, would be as follows:

		2007	2006	2005
Net cash provided by (used in) operating activities:				
Under Canadian GAAP		$ (23,084)	$(27,494)	$(12,192)
Adjustment for capitalized mineral property amounts	(d)	(11,477)	—	—
Under U.S. GAAP		$ (34,561)	$(27,494)	$(12,192)
Net cash provided by (used in) investing activities:				
Under Canadian GAAP		$(158,469)	$ 45,752	$ 281
Adjustment for capitalized mineral property amounts	(d)	11,477	—	—
Under U.S. GAAP		$(146,992)	$ 45,752	$ 281
Net cash provided by (used in) financing activities:				
Under Canadian GAAP		$ 107,215	$ 45,835	$ 5,977
Restricted cash from flow-through financings	(a)	(7,862)	—	(4,128)
Under U.S. GAAP		$ 99,353	$ 45,835	$ 1,849

Impact of New Accounting Pronouncements

a) FASB Statement No. 157: Fair Value Measurements (“SFAS 157”) effective for 2008 establishes a framework for measurement of fair value under generally accepted accounting principles and expands the disclosure requirements covering fair value measurement. In February 2008, the FASB amended SFAS 157 to exclude leasing transactions and to delay the effective date by one year for non financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a non recurring basis. The Company is in the process of determining the effect, if any, the adoption of SFAS 157 will have on its financial statements.

b) FASB Statement No. 159: The Fair Value Option for Financial Assets and Financial Liabilities — Including an Amendment of FASB Statement No. 115 (“SFAS 159”) allows an entity to choose to measure many financial instruments and certain other items at fair value, with subsequent changes in fair value being recognized as unrealized gains or losses in the income statement in the period in which the change occurred. The Statement is effective for fiscal years beginning on or after November 15, 2007. The Company does not expect a material affect on its financial results as a result of adopting this standard.

c) FASB Statement No. 160: Noncontrolling Interests in Consolidated Financial Statements — an amendment of ARB No. 51 (“SFAS 160”) and FASB Statement No. 141R: Business Combinations (“SFAS 141R”) are both effective for annual periods beginning after December 15, 2008. SFAS 160 requires that third party ownership interests in subsidiaries be presented separately in the equity section of the balance sheet. In addition, the income attributable to the noncontrolling interest will now be included in consolidated net income and will be deducted separately at the bottom of the income statement. SFAS 141R requires that most identifiable assets, liabilities (including obligations for contingent consideration), noncontrolling interests and goodwill be recorded at “full fair value”. Also, for step acquisitions, the acquirer will be required to re-measure its noncontrolling equity investment in the acquiree at fair value as of the date control is obtained and recognize any gain or loss in income. The Company has yet to complete its evaluation of the impact of these pronouncements.

Exhibit 99.4

PricewaterhouseCoopers LLP
Chartered Accountants
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Toronto Dominion Centre
Toronto, Ontario
Canada M5K 1G8
Telephone +1 416 863 1133
Facsimile +1 416 365 8215

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the inclusion in this Annual Report on Form 40-F of Denison Mines Corp. (the Company) of our report dated March 18, 2008 relating to the consolidated financial statements which appears in an exhibit to this Annual Report on Form 40-F.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
Canada
March 18, 2008

PricewaterhouseCoopers refers to the Canadian firm of PricewaterhouseCoopers LLP and the other member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

Exhibit 99.5

CERTIFICATION
REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a)

I, E. Peter Farmer, Chief Executive Officer of Denison Mines Corp., certify that:

1. I have reviewed this annual report on Form 40-F of Denison Mines Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2008

/s/ E. Peter Farmer
Name: E. Peter Farmer
Title: Chief Executive Officer

CERTIFICATION
REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a)

I, James R. Anderson, Executive Vice President, Finance & Chief Financial Officer of Denison Mines Corp., certify that:

1. I have reviewed this annual report on Form 40-F of Denison Mines Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: March 28, 2008

/s/ James R. Anderson
Name: James R. Anderson
Title: Executive Vice President and Chief Financial Officer

Exhibit 99.6

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Denison Mines Corp. (the "Company") on Form 40-F for the period ended December 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 2008

By: s/ E. Peter Farmer
Name: E. Peter Farmer
Title: Chief Executive Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Denison Mines Corp. (the "Company") on Form 40-F for the period ended December 31, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned certifies, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 28, 2008

By: s/*James R. Anderson*
Name: James R. Anderson
Title: Executive Vice President and Chief Financial Officer