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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, 2009

Commission file number: 001-33414

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: 339,720,415 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit and post such files). **Registrant is not yet required to submit and post such files.**

Yes þ No o

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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, 2009, 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 internal control over financial reporting 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 on Internal Control — Integrated Framework. Based on this assessment, management concluded that, as of December 31, 2009, the Company's internal control over financial reporting is effective.

C. Report of the Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP

The effectiveness of the Registrant's internal control over financial reporting as of December 31, 2009 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included with the Registrant's Audited Financial Statements, which are an exhibit to this Annual Report on 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 Senior Vice President 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	• B.Comm (Accounting) • Two law degrees, with extensive corporate finance experience • Has served on audit committees of a number of public companies

* After years of service as a director of Denison and its predecessor companies, Mr. Little has decided not to stand for re-election to the Board at the annual meeting of shareholders to be held on May 6, 2010.

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 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 last two financial years ended December 31, 2009 and 2008. Services were billed and paid in Canadian dollars and have been translated into U.S. dollars using an average Cdn$/US$ annual exchange rate of: $1.1420 for 2009 and $1.0660 for 2008.

Periods Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2008	$ 402,586	$ 163,037	$ 203,403	$ 38,884
December 31, 2009	$ 419,360	$ 117,259	$ 118,035	$ 266,454

Notes:

(1) The aggregate fees billed for audit services.

(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. Fees relate to reviews of interim consolidated financial statements and internal controls over financial reporting.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services, such as transfer pricing, tax return preparation, and tax advice on the terminated Northern acquisition.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2009, "All Other Fees" relates to the Company's equity financings during the year, the terminated Northern acquisition and preparatory work in connection with the adoption of International Financial Reporting Standards. For 2008, "All Other Fees" relates to assisting the Company in preparing for the adoption of International Financial Reporting Standards.

The Company's audit committee mandate and charter provides that the audit committee shall (i) 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, and (ii) 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 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:

	2008	2009
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, 2009, the Company had a reclamation liability of $17,906,000, consisting of $8,609,000 for U.S. mill and mine obligations, $8,155,000 for Elliot Lake and $1,142,000 for the McClean Lake and Midwest joint ventures.

In addition, the Company's contractual obligations at December 31, 2009 are as follows (amounts in thousands):

	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt Obligations	$ 1,064	$ 869	$ 122	$ 73	$ —
Operating lease obligations	$ 4,067	$ 2,731	$ 882	$ 322	$ 132
TOTAL	$ 5,131	$ 3,600	$ 1,004	$ 395	$ 132

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 J. G. Stefan, and Mr. William A. Rand. For further information on these members, see discussion above under "Audit Committee Financial Experts."

INTERACTIVE DATA FILE

The Company is not required to provide an interactive data file pursuant to 15(a)(iii) of Form 40-F until fiscal periods ending on or after June 15, 2011.

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 Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; 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/ Ron F. Hochstein*
Title: President and Chief Executive Officer
Date: March 29, 2010

EXHIBIT INDEX

99.1	Annual Information Form for the Year Ended December 31, 2009
99.2	Management's Discussion and Analysis of Results of Operations and Financial Condition for the Year ended December 31, 2009 (Exhibit 2 of the Registrant's Form 6-K furnished to the Commission on March 18, 2010)
99.3	Consolidated Audited Financial Statements for the Years Ended December 31, 2009 and 2008 (Exhibit 3 of the Registrant's Form 6-K furnished to the Commission on March 18, 2010) together with the Independent Auditors' Report thereon
99.4	Consent of PricewaterhouseCoopers LLP
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

2009

DENISON MINES

For the Financial Year Ended December 31, 2009

ANNUAL INFORMATION FORM

March 19, 2010

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Exhibit 1 — Organizational structure

Schedule A
Audit Committee Mandate and Charter

Schedule B
Glossary of Terms

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 Note 26 in the audited consolidated financial statements of the Company as at and for the year ended December 31, 2009, which note is incorporated herein by reference.

Note Regarding Forward-Looking Information

Certain information contained in this AIF and certain documents incorporated by reference herein constitute forward-looking information within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation, concerning the business, operations and financial performance and condition of Denison.

The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking information. This information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Denison believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct, and such forward-looking information included in, or incorporated by reference into, this AIF should not be unduly relied upon. This information speaks only as of the date of this AIF.

In particular, this AIF contains forward-looking information pertaining to the following:

- the estimates of Denison's mineral reserves and mineral resources;
- uranium and vanadium production levels;
- capital expenditure programs, estimated production costs, exploration expenditures and reclamation costs;
- expectations of market prices and costs;
- supply and demand for uranium and vanadium;
- possible impacts of litigation on Denison;
- exploration, development and expansion plans and objectives;
- Denison's expectations regarding raising capital and adding to its mineral reserves through acquisitions and development; and
- receipt of regulatory approvals, permits and licences and treatment under governmental regulatory regimes.

Denison's actual results could differ materially from those anticipated in this forward-looking information as a result of the following and as a result of the risk factors set forth below and elsewhere in this AIF:

- global financial conditions;
- volatility in market prices for uranium and vanadium;
- the market price of Denison's securities;
- ability to access capital;
- changes in foreign currency exchange rates and interest rates;
- liabilities inherent in mining operations;
- uncertainties associated with estimating mineral reserves and resources;
- failure to obtain industry partner, government and other third party consents and approvals, when required;
- delays in obtaining permits and licences for development properties;
- competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of acquisitions;
- geological, technical and processing problems;
- the ability of Denison to meet its obligations to its creditors;
- the potential influence of, or reliance upon, a business partner; and
- the other factors discussed under "Risk Factors" in this AIF.

These factors are not, and should not be construed as being, exhaustive. Statements relating to "mineral reserves" or "mineral resources" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and mineral resources described can be profitably produced in the future.

The forward-looking information contained in this AIF are expressly qualified by this cautionary statement. Denison does not undertake any obligation to publicly update or revise any forward-looking information after the date of this AIF to conform such information to actual results or to changes in Denison's expectations except as otherwise required by applicable legislation.

NOTE TO UNITED STATES INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES

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

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 19, 2010. Except as otherwise indicated, the information contained in this AIF is stated as at December 31, 2009.

INCORPORATION AND SUBSIDIARIES

Incorporation

Denison, formerly International Uranium Corporation ("**IUC**"), was formed by articles of amalgamation effective May 9, 1997 pursuant to an amalgamation under the *Ontario Business Corporations Act* (the "**OBCA**"). 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 NYSE Amex LLC (" **NYSE Amex**") (formerly the American Stock Exchange) under the symbol "DNN."

The Common Shares are registered under the United States *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, as follows:

- 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;
- 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 Denison Mines (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.

Denison's Mutanga project in Zambia is held through a wholly-owned subsidiary of OmegaCorp Limited (" **OmegaCorp**"), which, in turn, is a wholly-owned subsidiary of the Company. Denison acquired this project in 2007 upon completion of its acquisition of OmegaCorp.

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**").

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."

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year Highlights

2007

Spot uranium prices during 2007 continued to rise during the first half of the year from $72.00 per pound of triuranium octoxide ("**U_3O_8**") to a record high of $136.00 per pound in June. Prices subsequently weakened to $75.00 per pound before recovering to end the year at $90.00 per pound U_3O_8.

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 OmegaCorp, 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 estimate for these deposits was 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. See "Denison's Business — Mineral Properties - - Arizona Strip". Denison also entered into an agreement to sell to AREVA up to 6.5 million pounds of production from the White Mesa mill. The sales agreement provides 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 by Scott Wilson Roscoe Postle Associates Inc. ("**Scott Wilson RPA**"), which was retained to independently review and audit the 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. The report identified indicated mineral resources for the McClean North deposit containing 11.48 million pounds of U_3O_8 (the Company's share, 2.58 million pounds) and inferred mineral resources containing 0.05 million pounds (the Company'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 "Denison's Business — 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 (the Company's share, 5.52 million pounds) and inferred mineral resources containing 3.48 million pounds (the Company'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 (the Company's share, 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 mineral resources under the definition standards of the Canadian Institute of Mining, Metallurgy and Petroleum ("**CIM**"). See "Denison's Business — Mineral Properties — Gurvan Saihan Joint Venture."

In March, new estimates of mineral resources for the Company's breccia pipe deposits in Arizona were prepared by Scott Wilson RPA, 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 "Denison's Business — Mineral Properties — Arizona Strip."

In April, Denison closed a non-brokered private placement of 1,104,295 Common Shares on a "flow-through" basis under the *Income Tax Act* (Canada) at a price of Cdn$16.30 per share, 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 NYSE Amex under the ticker symbol "DNN."

In June, historical estimates of mineral resources on the Company's Elliot Lake properties 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 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 "Denison's Business — Mineral Properties- Elliot Lake."

In July, the Company announced the start of a uranium and uranium/vanadium ore buying program which involves the Company purchasing ore from independent third parties at a price based on a published schedule, providing an additional source of mill feed.

Effective September 4, 2007 Denison acquired 98.45% of the shares of OmegaCorp and proceeded with compulsory acquisition of the remaining shares. OmegaCorp was de-listed from the Australian Securities Exchange on September 14, 2007. OmegaCorp became a wholly-owned subsidiary of the Company. The total amount paid for the shares of OmegaCorp was $167.2 million. With the acquisition, Denison became the sole owner of a 946 square kilometre prospecting licence in southern Zambia, which includes the advanced stage Mutanga uranium project. See "Denison's Business — Mineral Properties- Mutanga Project."

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.

Denison's uranium production in 2007 was 683,000 pounds U_3O_8.

2008

During 2008, the spot price and long term-price for U_3O_8 decreased significantly. Spot prices decreased from $90.00 per pound at December 31, 2007 to as low as $44.00 per pound in October 2008, and ended the year at $53.00 per pound. The long-term price for U_3O_8 also decreased from $95.00 per pound at December 31, 2007 to as low as $70.00 per pound in October 2008 and remained at that level through year end.

In February, Denison announced 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 "Denison's Business — Mineral Properties - Midwest."

In April, Denison purchased 5,465,000 units of Uranerz Energy Corporation (" **Uranerz**"), each unit consisting of one common share and one-half of one common share purchase warrant, for $2.40 per unit or $13,116,000. As a result, Denison owns approximately 8.5% of the issued and outstanding common shares of Uranerz currently.

During 2008, Denison completed a major refurbishment of its White Mesa mill and an expansion of its tailings capacity. Processing of conventional ore began on April 28, 2008. Production of vanadium began in July 2008 following completion of the refurbishment of the vanadium circuit.

In June, Denison entered into a credit agreement with The Bank of Nova Scotia (the " **Credit Facility**"), which provided the Company with a $125,000,000 revolving term credit facility. The Credit Facility is repayable in full on June 30, 2011. The borrower under the Credit Facility is DMI, and the Company has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and the Midwest projects. In addition, each of the Company's material U.S. subsidiaries has provided an unlimited full recourse guarantee secured by a pledge of all of its shares and a first priority security interest in its present and future personal property. The Credit Facility was subsequently amended in 2009.

Denison Environmental Services ("**DES**"), a division of DMI, was awarded a three-year contract with the Yukon Government for care and maintenance at the Faro Mine Complex in the Yukon Territory.

In November, the Company and its partners in the Midwest joint venture determined that the development of the Midwest project would be postponed due to economic conditions, delays and uncertainties associated with the regulatory approval process and the increasing capital and operating costs. At the same time, the Company announced that production at Denison's Tony M mine located in Ticaboo, Utah would be placed on stand-by due to economic conditions.

In December, Denison closed an underwritten private placement offering of 7,275,000 Common Shares at a price of Cdn$1.10 per share for gross proceeds of Cdn$8,002,500. The Common Shares were issued on a "flow-through" basis for the purposes of the *Income Tax Act* (Canada).

Denison's production in 2008 was 1,616,000 pounds of U_3O_8 and 1,223,000 pounds of vanadium pentoxide ("**V_2O_5**").

2009

Spot prices began the year at $53.00 per pound U_3O_8 but remained under downward pressure hitting the year's low of $40.00 in the first week of April. Prices peaked at $54.00 near the end of June then remained volatile over the rest of the year ranging from the low $40s to the low $50s ending the year at $44.50. The long-term price gradually declined during the year from $70.00 to end the year at $62.00.

In January, Denison issued 28,750,000 Common Shares at a price of Cdn$1.65 per share in an underwritten public offering for gross proceeds of Cdn$47,437,500.

On March 12, Denison announced that it had received independent estimates of mineral resources on its Mutanga project in Zambia prepared by CSA Global (UK) Pty Ltd. ("**CSA Global**"), which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101. For the Mutanga deposit, the report identified measured resources of 1.9 million tonnes at 481 ppm U_3O_8 for 1,992,000 pounds U_3O_8, indicated mineral resources of 8.4 million tonnes at 314 ppm U_3O_8 for 5,817,000 pounds, and inferred mineral resources of 7.23 million tonnes at 206 ppm U_3O_8 for 3,287,000 pounds U_3O_8. For the Dibwe deposit, the report identified an inferred mineral resource containing 9.0 million pounds at an average grade of 234 ppm U_3O_8 based on a 100 ppm U_3O_8 cut-off grade. In addition, inferred mineral resources of 400,000 pounds U_3O_8 for the Mutanga Extension, 100,000 pounds for the Mutanga East deposit and 400,000 pounds U_3O_8 for the Mutanga West deposit, based on a 200 ppm U_3O_8 cut-off, were reported. See "Denison's Business — Mineral Properties - Mutanga Project."

In March, Denison announced that it was placing the Rim and Sunday mines on stand-by. The Company also announced that the White Mesa mill would suspend processing of conventional ore in 2009 once it had reached production of 500,000 pounds U_3O_8, unless new sales contracts were signed.

Also in March, Denison announced that it had received independent estimates of mineral resources at its Tony M and Southwest deposits, which are part of the Henry Mountains complex in southeastern Utah. Scott Wilson RPA, which was retained to independently review and audit the resources in accordance with the requirements of NI 43-101, reported an indicated mineral resource of 8.1 million pounds U_3O_8 and an inferred mineral resource of 2.8 million pounds at a cut-off of 0.10% eU_3O_8. See "Denison's Business — Mineral Properties - Henry Mountains Complex."

In April, Denison entered into a non-binding memorandum of understanding with Korea Electric Power Corporation ("**KEPCO**"), providing the basis for negotiations of a strategic and offtake relationship and the purchase of Common Shares by KEPCO.

In April, Denison entered into a new long-term contract for the sale of 1,000,000 pounds U_3O_8 over five years from its production facilities in the United States and Canada.

Denison's Chief Executive Officer, E. Peter Farmer, retired effective April 30, 2009. Lukas H. Lundin, then the chairman of Denison's Board of Directors, was appointed as interim Chief Executive Officer on that date.

On May 20, Dr. James Gill was appointed as a director of Denison and as the Chairman of Denison's Board. In conjunction with this appointment, Denison completed a private placement of 675,000 Common Shares to Dr. Gill on a "flow through" basis under the *Income Tax Act* (Canada) at a price of Cdn$2.18 per share. At the same time, Mr. Ron Hochstein, previously the President and Chief Operating Officer, was appointed as President and Chief Executive Officer of Denison and Mr. Lundin resigned as Chairman and Chief Executive Officer.

In June, Denison and Northern Continental Resources Inc. (" **Northern**") entered into an agreement for the proposed acquisition of all of the shares of Northern by way of a plan of arrangement under the *Business Corporations Act* (British Columbia). Because of Denison's refusal to match a competing offer from a third party which was determined to be superior to Denison's offer, Northern terminated its agreement with Denison in July and paid Denison a termination fee of approximately Cdn$450,000.

In June, pursuant to a subscription agreement with Denison (the " **KEPCO Subscription Agreement**"), KEPCO purchased 58 million Common Shares at a price of Cdn$1.30 per share on a private placement basis, for gross proceeds of Cdn$75,400,000. Under the same agreement, certain entities affiliated with Mr. Lundin, one of Denison's directors, acquired 15 million Common Shares at a price of Cdn$1.30 per share, for additional gross proceeds of $19,500,000. Based on this transaction, KEPCO became Denison's largest shareholder, holding approximately 17% of the outstanding Common Shares.

Concurrent with the execution of the KEPCO Subscription Agreement, Denison entered into two other significant arrangements with KEPCO. First, Denison entered into a new uranium offtake agreement with KEPCO and certain of its affiliates (the "**KEPCO Offtake Agreement**"). The KEPCO Offtake Agreement provides for the delivery of 20% of Denison's annual uranium production, but not less than 350,000 pounds U_3O_8 per year from 2010 to 2015.

Second, Denison and KEPCO entered into a strategic relationship agreement (the " **KEPCO SRA**") providing for a long-term collaborative business relationship between the parties. Under the KEPCO SRA, Denison must nominate two persons designated by KEPCO for election as directors at its shareholder meetings each year, so long as KEPCO holds at least 15% of the outstanding Common Shares. Accordingly, Mr. Joo-Ok Chang became a director on June 23. The KEPCO SRA also provides KEPCO with a right of first offer if Denison intends to sell any of its substantial assets. Similarly, the agreement provides KEPCO with a right to participate in certain purchases of substantial assets which Denison proposes to acquire. Finally, the KEPCO SRA provides KEPCO with the right to participate in future offerings of Common Shares of a certain size in order to preserve its equity position in the Company. See "Risk Factors — Potential Influence of KEPCO" and "Directors and Officers — Conflicts of Interest".

In June, Denison closed an underwritten public offering of 40,000,000 Common Shares at an issue price of Cdn$2.05 per share for aggregate gross proceeds of Cdn$82,000,000.

In June, the new alternate feed circuit at the White Mesa mill was completed allowing processing to begin.

In August, new estimates of mineral resources for the Company's EZ1 and EZ2 deposits in the Arizona Strip District in the United States 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 inferred mineral resources for the EZ1 deposit containing 1.127 million pounds of U_3O_8 and for the EZ2 deposit of 0.978 million pounds of U_3O_8 based on a 0.2% eU_3O_8 cut-off grade. See "Denison's Business — Mineral Properties — Arizona Strip."

In November, Denison announced a production decision for the Arizona 1 deposit. See "Denison's Business — Mineral Properties — Arizona Strip."

Over the course of the year, Denison reported continuing exploration successes on the Phoenix discovery at its 60% owned Wheeler River project. See “Denison’s Business — Mineral Exploration — Wheeler River”.

In December, the Company amended the Credit Facility by reducing the facility amount to $60,000,000 and modifying certain financial covenants.

At the end of the year, Denison and its McClean Lake joint venture partners decided that the McClean Lake mill will be shut down until new feed sources are available. It is expected that the mill will continue to operate until July 2010, processing stockpiled ore.

Denison’s production for 2009 was 1,426,000 pounds of U_3O_8 and 501,000 pounds of V_2O_5.

2010 — Recent Developments

On January 19 and March 16, Denison announced further positive results from its fall and winter drilling programs at the newly identified Phoenix uranium discovery at the Wheeler River project.

On February 11, the Company announced that Dr. James Gill has resigned as Chairman of the Board and as a director of the Company, and Mr. Lukas Lundin has been re-appointed Chairman of the Board.

DENISON’S BUSINESS

Overview

Denison is engaged in uranium exploration, development, mining and milling with active uranium mining projects in both the United States and Canada and development projects in Canada, the United States, Zambia and Mongolia. Denison’s assets include an interest in two of the four 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 currently operating. Denison also produces vanadium as a co-product from some of its mines in Colorado and Utah and recycles uranium-bearing waste materials, referred to as “alternate feed materials”, for the recovery of uranium, alone or in combination with other metals, at its White Mesa mill.

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 EFN’s 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. 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, 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 whereby 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. See "Denison Environmental Services". The Company, through DMI, is also the manager of Uranium Participation Corporation ("**UPC**"). UPC is an investment holding company which invests substantially all of its assets in uranium, either in the form of U_3O_8 or uranium hexafluoride ("**UF_6**"), with the primary investment objective of achieving appreciation in the value of its uranium holdings. See "Manager of UPC".

The Company's principal assets as at December 31, 2009 include the following:

In the 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 southwestern Colorado and southeastern Utah border;
- the Henry Mountains Complex uranium properties, in south central Utah; and
- various uranium sales contracts, alternate feed processing contracts and joint venture agreements.

In Canada:

- 22.50% interest in the McClean Lake uranium processing facility and uranium deposits in northern Saskatchewan;
- 25.17% interest in the Midwest uranium project, including the Midwest and the Midwest A deposits, Saskatchewan;
- 60% interest in the Wheeler River project, Saskatchewan;
- 75% interest in the Moore Lake property, Saskatchewan;
- 49% interest in the Park Creek property, Saskatchewan;
- 22.5% interest in the Wolly project, Saskatchewan;
- various wholly-owned and joint ventured exploration properties in the Athabasca Basin, Saskatchewan
- management services agreement with UPC; and
- environmental services business (DES);

In Mongolia:

- 70% interest in the Gurvan Saihan Joint Venture, which holds 685,000 hectares of uranium exploration properties in Mongolia.

In Zambia:

- 100% interest in the Mutanga uranium project, which holds a 946 square kilometre prospecting licence in the southern part of Zambia.

Others:

- 8.5% interest in Uranerz, an exploration company whose securities are listed on the TSX, NYSE Amex and Frankfurt stock exchanges. Uranerz has uranium properties in Saskatchewan and Wyoming.

Marketing

The Uranium Industry

Nuclear power capacity and power generation is growing significantly, while uranium production is struggling to catch up after many years of low prices and limited exploration for new deposits required to support the growth of nuclear power and to replace depleting ore bodies. As a result, there is a tight long-term supply-demand balance which can be expected to continue for the foreseeable future. Prices must rise to higher, sustained levels to support the new mines required to meet the increasing demand.

Uranium Demand

There are currently 436 nuclear reactors operating worldwide in 30 countries, generating 372.6 gigawatts of electricity and supplying 15% of the world's electrical requirements. Of greater significance, 53 nuclear reactors are under construction in 13 countries with the principal drivers of this expansion being China, India, South Korea and Russia which have a total of 40 reactors under construction. China, in particular, has a very aggressive new build program underway. By 2020, it is estimated that there will be 570 nuclear reactors in operation worldwide, supplying 518.5 gigawatts. This would represent an increase of over 30% in only 10 years, with 11 new countries joining the nuclear family.

Nuclear reactors are very capital intensive; therefore economics dictate that they need to be operated to the maximum as base-load power. As a consequence, demand for uranium is nearly non-elastic. Ux Consulting ("**UxCo**") has estimated in its "Uranium Market Outlook — Q1 2010", that uranium demand will grow from 185.0 million pounds of U_3O_8 in 2009 to 247.3 million pounds in 2020.

While long-term demand is steadily growing, short-term demand is affected in a large part by utilities' uncovered requirements. Utilities normally purchase the majority of their fuel requirements under long-term contracts. To the extent that they have uncovered demand in the near term, they will purchase on the spot market which in turn affects the spot price. Currently, there is relatively low uncovered demand, so utility buying is purely discretionary and price driven.

Primary Uranium Supply

Uranium supply is the biggest variable in the supply-demand equation. During the time that the accumulated inventories from over production in the 1970s were being drawn down, primary mine production accounted for only approximately 50% of demand. A number of new mines have been brought into production over the last few years while others are in various stages of development. However, production still only accounts for approximately 70% of demand and many more mines are required to meet the increasing future demand and to replace mines that are being depleted.

UxCo has estimated in its "Uranium Market Outlook — Q1 2010" that existing mine production plus new planned and potential mine production will increase primary uranium supply from 131.8 million pounds in 2009 to 210.4 million pounds in 2020, falling short of expected demand of 247.3 million pounds per year. The principal driver for the increase in primary mine production is expected to be Kazakhstan, which is projected to nearly triple production between 2008 and 2020. However prices will need to increase appreciably to support the additional higher cost production required to meet these production forecasts.

Secondary Uranium Supply

Primary mine production currently supplies approximately 70% of demand. The balance of demand is supplied from secondary sources such as remaining excess commercial inventories, reprocessing of spent fuel, inventories held by governments and the downblending of highly-enriched uranium ("**HEU**") from nuclear weapons programs. By far, the most significant of the secondary supplies currently is the 18 to 24 million pounds per year being provided from the HEU downblending program. The HEU program is scheduled to terminate in 2013. The supply gap created by this termination will need to be made up from new primary mine production.

Excess commercial inventories, which were once one of the major sources of secondary supplies during the period from the early 1970s to the early 2000s, have largely been consumed. The disposition of government inventories held by the United States and Russia will have a market impact over the next 10 to 20 years; however, the rate and timing of this material entering the market is uncertain.

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

UxCo expects that secondary sources of supply will fall from 52 million pounds to 19 million pounds per year from now to 2020.

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 must secure 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 two to four years after they are signed and provide for four to eight delivery years. 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. 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. 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.

The long-term price rose from just under $11.00 per pound at the end of 2002 to a peak of $95.00 in May 2007 and remained at that level until mid-2008. Since then, it has steadily declined to $62.00 at the end of 2009. Long-term prices are driven more by production costs and the future supply-demand balance than by customer inventories. This is one of the reasons why a gap between long-term prices and spot prices exist.

Spot prices rose rapidly from a low of $7.10 per pound U_3O_8 in December 2000 to a peak of $136.00 per pound U_3O_8 in mid 2007 before declining and ending 2007 at $95.00 per pound U_3O_8. Spot prices in 2008 and 2009 have been very volatile but have generally continued to decline. The low price for 2009 was $40.00, reached in early April. Prices generally fluctuated during 2009, from the low $40s to the low $50s and ended the year at $44.50 per pound U_3O_8.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. The top ten producers accounted for over 90% of the world's primary mine supply in 2009.

Nearly 70% of the world's production came from four countries, namely — Kazakhstan, Canada, Australia and Namibia. Kazakhstan passed Canada in 2009 as the largest producer.

Marketing Uranium

The sale of the majority of Denison's uranium is under long-term contracts. These long-term contracts have a variety of pricing mechanisms, including fixed prices, base prices adjusted by inflation indicies and/or spot price or long-term contract reference prices. Time of delivery during a year under long-term contracts is at the discretion of the customer, so the Company's delivery obligations may vary markedly from quarter to quarter.

In 2009, approximately 60% of Denison's total sales volume was sold under long term contracts, with the remainder in the spot market. The Company currently has five long-term contracts in place. One is for the sale of the lesser of 50% of White Mesa mill production or 750,000 pounds in 2010 and 1,000,000 pounds in 2011, and then 32% of the production until a total of 2.5 million pounds have been delivered and then 17% of production until a total of 6.5 million pounds have been delivered. The sales price is 95% of the published long-term price for the month prior to delivery with a floor price of $45.00. This contract is for a total of 6.5 million pounds, of which by the end of 2009, 535,000 pounds have been delivered. The second contract is for 20% of the Company's annual production from any production source (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. The purchase price per pound is based on industry standard terms. This agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. The third contract is for delivery of 1,000,000 pounds of U_3O_8 from U.S. or Canadian production over a period of five years beginning in 2011. The price under the contract is a combination of an escalated base price and published market price indicators at the time of delivery subject to escalated floors and ceilings. The fourth contract is for 20% of production from the White Mesa mill during the years 2012 to 2017 inclusive, but not less than 200,000 pounds per year. The price per pound under this contract is 95% of the long-term price at the time of delivery with an escalated floor price. Finally, Denison has one joint contract with ARC under which Denison will deliver 49,000 pounds from its Canadian production in 2010. This contract is priced based on the average quoted spot price over the quarter prior to delivery.

Denison will continue to seek long-term contracts at prices sufficient to support the development of its mineral assets.

The Vanadium Market

Steelmaking accounts for 93% of world vanadium consumption, and world steel production dropped from 1.5 billion metric tons in 2008 to under one billion metric tons in 2009. The chemical and titanium alloy industries normally consume 4% and 3% of supply, respectively, and reduced vanadium requirements in these sectors also occurred during this timeframe.

Approximately 20% of vanadium in the world is produced from primary ore from sources in China, Russia and South Africa. The remaining 80% is produced from secondary production, or processing of steelmaking slag, oil and coal residues, spent catalysts and uranium co-products. The only uranium co-product producer of vanadium in the world at this time is Denison.

Due to falling market prices and the high cost of production from primary ore, many of these facilities have shut down. The largest secondary producers from steelmaking slag are in Russia and South Africa, and output was either cut back or halted during the year. In spite of these cutbacks, producers' inventories increased due to the drop in demand, and market prices fell. It is unclear whether the more expensive primary ore production that was idled will restart, or will be permanently shut down. If the latter is the case, it will strengthen the position of suppliers such as Denison.

At present, China is the largest steel producer in the world, but has lagged behind the other leading steel producing nations in the inclusion of vanadium as a micro alloy. Several industry analysts anticipate that the construction of new infrastructure in China, India and Russia will create increased demand for vanadium, especially in commercial building construction, roads and bridges, and power generation plants and transmission systems throughout those nations. Were China to increase its vanadium consumption to match the average seen throughout the western world, vanadium requirements could potentially increase by approximately 116 million pounds vanadium blackflake ("**V_2O_5**") per year, from current requirements of about 250 million pounds V_2O_5 per year.

The Company expects that the lower level of prices seen for the past year and a half should begin to strengthen slowly throughout 2010 as buyers begin to restock their diminished inventories, provided economic recovery gradually improves and steel production begins to increase in the U.S., Europe and the Far East.

Vanadium Marketing

All of Denison's vanadium sales during 2009 have been spot market sales, primarily to industry trading and brokerage companies as V_2O_5 or ferrovanadium ("**FeV**"). During 2009, Denison worked to increase the market awareness and exposure of the Company throughout the world, and has had considerable success.

Denison also concluded sales of V_2O_5 for product analysis and qualification with companies involved in titanium alloys in the aircraft engine and airframe industry. As businesses become familiar with the Company's product and satisfy themselves that it is compatible with their processes, Denison expects to enter into long-term sales agreements.

Operations

McClean Lake Mining and Processing Facilities

McClean Lake is a 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 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. 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 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 a capacity of 12 million pounds per year to permit the processing of ore from the nearby Cigar Lake mine operated by Cameco Corporation (“**Cameco**”). Construction of this expansion was completed in 2008.

Mining

The McClean Lake facility consists of nine ore deposits, five of which have been mined out with some of the ore still stockpiled on the surface. The JEB pit was 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. Mining was then suspended until the third quarter of 2005 when mining began on the Sue A, Sue E and Sue B deposits. Mining was completed at Sue A in the first quarter of 2006, at Sue E in the first quarter of 2008 and at Sue B at the end of 2008. Ore from the Sue E, Sue A and Sue B deposits is stockpiled at the McClean Lake mill.

Low-grade special waste from the mining of the JEB, Sue C, Sue A, Sue E and Sue B deposits has been disposed of in the mined-out Sue C pit. There is also an agreement with the Cigar Lake joint venture to 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.

Test mining had been successfully conducted on the McClean North deposit using hydraulic borehole mining methods being developed under the Mining Equipment Development Program (the “**MED**”). See “Mining Equipment Development Program.”

A prefeasibility study evaluating the mining of the McClean North deposit using conventional underground methods is underway. The mining of the Caribou deposit may also be accomplished through common underground workings for the McClean North deposit or by open pit methods. Both methods are being evaluated. At the present time, permitting for the open pit mining of the Caribou deposit is underway.

Operations

The stockpiled ore from JEB and Sue C 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 due to a combination of the remaining low-grade portion of Sue C ore 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. The grade of ore processed during 2008 and 2009 improved as mill feed consisted primarily of the higher grade Sue E ore. During 2009, the mill processed stockpiled ore from the Sue E, Sue B and Sue A deposits.

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. The majority of the mill operating costs are fixed; therefore, the reduced production from processing lower grade ores resulted in a significant increase in unit costs. Unit milling costs declined in 2008 as the ore feed grade improved, but were negatively affected by high prices for petroleum products and reagents. In 2009, unit milling costs were lower due to the higher throughput and higher ore grade.

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

	2009	2008	2007	2006	2005
Ore Milled (thousand tonnes)	181	161	170	131	177
Average Grade (% U_3O_8)	0.97	0.96	0.53	0.68	1.45
Production (thousand pounds U_3O_8)	3,609	3,248	1,907	1,794	5,490
Denison's share (thousand pounds U_3O_8)	812	731	429	404	1,235

In December 2009, the McClean Lake Joint Venture announced that the McClean Lake mill will be shut down in mid-2010 until new feed sources are available. Production in 2010 is expected to be approximately 1.86 million pounds, with the mill feed consisting principally of Sue E ore combined with a small amount of the stockpiled Sue A and Sue B ores. Upon the mill shutting down, approximately 90,000 tonnes of lower grade Sue B ore will remain on the stockpile.

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 processing high-grade Midwest and Cigar Lake ores in addition to 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 Canadian Nuclear Safety Commission ("**CNSC**") issued Mine Operating Licence, UMOL — MINEMILL — McCLEAN.02/2009 for a four year term which expired on May 30, 2009. In September, 2008 ARC submitted the renewal application for a ten year licence to operate the McClean Lake mill. On June 30, 2009, the CNSC renewed the Mine Operating Licence for a period of eight years. In addition to renewal of all previously licensed activities, the new licence authorizes mining of the McClean North deposits using the MED. Further, the licence for the current care and maintenance activities at the Midwest site is now included in the McClean Lake licence, and consequently the CNSC has revoked the previous Midwest Uranium Site Preparation Licence. See "Midwest Project Development".

On August 6, 2009, the Athabasca Regional Government ("**ARG**") filed an Application for Judicial Review of the decision to renew the McClean Lake CNSC licence with the Canadian Federal Court. The ARG is comprised of the Athabasca Denesuline First Nations of Fond du Lac, Black Lake and Hatchet Lake and the provincial communities of Camsell Portage, Uranium City, Stony Rapids and Wollaston Lake. ARG is challenging the legality of the renewed licence primarily on the basis of issues related to the Federal and Provincial government's duty to consult with aboriginal people. The operations are not expected to be affected during the legal proceedings. An adverse decision by the court could have a significant impact on the Company. See "Risk Factors". 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 original 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 2002, Denison and its partners entered into an agreement with the Cigar Lake joint venture to process Cigar Lake 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 the 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. The expansion and modifications of the McClean Lake mill were completed in 2008, and all costs were paid for by the Cigar Lake joint venture.

As a result of the flood that occurred at Cigar Lake in October 2006 and subsequent problems with the water inflows, the Cigar Lake joint venture announced that processing of its ore at the McClean Lake mill will be delayed. The exact date has not been determined due to the uncertain nature of the dewatering efforts.

Mining Equipment Development Program

The MED Program was designed to develop a mechanical prototype to achieve a viable alternate mining method from surface drilling using drilling and bore hole mining technology. The system is projected to have low capital costs and a number of benefits including safety, ease of licensing and a small environmental footprint.

Hydraulic borehole mining is a technique used to extract materials through a small access borehole, typically less than one-half of a 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 with unmineralized drill cuttings in the remainder of the hole through the overlying sandstone and glacial overburden layers.

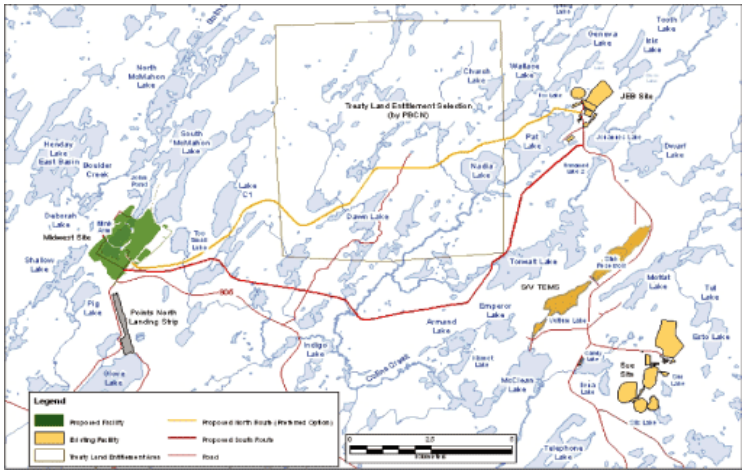
The MED Program focused on developing and optimizing the mining tool system. As a result of this work, patents were obtained on the resulting bore hole mining design.

In 2008, three access holes were cased and cemented at the McClean North deposit in preparation for mining in 2009. In 2009 significant improvements were made to the mining tool and the three holes which were drilled in 2008 were mined, as well as a fourth hole was drilled and mined. The MED tool system recovered approximately 600 tonnes of ore at an average grade of 2.58% U_3O_8. An engineering review of the 2009 program will be completed in 2010.

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, and the Midwest A deposit, which was discovered in 2004/2005. Several other mineralized intersections, located between the Midwest and Midwest A deposits, are the subject of ongoing exploration activities.

Midwest is located approximately 15 kilometres from the McClean Lake mill where the Midwest ore is planned to be processed. See “McClean Lake Mining and Processing Facilities”.



Deposits

The Midwest 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 starting in 2003, exploration resumed in an area about 3 kilometres northeast 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. 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.

The development of this deposit will involve draining the Mink Arm of the South McMahon Lake in northern Saskatchewan to construct an open pit mine. The pit, as currently designed, would be expected to 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 nears completion. Ore from this deposit would be trucked over a dedicated haul road to the McClean Lake mill.

In November 2007, the Midwest joint venture partners made the formal production decision to proceed with development of the Midwest deposit. The capital cost, including surface facilities, the water treatment plant, the haul road and the related mill expansion, was estimated at approximately Cdn$435 million. Expenditures were 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 mobile equipment and maintenance facilities, Cdn$100 million for modification to the mill and Cdn$10 million for miscellaneous capital expenses.

In November 2008, the Midwest joint venture partners announced that the development of the Midwest project will be delayed for an indefinite period. The delay was the result of the global economic climate, delays and uncertainties associated with the regulatory approval process, increasing capital and operating costs and the depressed state of the uranium market. Based on an update of the capital cost estimates completed in 2008, the capital cost increased approximately 50% from the previous estimate of Cdn$435 million. Efforts to optimize the capital expenditures will continue to be made and the status of the project will be reviewed every six months.

A revised mine plan has been completed which indicates expected mine production of 34.7 million pounds U_3O_8. Production would be approximately 8.1 to 8.3 million pounds U_3O_8 per year. Assuming satisfactory economic conditions and receipt of regulatory approvals on a timely basis, construction could begin in summer 2012, with first ore being mined in 2015 and processing of the ore beginning in 2016. In 2010, work will continue on the regulatory process, specifically to obtain regulatory approval of the Environmental Assessment.

Expenditures on Midwest will be approximately Cdn$1.3 million in 2010, of which Denison’s share will be Cdn$0.3 million.

White Mesa Mill

The White Mesa mill, a fully licensed uranium mill with a vanadium co-product recovery circuit, is located in southeastern 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. The mill uses sulphuric acid leaching and a solvent extraction recovery process to extract and recover uranium and vanadium. The mill has been operated on a campaign basis since its construction due to variable uranium market conditions.

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

Current Condition and Operating Status

The mill was on standby from June 2003 to mid-March 2005. The mill began processing alternate feed materials in March 2005 which continued through to March 2008.

The Company began a program to refurbish the mill in late 2006. The mill capital program included 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. The total cost of the refurbishment program was approximately $31.0 million.

Processing of conventional ore at the White Mesa mill restarted on April 28, 2008 with the production of uranium, followed by the production of vanadium in July 2008 after completion of the refurbishment of the vanadium circuit. Processing of conventional ore continued through to the end of March 2009. The mill was shutdown for approximately thirty days for relining of the semi-autogenous grinding mill and other critical maintenance activities. Processing of conventional ore recommenced near the end of April; however, conventional ore processing discontinued near the end of May for the remainder of 2009 due to the decline in uranium prices.

In 2009, an alternate feed processing circuit was constructed at the mill enabling the processing of alternate feed materials in parallel with conventional ore. See "Alternate Feed Materials". The circuit was completed in June 2009, at which time processing of UF_4 alternate feed material began. Processing of UF_4 alternate feed material continued through 2009.

Production at the mill over the past five years is shown below.

	2009	2008	2007	2006	2005
Alternate Feed Milled (tons)	177	—	44,136	214	50
Conventional Ore Milled (tons)	144,434	248,744	—	—	—
Uranium Production ('000's pounds U_3O_8)					
Alternate Feed	191	94	254	242	—
Conventional Ore	423	791	—	—	—
Total Uranium Production	614	885	254	242	—
Vanadium Production ('000s pounds V_2O_5)	501	1,223	—	—	—
Year-end Ore Stockpile (tons)	174,358	122,477	84,943	—	—

The mill is currently processing UF_4 alternate feed material in the new alternate feed circuit, which will continue throughout 2010. Conventional uranium/vanadium processing is anticipated to begin in March 2010 and to continue throughout 2010.

Mill Licence

The mill operates under a Radioactive Materials Licence issued by the State of Utah. The mill's licence expired on March 31, 2007. The Licence Renewal Application was submitted to the Utah Department of Environmental Quality ("**UDEQ**"), Division of Radiation Control ("**DRC**") on February 28, 2007. The licence renewal process is underway. The licence remains in effect in its current form during the licence renewal process.

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, and the overburden is used to reclaim previous cells. In this way, there is an ongoing reclamation process.

In June 2007, the Company began refurbishment of Cell 4A, which was originally built in 1989. The refurbishment was completed in August 2008 and Denison received an operating permit from the DRC in September 2008. The cell has been in operation since that time and provides approximately 2.0 million tons of tailings capacity.

To ensure sufficient volume for tailings and surface area for tailings solution evaporation, the Company is in the licensing process for tailings Cell 4B. The design documents, a licence amendment application and an environmental assessment have been submitted to the DRC in support of the approval for the construction of Cell 4B adjacent to Cell 4A. Based on current estimates, this cell will be needed by 2011.

The Environmental Statement for the mill currently contemplates construction of two additional tailings cells, after construction of Cell 4B, each of which can provide further tailings capacity of approximately 2 million tons, when necessary.

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 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. Pumping from the wells continued in 2008. 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 by Denison and is currently being reviewed by the State. While the investigations to date indicate that this chloroform 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.

Elevated concentrations of nitrate and chloride were observed in some monitoring wells at the mill site in 2008 a number of which were upgradient of the mill's tailings cells. Pursuant to a Stipulated Consent Agreement with UDEQ, the Company retained INTERA, Inc., an independent professional engineering firm, to investigate these elevated concentrations and to prepare a Contamination Investigation Report for submittal to UDEQ. The investigation was completed in 2009 and the Contamination Investigation Report was submitted to UDEQ in January 2010. INTERA concluded in the Report that: (1) the nitrate and chloride are co-extensive and appear to originally come from the same source; and (2) the source is upgradient of the mill property and is not the result of Mill activities. UDEQ is currently reviewing the Report. While the investigations to date indicate that the source of this nitrate and chloride contamination is not the result of mill activities, UDEQ has not completed its review or come to its own conclusions as to the source of the contamination or the responsibility for clean up. Although the contamination appears to be contained in a manageable area, the scope and costs of final remediation have not yet been determined and, if determined to be the responsibility of the Company, could be significant.

Alternate Feed Materials

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.

To date, the mill has received 15 licence amendments, authorizing the mill to process 18 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 ("**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.

U.S. Mines

In the United States, Denison is involved in three mining districts: the Colorado Plateau; Henry Mountains; and the Arizona Strip. Each of these districts is described in further detail below.

Colorado Plateau District

The Colorado Plateau district is an area encompassing approximately 20,000 square miles and straddles the border of southeastern Utah and southwestern Colorado. The Company's principal mining complexes in the Colorado Plateau District consist of the La Sal, 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 La Sal 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.

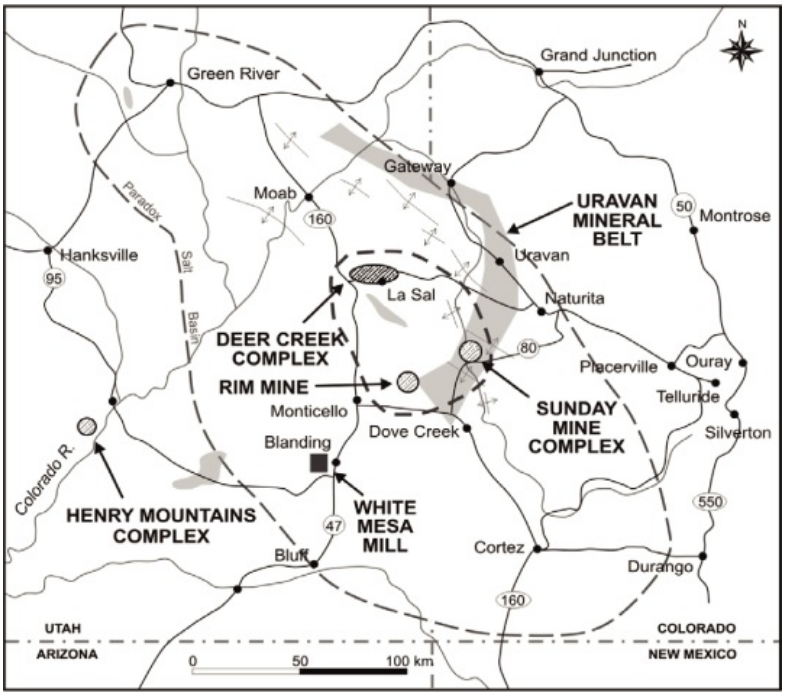
The mines are located approximately 65 to 100 miles northwest of the Company's White Mesa mill. Haulage of the ore from the mines to the mill is along County and State highways.

The Uravan mineral belt in the Colorado Plateau (" **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 ceased in 1990. Except for limited production in 1998 and 1999, all operations were shut down until 2006 when several of the mines re-opened. Historical production has yielded an overall V_2O_5 to 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 mineral 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 10.0% and vanadium royalties payable ranging from 4% to 12.5%. 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.

Colorado Plateau



The Sunday/St. Jude, Topaz, West Sunday and Pandora mines are all accessed by declines from the surface. The Beaver mine is accessed by a shaft and is connected underground to the Pandora mine. The Rim mine is a combination of a shaft and decline access. At the present time, this mine is only being accessed through the decline. The Sunday/St. Jude, West Sunday, Pandora, Rim and Beaver 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 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. 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 and West Sunday 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/St. Jude 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.

Late in 2007, rehabilitation work began at the Rim mine, and this mine was brought into production in June 2008. The Rim mine is operated directly by Denison. In addition to the Rim mine, the Company also began rehabilitation of the Beaver mine in late 2008, and this mine began shipping ore in February 2009.

In January 2009, the Company placed the Topaz mine on standby. In March 2009, the Company placed the Rim and Sunday/St. Jude mines on standby, followed by the West Sunday mine which was placed on standby in October. Until new sales contracts are negotiated, these higher cost mines will remain on standby. The mines will be maintained so that they can be restarted with minimal effort. As of the end of 2009, the Beaver and Pandora mines are the only operating mines on the Colorado Plateau district.

The ore production by mine for 2007 through 2009 is shown below.

Mine	**2009**	**2008**	**2007**
Beaver			
Tons	33,701	729	—
% U_3O_8	0.18%	0.26%	—
% V_2O_5	0.97%	1.41%	—
Pandora			
Tons	79,750	52,623	32,444
% U_3O_8	0.23%	0.23%	0.25%
% V_2O_5	1.23%	1.22%	1.34%
Rim			
Tons	3,475	2,238	—
% U_3O_8	0.07%	0.04%	—
% V_2O_5	0.70%	0.40%	—
Sunday/St. Jude			
Tons	16,073	27,497	10,879
% U_3O_8	0.18%	0.19%	0.16%
% V_2O_5	0.97%	1.04%	0.86%
Topaz			
Tons	1,506	9,707	7,753
% U_3O_8	0.09%	0.13%	0.16%
% V_2O_5	0.48%	0.70%	0.86%
West Sunday			
Tons	26,132	30,121	16,526
% U_3O_8	0.18%	0.21%	0.17%
% V_2O_5	0.97%	1.13%	0.92%

No mineral reserve or resource estimates have been prepared in accordance with NI 43-101 for any of these mines. The uranium grades shown above are based on probe grades taken when the ore arrives at the White Mesa mill. The vanadium grades are based on historical uranium/vanadium ratios.

In addition to the mine production detailed above, a number of low grade stockpiles from the Colorado Plateau mines were shipped to the mill. During 2007 a total of 7,973 tons were shipped to the mill grading 0.08% U_3O_8 and 0.43% V_2O_5 and in 2008 a total of 6,801 tons were shipped to the mill grading 0.08% U_3O_8 and 0.39% V_2O_5.

Production from the Beaver and Pandora mines is projected to continue throughout 2010.

Permitting

The Pandora/Snowball, La Sal/Beaver Complex and the Rim mine are all permitted for operations. At all the Colorado Plateau mines, air permits have been obtained or are in process. Storm Water as well as Spill Prevention and Pollution Control Plans were also updated for all Colorado Plateau mines. These Plans require regular monitoring and reporting.

Under Colorado laws, the Colorado Division of Reclamation, Mining and Safety (" **CDRMS**") can determine that a mine is a Designated Mining Operation ("**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 ("**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 associated with the operations. The EPP must be submitted to CDRMS for review and, after approval by CDRMS, will be subject to public comment.

On February 11, 2008, the Company was notified that CDRMS has designated operations at the Sunday Mine Complex and the Van 4 mine as DMOs. Upon joint consultation with CDRMS, plans were developed to collect the necessary data and perform characterization testing and prepare assessments of toxic substance exposures and transport necessary for preparation of the EPP for those mines.

Representative samples were collected of ore, waste rock, and soils surrounding the mine sites. These samples were analyzed, and generally the only constituent of possible concern is arsenic. Studies are continuing on the mechanisms of arsenic liberation, transport, and possible exposure to the environment and biota. The surface and ground water environments are also being investigated under the DMO assessment. Groundwater sampling wells have been installed in the West Sunday mine to obtain samples of undisturbed groundwater and to assess possible impacts to water in contact with mine workings and the atmosphere.

The EPP was filed in 2009 and CDRMS continues with the review of the plan.

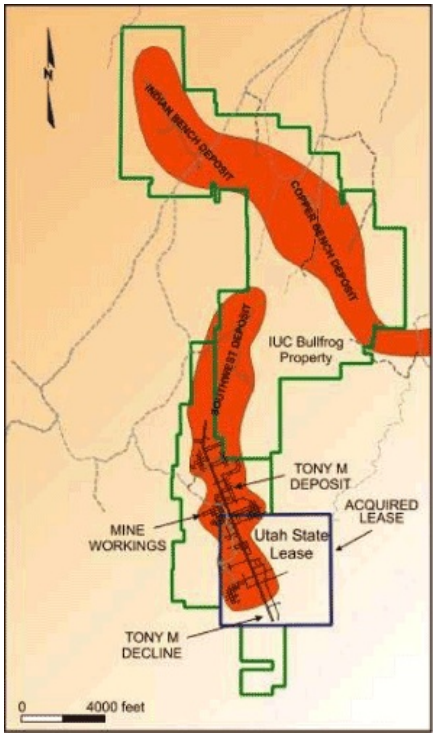
In February 2009, the BLM approved an amended Plan of Operations (" **PO**") for the Topaz mine, which incorporated all of the mines in the Sunday Complex. The BLM also determined that there was a Finding of No Significant Impact ("**FONSI**"), as a result of its Environmental Assessment (" **EA**") of the project. CDRMS had already approved the conversion of the Topaz mine 110 permit to a 112 permit, which will allow additional disturbance as needed for development and production at Topaz.

On March 2, 2009 the Sheep Mountain Alliance, the Colorado Environmental Coalition, the Information Network for Responsible Mining and the Center for Biological Diversity jointly filed a petition to the BLM State Director for review of the approved PO and the FONSI and requested a stay of the Decision Record. The petition focused on BLM's alleged failure to review indirect and cumulative impacts, as well as inadequate review of water quality impacts.

The BLM State Director's Office completed its review of the Decision Record regarding approval of the amendment of the Plan of Operations for the Sunday Mines in September 2009. The stay was denied; however, the State Director remanded the Decision Record back to the local field office for further study and analysis. The Company is working with the local field office to provide the information required.

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 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 Tony M located on the south end of the property, hosting the Tony M deposit and mine. See "Mineral Properties — Henry Mountains Complex."



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. 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.

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, 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 advance minimum royalties are deductible against the uranium and vanadium royalties payable. 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. The advance royalties on the State Lease are only deductible against the uranium and vanadium royalties paid within the same year.

Operations

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

With the receipt of the operating permit in September 2007, DMC shifted from rehabilitation work to mining of the Tony M deposit. As of the end of 2007, 9,368 tons of ore grading 0.10% U_3O_8 has been shipped to the White Mesa mill from the Tony M mine.

In 2008 87,421 tons grading 0.15% U_3O_8 was shipped to the White Mesa mill, as well as 64,755 tons of ore from the historic stockpiles, grading 0.11% U_3O_8.

In addition to re-opening the mine, the Company also constructed a number of surface facilities including a power generation station, compressor station, fuel storage facilities, maintenance building, offices and dry. An evaporation pond, which was originally constructed when the Tony M mine was in operation in the 1980's, and which is used for storage and evaporation of mine water, was reconstructed to allow for dewatering of the mine.

In November 2008, the Company announced that operations at the Tony M mine were being placed on temporary stand-by due to high operating costs and the weakening of the uranium spot price. The mine was put on care and maintenance, and dewatering activities are continuing so that mining operations can resume quickly, if and when Denison is able to obtain favourable uranium contracts.

In March 2009, shipping of the ore stockpile to the White Mesa mill was completed. In 2009, 29,737 tons of ore from the historic stockpile, grading 0.11% U_3O_8, were shipped to the mill. There were no shipments of mined ore during 2009.

Permitting

The original Tony M mine permit was allowed to lapse by the previous operator. Initially the Company filed for exploration permits with UDOGM and the BLM. These permits were granted by UDOGM and the BLM on December 2, 2005 and March 6, 2006, respectively, which enabled the Company to regain access, 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 approved PO was received in September 2007.

The PO 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 PO could be amended and a new Record of Decision 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 PO 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 PO on February 19, 2008.

The Phase 2 PO has been filed with the BLM and UDOGM. The Phase 2 activities will include addition of ventilation shafts, upgrading of the shaft and site access road, installation of a production shaft and expansion of the mine water evaporation reservoir. The Phase 2 permitting efforts continue with the BLM and UDOGM.

Arizona Strip

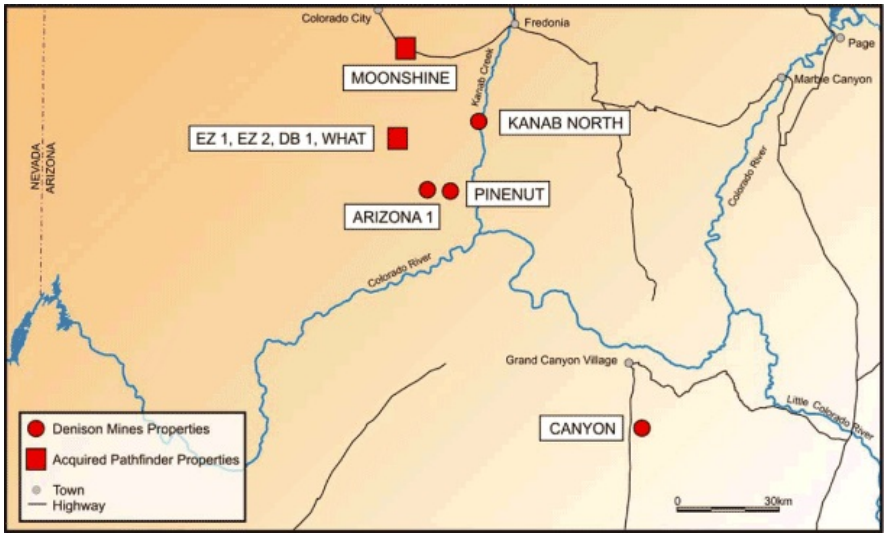
The Arizona Strip is an area largely bounded on the north by the Arizona/Utah state line; on the east by the Colorado River and Marble Canyon; on the West by the Grand Wash cliffs; and on the south by a midpoint between the city of Flagstaff and the Grand Canyon. The area encompasses approximately 13,000 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 properties. The Company recommenced development work on the Arizona 1 mine in April 2007 and restarted mining operations in November 2009.

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.

Arizona Strip



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 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.

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.

Work began on the rehabilitation of the shaft in mid-2007. The rehabilitation of the shaft, underground development, sinking of an internal raise, which will be used as an ore pass, and the sinking of a ventilation shaft were completed in September 2008. Due to ongoing delays in receipt of an air quality permit, Redpath was demobilized from the site at that time. In September 2009, the air quality permit for Arizona 1 was received (See "Permitting" below).

On November 10, 2009, the Company announced that it had made a production decision on the Arizona 1 mine. The mine will be an underground operation employing a combination of long hole and shrinkage stoping methods at a mining rate of 335 tons per day, four days per week. The mine will employ a total of 32 people.

Ore will be hauled by truck to Denison's White Mesa mill located near Blanding, Utah. The ore will be batch treated in the mill as soon as 17,000 tonnes are available for processing, with U_3O_8 recovery expected to be 95%. Production is expected to total approximately 857,000 pounds U_3O_8 of which 156,000 pounds is expected to be produced in 2010, 461,000 pounds in 2011 and 240,000 pounds in 2012.

Capital development costs to bring the Arizona 1 deposit into production are estimated at $2.3 million to complete underground development, an ore pad at surface and to purchase underground equipment.

On November 16, 2009, the Center for Biological Diversity, Grand Canyon Trust, Sierra Club and the Kaibab Band of Paiute Indians filed a Complaint for Declaratory and Injunctive Relief against Ken Salazar, Secretary of the Interior, the BLM. See "Legal Proceedings". At this time, this legal action has not impacted the operations at Arizona 1.

The Pinenut and Canyon mine sites remain on care and maintenance.

Permitting

Prior to 2009, the Arizona 1 mine had received permits, other than an air quality permit, which is required under new State requirements. The air quality permit was issued by the Arizona Department of Environmental Quality ("**ADEQ**"), Department of Air Quality ("**DAQ**") after a period of public comment in September 2009.

In 1992, the State of Arizona updated its laws relating to groundwater issues, requiring that an Aquifer Protection Permit be obtained for each mine. The Arizona 1 mine has an Aquifer Protection Permit. The Company prepared documents applying for groundwater general permits for the on-site ponds, ore storage and development waste storage pads and stormwater collection for the Pinenut and Canyon mines. The initial applications for each of those mine sites were denied. The Company revised the permit applications for the stormwater storage ponds and submitted them for review in 2009. In September 2009, the groundwater general permits were received for the stormwater storage ponds for the Pinenut and Canyon mines. However, groundwater general permits for the ore and waste storage pads as well as air quality permits will be required for each of those operations.

Ore Purchase and Toll Milling

In July 2007, the Company initiated an ore purchase program to provide additional mill feed for the White Mesa mill. A schedule listing the price to be paid per ton is posted on the Company's website at www.denisonmines.com from time to time. The Company adjusts the buying schedule periodically in response to changing factors such as uranium and vanadium prices, milling cost and uranium and vanadium recoveries.

The mill received 2,423 tons in 2008 at an average grade of 0.19% U_3O_8 and 1.0% V_2O_5. In 2009, a total of 9,077 tons were received at an average grade of 0.32% U_3O_8 and 0.66% V_2O_5 from 11 different mines.

In April 2008, the Company entered into an ore purchase and toll milling agreement with Blue Rock Resources Ltd. ("**Blue Rock**"). The term of the agreement was for three years and Blue Rock was required to deliver 25,000 tons of ore under the Company's ore purchase program. Any additional ore would be milled under the terms of the toll milling agreement. In 2008, Blue Rock delivered only 661 tons at an average grade of 0.11% U_3O_8 and 0.58% V_2O_5.

In March 2009, Denison agreed to terminate the ore purchase and toll milling agreement with Blue Rock and to relieve Blue Rock of its obligations in exchange for the issuance of common shares in the capital of Blue Rock equal to 19.75% of Blue Rock's then outstanding capital, at a deemed price of Cdn$0.015 per share. Blue Rock subsequently changed its name to Argus Metals Corp.

In January 2010, Denison entered into a toll milling agreement with Utah Energy Corp., a wholly-owned subsidiary of White Canyon Uranium Limited ("**White Canyon**"). Under the terms of the agreement, White Canyon will transport up to 55,000 tons per year of ore produced from White Canyon's mines to the White Mesa mill for processing. White Canyon will pay Denison the operating costs to mill its ore, a capital charge, plus a toll milling fee per ton of ore, which is linked to the long-term uranium price. The agreement has a three-year term with an optional two-year extension.

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 in Canada and Zambia and all disclosure of scientific or technical information concerning mineral projects in those countries in this AIF.

Terry V. Wetz, the Company's Director of Project Development, who is a "Qualified Person" in accordance with the requirements of NI 43-101, is responsible for the mineral resources estimates for the Company's properties in the United States and Mongolia and all disclosure of scientific or technical information concerning mineral projects in those countries in this AIF.

Summary of Reserves and Resources

The following tables show the Company's estimate of mineral reserves and mineral resources as of December 31, 2009. NI 43-101 requires mining companies to disclose reserves and resources using the subcategories of proven reserves, probable reserves, measured resources, 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 — Gurvan Saihan Joint Venture" and "Mineral Properties — Elliot Lake" for the Company's disclosure regarding these estimates, including a discussion as to their relevance and reliability.

Mineral Reserve Estimates

Deposit	100% Basis Tonnes (,000)	100% Basis Grade % U_3O_8	100% Basis Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean — Ore Stockpile	195.0	0.63	2,686	604

Measured Mineral Resource Estimates(1) (2)

Deposit	100% Basis Tonnes (,000)	100% Basis Grade % U_3O_8	100% Basis Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
Mutanga — Mutanga	1,880.0	0.048	1,992	1,992

Indicated Mineral Resource Estimates(1)(2)

Deposit	100% Basis Tonnes (,000)	100% Basis Grade % U_3O_8	100% Basis Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean — Caribou	39.5	3.13	2,724	613
McClean — Sue D	122.8	1.05	2,840	639
McClean North	207.3	2.75	12,575	2,829
Midwest(5)	354.0	5.50	42,900	10,800
Midwest A	464.0	0.57	5,800	1,460
Henry Mountains — Bullfrog	651.7	0.33	4,674	4,674
Henry Mountains — Tony M	1,527.8	0.24	8,140	8,140
Mongolia — Hairhan	4,726.0	0.08	7,891	5,524
Mutanga — Mutanga	8,400.0	0.03	5,817	5,817
Total Indicated Resources				40,496

Inferred Mineral Resource Estimates(1)(3)

Deposit	100% Basis Tonnes (,000)	100% Basis Grade % U_3O_8	100% Basis Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean — Sue E (4)	483.4	0.63	7,300	1,643
McClean — Sue D	24.2	0.39	209	47
McClean North	3.3	0.79	58	13
Midwest	25.0	0.80	400	101
Midwest A	9.2	21.23	4,300	1,082
Henry Mountains — Bullfrog	685.2	0.35	5,332	5,332
Henry Mountains — Tony M	779.9	0.16	2,750	2,750
Arizona Strip	217.7	0.70	3,352	3,352
EZ1	111.0	0.51	1,127	1,127
EZ2	114.0	0.43	978	978
Mongolia — Hairhan	1,848.0	0.09	3,484	2,439
Mutanga — Mutanga	7,230.0	0.02	3,287	3,287
Mutanga — Dibwe	17,040.0	0.02	8,967	8,967
Mutanga — Mutanga Ext	500.0	0.03	400	400
Mutanga — Mutanga East	200.0	0.03	100	100
Mutanga — Mutanga West	500.0	0.03	400	400
Total Inferred Mineral Resources				32,018

Notes:

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

(2) The measured and indicated mineral resources were estimated at various block cut-off grades and 0.10% U_3O_8 was selected as most reasonable for the McClean deposits, 0.35% U_3O_8 for the Caribou deposit, 0.30% U_3O_8 for Midwest, 0.05% eU (0.059% eU_3O_8) for Midwest A, 0.20% eU_3O_8 with a minimum thickness of 4 feet for Henry Mountains — Bullfrog, a 0.10% eU_3O_8 with a minimum thickness of 2 feet for Henry Mountains Tony M, a 0.02% U (0.024% U_3O_8) with a minimum thickness of 1.0 metre for Mongolia, and a 100 ppm cutoff for Mutanga.

(3) The inferred mineral resources were estimated at various block cut-off grades and 0.10% U_3O_8 was selected as most reasonable for the McClean deposits, 0.05% eU (0.059% eU_3O_8) for Midwest A, 0.20% eU_3O_8 with a minimum thickness of 4 feet for Henry Mountains — Bullfrog, 0.10% eU_3O_8 with a minimum thickness of 2 feet for Henry Mountains — Tony M, 0.20% eU_3O_8 for the Arizona Strip and EZ 1 and EZ 2, 0.02% U (0.024% U_3O_8) with a minimum thickness of 1.0 metre for Mongolia, 100 ppm for Mutanga and Dibwe, and 200 ppm for Mutanga Ext, Mutanga East and Mutanga West.

(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, 2009, Scott Wilson RPA has not re-estimated the resource using the new drill information.

(5) The Company's share of the indicated mineral resources at Midwest also contains 4.35% nickel (8.55 million pounds) and 0.34% cobalt (0.68 million pounds).

Except as stated below, 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, Geostat and CSA Global. See "Mineral Properties — McClean Lake," "Mineral Properties — Midwest," "Mineral Properties — Henry Mountains Complex," "Mineral Properties — Arizona Strip", "Mineral Properties — Gurvan Saihan Joint Venture", and "Mineral Properties — Mutanga." 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 Midwest probable mineral reserves have been reclassified, by the Company, to indicated mineral resources as a result of the decision not to proceed with the project at this time.

The reconciliations shown below detail the changes from the mineral reserves and mineral resources reported as of December 31, 2008. The 2009 additions and deletions result from ore mined to stockpile, additional information provided by mining and milling results, new or updated technical reports and reclassification of reserves and resources.

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

Reserves	December 31, 2008	2009 Throughput(1)	2009 Additions (Deletions)(2)	December 31, 2009
McClean — Ore Stockpile	1,464	(868)	8	604
Total Reserves	1,464	(868)	8	604

Notes:

(1) Corresponds to mill feed. The difference between the 2009 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 Mineral Resources
(in thousands of pounds U_3O_8)

Resources	December 31, 2008	2009 Throughput	2009 Additions (Deletions)(1)	December 31, 2009
McClean — Caribou				
indicated	613	0	0	613
McClean — Sue E				
inferred	1,643	0	0	1,643
McClean — Sue D				
indicated	639	0	0	639
inferred	47	0	0	47
McClean North				
indicated	2,583	(8)	246	2,829
inferred	11	0	2	13
Midwest				
indicated	10,800	0	0	10,800
inferred	101	0	0	101
Midwest A				
indicated	1,460	0	0	1,460
inferred	1,082	0	0	1,082
Henry Mountains — Bullfrog(2)				
indicated	4,674	0	0	4,674
inferred	5,332	0	0	5,332
Henry Mountains — Tony M(3)				
indicated	8,140	0	0	8,140
inferred	2,750	0	0	2,750
Arizona Strip				
inferred	3,352	0	0	3,352
EZ1				
inferred	0	0	1,127	1,127
EZ2				
inferred	0	0	978	978
Mongolia — Hairhan				
indicated	5,524	0	0	5,524
inferred	2,439	0	0	2,439
Mutanga				
measured	1,992	0	0	1,992
indicated	5,817	0	0	5,817
inferred	13,154	0	0	13,154

Notes:

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

(2) Henry Mountains — Bullfrog includes the Indian Bench and Copper Bench deposits. The Henry Mountains — Tony M includes the Southwest and Tony M deposits. See "Mineral Properties - Henry Mountains Complex."

(3) The Southwest deposit, which was included in the Bullfrog resources in the Henry Mountains Technical Report, was re-estimated as part of the Tony M report and these resources were moved from Henry Mountains — Bullfrog to Henry Mountains — Tony M. See "Mineral Properties — Henry Mountains Complex."

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 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 mineral resources and, because they are potentially economic, they are relevant. See "Mineral Properties — Gurvan Saihan Joint Venture."

Haraat Historical Mineral Resources

	100% Basis			Company's Share
Category	**Tonnes (,000)**	**Grade (% U)**	**Pounds eU_3O_8 (,000)**	**Pounds eU_3O_8 (,000)**
Inferred Mineral Resources	10,600	0.023	6,398	4,479

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 (0.012%U_3O_8).

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

In June 2007, the Company received a technical report entitled "Technical Report on the Elliot Lake Property, Elliot Lake District, Ontario" from Scott Wilson RPA (the "**Elliot Lake Report**"), a copy of which is available on Denison's profile on the Canadian System for Electric Document Analysis and Retrieval ("**SEDAR**") website at www.sedar.com. 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 mineral 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

	100% Basis and Company Share		
Category	**Tons (,000)**	**Grade (pounds/ton)**	**Pounds of U_3O_8 (,000)**
Developed	89,200	1.29	115,000
Undeveloped	80,500	1.13	90,000
			205,000

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. CIM definitions are not used.

(2) The cut-off grade is 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 Elliot Lake Report as Developed and Undeveloped. Developed mineral resources are those resources that have been developed for mining and represent total mineralization remaining after partial extraction during the previous mining operations. Undeveloped mineral resources are located in blocks beyond existing development workings where no mining has taken place.

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 on 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 ("**Canadian Oxy**") 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 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, resulting in the Company 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.

Exploration

Uranium mineralization at McClean North was discovered in January 1979 following extensive airborne electromagnetic surveying and drilling in the McClean Lake area. Further drilling led to the discovery of the McClean South trend in 1980. In the late 1980s, further airborne and ground geophysics, percussion and reconnaissance diamond drilling and delineation diamond drilling were carried out on the McClean North deposits.

Following the discovery of the Sue A deposit in 1988, diamond drilling was continued along the Sue trend leading to the discovery of the Sue E deposit in late 1991; however, it did not undergo development drilling until 2001. Sue D was explored by diamond drilling from the surface from 1989 to 1992 with additional fill-in holes drilled between 1994 and 2001.

The Caribou deposit was discovered during a winter drilling program in 2002.

Mineralization

Excluding the JEB deposit, which was mined out several years ago and which is now used as the TMF, the McClean Lake mineral reserves and mineral resources 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 unconformity 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. Mining has been completed at Sue A, Sue B, Sue C and Sue E. 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.

Caribou is an unconformity and sandstone-hosted egress-type deposit similar to such deposits as Cigar Lake, McArthur, Collins Bay and Midwest. The Caribou mineralization consists primarily of uranium oxides (uraninite and pitchblende) with a suite of nickel-cobalt arsenides in a clay-altered matrix within the sandstones and fault breccias in the basement. The mineralization is concentrated along the Athabasca sandstone basement unconformity.

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.

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. Open pit mining was completed in 2008; however there are resources south of the existing pit wall that could be extracted by underground mining methods.

The Caribou deposit was explored in 2002 with the drilling of 44 diamond drill holes for a total of 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 is radiometrically logged using a downhole slim-line gamma probe. The gamma-log results provide an immediate equivalent uranium value (eU$_3$O$_8$%) 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 are 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 JEB and the Sue deposits (A, B, C, and E) 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 the JEB, the Sue A, the Sue B, the Sue C deposits and for the McClean zones. Prior to the start of mining at the JEB deposit, the mineral 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 mineral 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 JEB, Sue C and Sue B, the amount of U_3O_8 recovered into stockpiles was 12%, 24% and 13% 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 resource estimates for Caribou, as reported in the McClean Technical Report, 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 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 was evaluated by Scott Wilson RPA using Whittle economic evaluation software showing that the Sue E pit economics were robust and mineral reserves were estimated. Mining was completed at the Sue E pit during 2008 recovering about 91% of the probable reserves estimated by Scott Wilson RPA. Scott Wilson RPA classified approximately 7.3 million of the pounds outside the current pit 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. Denison anticipates that underground mining methods will be used to extract this material.

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.

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.

Due to the significant increase in the price of uranium from 2004 to 2006, Denison requested Scott Wilson RPA to re-evaluate the uranium resources in the McClean North trend that are amenable to other methods of mining. The original McClean Technical Report had only evaluated mineral resources and mineral reserves of the high grade portions under the assumption that they would be mined using the blind shaft mining method. The Company received a technical report from Scott Wilson RPA dated January 31, 2007, on the 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. Subsequent to this report, the Company reviewed the block model and estimation procedures and revised slightly the mineral resource estimate for the McClean North deposit.

The McClean South trend is located parallel to and approximately 500 metres south of the McClean North trend. There are two presently known mineralized pods which were drilled by Canadian Oxy during 1979-1980 — the Southwest Pod and the Southeast Pod. Canadian Oxy prepared estimates of tonnages, grades and contained uranium for these deposits as of 1980. The results of these estimates are set out below.

McClean South Historical Resource Estimates(1) (2)

Deposit	Tons (000's)	Grade (% U_3O_8)	Pounds of U_3O_8 (000's)	Company's Share Pounds eU_3O_8 (000's)
Southwest Pod	47.6	2.10	2,000	450
Southeast Pod	126.7	0.73	1,900	427.5

Notes:

(1) The mineral resource estimate does not comply with the requirement of NI 43-101, CIM definitions are not used.

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

Denison is not treating the historical mineral resource estimate as NI 43-101 defined resources verified by a qualified person. This trend will require considerable future evaluation.

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 one of the mineral leases expires in December 2013 and the other two expire in December 2018. 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 that connects to the provincial highway system. Air transportation is provided through the Points North airstrip 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 other facilities 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 resource 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.

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 with 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 4.3% and 5.3% respectively.

The Midwest deposit is representative of a typical unconformity type zone, whereby 99.5% of the resources 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 resource estimations. 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, while the underground holes were logged and sampled by Denison.

Of the 103 holes used for estimation of the Midwest resources, 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% in 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. Additional drilling has been carried out since the date of the resource estimate.

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 resource 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 resource 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 drilling since 2005. 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 1978 to October 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 an industry standard Whittle software analysis program. As a result of increased costs and other economic factors, the Midwest reserves were reclassified to resources in 2008 pending a decision to proceed with the development of the Midwest deposit.

Midwest Mineral Resources (1) (2) (3)

Category	100% Basis Tonnes (000's)	Grade (% U_3O_8)	Pounds of U_3O_8 (000's)	Company Share Pounds of U_3O_8 (000's)
Indicated	354.0	5.50	42,900	10,800
Inferred	25.0	0.80	400	101

Notes:

(1) The Midwest Technical Report estimated probable mineral reserves but they were reclassified by the Company to indicated mineral resources in 2008 as a result of the decision not to proceed with the development of the project at this time.

(2) The cut-off grade for the Midwest indicated resources is 0.30% U_3O_8.

(3) The indicated mineral resources also contain 4.35% nickel (Company share of 8.5 million pounds) and 0.34% cobalt (Company share of 0.68 million 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% eU.

Once mineralized solids and the location and cut-off grades of composites within those solids were 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 this time, 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 mineral resources as follows:

Midwest A Mineral Resources(1) (2)

	100% Basis			Company Share
Category	Tonnes (000's)	Grade (% U_3O_8)	Pounds of U_3O_8 (000's)	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

Notes:

(1) The mineral resource estimates comply with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

(2) 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, and is comprised of the Bullfrog property, hosting the Indian Bench and the Copper Bench deposits, and the Tony M property, hosting the Southwest deposit and the Tony M deposit and mine.

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 ("**Henry Mountains Technical Report**"). This report provided current estimates for the Indian Bench, Copper Bench and the Southwest deposits and a historical resource estimate for Tony M.

On March 26, 2009, Denison announced that it had received an independent review of current resource estimates for the Tony M and Southwest deposits on the Henry Mountains Complex prepared by Scott Wilson RPA in accordance with NI 43-101 ("**Henry Mountains Tony M — Southwest Technical Report** ").

Property Description and Location

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 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 and the Tony M property located to the south.

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, 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.

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. 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 and Tony M properties is about 2,250 feet. The elevation 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 properties. 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 half of the properties.

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**"), at that time 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 1989, 30 to 40 rotary holes were drilled to delineate zones of high grade uranium mineralization.

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 property 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 deposits 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 were 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. 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 deposit. Plateau Resources Inc. drilled more than 2,000 rotary drill holes totalling about 1.0 million 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 eU3O8 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 3O8% 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 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

In the Henry Mountains Technical Report, Scott Wilson RPA audited the 1993 EFN mineral resource estimate of the Copper Bench and Indian Bench deposits on the Bullfrog property and the Southwest deposit on the Tony M property, accepted them as a current mineral resource estimate and classified them as indicated and inferred mineral resources in accordance with CIM definitions.

The basis for this resource estimation is the gamma logs from 1,801 rotary drill holes located on the Southwest, Copper Bench and Indian Bench deposits. This represents about 80% of the 2,232 total holes drilled on these deposits. 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, prior to Denison's tenure. See "Drilling" above for further detail.

The grades of the mineralized zones 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.

In the preparation of the Henry Mountains Tony M — Southwest Technical Report, Scott Wilson RPA audited the mineral resource estimates of the Tony M and Southwest deposits prepared by Denison using the contour method in 2008 and accepted them as a current mineral resource estimate, and has classified them as indicated and inferred mineral resources in accordance with CIM definitions. This new estimate provides an update of the Southwest deposit which was previously included in the Henry Mountains Technical Report.

The results of 1,671 drill holes were used to prepare the resource estimates for the Tony M and the Southwest deposits. A total of 32 core holes were drilled to recover samples for chemical and geologic analysis and to establish a stratagraphic relationship. All of the drilling and analyses were conducted by past owners, prior to Denison's tenure. See "Drilling" above for further detail.

The following table lists the mineral resources by deposit for the entire Henry Mountains Complex.

HENRY MOUNTAINS COMPLEX MINERAL RESOURCE ESTIMATE (1) (2) (3)

Deposit	Category	Tons (millions)	Grade eU_3O_8 (%)	Contained eU_3O_8 (million pounds)
Tony M	Indicated	1.03	0.24	4.83
Southwest	Indicated	0.66	0.25	3.30
Indian Bench	Indicated	0.22	0.40	1.74
Copper Bench	Indicated	0.50	0.29	2.93
Sub-total		2.41	0.27	12.80
Tony M	Inferred	0.65	0.17	2.17
Southwest	Inferred	0.21	0.14	0.58
Indian Bench	Inferred	0.25	0.42	2.09
Copper Bench	Inferred	0.50	0.32	3.24
Sub-total		1.61	0.25	8.08

Notes:

(1) The mineral resource estimates comply with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

(2) The Tony M and Southwest mineral resources were estimated at a cut-off grade of 0.10% eU_3O_8 over a minimum thickness of 2 feet and a minimum GT of 0.2 feet-%.

(3) The Indian Bench and Copper Bench 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 feet-% 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 Copper Bench and Indian Bench 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, 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.

For the Tony M and Southwest deposits, Denison established minimum grade, thickness and GT parameters based on conventional Colorado Plateau mining practices and recent operating costs at the Tony M Mine.

As an initial step for compositing of the drill hole assays, minimum grades of 0.10%, 0.08%, 0.05% and 0.03% eU_3O_8 were used over a minimum thickness of two feet, with a two foot minimum for exclusion of waste intervals. This resulted in minimum GT values of 0.20 feet-%, 0.16 feet-%, 0.10 feet-% and 0.06 feet-%, respectively. The two-foot thicknesses are based on the mining technique of split shooting, which is commonly used in the Uravan district. For inclusion of blocks in the mineral resource estimate, Denison used a cut-off grade of 0.10% eU_3O_8.

Arizona Strip

Denison has a 100% interest in eight breccia pipe uranium deposits in the Arizona Strip district of northeastern Arizona, being: Arizona 1, Canyon, Pinenut, EZ 1, EZ 2, WHAT, DB 1, and Kanab North. The EZ 1, EZ 2, WHAT, DB 1 and a fifth deposit, Moonshine Springs, were acquired from Pathfinder in 2007. Moonshine Springs is a sandstone hosted deposit near the surface and gradually becoming deeper toward the 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 1, Canyon and Pinenut properties (the "**Arizona Strip Report**").

An independent technical report titled "Technical Report on the EZ1 and EZ2 Breccia Pipes, Arizona Strip District, U.S.A." prepared by Scott Wilson RPA in accordance with the requirements of NI 43-101 with respect to the Company's EZ 1 and EZ 2 properties ("**EZ Complex**") was filed on August 11, 2009 (the "**EZ Complex Report**").

Mining operations began at Arizona 1 in late 2009. See "U.S. Mines — Arizona Strip". At Canyon, all surface facilities for shaft sinking are in place, and there is a fully developed underground mine at Pinenut 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 mineral resource estimates in the Arizona Strip Report. An Environmental Impact Statement ("**EIS**") is being prepared for the EZ Complex. The WHAT, DB 1 and Moonshine Springs properties have no development on site or plans for permitting at this time.

Property Description and Location

Prior to its bankruptcy in 1995, EFN located and developed to various stages, numerous uranium mineralized breccia pipe structures in northwestern 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, Arizona 1 and EZ Complex pipes. One deposit, Canyon, is located south of the park.

Arizona 1 is located in Mojave County, Arizona, about 45 miles southwest 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.

The EZ Complex is also located in Mohave County, Arizona, about 30 miles southwest of Fredonia, Arizona. The EZ Complex is comprised of 12 unpatented mining claims covering approximately 248 acres.

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 was substantially developed in the 1990's with the production shaft completed for 1,250 feet of the proposed final 1,650 foot 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. Denison has completed rehabilitation work, and following receipt of all necessary permits in 2009, recommenced mine development.

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.

There is no infrastructure in place at the EZ Complex.

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 acquired the Hack Canyon property from Western Nuclear in December 1980. Development started promptly, and the Hack Canyon mine was 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 of 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 significant 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.

The EZ Complex was drilled in the 1980s by Pathfinder. Pathfinder drilled 81 holes for a total of 139,118 feet. Pathfinder entered into a joint venture with EFN and prepared resource estimates for the two pipes in 1988. At the time of the Denison acquisition of EFN's mining properties in 1997, the EFN/Pathfinder joint venture was terminated and control of the EZ 1 and EZ 2 projects reverted back to Pathfinder. Denison acquired the EZ 1 and EZ 2 projects from Pathfinder in 2007.

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 were dropped. In addition to the EFN breccias pipe deposits, Denison acquired four additional breccia pipe deposits (EZ 1, EZ 2, WHAT and DB 1) and one sandstone type deposit (Moonshine Springs) 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.

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 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 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.

Uranium mineralization in the EZ 1 and EZ 2 deposits is located primarily in the Coconino and Hermit horizons.

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 acquisitions in 1997 and 2007, respectively.

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.

Uranium mineralization in EZ 1 occurs at two distinct vertical intervals. The Upper zone is contained within a 400-foot interval 1,170 to 1,560 feet below surface and at its widest point has a diameter of approximately 183 feet. The Lower zone is at a depth of 1,812 to 2,143 feet and at its widest point has a diameter of 45 feet. At EZ 2, the mineralization occurs in three distinct zones: an Upper, Middle and Lower zone. The larger Upper zone is mushroom shaped and is approximately 300 feet wide at its widest point and occurs from 952 feet to 1,153 feet below surface. The Middle zone is made up of two central deposits surrounded by multiple ring deposits. The Middle zone array of deposits occurs between depths of 1,194 to 1,356 feet. The Lower zone also is a mushroom shaped deposit from 1,417 to 1,512 feet.

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 utilizes large bore percussion drills. The resulting drill holes, out to as much as approximately 200 feet or so, are 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, Canyon, and EZ1 and EZ2 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 owners are 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, Pinenut and EZ Complex 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 five 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
EZ 1	110,500	0.51	1,127,000
EZ 2	113,700	0.43	978,000

Notes:

(1) The mineral resource estimates comply with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

(2) Interval grades were converted from the gamma log data and are therefore equivalent U_3O_8 (eU_3O_8).

(3) High eU_3O_8 grades were cut to 6% at Arizona 1, 10% at Canyon, and 8% at Pinenut, EZ 1 and EZ 2.

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.

Historical Resources

In 2007, Denison acquired five uranium deposits located in the Arizona Strip district in northeastern Arizona from Pathfinder, including four breccia pipe type deposits (EZ 1, EZ 2, WHAT and DB 1) and a sandstone hosted deposit occurring at surface and gradually becoming deeper towards the north (Moonshine Springs).

Shown below are the historical resource estimates for the WHAT, DB 1 and Moonshine Springs deposits as presented by Pathfinder to Denison and estimated in 1996. 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.

Pathfinder Historical Resource Estimates(1)

Deposit	Tons	% U_3O_8	Pounds of U_3O_8
DB 1	103,550	0.44%	911,000
WHAT	89,800	0.25%	449,000
Moonshine Springs	775,000	0.16%	2,480,000

Notes:

(1) The mineral resource estimate does not comply with the requirements of NI 43-101. CIM definitions are not used.

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

The Pathfinder mineral 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.

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

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, then the Topaz, Sunday/St. Jude and West Sunday mines beginning in 2008 to 2009, and is currently mining such ores from its Pandora and Beaver mines. The resource estimates shown below are based on historical estimates prepared by EFN, adjusted for production from the Colorado Plateau mines.

Colorado Plateau Historical Resource Estimates(1)

	Mineral Tons (millions)	% U_3O_8	Pounds U_3O_8 (millions)	%V_2O_5	Pounds of V_2O_5 (millions)
Colorado Plateau	1.24	0.21	5.3	1.22	30.2

Notes:

(1) The mineral resource estimate does not comply with requirements of NI 43-101. CIM definitions are not used.

(2) The historic resources estimates cannot be verified, and the estimates are not necessarily indicative of the mineralization on the property.

The Colorado Plateau mineral resource estimates are based on data, reports and documentation obtained from and prepared by previous operators, including ENN. Denison is not treating the historical mineral 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.

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 15 years, and initial exploration commenced prior to the promulgation of the law on mineral resources in Mongolia in 1997 ("**Mineral Law of Mongolia**"). Denison's property holdings are divided into two groups: (i) properties obtained prior to the Mineral Law of Mongolia and held within the Gurvan Saihan Joint Venture (or "**GSJV**") with the Government of Mongolia and Geologorazvedka; and (ii) exploration licences acquired by the GSJV since 1997 that are subject to the Mineral Laws 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 Mineral Law of Mongolia. The GSJV licences have an area of 670,711 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 and Geologorazvedka. 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 a 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, and for so long thereafter as the GSJV is conducting exploration, development or production activities on a specific property. Properties on which the GSJV is conducting exploration activities after 15 years must be put into development for the purposes of production within two years after cessation of exploration activities. The agreement will continue in effect after 15 years as to any property in development or production so long as such activities continue.
- 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 GSJV 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. This commitment was met in 1997.
- After the initial funding of the first $4 million (subsequently changed to $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, however, the Company has been funding 100% of all expenditures of the GSJV after the initial funding obligation.
- If a participant fails to fund its share of expenditures, such participant will be suspended from participating in the business and management of the GSJV, 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 GSJV an amount equal to 150% of contributions made on behalf of the non-funding participant.
- Specific tax provisions for the GSJV are defined.
- In addition to its 15% equity interest in the GSJV, the Government of Mongolia is entitled to a 4% production royalty.
- Participants cannot assign their interest to another party without the written consent of the other participants.
- The Government of Mongolia acknowledges that its 15% equity interest in the GSJV and its production royalty of 4% are its entire interest and waives any rights it may have had at the time the Mineral Agreement was entered into or under future law to 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.

In July 2009, the Great State Khural (the Parliament of Mongolia) enacted the Nuclear Energy Law of Mongolia (the “**New Law**”). The New Law granted authority to the Mongolian Nuclear Energy Agency (“ **NEA**”) and created a framework for all aspects of uranium resource development in Mongolia. A new government entity, MonAtom, was created by the New Law, which has been designated as the government’s participating entity in all uranium projects in Mongolia, and is thus the Mongolian partner in the GSJV.

The New Law also created an umbrella regulatory authority for all uranium and nuclear matters in Mongolia. The NEA has considerable autonomy and reports directly to the Prime Minister rather than through any of the existing government agencies. Authority for all uranium exploration and mining licences has transferred from the Ministry of Mineral Resources and Energy to NEA. Regulatory and licensing actions are now also under the NEA.

The GSJV and the Ministry of Minerals and Energy completed the process of extending the terms of the GSJV's licences in accordance with the Mineral Law of Mongolia and the terms of the Mineral Agreement. The four original GSJV exploration licences are valid until January 2012.

There are a number of provisions under the New Law that could significantly adversely affect the GSJV, including restrictions on the ability of a licensee to transfer its licences or interests in its uranium properties, and the ability of the Government of Mongolia to acquire a 34% to 51% interest, depending on the amount of historic exploration on the property that was funded by the Government of Mongolia, in each uranium property at no cost to the Government. Denison is currently engaged with industry groups and trade representatives in Mongolia to determine how the New Law could be applied in practice. Discussions are also underway between industry groups and the Mongolian Government in an effort to have the Government amend some of these provisions. At this time, it is not clear how the Mongolian Government will attempt to apply the New Law to the GSJV, in light of the Mineral Agreement, or to licences held by the GSJV that are not subject to 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 and 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 methods, 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 the 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 discovery encountered by the GSJV to that point in time was made at Hairhan. The discovery hole intersected a 14-metre thick mineral 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)

	100% Basis				Company Share
Category	**Million Tonnes**	**Grade %U**(2)	**Tonnes U**	**Pounds of U_3O_8 (millions)**	**Pounds U_3O_8 (millions)**
Inferred Mineral Resource	10.60	0.023	2,461	6.4	4.5

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.

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

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 was warranted.

Drilling in 2005 was also conducted on a number of new exploration areas which had been obtained in 2004, based on past GSJV reconnaissance work. This drilling amounted to 21,466 metres in three areas. Two areas returned negative results, but in one area, the Urt Tsav/Hokh Tolgoi licences, a mineralized paleo-channel environment was discovered. Additional exploration drilling in this area is warranted.

During 2006, the Company completed in excess of 54,000 metres of drilling, all on new targets which were identified through previous GSJV and Company reconnaissance programs. Based on the generally discouraging results of this drilling, the Company released a number of exploration licences. From 2007 to 2009, exploration drilling continued. For descriptions of these programs, 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 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 from 1994 to 1999 has been completed on the GSJV.

Drilling by Location and Type
Exploration Drilling (metres)

Depression/Licence	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 GSJV in the period from 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.

A significant amount of drilling has been carried out by Denison during the period from 2005 to 2009. See “Mineral Exploration — Mongolia.”

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 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 metre
Grade X Thickness (GT)	0.02
Waste Thickness	2 metres

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 mineral 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 on the order of 50-metres apart. In general, the indicated mineral resource lenses were contourable and were estimated by the contour method described above.

Inferred mineral 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 on the order of 100 metres apart.

In 2007, Scott Wilson RPA estimated mineral resources for the Hairhan property as summarized in the table below based on exploration drilling conducted up to 1999. The cut-off is 0.1 metre GT over a minimum of one metre. The average thickness of the indicated resources is 5.2 metres and of the inferred resources is 5.7 metres.

Hairhan Mineral Resource Estimates

	100% Basis				Company Share
Category	**Tonnes (000's)**	**Grade % U**	**Tonnes U**	**Pounds U_3O_8 (000's)**	**Pounds of U_3O_8 (000's)**
Indicated	4,726	0.064	3,036	7,891	5,524
Inferred	1,848	0.073	1,341	3,484	2,439

Notes:

(1) The mineral resource estimates comply with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

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

(3) Minimum thickness of 1 metre.

(4) Density is 1.65 tonnes per cubic metre.

There are no mineral reserves estimated for any of the other Denison Mongolia properties at this time. See "Mineral Exploration — Mongolia" for a discussion of recent exploration activities.

Mutanga Project

Denison acquired the Mutanga Project ("**Mutanga**") in 2007 through the acquisition of OmegaCorp. 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 (PL LS 237) encompassing 946.3 square kilometres, which is held by Denison Mines Zambia 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 OmegaCorp on December 20, 2005. The licence was renewed on October 20, 2006 for two years and then again on October 20, 2008 for an additional two 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 in 1974. The Geological Survey of Zambia ("**GSZ**") conducted a ground investigation (1973 to 1977) and a second campaign was conducted by the Italian oil company AGIP S.p.A. ("**AGIP**") between 1974 and 1984.

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 Karoo 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.

Drilling

The first drilling of the Mutanga Project subsequent to Denison's acquisition of OmegaCorp commenced on October 17, 2007 at the Dibwe deposit. The initial focus of the drilling campaign was to collect bulk sample material from the Dibwe prospect for metallurgical testing. This program continued until the onset of the rainy season in the first week of December 2007.

All rigs were relocated to the Mutanga Prospect for the 2007/08 rainy season. The objective of the program was infill drilling to support an NI 43-101 estimate. Drill hole spacing was 50 x 50 metres. After the end of the rainy season in April 2008, the rigs returned to Dibwe (Central) for a 50 x 100 metre infill program. Development drilling was completed July 17, 2008, and the rig fleet transferred to exploration drilling. See "Mineral Exploration — Mutanga".

Development Drilling Statistics

Development Drilling (October 17, 2007— December 31, 2007)	4,232m
Development Drilling (January 1, 2008 — July 17, 2008)	41,366m
Total Denison Development Drilling to end of 2008	45,598m

Security of Samples

RC and diamond drilling campaign samples were shipped to Genalysis in Johannesburg for preparation. Once prepared, the assay pulps were forwarded by Genalysis to its Perth assay laboratory where the samples were held in secure, quarantined storage.

Data Verification: 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 RC 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 DOE’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 RC chip samples were 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 76mm. For zones selected for laboratory analyses, one half of the core was normally used and the other half retained. The minimum length of core submitted was usually 0.2 metres and the maximum length per sample was 0.4 metres. Sample intervals were selected by geologists in the field based on lithology, oxidation/reduction and uranium grade (from gamma logging and from hand-held gamma counters).

Samples were analyzed at Genalysis in Perth. Samples were transported in a dedicated truck from Zambia to Johannesburg, where Genalysis operates a dedicated sample preparation facility. The sample was crushed, pulped and homogenized and a sample pulp air freighted to the lab in Perth, Australia.

The Genalysis laboratory has been in operation since 1975 and 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.

Drill hole logging was 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 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 were also established for routine checking and calibration of tools. In addition, Denison cased a mineralized hole at one of its centrally located development areas and this cased hole was logged periodically to ensure exact repeatability of the gamma probes.

Drill hole logging data was 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 was copied and then sent via e-mail to Denison’s Saskatoon office, where all data was checked and reviewed.

Samples of drill core were chosen on the basis of radiometric data collected during core logging. This radiometric data was obtained by using a hand-held scintillometer and on the basis of subsequent down hole probing. The hand-held scintillometer provides quantitative data only and cannot be used to calculate uranium grades; however, it did allow the geologist to identify uranium mineralization in the core and select intervals for geochemical sampling.

Additional samples were collected above and below the horizons of interest in order to "close-off" sample intervals. Sample widths were selected according to radiometric values and lithologic breaks or changes. All reasonable efforts were made to ensure that splitting of the core was representative and that no significant sampling biases occurred. Once the sample intervals were identified, an exclusive sample number was assigned to 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 were split longitudinally at the drill site. One half of the core was placed in a new sample bag along with a sample tag corresponding to the sample number. The other half of the core was re-assembled in the core box and stored for future reference. Samples were 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

Mineral Resources Estimates

On March 20, 2009, the Company filed on SEDAR, available at www.sedar.com, an independent technical report entitled "NI 43-101 Technical Report Mutanga Uranium Project, Zambia" (the "**Mutanga Report**") prepared by CSA Global in accordance with the requirements of NI 43-101 with respect to the Company's deposits in Mutanga.

In preparing the Mutanga Report, CSA Global carried out the following procedures. U_3O_8 grades were estimated into a block model for each deposit, constructed to honour the interpreted mineralized zones and the surface topography. Blocks within each model were coded by the relevant domains using the domain wireframes and then constrained to the surface topography. Blocks situated above the topographic surface were deleted. Adequate waste was built into the block models to ensure that they were suitable for open pit optimisation and mine planning. To speed up processing time, waste blocks were filtered out of each block model prior to grade interpolation and then re-merged into the block file after grades were assigned to each model.

Ordinary kriging was used to estimate U_3O_8 based on the modelled variogram parameters. Inverse distance squared estimation was completed as a comparison with the kriged estimate.

The grade interpolation strategy for both deposits involved setting up search parameters in a search ellipse for each domain, which was then aligned to the geometry of each domain. A series of grade interpolation "runs" were then completed, at progressively larger search distances until all blocks received an interpolated grade. Constraints were applied to the number of grade values and holes used in the interpolations in order to improve the reliability of the estimates.

Upon completion of grade estimation for both deposits, a series of block model validations were completed to test the robustness of each estimate.

Mutanga Resource Estimates

Deposit	U_3O_8 Lower Cut-off ppm	Measured tonnes (,000)	Measured U_3O_8 ppm	Measured Pounds U_3O_8 (,000)
Mutanga	100	1,880	481	1,992

Deposit	U_3O_8 Lower Cut-off ppm	Indicated tonnes (,000)	Indicated U_3O_8 ppm	Indicated Pounds U_3O_8	Inferred tonnes (,000)	Inferred U_3O_8 ppm	Inferred Pounds U_3O_8 (,000)
Mutanga	100	8,400	314	5,817	7,230	206	3,287
Mutanga Ext	200	—	—	—	500	340	400
Mutanga East	200	—	—	—	200	320	100
Mutanga West	200	—	—	—	500	340	400
Dibwe	100	—	—	—	17,040	234	8,967
Total		**8,400**	**314**	**5,817**	**25,470**	**235**	**13,154**

Notes:

(1) The Mutanga mineral resource estimates have been prepared in accordance with the requirements of NI 43-101 and the classifications comply with CIM definition standards.

Based on the results of recent mining and processing studies, the updated resource estimates for Mutanga and Dibwe are reported at a 100 ppm U_3O_8 cut-off. Recent drilling at Mutanga has validated the previous historical drilling data and provided increased confidence in the U_3O_8 grade, geological interpretation and tonnage factors resulting in a significant portion of Mutanga being classified as Indicated. The remainder of the mineral resource has been assigned to the inferred category, due to the limited understanding of geological continuity, low drilling density and the uncertainty surrounding the historical data.

Mineral Exploration

General

In the Athabasca Basin, Denison is participating in 31 exploration projects, primarily located in the southeast part of the Basin and within trucking distance of the operating mills. During 2009, 22,566 metres were drilled on projects which Denison operates, and a further 19,391 metres were drilled by ARC on properties in the McClean mill area. High-grade uranium was discovered at the Denison-operated Wheeler River project in 2009. Due to the potential of this discovery, the Wheeler Project has become the major focus of the Company's exploration activities in 2010.

Denison is participating in six drill programs in the Athabasca Basin during the 2009-2010 winter season; Denison is operator of four of these programs, and the other two are managed by ARC. Of the Denison operated projects, one drill program will be undertaken at the Wheeler River project, and three others will be carried out in the general McClean mill area. ARC plans to undertake winter drill programs at the Wolly and Waterfound projects. No field work is planned for the Midwest and McClean projects this year.

On Denison's operated and non-operated projects, a total of 31,415 metres of drilling is planned for 2010. In addition to these major drill campaigns, Denison and ARC expect to carry out a number of geophysical surveys to identify targets for future drill programs.

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, Sue C, Sue E and Sue B 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). The McClean group of deposits represents the fifth largest property in the Athabasca Basin in terms of production and identified resources. In the Company’s view, significant exploration potential still remains. During 2009, a total of 3,448 metres was drilled in 17 holes.

During 2009, ARC, as operator, tested the Moffat Lake conductor, the McClean South zone, and the JEB area, with seven drill holes totalling 1,464 metres. ARC concluded that this area exhibits similar basement rocks to that of the past producing Sue trend. While no significant intersections were returned, this trend remains a priority target. Four holes were drilled in the McClean South area, following up elevated sandstone uranium values from previous drill holes with the best hole returning 0.19% eU over a one metre sandstone interval. ARC concluded that further drilling was justified. Accordingly, a summer drill program tested targets in the JEB area, with six holes totalling 955 metres on two fences. Significant evidence of faulting and hydrothermal alteration was reported by ARC on one fence. Further follow up work will be required to evaluate this area.

Work in 2010 on the McClean project will be directed towards compiling data from the results to-date, and prioritizing all targets in anticipation of a 2011 drill program.

Midwest

For 2009, drilling by ARC focussed on targets within the highly-altered 3 kilometre corridor between the Midwest and Midwest A deposit. Thirty-four holes were drilled for a total of 8,896 metres in the Josie, Camille, Dam Pod and Points North conductor zones, in the search for both unconformity and basement hosted mineralization. Significant alteration and low-grade mineralization was encountered in almost all holes drilled; however, no intersections of economic significance were returned. More drilling is required to evaluate the Points North conductive zone, which was strongly structurally altered, but no field work is planned for 2010.

Wolly

The Wolly uranium exploration project is a large and well located property which surrounds the McClean Lake uranium project and comprises approximately 23,700 hectares, making it double the size of the Wheeler River project.

In October 2004, Denison entered into an agreement with ARC, formerly Cogema Resources Inc., to earn up to a 22.5% interest in the Wolly project by spending up to Cdn$5 million on exploration activities over a six-year period. Denison completed its earn-in during 2009.

Wolly was first explored in the mid 1970s by its prior owners, due to its proximity to the Rabbit Lake discoveries. Because of the relatively shallow depths to the unconformity, which do not exceed 200 metres, drill testing there is less expensive than many other properties in the area, and any Wolly deposits discovered would be amenable to 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.

The 2009 exploration program conducted by ARC as operator consisted of a number of ground geophysical surveys, which were dedicated to refining future drill targets, and a 25 hole drilling program for 3,687 metres. Ten holes were drilled in the Lasby Lake (Lasoy) area, with a further 15 drilled in the Mallen Lake zone. No significant mineralization was returned from any hole completed in this year's work. For 2010, four conductors will be systematically targeted with a variety of ground geophysical methods, and two systems will be drill tested. Several holes will be drilled on the JEB conductor system to the west of the JEB deposit, which are high priority potential targets.

Waterfound

The Waterfound property is a deeper project with depths to the unconformity in the range of 450 to 550 metres. A relatively long conductor, termed the D1, is present on the property and has been the main focus of exploration for a number of years. This conductor is host of the "Alligator" showing, in the north part of the claim group where Hole WF-08 in the early 1990's intersected a value of 3.81% U over 10.53 metres at a depth of approximately 450 metres. A significant amount of geophysical work took place in the past four years prior to the 2009 five hole drill program, totalling almost 3,360 metres. No significant results were returned from the drilling, which was testing the west strike extensions of the Alligator showing in a geophysically complex area. A four hole, 1,800 metre program will take place in winter 2010 to test this conductor in an undrilled area.

Moore Lake

The Moore Lake property, owned 75% by Denison and 25% by JNR Resources Inc. (" **JNR**"), comprises 11 contiguous claims totalling approximately 36,000 hectares. The property is located in the southeastern 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.

Early exploration on the Moore Lake project has been at the Maverick zone, although uranium mineralization has been intersected in several other locations on the project. The primary exploration target area on the project is the 2.5 km long Maverick mineralized trend where pods of high grade unconformity-type mineralization have been outlined. Basement and sandstone hosted mineralization have also been intersected on the Avalon, Venice, Rarotonga, and Nutana Grid areas. 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. Based on the program of 13 holes drilled in 2008, it was determined that the Maverick Zone was too small to be economically significant. Work in 2010 will consist of resistivity surveying to identify potential targets which will be drill tested in the 2011 winter season.

Wheeler River

Denison holds a 60% interest in the Wheeler River project consisting of 20 mineral claims totalling 12,233 hectares. The other parties are Cameco Corp. at a 30% interest and JCU (Canada) Exploration Company, Limited holding the remaining 10%. Denison is the operator. It is favourably located along strike from the McArthur River mine and is underlain by many of the same geological features. A prime target during the 2005 to 2008 period has been the quartzite ridge, where significant but uneconomic mineralization has been intercepted at a depth of 300 metres, at two different locations along the footwall of the ridge separated by 600 metres.

In 2008, as a result of a DC resistivity survey along the hanging wall of the quartzite ridge, an alteration zone was discovered in an area where a number of historic drill holes had been lost in altered sandstone. The resulting DC resistivity anomalies were tested for sandstone "breaches" postulated to represent alteration plumes emanating from mineralization at the unconformity. All drill holes during the summer of 2008 either intersected mineralization or very strong alteration close to mineralization.

During 2009, three drill programs were carried out, each of which established significant milestones in the advancement of the project. During the winter program, the first indications of significant mineralization came from Hole WR-258 which returned 11.2% U_3O_8 over 5.5 metres from a depth of 397 metres. The summer drill program continued to test the Wheeler River discovery, now named the Phoenix discovery, with Hole WR-273 returning a value of 62.6% U_3O_8 over 6 metres at a depth of 405 metres. A further drill program in the fall of 2009 established continuity in this high-grade area. The Phoenix discovery bears similarities to the McArthur River P2 deposits.

The following summarizes significant results to date at the Phoenix discovery. Only the highest GT is presented in those holes with multiple intersections. In addition, several holes had poor core recovery;, therefore, probe equivalent grades are presented.

Hole #	Depth From (m)	Depth To (m)	Interval (m)	Assay (U_3O_8)	Probe (eU_3O_8)	GT (%*m)
WR-249	406.65	409.0	2.4	1.06		2.49
WR-251	386.5	388.75	2.3	0.78		1.76
WR-253	389.0	393.0	4.0	1.40		5.60
WR-254	386.7	386.8	0.1	0.01		0.00
WR-256	411.6	411.7	0.1	0.01		0.00
WR-257	382.4	382.5	0.1	0.01		0.00
WR-258	397.0	402.5	5.5	11.82		65.01
WR-259	397.0	401.5	4.5	17.76		79.92
WR-260	395.7	397.2	1.5	0.25		0.38
WR-261	407.5	415.0	7.5	1.79		13.43
WR-262	407.3	407.4	0.1	0.01		0.00
WR-263	392.3	392.4	0.1	0.01		0.00
WR-264A	397.9	398.0	0.1	0.01		0.00
WR-265	408.7	408.8	0.1	0.01		0.00
WR-266	414.5	415.5	1.0	3.78		3.78
WR-267	405.0	408.5	3.5	19.98		69.93
WR-268	409.5	414.0	4.5	9.26		41.67
WR-269	407.8	409.3	1.5		9.8	14.70
WR-270	376.0	377.0	1.0	0.96		0.96
WR-271	397.1	397.2	0.1	0.01		0.00
WR-272	411.0	415.5	4.5	4.13		18.59
WR-273	405.0	411.0	6.0	62.60		375.60
WR-274	409.7	418.0	8.3	4.83		40.09
WR-276	412.0	415.0	3.0	1.29		3.87
WR-277	403.2	403.3	0.1	0.01		0.00
WR-278	396.2	396.3	0.1	0.01		0.00
WR-279	520.5	521.0	0.5	0.26		0.13
WR-280	411.0	411.1	0.1	0.01		0.00
WR-281	405.5	407.5	2.0	2.08		4.16
WR-285	386.0	388.0	2.0	0.24		0.48
WR-286	398.5	407.5	9.0	16.80		151.20
WR-287	401.9	409.5	7.6		32.80	249.28
WR-290	403.0	408.0	5.0	8.00		40.00
WR-291A	392.5	395.5	3.0	12.74		38.22
WR-292	398.0	405.5	7.5	5.07		38.03
WR-293	417.5	419.0	1.5	0.47		0.71
WR-294	397.6	399.5	1.9		12.10	22.99
WR-295	391.8	392.8	1.0		3.60	3.60

The mineralization is monomineralic, unconformity and basement hosted, and bears striking similarities to McArthur River style mineralization.

In 2010, a Cdn$6.0 million exploration program comprised of 22,500 metres of diamond drilling in approximately 45 holes will be carried out. The program will focus on delineation of uranium resources in the Phoenix deposit as well as testing other high priority targets.

Park Creek

Denison entered into an agreement 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 current project lands were staked by Cameco in 1992. These lands were previously explored as part of the Umpherville Lake Project by Noranda in the 1970's and until the mid 1980's, and then by Rio Algom until the early 1990's. Most of Cameco's exploration activities, which followed this period until 2004, on the Bird Lake thrust fault which traverses the central portion of the property on the Esker grid. Based on exploration to date, boulder sampling on the project indicates a broad illite anomaly and an area of weak uranium and lead enrichment on the Esker grid.

Denison has carried out geophysical surveys and several drill programs. Drilling along the Bird Lake Fault on the Esker grid has located areas of strong alteration and anomalous geochemistry in the vicinity of the intersection of north-south faults with the Bird Lake fault.

During the 2009 winter, a ground D.C. resistivity survey was carried out. The results suggest that the resistivity survey successfully mapped the major basement structural corridors within the surveyed area. During the 2009 summer exploration season, a drill core re-logging program was carried out in order to better understand the Park Creek basement geology on a property scale, as well as to help determine which geological features, if any, were contributing to the resistivity anomalies generated that previous winter.

During the 2010 winter exploration program, Denison will drill approximately 1,925 metres which will be completed in six or seven holes.

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 26,550 hectares. Historic drill holes on the property indicate that the conductive horizons may be attributed to graphite and sulphides in the basement lithologies. Assessment credits are in good standing and no work is planned for this year.

Huard-Kirsch

The Huard-Kirsch property is a joint venture between Denison and Consolidated Abaddon Resources Inc. Denison has an approximate 52% interest in the property.

No exploration activities were conducted on this property in 2009, and none are planned for 2010.

Murphy Lake Project

The Murphy Lake property is a joint venture between Denison and Virginia Energy Resources Inc. with each party having a 50% interest and Denison is the operator.

During the summer of 2008, two drill holes were completed on the Murphy Lake property for a total of 600.5 metres. Both targeted a time-domain electromagnetic ("**TDEM**") anomaly, outlined by ground geophysics completed during 2008. While anomalous mineralization was obtained, including the presence of a faulted basement wedge, assessment credits are in good standing and no work is proposed for 2010.

Hatchet Lake Project

The Hatchet Lake property is a joint venture between Denison and Virginia Energy Resources Inc., with each company having a 50% interest and Denison as operator. The property currently consists of 11 claims, totalling 33,930 hectares, which were acquired in 2004 and 2005. The area has been previously explored over the last 40 years, by a number of prior owners including Urangesellschaft Canada Ltd., Saskatchewan Mining Development Corporation , Cogema Resources Inc. (now ARC), Numac Oil and Gas Ltd., Gulf Minerals Canada Ltd., Asamera Minerals Corp., Eldorado Resources Ltd., Cameco, JNR and the Company (prior to the Denison Arrangement). Previous work has outlined several areas of interest in the Wollaston meta-sediments which surround broad Archean granite domes on the property.

In the Richardson-Crooked Lake area, geophysical surveys and about 150 drill holes have been completed over the 10 kilometre trend since 1976. This work outlined NW-SE trending conductors, anomalous radioactivity (up to 5,500 cps) at the unconformity, indicative alteration including bleaching, hematization and quartz dissolution concentrated near the unconformity, sheared graphite in the basement pelites and anomalous base metal values in basement fault zones and the basal sandstone. On the southeast part of the property, fairly comprehensive work has been completed in the Tuning Fork Lake area. In this area there is evidence of a NE oriented structure with unconformity offset. Hole Q20-1 intersected 0.1% U over 0.5 metres in the basement lithologies in the hanging wall of the fault.

During April 2009, the Tuning Fork grid was refurbished and approximately 14 kilometres of lines were cut on the adjacent Tuning Fork West grid. Both grids had geophysical surveys completed across them in 2009. Magnetics were completed on the Tuning Fork West grid only, while horizontal loop electromagnetic ("**HLEM**") and TDEM surveys were completed across both grids. A short summer program took place in early June 2009 in conjunction with other work being completed in the area. The program included assaying sulfide rich basement lithologies and unconformity-related alteration in drill core from the 2007 and 2008 drill seasons. A total of 60 samples were collected representing 58 metres of core. Of these, 47 were to test for base metals in the basement sulfides and 13 were to further asses the geochemistry of unconformity-related alteration.

Denison is planning a combined geophysics and drilling program for 2010, with two grids being proposed. Eight drill targets, totalling approximately 1,840 metres are proposed for the 2010 season.

Turkey Lake Project

The Turkey Lake Project is located along the northeastern edge of the Athabasca Basin in northern Saskatchewan. The project is well situated, bordering the northern claim boundary of the Wolly Project, about 28 kilometres north of the McClean Lake project and approximately 25 kilometres north of the Eagle Point mine. The Turkey Lake property is 100% owned by Denison.

Prior to Denison's involvement, the Turkey Lake property was explored by Gulf Minerals and Cameco. In 1978, Gulf Minerals Canada drilled a total of 13 holes into the main Turkey Lake conductors. Of these, several returned encouraging results, the best of which was TUR-4 which intersected 0.136% U over 0.6 metres. The intersection was within the sandstone column just above the sub-Athabasca unconformity at a vertical depth of only 20 metres. Follow-up holes drilled within the vicinity of TUR-4 also intersected significantly elevated radioactivity.

During the summer of 2008, a medium-density soil sampling geochemical survey was completed over the main Turkey Lake conductor set. The program was designed to selectively analyze the samples using a technique known as Enhanced Enzyme Leach Analysis. The survey indicated weakly anomalous nickel, thorium and uranium results within the TUR-4 drilling area, as well as an interesting zone of depletion to the north along the conductor system. Historical drill holes were located and re-collared during the course of the program.

Denison's work in 2009 included an airborne geophysical survey conducted during the summer months in conjunction with the Le Drew Lake and Hatchet Lake projects. The survey collected magnetics, electromagnetics, and radiometrics over the project areas.

The 2010 program for Turkey Lake will consist of a winter diamond drill program, totalling 11 holes for 1,600 metres. The purpose of the program will be to complete the systematic drill testing of the Turkey Lake double conductor set in the southern portion of the property, where elevated radioactivity, uranium geochemistry, and weak uranium mineralization suggest potential for a uranium deposit. This program will help to evaluate the potential of this conductor and determine if any future drilling is warranted.

Bachman Lake Project

On Denison's 100% owned Bachman Lake project, early work concentrated on the two known conductor systems ML-1 and ML-2, while large parts of the property have only seen regional work. Denison believes that there is good potential for the discovery of unconformity type uranium mineralization on this property.

In 2009, Denison targeted one hole at 648 metres to test strong basement alteration with weakly anomalous unconformity geochemistry detected at BH 08-02 from 2008 drilling. The 2009 hole, BH-09-01, was a step-out hole drilled 185 metres north of fence BH-08-02 with a southerly dip, with a view to better explain the interpreted airborne and ground conductors which appear coincident with strong lower sandstone hosted alteration, such as bleaching and desilicification. Hole 09-01 was successfully drilled to a depth of 648 metres as planned. The unconformity was intersected at 461 metres and a significant cut of basement lithlologies was collected and sampled. In addition, several basement conductors and faults were intersected. The structural data collected will further improve the overall geological interpretation of this conductive trend. As the project is in good standing, no work has been proposed for 2010.

Crawford Lake Project

At this 75% Denison-owned joint venture, with Freeport-McMoRan Copper & Gold Inc. (" **Freeport**") owning the balance, the current project lands were established in 1995 and 1996. One of a pair of east west conductors was drill tested in the mid 1990's, and the results disclosed an extensive alteration zone between approximately 350 metres to 450 metres depth with an east west extension of 900 metres. Several holes drilled by Denison in 2007 were lost in areas of extensive quartz dissolution in the sandstone. These holes remain priority targets for follow up in the future. At this time, the project is in good standing. No work was carried out in 2009, nor has any been proposed for 2010.

Brown Lake Project

Brown Lake is another co-owned project between Denison and Freeport, with Denison again owning 75%. At this small property, extensive exploration has been conducted in the past. Significant uranium mineralization has been intersected in one hole and favourable alteration and geochemistry in several others. The best assay was an average of 1.42% U_3O_8 over one metre in one hole drilled in 1979.

Denison does not believe that much potential exists in this immediate area based on extensive follow up drilling carried out, but there is still potential in the regional area for both unconformity and basement hosted deposits. Four holes totalling 1,164 metres were drilled in late fall of 2009. The results of the four hole fence drilled on the Brown Lake project yielded weakly anomalous geochem results along the main conductive trend. The overall interpretation of the northeast dipping (45 degrees) synclinal structure are bolstered, and further evidence has been collected regarding to the two main fault structures interpreted on the property. Up until then, no structural data had been collected on the property.

Ford Lake Project

On this 100% Denison-owned property, several geophysical surveys, consisting of ground magnetic and electromagnetic surveys, were carried out in the winter of 2009 to prioritize future drill targets. Further resistivity surveys had been carried out during the summer of 2009 to define any sandstone alteration zones and controlling structures related to historical mineralization where sub-economic mineralization was encountered in several holes. More than 60 holes have tested this property to date.

A total of six holes for 1,988 metres were drilled in late fall of 2009 to test two separate interpreted conductive structures. A re-interpretation of the property geology and geophysics suggested the presence of several untested conductive fault structures situated in ideal metamorphic rock types. Based on ground geophysics completed in 2008 and 2009, Denison identified a significant conductive fault structure that had remained untested to date.

Drilling along the northern interpreted conductor on the Ford Lake grid intersected a significant basement and sandstone fault structure with weak associated unconformity mineralization (40ppm U partial digestion). No significant geochemistry was noted from the drilling conducted on the southern conductor.

A ground resistivity survey conducted on the Morin Lake grid during the fall of 2009 yielded mixed results. As this property is in good standing, no work is proposed for 2010.

Jasper Lake Project

The Jasper Lake property is wholly-owned and operated by Denison. The target on the property is an unconformity-type uranium deposit at or near the contact between the Athabasca sandstones and underlying basement rocks. Work was carried out by Denison in 2008, and sufficient assessment credits will keep the project in good standing for several years.

Stevenson River Project

The Stevenson River property is wholly-owned and operated by Denison. The Company completed a two-hole helicopter supported drill program during the summer of 2008. No mineralization or significant radiometric peaks were encountered. This property is in good standing and no work is proposed for 2010.

Ahenakew Lake Project

The Ahenakew Lake property is wholly-owned and operated by Denison. Four diamond drill holes totalling 804 metres were completed during the winter of 2008/2009. None of the drill holes had Athabasca Group sandstone overlying basement rocks. Although all holes encountered varying amounts of strongly graphitic pelite with locally massive graphite none intersected any significant uranium anomalies. A historic hole in 1986 intersected 4,350 ppm over 0.4 metres at a shallow 57 metre depth, so there is some potential for uranium mineralization. However, no work is planned for 2010.

North Wedge Project

The North Wedge Project is 51% owned by Denison, with JNR holding the balance. Denison is the operator of the project. The winter 2008/2009 exploration program on the North Wedge claim consisted of approximately 300 meters of diamond drilling over two holes. The drilling targeted a weak geophysical anomaly as well as Tabbernor faulting. This work was unsuccessful in defining either mineralization or alternation. No further work is planned for the immediate future.

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 in 2009.

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. In 2009, Denison entered into an option agreement with Abbastar Resources Corp., whereby Abbastar may earn interests in the Talbot Lake property.

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 limited surface exploration drilling. This is unlike other types of mining where mineralization is almost completely delineated by extensive surface drilling prior to mining.

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

Denison conducted drilling at three sites in 2008. Two of these sites are close to existing, active Denison mines, and the third site, Monogram Mesa, is a block of claims in an area of extensive historical production by past operators. Towards the end of 2008 and then into 2009, Denison drilled a total of 100 holes, amounting to 17,066 metres (55,995 feet) on its exploration properties in the United States.

Commencing in November 2008, a 41-hole program totalling 6,143 metres (20,125 feet) was conducted near active mining areas of the Pandora mine. This drilling confirmed minable grade mineralization in the eastern portion of the Pandora mine, and by late 2009, mining operations were actively producing from that area. Denison has planned more drilling in order to outline additional minable mineralization for the Pandora Mine, but this drilling will depend on the timing of the approval of an amendment to the Plan of Operations of the mine. See “Operations — US Properties”.

Two drilling campaigns were conducted at the Sunday Mines Complex in a combined resource exploration effort and hydrogeological characterization program in support of new permitting requirements. The first phase of a two-phase program was conducted in March and April 2009. Twenty -two holes totalling 3,781 metres (12,407 feet) were drilled, primarily to collect subsurface data for hydrogeological characterization as required under the Colorado DMO program. See “Operations — US Properties”. This initial phase of drilling encountered two minor mineralized zones, which were subsequently further tested in the second phase of work. The second phase of drilling was conducted in August and September and amounted to 7,152 metres (23,463 feet) in 37 holes. Drill results were generally marginal, encountering only isolated, thin mineral intersections. Further geologic interpretation in the entire Sunday Complex area is needed to develop additional drill-worthy targets.

Mongolia

In 2007, the Company expanded its programs in Mongolia to include environmental characterization work, hydrology studies, and preliminary development planning at the Hairhan and Haraat projects. Aquifer characterization tests were conducted at both the Hairhan and Haraat deposits. An initial Social Impact Assessment Scoping Study and Stakeholder Interview Program was completed in the region of the Hairhan and Haraat projects. Since the majority of the mineralization at the Haraat deposit is above the natural water table and not amenable to ISR, a preliminary Scoping Study was conducted to identify possible alternative exploitation methods, including open pit mining with conventional milling, heap leaching, and vat leaching.

Drilling in 2007 consisted of 45,746 metres on the Hairhan and Haraat projects. Drilling at Hairhan was directed primarily to closing the drill spacing in mineralized zones. The Hairhan work also continued to extend the southern end of the main Hairhan central deposit. At Haraat, drilling included reconnaissance work in order to determine the potential extent of known mineral trends. A resource area designated Northeast Haraat was delineated in 2007. This area was initially encountered in drilling in the late 1990's, but had not been evaluated since.

The Company also tested three target areas in 2007 in new frontier areas in southwest Mongolia. This included drilling 10,290 metres to investigate geologic settings in areas which had been mapped and exhibited favourable surficial geology. Although the initial drilling did not lead to any mineral discoveries, these areas warrant further work at a time when markets justify new frontier programs.

In 2008, a total of 72,423 metres of drilling was carried out on the Hairhan depression, the Choir depression and other exploration targets. At Hairhan, over 25,000 metres, using seven rigs, was dedicated to infill drilling and the establishment of hydrogeological wells for baseline groundwater and monitoring wells.

At the Choir depression, only a limited amount of drilling was carried out, but the Company was successful in discovering several small isolated mineralized zones which will be future targets. The Haraat deposit in the Choir depression contains a sizeable amount of near surface uranium, which is above the water table, and is not amenable to conventional ISR operations, so a variety of mining and recovery procedures are being evaluated. Several drill holes were cored to obtain metallurgical samples. The preliminary metallurgical test work indicated that recoveries of approximately 90% could be achieved using either acid or carbonate leach.

At the Ulziit depression, a 25,000 metre program was completed and a new discovery of moderate mineralization in permeable sands was made.

Drilling on the Urt Tsav/Hokh Tolgoi licence area extended the mineralized paleo-channel system. Further detailed delineation work is needed to confirm the potential of this system to host sizable uranium deposits.

Baseline groundwater sampling wells were installed in Hairhan in 2008 and quarterly sampling was initiated. Similarly, quarterly sampling of springs and local herders' wells was initiated. Baseline studies were completed at Hairhan for soils, vegetation, wildlife and surface water. A baseline gamma survey was also conducted over the Hairhan area and surrounding locales where future development might affect the current land condition.

Late in 2008, the Company submitted to the Mineral Resources Committee of Mongolia a resource estimate prepared in accordance with Russian procedures. This submission is required to advance projects from exploration licences to mining licences.

The Committee approved the GSJV resource estimates becoming the first officially accepted and approved uranium resource registered in Mongolia. A Preliminary Feasibility Study, structured in accordance with Mongolian standards, was submitted in early 2009 and is under review.

In 2009, a program totalling 13,878 metres of drilling was carried out on the Hairhan, Choir, Ulziit and Gurvan Saihan licence areas.

At the Hairhan project, a 4,869 metre drilling program was directed toward testing of outlying areas to support determination of which areas of the exploration licence could be reduced. As a result of this drilling, the eastern, southeastern, and southern areas of the Hairhan depression were found to be unfavourable for uranium mineralization, and these areas can be released from the licence.

In the Haraat area in the Choir depression, drilling totalled 1,998 metres. A new zone of sandstone-hosted mineralization, tested in 2007 and 2008, was extended with the 2009 drilling. This prospective new zone, along the eastern margin of the depression, warrants further exploration.

In the Ulziit licence areas, a 6,509 metre drilling program was completed. This work tested the three areas where anomalous mineralization had been encountered in the 2008 campaign. The 2009 results are encouraging, as mineralization has been discovered hosted in permeable sandstones and associated with redox interfaces. Further drilling is warranted.

In the Gurvan Saihan area, a small drilling program was conducted, primarily to meet licence-holding work commitments. Drilling totalling 502 metres was selectively located to gather core for analysis of lithologic associations.

Work continued in 2009 on environmental data collection and related permitting activities at Hairhan. Quarterly groundwater baseline sampling continued, as did collection of baseline samples on herders' wells and local springs. Archeological surveys were completed at Hairhan and Haraat. A General Environmental Impact Assessment was submitted to the Ministry of Nature and Environment. This assessment was accepted and is another of the components needed to proceed to obtain a mining licence at Hairhan.

In the period since the Company resumed exploration work, following temporary cessation of programs in 2000, the following drilling work has been conducted:

Area	2005	2006	2007	2008	2009	Total Metres
Choir			25,397	4,862	1,998	32,257
Hairhan			20,349	25,653	4,869	50,871
Gurvan Saihan	12,533			7,664	502	20,699
Ulziit				25,089	6,509	31,598
Urt Tsav/Hokh Tolgoi	11,054		300	9,155		20,509
GSJV Exploration areas	10,412	43,124				53,536
Denison Exploration areas		11,658	10,290			21,948
Totals	33,999	54,782	56,336	72,423	13,878	241,418

With the enactment of the New Law, authority over all uranium exploration licences was transferred from the Ministry of Mineral Resources and Energy to the NEA. Accordingly, the GSJV coordinated with both agencies to affect the re-registration of the GSJV licences with the NEA. Late in 2009, materials were submitted to reduce four of the six GSJV licences. This action must be approved by the NEA and local authorities in the areas of the licence to ensure that no environmental damage remains in areas being released. The reduction of the licence areas will lower annual exploration licence fees for the GSJV from slightly over $1 million to less than $300,000.

Mutanga

Work commenced on the Mutanga project late in 2007, and the project was the focus of a major development drilling effort until mid-2008 when the rigs were turned to exploration. The drills concentrated on testing areas identified as a result of an airborne radiometric survey over the prospective parts of the project not covered by a previous survey. This work was successful in discovering three new areas of mineralization of moderate to strong mineralization.

During 2009, Denison focussed on the consolidation and re-evaluation of geological and geophysical data, in addition to lodging two Mining Licence Applications with the Ministry of Mines and Minerals development. During the year, Denison developed a further understanding of the Project geology through surface geophysical (radiometric) programs, geological mapping and petrographic studies. Geological and geophysical data validation programs continued throughout the year.

Statutory tasks undertaken by Denison included the design and implementation of baseline environmental sampling and monitoring programs, preparation of an Environmental Impact Assessment and holding two public consultation meetings. A Relocation Committee met monthly throughout the year to ensure the people impacted by the mining operation will participate in all aspects of the proposed relocation programs. The Company partnered with a group sponsored by Norwegian Peoples' Aid to continue the demining of the proposed mine access road and powerline alignment.

In 2010, Denison intends to continue to advance the Mutanga Project. Tasks will include the granting of the required mining licences, a drilling campaign to provide material for metallurgical programs and a column leach test program.

Quality Assurance and Quality Control Procedures and Protocols

The following section details the Quality Assurance and Quality Control ("**QA/QC**") procedures and protocols for all exploration programs operated by Denison.

Athabasca Basin

The following details the protocols used by all Denison staff and consultants on exploration programs in the Athabasca Basin. 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 to 10.0 metre range:
- Regular samples are taken for clay analysis by spectrometer (PIMA). 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 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. In addition, Denison is further calibrating the probes by developing a correlation curve of probe grades versus corresponding high-grade assays on split core as received from the laboratory. At the Wheeler River Project, different probes are used depending on the observed grade of mineralization at the unconformity as the standard probes generally become saturated at grades above 20% U_3O_8.

- 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.

Clay analysis (PIMA) are scanned in-house using a PIMA II spectrometer by Integrated Spectronics. Following this, spectral analyses are completed on each sample result by a contractor who specializes in determination of clay altered rocks. 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 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. DOE'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 to 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 to 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 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 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. DOE'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

In addition to purely geological purposes, drill core and reverse circulation chip samples are collected for the following reasons:

- 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;
- 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 one metre. Sample intervals are selected by geologists in the field based on lithology, mineralization and uranium grade (from gamma logging and from hand-held gamma counters).

Samples are analyzed at the Genalysis Laboratory in Perth, Australia. Samples are transported in a dedicated truck from Zambia to Johannesburg, South Africa 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.

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. 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, a mineralized hole at the Mutanga Prospect was cased specifically to 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 raw and converted logging data are periodically copied electronically to the Company's Lusaka, Toronto and Saskatoon offices, where all data is checked and reviewed.

Samples of drill core or reverse circulation drill chips 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 down hole probing results. 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 technician logging the core or chips. The hand-held scintillometer provides quantitative data only and cannot be used to calculate uranium grades; however, it does allow the geologist to identify uranium mineralization in the core and to 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 or bulk chip samples are representative and that no significant sampling biases occur. Once the sample intervals are identified, an exclusive sample number is assigned to each interval and recorded by the on-site geologist.

After the geological logging of the core or chips and the selection of representative samples, all of the remaining drill hole material is stored at site for future reference. Drill core is stored in metal trays, and reverse circulation drill chips are stored in numbered and tagged plastic bags. All samples, irrespective of type, are kept in buildings constructed for the purpose.

As standard procedure, field duplicates of reverse circulation drill chips are included in assay suites sent to the laboratory. Reference and blank, meaning unmineralized, samples are used to verify laboratory controls and analytical repeatability.

U.S.

All uranium exploration technical information is obtained, verified and compiled under a formal quality assurance and quality control program in the Southwestern United States. 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 the Southwest United States 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 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. DOE'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 $2^1/_2$ — $3^1/_4$ inches. For zones selected for laboratory analyses, one half of the core will normally be used. The minimum length of core submitted is usually one foot and the maximum length per sample is two feet. 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 the White Mesa mill in Blanding, Utah. 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 Denison in-house personnel. The logging capabilities are designed specifically to meet Denison's logging requirements in the Southwest United States. The tools, and a complete set of spares, were manufactured by Mount Sopris Instrument Company in Golden, Colorado. Denison has retained the services of a senior geophysical consultant to oversee training, implementation, and quality control protocols for the southwest United States' operations. All tools are checked and calibrated before being used in the southwest United States, and a variety of system checks and standards are also established for routine checking and calibration of tools.

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 Egnar, Colorado field 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 cannot be used to calculate uranium grades. However, it does allow the geologist to identify uranium mineralization in the core and to 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 stored at the Egnar, Colorado office under the supervision of the project geologists and delivered to either the White Mesa mill 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.

Manager of UPC

DMI is the manager of UPC. 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. As manager, DMI provides the corporation's officers and manages the activities of UPC including purchasing uranium for and on behalf of UPC as directed by the UPC board, arranging for its storage at converters and attending to regulatory reporting for UPC.

For its management services, DMI receives 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**"); 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; and f) a fee equal to 1.5% of the gross value of any uranium held by UPC prior to the completion of any acquisition of at least 90% of the common shares of UPC.

During 2009, DMI earned an aggregate of $2.5 million in management fees and commissions as manager of UPC.

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 an 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 that develops and produces specialty nuclear fuels for commercial power, research reactors and naval reactors, and 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 in support of the U.S. government's program for downblending surplus material from the weapons program into fuel for nuclear power reactors.

The USM Ore Program would involve the development of a process and construction of a plant at NFS's 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 would then be further processed at the Company's White Mesa mill to produce conventional yellowcake. Regulatory approvals and licence amendments would be required for the mill and the NFS facility in connection with the program.

The primary source of feed targeted by Urizon is the inventory of contaminated surplus materials within the DOE complex that requires 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 success of the joint venture will depend on DOE's support of the program as a means to disposition these surplus nuclear materials.

Application testing was conducted by the joint venture from 2002 to 2004. An unsolicited proposal was submitted by NFS to DOE in April 2003 for funding of the 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, which includes the potential Urizon feed materials as a component.

The DOE materials have not yet been processed and remain a component of DOE's long term strategy. However, the delays to date and the uncertainty in DOE's plans and schedule for the management of the materials, together with the fact that Urizon's USM Ore Program may not ultimately be the chosen disposition option, has caused the Company to write off its investment in the joint venture in 2009.

No activities are planned for the Urizon joint venture until the path forward is further defined.

Denison Environmental Services

DES, which is 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 2009 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 care and maintenance services for the Yukon Government at the Faro Complex, which includes the former Anvil Range properties; the care and maintenance of the closed Vale Shebandowan Mine west of Thunder Bay, Ontario; and the care and maintenance of a closed base metal mine at Les Mines Selbaie in Quebec.

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 " **EHS Policy**") that affirms Denison's commitment to environmentally responsible management and compliance with occupational health and safety laws. Under the EHS 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 EHS Policy mandates the use of regular monitoring programs to identify risks to the environment, to the public and to Denison's employees and to ensure compliance with regulatory requirements. The EHS 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 EHS 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 and the hydraulic containment of the TMF was consistently maintained. There were no lost time accidents; however, there were six reportable spills and action level exceedences during the year. All radiological monitoring was conducted in accordance with the routine schedule. The facility has maintained its internationally recognized ISO 14001:2004 certification.

Decommissioning

During 2009, the McClean operation and the Midwest project were combined under a single Operating Licence issued by the CNSC. As a result, a new combined Preliminary Closure Plan was prepared by ARC and approved by the authorities, estimating the total decommissioning and reclamation costs to be Cdn$43.1 million. Financial assurances are in place for this entire amount, with Denison's share being Cdn$9.7 million.

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 2009, the treatment plants operated as planned and all environmental targets were met. Monitoring and other remediational expenses were Cdn$1.1 million for the year. Monitoring costs for 2010 are budgeted to be Cdn$0.8 million. All expenditures are funded from the Reclamation Trust described below under "Reclamation." It is estimated that sufficient funds are in the Reclamation Trust to meet all monitoring costs through 2016.

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. Except as outlined above, Denison continues to be in full compliance with its licensing and environmental requirements at Elliot Lake.

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. DES has maintained its internationally recognized ISO 9001:2008 certification. In 2009, DES had one lost time accident.

Exploration

The Denison exploration office in Saskatchewan had no lost time accidents in 2009. All required permits were obtained, and the exploration sites were remediated as required.

U.S. Environmental Regulation

White Mesa Mill

The White Mesa mill processed conventional ore from January to May and alternate feed material from June through December without a lost time accident or unscheduled shut down. The mill has not had a lost time accident since May, 2001 and during 2009 reached a significant milestone of 1.0 million manhours worked without a lost time accident.

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. Pumping from the wells continued in 2009. 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. While the investigations to date indicate that this chloroform 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.

Elevated concentrations of nitrate and chloride were observed in some monitoring wells at the mill site in 2008 a number of which were upgradient of the mill's tailings cells. Pursuant to a Stipulated Consent Agreement with UDEQ, the Company retained INTERA, Inc., an independent professional engineering firm, to investigate these elevated concentrations and to prepare a Contamination Investigation Report for submittal to UDEQ. The investigation was completed in 2009 and the Contamination Investigation Report was submitted to UDEQ in January 2010. INTERA concluded in the Report that: (1) the nitrate and chloride are co-extensive and appear to originally come from the same source; and (2) the source is upgradient of the mill property and is not the result of Mill activities. UDEQ is currently reviewing the Report. While the investigations to date indicate that the source of this nitrate and chloride contamination is not the result of mill activities, UDEQ has not completed its review or come to its own conclusions as to the source of the contamination or the responsibility for clean up. Although the contamination appears to be contained in a manageable area, the scope and costs of final remediation have not yet been determined and, if determined to be the responsibility of the Company, could be significant.

UDEQ issued the mill's State of Utah groundwater discharge permit (" **GWDP**"), in March 2005, after the State assumed regulatory responsibility from NRC over uranium mills in Utah. Pending determination of background levels, the permit set drinking water standards as compliance limits for the groundwater at the site, which were to be adjusted once background levels for those parameters were established and accepted by the State. In January 2010, after completing its review of several Background Groundwater Quality Reports submitted by the Company and other analyses performed by experts retained by the State, UDEQ concluded that groundwater at the site has not been impacted by mill activities and issued a revised GWDP for the mill. The revised GWDP sets adjusted groundwater compliance limits for the site based generally on the conclusions in the Background Groundwater Quality Reports.

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 UDEQ for approval. The estimate of closure costs for the mill is $15.8 million, and financial assurances are in place for the total amount.

U.S. Mines

During 2009, the year started out with six mines in operation. During the year four mines were put on active care and maintenance and a new mine on the Arizona Strip began operations. As of the end of 2009, the Company had three active mining operations. In 2009 there were six lost time accidents involving Denison employees or contractors resulting in a total of 124 lost workdays.

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 $3.7 million. Financial bonds are in place for the total amount.

Mongolia

There were no medical aid or lost time accidents during the 2009 drilling and other field programs. Basic first aid and safety training programs were implemented in Mongolia in 2009. These programs involve Company personnel in addition to contractors. In addition, field personnel were trained in safe handling of core samples (radiological material) in accordance with Mongolian requirements.

Zambia

There were no medical aid or lost time accidents.

Employees

At December 31, 2009, the Company had a total of 339 active employees, of which 87 are in Canada, 184 in the United States, 8 in Mongolia and 60 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 44 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 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 White Mesa mill is now UDEQ rather than NRC. 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 at the site.

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 on 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's remaining capital recovery banks may not be sufficient to offset expected revenue, in which case, tiered royalties could become payable in 2010 in accordance with the following:

Average Price Cdn $ per Kilogram of U_3O_8[1]	Average Price Cdn $ per Pound U_3O_8[2]	Tiered Royalty as a % of Revenues within the Bracket
Up to $30	Up to $17.83	0%
$30 to $45	$17.83 to $26.74	6%
$45 to $60	$26.74 to $35.65	10%
More than $60	More than $35.65	15%

(1) 1999 bracket value to be indexed annually

(2) Bracket value adjusted to 2009

Discussions are being held between the Saskatchewan government and the uranium mining companies aimed at updating the Royalty Schedule to make it more equitable in light of the changed economic conditions in the industry.

Canadian Income and Other Taxes

Denison and its Canadian subsidiaries are subject to federal and provincial income taxes. Taxable income is subject to federal taxes at a rate of 19%, and provincial taxes in Saskatchewan, Ontario, Quebec, British Columbia and the Yukon Territory at rates varying between 11% and 15%. Taxable income is allocated between provinces based on a two point average of the proportion of salaries and revenues attributable to each province. Denison expects that it will not be liable for Canadian income taxes on a current tax basis for the financial year ended 2009.

In recent years, Denison has issued shares eligible for treatment as "flow through shares", as defined in subsection 66(15) of *the Income Tax Act* (Canada). As a result, a significant portion of Denison's Canadian Exploration Expenditures ("**CEE**") have been renounced to shareholders and are not available to Denison as a tax deduction.

Denison and its Canadian subsidiaries are also subject to capital and other taxes in Ontario and Saskatchewan. In Ontario, Denison is subject to tax on a provincial allocation of its paid up capital (as defined in the relevant provincial legislation). For 2009, paid up capital in excess of Cdn. $15 million (adjusted based on Denison's provincial allocation), will be taxed at a rate of 0.225%. In 2010, the rate for Ontario capital tax will decrease to 0.15%, prior to the elimination of the tax, effective July 1, 2010. In Saskatchewan, capital taxes were eliminated on July 1, 2008. As a resource corporation in Saskatchewan, however, Denison is subject to a resource surcharge of 3% of the value of resource sales.

Denison is not currently under audit by the Canada Revenue Agency (the " **CRA**") or any of the provincial taxing authorities in respect of any of the above noted income or other taxes.

U.S. Income and Other Taxes

Denison's subsidiaries in the United States are subject to federal and state income taxes. In the United States, most corporate taxpayers are subject to both regular income tax and alternative minimum tax ("**AMT**"). Denison's taxable income for AMT purposes is typically higher than it would be for regular tax purposes. The AMT taxable income, however, is taxed at a federal rate of 20%, as compared with regular taxable income which is taxable at a federal rate of approximately 35%. A taxpayer is required to pay the greater of its regular tax liability and its AMT tax liability. AMT paid in excess of regular tax, in prior years, may be carried forward indefinitely as a credit against regular income tax in future years. In 2009, Denison expects that it will not be liable for either regular tax or AMT.

Denison's subsidiaries in the United States are also subject to property, and sales taxes in Utah, Colorado, and Arizona.

Other International Income Taxes

Denison's operations in Zambia and Mongolia are both subject to income taxes in their respective jurisdictions. Due to the stage of these projects, Denison has not been liable to pay income taxes in past years. Denison does not expect to be liable to pay income taxes, in either jurisdiction, during the development stages of either project.

RISK FACTORS

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

Current Global Financial Conditions

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

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, including during the current credit crisis, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Denison's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of Denison that may have an effect on the price of the securities of Denison include the following: the extent of analytical coverage available to investors concerning the business of Denison may be limited if investment banks with research capabilities do not follow Denison's securities; lessening in trading volume and general market interest in Denison's securities may affect an investor's ability to trade significant numbers of securities of Denison; the size of Denison's public float and its inclusion in market indices may limit the ability of some institutions to invest in Denison's securities; and a substantial decline in the price of the securities of Denison that persists for a significant period of time could cause Denison's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of Denison does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Company may decline. If an active market does not exist, investors may lose their entire investment in the Company. As a result of any of these factors, the market price of the securities of Denison at any given point in time may not accurately reflect the long-term value of Denison. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Denison may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution from Further Equity Financing

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

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.

Ability to Maintain Obligations under Credit Facility and Other Debt

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

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 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 and Dibwe 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. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its reserves and resources. In addition, while Denison believes that many of its properties will eventually be put into production, there can be no assurance that they will be, or that they will be able to replace production.

Imprecision of 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; the accuracy of estimated rates and costs of mining and processing; and assumptions as to future commodity prices.

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; unexpected labour shortages or strikes; and varying conditions in the commodities markets.

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 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 it is possible that some of Denison's customers could 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. General market conditions, volatile uranium and vanadium markets, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms.

Dependence on Key Personnel and Qualified and Experienced Employees

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.

Denison's success will also depend on the availability of qualified and experienced employees to work in Denison's operations and Denison's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

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.

Potential Influence of KEPCO

As at the date hereof, KEPCO holds indirectly a large shareholding in Denison and is contractually entitled to board representation. Provided KEPCO holds over 15% of Denison's Common Shares, it is entitled to nominate two directors for election to the Board at any shareholder meeting, and as long as it holds between 5% and 15% of Denison's Common Shares, it will be entitled to appoint one director.

KEPCO's shareholding level gives it significant influence on decisions to be made by shareholders of Denison, and its right to nominate directors may give KEPCO significant influence on decisions made by Denison's Board. Although KEPCO's director nominees will be subject to duties under the OBCA to act in the best interests of Denison as a whole, KEPCO's director nominees are likely to be employees of KEPCO and may give special attention to KEPCO's interests as an indirect shareholder. The interests of KEPCO as an indirect shareholder of Denison may not always be consistent with the interests of Denison's other shareholders, including, as a result of, its business relationship with Denison.

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

Conflicts of Interest

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

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, 2009, Denison had an aggregate of 339,720,415 Common Shares issued and outstanding. As at the date hereof, Denison had an aggregate of 339,720,415 Common Shares issued and outstanding. The Common Shares trade on the TSX under the symbol "DML" and on the NYSE Amex under the symbol "DNN".

2004 Warrants

On November 24, 2004, DMI issued 1,100,001 common share purchase warrants (the " **2004 Warrants**"). 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 entitled the holder to acquire 2.88 Common Shares of Denison at a price of Cdn$15.00. Except as stated, no other terms of the 2004 Warrants were changed.

The 2004 Warrants were listed on the TSX and traded under the symbol "DML.WT." The 2004 Warrants expired on November 24, 2009. Of the 2004 Warrants issued, a total of 3,850 were exercised for an equivalent of 11,088 Common Shares.

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.

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 at a price of Cdn.$30.00. Except as stated, no other terms of the 2006 Warrants were changed.

The 2006 Warrants are listed on the TSX and trade under the symbol "DEN.WT.A". As at December 31, 2009, an aggregate of 2,225,000 2006 Warrants were outstanding, and as at March 19, 2010, an aggregate of 2,225,000 2006 Warrants were outstanding.

Dividend Policy

Holders of Common Shares are entitled to receive dividends if, as and when declared by the Board of Directors. The directors have adopted a policy of dedicating cash flow to reinvestment in the business of the Company. Accordingly, no dividends have been declared to date. Further, the Company is restricted from paying dividends under its Credit Agreement.

Market for Securities

Price Range and Trading Volume for 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 by the TSX:

Month	Price Range (Cdn$)	Trading Volume
2009		
January	$ 1.38 – $2.10	62,239,375
February	$ 1.26 – $1.57	25,305,021
March	$ 0.89 – $1.41	50,756,348
April	$ 0.83 – $2.24	101,244,399
May	$ 2.04 – $2.89	128,589,371
June	$ 1.75 – $2.13	73,700,397
July	$ 1.59 – $2.00	50,447,216
August	$ 1.50 – $1.84	20,782,134
September	$ 1.46 – $2.23	56,571,136
October	$ 1.59 – $1.93	57,684,671
November	$ 1.46 – $1.65	24,604,050
December	$ 1.17 – $1.47	26,571,173

Data supplied by the TSX.

Price Range and Trading Volume for the 2004 Warrants and the 2006 Warrants

2004 Warrants

The following table sets forth, for the months indicated, the high and low closing sale prices and trading volumes for the 2004 Warrants from January 1 to their expiration on November 24, 2009, as reported by the TSX:

Month	Price Range (Cdn.$)	Trading Volume
2009		
January	$ 0.29 – $0.75	28,266
February	$ 0.20 – $0.45	7,150
March	$ 0.05 – $0.12	17,650
April	$ 0.07 – $0.25	140,466
May	$ 0.23 – $1.35	682,739
June	$ 0.20 – $0.81	131,678
July	$ 0.21 – $0.44	46,486
August	$ 0.19 – $0.42	85,285
September	$ 0.19 – $0.26	83,386
October	$ 0.06 – $0.22	285,950
November	$ 0.01 – $0.10	5,427,847
		Data supplied by the TSX.

2006 Warrants

The following table sets forth, for the months indicated, the high and low closing sale prices and trading volumes for the 2006 Warrants, as reported by the TSX:

Month	Price Range (Cdn.$)	Trading Volume
2009		
January	$ 0.50 – $0.70	16,900
February	$ 0.43 – $0.75	20,800
March	$ 0.31 – $0.40	19,488
April	$ 0.28 – $0.49	132,700
May	$ 0.47 – $1.12	405,425
June	$ 0.57 – $0.91	28,935
July	$ 0.50 – $0.55	13,600
August	$ 0.30 – $0.75	20,900
September	$ 0.26 – $0.75	42,730
October	$ 0.23 – $0.34	38,412
November	$ 0.27 – $0.35	53,800
December	$ 0.16 – $0.25	38,006
		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 as of the date hereof, their respective positions and offices held with Denison and their principal occupations during the five preceding years. 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)
JOO-OK CHANG Gyeonggi-do, Korea	Vice President of KEPCO, an international electric power company, commencing in 2009; prior: Director and General Manager of Korea East-West Power Co., Ltd., from 2004-2008.	2009
JOHN H.CRAIG, (2, 4) Ontario, Canada	Lawyer, Partner, Cassels Brock & Blackwell LLP, a business and litigation law firm based in Ontario.	1997
W. ROBERT DENGLER(3, 6) 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, 7) British Columbia, Canada	President and Chief Executive Officer of Dome Ventures Corporation, a publicly-held resources company based in British Columbia.	2005
RON F. HOCHSTEIN(4) British Columbia, Canada	President and Chief Executive Officer of the Company, commencing 2009; director of the Company since 2000; prior: President and Chief Operating Officer of the Company from 2006-2009; President and Chief Executive Officer and Director of the Company from 2000 — 2006.	2000
PAUL F. LITTLE(3, 5, 8) Ontario, Canada	Lead Director of the Company; 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., a private investment company based in British Columbia.	1997
CATHERINE J. G. STEFAN(2, 5, 9) Ontario, Canada	President, Stefan & Associates, a consulting firm based in Ontario.	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 May 6, 2010.

(2) Member, Corporate Governance and Nominating Committee

(3) Member, Compensation Committee

(4) Member, Environment, Health and Safety Committee

(5) Member, Audit Committee

(6) Chair, Compensation Committee

(7) Chair, Corporate Governance and Nominating Committee

(8) Lead Director

(9) Chair, Audit Committee

Executive Officers

The following table sets out the names and the provinces or states and countries of residence of each of the executive officers of Denison as of the date hereof, their respective positions and offices held with Denison and their principal occupations during the five preceding years. Mr. Hochstein, the President and Chief Executive Officer of the Company, is discussed under "Directors" above.

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.
PHILIP G. BUCK Colorado, U.S.A.	Vice President, Mining commencing in January, 2008; prior: General Manager, Canada Dynatec Corporation from 2006 — 2008; Area Manager of Dynatec Corporation from 2003 — 2005.
DONALD C. CAMPBELL Ontario, Canada	Vice President, Commercial, commencing in 2006; prior: Vice President, Marketing and Special Projects of DMI from 2004 — 2006.
DAVID C. FRYDENLUND Colorado, U.S.A.	Vice-President, U.S. Legal and Regulatory Affairs and Corporate Secretary commencing 2009; prior: Vice-President, U.S. Legal and Regulatory Affairs and Assistant Corporate Secretary from 2006 — 2009; Vice-President and General Counsel and Corporate Secretary of the Company from 1997 — 2006.
WILLIAM C. KERR Ontario, Canada	Vice-President, Exploration commencing 2006; prior: Vice-President Exploration and Development for DMI in 2006; Director, Resources for DMI from 2004 — 2006.
HAROLD R. ROBERTS Colorado, U.S.A.	Executive Vice President, U.S. Operations commencing 2006; prior: Vice President, Corporate Development of International Uranium (USA) Corporation from 2005 — 2006.
CURT D. STEEL Connecticut, U.S.A.	Vice President, Sales and Marketing commencing in 2008; prior: Senior Trader, NUKEM Inc. from 1998 — 2007.

The directors and executive officers of Denison, as a group, beneficially own, or control or direct, directly or indirectly, 3,260,201 Common Shares or less than one percent of the Common Shares of Denison as of the date of this AIF. No single director or officer beneficially owns or controls or directs, directly or indirectly, one percent or more of the Common Shares as of the date of this AIF. The information as to Common Shares beneficially owned or directed by the directors and officers, not being within the knowledge of the Company, has been furnished by each such individual.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Company, other than as referred to below, no director or officer of the Company, and no shareholder holding a sufficient number of securities of Denison to affect materially the control of Denison:

(a) is, as at the date of this AIF, or has, within the previous ten year period, been a director or executive officer of a company (including Denison) that:

  (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days that was issued (A) while that person was acting in such capacity or (B) after that person ceased to act in such capacity but which resulted from an event that accrued while that person was acting in that capacity; or

  (ii) 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 (A) while that person was acting in such capacity or (B) within a year of that person ceasing to act in such capacity, or

(b) has, within the previous ten year period, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets; or

(c) is, or has been, subject to any penalties or sanctions (i) imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or (ii) imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in making an investment decision.

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 and their obligations to act in the best interests of Denison's shareholders. 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 or senior officers 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 ending December 31, 2009, the Company incurred management and administrative service fees of $53,000 with a company owned by Mr. Lukas Lundin, the Chairman of the Company, which provides investor relations, office premises, secretarial and other services in Vancouver. No amounts were due to this company as of December 31, 2009.

One of Denison's directors, Mr. Chang, is employed as Vice-President of KEPCO. Through its corporate holdings, KEPCO is a significant shareholder of the Company, with 17% of the outstanding Common Shares as of the date hereof. In addition, KEPCO has a strategic relationship with the Company which may present a conflict of interest for Mr. Chang. The KEPCO SRA provides KEPCO with a right of first offer for certain asset sales and the right to be approached to participate in certain potential acquisitions being considered by Denison. While the Company is not aware of a pending or existing conflict of interest with Mr. Chang as of the date hereof, the interests of KEPCO as shareholder of Denison and KEPCO's business relationships with Denison may place Mr. Chang in a position of conflict as a director of the Company in the future.

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, management's discussion and analysis ("**MD&A**") in respect thereof 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 National Instrument 52-110 - - *Audit Committees* of the Canadian Securities Administrators ("**NI 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 U.S. Sarbanes-Oxley Act of 2002 as amended and are financially literate under NI 52-110. The qualifications and independence of each member is discussed below and in the Company's Management Information Circular dated March 22, 2010 (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(3)	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 Senior Vice President, 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) • Two law degrees, with extensive corporate finance experience • Has served on audit committees of a number of public companies

(1) To be considered independent within the meaning of NI 52-110.

(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.

(3) After years of service as a director of Denison and its predecessor companies, Mr. Little has decided not to stand for re-election to the Board at the annual general meeting of shareholders to be held on May 6, 2010.

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 NI 52-110 or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions) of NI 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, PricewaterhouseCoopers LLP, during the last two fiscal years. Services were billed and paid in Canadian dollars and have been translated into U.S. dollars using an average annual exchange rate of: $1.1420 for 2009 and $1.0660 for 2008. The Company's external auditor was also the auditor for DMI prior to the Denison Arrangement.

Financial Year Ending	Audit Fees(1)	Audit Related Fees(2)	Tax Fees(3)	All Other Fees(4)
December 31, 2008	$ 402,586	$ 163,037	$ 203,403	$ 38,884
December 31, 2009	$ 419,360	$ 117,259	$ 118,035	$ 266,454

Notes:

(1) The aggregate fees billed for audit services.

(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. Fees relate to reviews of interim consolidated financial statements and internal controls over financial reporting.

(3) The aggregate fees billed for tax compliance, tax advice, and tax planning services, such as transfer pricing, tax return preparation and tax advice on the terminated Northern acquisition.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2009, "All Other Fees" relates to the Company's equity financings during the year, the terminated Northern acquisition and preparatory work in connection with the adoption of International Financial Reporting Standards. For 2008, "All Other Fees" relates to assisting the Company in preparing for the adoption of International Financial Reporting Standards.

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.

CORPORATE GOVERNANCE

As a Canadian reporting issuer with its Common Shares listed on the TSX, Denison has in place a system of corporate governance practices which is responsive to applicable Canadian requirements, including National Policy 58-201 — *Corporate Governance Guidelines* of the Canadian Securities Administrators (the "**Guidelines**"). Denison's corporate governance practices meet or exceed the Guidelines and all other applicable Canadian requirements. Reference is made to the Statement of Corporate Governance Practice in the Circular, which contains a description of the Company's system of corporate governance practices with reference to the Guidelines.

Denison is classified as a foreign private issuer under U.S. securities law and its Common Shares are listed on NYSE Amex. Pursuant to the rules of the NYSE Amex (the "**NYSE Rules**"), a foreign private issuer is permitted to follow home country practice except with respect to certain rules, with which Denison complies. As required by the NYSE Rules, Denison has disclosed a brief summary of the significant ways in which Denison's corporate governance practices differ from those required to be followed by U.S. domestic issuers under the NYSE's listing standards on its web site at www.denisonmines.com.

Legal Proceedings

Except as described below, 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. DMI has provided certain indemnities in favour of Denison Energy against any future liabilities it may incur related to the assets and liabilities transferred to DMI on March 8, 2004.

Arizona 1 Licence Challenge

On November 16, 2009, as amended on February 1, 2010, the Center for Biological Diversity, Grand Canyon Trust, Sierra Club and Kaibab Band of Paiute Indians (together, the "**Plaintiffs**") filed a lawsuit against the U.S. Secretary of the Interior and the U.S. Bureau of Land Management ("**BLM**") (together, the "**Defendants**") seeking an order declaring that the Defendants have violated environmental laws in relation to the Company's Arizona 1 mine, by not requiring a new Plan of Operations in connection with the start of mining activities, as allegedly required by the Federal Land Policy and Management Act ("**FLPMA**"), 43, U.S.C. § 1701, et seq., the General Mining Law of 1872, 30 U.S.C. § 22, et seq. and their implementing regulations. In the alternative, the Plaintiffs claim that, if a new Plan of Operations is not required, the Defendants failed to conduct a review of potential environmental impacts from the mine since the existing Plan of Operations for the mine was approved by BLM in 1988, allegedly in violation of the National Environmental Policy Act, 42 U.S.C. § 4321, et seq. and certain other federal statutes. The Plaintiffs further claim that all required permits have not been obtained for the mine under the Clean Air Act 42 U.S.C. § 7412, et seq., and that, as a result, BLM failed to take all actions necessary to prevent unnecessary degradation of the public lands, as allegedly required under FLPMA 43 C.F.R,. §1732(b). The Plaintiffs seek an order declaring that the Defendants have violated these environmental laws in relation to the Arizona 1 mine project, and an injunction directing operations to cease and stopping the Defendants from authorizing or allowing any further mining or exploration operations at the Arizona 1 mine until BLM complies with all applicable laws. On February 8, 2010, the Defendants filed an Answer to the Plaintiffs' complaint denying the foregoing allegations. Denison has been granted status as an intervener in this lawsuit.

Denison believes that each of these allegations is without legal merit, is not supported by the administrative record, and should be dismissed. However, if the Plaintiffs are successful in their claims, the Company may be required to stop mining activities at the Arizona 1 mine pending resolution of this matter, which could have a significant adverse impact on the Company.

McClean Lake CNSC Licence Challenge

On August 6, 2009, the ARG filed an Application for Judicial Review of the decision to renew the McClean Lake CNSC licence with the Canadian Federal Court. The ARG is comprised of the Athabasca Denesuline First Nations of Fond du Lac, Black Lake and Hatchet Lake and the provincial communities of Camsell Portage, Uranium City, Stony Rapids and Wollaston Lake. ARG is challenging the legality of the renewed licence primarily on the basis of issues related to the Federal and Provincial government's duty to consult with aboriginal people. The operations are not expected to be affected during the legal proceedings. An adverse decision by the court could have a significant impact on the Company.

Interest Of Management And Others In Material Transactions

Other than as disclosed in this AIF, no directors or executive officers of Denison and no person or company that beneficially owns, controls or directs, indirectly or directly, more than 10% of the Common Shares, and no associate or affiliate of any of them, has or has had, within the three most recently completed financial years or during the current financial year, any material interest in any transaction which materially affects or is reasonably expected to materially affect Denison.

Registrar And Transfer Agent

Computershare Investor Services Inc. acts as the registrar and transfer agent for the Common Shares 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, 2009 and December 31, 2009 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 21st 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 six 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.

   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.".

3. The Credit Facility dated as of June 30, 2008, as amended as of December 31, 2009.

   According to the Credit Facility, as amended, The Bank of Nova Scotia has agreed to provide Denison with a $60,000,000 revolving term credit facility. The Credit Facility is repayable in full on June 30, 2011. The borrower under the Credit Facility is DMI and the Company has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and the Midwest projects. In addition, each of the Company's material U.S. subsidiaries has provided an unlimited full recourse guarantee secured by a pledge of all of its shares and a first priority security interest in all of its present and future personal property. The Company is required to maintain certain financial covenants on a consolidated basis.

4. The Strategic Relationship Agreement made as of June 15, 2009, among the Company, KEPCO and KEPCO Canada Uranium Investment Limited Partnership (the "**KEPCO SRA**").

   The KEPCO SRA provides for a long-term collaborative business relationship between the parties. Under the KEPCO SRA, Denison has agreed to nominate for election to Denison's board at any shareholder meeting at which directors are to be elected, two persons designated by KEPCO as long as KEPCO holds at least 15% of the outstanding Common Shares, and one person if KEPCO's shareholding percentage drops below 15% of the outstanding Common Shares but stays above 5%. The KEPCO SRA also provides that if Denison intends to sell an interest in certain of its substantial assets, it will first notify KEPCO of each such proposed sale, and provide KEPCO with a 30-day right of first offer to allow KEPCO to purchase the interest in the asset that Denison proposes to sell. The KEPCO SRA provides that Denison will allow the Purchaser to participate in potential purchases of certain assets, including a mill facility, a producing mine or a mineral resource for which a production feasibility study has been completed, which Denison plans to pursue with a co-investor. KEPCO's ability to purchase will not be available where Denison and KEPCO cannot agree on terms within a reasonable time or where their involvement would adversely affect Denison's ability to pursue an investment opportunity. The right of first offer and co-investment rights are subject to pre-existing contractual commitments and do not apply to certain pre-existing transactions. KEPCO is also entitled to subscribe for additional Common Shares in order to maintain or increase its shareholding percentage in Denison to thresholds which are relevant to its rights under the KEPCO SRA and KEPCO Offtake Agreement, in circumstances where Denison completes a public offering or broadly distributed private placement to raise proceeds of greater than $10 million. Denison is entitled to terminate the KEPCO SRA if KEPCO's shareholding percentage in Denison drops below 5% and stays below 5% for 60 days following delivery of a notice to that effect by Denison to KEPCO.

NAMES AND INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP is the auditor of the Company and audited the consolidated financial statements of the Company as at and for the year ended December 31, 2009.

In connection with its audit, PricewaterhouseCoopers LLP has confirmed that it is independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

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 pertaining to the Company's mineral projects in Canada and Zambia. To the knowledge of Denison, William Kerr beneficially owns, directly or indirectly, less than one percent of the outstanding Common Shares.

Terry V. Wetz, Director of Project Development 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 pertaining to the Company's mineral projects in the United States and Mongolia. To the knowledge of Denison, Terry V. Wetz beneficially owns, or controls or directs, directly or indirectly, less than one percent of the outstanding Common Shares.

Scott Wilson RPA, which was retained to independently review and audit the reserves and resources in accordance with the requirements of NI 43-101, prepared the following technical reports:

- Arizona Strip Technical Report dated February 26, 2007 by David A. Ross, P.Geo. and Thomas C. Pool, P.E.;
- Elliot Lake Report dated June 29, 2007 by Lawrence B. Cochrane, Ph.D., P.Eng. and Leo R. Hwozdyk, P.Eng.;
- Mongolia Technical Report dated February 27, 2007 by Thomas C. Pool, P.E. and Neil N. Gow, P.Geo.;
- Henry Mountains Technical Report September 9, 2006 by Thomas C. Pool, P.E.;
- McClean Technical Report dated November 21, 2005 as amended on February 16, 2006 by Richard E. Routledge, M.Sc., P.Geo. and James W. Hendry, P.Eng.;
- McClean North Technical Report January 31, 2007 by Richard E. Routledge, M.Sc., P.Geo.;
- Sue D Report dated March 31, 2006 by Richard E Routledge, M.Sc., P.Geo. and James W. Hendry, P.Eng.;
- Midwest Technical Report dated June 1, 2005, as amended on February 14, 2006 by Richard E. Routledge, M.Sc., P.Geo., James W. Hendry, P.Eng. and Luke Evans, M.Sc., P.Eng.;
- Tony M Report dated March 19, 2009 by Douglas H. Underhill, Ph.D., C.P.G. and William Roscoe, Ph.D., P.Eng.; and
- EZ Complex Report dated June 24, 2009 by David A. Ross, P.Geo. and Christopher Moreton, Ph.D., P.Geo.

The Midwest A Technical Report January 31, 2008 was prepared by Michel Dagbert, P.Eng. of Geostat, which was retained to independently review and audit the reserves in accordance with the requirements of NI 43-101.

The Mutanga Technical Report March 19, 2009 was prepared by Malcolm Titley, B.Sc. (Geology and Chemistry), MAusIMM,MAIG, of CSA Global, which was retained to independently review and audit the reserves and resources in accordance with the requirements of NI 43-101.

All of the authors of the technical reports noted above are independent of Denison. To the knowledge of Denison as of the date hereof, the partners, employees and consultants of each of Scott Wilson RPA, Geostat and CSA Global who participated in the preparation of the aforementioned reports, or who were in a position to influence the outcome of such reports and each of Scott Wilson RPA, Geostat and CSA Global beneficially own, directly or indirectly, less than one percent of the outstanding Common Shares.

Additional Information

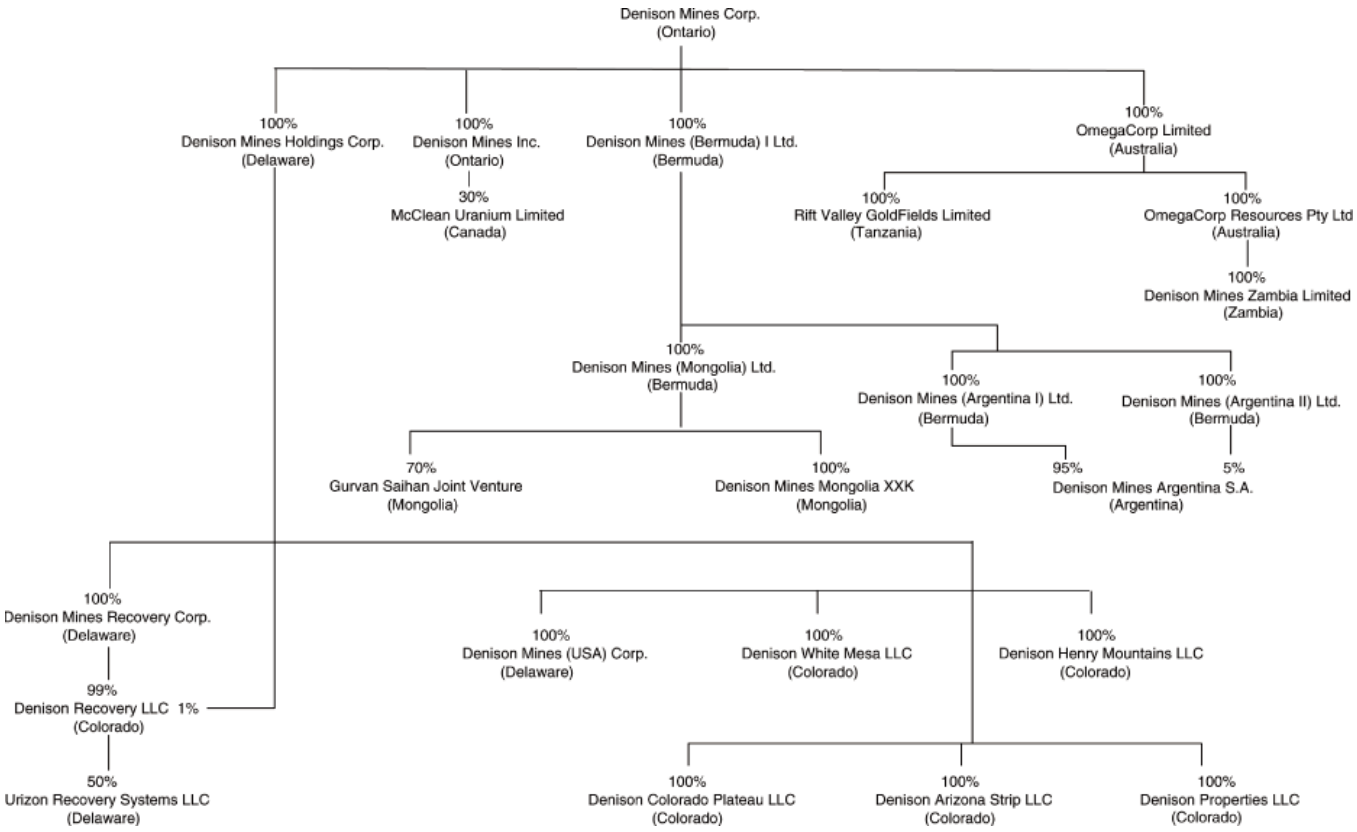
Additional information regarding the Company is available on the SEDAR website at www.sedar.com. Further information concerning the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase securities and interests of insiders in material transactions, where applicable, will be contained in the Circular for the Annual General Meeting of Shareholders to be held on May 6, 2010. Additional financial information is provided in the Company's financial statements and MD&A for the 12-months ended December 31, 2009.

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. In addition, certain of this information is distributed to shareholders in connection with Denison's Annual General 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:

Denison Mines Corp.
Atrium on Bay
Suite 402
595 Bay Street
Toronto, Ontario
M5G 2C2

Telephone: (416) 979-1991 Ext. 251
Facsimile: (416) 979-5893
Email: info@denisonmines.com

EXHIBIT 1 — ORGANIZATIONAL STRUCTURE
AS AT DECEMBER 31, 2009


Denison Mines Corp.
(Ontario)
100%
Denison Mines Holdings Corp.
(Delaware)
100%
Denison Mines Inc.
(Ontario)
30%
McClean Uranium Limited
(Canada)
100%
Denison Mines (Bermuda) I Ltd.
(Bermuda)
100%
OmegaCorp Limited
(Australia)
100%
Rift Valley GoldFields Limited
(Tanzania)
100%
OmegaCorp Resources Pty Ltd
(Australia)
100%
Denison Mines Zambia Limited
(Zambia)
100%
Denison Mines (Mongolia) Ltd.
(Bermuda)
100%
Denison Mines (Argentina I) Ltd.
(Bermuda)
100%
Denison Mines (Argentina II) Ltd.
(Bermuda)
70%
Gurvan Saihan Joint Venture
(Mongolia)
100%
Denison Mines Mongolia XXK
(Mongolia)
95%
5%
Denison Mines Argentina S.A.
(Argentina)
100%
Denison Mines Recovery Corp.
(Delaware)
99%
Denison Recovery LLC 1%
(Colorado)
50%
Urizon Recovery Systems LLC
(Delaware)
100%
Denison Mines (USA) Corp.
(Delaware)
100%
Denison White Mesa LLC
(Colorado)
100%
Denison Henry Mountains LLC
(Colorado)
100%
Denison Colorado Plateau LLC
(Colorado)
100%
Denison Arizona Strip LLC
(Colorado)
100%
Denison Properties LLC
(Colorado)

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 mineral 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.

eU$_3O_8$

This term refers to equivalent U_3O_8 grade derived by gamma logging of drill holes.

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.

Pre-Feasibility Study

A Pre-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.

U_3O_8

Triuranium octoxide. It is in the form of concentrate, often called yellowcake. 1 pound U = 1.17924 pounds 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
Year Ended December 31, 2009
(Expressed in U.S. Dollars, Unless Otherwise Noted)

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 11, 2010 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, 2009. The financial statements are prepared in accordance with generally accepted accounting principles in Canada with a discussion in Note 26 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 www.sec.gov/edgar.shtml.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained in this MD&A constitutes "forward-looking information", within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation concerning the business, operations and financial performance and condition of Denison.

Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" 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. Denison believes that the expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking information included in this MD&A should not be unduly relied upon. This information speaks only as of the date of this MD&A. In particular, this MD&A may contain forward-looking information pertaining to the following: the estimates of Denison's mineral reserves and mineral resources; uranium and vanadium production levels; capital expenditure programs, estimated production costs, exploration expenditures and reclamation costs; expectations of market prices and costs; supply and demand for uranium and vanadium; possible impacts of litigation on Denison; exploration, development and expansion plans and objectives; Denison's expectations regarding raising capital and adding to its mineral reserves through acquisitions and development; and receipt of regulatory approvals and permits and treatment under governmental regulatory regimes.

There can be no assurance that such statements will prove to be accurate, as Denison's actual results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "Risk Factors" in Denison's Annual Information Form dated March 26, 2009, the Short Form Prospectus dated June 15, 2009, available at http://www.sedar.com and its Form 40-F available at http://www.sec.gov, as well as the following: volatility in market prices for uranium and vanadium; changes in foreign currency exchange rates and interest rates; liabilities inherent in mining operations; uncertainties associated with estimating mineral reserves and resources; failure to obtain industry partner and other third party consents and approvals, when required; delays in obtaining permits and licences for development properties; competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel; incorrect assessments of the value of acquisitions; and geological, technical and processing problems.

Accordingly, readers should not place undue reliance on forward-looking statements. These factors are not, and should not be construed as being, exhaustive. Statements relating to "mineral reserves" or "mineral resources" are deemed to be forward-looking information, as they involve the implied assessment, based on certain estimates and assumptions that the mineral reserves and mineral resources described can be profitably produced in the future. The forward-looking information contained in this MD&A is expressly qualified by this cautionary statement. Denison does not undertake any obligation to publicly update or revise any forward-looking information after the date of this MD&A to conform such information to actual results or to changes in Denison's expectations except as otherwise required by applicable legislation.

Cautionary Note to United States Investors Concerning Estimates of Measured, Indicated and Inferred Resources: "This MD&A" may use 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.**

2009 HIGHLIGHTS

- Denison's 2009 production totaled 1,426,000 million pounds U_3O_8 and 501,000 pounds V_2O_5.
- Uranium sales were 1,127,000 million pounds U_3O_8 at an average price of $51.17 per pound.
- Vanadium sales totaled 520,000 pounds V_2O_5 at an average price of $3.73 per pound and 229,000 pounds FeV at an average price of $11.09 per pound.
- At the end of 2009 the Company had 484,000 pounds U_3O_8 and 773,000 pounds V_2O_5 and 2,000 pounds FeV in inventory available for sale. Based on current spot market prices, this inventory has a value of $24,582,000 million.
- In 2009 Denison paid down all of its debt and at year end is debt-free and has a cash balance of $19.8 million and working capital of $75.6 million.
- At the Wheeler River property in the Athabasca Basin region of northern Saskatchewan, Denison announced one of the best new discoveries in this uranium rich region in the last twenty years. Some of the best intersections of the three 2009 drill programs included 62.6% U_3O_8 over 6.0 metres, 32.8% eU_3O_8 over 7.6 metres and 16.8% over 9.0 metres.
- In Mongolia, the Gurvan Saihan Joint Venture's (70% owned by Denison) resource report was formally accepted by the Mongolian government. This is the first uranium resource accepted by the government and is the first stage in the receipt of a mining licence.
- In Zambia, the Mutanga project's Environmental Report, or Environmental Impact Statement, was accepted by the Zambian government.
- At the White Mesa mill the Company worked through 2009 without a lost time accident and surpassed the admirable milestone of 1.0 million hours worked without a lost time accident.

ABOUT DENISON

Denison was formed by articles of amalgamation effective May 9, 1997 pursuant to the Business Corporations Act (Ontario) (the "OBCA") and by articles of arrangement effective December 1, 1006. 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 NYSE Amex LLC ("Amex") under the symbol "DNN".

Denison is a diversified, intermediate uranium producer with uranium production in both the U.S. and Canada and development projects in the U.S., Canada, Zambia and Mongolia. Denison's assets include an interest in 2 of the 4 licensed and conventional uranium mills currently operating 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. 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 processing 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 owns interests in a portfolio of exploration projects, including the Wheeler River property along with other 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 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.

Strategy

Denison intends to position the Company as an important global uranium producer with annual uranium production of not less than 10 million pounds by 2020 at the latest. This will take place through production from Denison's currently operating mines and through its ongoing business development activities, including exploration and development of existing projects. Denison will also look to diversify its production geographically and evaluate opportunities to make in-situ uranium recovery a larger component of its production.

The Uranium Industry

Nuclear power capacity and power generation is growing significantly, while uranium production is struggling to catch up after many years of low prices and limited exploration for new deposits required to support the growth of nuclear power and to replace depleting ore bodies. As a result, there is a tight long-term supply-demand balance which can be expected to continue for the foreseeable future. Prices must rise to higher, sustained levels to support the new mines required to meet the increasing demand.

Uranium Demand

There are currently 436 nuclear reactors operating worldwide in 30 countries, generating 372.6 gigawatts of electricity and supplying 15% of the world's electrical requirements. Of greater significance, 53 nuclear reactors are under construction in 13 countries with the principal drivers of this expansion being China, India, South Korea and Russia which have a total of 40 reactors under construction. China, in particular, has a very aggressive new build program underway. By 2020, it is estimated that there will be 570 nuclear reactors in operation worldwide, supplying 518.5 gigawatts. This would represent an increase of over 30% in only 10 years, with 11 new countries joining the nuclear family.

Nuclear reactors are very capital intensive; therefore economics dictate that they need to be operated to the maximum as base-load power. As a consequence, demand for uranium is nearly non-elastic. Ux Consulting ("UxCo"**)** has estimated in its "Uranium Market Outlook — Q1 2010", that uranium demand will grow from 185 million pounds of U_3O_8 in 2009 to 247.3 million pounds in 2020.

While long-term demand is steadily growing, short-term demand is affected in a large part by utilities' uncovered requirements. Utilities normally purchase the majority of their fuel requirements under long-term contracts. To the extent that they have uncovered demand in the near term, they will purchase on the spot market which in turn affects the spot price. Currently, there is relatively low uncovered demand so utility buying is purely discretional and price driven.

Primary Uranium Supply

Uranium supply is the biggest variable in the supply-demand equation. During the time that the accumulated inventories from over production in the 1970s were being drawn down, primary mine production accounted for only approximately 50% of demand. A number of new mines have been brought into production over the last few years while others are in various stages of development. However, production still only accounts for approximately 70% of demand and many more are required to meet the increasing future demand and to replace mines that are being depleted.

UxCo has estimated in its "Uranium Market Outlook — Q1 2010" that existing mine production plus new planned and potential mine production will increase primary uranium supply from 131.8 million pounds in 2009 to 210.4 million pounds in 2020, falling short of expected demand of 247.3 million pounds per year. The principal driver for the increase in primary mine production is expected to be Kazakhstan, which is projected to nearly triple production between 2008 and 2020. However prices will need to increase appreciably to support the additional higher cost production required to meet these production forecasts.

Secondary Uranium Supply

Primary mine production currently supplies less than 70% of demand. The balance of demand is supplied from secondary sources such as remaining excess commercial inventories, reprocessing of spent fuel, inventories held by governments and the downblending of highly-enriched uranium ("HEU") from nuclear weapons programs. By far, the most significant of the secondary supplies currently is the 18 to 24 million pounds per year being provided from the HEU downblending program. The HEU program is scheduled to terminate in 2013. The supply gap created by this termination will need to be made up from new primary mine production.

Excess commercial inventories, which were once one of the major sources of secondary supplies during the period from the early 1970s to the early 2000s, have largely been consumed. The disposition of government inventories held by the United States and Russia will have a market impact over the next 10 to 20 years; however, the rate and timing of this material entering the market is uncertain.

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

UxCo expects that secondary sources of supply will fall from 52 million pounds to 19 million pounds per year from now to 2020.

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 must secure 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 two to four years after they are signed and provide for four to eight delivery years. 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. 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.

The long-term price rose from just under $11.00 per pound at the end of 2002 to a peak of $95.00 in May 2007 and remained at that level until mid-2008. Since then, it has steadily declined to $62.00 at the end of 2009. Long-term prices are driven more by production costs and the future supply-demand balance than by customer inventories. This is one of the reasons why a gap between long-term prices and spot prices exist.

Spot prices rose rapidly from a low of $7.10 per pound U_3O_8 in December 2000 to a peak of $136.00 per pound U_3O_8 in mid 2007 before declining and ending 2007 at $95.00 per pound U_3O_8. Spot prices in 2008 and 2009 have been very volatile but have generally continued to decline. The low price for 2009 was $40.00, reached in early April. Prices generally fluctuated during 2009, from the low $40s to the low $50s and ended the year at $44.50 per pound U_3O_8.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. The top ten producers accounted for over 90% of the world's primary mine supply in 2009.

Nearly 70% of the world's production came from four countries, namely — Kazakhstan, Canada, Australia and Namibia. Kazakhstan passed Canada in 2009 as the largest producer.

Marketing Uranium

The sale of the majority of Denison's uranium is under long-term contracts. These long-term contracts have a variety of pricing mechanisms, including fixed prices, base prices adjusted by inflation indicies and/or spot price or long-term contract reference prices. Time of delivery during a year under long-term contracts is at the discretion of the customer, so the Company's delivery obligations may vary markedly from quarter to quarter.

In 2009, approximately 60% of the total sales volume was sold under long term contracts, with the remainder in the spot market. The Company currently has five long-term contracts in place. One is for the sale of the lesser of 50% of White Mesa mill production or 750,000 pounds in 2010 and 1,000,000 pounds in 2011, and then 32% of the production until a total of 2.5 million pounds have been delivered and then 17% of production until a total of 6.5 million pounds have been delivered. The sales price is 95% of the published long-term price for the month prior to delivery with a floor price of $45.00. This contract is for a total of 6.5 million pounds, of which by the end of 2009, 535,000 pounds have been delivered. The second contract is for 20% of the Company's annual production from any production source (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. The purchase price per pound is based on industry standard terms. This agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. The third contract is for delivery of 1,000,000 pounds of U_3O_8 from U.S. or Canadian production over a period of five years beginning in 2011. The price under the contract is a combination of an escalated base price and published market price indicators at the time of delivery subject to escalated floors and ceilings. The fourth contract is for 20% of production from the White Mesa mill during the years 2012 to 2017 inclusive, but not less than 200,000 pounds per year. The price per pound under this contract is 95% of the long-term price at the time of delivery with an escalated floor price. Finally, Denison has one joint contract with ARC under which Denison will deliver 49,000 pounds from its Canadian production in 2010. This contract is priced based on the average quoted spot price over the quarter prior to delivery.

Denison will continue to seek long-term contracts at prices sufficient to support the development of its mineral assets.

The Vanadium Market

Steelmaking accounts for 93% of world vanadium consumption, and world steel production dropped from 1.5 billion metric tons in 2008 to under one billion metric tons in 2009. The chemical and titanium alloy industries normally consume 4% and 3% of supply, respectively, and reduced vanadium requirements in these sectors also occurred during this timeframe.

Approximately 20% of vanadium in the world is produced from primary ore from sources in China, Russia and South Africa. The remaining 80% is produced from secondary production, or processing of steelmaking slag, oil and coal residues, spent catalysts and uranium co-products. The only uranium co-product producer of vanadium in the world at this time is Denison.

Due to falling market prices and the high cost of production from primary ore, many of these facilities have shut down. The largest secondary producers from steelmaking slag are in Russia and South Africa, and output was either cut back or halted during the year. In spite of these cutbacks, producers' inventories increased due to the drop in demand, and market prices fell. It is unclear whether the more expensive primary ore production that was idled will restart, or will be permanently shut down. If the latter is the case, it will strengthen the position of suppliers such as Denison.

At present, China is the largest steel producer in the world, but has lagged behind the other leading steel producing nations in the inclusion of vanadium as a micro alloy. Several industry analysts anticipate that the construction of new infrastructure in China, India and Russia will create increased demand for vanadium, especially in commercial building construction, roads and bridges, and power generation plants and transmission systems throughout those nations. Were China to increase its vanadium consumption to match the average seen throughout the western world, vanadium requirements could potentially increase by approximately 116 million pounds vanadium blackflake ("V_2O_5") per year, from current requirements of about 250 million pounds V_2O_5 per year.

The Company expects that the lower level of prices seen for the past year and a half should begin to strengthen slowly throughout 2010 as buyers begin to restock their diminished inventories, provided economic recovery gradually improves and steel production begins to increase in the U.S., Europe and the Far East.

Vanadium Marketing

All of Denison's vanadium sales during 2009 have been spot market sales, primarily to industry trading and brokerage companies. During 2009, Denison worked to increase the market awareness and exposure of the Company throughout the world, and has had considerable success.

Denison also concluded sales of V_2O_5 for product analysis and qualification with companies involved in titanium alloys in the aircraft engine and airframe industry. As businesses become familiar with the Company's product and satisfy themselves that it is compatible with their processes, Denison expects to enter into long-term sales agreements.

SELECTED ANNUAL FINANCIAL INFORMATION

The following selected financial information was obtained directly from or calculated using the Company's consolidated financial statements for the years ended December 31, 2009, December 31, 2008 and December 31, 2007.

(in thousands)	Three Months ended Dec. 31, 2009	Year ended Dec. 31, 2009	Year ended Dec. 31, 2008	Year ended Dec. 31, 2007
Results of Operations:				
Total revenues	$ 31,052	$ 79,170	$ 123,184	$ 76,764
Net income (loss)	(36,127)	(147,012)	(80,648)	47,244
Basic earnings (loss) per share	(0.11)	(0.51)	(0.42)	0.25
Diluted earnings (loss) per share	(0.11)	(0.51)	(0.42)	0.24

	As at Dec. 31, 2009	As at Dec. 31, 2008	As at Dec. 31, 2007
Financial Position:			
Working capital	$ 75,578	$ 34,655	$ 75,915
Long-term investments	10,605	10,691	20,507
Property, plant and equipment	691,039	717,433	727,823
Total assets	867,981	885,702	1,001,581
Total long-term liabilities	$ 127,931	$ 249,716	175,081

RESULTS OF OPERATIONS

General

The Company recorded a net loss of $147,012,000 ($0.51 per share) for 2009 compared with net loss of $80,648,000 ($0.42 per share) for 2008.

Revenues

Uranium sales revenue for the fourth quarter was $24,800,000. Sales from U.S. production were 350,000 pounds U_3O_8 at an average price of $43.23 per pound. Sales of Canadian production were 198,000 pounds U_3O_8 at an average price of $45.75 per pound. Uranium sales revenue also includes amortization of the fair value increment related to the Denison Mines Inc. ("DMI") sales contracts totaling $622,000 for the quarter.

Uranium sales revenues for the year were $59,889,000. Sales from U.S. production were 635,000 pounds U_3O_8 at an average price of $53.04 per pound. Sales of Canadian production were 492,000 pounds U_3O_8 at an average price of $48.76 per pound. Amortization of the fair value increment totaled $2,313,000 for the year.

Uranium sales revenue in the fourth quarter of 2008 totaled $34,812,000. Sales from U.S. production were 400,000 pounds U_3O_8 at an average price of $61.50 per pound. Sales of Canadian production were 177,000 pounds U_3O_8 at an average price of $52.28 per pound. Amortization of the fair value increment related to long-term sales contracts from the acquisition of DMI totaled $859,000. Uranium sales revenues for the 2008 year were $114,588,000, with sales of U.S. production of 920,000 pounds U_3O_8 at an average price of $67.27 per pound, and sales of Canadian production were 743,000 pounds U_3O_8 at an average price of $57.40 per pound. Amortization of the fair value increment related to long-term sales contracts from the acquisition of DMI totaled $9,449,000.

During the three months ended December 31, 2009, the Company sold 11,000 pounds of V_2O_5 at an average price of $6.00 per pound and 142,000 pounds of ferrovanadium ("FeV") at an average price of $10.96 per pound. Total vanadium sales revenue was $1,617,000. During the year ended December 31, 2009, the Company sold 520,000 pounds V_2O_5 at an average price of $3.73 per pound and 229,000 pounds of FeV at an average price of $11.09 per pound. Total vanadium sales revenue was $4,480,000. No vanadium was sold in 2008.

Revenue from the environmental services division was $12,226,000 compared to $5,562,000 in 2008. The increase in revenue is related to the Company's contract with the Yukon government for site maintenance and water treatment services for the Faro mine site in Yukon which was signed in late 2008. Revenue from the management contract with UPC was $2,522,000 compared to $2,929,000 in 2008.

Operating Expenses

Milling and Mining Expenses

The McClean Lake joint venture produced 934,000 pounds U_3O_8 for the three months ended December 31, 2009 and 3,609,000 pounds U_3O_8 for the year ended December 31, 2009 compared with 682,000 pounds U_3O_8 for the three months and 3,248,000 pounds U_3O_8 for the year ended December 31, 2008. Denison's 22.5% share of production totaled 210,000 pounds and 812,000 pounds respectively for the 2009 periods and 154,000 pounds and 731,000 pounds respectively for the 2008 periods.

Canadian production costs for the fourth quarter were $50.47 (CDN$53.35) per pound U_3O_8 including $30.48 (CDN$32.22) per pound U_3O_8 for amortization, depletion and depreciation costs compared to $57.99 (CDN$70.26) per pound U_3O_8 including $29.28 (CDN$35.47) per pound U_3O_8 for amortization, depletion and depreciation costs for the fourth quarter of 2008. For the year ended December 31, 2009, production costs were $45.49 (CDN$51.94) per pound U_3O_8 including $26.00 (CDN$29.69) per pound U_3O_8 for amortization, depletion and depreciation costs compared to $55.29 (CDN$58.94) per pound U_3O_8 including $32.10 (CDN$34.22) per pound U_3O_8 for amortization, depletion and depreciation costs for the year ended December 31, 2008.

Inventory from Canadian production was 342,000 pounds U_3O_8 at December 31, 2009.

On June 30, 2009, the Canadian Nuclear Safety Commission ("CNSC") renewed the operating licence for the McClean Lake operation for a period of eight years until June 30, 2017. The Athabasca Regional Government (the "ARG"), which is comprised of three First Nations and four provincial communities from the Athabasca Basin, launched a judicial review of CNSC's decision to grant the McClean Lake operating licence. The ARG is challenging the legality of the licence renewal on the basis of issues related to the Federal and Provincial governments' duty to consult with Aboriginal people. The operations should not be affected by the legal proceedings. An adverse decision by the court could have a significant adverse impact on the Company.

At the White Mesa mill, processing of alternate feed material began in early June using the newly constructed alternate feed circuit. Production from alternate feed material in the three months and year ended December 31, 2009 was 107,000 and 191,000 pounds U_3O_8, respectively. Processing of conventional ore ceased in May 2009, yielding a total of 423,000 pounds U_3O_8. Total production year to date from both alternate feed and conventional ore was 614,000 pounds U_3O_8. Processing of conventional ore at White Mesa is expected to resume in March of 2010. Production was 485,000 pounds U_3O_8 for the three months and 885,000 pounds U_3O_8 for the year ended December 31, 2008. The Company produced 501,000 and 1,223,000 pounds V_2O_5 for the years ended December 31, 2009 and 2008 respectively.

At December 31, 2009, a total of 174,000 tons of conventional ore was stockpiled at the mill containing approximately 706,000 pounds U_3O_8 and 3,600,000 pounds V_2O_5. The Company also has approximately 638,000 pounds U_3O_8 contained in the alternate feed material stockpiled at the mill at December 31, 2009.

Production costs for the three months ended December 31, 2009, including mill fixed and conventional ore stand-by costs were $52.06 per pound U_3O_8 equivalent. Deducting depletion, amortization and depreciation yields a production cost of $39.52 per pound. The production costs for the year ended December 31, 2009 were $70.26 per pound U_3O_8 equivalent. Deducting depletion, amortization and depreciation yields a production cost of $37.62.

Inventory available for sale from U.S. production was 142,000 pounds U_3O_8 and 773,000 pounds V_2O_5 and 2,000 pounds FeV at December 31, 2009.

On November 16, 2009, as amended on February 1, 2010, the Center for Biological Diversity, Grand Canyon Trust, Sierra Club and Kaibab Band of Paiute Indians ("the Plaintiffs") filed a lawsuit against the U.S. Secretary of the Interior and the U.S. Bureau of Land Management ("BLM") (together, the "Defendants") seeking an order declaring that the Defendants have violated environmental laws in relation to the Company's Arizona 1 mine, by not requiring a new Plan of Operations in connection with the start of mining activities. The Plaintiffs are also claiming that, if a new Plan of Operations is not required, the Defendants failed to conduct a review of potential environmental impacts from the mine since the existing Plan of Operations for the mine was approved by BLM in 1988. The Plaintiffs further claim that all required permits have not been obtained for the mine under the Clean Air Act, and that, as a result, BLM failed to take all actions necessary to prevent unnecessary degradation of the public lands. The Plaintiffs are seeking an order declaring that the Defendants have violated these environmental laws in relation to the Arizona 1 Mine, and an injunction directing operations to cease and stopping the Defendants from authorizing or allowing any further mining or exploration operations at the Arizona 1 mine until BLM complies with all applicable laws. On February 8, 2010 the Defendants filed an Answer to the Plaintiffs' complaint denying the foregoing allegations. On February 5, 2010, Denison filed a motion to be added as an intervener in this lawsuit. Denison believes that each of these allegations is without legal merit, is not supported by the administrative record, and should be dismissed. However, if the Plaintiffs are successful in their claims, the Company may be required to stop mining activities at the Arizona 1 mine pending resolution of this matter, which could have a significant adverse impact on the Company.

Other

Operating costs for the year include an expense of $3,712,000 (2008-$9,500,000) relating to the net realizable value of the Company's uranium and vanadium inventory. Operating costs also include expenses relating to DES division amounting to $11,432,000 in 2009 and $5,188,000 in 2008.

Sales Royalties and Capital Taxes

Sales royalties on Canadian production and capital taxes totaled $628,000 and $1,675,000 for the three months and year ended December 31, 2009 compared with $647,000 and $3,117,000 for the same periods in 2008. 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 3.0% of gross uranium sales or capital tax otherwise computed under the Corporation Capital Tax Act (Saskatchewan). The Government of Saskatchewan 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. It is likely that Denison will pay tiered royalties in 2010. The Government of Saskatchewan, in conjunction with the uranium industry in Saskatchewan, is reviewing the current tiered royalty structure with a view to altering it to better align it with current and future industry economics.

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., Mongolia and Zambia. For the three months ended December 31, 2009 exploration expenditures totaled $2,553,000, and $10,120,000 for the year ended December 31, 2009 as compared to $2,080,000 and $20,114,000 for the three months and year ended December 31, 2008.

A majority of the exploration expenditures during 2009 were spent in the Athabasca Basin region of northern Saskatchewan. Denison is engaged in uranium exploration as part of the ARC operated McClean and Midwest joint ventures, as well as on 29 other exploration projects including the Company's 60% owned Wheeler River project. Denison's share of exploration spending on its Canadian properties totaled $2,330,000 of which $2,297,000 was expensed in the statement of operations for the three months ended December 31, 2009 and totaled $8,330,000 of which $7,726,000 was expensed in the statement of operation for the year ended December 31, 2009. For the three months ended December 31, 2008, Canadian exploration spending totaled $733,000 of which $624,000 was expensed and totaled $12,943,000 of which $11,953,000 was expensed for the year ended December 31, 2008.

The results of the three 2009 drilling programs, on the Wheeler River property in the Athabasca Basin, have confirmed that the Phoenix discovery has the potential to host an economically significant, high-grade uranium deposit. In 2009, 43 holes were drilled totalling 19,000 metres, with the drilling primarily focussed on the Phoenix discovery. The uranium mineralization extends over a one kilometre strike length and remains open in both directions at a depth of approximately 400 metres.

During the winter program, the first indications of high grade mineralization were identified in hole WR-258 which intersected 11.2% U_3O_8 over 5.5 metres. The summer drill program included the best intersection to date of 62.6% U_3O_8 over 6 metres in hole WR-273. The best intersections of the fall program were 32.8% eU $_3O_8$, 16.8% U_3O_8, 12.74% U_3O_8 and 8.02% U_3O_8 over 7.6, 9.0, 3.0 and 5.0 metres in holes WR-287, 286,291A and 290, respectively.

Exploration expenditures of $121,000 for the three months ended December 31, 2009 ($916,000 for the three months ended December 31, 2008) and of $2,054,000 for the year ended December 31, 2009 ($4,436,000 for the year ended December 31, 2008) were incurred in Mongolia on the Company's joint venture 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%. At the Ulzit project, mineralization first discovered in 2008 was followed up on and further continuity of this mineralization was confirmed. A new zone of mineralization was discovered at the Choir Depression. Both of these areas of mineralization will require further drilling to confirm potential resources.

In Zambia, the environmental report was approved by the Government of Zambia and work continued on the mining licence and radioactive licence applications.

General and Administrative

General and administrative expenses totaled $3,085,000 for the three months ended December 31, 2009 compared with $3,349,000 for the three months ended December 31, 2008. For the year ended December 31, 2009, general and administrative expenses totaled $13,883,000 compared to $14,754,000 for the same period in 2008. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures.

Stock Option Expense

Stock option expense totaled $1,089,000 and $3,847,000 for the three months and year ended December 31, 2009 respectively. In fiscal 2008, stock option expense totaled $4,178,000 and $6,062,000 for the three months and year ending December 31, 2008.

Impairment of Mineral Properties

During the third quarter, the Company determined that it should take an impairment charge against the carrying value of its mineral property investment in Zambia and has accordingly recorded a write-down of $100,000,000. The impairment recognizes a decline in the long-term uranium price outlook and refinements in the mine plan and project cost estimates. The impairment charge was determined based on comparisons of current market values of similar properties. The Company also recorded a future income tax recovery of $30,000,000 as a result of the impairment charge. The Company continues to work towards a production decision for the project.

Impairment of Goodwill

Denison evaluates the carrying amount of goodwill annually to determine whether events or changes in circumstances indicate whether such carrying amount has become impaired. Denison's goodwill amount arises from the acquisition of DMI in 2006. The goodwill was allocated to the Canadian mining segment. Denison examined the fair value of the assets and liabilities of the segment at December 31, 2009. The determination of fair market value was based on discounted cash flow analysis for production assets using consensus expectations for future uranium prices and foreign exchange, future costs and a discount rate of 10.5%. Exploration properties were valued at estimated market value at December 31, 2009. Based on this analysis, the Company determined the fair values have decreased and, as a result, determined that an impairment charge of $22,136,000 should be made and charged to operations in the fourth quarter.

Other Income and Expenses

Other income (expense) totaled $1,961,000 for the three months ended December 31, 2009 compared with $2,533,000 for the three months ended December 31, 2008. For the year ended December 31, 2009, other income (expense) totaled $(14,551,000) compared to $2,468,000 for the same period in 2008. This consists primarily of foreign exchange losses, interest expense and investment disposal gains. Foreign exchange losses totaled $2,483,000 for the three months and $17,476,000 for the year ended December 31, 2009. In 2008, other income (expense) was primarily due to losses on portfolio investments which totaled $12,952,000 and gains on foreign exchange which totaled $15,544,000.

Other income (expense) included interest incurred on company indebtedness of $3,000 for the three months and $1,438,000 for year ended December 31, 2009.

Income Taxes

The Company has provided for a current tax recovery of $1,691,000 and a future tax recovery of $36,843,000. The current tax recovery relates to the anticipated recovery of taxes paid in prior years of $1,883,000, offset by current taxes payable of $192,000. The future tax recovery is primarily comprised of (i) a $30,000,000 reduction in the future tax liability in Zambia, as a result of the impairment recorded in respect of the Mutanga project, (ii) the recognition of $2,579,000 in previously unrecognized Canadian tax assets; and (iii) a $2,292,000 reduction in the future tax liability in Canada resulting from a decrease in the corporate income tax rate in Ontario. The Government of Ontario announced a reduction in the province's corporate income tax rate, from 14% to 10%, in its spring 2009 budget. The rate change will be phased in from July 1, 2010 to July 1, 2013. For accounting purposes, the rate change became substantively enacted during the fourth quarter of 2009.

OUTLOOK FOR 2010

Denison has used a U_3O_8 spot price of $49.00 per pound U_3O_8 and a long term price of $64.00 per pound, a V_2O_5 price of $5.75 per pound and foreign exchange rate of US$1.00 = CDN$1.075 in developing this 2010 outlook.

Mining Operations

Denison's uranium production is expected to total 1.6 million pounds of U_3O_8 in 2010, coming from production at the White Mesa mill in the United States, and its share from production at the McClean Lake mill in Canada. Vanadium production is expected to total approximately 2.8 million pounds of V_2O_5. The Company anticipates that the White Mesa mill will begin processing conventional ore in March and continue for the remainder of the year.

Uranium and vanadium sales are expected to be approximately 1.8 million pounds U_3O_8 and 3.4 million pounds V_2O_5. Based on the budgeted uranium prices noted above and Denison's current long term contracts, the Company expects to achieve an average realized price of $54.34 per pound U_3O_8 sold. Mining revenue is forecast to be approximately $119 million of which $19.3 million will be vanadium sales.

For each $5.00 per pound change in the U_3O_8 spot price, the revenue changes by $4.8 million and a $4.00 change in the long-term price changes revenue by $2.3 million. A $1.00 per pound change in the vanadium price results in a $3.4 million change in revenue. A $0.01 change in the foreign exchange rate changes cash flow by $0.2 million.

The cash cost of production is expected to average $35.15 per pound of U_3O_8 net of vanadium credits, excluding sales royalties and mine stand-by costs. This compares to $44.27 in 2009 calculated on the same basis.

Total operating capital expenditures are projected to be approximately $17.5 million.

Business Development

In 2010 Denison will participate in exploration programs on 10 properties in Canada and the United States. The total spending for these programs is expected to be $11.5 million of which Denison's share will be approximately $6.3 million of which $4.4 million will be spent in Canada. The most significant of these programs will be carried out to further define economic uranium resources on the Wheeler River property in Saskatchewan where the important new Phoenix discovery was made in 2009. A 45 hole, 22,500 metre drilling program has begun which will continue to evaluate the new discovery and test additional areas with known uranium mineralization along the same mineralized trend.

Exploration work in Canada will also be carried out on the Hatchet Lake, Turkey Lake, Park Creek, Moore Lake, McClean Lake, Midwest and Wolly projects. In the United States, work will be carried out on the Beaver and Pandora mine properties at a cost of $1.9 million in an effort to outline new resources which could extend the mine life of the existing operations on these properties.

On development stage projects a total of $8.8 million will be spent in 2010 of which $6.5 million will be incurred to advance the Zambian and Mongolian projects and to develop a longer term strategy for these assets and their development. In the United States, the permitting process will be advanced for the Pinenut, EZ1/EZ2 and Canyon deposits at a cost of $1.7 million in preparation for their development for production.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in thousands)	2009 Q4	2009 Q3	2009 Q2	2009 Q1
Total revenues	$ 31,052	$ 12,748	$ 13,372	$ 21,998
Net income (loss)	(36,127)	(91,343)	(18,215)	(1,327)
Basic and diluted earnings (loss) per share	(0.11)	(0.27)	(0.07)	(0.01)

(in thousands)	2008 Q4	2008 Q3	2008 Q2	2008 Q1
Total revenues	$ 36,807	$ 36,483	$ 31,713	$ 18,181
Net income (loss)	(56,762)	332	(13,756)	(10,462)
Basic and diluted earnings (loss) per share	(0.30)	0.00	(0.07)	(0.06)

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $19,804,000 at December 31, 2009 compared with $3,206,000 at December 31, 2008. The increase of $16,598,000 was due primarily to cash used in operations of $42,442,000, expenditures of $38,850,000 on property, plant and equipment and repayment of long term debt of $99,620,000, which was financed by sales of long-term investments of $11,128,000 and new common share issues totaling $185,034,000.

Net cash used in operating activities of $42,442,000 during the year ended December 31, 2009 is comprised of net loss for the year, adjusted for non-cash items and for changes in working capital items. Significant changes in working capital items during the period include a decrease in accounts payable and accrued liabilities of $15,071,000 and an increase of $22,229,000 in inventories and a decrease of $344,000 in trade and other receivables. The increase in inventories consists primarily of the increase in ore in stockpile, work in progress and finished goods. The decrease in accounts payable and accrued liabilities is primarily due to the level of operating activity.

Net cash used in investing activities was $27,116,000 consisting primarily of expenditures on property, plant and equipment of $38,850,000 less proceeds from the sale of investments of $11,128,000.

Net cash from financing activities totaled $85,414,000 consisting of $185,034,000 from the issue of common shares less $99,620,000 repayment of debt obligations.

In total, these sources and uses of cash resulted in a net cash inflow after the effect of foreign exchange of $16,598,000 during the year.

The Company has in place a $60,000,000 revolving term credit facility ("the credit facility"). The credit facility contains three financial covenants, one based on maintaining a certain level of tangible net worth, which must be greater than or equal to the sum of $665,000,000 plus an amount equal to (i) 50% of each equity issue after September 30, 2009 and 50% of positive Net Income in each fiscal quarter from September 30, 2009, the second requiring a minimum current ratio of 1.10 to 1 and the other requires the Company to reduce the borrowing facility to $35,000,000 for a period of time each quarter before drawing further amounts. The credit facility terminates on June 30, 2011. There is currently no debt outstanding under this facility; however $9,228,000 of the line is currently used as collateral for certain letters of credit.

The borrower under the facility is DMI and the Company has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects. In addition, each of the Company's material US subsidiaries has provided an unlimited full recourse guarantee secured by a pledge of all of its shares and a first-priority security interest in all of its present and future personal property. The credit facility is subject to a standby fee of 100 basis points.

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 uranium 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 uranium) of business where the gross value of such transaction exceeds CDN$20,000,000 ("an initiative"); 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; and f) a fee equal to 1.5% of the gross value of any uranium held by UPC prior to the completion of any acquisition of at least 90% of the common shares of UPC.

In 2008, the Company sold 50,000 pounds of U_3O_8 to UPC at a price of $64.50 per pound for total consideration of $3,225,000.

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

(in thousands)	Three Months Ended Dec. 31, 2009	Three Months Ended Dec. 31, 2008	Year Ended Dec. 31, 2009	Year Ended Dec. 31, 2008
Revenue				
Uranium sales	$ —	$ —	$ —	$ 3,225
Management fees (including expenses)	397	318	1,541	1,695
Commission fees on purchase and sale of uranium	239	—	981	1,234
Total	$ 636	$ 318	$ 2,522	$ 6,154

At December 31, 2009, accounts receivable includes $165,000 (2008 — $130,000) due from UPC with respect to the fees indicated above.

Korea Electric Power Corporation ("KEPCO")

In June 2009, Denison completed definitive agreements with KEPCO. The agreements included a long-term offtake agreement which provides for the delivery to KEPCO of 20% of Denison's annual U_3O_8 production (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. KEPCO also purchased 58,000,000 common shares of Denison representing approximately 17% of the issued and outstanding capital as at the June 2009 share purchase. One representative from KEPCO has been appointed to Denison's board of directors.

OUTSTANDING SHARE DATA

At March 11, 2010, there were 339,720,415 common shares issued and outstanding, 7,829,140 stock options outstanding to purchase a total of 7,829,140 common shares and 2,225,000 warrants outstanding to purchase a total of 6,408,000 common shares, for a total of 353,957,555 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 President and Chief Executive Officer and the Chief Financial Officer, of the effectiveness of the design and operation of the Company's "disclosure controls and procedures" (as defined in the Exchange Act Rule 13a-15(e)) as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and the 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, 2009.

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 2009 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, and intangible assets. 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. To test recoverability, the net book value of the long-lived asset is compared to the estimated undiscounted future cash flows generated by their use and eventual disposal. Impairment is measured as the excess of the carrying value over the fair value, determined principally by discounting the estimated net future cash flows expected to be generated from the use and eventual disposal of the related asset. In the event that the Company has insufficient information about the long-lived asset to estimate future cash flows to test the recoverability of the capitalized cost amounts, the Company will test for impairment by comparing the fair value to the carrying amount without first performing a test for recoverability.

Goodwill

The amount by which the purchase price of a business acquisition exceeds the fair value of identifiable assets and liabilities acquired is goodwill. Goodwill is allocated to the reporting units acquired based on management's estimates of the fair value of each reporting unit as compared to the fair value of the assets and liabilities of the reporting unit. Estimates of fair value may be impacted by changes in commodity prices, currency exchange rates, discount rates, level of capital expenditures, interest rate, operating costs and other factors that may be different from those used in determining fair value. Changes in estimates could have a material impact on the carrying value of the goodwill. For reporting units that have recorded goodwill, the estimated fair value of the unit is compared to its carrying value at least once each year, or when circumstances indicate that the value may have become impaired. If the carrying value exceeds the estimated or implied fair value of goodwill, which is equal to management's estimate of potential value within the reporting unit, any excess of the carrying amount of goodwill over the estimated or implied goodwill is deducted from the carrying value of goodwill and charged to the current period earnings.

Inventory

The Company values its concentrate inventories; work in process and ore stockpiles at the lower of cost or net realizable value at the end of the reporting period. Costs represent the average cost, and include direct labour and materials costs, mine site overhead and depreciation and depletion. Realizable value is based on commodity prices, which can be subject to significant change from period-to-period.

Future Tax Assets and Liabilities

Future tax assets and liabilities are calculated using the asset and liability method. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using current tax rates. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period the change is known. To the extent that the Company considers it to be more likely than not that a future tax asset will be recovered, a tax asset will be set up, otherwise the Company provides a valuation allowance against the excess. It is possible that changes could occur in the future that may affect the recoverability of the carrying value of future tax assets and a write-down may be required.

Provision for Other than Temporary Impairment in the Value of Investments

The Company reviews those investments that are classified as available for sale on a quarterly basis and focuses its attention on investments for which the fair value has been below cost for six months and on investments that have experienced significant declines in the market based on critical events and current economic conditions, even if those investments have been below cost for less than a six month period. When a loss in value is considered to be other than a temporary impairment this is recognized in the results of operations. Provisions for other than temporary impairment in the value of investments are reviewed on a regular basis and, if appropriate, are increased if additional negative information becomes available. Any such provisions are only released on the sale of the security.

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.

New Accounting Standards Adopted

The Company adopted the following new accounting standards issued by the CICA Handbook effective January 1, 2009:

a) CICA Handbook Section 3064 "Goodwill and intangible assets" which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. There was no impact to the Company's financial statements from adopting this standard.

b) In January 2009, the CICA issued EIC 173 "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" which requires the entity to consider its own credit risk as well as the credit risk of its counterparties when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the Company's 2009 fiscal year, commencing January 1, 2009 and is required to be applied retrospectively without restatement to prior periods. The adoption of this pronouncement did not have a material impact on the valuation of the Company's financial assets or financial liabilities.

c) In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC 174. This abstract discusses the analysis recommended to be performed to determine if there has been an impairment of mineral exploration properties. The Company considered the recommendations discussed in the Abstract effective for fiscal periods beginning January 1, 2009 when testing for impairment of mineral properties. Adoption of this pronouncement did not have any material effect on the financial statements.

d) The CICA amended Section 3855 "Financial Instruments" to clarify that, upon reclassification of a financial instrument out of the trading category, an assessment must be completed to determine whether an embedded derivative is required to be bifurcated. In addition, the amendment prohibits the reclassification of a financial instrument out of trading when the derivative embedded in the financial instrument cannot be separately measured from the host contract. The amendment is applicable to all reclassifications occurring after July 1, 2009. Adoption of this standard did not have any material effect on the financial statements.

e) In August 2009, the CICA issued further amendments to Section 3855. The amendments changed the definition of a loan such that certain debt securities may be classified as loans if they do not have a quoted price in an active market and the Company does not have the intent to sell the security immediately or in the near term. As a result, debt securities classified as loans will be assessed for impairment using the incurred credit loss model of Section 3025 to reduce the carrying value of a loan to its estimated realizable amount. Loan impairment accounting requirements are also applied to held-to-maturity financial assets as a result of the amendments. Debt securities that are classified as available-for-sale continue to be written down to their fair value when the impairment is considered to be other than temporary. However, the impairment loss can be reversed if the fair value substantially increases and the increase can be objectively related to an event occurring after the impairment loss was recognized. Adoption of this standard did not have any material effect on the financial statements.

f) In June 2009, the CICA amended Section 3862 "Financial Instruments — Disclosures" to require enhanced disclosure about the fair value assessments of the financial instruments. The new disclosures are based on a fair value hierarchy that categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate the fair values. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company has adopted these disclosures effective in the December 31, 2009 annual financial statements.

Accounting Standards Issued but not yet Adopted

The CICA has issued the following accounting standards effective for the fiscal years beginning on or after January 1, 2010:

a) CICA Handbook Section 1582 "Business Combinations", Section 1601 "Consolidated Financial Statements" and Section 1602 "Non-Controlling Interests" which replace the former CICA 1581 "Business Combinations" and CICA 1600 "Consolidated Financial Statements" and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No. 141(R) "Business Combinations" and No. 160 "Non-Controlling Interests in Consolidated Financial Statements". CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011 although early adoption is permitted. CICA 1582, which replaces Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination.

CONVERSION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Company is continuing the process to convert its basis of accounting from Canadian GAAP to International Financial Reporting Standards (IFRS). The Company's IFRS transition date occurred on January 1, 2010 and reporting under IFRS will be required for the three-month period ending March 31, 2011 and all reporting periods thereafter. For 2011 reporting periods, Canadian GAAP amounts reported during the 2010 reporting year will be restated under IFRS for comparative purposes.

The conversion to IFRS from Canadian GAAP is a significant undertaking. Management has established an IFRS project team that is staffed with both internal and external resources.

The IFRS implementation project plan consists of three phases:

- Initial diagnostic phase
- Impact analysis and design phase
- Implementation phase

The initial diagnostic phase was completed in third quarter 2008. This review identified the major components of the financial statements that will be impacted by the change in standards, and included an evaluation of the magnitude of the financial statement impact, the implementation effort required and the anticipated complexity of the change.

The impact analysis and design phase involves the selection of IFRS accounting policies by senior management and the review by audit committee; the quantification of impact of changes to our existing accounting policies on our opening IFRS balance sheet; and the development of draft IFRS financial statements. This phase also involves the development of IFRS training programs for key personnel, and the identification of changes to systems and to our internal controls over financial reporting.

The implementation phase involves the implementation of required changes to our information systems and procedures. It will culminate in the collection of financial information necessary to prepare IFRS financial statements and audit committee approval of financial statements.

The impact analysis and design phase and the implementation phase are currently underway. Component specific IFRS training was developed, for areas identified in the diagnostic phase, and delivered to all key finance personnel during Q2 and Q3 2009. Evaluation and selection of accounting policies is currently underway and management review of the recommended accounting policies is expected to be completed during Q1 2010. Other work that is underway includes analysis of additional financial statement and note disclosures, review of information system and internal control changes required, and development of additional training required for key personnel.

Potential Impact of IFRS Implementation on Denison

The following areas represent what we believe to be the major differences between IFRS and Canadian GAAP for Denison. The list and components below should not be regarded as a complete list of changes that will result from the transition to IFRS.

IFRS 1, First-time Adoption of International Financial Reporting Standards

IFRS 1 provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions, in certain areas, to the general requirement for full retrospective applications of IFRS. The purpose of the options is to provide relief to companies and simplify the conversion process by not requiring them to recreate information that may not exist or may not have been collected at the inception of the transaction. We have analyzed the various exemptions available and are working towards implementing those most appropriate in our circumstances.

The most significant IFRS 1 exemptions which we are considering applying in the preparation of our first consolidated financial statements under IFRS are as follows.

Property Plant and Equipment

We have the option to record items of property, plant and equipment at their fair value on transition to IFRS. This value becomes the deemed cost of the asset. The election can be taken on an asset by asset basis. We are considering utilizing this election for certain assets.

Business Combinations

Under IFRS, we have the option to either retroactively apply IFRS 3R "Business Combinations" to all business combinations or may elect to apply the standard prospectively only to those acquisitions which meet the expanded definition of a business combination after the date of this transition. We expect to apply the standard prospectively from the date of transition, January 1, 2010.

Impairment of Non Current Assets

Under Canadian GAAP, long-lived asset impairment testing is done using a two-step approach whereby long-lived assets are first tested for recoverability based on the undiscounted cash flows they are expected to generate. If the undiscounted cash flow expected to be generated is higher than the carrying amount, no further analysis is required. If the undiscounted cash flow is lower than the carrying amount of the assets, the assets are written down to their estimated fair value. Under IFRS, impairment testing is done using a one-step approach for both testing and measurement of impairment, with asset carrying amounts compared directly with the higher of fair value less costs to sell and value in use (which uses discounted cash flows). This may result in more frequent write-downs where carrying amounts of assets were previously supported under Canadian GAAP on an undiscounted cash flow basis, but could not be supported on a discounted basis. However, the extent of any asset write-downs may be partially offset by the requirement under IFRS to reverse any previous impairment losses where circumstances have changed such that the impairments have reduced. Canadian GAAP does not permit reversal of impairment losses.

Mineral Property and Exploration Costs

Under IFRS 6, an entity should determine an accounting policy specifying which expenditures are recognized and exploration and evaluation assets and apply the policy consistently. An entity adopting IFRS 6 may continue to use accounting policies applied immediately before adopting IFRS. Denison will likely continue its current accounting policies in this area under IFRS.

Future Income Taxes

The accounting for future or deferred income taxes, under IAS 12, is fundamentally similar to the current Canadian GAAP standard. However, there are some specific differences between IAS 12 and Canadian GAAP, that may impact our deferred tax balances or the amount reported in profit or loss for deferred taxes. Under Canadian GAAP, the movement in deferred tax assets and liabilities is typically recognized as income or an expense, and included in profit or loss for the period. Under IFRS, if the transaction that gives rise to a temporary difference is recorded directly in equity, the movement in that particular deferred tax balance, during the same or a different period, is also recorded directly in equity (rather than in profit or loss). To the extent that the accounting basis of various assets and liabilities are adjusted as part of the IFRS conversion, we also expect that the carrying value of our deferred tax balances will change.

Under Canadian GAAP, where an asset is acquired (other than in a business combination) and the tax basis is less than the cost of the asset, a deferred tax liability is recognized on the asset acquisition, and is added to the cost of the asset through a gross-up calculation. IFRS does not permit the recognition of a deferred tax liability on the initial recognition of an asset, in a transaction that is not a business combination. When Denison acquired OmegaCorp. Limited ("Omega") in 2007, the transaction was treated as an asset acquisition, with the majority of the fair value allocated to the Mutanga project mineral property resources. As a result, for Canadian GAAP purposes, a future tax liability was recognized and the carrying amount of the asset was increased to arrive at the purchase price of net assets. At December 31, 2009, the deferred tax liability recognized on the balance sheet, in respect of the Omega acquisition, is approximately $20.2 million. Under IFRS, we expect that the future tax liability in respect of Omega will be eliminated, and the carrying value of the asset will be adjusted accordingly.

CONTRACTUAL OBLIGATIONS

At December 31, 2009, the Company had a reclamation liability of $17,906,000 consisting of $8,609,000 for U.S. mill and mine obligations, $8,155,000 for Elliot Lake and $1,142,000 for the McClean Lake and Midwest joint ventures. In addition, the Company's contractual obligations at December 31, 2009 are as follows:

	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt Obligations	$ 1,064,000	$ 869,000	$ 122,000	$ 73,000	$ —
Operating lease and other obligations	$ 4,067,000	$ 2,731,000	$ 882,000	$ 322,000	$ 132,000

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, 2009 are $17,906,000 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 and trust funds as security for these liabilities. At December 31, 2009, the amount of these restricted cash and investments and line of credit collateralizing the Company's reclamation obligations was $30,884,000.

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.

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 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. Pumping from the wells continued in 2008. 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 by Denison and is currently being reviewed by the State. While the investigations to date indicate that this chloroform 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.

Elevated concentrations of nitrate and chloride were observed in some monitoring wells at the mill site in 2008 a number of which were upgradient of the mill's tailings cells. Pursuant to a Stipulated Consent Agreement with UDEQ, the Company retained INTERA, Inc., an independent professional engineering firm, to investigate these elevated concentrations and to prepare a Contamination Investigation Report for submittal to UDEQ. The investigation was completed in 2009 and the Contamination Investigation Report was submitted to UDEQ in January 2010. INTERA concluded in the Report that: (1) the nitrate and chloride are co-extensive and appear to originally come from the same source; and (2) the source is upgradient of the mill property and is not the result of Mill activities. UDEQ is currently reviewing the Report. While the investigations to date indicate that the source of this nitrate and chloride contamination is not the result of mill activities, UDEQ has not completed its review or come to its own conclusions as to the source of the contamination or the responsibility for clean up. Although the contamination appears to be contained in a manageable area, the scope and costs of final remediation have not yet been determined and, if determined to be the responsibility of the Company, could 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 licences 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.

Current Global Financial Conditions

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

Market Price of Shares

Securities of mining companies have experienced substantial volatility in the past, including during the current credit crisis, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of Denison's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, or in its financial condition or results of operations as reflected in its periodic earnings reports. Other factors unrelated to the performance of Denison that may have an effect on the price of the securities of Denison include the following: the extent of analytical coverage available to investors concerning the business of Denison may be limited if investment banks with research capabilities do not follow Denison's securities; lessening in trading volume and general market interest in Denison's securities may affect an investor's ability to trade significant numbers of securities of Denison; the size of Denison's public float and its inclusion in market indices may limit the ability of some institutions to invest in Denison's securities; and a substantial decline in the price of the securities of Denison that persists for a significant period of time could cause Denison's securities to be delisted from an exchange, further reducing market liquidity. If an active market for the securities of Denison does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline. If an active market does not exist, investors may lose their entire investment in the Corporation. As a result of any of these factors, the market price of the securities of Denison at any given point in time may not accurately reflect the long-term value of Denison. Securities class-action litigation often has been brought against companies following periods of volatility in the market price of their securities. Denison may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Dilution from Further Equity Financing

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

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, Mutanga and Dibwe 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. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its reserves and resources. In addition, while Denison believes that many of its properties will eventually be put into production, there can be no assurance that they will be, or that they will be able to replace production.

Imprecision of 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 and assumptions as to future commodity prices.

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 and varying conditions in the commodity markets.

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 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.

Ability to Maintain Obligations Under Credit Facility and Other Debt

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

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 it is possible that some of Denison's customers could 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. General market conditions, volatile uranium and vanadium markets, a claim against the Company, a significant disruption to the Company's business or operations or other factors may make it difficult to secure financing necessary for the expansion of mining activities or to take advantage of opportunities for acquisitions. There is no assurance that the Company will be successful in obtaining required financing as and when needed on acceptable terms.

Dependence on Key Personnel and Qualified and Experienced Employees

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.

Denison's success will also depend on the availability of qualified and experienced employees to work in Denison's operations and Denison's ability to attract and retain such employees. The number of individuals with relevant mining and operational experience in this industry is small.

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.

Potential Influence of KEPCO

As at the date hereof, KEPCO holds indirectly a large shareholding in Denison and is contractually entitled to board representation. Provided KEPCO holds over 15% of Denison's common shares, it is entitled to nominate two directors for election to the Board at any shareholder meeting, and as long as it holds between 5% and 15% of Denison's common shares, it will be entitled to appoint one director. KEPCO's shareholding level gives it significant influence on decisions to be made by shareholders of Denison, and its right to nominate directors may give KEPCO significant influence on decisions made by Denison's Board. Although KEPCO's director nominees will be subject to duties under the OBCA to act in the best interests of Denison as a whole, KEPCO's director nominees are likely to be employees of KEPCO and may give special attention to KEPCO's interests as an indirect shareholder. The interests of KEPCO as an indirect shareholder of Denison may not always be consistent with the interests of Denison's other shareholders, including, as a result of, its business relationship with Denison.

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

Conflicts of Interest

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

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 Inc. 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 herein 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.

QUALIFIED PERSON

The disclosure of scientific and technical information regarding Denison's properties in the MD&A was prepared by or under the supervision of William C. Kerr, the Company's Vice-President, Exploration, who is a Qualified Person in accordance with the requirements of National Instrument 43-101.

Exhibit 99.3

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, our independent auditors. Their report outlines the scope of their examination and expresses their opinions on the consolidated financial statements and internal control over financial reporting.

"Ron F. Hochstein"

Ron F. Hochstein
President and Chief Executive Officer

"James R. Anderson"

James R. Anderson
Executive Vice-President and
Chief Financial Officer

March 11, 2010

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate 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, 2009.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2009 has been audited by PricewaterhouseCoopers LLP, our independent auditors, as stated in their report which appears herein.

Changes to Internal Control over Financial Reporting

There has not been any change in the Company's internal control over financial reporting that occurred during 2009 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 integrated audits of Denison Mine Corp's 2009 and 2008 consolidated financial statements and of its internal control over financial reporting as at December 31, 2009. 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, 2009 and 2008, and the related consolidated statements of operations, shareholders' equity and comprehensive loss and cash flows for each of the years then ended. 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 audits of the Company's financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform 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, 2009 and 2008 and the results of its operations and its cash flows for each of the years then ended, 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, 2009, 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 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.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2009 based on criteria established in Internal Control – Integrated Framework issued by the COSO.

"PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 11, 2010

DENISON MINES CORP.
Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	December 31, 2009	December 31, 2008
ASSETS		
Current		
Cash and cash equivalents	$ 19,804	$ 3,206
Trade and other receivables (Note 3)	13,773	13,075
Inventories (Note 4)	52,216	44,733
Prepaid expenses and other	1,607	1,275
	87,400	62,289
Inventories – ore in stockpiles (Note 4)	1,530	5,016
Investments (Note 5)	10,605	10,691
Prepaid expenses and other	287	769
Restricted cash and investments (Note 6)	21,656	21,286
Property, plant and equipment, net (Note 7)	691,039	717,433
Intangibles, net (Note 8)	4,436	4,978
Goodwill (Note 9)	51,028	63,240
	$ 867,981	$ 885,702
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 9,508	$ 23,787
Current portion of long-term liabilities:		
Post-employment benefits (Note 10)	380	329
Reclamation and remediation obligations (Note 11)	752	875
Debt obligations (Note 12)	869	464
Other long-term liabilities (Note 13)	313	2,179
	11,822	27,634
Deferred revenue	3,187	2,913
Provision for post-employment benefits (Note 10)	3,426	3,028
Reclamation and remediation obligations (Note 11)	17,154	18,471
Debt obligations (Note 12)	195	100,059
Other long-term liabilities (Note 13)	1,051	1,191
Future income tax liability (Note 14)	102,918	124,054
	139,753	277,350
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	849,488	666,278
Share purchase warrants (Note 16)	5,830	11,728
Contributed surplus (Notes 17 and 19)	39,922	30,537
Deficit	(242,494)	(95,482)
Accumulated other comprehensive income (loss) (Note 19)	75,482	(4,709)
	728,228	608,352
	$ 867,981	$ 885,702
Issued and outstanding common shares (Note 15)	339,720,415	197,295,415

Contingent liabilities and commitments (Note 25)

On Behalf of the Board of Directors:

"*Ron F. Hochstein*"
Director

"*Catherine J. G. Stefan*"
Director

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.
Consolidated Statements of Operations
(Expressed in thousands of U.S. dollars except for per share amounts)

	Year Ended December 31, 2009	Year Ended December 31, 2008
REVENUES (Note 21)	$ 79,170	$ 123,184
EXPENSES		
Operating expenses (Note 20)	98,145	118,069
Sales royalties and capital taxes	1,675	3,117
Mineral property exploration	10,120	20,114
General and administrative	13,883	14,754
Stock option expense (Note 18)	3,847	6,062
Mineral properties impairment (Note 7)	100,000	—
Intangibles impairment (Note 8)	359	—
Goodwill impairment (Note 9)	22,136	36,512
	250,165	198,628
Loss from operations	(170,995)	(75,444)
Other income (expense), net (Note 20)	(14,551)	2,468
Loss before taxes	(185,546)	(72,976)
Income tax recovery (expense) (Note 14):		
Current	1,691	899
Future	36,843	(8,571)
Net loss for the year	$ (147,012)	$ (80,648)
Net loss per share		
Basic	$ (0.51)	$ (0.42)
Diluted	$ (0.51)	$ (0.42)
Weighted-average number of shares outstanding (in thousands)		
Basic	286,421	190,218
Diluted	286,421	190,218

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.
Consolidated Statements of Shareholders' Equity and Comprehensive Loss
(Expressed in thousands of U.S. dollars)

	Year Ended December 31, 2009	Year Ended December 31, 2008
Share capital		
Balance at beginning of year	$ 666,278	$ 662,949
New shares issued-net of issue costs	185,034	6,073
New shares issued under stock option plans	—	1,527
Fair value of stock options exercised	—	996
Renunciation of flow-through share liabilities	(1,824)	(5,267)
Balance at end of year	$ 849,488	$ 666,278
Share purchase warrants		
Balance at beginning of year	$ 11,728	$ 11,728
Warrants expired	(5,898)	—
Balance at end of year	$ 5,830	$ 11,728
Contributed surplus		
Balance at beginning of year	$ 30,537	$ 25,471
Stock-based compensation expense	3,847	6,062
Fair value of stock options exercised	—	(996)
Warrants expired	5,898	—
Warrants expired-tax effect	(360)	—
Balance at end of year	$ 39,922	$ 30,537
Retained earnings (deficit)		
Balance at beginning of year	$ (95,482)	$ (14,834)
Net loss for the year	(147,012)	(80,648)
Balance at end of year	$ (242,494)	$ (95,482)
Accumulated other comprehensive income (loss)		
Balance at beginning of year	$ (4,709)	$ 110,956
Unrealized gain (loss) on investments change-net of tax	3,368	(17,884)
Foreign currency translation change	76,823	(97,781)
Balance at end of year	$ 75,482	$ (4,709)
Total shareholders' equity	$ 728,228	$ 608,352
Comprehensive loss		
Net loss for the year	$ (147,012)	$ (80,648)
Unrealized gain (loss) on investments change-net of tax	3,368	(17,884)
Foreign currency translation change	76,823	(97,781)
Comprehensive loss for the year	$ (66,821)	$ (196,313)

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.
Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Year Ended December 31, 2009	Year Ended December 31, 2008
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the year	$ (147,012)	$ (80,648)
Items not affecting cash:		
Depletion, depreciation, amortization and accretion	36,324	39,588
Investments impairment	149	12,952
Mineral properties impairment	100,000	—
Intangibles impairment	359	—
Goodwill impairment	22,136	36,512
Stock-based compensation	3,847	6,062
Losses (gains) on asset disposals	(5,679)	(181)
Losses (gains) on restricted investments	809	(1,176)
Non-cash inventory adjustments	4,290	9,748
Future income tax expense (recovery)	(36,843)	8,571
Foreign exchange	17,476	(15,544)
Net change in non-cash working capital items (Note 20)	(38,298)	(24,648)
Net cash used in operating activities	(42,442)	(8,764)
INVESTING ACTIVITIES		
Decrease in notes receivable	200	274
Purchase of investments	(711)	(13,376)
Proceeds from sale of long-term investments	11,128	1,316
Expenditures on property, plant and equipment	(38,850)	(101,227)
Proceeds from sale of property, plant and equipment	1,914	4
Increase in restricted cash and investments	(797)	(2,697)
Net cash used in investing activities	(27,116)	(115,706)
FINANCING ACTIVITIES		
Increase (decrease) in debt obligations	(99,620)	99,547
Issuance of common shares for cash:		
New share issues	185,034	6,073
Exercise of stock options and warrants	—	1,527
Net cash provided by financing activities	85,414	107,147
Net increase (decrease) in cash and cash equivalents	15,856	(17,323)
Foreign exchange effect on cash and cash equivalents	742	849
Cash and cash equivalents, beginning of year	3,206	19,680
Cash and cash equivalents, end of year	$ 19,804	$ 3,206
Cash and cash equivalents comprised of:		
Cash	19,804	3,206
Cash equivalents	—	—
	$ 19,804	$ 3,206
Supplemental cash flow disclosure:		
Interest paid	1,576	2,514
Income taxes paid	450	1,811

See accompanying notes to the consolidated financial statements

1. NATURE OF OPERATIONS

Denison Mines Corp. ("DMC") 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 processing uranium bearing waste materials, referred to as "alternate feed materials".

Denison Mines Inc. ("DMI"), a subsidiary of DMC, 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.

References to "2009" and "2008" refer to the year ended December 31, 2009 and the year ended December 31, 2008 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 26.

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, 2009:

	Location	Ownership Interest
Through majority owned subsidiaries		
Arizona Strip	USA	100.00%
Henry Mountains	USA	100.00%
Colorado Plateau	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 Joint Venture	Canada	22.50%
Midwest Joint Venture	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 DMC, 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 DMC are consolidated using the full consolidation method. Control is defined as the direct or indirect power to govern a company's financing, investing and strategic operating policies without co-operation of others in order to benefit from its activities.

The companies and ventures jointly controlled by DMC 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 DMC 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.

b) 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 quantities and net realizable value of inventories, assumptions used in impairment testing and valuation of long-lived assets, determination of reporting units and the valuation of reporting units for goodwill determination, 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.

c) Foreign Currency Translation

The Company's currency of measurement for its Canadian operations 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 self sustaining 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. Foreign currency translation gains and losses are recorded in accumulated other comprehensive income which will be recognized in the results of operations upon the dilution or other reduction in equity of the net investment.

The Company's fully integrated subsidiaries are translated into US dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the year-end exchange rate and all other assets and liabilities are translated at applicable historical exchange rates. Revenue and expense items are translated at the rate of exchange in effect at the date the transactions are recognized in income. Realized exchange gains and losses and currency translation adjustments are included in the results of operations as a component of "Other income (expense)". Foreign currency transactions are translated using the exchange rates prevailing at the rate of exchange in effect at the date the transactions are recognized in income. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are included in the results of operations.

d) 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.

e) Flow-Through Common Shares

The Company's Canadian exploration activities have been financed in part through the issuance of flow-through common shares whereby the tax benefits of the eligible exploration expenditures incurred under this arrangement are renounced to the subscribers. The 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.

f) Cash and Cash Equivalents

Cash and cash 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 cash equivalents which are subject to restrictions that prevent its use for current purposes are classified as restricted cash and cash equivalents.

g) 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, a pro-rata share of the amortization of the associated mineral property, as well as production costs incurred to process the ore into a saleable product. Processing costs typically include labor, chemical reagents and directly attributable mill overhead expenditures. Items are valued 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 net realizable value as measured by replacement cost.

h) Investments

Equity investments over which the Company does not exercise significant influence are accounted for as available for sale securities.

Equity investments 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.

i) Property, Plant and Equipment

Property, 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 and exploration rights and are capitalized.

Exploration and development 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

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. To test recoverability, the net book value of the long-lived asset is compared to the estimated undiscounted future cash flows generated by their use and eventual disposal. Impairment is measured as the excess of the carrying value over the fair value, determined principally by discounting the estimated net future cash flows expected to be generated from the use and eventual disposal of the related asset. In the event that the Company has insufficient information about the long-lived asset to estimate future cash flows to test the recoverability of the capitalized cost amounts, the Company will test for impairment by comparing the fair value to the carrying amount without first performing a test for recoverability.

j) Asset Retirement Obligations

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. Reductions in the amount of the liability are first applied against the amount of the net reclamation asset on the books with any residual value being recorded in the statement of operations.

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

k) Goodwill

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 and allocated to the applicable reporting unit. Goodwill is tested annually for impairment or more frequently if current events or changes in circumstances indicate that the carrying value of the goodwill of a reporting unit may exceed its fair value. A two-step impairment test is used to identify potential impairment in goodwill and to measure the amount of goodwill impairment, if any. In the first step, the fair value of a reporting unit is compared with its carrying value, including goodwill. When the fair value of a reporting unit exceeds its carrying amount, goodwill of the reporting unit is considered not to be impaired and the second step of the impairment test is not undertaken. When the carrying amount of a reporting unit exceeds its fair value, the fair value of the reporting unit's goodwill (determined on the same basis as the value of goodwill is determined in a business combination) is compared with its carrying amount to measure the amount of the impairment loss, if any. When the carrying amount of reporting unit goodwill exceeds the fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess.

l) 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.

m) Revenue Recognition

Revenue from the sale of mineral concentrates to customers is recognized when persuasive evidence of an arrangement exists, delivery has occurred under the terms of the arrangement, the price is fixed or determinable and collection is reasonably assured. For uranium, revenue is typically recognized when delivery is effected by book transfer at the applicable uranium storage facility. For vanadium related products, revenue is typically recognized at the time of shipment to the customer.

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

Management fees from UPC are recognized as management services are provided under the contract on a monthly basis. Commission revenue earned on acquisition or sale of U_3O_8 and UF_6 on behalf of UPC is recognized on the date when title passes to or from UPC.

n) Stock-Based Compensation

The Company uses 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 diluted loss per share is equal to the basic loss per share due to the anti-dilutive effect of the stock options and other dilutive securities.

p) Financial Instruments – Recognition and Measurement / Presentation and Disclosure

Financial assets and financial liabilities are recognized on the Consolidated Balance Sheet when the Company becomes a party to the contractual provisions of the financial instrument. All financial instruments are required to be measured at fair value on initial recognition except for certain financial instruments that arise in related party transactions. Measurement in subsequent periods is dependent upon the classification of the financial instrument as held-for-trading, available-for-sale, loans and receivables, held-to-maturity, or other financial liabilities. The held-for-trading classification is applied when an entity is “trading” in an instrument or alternatively the standard permits that any financial instrument be irrevocably designated as held-for-trading. For financial instruments classified as other than held-for-trading, transaction costs are added to the initial fair value of the related financial instrument.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized on the Consolidated Statement of Operations. Financial assets classified as available-for-sale are measured at fair value with changes in those fair values recognized in other comprehensive income. Financial assets classified as loans and receivables, held to maturity or other financial liabilities are measured at amortized cost using the effective interest rate method of amortization. Where a financial asset classified as held-to-maturity or available-for-sale has a loss in value which is considered to be other than temporary, the loss is recognized in the results of operations.

For financial instruments measured at amortized cost, transaction costs or fees, premiums or discounts earned or incurred are recorded, at inception, net against the fair value of the financial instrument. Interest expense is recorded using the effective interest method.

The Company has implemented the following classifications:

- Cash and cash equivalents (including restricted cash and investments) are classified as held-for-trading and any period change in fair value is recorded through the results from operations.
- Trade and other receivables and Notes receivable are classified as loans and receivables and are measured at amortized cost using the effective interest rate method. Interest income is recorded in net income, as applicable.
- Investments are classified as available-for-sale and any period change in fair value is recorded through other comprehensive income. Where the investment experiences an other- than temporary decline in value, the loss is recognized in the results of operations.
- Accounts payable and accrued liabilities and Debt obligations are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method. Interest expense is recorded in other income, as applicable.

New Accounting Standards Adopted

The Company adopted the following new accounting standards issued by the CICA Handbook effective January 1, 2009:

a) CICA Handbook Section 3064 “Goodwill and intangible assets” which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. There was no impact to the Company’s financial statements from adopting this standard.

b) In January 2009, the CICA issued EIC 173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” which requires the entity to consider its own credit risk as well as the credit risk of its counterparties when determining the fair value of financial assets and liabilities, including derivative instruments. The standard is effective for the Company’s 2009 fiscal year, commencing January 1, 2009 and is required to be applied retrospectively without restatement to prior periods. The adoption of this pronouncement did not have a material impact on the valuation of the Company’s financial assets or financial liabilities.

c) In March 2009, the CICA issued an EIC Abstract on Impairment Testing of Mineral Exploration Properties, EIC 174. This abstract discusses the analysis recommended to be performed to determine if there has been an impairment of mineral exploration properties. The Company considered the recommendations discussed in the Abstract effective for fiscal periods beginning January 1, 2009 when testing for impairment of mineral properties. Adoption of this pronouncement did not have any material effect on the financial statements.

d) The CICA amended Section 3855 “Financial Instruments” to clarify that, upon reclassification of a financial instrument out of the trading category, an assessment must be completed to determine whether an embedded derivative is required to be bifurcated. In addition, the amendment prohibits the reclassification of a financial instrument out of trading when the derivative embedded in the financial instrument cannot be separately measured from the host contract. The amendment is applicable to all reclassifications occurring after July 1, 2009. Adoption of this standard did not have any material effect on the financial statements.

e) In August 2009, the CICA issued further amendments to Section 3855. The amendments changed the definition of a loan such that certain debt securities may be classified as loans if they do not have a quoted price in an active market and the Company does not have the intent to sell the security immediately or in the near term. As a result, debt securities classified as loans will be assessed for impairment using the incurred credit loss model of Section 3025 to reduce the carrying value of a loan to its estimated realizable amount.

Loan impairment accounting requirements are also applied to held-to-maturity financial assets as a result of the amendments. Debt securities that are classified as available-for-sale continue to be written down to their fair value when the impairment is considered to be other than temporary. However, the impairment loss can be reversed if the fair value substantially increases and the increase can be objectively related to an event occurring after the impairment loss was recognized. Adoption of this standard did not have any material effect on the financial statements.

f) In June 2009, the CICA amended Section 3862 “Financial Instruments – Disclosures” to require enhanced disclosure about the fair value assessments of the financial instruments. The new disclosures are based on a fair value hierarchy that categorizes financial instruments measured at fair value at one of three levels according to the reliability of the inputs used to estimate the fair values. The amendments apply to annual financial statements for fiscal years ending after September 30, 2009. The Company has adopted these disclosures effective in the December 31, 2009 annual financial statements (see note 24).

Accounting Standards Issued but not yet Adopted

The CICA has issued the following accounting standards effective for the fiscal years beginning on or after January 1, 2010:

a) CICA Handbook Section 1582 “Business Combinations”, Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” which replace the former CICA 1581 “Business Combinations” and CICA 1600 “Consolidated Financial Statements” and establish a new section for accounting for a non-controlling interest in a subsidiary. These sections provide the Canadian equivalent to FASB Statements No. 141(R) “Business Combinations” and No. 160 “Non-Controlling Interests in Consolidated Financial Statements”. CICA 1582 is effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after January 1, 2011. CICA 1601 and CICA 1602 apply to interim and annual consolidated financial statements relating to years beginning on or after January 1, 2011 although early adoption is permitted. CICA 1582, which replaces Handbook Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. CICA 1601, which replaces Handbook Section 1600, carries forward the existing Canadian guidance on aspects of the preparation of consolidated financial statements subsequent to acquisition other than non-controlling interests. CICA 1602 establishes guidance for the treatment of non-controlling interests subsequent to acquisition through a business combination.

Comparative Numbers

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

3. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)	December 31, 2009	December 31, 2008
Trade receivables–mineral concentrate sales	$ 9,422	$ 9,303
Trade receivables-other	2,114	1,558
Trade and other receivables in joint ventures	928	309
GST and VAT receivables	1,127	1,379
Sundry receivables	182	345
Notes receivable	—	181
	$ 13,773	$ 13,075

4. INVENTORIES

The inventories balance consists of:

(in thousands)	December 31, 2009	December 31, 2008
Uranium concentrates and work-in-progress (1)	$ 19,921	$ 12,378
Vanadium concentrates and work-in-progress (2)	442	4,445
Inventory of ore in stockpiles	28,366	26,841
Mine and mill supplies	5,017	6,085
	$ 53,746	$ 49,749
Inventories–by duration:		
Current	$ 52,216	$ 44,733
Long-term–ore in stockpiles	1,530	5,016
	$ 53,746	$ 49,749

(1) The Uranium concentrates and work-in-progress inventory is presented net of a write-down of $5,910,000 as at December 31, 2009 and $nil as at December 31, 2008.

(2) The Vanadium concentrates and work-in-progress inventory is presented net of a write-down of $7,302,000 as at December 31, 2009 and $9,500,000 as at December 31, 2008.

Operating expenses include write downs of $3,712,000 and $9,500,000 relating to the net realizable value of the Company's uranium and vanadium inventories for the years ending December 31, 2009 and 2008 respectively.

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

5. INVESTMENTS

The investments balance consists of:

(in thousands)	December 31, 2009	December 31, 2008
Investments		
Available for sale securities at fair value	$ 10,605	$ 10,691
	$ 10,605	$ 10,691

At December 31, 2009, investments consist of equity instruments of six publicly-traded companies at a fair value of $10,605,000 (December 31, 2008: $10,691,000).

Investment Sales

During 2009, the Company sold equity interests in three public companies for cash consideration of $11,128,000. The resulting gain has been included in net other income (expense) in the statement of operations (see note 20).

During 2008, the Company sold equity interests in four public companies for cash consideration of $1,316,000. The resulting gain has been included in net other income (expense) in the statement of operations (see note 20).

Investment Purchases

During 2009, the Company acquired additional equity interests in two public companies at a cost of $711,000.

During 2008, the Company acquired additional equity interests in three public companies at a cost of $13,376,000. The largest purchase during 2008 was 5,465,000 units of Uranerz Energy Corporation ("Uranerz") for $13,329,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional share of Uranerz for a period of 24 months (subject to acceleration under certain conditions) at an exercise price of US$3.50 per share.

Investment Impairments

During 2009, the Company has taken impairment charges of $149,000 on its investments (Uranerz - $119,000; Virginia Energy Resources Inc — $30,000).

During 2008, due to the significant decline in the market value of the Company's investments during the fourth quarter, the Company has taken impairment charges of $12,952,000 (Uranerz - $7,602,000; Energy Metals Limited — $5,350,000) (see Note 20).

6. RESTRICTED CASH AND INVESTMENTS

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

(in thousands)	December 31, 2009	December 31, 2008
Cash	$ 23	$ 1
Cash equivalents	3,066	1,232
Investments	18,567	20,053
	$ 21,656	$ 21,286
Restricted cash and investments – by item:		
U.S. mill and mine reclamation	$ 19,564	$ 19,745
Elliot Lake reclamation trust fund	2,092	1,541
	$ 21,656	$ 21,286

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 and the U.S, Bureau of Land Management for estimated reclamation costs associated with the White Mesa mill and U.S. mining properties. In 2009, the Company has not deposited any additional monies into its collateral account (2008: $2,123,000).

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 2009, the Company withdrew $943,000 (CDN$1,034,000) (2008: $603,000 (CDN$643,000)) and deposited an additional $1,109,000 (CDN$1,352,000) into the Elliot Lake Reclamation Trust Fund (2008: $497,000 (CDN$530,000)).

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

(in thousands)	December 31, 2009	December 31, 2008
Plant and equipment:		
Cost	$ 172,675	$ 144,526
Construction-in-progress	11,861	27,884
Accumulated depreciation	(27,915)	(18,084)
	$ 156,621	$ 154,326
Mineral properties:		
Cost	$ 686,457	$ 594,199
Impairment	(103,441)	(3,441)
Accumulated amortization	(48,598)	(27,651)
	$ 534,418	$ 563,107
Net book value	$ 691,039	$ 717,433
Net book value–continuity summary:		
Opening	$ 717,433	$ 727,823
Additions	44,254	104,857
Depreciation and amortization	(27,171)	(30,866)
Impairment	(100,000)	—
Write-down	(382)	—
Disposals	(1,371)	(19)
Reclamation asset adjustment	349	139
Foreign exchange	57,927	(84,501)
	$ 691,039	$ 717,433

Plant and Equipment – Mining

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 is 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.

During 2009, the Company recorded a write-down of $382,000 associated with the planned disposal of certain of its mining equipment at its McClean Lake mining operation. The net book value of the equipment, prior to the write-down, is $1,881,000. The write-down has been included in net other income (expense) in the statement of operations.

Plant and Equipment — Services and Other

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

Mineral Properties

The Company has various interests in development and exploration projects located in Canada, the U.S., Mongolia and Zambia which are held directly or through option or joint venture agreements. Amounts spent on development projects are capitalized as mineral property assets. Exploration projects are expensed.

The most significant of the Company's mineral property interests are as follows:

Canada

The Company has a 22.5% interest in the McClean Lake 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.

Other significant mineral property interests that the Company has in Canada but which are not yet in the development stage include:

a) Wheeler River – the Company has a 60% interest in the project (located in the Athabasca Basin);

b) 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;

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. During 2009, the Company fulfilled its obligations under the option agreement and increased its ownership interest in the project to 22.5%; and

d) Park Creek – In the first quarter of 2006, the Company entered into an option agreement to earn up to a 75% interest in the Park Creek project. The Company is required to incur exploration expenditures of CDN$2,800,000 over three years to earn an initial 49% interest and a further CDN$3,000,000 over two years to earn an additional 26% interest. As at December 31, 2009, the Company has incurred a total of CDN$3,785,000 towards the option and has earned a 49% ownership interest in the project under the phase-in ownership provisions of the agreement.

United States

The Company has 100% interests in various mines in the Colorado Plateau, Arizona Strip and Henry Mountains mining districts located in Colorado, Arizona and Utah which are either in operations, development or on standby.

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.

Zambia

The Company has a 100% interest in the Mutanga project located in Zambia. In the third quarter of 2009, the Company tested the Mutanga project mineral property for impairment as a result of additional information becoming available concerning estimated mining recoveries within the latest mine plan, increases in project cost estimates and also a decline in the long term uranium price outlook. The carrying value of the project failed the stage one impairment test based on the revised outlook. As a result, the Company undertook a stage two impairment test and assessed the fair value of the Mutanga project by estimating the value of the project's resource potential based on recently published market value comparables for companies operating in a similar geographical area. The Company assessed the comparability of the market value data by looking at the nature of the mineral properties held by the other companies including the size, stage of exploration and development, forecast cost structure, estimated grade and political stability of the country in which the projects are located to determine an appropriate fair value.

The Company recorded a pre-tax impairment charge of $100,000,000 representing the excess of carrying value of the mineral property over the fair value derived during the stage two impairment test. The impairment charge has been recorded in the Africa mining segment (see note 21). The Company also recorded a $30,000,000 future tax recovery as a result of the impairment charge.

8. INTANGIBLES

Intangibles consist of:

(in thousands)	December 31, 2009	December 31, 2008
Cost	$ 7,791	$ 6,825
Impairment	(359)	—
Accumulated amortization	(2,996)	(1,847)
	$ 4,436	$ 4,978
Net book value-by item:		
UPC management services agreement		
Cost	7,041	6,075
Accumulated amortization	(2,605)	(1,518)
Urizon technology licences		
Cost	750	750
Accumulated amortization and impairment	(750)	(329)
	$ 4,436	$ 4,978
Net book value–continuity summary		
Opening	$ 4,978	$ 6,979
Impairment	(359)	—
Amortization	(855)	(900)
Foreign exchange	672	(1,101)
	$ 4,436	$ 4,978

UPC Management Services Agreement

The UPC management services agreement is associated with the acquisition of DMI in 2006. 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 Licences

The Company has a 50% interest in a joint venture with Nuclear Fuel Services, Inc. (“NFS”) (the “Urizon” joint venture). The purpose of the joint venture is to pursue an alternate feed program for the White Mesa mill which is focused on a portion of the U.S. Department of Energy (“DOE”) excess uranium inventories. NFS contributed its technology licence to the joint venture while the Company contributed $1,500,000 in cash together with its technology licence. 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 licence is being amortized over an estimated useful life of 12 years and represents the Company’s 50% interest in Urizon’s technology licences.

As at December 31, 2009, the DOE material has not yet been processed and remains a component of the DOE uranium management plan. Due to delays and uncertainty in the DOE’s plans for the management of this material and the fact that the Urizon program may not ultimately be the chosen disposition option, the Company has recorded a pre-tax impairment charge of $359,000 in 2009 to adjust the carrying value of the Urizon Technology licence to $nil. The impairment charge has been recorded in the U.S mining segment (see note 21).

9. GOODWILL

A continuity summary of goodwill is presented below:

(in thousands)	December 31, 2009	December 31, 2008
Goodwill, beginning of year	$ 63,240	$ 122,330
Impairment charge	(22,136)	(36,512)
Foreign exchange	9,924	(22,578)
Goodwill, end of year	$ 51,028	$ 63,240
Goodwill-by business unit:		
Canada mining segment	$ 51,028	$ 63,240

The Company's acquisition of DMI in 2006 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 2009, based on management's revised outlook for its Canada mining segment, the Company recorded an impairment charge of $22,136,000 representing the carrying value of the goodwill in excess of fair value. Fair value was determined by using estimated future net cash flows which included estimated recoverable reserves, future consensus prices, future foreign exchange rates and estimated operating and capital costs.

In 2008, the Company experienced adverse economic conditions and depressed uranium prices. Based on management's revised outlook, the Company recorded an impairment charge of $36,512,000 representing the carrying value of the goodwill in excess of fair value. Fair value was determined by using estimated future net cash flows which included estimated recoverable reserves, future consensus prices, future foreign exchange rates and estimated operating and capital costs.

10. POST-EMPLOYMENT BENEFITS

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

The effective date of the most recent actuarial valuation of the accrued benefit obligation is December 1, 2008. 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	7.50%
Initial medical cost growth rate per annum	11.00%
Medical cost growth rate per annum decline to	5.00%
Year in which medical cost growth rate reaches its final level	2014
Dental cost growth rate per annum	4.00%

Post-employment benefits consist of:

(in thousands)	December 31, 2009	December 31, 2008
Accrued benefit obligation	$ 3,594	$ 3,157
Unamortized experience gain	212	200
	$ 3,806	$ 3,357
Post-employment benefits liability-by duration:		
Current	$ 380	$ 329
Non-current	3,426	3,028
	$ 3,806	$ 3,357
Post-employment liability–continuity summary:		
Opening	$ 3,357	$ 4,434
Benefits paid	(281)	(338)
Interest cost	221	194
Amortization of experience gain	(18)	(127)
Foreign exchange	527	(806)
	$ 3,806	$ 3,357

The unamortized experience gain is being amortized on a straight-line basis over the average life expectancy of the retiree group of 10.7 years as per the December 1, 2008 actuarial valuation.

11. RECLAMATION AND REMEDIATION OBLIGATIONS

Reclamation and remediation obligations consist of:

(in thousands)	December 31, 2009	December 31, 2008
Reclamation and remediation liability-by location:		
U.S. Mill and Mines	$ 8,609	$ 11,436
Elliot Lake	8,155	6,734
McLean Lake and Midwest Joint Ventures	1,142	1,176
	$ 17,906	$ 19,346
Reclamation and remediation liability–by duration:		
Current	$ 752	$ 875
Non-current	17,154	18,471
	$ 17,906	$ 19,346
Reclamation and remediation liability-continuity summary:		
Opening	$ 19,346	$ 20,389
Accretion	1,482	1,996
Expenditures incurred	(1,051)	(849)
Liability adjustments — income statement	(3,478)	(478)
Liability adjustments — balance sheet	350	139
Foreign exchange	1,257	(1,851)
	$ 17,906	$ 19,346

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 $6,054,000 (2008: $8,892,000) and $2,555,000 (2008: $2,544,000), respectively. The above accrual represents the Company's best estimate of the present value of future reclamation costs, discounted at rates ranging from 6.75% to 7.5%. The undiscounted amount of estimated future reclamation costs is $28,033,000 (2008: $23,717,000). Reclamation costs are expected to be incurred between 2012 and 2028.

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 licences 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 7.0%. The undiscounted amount of estimated future reclamation costs is $46,964,000 (CDN$49,358,000) (2008: $39,020,000 (CDN$47,527,000)).

Spending on restoration activities at the Elliot Lake site are funded from monies in the Elliot Lake Reclamation Trust fund (Note 6).

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 7.0%. The undiscounted amount of estimated future reclamation costs is $20,421,000 (CDN$21,461,000) (2008: $14,035,000 (CDN$17,095,000)). Reclamation costs are expected to be incurred between 2025 and 2055.

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$9,698,000.

12. DEBT OBLIGATIONS

Debt obligations consist of:

(in thousands)	At December 31, 2009	At December 31, 2008
Revolving line of credit	$ —	$ 99,998
Notes payable and other financing	1,064	525
	$ 1,064	$ 100,523
Debt obligations–by duration:		
Current	869	464
Non-current	195	100,059
	$ 1,064	$ 100,523

Revolving Line of Credit

In July 2008, the Company put in place a $125,000,000 revolving term credit facility (the "facility") with the Bank of Nova Scotia. The facility is repayable in full on June 30, 2011.

In the fourth quarter of 2009, the Company completed the renegotiation of the facility, reducing the amount of the facility to $60,000,000 and amending the financial covenants. The revised facility now contains three financial covenants, one based on maintaining a certain level of tangible net worth, a second requiring a minimum current ratio to be maintained and the other requiring the Company to reduce borrowings under the facility to $35,000,000 for a period of time each quarter before drawing further amounts. The maturity date of the amended facility remains the same as the original maturity date.

The borrower under the facility is DMI and DMC has provided an unlimited full recourse guarantee and a pledge of all of the shares of DMI. DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the McClean Lake and Midwest projects. In addition, each of DMC's material U.S subsidiaries has provided an unlimited full recourse guarantee secured by a pledge of all of its shares and a first-priority security interest in all of its present and future personal property.

Interest payable under the facility is bankers acceptance or LIBOR rate plus a margin or prime rate plus a margin. The facility is subject to standby fees. The weighted average interest rate paid by the Company during 2009 was 2.70% (2008 – 4.48%).

As at December 31, 2009, the Company has no outstanding borrowings under the facility (December 31, 2008 — $99,998,000). At December 31, 2009, approximately $9,228,000 of the facility is being utilized as collateral for certain letters of credit and is not available to draw upon (December 31, 2008 — $6,645,000).

The Company has deferred $1,186,000 (CDN$1,246,000) of incremental costs associated with the set-up and subsequent amendment of the facility. These costs are being amortized over the three year term of the facility. The unamortized portion of the asset is included in "prepaid expenses and other" on the consolidated balance sheet.

Scheduled Debt Obligation Maturities

The table below represents currently scheduled maturities of debt obligations over the next 5 years

(in thousands)	
2010	$ 869
2011	61
2012	61
2013	58
2014	15
2015 and thereafter	—

13. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

(in thousands)	At December 31, 2009	At December 31, 2008
Unamortized fair value of sales contracts	$ 313	$ 2,429
Unamortized fair value of toll milling contracts	951	821
Other	100	120
	$ 1,364	$ 3,370
Other long-term liabilities–by duration:		
Current	313	2,179
Non-current	1,051	1,191
	$ 1,364	$ 3,370

Unamortized fair values of sales contracts are amortized to revenue as deliveries under the applicable contracts are made.

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)	2009	2008
Combined basic tax rate	33.0%	33.5%
Loss before taxes	$ (185,546)	$ (72,976)
Income tax expense (recovery) at basic tax rate	(61,230)	(24,447)
Non-deductible amounts	12,569	19,597
Non-taxable amounts	(3,936)	(9,138)
Previously unrecognized future tax assets	(2,579)	(5,267)
Difference in foreign tax rates	3,874	504
Change in valuation allowance	15,557	14,083
Impact of legislative changes	(2,292)	10,738
Other	(497)	1,602
Tax expense (recovery) per consolidated financial statements	$ (38,534)	$ 7,672

The tax effects of temporary differences resulting in future income tax assets and future income tax liabilities are presented below:

(in thousands)	December 31, 2009	December 31, 2008
Future income tax assets:		
Inventory	$ 2,500	$ 3,515
Property, plant and equipment, net	9,277	9,202
Investments	772	1,220
Deferred revenue	1,302	1,114
Post-employment benefits	1,015	960
Reclamation and remediation obligations	5,994	6,160
Other long-term liabilities	367	890
Tax loss carryforwards	41,687	12,566
Other	9,079	4,942
	71,993	40,569
Future income tax liability:		
Inventory	(918)	(2,802)
Long-term investments	(143)	(580)
Property, plant and equipment, net	(132,939)	(136,754)
Intangibles	(1,182)	(1,247)
Other	(1,688)	(756)
Future tax liabilities — net	(64,877)	(101,570)
Valuation allowance	(38,041)	(22,484)
Net future income tax liabilities	$ (102,918)	$ (124,054)

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, 2009, the Company had the following non-capital loss carry-forwards available for tax purposes:

Country	Amount (in thousands)	Expiry
Australia	$ 249	Unlimited
Canada	21,215	2028-2029
Mongolia	417	2010-2011
United States	83,406	2026-2029
Zambia	5,618	2011-2014

The tax benefit of the above Australian, Canadian, Mongolian, United States and 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 December 31, 2007	189,731,635	$ 662,949
Issued for cash:		
New issue gross proceeds	7,275,000	6,469
New issue gross issue costs	—	(396)
Exercise of stock options	288,780	1,527
Renunciation of flow-through share liability	—	(5,267)
Fair value of stock options exercised	—	996
	7,563,780	3,329
Balance at December 31, 2008	197,295,415	$ 666,278
Issued for cash:		
New issue gross proceeds	142,425,000	193,646
New issue gross issue costs	—	(8,612)
Renunciation of flow-through share liability	—	(1,824)
	142,425,000	183,210
Balance at December 31, 2009	339,720,415	$ 849,488

New Issues

In June 2009, the Company completed an equity financing of 73,000,000 common shares at a price of CDN$1.30 per share for gross proceeds of $82,522,000 (CDN$94,900,000). Of the 73,000,000 shares issued, 58,000,000 were issued to a subsidiary of Korea Electric Power Corporation (“KEPCO”) and 15,000,000 shares were issued to entities affiliated with Lukas Lundin, a director of the Company.

In June 2009, the Company completed a bought deal financing of 40,000,000 common shares at a price of CDN$2.05 per share for gross proceeds of $71,144,000 (CDN$82,000,000).

In June 2009, the Company completed a private placement of 675,000 flow-through common shares at a price of CDN$2.18 per share for gross proceeds of $1,297,000 (CDN$1,471,500). The income tax benefits of this issue have been renounced to the subscriber in February 2010. The shares were issued to a former director of the Company.

In January 2009, the Company issued 28,750,000 common shares at a price of CDN$1.65 per share for gross proceeds of $38,683,000 (CDN$47,437,500).

In December 2008, the Company completed a private placement of 7,275,000 flow-through common shares at a price of CDN$1.10 per share for gross proceeds of $6,469,000 (CDN$8,002,500). The income tax benefits of this issue were renounced to the subscribers in February 2009.

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, 2009, the Company has fully met its CDN$8,002,500 December 2008 flow-through share obligation. The Company renounced the tax benefit of this issue to subscribers in February 2009.

As at December 31, 2009, the Company estimates that it has spent CDN$136,000 of its CDN$1,471,500 June 2009 flow-through share obligation. The Company renounced the tax benefit of this issue to its subscriber in February 2010.

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 December 31, 2007	8.70	9,564,915	$ 11,728
Warrants exercised	—	—	—
Warrants expired	—	—	—
	—	—	—
Balance outstanding at December 31, 2008	8.70	9,564,915	$ 11,728
Warrants exercised	—	—	—
Warrants expired (2)	5.21	(3,156,915)	(5,898)
	5.21	(3,156,915)	(5,898)
Balance outstanding at December 31, 2009	10.42	6,408,000	$ 5,830
Balance exercisable at December 31, 2009	10.42	6,408,000	$ 5,830
Balance outstanding – by warrant series			
March 2006 series (1)		6,408,000	5,830
Balance outstanding at December 31, 2009		6,408,000	$ 5,830

(1) 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.

(2) The November 2004 series had 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 expired on November 24, 2009. Upon expiry in 2009, 3,156,915 (or 1,096,141 before adjusting for the exchange ratio) of the warrants expired unexercised.

17. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

(in thousands)	December 31, 2009	December 31, 2008
Balance, beginning of year	$ 30,537	$ 25,471
Stock-based compensation expense (note 18)	3,847	6,062
Fair value of stock options exercised	—	(996)
Warrant expiries	5,898	—
Warrant expiries-tax	(360)	—
Balance, end of year	$ 39,922	$ 30,537

18. STOCK OPTIONS

The Company's stock-based compensation plan (the "Plan") provides for the granting of stock options up to 10% of the issued and outstanding common shares at the time of grant, subject to a maximum of 20,000,000 common shares. As at December 31, 2009, an aggregate of 13,464,376 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	2009 Weighted-Average Exercise Price per Share (CDN $)	Number of Common Shares	2008 Weighted-Average Exercise Price per Share (CDN $)
Stock options outstanding, beginning of year	5,536,384	$ 7.11	5,961,354	$ 7.27
Granted	5,491,500	2.08	3,093,000	7.57
Exercised	—	—	(288,780)	5.30
Forfeitures – voluntary	—	—	(2,415,490)	8.49
Expired	(2,942,894)	9.09	(813,700)	6.54
Stock options outstanding, end of year	8,084,990	$ 2.97	5,536,384	$ 7.11
Stock options exercisable, end of year	4,962,689	$ 3.32	4,864,301	$ 7.33

A summary of stock options outstanding of the Company at December 31, 2009 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			
$1.37 to $4.99	4.38	6,609,675	$ 2.07
$5.00 to $9.99	4.93	1,107,639	5.71
$10.00 to $15.30	0.57	367,676	10.97
Stock options outstanding, end of year	4.28	8,084,990	$ 2.97

A summary of stock options outstanding of the Company at December 31, 2008 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			
$1.37 to $4.99	5.42	1,217,575	$ 2.01
$5.00 to $9.99	5.99	1,866,799	5.49
$10.00 to $15.30	1.05	2,452,010	10.87
Stock options outstanding, end of year	3.68	5,536,384	$ 7.11

Options outstanding at December 31, 2009 expire between January 2010 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:

	2009	2008
Risk-free interest rate	1.78% – 2.40%	2.58% – 3.29%
Expected stock price volatility	83.4% – 89.6%	52.2% – 61.7%
Expected life	3.5 years	2.1 – 3.5 years
Expected forfeitures	—	—
Expected dividend yield	—	—
Fair value per share under options granted	CDN$0.89 – CDN$1.36	CDN$0.63 – CDN$4.49

Stock-based compensation would be allocated as follows in the consolidated statement of operations:

(in thousands)	2009	2008
Operating expenses	$ 612	$ 599
Mineral property exploration	148	591
General and administrative	3,087	4,872
	$ 3,847	$ 6,062

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. During 2008, 2,415,490 stock options were voluntarily forfeited with an associated fair value of $5,250,000 which has been expensed. At December 31, 2009, the Company had an additional $3,557,000 in stock-based compensation expense to be recognized periodically to February 2012.

19. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

A continuity summary of accumulated other comprehensive income (loss) is as follows:

(in thousands)	2009	2008
Cumulative foreign currency translation gain (loss)		
Balance, beginning of year	$ (4,925)	$ 92,856
Change in foreign currency translation	76,823	(97,781)
Balance, end of year	71,898	(4,925)
Unrealized gains on investments		
Balance, beginning of year	216	18,100
Net increase (decrease) in unrealized gains, net of tax (1)	3,368	(17,884)
Balance, end of year	3,584	216
Accumulated other comprehensive income (loss), end of year	$ 75,482	$ (4,709)

(1) 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 2009, approximately $5,532,000 of gains from asset disposals and $149,000 of other than temporary losses were realized and reclassified to the income statement within “Other income, net”. During 2008, approximately $196,000 of gains from asset disposals and $12,952,000 of other than temporary losses were realized and reclassified to the income statement within “Other income, net”.

20. SUPPLEMENTAL FINANCIAL INFORMATION

The elements of operating expenses in the statement of operations is as follows:

(in thousands)	2009	2008
Cost of goods sold – mineral concentrates	$ 76,771	$ 95,325
Mining and development	50,848	98,739
Less: absorption to stockpiles, mineral properties	(48,200)	(97,595)
Mineral property amortization and stockpile depletion	38,738	51,824
Milling and conversion	46,364	64,193
Less: absorption to concentrates	(82,450)	(112,187)
Reclamation – accretion / adjustments	(1,938)	1,609
Post-employment – accretion / adjustments	203	67
Selling expenses	1,357	309
Cost of services	12,161	6,037
Inventory – non-cash adjustments	4,291	9,748
Operating expenses	$ 98,145	$ 118,069

The elements of other income (expense), net in the statement of operations is as follows:

(in thousands)	2009	2008
Interest income	$ 785	$ 1,160
Interest expense	(1,438)	(2,652)
Gains (losses) on:		
Foreign exchange	(17,476)	15,544
Land, plant and equipment	147	125
Investment disposals	5,532	196
Investment other than temporary losses	(149)	(12,952)
Restricted cash and investments – fair value change	(809)	1,176
Other	(1,143)	(129)
Other income (expense), net	$ (14,551)	$ 2,468

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

(in thousands)	2009	2008
Decrease (increase) in non-cash working capital items:		
Trade and other receivables	$ 344	$ 23,812
Inventories	(22,229)	(51,099)
Prepaid expenses and other current assets	(284)	136
Accounts payable and accrued liabilities	(15,071)	3,136
Reclamation and remediation obligations	(1,051)	(849)
Deferred revenue	274	554
Post-employment benefits	(281)	(338)
Net change in non-cash working capital items	$ (38,298)	(24,648)

21. SEGMENTED INFORMATION

Business Segments

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

For 2009, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Services and Other	Total
Statement of Operations:						
Revenues	26,211	38,211	—	—	14,748	79,170
Expenses						
Operating expenses	32,024	53,908	—	—	12,213	98,145
Sales royalties and capital taxes	1,688	—	—	—	(13)	1,675
Mineral property exploration	7,726	252	2,054	88	—	10,120
General and administrative	—	—	—	—	13,883	13,883
Stock option expense	—	—	—	—	3,847	3,847
Mineral property impairment	—	—	100,000	—	—	100,000
Intangibles impairment	—	359	—	—	—	359
Goodwill impairment	22,136	—	—	—	—	22,136
	63,574	54,519	102,054	88	29,930	250,165
Loss from operations	(37,363)	(16,308)	(102,054)	(88)	(15,182)	(170,995)
Revenues – supplemental:						
Uranium concentrates	26,211	33,678	—	—	—	59,889
Vanadium related concentrates	—	4,480	—	—	—	4,480
Environmental services	—	—	—	—	12,226	12,226
Management fees and commissions	—	—	—	—	2,522	2,522
Alternate feed processing and other	—	53	—	—	—	53
	26,211	38,211	—	—	14,748	79,170
Long-lived assets:						
Plant and equipment						
Cost	98,248	81,991	940	523	2,834	184,536
Accumulated depreciation	(5,481)	(20,278)	(372)	(287)	(1,497)	(27,915)
Mineral properties, net	321,306	78,765	126,306	8,041	—	534,418
Intangibles	—	—	—	—	4,436	4,436
Goodwill	51,028	—	—	—	—	51,028
	465,101	140,478	126,874	8,277	5,773	746,503
Capital additions:						
Property, plant and equipment	4,674	34,933	2,975	1,410	262	44,254

For 2008, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Services and Other	Total
Statement of Operations:						
Revenues	52,698	61,995	—	—	8,491	123,184
Expenses						
Operating expenses	44,432	67,612	—	—	6,025	118,069
Sales royalties and capital taxes	3,016	—	—	—	101	3,117
Mineral property exploration	11,953	298	3,079	4,784	—	20,114
General and administrative	—	—	—	—	14,754	14,754
Stock option expense	—	—	—	—	6,062	6,062
Goodwill impairment	36,512	—	—	—	—	36,512
	95,913	67,910	3,079	4,784	26,942	198,628
Loss from operations	(43,215)	(5,915)	(3,079)	(4,784)	(18,451)	(75,444)
Revenues – supplemental:						
Uranium concentrates	52,698	61,890	—	—	—	114,588
Environmental services	—	—	—	—	5,562	5,562
Management fees and commissions	—	—	—	—	2,929	2,929
Alternate feed processing and other	—	105	—	—	—	105
	52,698	61,995	—	—	8,491	123,184
Long-lived assets:						
Plant and equipment						
Cost	82,243	86,233	1,031	464	2,439	172,410
Accumulated depreciation	(4,020)	(12,374)	(362)	(182)	(1,146)	(18,084)
Mineral properties, net	289,637	43,324	223,456	6,690	—	563,107
Intangibles	—	422	—	—	4,556	4,978
Goodwill	63,240	—	—	—	—	63,240
	431,100	117,605	224,125	6,972	5,849	785,651
Capital additions:						
Property, plant and equipment	14,756	71,001	14,394	4,595	111	104,857

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 2009, two customers in the mining segment accounted for approximately 51% of total revenues. During 2008, four customers in the mining segment accounted for approximately 68% 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 uranium 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 uranium) of business where the gross value of such transaction exceeds CDN$20,000,000 ("an initiative"); 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; and f) a fee equal to 1.5% of the gross value of any uranium held by UPC prior to the completion of any acquisition of at least 90% of the common shares of UPC.

In accordance with the management services agreement, all uranium investments owned by UPC are held in accounts with conversion facilities in the name of DMI as manager for and on behalf of UPC.

From time to time, the Company has also provided temporary revolving credit facilities to UPC which generate interest and standby fee income and sold uranium concentrates to UPC.

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

(in thousands)	2009	2008
Revenue		
Uranium sales (1)	$ —	$ 3,225
Management fees (including expenses)	1,541	1,695
Commission fees on purchase and sale of uranium	981	1,234
	$ 2,522	$ 6,154

(1) In 2008, the Company sold 50,000 pounds of U_3O_8 to UPC at a price of $64.50 per pound for total consideration of $3,225,000.

At December 31, 2009, accounts receivable includes $165,000 (2008: $130,000) due from UPC with respect to the fees and transactions indicated above.

Korea Electric Power Corporation ("KEPCO")

In June 2009, Denison completed definitive agreements with KEPCO. The agreements included a long-term offtake agreement which provides for the delivery to KEPCO of 20% of Denison's annual U_3O_8 production (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. KEPCO also purchased 58,000,000 common shares of Denison (see note 15) representing approximately 17% of the issued and outstanding capital at the time of acquisition. Pursuant to a strategic relationship agreement, one representative from KEPCO has been appointed to Denison's board of directors as of the date hereof.

Other

The Company has incurred management and administrative service fees of $53,000 (2008: $162,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services. At December 31, 2009, an amount of $nil (2008: $nil) was due to this company.

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)	2009	2008
Operating expenses	$ 29,922	$ 43,779
Mineral property exploration	7,616	14,168
General and administrative	178	214
Impairment – intangibles	359	—
Net other expense (income)	363	(40)
Loss for the year before taxes	38,438	58,121
Current assets	24,059	15,718
Plant and equipment	92,343	77,669
Mineral properties	329,323	296,307
Intangibles	—	421
Current liabilities	(3,120)	(4,176)
Long-term liabilities	(2,193)	(2,096)
Net investment in joint ventures	$ 440,412	$ 383,843

24. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENT RISK

Capital Management

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

Fair Values of Financial Instruments

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

(a) Credit Risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument that will result in a financial loss to the Company. The carrying amount of financial assets represents the maximum credit exposure. The Company trades only with recognized, credit worthy third parties.

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

(in thousands)	2009
Cash and cash equivalents	$ 19,804
Trade and other receivables	13,773
Investments	10,605
Restricted cash and investments	21,656
	$ 65,838

(b) Liquidity Risk

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

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

(in thousands)	Within 1 Year	1 to 5 Years
Accounts payable and accrued liabilities	$ 9,508	$ —
Debt obligations (Note 13)	869	195
	$ 10,377	$ 195

(c) Currency Risk

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

Currently, the Company does not have any foreign exchange hedge programs in place and manages its operational foreign exchange requirements through spot purchases in the foreign exchange markets.

The sensitivity of the Company's operations and other comprehensive income due to changes in the exchange rate between the Canadian dollar and its Zambian kwacha functional currencies and its United States dollar reporting currency as at December 31, 2009 is summarized below:

(in thousands)	Change in Net Income (1)	Change in Comprehensive Net Income (1)
Canadian dollar		
10% increase in value	$ (16,048)	$ 56,846
10% decrease in value	$ 16,048	$ (56,846)
Zambian kwacha		
10% increase in value	$ (2,841)	$ (2,841)
10% decrease in value	$ 2,841	$ 2,841

(1) In the above table, positive (negative) values represent increases (decreases) in net income and comprehensive net income respectively.

(d) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk on its outstanding borrowings and short-term investments. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. The weighted average interest rate paid by the Company during 2009 on its outstanding borrowings was 2.70%.

An increase in interest rates of 100 basis points (1 percent) would have increased the amount of interest expense recorded in 2009 by approximately $456,000.

(e) Price Risk

The Company is exposed to equity price risk as a result of holding long-term investments in other exploration and mining companies. The Company does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to commodity price risk and equity price risk at December 31, 2009:

(in thousands)	Change in Net Income (1)	Change in Comprehensive Net Income (1)
Equity price risk		
10% increase in equity prices	$ —	$ 1,060
10% decrease in equity prices	$ —	$ (1,060)

(1) In the above table, positive (negative) values represent increases (decreases) in net income and comprehensive net income respectively.

(f) Fair Value Estimation

During 2009, CICA Handbook Section 3855 "Financial Instruments" was amended to require disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

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

The fair value of financial instruments which trade in active markets (such as available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted marked price used to value financial assets held by the Company is the current bid price.

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 cash and investments approximate carrying values.

The fair value of the Company's debt obligations approximate their carrying value because over 75% of the total obligation is new debt entered into under current interest rate levels.

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at December 31, 2009:

(in thousands)	Level 1	Level 2	Level 3	Fair Value
Financial assets at fair value:				
Investments-Available for sale securities (1)	$ 10,601	$ 4	$ —	$ 10,605
Restricted investments (2)	18,567	—	—	18,567

(1) Classification designated as "available-for-sale".

(2) Classification designated as "held-to-trading". See note 6 for amount of restricted investments within restricted cash and investments asset amount.

25. COMMITMENTS AND CONTINGENCIES

General Legal Matters

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

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, 2009, the Company had outstanding bonds and letters of credit of $28,718,000 of which $19,564,000 is collateralized by restricted cash and equivalents (see note 6) and $9,228,000 is collateralized by a reduction in the Company's line of credit limit available for general corporate purposes.

Others

The Company has committed to payments under various operating leases and other commitments. The future minimum payments are as follows:

(in thousands)	
2010	$ 2,731
2011	534
2012	348
2013	163
2014	159
2015 and thereafter	132

26. 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, 2009 $1,177,000 of funds raised from the issue of flow-through shares remained (December 31, 2008: $6,469,000).

b) Mineral Properties and Inventory Valuation

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 when management has concluded that the mineral property has sufficient development potential, costs are accumulated and recorded as mineral property assets. Under U.S. GAAP and practices prescribed by the SEC, 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 which are legally extractable and a bankable feasibility study.

The Company amortizes its mineral property assets on a units of production basis and includes that amount in the valuation of work-in-progress and concentrate inventories. Since the value of the Company's mineral property assets is less under U.S GAAP than Canadian GAAP, the amount amortized to inventory is also less. As a result, the carrying value of inventory also tends to be less to reflect the lower mineral property amortization cost.

The lower carrying values for the Company's mineral properties and inventory under U.S GAAP also result in lower impairment charges and net realizable value adjustments being recorded in a particular period when compared to Canadian GAAP.

c) 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.

d) 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.

e) 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.

f) 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.

The consolidated balance sheet items, adjusted to comply with U.S. GAAP, would be as follows:

	December 31, 2009			
	Canadian GAAP		Adjustments	U.S. GAAP
Cash and cash equivalents	$ 19,804	(a)	$ (1,177)	$ 18,627
Inventories	52,216	(b)	(3)	52,213
Restricted cash and investments	21,656	(a)	1,177	22,833
Property, plant and equipment	691,039	(b)	(86,377)	604,662
Accounts payable and accrued liabilities	9,508	(e)	39	9,547
Future income tax liability	102,918	(b)	3,328	106,246
Share capital	849,488	(d)	(616)	
		(e)	(39)	848,833
Additional paid-in capital	—	(f)	9,814	9,814
Deficit	(242,494)	(b)	(86,019)	
		(b)	(3,328)	
		(d)	616	
		(f)	(9,814)	(341,039)
Accumulated other comprehensive income	75,482	(b)	(362)	75,120

	December 31, 2008			
	Canadian GAAP		Adjustments	U.S. GAAP
Cash and cash equivalents	$ 3,206	(a)	$ (6,469)	$ (3,263)
Inventories	44,733	(b)	(909)	43,824
Property, plant and equipment	717,433	(b)	(62,270)	655,163
Restricted cash and investments	21,286	(a)	6,469	27,755
Accounts payable and accrued liabilities	23,787	(e)	1,682	25,469
Future income tax liability	124,054	(b)	(1,373)	122,681
Share capital	666,278	(d)	(616)	
		(e)	(1,682)	663,980
Additional paid-in capital	—	(f)	9,814	9,814
Deficit	(95,482)	(b)	(63,746)	
		(b)	1,373	
		(d)	616	
		(f)	(9,814)	(167,053)
Accumulated other comprehensive loss	(4,709)	(b)	567	(4,142)

The consolidated statements of operations and deficit and comprehensive income, adjusted to comply with U.S. GAAP, would be as follows:

		2009	2008
Net loss for the year, Canadian GAAP		$ (147,012)	$ (80,648)
Adjustments to U.S. GAAP:			
Mineral property capitalized amounts	(b)	(40,896)	(46,739)
Mineral property impairment amounts	(b)	17,717	—
Inventory valuation	(b)	906	(909)
Tax effect of above adjustments	(b)	(4,701)	(3,248)
Net loss for the year, U.S. GAAP		$ (173,986)	$ (131,544)
Deficit, beginning of year, U.S. GAAP		$ (167,053)	$ (35,509)
Deficit, end of year, U.S. GAAP		$ (341,039)	$ (167,053)
Comprehensive income, U.S. GAAP			
Net loss for the year, U.S. GAAP		$ (173,986)	$ (131,544)
Unrealized gain (loss) on available-for-sale securities		3,368	(17,884)
Cumulative foreign currency translation gain (loss)		75,894	(96,868)
Comprehensive loss, U.S. GAAP		(94,724)	(246,296)
Basic net loss per share, U.S. GAAP		$ (0.61)	$ (0.69)
Diluted net loss per share, U.S. GAAP		$ (0.61)	$ (0.69)

The consolidated statements of cash flows, adjusted to comply with U.S. GAAP, would be as follows:

		2009	2008
Net cash used in operating activities:			
Under Canadian GAAP		$ (42,442)	$ (8,764)
Adjustment for capitalized mineral property amounts	(b)	(25,104)	(62,837)
Under U.S. GAAP		$ (67,546)	$ (71,601)
Net cash used in investing activities:			
Under Canadian GAAP		$ (27,116)	$ (115,706)
Adjustment for capitalized mineral property amounts	(b)	25,104	62,837
Under U.S. GAAP		$ (2,012)	$ (52,869)
Net cash provided by (used in) financing activities:			
Under Canadian GAAP		$ 85,414	$ 107,147
Restricted cash from flow-through financings	(a)	(1,177)	(6,469)
Under U.S. GAAP		$ 84,237	$ 100,678

Accounting Changes:

Accounting changes implemented in 2009

a) Codification of US GAAP — On July 1, 2009, the Financial Accounting Standards Board's (FASB) Codification of US GAAP was launched as the sole source of authoritative non-governmental US GAAP. The Accounting Standards Codification ("ASC") is not intended to change US GAAP, but rather reorganize existing guidance by accounting topic to allow easier identification of applicable standards. We have updated any references to US GAAP to reflect the Codification.

b) Measuring Fair Value of Liabilities — In August 2009, the FASB issued Accounting Standards Update (ASU) 2009-05, Measuring Fair Value of Liabilities which is effective prospectively for interim periods beginning after August 1, 2009, with early adoption permitted. Existing guidance required that the fair value of liabilities be measured under the assumption that the liability is transferred to a market participant. ASU 2009-05 provides further clarification that fair value measurement of a liability should assume transfer to a market participant as of the measurement date without settlement with the counterparty. Therefore, the fair value of the liability shall reflect non-performance risk, including but not limited to a reporting entity's own credit risk. The Company has adopted ASU 2009-05 in the fourth quarter of 2009. The adoption has not had a material impact on the Company's financial statements.

c) Disclosure about Derivative Instruments and Hedging Activities — New disclosure requirements for derivative instruments and hedging activities was issued by the FASB in March 2008. Under this new guidance, entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. This standard was adopted by the Company in 2009 but has not had any impact on its disclosures as the Company does not currently use derivative instruments or engage in hedging activities.

d) Business Combinations — Under the new guidance effective for business combinations consummated after December 31, 2008, business acquisitions are accounted for under the "acquisition method", as opposed to the "purchase method".

The more significant changes to our accounting for business combinations that will result from applying the acquisition method include: (i) the definition of a business is broadened to include some development stage entities, and therefore more acquisitions may be accounted for as business combinations rather than asset acquisitions; (ii) the measurement date for equity interests issued by the acquirer is the acquisition date instead of a few days before and after terms are agreed to and announced, which may significantly change the amount recorded for the acquired business if share prices differ from the agreement and announcement date to the acquisition date; (iii) all future adjustments to income tax estimates will be recorded to income tax expense, whereas under the previous requirements, certain changes in income tax estimates were recorded to goodwill; (iv) acquisition-related costs of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees, and other professional or consulting fees will be expensed as incurred, whereas under the previous guidance these costs were capitalized as part of the business combination; (v) the assets acquired and liabilities assumed as part of a business combination, whether full, partial or step acquisition, result in all assets and liabilities recorded at 100% of fair value, whereas under the previous requirements only the controlling interest's portion was recorded at fair value; (vi) recognition of a bargain purchase gain when the fair value of the identifiable assets exceeds the purchase price, whereas under the previous guidance, the net book value of the identifiable assets would have been adjusted downward; and (vii) the non-controlling interest will be recorded at its share of fair value of net assets acquired, including its share of goodwill, whereas under previous guidance the non-controlling interest is recorded at its share of carrying value of net assets acquired with no goodwill being allocated.

The Company has adopted the new business combination guidance in 2009. The adoption of this standard did not have an impact on the Company's financial statements.

e) Non-controlling Interests in Consolidated Financial Statements — In 2009, the Company adopted the provisions for non-controlling interests issued by the FASB in December 2007. Under the new guidance, non-controlling interests are measured at 100% of the fair value of assets acquired and liabilities assumed. Prior to the effective date of the new guidance, non-controlling interests were measured at book value. For presentation and disclosure purposes, non-controlling interests are now classified as a separate component of equity. In addition, the new guidance changes the manner in which increases/decreases in ownership percentages are accounted for. Changes in ownership percentages are recorded as equity transactions and no gain or loss is recognized as long as the parent retains control of the subsidiary. When a parent company deconsolidates a subsidiary but retains a non-controlling interest, the non-controlling interest is re-measured at fair value on the date control is lost and a gain or loss is recognized at that time. Further, accumulated losses attributable to the non-controlling interests are no longer limited to the original carrying amount, and therefore non-controlling interests could have a negative carrying balance. The adoption of this standard did not have an impact on the Company's financial statements.

f) Employers' Disclosures about Post Retirement Benefit Plan Assets — In December 2008, the FASB issued guidance on employers' disclosures about their post retirement benefit plan assets. The objectives of the disclosures about plan assets in an employer's defined benefit pension or other post retirement plan are to provide users of financial statements with an understanding of: (i) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies; (ii) the major categories of plan assets; (iii) the inputs and valuation techniques used to measure the fair value of plan assets; (iv) the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assets for the period; (v) significant concentrations of risk within plan assets. The adoption of this standard did not have an impact on the Company's disclosures as the Company's post-retirement benefit liabilities are not funded (see note 10).

Accounting Developments Effective for Fiscal 2010:

a) Amendments to Accounting for VIEs — In the second quarter of 2009, the FASB issued an amendment to its guidance on Variable Interest Entities ("VIE"). Although not effective until first quarter 2010, this new guidance makes significant changes to the model for determining who should consolidate a VIE by specifically eliminating the quantitative approach to determining the primary beneficiary. The amendment requires the use of a qualitative approach to determine the primary beneficiary, based on the power to direct activities of the VIE that most significantly impact its economic performance and an obligation to absorb losses or to receive benefits of the VIE. If the power is shared, then no party is the primary beneficiary. This amendment is not expected to have an impact on the Company.

Exhibit 99.4



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CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in this Annual Report on Form 40-F for the year ended December 31, 2009 of Denison Mines Corp. of our report dated March 11, 2010, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in an Exhibit incorporated by reference in this Annual Report on Form 40-F. We also consent to reference to us under the heading “Interests of Experts” in the Annual Information Form incorporated by reference in this Annual Report on Form 40-F.

(Signed) “PricewaterhouseCoopers LLP”

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada
March 11, 2010

“PricewaterhouseCoopers” refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership, or, as the context requires, the PricewaterhouseCoopers global network or other member firms of the network, each of which is a separate legal entity.

Exhibit 99.5

CERTIFICATION
REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a)

I, Ron F. Hochstein, 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(s) 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 29, 2010

By: /s/ *Ron F. Hochstein*
Name: Ron F. Hochstein
Title: President and Chief Executive Officer

CERTIFICATION
REQUIRED BY RULE 13a-14(a) OR RULE 15d-14(a)

I, James R. Anderson, 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(s) 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 29, 2010

By: /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

In connection with the Annual Report of Denison Mines Corp. (the "Company") on Form 40-F for the period ended December 31, 2009, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies, pursuant to 18 U.S.C. section 1350, and SEC Rule 13a-14(b), 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 29, 2010

By: /s/ *James R. Anderson*
Name: James R. Anderson
Title: Executive Vice-President and Chief Financial Officer

By: /s/ *Ron F. Hochstein*
Name: Ron F. Hochstein
Title: President and Chief Executive Officer