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

FORM 40-F

(Check One)

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

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

For the fiscal year ended: December 31, 2011

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)

98-0622284
(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:

x Annual Information Form x 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: 384,660,915 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 ¨ No x

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 preceding 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 x No ¨

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). Yes x No ¨

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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, 2011, 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 International Financial Reporting Standards. 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, 2011, 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, 2011 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. Brian D. Edgar, 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
Brian D. Edgar	• Law degree, with extensive corporate finance experience • Has held position of President and Chief Executive Officer of a public company since 2005 • Has served on audit committees of a number of public companies
Catherine J.G. Stefan, Chair of the Audit Committee	• Chartered Accountant (ICAO) • B.Comm • Held position of Chief Operating Officer of O&Y Properties Inc., President of Stefan & Associates and Executive Vice-President of Bramalea Group, Chair, Tax Committee of the Canadian Institute of Public Real Estate Companies (CIPREC).
William A. Rand	• B.Comm (Accounting) • Two law degrees, with extensive corporate finance experience • Has served on audit committees of a number of public companies

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

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

CODE OF ETHICS

The Company has adopted a code of ethics that applies to the Company's directors, officers and employees, including the chief executive officer, principal financial officer, principal accounting officer or controller, persons performing similar functions and other officers, directors and employees of the Company. A current copy of the code of ethics is 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, 2011 and 2010. 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: $0.989 for 2011 and 1.030 for 2010.

Periods Ending	Audit Fees(1)	Audit Related Fees (2)	Tax Fees (3)	All Other Fees(4)
December 31, 2010	$ 506,238	$ 142,689	$ 28,075	$ 158,010
December 31, 2011	$ 540,952	$ 178,346	$ 37,516	$ 53,079

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 and tax return preparation.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2010, "All Other Fees" relates to the Company's equity financing during the year and work in connection with the adoption of International Financial Reporting Standards. For 2011, "All Other Fees" relates to the Company's equity financing during the year.

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:

	2010	2011
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, 2011, the Company had a reclamation liability of $21,576,000, consisting of $7,140,000 for U.S. mill and mine obligations, $11,800,000 for Elliot Lake obligations and $2,636,000 for the McClean Lake and Midwest joint ventures obligations.

In addition, the Company's contractual obligations at December 31, 2011 are as follows:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt Obligations	$ 221	111	110	—	—
Operating lease and other obligations	$13,898	7,610	5,517	755	16

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. Brian D. Edgar, 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

An interactive data file is not yet required to be filed since the Company prepares its financial statements in accordance with International Financial Reporting Standards.

MINE SAFETY DISCLOSURE

The information concerning mine safety violations and other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and implementing regulations is included as an exhibit to this Annual Report on Form 40-F.

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, 2012

EXHIBIT INDEX

99.1	Annual Information Form for the Year Ended December 31, 2011
99.2	Management's Discussion and Analysis of Results of Operations and Financial Condition for the Year ended December 31, 2011 (Exhibit 2 of the Registrant's Form 6-K furnished to the Commission on March 14, 2012)
99.3	Consolidated Audited Financial Statements for the Years Ended December 31, 2011 and 2010 (Exhibit 3 of the Registrant's Form 6-K furnished to the Commission on March 14, 2012) together with the Independent Auditors' Report thereon
99.4	Consent of PricewaterhouseCoopers LLP
99.5	Mine Safety Disclosure Required Under Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Implementing Regulations
99.6	Officers' Certifications Required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934
99.7	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



2011 Annual Information Form

Denison Mines Corp.
March 28, 2012

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CURRENCY

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

BASIS OF PRESENTATION

Financial information is presented in accordance with International Financial Reporting Standards ("**IFRS**"). Effective January 1, 2010 Denison Mines Corp. ("**Denison**" or the "**Company**") implemented IFRS and information presented for 2011 and 2010 has been prepared on an IFRS basis. Financial information for 2009 and prior has been prepared in accordance with Canadian generally accepted accounting principles before the adoption of IFRS.

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 may contain forward-looking information pertaining to the following:

- the estimates of Denison's mineral reserves and mineral resources;
- estimates regarding Denison's uranium and vanadium production levels and sales volumes;
- Denison's capital expenditure program, estimated production costs, exploration and development expenditures and reclamation costs;
- expectations of market prices and costs;
- supply and demand for uranium and vanadium;
- possible impacts of litigation and regulatory actions on Denison;
- exploration, development and expansion plans and objectives;
- Denison's expectations regarding additions to its mineral reserves and resources 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 and production;
- uncertainty as to reclamation and decommissioning liabilities;
- 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;
- public resistance to nuclear energy or uranium mining;
- uranium industry competition and international trade restrictions;
- incorrect assessments of the value of acquisitions;
- property title risk;
- geological, technical and processing problems;
- the ability of Denison to meet its obligations to its creditors;
- actions taken by regulatory authorities with respect to mining activities
- the potential influence of, or reliance upon, its business partners;
- the adequacy of insurance coverage; 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 MINERAL 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 28, 2012. Except as otherwise indicated, the information contained in this AIF is stated as at December 31, 2011.

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's website address is www.denisonmines.com.

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**") 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 active subsidiaries, including the name, country of incorporation and proportion of ownership interest, is included as Exhibit 1 to this AIF. Denison also owns a number of inactive subsidiaries which have no liabilities or assets and do not engage in any business activities.

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 subsidiaries, 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 Daneros uranium mine in the White Canyon district of southeastern Utah, and other exploration properties through Utah Energy Corporation;
- 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 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.

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 when it acquired 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**"). It also holds a 60% interest in, and is the operator of the Wheeler River project, host of the Phoenix deposit.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year Highlights

2009

Spot prices began the year at $53.00 per pound of uranium (" **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 and 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.

In March, Denison announced that it had received independent estimates of mineral resources on its Mutanga and Dibwe deposits in Zambia prepared by CSA Global (UK) Pty Ltd. ("**CSA Global**"), which was retained to independently review and audit the mineral 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. For the Mutanga deposit, the report identified measured mineral 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 based on a 100 ppm U_3O_8 cut-off grade. 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 placed the Rim and Sunday mines on stand-by. The Company also suspended processing of conventional ore at White Mesa mill once it reached production of approximately 500,000 pounds U_3O_8, until 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 Roscoe Postle Associates Inc. ("**Scott Wilson RPA**"), which was retained to independently review and audit the mineral 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 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 (the "**Board**"), was appointed as interim Chief Executive Officer on that date.

In May, Dr. James Gill was appointed as a director of Denison and as the Chairman of the 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, pursuant to a subscription agreement with Denison (the " **KEPCO Subscription Agreement**"), Korea Electric Power Corporation ("**KEPCO**") purchased 58,000,000 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 acquired 15,000,000 Common Shares at a price of Cdn$1.30 per share, for additional gross proceeds of Cdn$19,500,000. After this transaction, KEPCO became Denison's largest shareholder, holding approximately 17% of the outstanding Common Shares at the time.

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 (±10%), but not less than 350,000 pounds U_3O_8 per year (±10%) from 2010 to 2015. The KEPCO Offtake Agreement also provides for the purchase of 20% of Denison's production after 2015, subject to certain conditions.

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, KEPCO is permitted to require Denison to nominate two persons designated by KEPCO for election as directors at any shareholder meeting of the Company where directors are to be elected, so long as KEPCO holds at least 15% of the outstanding Common Shares (or one director if KEPCO holds between 5% and 15%). Accordingly, Mr. Joo-Ok Chang became a director on June 23 as the first of KEPCO's nominees. 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.

In August, the Athabasca Regional Government ("**ARG**") filed an Application for Judicial Review of the decision to renew the McClean Lake Canadian Nuclear Safety Commission ("**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 challenged 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.

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 mineral 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 deposit at its 60% owned Wheeler River project. See "Denison's Business – Mineral Exploration – Wheeler River".

In December, the Company amended its existing credit agreement with The Bank of Nova Scotia (the " **Credit Facility**") which was entered into in 2008. The Credit Facility amount was reduced to $60,000,000 from $125,000,000 and certain financial covenants were modified. The Credit Facility expiry date was set for the end of June 2011.

At the end of the year, Denison and its McClean Lake joint venture partners decided that the McClean Lake mill would be placed on standby under active care and maintenance following the milling of the stockpiled ore.

Denison's production for 2009 was 1,426,000 pounds of U_3O_8 and 501,000 pounds of vanadium pentoxide (" **V_2O_5**").

2010

In 2010, the spot price and long-term prices for U_3O_8 remained weak for the first half of the year. The spot price remained in the $40.00 to $44.00 per pound range until July when it started its steady rise. By the end of the year, the spot price had recovered to $62.50 per pound U_3O_8. By comparison, the long-term uranium price saw little movement over 2010. From its start in January at $62.00, the long-term price fluctuated slightly throughout 2010 and closed the year at $65.00 per pound U_3O_8.

Dr. James Gill resigned as Chairman of the Board and as a director of the Company in February. Mr. Lundin was reappointed as Chairman at that time. Mr. Tae Wan Kim was appointed by the Board in May, as KEPCO's second nominee to the Board in accordance with the requirements of the KEPCO SRA.

During the first six months of 2010, the McClean Lake mill processed stockpiled ore from the Sue E, Sue B, Sue A and McClean North deposits. The mill stopped processing new ore feed at the end of June, having processed all of the Sue E and Sue A ore. The final circuit clean out was completed in October. The mill was put on active care and maintenance until ore from the Cigar Lake mine is to be processed, which is anticipated in 2013. See "Operations—McClean Lake—Cigar Lake Toll Milling".

In September, the Canadian Federal Court dismissed the Application for Judicial Review of the decision to renew the McClean Lake licence filed by ARG in 2009. ARG had challenged 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. In October, the applicants filed a Notice of Appeal to the Federal Court of Appeal. See "2012 Recent Developments" and "Legal and Regulatory Proceedings – McClean Lake CNSC Licence Challenge".

Throughout 2010, Denison continued to report significant results on the Phoenix deposit at Wheeler River. In November, initial estimates of mineral resources at Zones A and B at the Phoenix deposit at the Wheeler River project were received from SRK Consulting (Canada) Inc. ("**SRK**"), which was retained to independently review and audit the mineral resources in accordance with the requirements of NI 43-101. The report estimated indicated mineral resources at Zone A containing 35.64 million pounds (the Company's share being 21.38 million pounds) at an average grade of 18.0% U_3O_8 and inferred mineral resources at Zone B containing 3.81 million pounds (the Company's share being 2.29 million pounds) at an average grade of 7.3% U_3O_8 based on a cut-off grade of 0.8% U_3O_8. See "Denison's Business – Mineral Properties – Phoenix Deposit at the Wheeler Property".

In December, the Company closed an underwritten private placement (the " **2010 Offering**") of 25,000,000 special warrants (the "**Special Warrants**"), at a price of Cdn$2.45 per Special Warrant, and 1,400,000 special warrants issued on a "flow-through" basis under the *Income Tax Act* (Canada) (the "**FT Special Warrants**"), at a price of Cdn$3.00 per FT Special Warrant. The 2010 Offering raised aggregate gross proceeds for the Company of Cdn$65,450,000. Each Special Warrant and FT Special Warrant entitled the holder thereof to receive one Common Share upon exercise. On December 20, the Company filed and obtained a receipt for its final short form prospectus qualifying for distribution in Ontario, Alberta, British Columbia and Nova Scotia the Common Shares issuable upon the exercise of the Special Warrants and the FT Special Warrants. The issuance of this receipt resulted in a deemed exercise of all of the Special Warrants and FT Special Warrants for no additional consideration, and as a result, an aggregate of 26,400,000 Common Shares were issued to holders of the Special Warrants and FT Special Warrants on December 23, 2010.

In accordance with the KEPCO SRA, KEPCO was entitled to subscribe for additional Common Shares in an amount that would have allowed it to maintain its existing shareholding level in Denison after the 2010 Offering. KEPCO refrained from subscribing for additional Common Shares under this right and, as a result, KEPCO's interest in Denison dropped to approximately 15.8%.

Denison's uranium production in 2010 was 1.4 million pounds U_3O_8 from its U.S. operations and its 22.5% share of production from the McClean Lake operation in the Athabasca basin in Canada. Vanadium production totalled 2.3 million pounds V_2O_5 from Denison's White Mesa mill in Utah.

Uranium sales in 2010 totalled 1.8 million pounds U_3O_8 at an average realized price of $47.67 per pound U_3O_8. Vanadium sales in 2010 sales were 2.4 million pounds V_2O_5 equivalent, at an average realized price of $7.04 per pound V_2O_5 equivalent.

2011

Spot prices began the year at $62.50 per pound U_3O_8, rising to the low $70s during the first quarter of the year. However, before the end of the first quarter, the uranium market was negatively impacted by a nuclear incident in Japan. On March 11, a powerful earthquake, measuring a magnitude of 9.0 on the Richter scale, struck off the northeast coast of Japan near the city of Sendai. A tsunami, reportedly in excess of 10 metres high, then slammed Japan's Pacific Ocean coast, which hosts four nuclear power plants with 14 reactors, causing major damage to the Fukushima Daiichi plant and disabling the reactor cooling systems, which led to the release of radiation into the environment.

As of the date of this AIF, the Japanese authorities have declared the Fukushima Daiichi plant to be in cold shutdown; however, several of the reactors will not reopen, and it is expected to take decades to fully decommission the plant. After this event, the spot price dropped dramatically, dipping to a low of $49.00 in August and ending the year in the low $50s. The long-term price also trended downwards as a result of the incident, starting the year at $65.00 per pound U_3O_8 and then steadily declining to end the year at $63.00.

Denison entered into an agreement with White Canyon Uranium Limited (" **WCUL**") in February under which Denison offered to acquire 100% of the issued and outstanding shares of WCUL at a price of AU$0.24 per share for a total consideration of approximately AU$57.0 million (the "**WCUL Acquisition**"). WCUL was an Australian head-quartered company with listings on both the Australian Securities Exchange and the TSX Venture Exchange. WCUL had operations based in Moab, Utah and its holdings comprised 100% interests in the Daneros operating mine and Lark Royal development project in the White Canyon district of southeastern Utah, as well as the Thompson, Geitus, Blue Jay and Marcy Look exploration projects in southeastern Utah.

On March 15, Denison issued 18,300,000 Common Shares at a price of Cdn$3.55 per share in an underwritten public offering for gross proceeds of Cdn$64,965,000 (the "**2011 Offering**"). In accordance with the KEPCO SRA, KEPCO was entitled to subscribe for additional Common Shares in an amount that would have allowed it to maintain its existing shareholding level in Denison after the 2011 Offering. KEPCO refrained from subscribing for additional Common Shares under this right and, as a result, KEPCO's interest in Denison dropped to approximately 15.08%.

In March, estimates of mineral resources for the Hairhan property were received from Roscoe Postle Associates Inc. (" **RPA Inc.**") which was retained to independently review and audit the mineral resources in accordance with the requirements of NI 43-101. The report estimated indicated mineral resources containing 19.78 million pounds (the Company's share, 13.85 million pounds) at an average grade of 0.062%U (0.073% U_3O_8) and inferred mineral resources containing 5.81 million pounds (the Company's share, 4.07 million pounds) at an average grade of 0.040%U (0.047% U_3O_8), based on a cut-off grade of 0.02% U (0.023 % U_3O_8). See "Denison's Business – Mineral Properties – Gurvan Saihan Joint Venture".

Denison amended and extended the Credit Facility, before its expiry at the end of June. The Credit Facility now provides Denison with a revolving term loan for up to $35,000,000 and matures in June 2012. Denison and its subsidiary, DMI, are both borrowers under the Credit Facility, and Denison 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.

By mid-June, Denison had acquired more than 96% of the outstanding shares of WCUL and proceeded by way of compulsory acquisition to acquire the remaining shares. WCUL's shares were delisted from both the Toronto Stock Exchange and the Australian Securities Exchange, and WCUL became a wholly-owned subsidiary of the Company in August.

In 2011, Denison embarked on a significant exploration program in the Athabasca Basin which included approximately 35,000 metres being drilled at Wheeler River. The program at Wheeler River expanded Zone A, and the new structures indentified could potentially increase mineral resource estimates for Zones A and B. The Company enjoyed similar success at its 100% owned Mutanga uranium project in Zambia, where the 2011 drill program intersected some of the highest grade mineralized zones to date.

Denison's uranium production in 2011 was 1.0 million pounds U_3O_8 from its U.S. operations. Vanadium production totalled 1.3 million pounds V_2O_5 from Denison's White Mesa mill in Utah.

Uranium sales in 2011 totalled 1.1 million pounds U_3O_8 at an average realized price of $58.04 per pound U_3O_8. Vanadium sales in 2011 sales were 1.8 million pounds V_2O_5 equivalent, at an average realized price of $6.41 per pound V_2O_5.

2012 – Recent Developments

On January 26, the Center for Biological Diversity, the Grand Canyon Trust, Sierra Club, Kaibab Band of Paiute Indians and Havasupai Tribe filed an emergency motion with the Ninth Circuit Court of Appeals for an injunction directing that Denison's operations at the Arizona 1 mine cease and seeking to prevent the U.S. Secretary of the Interior and the U.S. Bureau of Land Management ("**BLM**") from authorizing or allowing any further mining or exploration operations at the Arizona 1 mine. This motion follows a decision in October 2011 against the Center for Biological Diversity et al. in its challenge to the regulators' actions in permitting Denison to commence mining activities at this mine. In November 2011, the Center for Biological Diversity et al. appealed that ruling to the Ninth Circuit Court of Appeals. The motion for an injunction was denied on February 24, 2012. See "Legal and Regulatory Proceedings."

On February 17, 2012, Uranium Watch and Living Rivers filed a Notice of Appeal and Petition for Stay with the Interior Board of Land Appeals ("**IBLA**"), relating to a January 18, 2012 response by BLM to a request for information made by Uranium Watch and Living Rivers. In that request, Uranium Watch and Living Rivers asked BLM to confirm, among other things, that the existing Plan of Operations and related Environmental Assessment for a portion of the La Sal Mines Complex are sufficient under BLM regulations and NEPA. In responding to that request, BLM stated that the Plan of Operations is sufficient, that no new decisions have been made and that the related Environmental Assessment is sufficient until a new decision needs to be made. Uranium Watch and Living Rivers have alleged that this response by BLM constitutes an appealable "decision" by BLM and have requested a stay of operations at the La Sal mine pending a decision by IBLA on the appeal. Denison was added as an intervener in this action on March 7, 2012. Both BLM and Denison have filed responses and motions to dismiss this action for lack of standing, on the basis that an appealable decision has not been made by BLM. A decision from IBLA is pending at this time.

In March, a technical report on the Dibwe East deposit at the Mutanga project, prepared by Denison and audited by RPA Inc. in accordance with the requirements of NI 43-101, was received by Denison. The report estimated an inferred mineral resource of 28.2 million pounds U_3O_8 at an average grade of 322 ppm eU_3O_8, based on a cut-off grade of 100 ppm eU_3O_8, bringing the total mineral resource estimate for the Mutanga project to 2.0 million pounds U_3O_8 measured, 5.8 million pounds indicated and 41.4 million pounds inferred. See "Denison's Business – Mineral Properties – Mutanga Project."

On March 5, 2012, the Federal Court of Appeal unanimously dismissed ARG's appeal regarding the decision for the Application for Judicial Review of the decision to renew the McClean Lake CNSC licence. ARG now has 60 days to seek Leave to Appeal to the Supreme Court of Canada. See "Legal and Regulatory Proceedings".

In late March, the Company acquired the 15% interest of its Russian joint venture partner, Geologorazvedka, in the Gurvan Saihan Joint Venture ("**GSJV**") in Mongolia, as a part of the restructuring of the GSJV for nominal cash consideration and release of the Russian participant's share of the unfunded joint venture obligations. The restructuring of the GSJV is a result of legislation enacted in 2009, which allows 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 Mongolian Government. The Company now holds an 85% interest in the GSJV and is continuing to negotiate with the Mongolian Government to settle its interest in the GSJV in accordance with the new legislation. See "Denison's Business – Mineral Properties – Gurvan Saihan Joint Venture".

DENISON'S BUSINESS

Overview

Denison is engaged in uranium exploration, development, mining and milling with 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 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. 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 of 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, a joint venture with the Government of Mongolia and a Russian 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 increases in uranium prices beginning in 2003, 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 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 60% interest in the Wheeler River uranium project, 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 Denison Environmental Services ("**DES**"), a division of DMI. DES provides services such as ongoing monitoring of closed mine sites, effluent treatment and maintenance services and hazardous material abatement. 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, 2011 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 Daneros mine and exploration properties in the White Canyon district in southeastern Utah;
- the Henry Mountains Complex uranium properties, in south central Utah; and
- uranium sales contracts, alternate feed processing contracts, toll milling agreements 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 including the Phoenix deposit, 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 181,574 hectares of uranium exploration properties in Mongolia.

In Zambia:

- 100% interest in the Mutanga uranium project, which holds two mining licences totalling 457,300 hectares in the southern part of Zambia.

Marketing

The Uranium Industry

Nuclear power capacity and power generation is growing, while uranium production is struggling to catch up after many years of low prices and limited exploration for new deposits which are 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, even after the effects of the Japanese nuclear incident of 2011 are taken into account. Prices must rise to higher, sustained levels to support new mines that are required to meet increasing demand.

Uranium Demand

World net electricity consumption is expected to increase by 87% by 2035, according to the International Energy Outlook 2011 (the " **IEO 2011**") reference case forecast. Total demand for electricity is projected to increase on average by 2.4% per year from 17.2 trillion kilowatt hours in 2009 to 31.7 trillion kilowatt hours in 2035. This increased demand is driven by economic and population growth, with China and India accounting for over half, and OECD countries making up less than one-fifth. As a result of high fossil fuel prices, energy security concerns, improved reactor designs and climate change concerns, new nuclear capacity is expected to be a significant part of meeting this growth in electricity demand.

As reported by the World Nuclear Association as of March 2, 2012, there are 435 nuclear reactors operable worldwide in 30 countries, generating 372.2 gigawatts of electricity and supplying 13.8% of the world's electrical requirements. Of greater significance, 61 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 46 reactors under construction. China, in particular, has a very aggressive new build program underway. Ux Consulting Company, LLC ("**UxCo**"), in its "Uranium Market Outlook – Q1 2012" (the "**Q1 Outlook**"), estimated that, by 2025, there will be 573 nuclear reactors in operation worldwide, supplying 543.1 gigawatts. This would represent an increase of nearly 50% in nuclear capacity, with 11 new countries joining the nuclear family. This is down only slightly from forecasts made prior to the Fukushima incident in Japan.

As a consequence of the 2011 Japanese nuclear incident, most countries, while declaring their support for nuclear power, have called for technical reviews of all safety and security systems of existing nuclear plants and those under construction, and a review of the nuclear safety regulations governing the industry. A few countries, such as Germany and Switzerland have already announced that they will be curtailing or suspending their nuclear programs. It is significant, however, that the governments of China, India, South Korea and Russia have all announced their intention to move ahead with their domestic nuclear plans, albeit following a careful safety review of their nuclear plants. Some non-nuclear countries are continuing to move ahead with their plans, such as Saudi Arabia, which plans to build up to 16 reactors, and the United Arab Emirates, with contracts for 4 reactors. UxCo has estimated in its Q1 Outlook that uranium demand will grow from 172.0 million pounds of U_3O_8 in 2011 to 222.0 million pounds in 2020.

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 83% of demand and more mines are required to meet the increasing future demand and to replace mines that are being depleted.

UxCo has estimated in its Q1 Outlook that existing mine production plus new planned and potential mine production will increase primary uranium supply from 140.3 million pounds in 2011 to 216.7 million pounds in 2020. One of the principal drivers for the increase in primary mine production is expected to be Kazakhstan, which is projected to increase production by about 28% between 2011 and 2020. In order to reach these estimated primary uranium supply levels, a number of large new mines, mainly in Africa, will also need to be developed and brought into production. However, prices will need to increase appreciably to support the additional higher cost production and significant capital expenditures required to meet these production forecasts.

Secondary Uranium Supply

Primary mine production currently supplies approximately 83% 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 at the end of 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; however, some government inventories, particularly in the U.S. and Russia, remain. The disposition of these inventories may have a market impact over the next 10 to 20 years, although, 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 uranium prices.

UxCo expects that secondary sources of supply will fall from 44.8 million pounds to 18.6 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. Their electric utilities must secure their required uranium supply by entering into medium- 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 delivery from four to ten years thereafter. In awarding medium- and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's uranium reserves, record of performance and costs, 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 governments and other utilities holding excess inventory.

While long-term demand is steadily growing, short-term demand is affected in a large part by utilities' uncovered requirements. 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 little uncovered demand, so utility buying is primarily discretionary and price driven.

Historically, spot prices are more volatile than long-term prices. The spot price began 2011 at $62.50 rising to the low $70s prior to the nuclear incident in Japan, following which the spot price dropped to $49.00 in August and ended 2011 in the low $50s.

The long-term price ranged from $65.00 per pound U_3O_8 at the beginning of 2011, climbed to $73.00 prior to the nuclear incident, then steadily declined to $63.00 at the end of 2011. Long-term prices are driven more by production costs and future supply-demand forecasts than by customer inventories.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. Five producers marketed 61% of the estimated world production in 2011.

About 73% of the world's production came from four countries, namely Kazakhstan, Canada, Australia and Niger. Kazakhstan passed Canada in 2009 as the largest producer, a role Canada had held for 17 years.

Marketing Uranium

Denison sells its uranium under a combination of long-term and spot contracts. The long-term contracts have a variety of pricing mechanisms, including fixed prices, base prices adjusted by inflation indices 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. Spot sales are priced at or near published industry spot prices.

In 2011, approximately 50% of Denison's total sales volume was sold under long-term contracts, with the remainder sold in the spot market. The Company currently has three long-term contracts in place. One contract, the KEPCO Offtake Agreement, is for 20% of the Company's annual U_3O_8 production from any production source (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. This agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. The second contract is for delivery of 1,100,000 pounds of U_3O_8 from U.S. or Canadian production over a period of six years beginning in 2011. The third contract is for a quantity which is equal to 20% of the production from the White Mesa mill during the years 2012 to 2017 inclusive, but not less than 200,000 pounds U_3O_8 per year.

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

The Vanadium Market

Vanadium adds strength to high performance steels and strengthens titanium where strength combined with lightness is required for everything from golf clubs to aerospace applications. Demand for vanadium from the steel industry represents approximately 92% of the total demand, while the chemical and titanium alloy industries represent the other major consumers of vanadium with 4% each of the world demand. As the demand for these high strength, high performance steels increases and as new uses are developed for lightweight, high strength titanium, vanadium demand can be expected to increase at a faster rate than the growth of global steel production. The average vanadium content in steel in the developing countries is much lower than that in the developed countries and can be expected to increase, adding to the demand.

While demand is expected to grow over time, supply has the capacity to increase to meet this demand. Many primary producers from ore, in countries such as China, Russia and South Africa, were shut down due to low prices. Production from steel making slag had been cut back or halted. As demand increases and prices strengthen, some of these facilities can be expected to restart or increase production thus moderating any anticipated price increases.

Spot vanadium prices were relatively flat for most of the year staying at $6.50 per pound from mid-April to mid-December. Prices ranged from a high of $7.00 per pound in the first quarter to a low of $5.75 per pound at the end of the year.

While long-term demand can be expected to increase, short-term demand is expected to be relatively stable and prices should remain close if not slightly higher than their current level throughout 2012.

Vanadium Marketing

Denison sells its vanadium both as V_2O_5 and as ferrovanadium through spot sales to industry end-users and to trading companies. Sales during 2011 were principally into the U.S. market as V_2O_5; however, Denison is continuing its efforts to expand the Company's market into Europe, South America and the Far East.

Operations

McClean Lake

McClean Lake is comprised of several uranium deposits and a conventional mill and is 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 mill began production of uranium concentrates in 1999, processing ore from the JEB deposit. The first ore was fed to the mill 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 Canada Co., Ltd. (" **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 the mill that is 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 approximately 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

McClean Lake consists of nine known 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. Exploration activities for expansion of the known deposits and identification of new deposits are ongoing. See "Mineral Exploration – McClean Lake."

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.

A feasibility study evaluating the mining of the McClean North, Caribou and Sue D deposits via conventional underground methods is underway. The licensing for the underground project is also underway. A production decision is anticipated in late 2012.

Operations

The table below shows the operating statistics for McClean Lake over the last five years.

	2011	2010	2009	2008	2007
Ore Milled (thousand tonnes)	—	97	181	161	170
Average Grade (% U_3O_8)	—	0.80	0.97	0.96	0.53
Production (thousand pounds U_3O_8)	—	1,731	3,609	3,248	1,907
Denison's share (thousand pounds U_3O_8)	—	389	812	731	429

In 2007, mill feed consisted of a combination of the remaining low-grade portion of Sue C, Sue A and Sue E ore. The grade of ore processed during 2008 and 2009 improved as mill feed consisted primarily of the higher grade Sue E ore. During 2009 and the first six months of 2010, the mill processed stockpiled ore from the Sue E, Sue B, Sue A and McClean North deposits. The mill stopped processing of new ore feed at the end of June of 2010 and the final circuit clean out was completed in October 2010. The mill was on active care and maintenance through the remainder of 2010 and 2011. Approximately 94,000 tonnes of Sue B ore at an average grade of 0.37% U_3O_8 remain on the stockpile.

The mill will remain on care and maintenance in 2012 through to early 2013. An amendment to the McClean Lake mill licence to enable processing of McArthur River ore at McClean Lake is in progress. It is anticipated that processing of McArthur River ore will begin in 2013 and will provide an opportunity to restart the mill and process high grade ore prior to the start up of processing of Cigar Lake ore, which is currently scheduled to begin in mid- to late-2013. During the period when the mill is on care and maintenance, the Cigar Lake joint venture will pay for essentially all of the stand-by expenses according to the terms of the Cigar Lake joint venture toll milling agreement. See "Operations – McClean Lake – Cigar Lake Toll Milling".

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.

Two TMF projects are underway which will provide future tailings capacity. The first, the Optimization Project, will maximize the efficiency of the currently licensed tailings space to provide sufficient capacity, based on current operating plans, to 2015/2016. This Project was approved by the regulatory authorities in 2011 and the first earthworks will begin in 2012 and be completed in 2013. The second project is the proposed expansion of the TMF, which would provide tailings capacity for the next 25 years. This project entails expanding the TMF above the currently licensed elevation and will require the submittal of an environmental assessment and an amendment to the operating licence. The engineering and permitting work is underway.

Property

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

Mill Licence

The McClean Lake site is operated under various permits, licences, leases and claims granted and renewed from time to time, all of which are currently in good standing. On July 25, 2005, the CNSC issued Mine Operating Licence, UMOL – MINEMILL – McCLEAN.02/2009 (the "**Mine Operating Licence**") 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 hydraulic borehole mining methods, developed under the Surface Access Borehole Mining program ("**SABM**"), and included the care and maintenance activities at the Midwest site. Consequently the CNSC revoked the previous Midwest Uranium Site Preparation Licence. See "Operations—Midwest Project Development" and "Surface Access Borehole Mining Program".

On August 2009, ARG filed an Application for Judicial Review of the decision to renew the McClean Lake CNSC licence with the Canadian Federal Court. 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 initial hearing on this matter was held on June 8, 2010 and the judge issued his decision in September 2010, dismissing the application. ARG appealed this decision; however, on March 5, 2012, the Federal Court of Appeal unanimously dismissed ARG's appeal. ARG now has 60 days to seek Leave to Appeal to the Supreme Court of Canada. Since the mill is currently on standby, operations are not expected to be affected as a result of these legal proceedings; however, an adverse decision by the court could have an impact on the timing of the Company's future production. See "Risk Factors". For additional information on licensing, see "Government Regulation – Canadian Uranium Industry."

Environmental

The McClean Lake mill remained on active care and maintenance in 2011. During the year there were seven reportable spills, all of which were minor in nature and were successfully remediated with no impact to the environment. 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.

In 2011, the Cigar Lake joint venture and the McClean Lake joint venture agreed to amend the toll milling agreement. Under the new milling arrangement, the McClean Lake operation is expected to process and package 100% of the uranium produced from the Cigar Lake mine. To accommodate the annual production of 18.0 million pounds U_3O_8 from the Cigar Lake joint venture, the plans are to expand the mill to an annual capacity of 22 million pounds from the current constructed capacity of 12 million pounds. All costs for the expansion of the McClean Lake mill and its proportionate share of the TMF Expansion project (See "Operations – McClean Lake – Tailings Disposal") are to be 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 would be delayed. The Cigar Lake joint venture is anticipating that production will start in mid- to late-2013.

As a result of the delay in the start up of Cigar Lake and the exhaustion of currently permitted ore deposits at McClean Lake, the McClean Lake mill was placed on stand-by at the end of June of 2010. Under the Cigar Lake toll milling agreement, the Cigar Lake joint venture is funding a significant portion of the McClean Lake stand-by costs. The relative proportion of the stand-by costs paid by each party is calculated on the basis of the percentage of mineral reserves between the McClean Lake and Cigar joint ventures.

Surface Access Borehole Mining Program

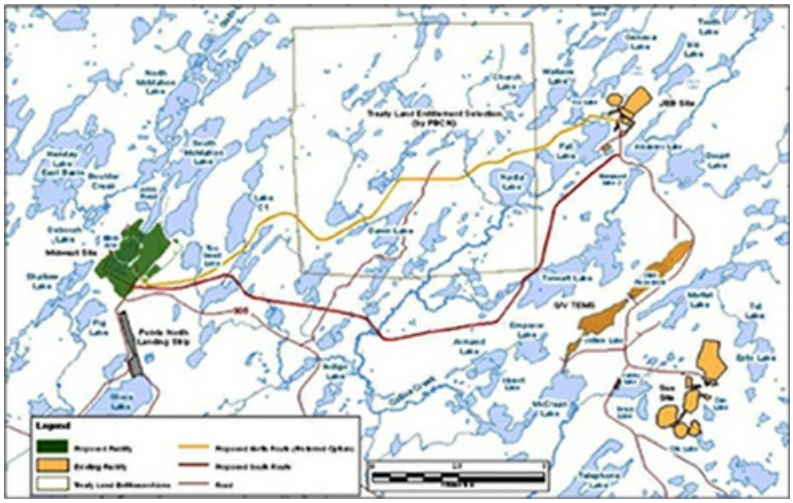
The SABM (previously known as the Mining Equipment Development) program, was designed to develop a viable alternate mining method combining surface drilling and borehole mining technology. The system is projected to have low capital costs and a number of benefits including safety, ease of licensing and 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 vibrating screens and 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.

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.

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



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, underground and SABM methods. Mining by open pit has been selected as the currently 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. This work led to the discovery of the Midwest A deposit 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. 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 a 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.

In September 2011, the final version of the Midwest Project Environmental Impact Statement (" **EIS**") was submitted to provincial and federal governments. The Comprehensive Study Report has been drafted by the CNSC and circulated for federal, provincial and aboriginal review. Once the draft has been reviewed, revised, finalized and approved it will be submitted to the Minister of Environment. A decision regarding the EIS is anticipated in September 2012. In addition to the regulatory activities, a study evaluating the application of the SABM mining method on the Midwest deposit is underway. The project status will be reviewed again upon receipt of the decision on the EIS.

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, the Arizona Strip and the White Canyon district. The mill is approximately six miles south of the city of Blanding, Utah. Access is by state highway.

Construction of the White Mesa mill began 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 initial start-up due to variable uranium market conditions.

In addition to the conventional ore circuit, a circuit for processing certain types of alternate feed materials was built in 2009. This circuit enables the mill to process both conventional ore and alternate feed materials simultaneously. See "Alternate Feed Materials".

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 150 people.

Current Condition and Operating Status

In late 2006, the Company began a program to refurbish the mill. The refurbishment 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 and was completed in 2008.

In April 2008, the mill began processing uranium/vanadium conventional ore and producing uranium concentrate. Production of vanadium began in July 2008 after completion of the refurbishment of the vanadium circuit. Processing of conventional ore continued through the end of March 2009 when the mill was shut down 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 was discontinued near the end of May for the remainder of 2009 due to the decline in uranium prices. The mill began processing conventional ore again in March 2010 and continued through to June 2011. Conventional ore processing recommenced in November 2011. During 2011, the mill processed approximately 110,000 tons of Colorado Plateau uranium/vanadium ore, 24,800 tons of ore from the Arizona 1 mine, 32,000 tons from the Daneros mine and 5,800 tons of ore from the Ore Purchase Program, see "Operations – Ore Purchase and Toll Milling".

Processing of two different alternate feed materials occurred in 2011 using the separate alternate feed circuit built in 2009. In addition, two other alternate feed materials were processed using the conventional ore circuit in October of 2011.

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

	2011	2010	2009	2008	2007
Alternate Feed Milled (tons)	12,040	310	177	—	44,136
Conventional Ore Milled (tons)	172,600	194,440	144,434	248,744	—
Uranium Production ('000's pounds U_3O_8)					
Alternate Feed	200	299	191	94	254
Conventional Ore	811	754	423	791	—
Total Uranium Production	1,011	1,053	614	885	254
Vanadium Production ('000s pounds V_2O_5)	1,290	2,347	501	1,223	—
Year-end Ore Stockpile (tons)	91,430	92,821	174,358	122,477	84,943
Tolled Ore Milled (tons)	—	39,289	—	—	—

The White Mesa mill is expected to process conventional ore during the first two months of 2012 and then resume conventional ore processing in August. Conventional ore from the Colorado Plateau, Daneros and Arizona 1 mines will be processed. Processing of four different alternate feed materials is expected to continue throughout 2012. Two of the alternate feed materials will be processed using the alternate feed circuit, while two other materials will be processed using the conventional ore circuit during the period when there is no conventional ore processing planned.

Mill Licence

The mill operates under a Radioactive Materials Licence issued by the State of Utah. The licence came up for renewal on March 31, 2007. A 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 began the licensing process for tailings Cell 4B in 2009. In late October 2009, the State gave the Company approval to commence the earthwork for Cell 4B. Approval to complete the earthwork and commence placement of the cell liners was received in June 2010. Construction of the cell was completed in December 2010 and final approval to begin use of the cell was received in January 2011. Cell 4B is currently being used for additional evaporation capacity and will provide approximately 2.0 million tons of tailings capacity.

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. Elevated concentrations of nitrate and chloride were also observed in some monitoring wells at the mill site in 2008, a number of which were up-gradient of the mill's tailings cells. See "Environmental and Safety Matters – United States."

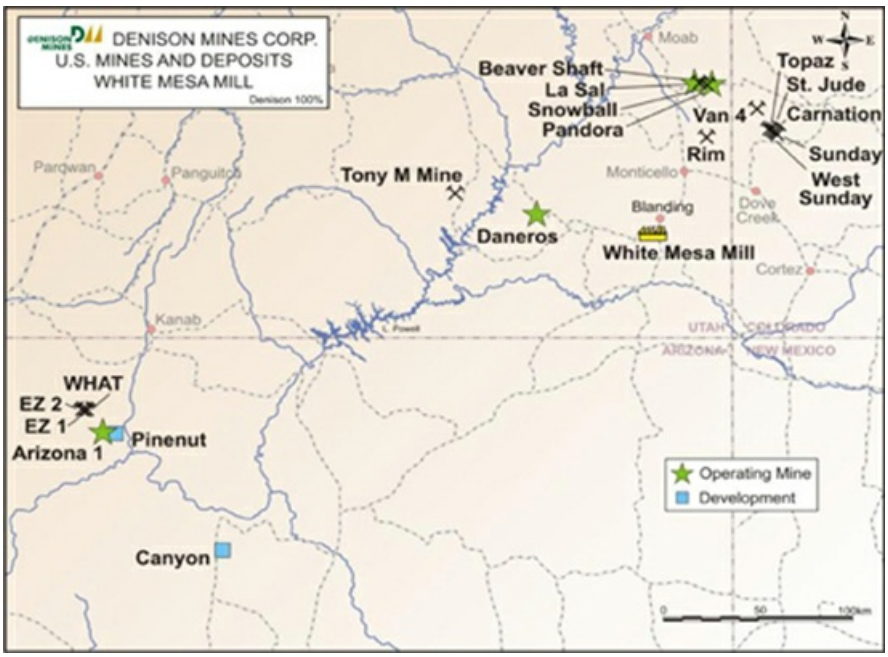
Alternate Feed Materials

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**"). 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 were 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 four mining districts: the Colorado Plateau; Henry Mountains; White Canyon and Arizona Strip. The mines are shown in the figure below and are 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 either in operation or on standby. 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.

Colorado Plateau



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. Historical production has yielded an overall V_2O_5 to U_3O_8 ratio of 5.79:1. 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.

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 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.

Operations

The Sunday/St. Jude, Topaz, West Sunday, La Sal 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 and La Sal mines. The Rim mine is a combination of a shaft and decline access but at the present time is only 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. Over a twelve month period, the Company re-opened five mines on the Colorado Plateau. In late 2008, the Company began rehabilitation of the Beaver mine and this mine began shipping ore in February 2009.

As a result of declining uranium prices, the Company placed the Topaz mine on standby in January 2009. 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. The mines are maintained so that they can be restarted with minimal effort. The Beaver and Pandora mines are the only two operating mines on the Colorado Plateau at the present time.

The ore production by mine for 2007 through 2011 is shown below.

Mine	2011	2010	2009	2008	2007
Beaver					
Tons	48,176	42,941	33,701	729	—
% U_3O_8	0.23%	0.21%	0.18%	0.26%	—
% V_2O_5	1.22%	1.11%	0.97%	1.41%	—
Pandora					
Tons	41,254	48,099	79,750	52,623	32,444
% U_3O_8	0.22%	0.21%	0.23%	0.23%	0.25%
% V_2O_5	1.18%	1.15%	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. In 2008, a total of 6,801 tons were shipped grading 0.08% U_3O_8 and 0.39% V_2O_5, and in 2010, 213 tons grading 0.09% U_3O_8 and 0.50% V_2O_5 were shipped. There was no low grade material shipped in 2011.

Permitting

The Pandora, Beaver, La Sal and the Rim mine are all permitted for current 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.

In February 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 arsenic is the only constituent considered to be of possible concern. Studies were conducted on the mechanisms of arsenic liberation, transport, and possible exposure to the environment and biota. The surface and ground water environments were also investigated under the DMO assessment. Groundwater sampling wells were 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 for the Sunday Mine Complex and the Van 4 mine was filed in 2009. The EPP is in final review by CDRMS and upon approval groundwater monitoring wells will be installed, and the commitment to install ore pad liners finalized.

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.

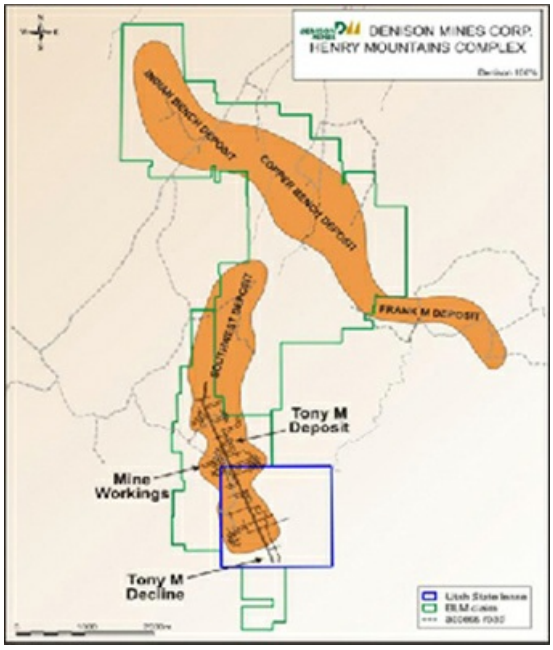
In March 2009, the Sheep Mountain Alliance, the Colorado Environmental Coalition, the Information Network for Responsible Mining and the Center for Biological Diversity jointly filed a petition to the BLM State Director for review of the approved PO and the FONSI and requested a stay of the Decision 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 PO 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 data collection requirements mandated by the Remand decision have been fulfilled and the reports of findings have been submitted. Upon finalization of the CDRMS EPP approval, a dump leachate monitoring well will be installed at Topaz to address Remand concerns and also to fulfill EPP requirements.

As a result of routine permit applications for additional ventilation raises and exploration drilling for the La Sal Complex, the BLM, United States Forest Service ("**USFS**") and State of Utah Department of Oil and Gas and Mining (**"UDOGM**") requested that the PO and Utah Mine Permit for the La Sal Complex be amended to include the current operating plans. Materials required for the formal amendment of the PO and Utah Mine Permit have been submitted and are under review by the agencies. The amendment involves the preparation of an Environmental Assessment and will proceed through public notice and a BLM Decision Record. Current operations are not affected during this amendment process, but new disturbance activities, such as installation of new vent shafts and exploration drilling (on public lands), are deferred until the amendment process is complete.

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. Ore haulage 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, 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 (" **Dynatec**") as its mine contractor for the Tony M operation. In May 2007, Dynatec began limited rehabilitation work on the existing Tony M workings.

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

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 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 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. Shipping of ore from the historic stockpiles continued after the mine was placed on stand-by.

In March 2009, shipping of the historic ore stockpile to the White Mesa mill was completed with 29,737 tons of ore grading 0.11% U_3O_8, shipped.

The mine remains on care and maintenance, and dewatering activities are continuing so that mining operations can resume quickly, when uranium prices reach viable levels.

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.

White Canyon

The White Canyon District is located in southeastern Utah in the regional geologic province known as the Colorado Plateau. The White Canyon District generally encompasses the local geographic areas of Red, White and Fry Canyons, and Elk Ridge along State highway 95 between Blanding and Hite, Utah. Denison holds 100% interest in various groups of mining claims and Utah State leases comprising its White Canyon District holdings, including the Daneros mine and adjoining historical mine sites, such as the Spook, Bullseye, Lark and Royal, which can be developed in conjunction with the Daneros project. The White Canyon District holdings also include exploration properties named Geitus, Hideout, Blue Jay, and Marcy Look.

Major uranium deposits of the east-central Colorado Plateau occur principally in two fluvial sandstone sequences. The older is located at or near the base of the Upper Triassic Chinle Formation and the other occurs in the Late Jurassic Salt Wash Member of the Morrison Formation. Nearly all of the ore deposits in the White Canyon District occur in fluvial channel deposits of the Shinarump Member of the Chinle Formation.

The Shinarump Member consists of predominantly trough-crossbedded, coarse-grained sandstone and minor gray, carbonaceous mudstone and is interpreted as a valley-fill sequence overlain by deposits of a braided stream system. Uranium mineralization appears to be related to low-energy depositional environments in that uranium is localized in fluvial sandstones that lie beneath organic-rich lacustrine-marsh mudstones and carbonaceous delta-front sediments. The reducing environment preserved in these facies played an important role in the localization of uranium.

Uranium deposits consist of closely-spaced, lenticular ore pods which are generally concordant with bedding in paleochannel sediments. Single ore pods range from a few feet to a few hundred feet in length and from less than one to more than 10 feet in thickness. Deposits range in size from a few tons to more than 600,000 tons. The Shinarump deposits generally have low vanadium content, and are therefore not processed for vanadium recovery. Historical production from the White Canyon District exceeds 11 million pounds U_3O_8.

Between 1975 and 1985, Utah Power & Light (“ **UP&L**”) conducted several phases of drilling leading to definition of the Lark, Royal, and Bullseye deposits near the modern day Daneros mine. Following the UP&L era, the properties were idle and little or no exploration activity took place in the White Canyon District. With the resurgence in the uranium market in the 2005 – 2007 period, predecessors of WCUL began acquiring properties, with known historic mineral deposits, in the White Canyon District. After consolidating a portfolio of properties and prospects, WCUL initiated confirmation and definition drilling at the Daneros mine in June 2007. Based on the success of this initial drilling, 38 more holes were drilled in 2008, providing the basis for mineral resource estimates relied upon by WCUL to commence mine development work at Daneros.

The Daneros mine is located 4.8 miles from Fry Canyon, Utah and is accessed via Radium King Road for approximately 14 miles, which is maintained by San Juan County. The Daneros mine was developed and placed into active production by Utah Energy Corporation ("**UEC**"), the U.S. operating entity for WCUL at the time. The ore shipping distance from Daneros to the Company's White Mesa mill is 65 miles along county roads and state highways.

In January 2010, Denison entered into a toll milling agreement with UEC, which was then a wholly-owned subsidiary of WCUL. See "Denison's Business – Operations – Ore Purchase and Toll Milling".

In early 2011, Denison and WCUL entered into an agreement for the acquisition of the shares of WCUL by Denison, and this was completed in June 2011. The assets of WCUL include all of its mining claims and mineral leases in Utah, which includes 547 claims and five Utah state leases, totaling about 5,670 hectares (14,000 acres), all in southeastern Utah. The land holdings in the White Canyon District include 341 unpatented mining claims and two Utah State leases, in total about 3,000 hectares (7,400 acres). Mining claims are maintained by making annual payments of $140 per claim, and the Utah leases generally cost $1 per acre annually.

A number of the properties acquired in the WCUL Acquisition bear production royalties. Claims hosting the Daneros mine are subject to royalties ranging between 15% of "market value" of the ore and 2.5% of gross proceeds. The exploration properties also have royalties in some cases, including State of Utah leases which provide for royalties of 8% on uranium and 4% on vanadium.

Operations

UEC gathered the necessary environmental data and submitted applications for approvals to open an underground mine at Daneros. A PO was submitted to the BLM and was approved in May 2009, following which UEC commenced active mine development, including driving a decline into the main Daneros deposit. The first loads of ore from the Daneros mine were delivered to Denison's White Mesa mill in December 2009, and a toll milling campaign was conducted in the second half of 2010. The Daneros mine is now operated by Denison and ore from the mine is delivered to the White Mesa mill and processed for Denison's account.

The initial mine plan at Daneros involved driving of twin declines (with the second decline for emergency escape and ventilation) into the center of the Daneros deposit and developing away from the entry point. Random room and pillar mining is employed, as is typical for the deposits in the local region. Mining utilizes rubber tired loaders and small trucks to transport ore to the surface, where it is loaded into over-the-road trucks, covered by a secure tarpaulin and transported to White Mesa mill.

The ore production from Daneros for 2010 and 2011 is shown below:

Source	2011	2010
UEC Production		
Tons	19,415	46,150
% U_3O_8	0.26%	0.31%
Denison Production		
Tons	14,953	—
% U_3O_8	0.30%	—

When WCUL owned the Daneros deposit, it prepared mineral resource estimates in accordance with the requirements of the Code for Reporting of Mineral Resources and Ore Reserves of Australasian Joint Ore Reserves Committee (the "**JORC Code**") in August 2010. Denison has disclosed this information as a historical estimate under NI 43-101. See "Mineral Properties – Historical Resource Estimates – White Canyon". The Company intends to prepare mineral resource estimates in accordance with the requirements of NI 43-101 in due course for the Daneros deposit.

Permitting

The primary permits required for mining operations at Daneros include a Mine Permit issued by UDOGM and a PO approved by the BLM. The BLM Plan required document preparation and public notice of an Environmental Assessment. The permits obtained by UEC were for the initial stage of operations and contemplated eventual expansion of the mining operations, with the inclusion of additional surface area for support facilities. The Daneros mine does not discharge any water, so no discharge permit is required.

Following approval of the BLM PO, an appeal of the BLM approval was filed by Uranium Watch and associated environmental advocacy entities. The appeal was ultimately denied by the Utah BLM State office, and is currently under appeal by Uranium Watch et al. to the Department of Interior Board of Land Appeals.

Following Denison's acquisition of WCUL, work commenced to modify the PO to expand the footprint of mine operations to support continued production from Daneros and adjoining properties. Expansion of surface facilities at Daneros will require an Air Permit from UDEQ, Division of Air Quality. Daneros will also become subject to requirements for monitoring and reporting of radon emissions from the mine and its vents; this program (National Emissions Standards for Hazardous Air Pollutants ("**NESHAP**")) is under the Environmental Protection Agency. The Daneros mine is in compliance with all data collection and reporting requirements under storm water and spill prevention programs.

Arizona Strip

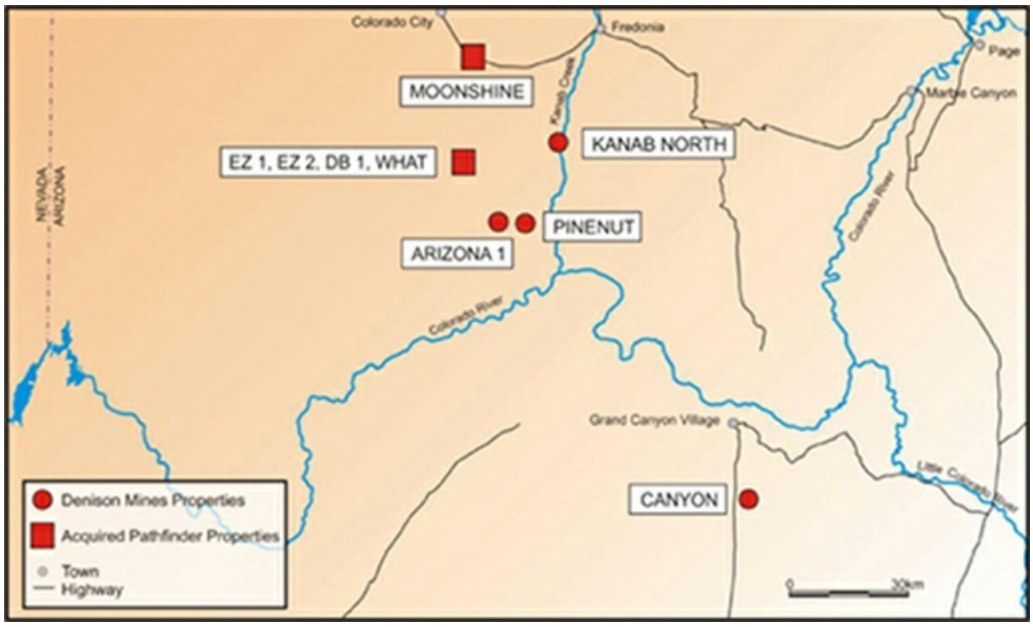
The Arizona Strip is an area largely bounded on the north by the Arizona/Utah state line; on the east by the Colorado River and Marble Canyon; on the West by the Grand Wash cliffs; and on the south by a midpoint between the city of Flagstaff and the Grand Canyon. The area encompasses approximately 13,000 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 Mines Corporation ("**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. Development work on the Pinenut mine commenced in November 2010.

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 Strip mines are held by unpatented BLM claims, except for the Moonshine Springs deposit, which is held by a combination of mineral claims and a mineral lease. There is a 3.5% yellowcake royalty on the Canyon property.

Operations

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. Denison engaged J.S. Redpath Corporation (“ **Redpath**”) to work on rehabilitation of the surface facilities, the hoist and headframe and the underground workings. The rehabilitation of the shaft, underground development, sinking of an internal raise 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.

The Arizona 1 deposit is being mined using a combination of long hole and shrinkage stoping methods at a mining rate of up to 300 tons per day, four days per week. In 2010, Arizona 1 produced approximately 21,500 tons at an average grade of 0.56% U_3O_8 and in 2011 produced 39,900 tons at an average grade of 0.66% U_3O_8. The mine is projected to operate through to the fourth quarter of 2012 unless additional ore resources can be identified through further drilling.

In November 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 the Secretary of the Interior and the BLM. See “Legal and Regulatory Proceedings”. At this time, this legal action has not impacted the operations at Arizona 1.

In November 2010, a production decision was made on the Company's second operation on the Arizona Strip, the Pinenut mine. The Pinenut mine was partially developed in the late 1980's and a limited amount of selective mining was conducted. A shaft was sunk to a depth of 1,350 feet and a high grade pod was mined in late summer 1988, yielding 25,500 tons grading 1.03% U_3O_8 containing 526,000 pounds. Following extraction of the high grade pod, EFN placed the mine on standby in 1989.

Expansion of the storm water storage pond and rehabilitation of the surface facilities were completed in 2011 and the rehabilitation of the mine workings is ongoing. First ore production is expected in 2012. Uranium production is expected to total approximately 936,000 pounds U_3O_8, of which 526,000 pounds is expected to be produced in 2013 with the balance to be produced in 2014.

The Canyon mine is proceeding through permitting in anticipation of a production decision in early 2012. The Kanab North mine remains on care and maintenance and a closure plan is being prepared for this mine site.

Permitting

Prior to 2009, the Arizona 1 mine had received all permits, with the exception of an air quality permit which are required under new State requirements. The air quality permit was issued by the Arizona Department of Environmental Quality ("**ADEQ**"), Department of Air Quality 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 Individual 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. In September 2009, the groundwater General permits were received for the stormwater storage ponds for the Pinenut and Canyon mines. Air Quality Permits for the Pinenut, Canyon and EZ1/EZ2 projects were issued by ADEQ in March, 2011.

At Pinenut an application for an EPA NESHAP approval of the operation has been submitted. All other permits for operation are approved and in place for both operations.

The BLM has accepted the PO for the EZ1/EZ2 deposits as complete and review is underway. Scoping for an Environmental Impact Statement is pending finalization of a Mineral Examination by the BLM.

In July 2009, the BLM issued a Notice of Proposed Withdrawal (" **2009 Notice**"). See "Government Regulation – Land Tenure – United States". In January 2012, the Secretary of the Interior implemented the withdrawal proposed in the 2009 Notice. To confirm the Company's rights to proceed with development and mining on its existing valid rights, Mineral Examinations will be prepared by the USFS for the Canyon mine, and by the BLM for the EZ Complex and potentially the DB-1 pipe as well. Upon confirmation of a valid existing right at Canyon, commencement of site work is contemplated in early to mid-2012.

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. There was 110 tons received under the ore purchase program in 2010, and 589 tons in 2011.

In January 2010, Denison entered into a toll milling agreement with UEC, a wholly-owned subsidiary of WCUL, under which WCUL transported up to 55,000 tons per year of ore produced from WCUL's mines to the White Mesa mill for processing. WCUL paid Denison the operating costs to mill its ore, a capital charge, plus a toll milling fee per ton of ore, which was linked to the long-term uranium price. During 2010, the Company toll milled approximately 39,300 tons of ore for WCUL producing approximately 204,000 pounds U_3O_8. In 2011, the Company acquired WCUL and the toll milling agreement was terminated.

Mineral Properties

Lawson Forand, P. Geo., the Company's Exploration Manager, Saskatchewan, 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 all disclosure of scientific or technical information concerning mineral projects in those countries in this AIF.

Terry Wetz, P.E., 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.

Mark Mathisen, P.G., the Company's Senior Project Geologist, 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 Zambia and all disclosure of scientific or technical information concerning mineral projects in those countries in this AIF.

Summary of Mineral Reserves and Resources

The following tables show the Company's estimate of mineral reserves and mineral resources as of December 31, 2011. NI 43-101 requires mining companies to disclose mineral reserves and resources using the subcategories of proven mineral reserves, probable mineral reserves, measured mineral resources, indicated mineral resources and inferred mineral resources. Denison reports mineral reserves and mineral resources separately.

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	93.8	0.37	751	169
White Mesa — Ore Stockpile [1]	18.5	0.70	287	287
Total Mineral Reserves				456

Measured Mineral Resource Estimates[2][3]

Deposit	Tonnes (,000)	100% Basis Grade % U_3O_8	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[2][3]

Deposit	Tonnes (,000)	100% Basis Grade % U_3O_8	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	206.9	2.75	12,549	2,823
Midwest[4]	354.0	5.50	42,900	10,800
Midwest A	464.0	0.57	5,800	1,460
Wheeler - Phoenix	89.9	18.00	35,638	21,383
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	12,261.0	0.07	19,780	13,846
Mutanga - Mutanga	8,400.0	0.03	5,817	5,817
Total Indicated Mineral Resources				70,195

Inferred Mineral Resource Estimates[2][5]

Deposit	Tonnes (,000)	100% Basis Grade % U_3O_8	Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
McClean - Sue E [6]	483.4	0.69	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
Wheeler - Phoenix	23.8	7.30	3,811	2,287
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 - Arizona 1	48.9	0.64	685	685
Arizona Strip - Canyon	75.1	0.98	1,629	1,629
Arizona Strip - Pinenut	86.5	0.54	1,037	1,037
EZ Complex	203.4	0.47	2,105	2,105
Mongolia - Hairhan	5,536.0	0.05	5,811	4,068
Mutanga - Mutanga	7,230.0	0.02	3,287	3,287
Mutanga - Dibwe	17,040.0	0.02	8,967	8,967
Mutanga - Dibwe East	39,800.0	0.03	28,246	28,246
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				64,179

Notes:

(1) "White Mesa – Ore Stockpile" does not include stockpiled U_3O_8 which has been mined from deposits in the Colorado Plateau or White Canyon districts where no mineral reserve and mineral resource estimates have been prepared in accordance with NI 43-101.

(2) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
(3) 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, 0.80% U_3O_8 for Wheeler, 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, 0.02% U (0.024% U_3O_8) with a minimum thickness of 2.0 metres for Mongolia, and a 100 ppm cutoff for Mutanga.
(4) 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).
(5) 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, 0.30% U_3O_8 for Midwest 0.05% eU (0.059% eU_3O_8) for Midwest A, 0.80% U_3O_8 for Wheeler, 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 2.0 metres for Mongolia, 100 ppm for Mutanga, Dibwe and Dibwe East , and 200 ppm for Mutanga Ext, Mutanga East and Mutanga West.
(6) The operator conducted confirmatory drilling on a portion of these mineral resources outside the designed pit and late in 2006 submitted a preliminary analysis detailing an inferred mineral resource of 2 million pounds on a 100% basis in this area, as compared to the 7.3 million pounds that Scott Wilson RPA has estimated. As at December 31, 2011, Scott Wilson RPA has not re-estimated the mineral resource using the new drill information.

Except as stated below, the mineral reserve and mineral 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, RPA Inc., Geostat Systems International Inc. (" **Geostat**"), CSA Global, SRK and Denison. See "Mineral Properties – McClean Lake," "Mineral Properties – Midwest," "Mineral Properties – Phoenix Deposit at the Wheeler Property", "Mineral Properties – Henry Mountains Complex," "Mineral Properties – Arizona Strip", "Mineral Properties – Gurvan Saihan Joint Venture" and "Mineral Properties – Mutanga".

Information on the McClean – Ore Stockpile was prepared from the year-end stockpile survey reported by ARC, the operator of the McClean Lake joint venture. The White Mesa – Ore Stockpile consists of ore mined from the Arizona 1 deposit and was prepared from mill feed and mine production data. Mineral reserve and resource information in the Reports has been adjusted to reflect ore mined into Ore Stockpile and updated, in the case of Arizona 1, Pinenut and Canyon, by Company personnel. The Midwest probable mineral reserve estimates 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 Company's mineral reserve and mineral resource estimates reported as of December 31, 2010.

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

Reserves	December 31, 2010	2011 Throughput (1)	2011 Additions (Deletions) (2)	December 31, 2011
McClean – Ore Stockpile	169	0	0	169
White Mesa – Ore Stockpile (3)	42	(280)	525	287
Total Reserves	211	(280)	525	456

Notes:
(1) Corresponds to mill feed.
(2) Additions or deletions of reserves include ore mined to stockpile and adjustments provided from mining and milling results.
(3) "White Mesa – Ore Stockpile" does not include stockpiled U_3O_8 which has been mined from deposits in the Colorado Plateau or White Canyon where no mineral reserve and mineral resource estimates have been prepared in accordance with NI 43-101.

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

Resources	December 31, 2010	2011 Ore Mined	2011 Additions (Deletions) [1]	December 31, 2011
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	2,823	0	0	2,823
inferred	13	0	0	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
Wheeler - Phoenix				
indicated	21,383	0	0	21,383
inferred	2,287	0	0	2,287
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 - Arizona 1				
inferred	869	(525)	341	685
Arizona Strip - Canyon				
inferred	1,523	0	106	1,629
Arizona Strip - Pinenut				
inferred	1,037	0	0	1,037
EZ Complex				
inferred	2,105	0	0	2,105
Mongolia - Hairhan				
indicated	13,846	0	0	13,846
inferred	4,068	0	0	4,068
Mutanga				
measured	1,992	0	0	1,992
indicated	5,817	0	0	5,817
inferred	13,154	0	28,246	41,400

Notes:

(1) Additions or deletions of mineral resources include reassessment of geological data and new or updated technical reports.

(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 Henry Mountains Tony M – Southwest Technical Report and these resources were moved from Henry Mountains – Bullfrog to Henry Mountains – Tony M. See "Mineral Properties – Henry Mountains Complex."

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 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 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, Canadian Oxy entered into a joint venture agreement with Inco Limited. 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, 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, at a depth of 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. 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, 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 mineral 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_3O_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 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 – Summary of Mineral 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 mineral resource. The indicated mineral 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 mineral reserves estimated by Scott Wilson RPA. Scott Wilson RPA classified approximately 7.3 million of the pounds outside the current pit as inferred mineral resources. 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 mineral resources based on this drilling. Denison anticipates that underground mining methods will be used to extract this material.

The mineral 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 mineral 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 mineral 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 mineral resource estimate is based entirely on diamond drill information. Block cell dimensions were selected at 8 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 mineral resource wireframe based on kriging, and constructed a special waste wireframe, that generally surrounds the mineral 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.

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. The site is approximately 750 kilometres north of Saskatoon.

Since the completion of the underground 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 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 (4.5% U_3O_8), 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 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, 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.

The two known uranium occurrences in the area (Midwest deposit 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 5.50% 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 have 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 mineral resource estimate for Midwest A is based on 85 core holes drilled between 2005 and 2007, as well as 29 vertical core holes drilled in 1979 and 1980, and in 1989. Additional drilling has been carried out since the date of the mineral 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 mineral 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 mineral 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 were transported to the core shack and logging facility in sealed, standard, wooden core boxes, where they were photographed, logged, radiometrically scanned and, in some cases, split or chipped. Bagged samples were 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 mineral 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 mineral 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 mineral reserves were reclassified to mineral resources in 2008 pending a decision to proceed with the development of the Midwest deposit.

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

Category	100% Basis			Company Share
	Tonnes (,000)	Grade (% U_3O_8)	Pounds of U_3O_8 (,000)	Pounds of U_3O_8 (,000)
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 mineral resources is 0.30% U_3O_8.

(3) The indicated mineral resources also contain 4.35% nickel (Company share of 8.55 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 mineral 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 mineral resource block on the regular grid. All together, 1,461 mineral 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 mineral resource block model leads to mineral 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]

Category	Tonnes (,000)	100% Basis Grade (% U_3O_8)	Pounds of U_3O_8 (,000)	Company Share Pounds of U_3O_8 (,000)
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.”

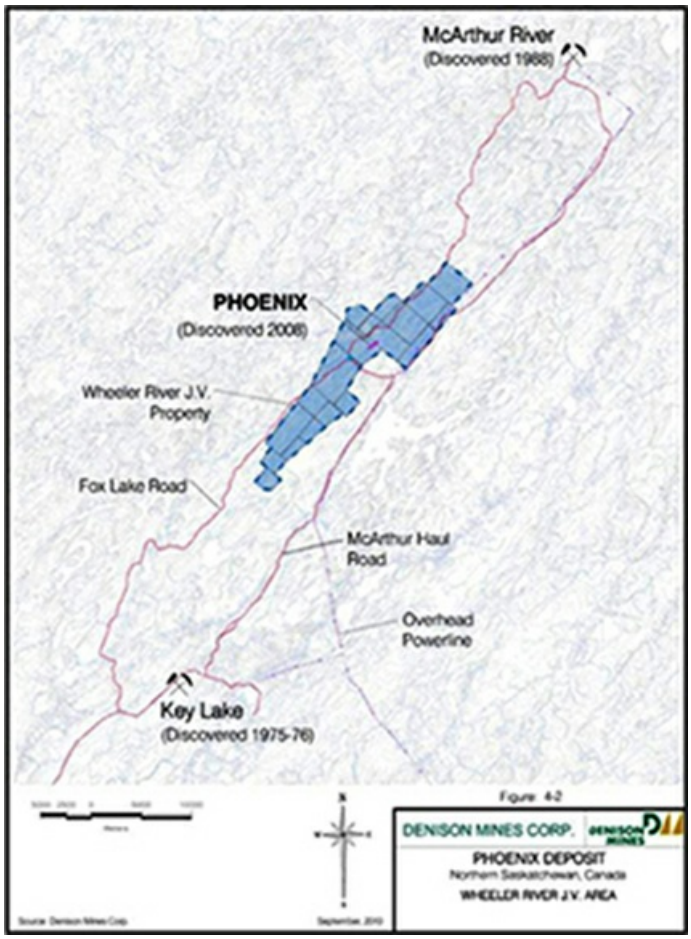
Phoenix Deposit at the Wheeler Property

Property Description and Location

Denison has a 60% interest in the Wheeler River Joint Venture consisting of 19 unsurveyed mineral claims totalling 11,720 hectares in northern Saskatchewan. Denison has been the operator since November 10, 2004. The other partners are Cameco (30%) and JCU (Canada) Exploration Company, Limited (“**JCU**”) (10%). There are no back-in rights or royalties applicable to this property. There is an annual requirement of $0.3 million either in work or cash to maintain title to the mineral claims. Based on previous work submitted and approved by the Province of Saskatchewan, title is secure until 2031.

The Phoenix deposit lies within the Wheeler River property located along the eastern edge of the Athabasca Basin in northern Saskatchewan and is located approximately 35 km north-northeast of the Key Lake mill and 35 km southwest of the McArthur River uranium mine.

The map on the following page shows the Wheeler River property and the location of the Phoenix deposit.



Accessibility, Climate, Local Resources, Infrastructure and Physiography

Access to the Phoenix deposit is by road or air from Saskatoon. The Phoenix deposit is well located with respect to all-weather roads and the provincial power grid. Vehicle access to the property is by the provincial highway system to the Key Lake mill then by the ore haul road between the Key Lake and McArthur River operations to the eastern part of the property. An older access road, the Fox Lake Road, between Key Lake and McArthur River, provides access to most of the northwestern side of the property. Gravel and sand roads and drill trails provide access by either four-wheel-drive or all-terrain-vehicle to the rest of the property.

The climate is typical of the continental sub-arctic region of northern Saskatchewan, with temperatures ranging from +32°C in summer to -45°C in winter. Winters are long and cold, with mean monthly temperatures below freezing for seven months of the year. Winter snow pack averages 70 cm to 90 cm. Freezing of surrounding lakes, in most years, begins in November and breakup occurs around the middle of May. The average frost-free period is approximately 90 days. Field-operations are possible year round with the exception of limitations imposed by lakes and swamps and the periods of break-up and freeze-up.

Average annual total precipitation for the region is approximately 450 mm, of which 70% falls as rain, with more than half occurring from June to September. Snow may occur in all months but rarely falls in July or August. The prevailing annual wind direction is from the west with a mean speed of 12 km/hr.

La Ronge, roughly 170 km south of the project, is the nearest commercial/urban centre where most exploration supplies and services can be obtained. The operating Key Lake mill complex is approximately 35 km southwest of the property. Personnel working on the project commute from a number of designated communities by air.

Field operations are currently conducted from Denison's Wheeler River camp, three kilometres due southwest of the Phoenix deposit. The camp provides accommodations for up to 30 exploration personnel. Fuel and miscellaneous supplies are stored in existing warehouse and tank facilities at the camp. The site generates its own power. Abundant water is available from the numerous lakes and rivers in the area.

The property is characterized by a relatively flat till plain with elevations ranging from 477 metres to 490 metres above sea level. Throughout the area, there is a distinctive north-easterly trend to landforms resulting from the passage of glacial ice from the northeast to the southwest. The topography and vegetation at the Phoenix deposit are typical of the taiga forested land common to the Athabasca Basin area of northern Saskatchewan. The area is covered with between 30 metres to 50 m of overburden. The terrain is gently rolling and characterized by forested sand and dunes. Vegetation is dominated by black spruce and jack pine, with occasional small stands of white birches occurring in more productive and well-drained areas. Productive lichen growth is common to this boreal landscape mostly associated with mature coniferous stands and bogs.

History

The Wheeler River property was staked on July 6, 1977, due to its proximity to the Key Lake uranium discoveries, and was vended into an agreement on December 28, 1978 between AGIP Canada Ltd., E&B Explorations Ltd. and Saskatchewan Mining Development Corporation, with each holding a one-third interest. On July 31, 1984, each party divested a 13.3% interest and allowed Denison Mines Limited, a predecessor company to Denison, to earn in to a 40% interest.

In late 2004, Denison entered into an agreement to earn a further 20% interest by expending Cdn$7,000,000 within six years. At that time, Denison became the project operator. In 2007, when the earn-in obligations were completed, the participating interests were: Denison, 60%; Cameco, 30%; and JCU: 10%.

The former operator, Cameco, had identified a major geological unit termed the "quartzite ridge" and had noted extensive dravite (boron) alteration in the overlying sandstones. Cameco discovered several uranium mineralized intercepts that occurred in a variety of geological settings throughout the property.

During the initial years of its option, Denison targeted the west area, or footwall side of the quartzite ridge. In 2007, Denison completed a major DC resistivity survey to the north of an earlier Cameco 2003 resistivity survey. Interpretation of the 2007 resistivity survey lead to the recommendation for drilling three holes to test two separate resistivity lows, both interpreted to represent "alteration chimneys" within the Athabasca sandstone.

In the summer of 2008, as a direct result of the 2007 DC resistivity survey along the hanging wall of the quartzite ridge, two drill holes were located 600 metres apart along the same low resistivity trend. This drilling intersected a zone of characteristic sandstone alteration and uranium mineralization linked to unconformity-associated uranium deposits. 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 intersected either uranium mineralization or very strong alteration close to mineralization.

Subsequent drill programs conducted during 2009 and 2010 established significant milestones in the advancement of the project in terms of continuity and extending the mineralized zone for a strike length of greater than 900 metres.

Geological Setting

The Phoenix deposit is an Athabasca Basin unconformity-type uranium deposit lying along the eastern flank of the Athabasca Basin where, undeformed, late Paleoproterozoic to Mesoproterozoic sandstones, conglomerates, and mudstones of the Athabasca Group unconformably overlie early Paleoproterozoic and Archean crystalline basement rocks. The local geology of the Phoenix deposit is very much consistent with the regional geology.

Uranium mineralization at the Phoenix deposit is of the unconformity-type, associated with the unconformable surface beneath proterozoic sediments. These are generally interpreted to result from interaction of hydrothermal fluids with redox conditions prevalent at the intersection of local and regional faults with the uncomformable surface. Two styles of mineralization have been traced over a strike length of 900+ metres along the Phoenix deposit. These are:

a) Unconformity-hosted uranium mineralization: This is the most widespread and primary style of mineralization identified to date and the basis for the mineral resource estimate. Mineralization forms as a sub-horizontal sheet that is developed in the lowermost Athabasca sandstone from 390 metre to 420 metre depths immediately above the sub-Athabasca unconformity, or straddling the unconformity and extending downward for several metres into the underlying basement Proterozoic Wollaston Group metasedimentary rocks. In some instances, the main mineralized zone is comprised of one to three (1-3 metre) thin, stacked zones. Uranium mineralization appears to be structurally controlled by a northeast-southwest trending (55º azimuth) shear fault which dips 55º to the southeast.

   Mineralization is monomineralic uranium as uraninite/pitchblende and may have some relationship to the extensions of the shear and its various hanging wall splays; hence, movement on these faults is interpreted to have continued after deposition of the lower members of the Manitou Fall Formation of the Athabasca Group. The shear and its various interpreted hanging wall splays may have been the main conduit for the mineralizing fluids. Values of all accompanying metals are low, particularly in comparison with several other Athabasca Basin sandstone-hosted deposits, which can have very high values for nickel, cobalt, and arsenic.

   Mineralization is associated with extensive clay alteration and varying degrees of silicification and desilicification which affects densities of the lower sandstone. The principal clay minerals are illite, chlorite, kaolinite, and dravite, with alteration focused along structures propagating upward from the shear and associated splays, and probably does not exceed 100 metre width across strike, making this a relatively narrow target. The basement in the northeast part of the Phoenix deposit is much more extensively bleached and clay altered than that to the southwest.

b) Basement-hosted mineralization: This is the second type of mineralization, occurring along several portions of the Phoenix deposit. Basement hosted mineralization is developed as steeply dipping, discontinuous, thin (1-3 metre thick), parallel to sub-parallel zones along fractures associated with the shear fault zone for up to 20 metres below the sub-Athabasca unconformity, and vertically below the unconformity-hosted mineralization.

Exploration, Drilling, Sampling and Analysis

Since the discovery of Key Lake in 1975-1976, the Key Lake exploration model has emphasized the geographic association between uranium deposition at, above, or below the unconformity at locations where graphitic pelite units in the basement subcropped against the basal Athabasca sandstone. The graphitic pelite units are commonly intensely sheared in contrast to the physically more competent adjoining rock types that included semipelite, psammite, meta-arkose, or granitoid gneiss. Effective and efficient use of airborne and ground electromagnetic systems was used to map moderate-to-high conductive graphitic pelite units versus the relatively resistive and non-conductive quartz-feldspathic rock types.

However, since discovery of the McArthur River deposit in 1988, the McArthur River exploration model has emphasized a different association of uranium mineralization and rock type. At McArthur River, one of the most significant rock types in the basement succession is a massive, homogenous, and competent quartzite. Mechanically, particularly compared to the adjacent layered members of the basement stratigraphy, the quartzite is extremely strong, and thus exerts an important control both in basement and post-Athabasca sandstone structural evolution. Both the footwall and hanging wall contacts of the quartzite unit, particularly if these contacts involve highly incompetent rocks such as graphitic pelite, even if these are quite thin, become sites of major thrust, reverse, and strike-slip faults. Although these faults are loci for mineralization; the poor conductivity, low magnetic susceptibilities and specific gravity (density) values associated with the quartzite, as well as other quartzose feldspathic rocks, limits the effectiveness of airborne and ground geophysical methods in mapping these basement units overlaid by hundreds of meters of sandstone cover. Thus, borehole geochemistry and drilling are the primary exploration methods.

During the period 1978 through 2006, the operator of the joint venture conducted several small regional campaigns of drill testing geophysical anomalies (electromagnetic conductors) located by airborne and ground geophysical surveys across the Phoenix deposit area. Diamond drilling on the Phoenix deposit is the principal method of exploration and mineralization delineation after initial geophysical surveys. Drilling can generally be conducted year round on Phoenix.

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 discovery, with hole WR-273 returning a value of 62.6% U_3O_8 over 6.0 metres at a depth of 405 metres. Mineralization was monomineralic pitchblende with very low concentrations of accessory minerals and was reported to be remarkably similar to the high-grade McArthur River P2 deposits. Most of the mineralization occurs as a horizontal sheet within the basal Athabasca sandstone proximal to where a graphitic pelite unit in the basement intersects the unconformity. In addition, the alteration changes to the northeast with intense and strong basement bleaching becoming more prominent, and the strongest graphitic faulting yet observed. A further drill program in the fall of 2009 established continuity in this high-grade mineralized zone and has extended the mineralized zone as a possibly continuous unit for a strike length of greater than one kilometre.

For the purposes of the mineral resource calculation, the Phoenix deposit database contained 104 drill holes totalling 48,894 metres of diamond drilling from surface, of which 69 holes totalling 31,721 metres delineate Zones A and B. Further drilling has been completed on the project since the completion of the mineral resource estimate, see “Mineral Exploration – Wheeler River.”

Denison geologists collect a suite of samples from each drill hole for determining the content and distribution of trace elements, uranium, and clay minerals (alteration). Denison obtains assays for all the cored sections through mineralized intervals. All samples for assay or geochemical species determination are sent to SRC in Saskatoon. Samples for clay analyses are sent to Rekasa Rocks Inc., in Saskatoon.

Several types of samples are collected routinely from drill core at Phoenix. These include:

- systematic composite geochemical samples of both Athabasca sandstone and metamorphic basement rocks to characterize clay alteration and geochemical zoning associated with mineralization;
- selective grab samples and split-core intervals for geochemical quantification of geologically-interesting material and mineralized material, respectively;
- samples collected for determination of specific gravity – dry bulk density; and
- non-geochemical samples for determination of mineralogy to assess alteration patterns, lithology types and mineralization characteristics.

Selective samples form a quantitative assessment of mineralization grade and associated elemental abundances, while the systematic and mineralogical samples are collected mainly for exploration purposes to determine patterns applicable to mineral exploration. These sampling types and approaches are typical for uranium exploration and definition drilling programs in the Athabasca Basin.

For the mineral resource estimate, there were 1,498 uranium analysis records totalling 569 metres in the Phoenix deposit – Wheeler River project database.

For additional information on the protocols used by Denison and its consultants in the drilling, sampling and analysis of the Phoenix deposit, see “Mineral Exploration—Quality Assurance and Quality Control Procedures and Protocols – Athabasca Basin.”

Mineralization

Mineralization is monomineralic uranium as uraninite/pitchblende. Values of all accompanying metals are low, particularly in comparison with several sandstone-hosted deposits, which can have very high values for nickel, cobalt and arsenic. The Phoenix deposit mineralization occurs at the unconformity contact between rocks of the Athabasca group and underlying lower Proterozoic Wollaston Group metasedimentary rocks.

Mineralization and alteration has been traced over a strike length of 900 metres. Since the discovery hole WR-249 was drilled in 2008, 161 drill holes have reached the target depth, identifying two distinct zones (Zone A and B) of high-grade mineralization along with two other zones (Zones C and D) which are less explored.

Alteration is classical unconformity-associated style, with a form and nature similar to other Athabasca Basin deposits. The sandstones are altered for as much as 200 metres above the unconformity, and exhibit varying degrees of silicification and desilicification (which causes many technical drilling problems), as well as dravitization, chloritization, and illitization. In addition, hydrothermal hematite and druzy quartz are present in the sandstone and often in the basement rocks. Alteration is focused along structures, propagating upward from the WS shear and associated splays, and probably does not exceed 100 metres width across strike, making this a relatively narrow target. The basement in the northeast part of the Phoenix deposit is much more extensively bleached and clay altered than that to the southwest.

Security of Samples

Drill core samples are collected and processed at Denison's Wheeler River camp facility located on the property, which is off limits to outsiders. Samples are logged, split, bagged and stored in pails by Denison staff at the core preparation facility. Because the mineralized drill cores are classified as hazardous materials and are regulated under the transport of dangerous goods, Denison staff have been trained in the proper handling and transport of the cores and deliver them from the core facility directly to the SRC facilities without outside contact.

SRC considers customer confidentially and security of utmost importance and takes appropriate steps to protect the integrity of sample processing at all stages from sample storage and handling to transmission of results. All electronic information is password protected and backed up on a daily basis. Electronic results are transmitted with additional security features. Access to SRC's laboratories is restricted by an electronic security system. The facilities at the main lab are regularly patrolled by security guards 24 hours a day.

After the analyses described above are completed, analytical data are securely sent using electronic transmission of the results, by SRC to Denison. The electronic results are secured using WINZIP encryption and password protection. These results are provided as a series of Adobe PDF files containing the official analytical results and a Microsoft Excel spreadsheet file containing only the analytical results.

Mineral Resource Estimation

Denison retained SRK to supervise the preparation of and to complete an independent technical review of the Phoenix deposit. The Company received such report dated November 17, 2010 entitled "Technical Report on the Phoenix Deposit (Zones A & B) – Wheeler River Project, Eastern Athabasca Basin, Northern Saskatchewan, Canada" (the "**Phoenix Report**") prepared in accordance with the requirements of NI 43-101. A copy of this report is available on the Company's profile on the SEDAR website at www.sedar.com.

In the Phoenix Report, SRK classified the Phoenix mineral resource estimates as follows:

Phoenix Mineral Resources[1][2][3]

Category	Tonnes (,000)	100% Basis Grade (% U_3O_8)	Pounds U_3O_8 (,000)	Company's Share[4] Pounds U_3O_8 (,000)
Indicated	89.9	18.00	35,638	21,383
Inferred[5]	23.8	7.30	3,811	2,287

Notes:

(1) Mineral resources are not mineral reserves and do not have demonstrated economic viability. No mineral reserves have as yet been defined.
(2) Cut-off grade 0.8% U_3O_8.
(3) Mineral resources are estimated with no allowance for mining dilution, mining recovery or process recovery.
(4) Denison's share is 60% of total mineral resources.
(5) Inferred mineral resources have a greater amount of uncertainty as to their existence and as to whether they can be mined economically. It cannot be assumed that all or part of the inferred mineral resources will ever be upgraded to a higher classification.

This mineral resource estimate was carried out on a mix of chemical and radiometric probe data. Although there is a correlation between data, the probe grades tended to be lower in all of the subzones and are only used when the drill hole had less than 80% core recovery. The probe estimates the grade outside of the drill hole while the chemical grade is the grade of the core internal to the hole. Core sections that did not meet a minimum GT (Grade in % U_3O_8 x Thickness in metres) of 0.05 m% U_3O_8 or were not sent in for assay were classified as "barren" and an assay value of 0.0% U_3O_8 was assigned through the mineralized zone.

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 mineral 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 material 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 – U.S. Mines – 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 eU_3O_8 values from gamma logs to evaluate radiometric equilibrium, logging tool performance, and validity of gamma logging.

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

Mineral resource estimates for the Bullfrog property are based on the eU_3O_8% gamma log conversion values used to identify the mineralized zone, its thickness and calculate an average grade. The procedures implemented to identify the minimum grade and cut-off GT product for mineral 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 the Tony M property. 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 mineral 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 mineral resources and inferred mineral resources in accordance with CIM definitions.

The basis for this mineral 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 mineral 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 mineral 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 ESTIMATES (1) (2) (3)

Deposit	Category	Tons (million)	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
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
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.

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 the 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 northwestern 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. At Pinenut, mine development activities began in late 2010. See "Operations – U.S. Mines – Arizona Strip". At Canyon, all surface facilities for shaft sinking are in place, and development is anticipated to begin in 2012. 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 EIS is being prepared for the EZ Complex. The 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 and is accessible by an unsurfaced road. 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. There is a 1.0% yellowcake royalty on the EZ Complex properties.

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. Mining operations can be conducted on a year around basis.

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 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 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. A hoist, headframe and compressor are in place. Denison completed the construction of a larger stormwater pond and has begun rehabilitation work in anticipation of commencing production in 2012.

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. A production decision is anticipated in 2012.

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 predated 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 approximately one mile away.

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 mineral 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 breccia 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. 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 overall 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

Initial 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 estimated the inferred mineral resources as shown below.

Arizona Strip Inferred Mineral Resource Estimates (1)

	Tons (,000)	Grade eU_3O_8 (2)(3) (%)	Contained eU_3O_8 (,000 pounds)
Arizona 1	70.3	0.68	956
Canyon	70.5	1.08	1,523
Pinenut	99.2	0.44	873
EZ 1	110.5	0.51	1,127
EZ 2	113.7	0.43	978

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.

Mineral Resource and Reserve Update

Since the mineral resource estimates were prepared by Scott Wilson RPA, the mineral resources have been updated for the Pinenut and Canyon operations by the Company. Furthermore, at Arizona 1, mining operations have been underway since late 2009. As a result of the updates and the mining operations, the following illustrates the current mineral resource estimates for the Arizona Strip properties.

Arizona Strip Inferred Mineral Resource Estimate Update
(in thousands of pounds U_3O_8)

Resources	Initial Resource Estimate	Uranium Mined	Additions (Deletions) [1]	Current Resource Estimate
Arizona 1	956	(765)	494	685
Canyon	1,523	0	106	1,629
Pinenut	873	0	164	1,037
EZ 1	1,127	0	0	1,127
EZ 2	978	0	0	978

Notes:
(1) Additions or deletions to mineral resource estimates include reassessment of geological data.

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 "**2007 Mongolia Report**").

On March 28, 2011, Denison filed on the SEDAR website an independent technical report entitled "Technical Report on the Hairhan Uranium Property in Mongolia" prepared by RPA Inc. in accordance with the requirements of NI 43-101 with respect to updated mineral resources estimated for the Hairhan project (the "**2011 Mongolia Report**"). Collectively, the 2007 Mongolia Report and 2011 Mongolia Report are referred to herein as the "**Mongolia Technical Reports**."

Property Description and Location

Denison has a significant mineral land position in Mongolia. Denison has been active in Mongolia for more than 16 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 GSJV with the Government of Mongolia; and (ii) exploration licences acquired by the GSJV since 1997 that were obtained subsequent to the enactment of the Mineral Laws of Mongolia. The following details the mineral resources estimated in the Mongolia Technical Reports. 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 167,260 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, a Russian entity, with Denison holding a 70% interest in the GSJV and the Mongolian and Russian participants each holding 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 of Mongolia 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 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 of Mongolia 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 of Mongolia, and any inconsistencies between the Mineral Law of Mongolia 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**"), a new regulatory authority for all uranium and nuclear matters in Mongolia, and created a framework for all aspects of uranium resource development 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 been transferred from the Ministry of Mineral Resources and Energy to NEA. Regulatory and licensing actions are now also under the NEA.

A new Mongolian state-owned uranium company, MonAtom LLC (" **MonAtom**"), was created by the New Law, which has been designated as the Mongolian Government's participating entity in all uranium projects in Mongolia, and is thus the Mongolian partner in the GSJV.

The GSJV and the Ministry of Mineral Resources 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. Applications for mining licenses, including requisite technical reports and data, were submitted to NEA in November and December 2011. In January 2012, NEA accepted payment from the GSJV of annual license fees in the amounts normally payable for exploration licenses, pending review of the applications and issuance of mining licenses.

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 Mongolian Government. This share interest will continue to be held by MonAtom. The Company and MonAtom are proceeding with restructuring the GSJV to meet the requirements of the New Law, pending government reviews and authorizations. In preparation for this restructuring, the Company has acquired the Russian participant's interest in the GSJV for nominal cash consideration and release of the Russian participant's share of unfunded joint venture obligations.

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.

Historical Exploration

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. The 1994 work consisted of limited delineation drilling at Haraat to expand known mineral 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. 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.

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.

In May 1997, the Company acquired the assets of EFN including its interest in the GSJV. Work in 1997 expanded beyond the level of 1996, with efforts concentrated on drilling to define mineral resources 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.

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 12,533 meters. Results indicated that uranium mineralization was encountered in a variety of settings, which indicated that additional exploration drilling was 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 2011, 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.

Mineralization

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

During the period between 1994 and 1999, a total of 147,058 metres were drilled. The 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 2010. 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 mineral 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 RPA Inc. 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, RPA Inc. accepted and used the drill hole database compiled by Denison for its 2010 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. For each mineralized zone and for each drill hole, thickness ("**TH**") and grade x thickness (" **GT**") were calculated using the following parameters:

Cut-off Grade	0.02%U
Minimum Thickness (TH)	2 metre
Grade X Thickness (GT)	0.04
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.

RPA Inc. 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 mineral 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 mineral 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 mineral resource lenses were defined by two drill holes on the order of 100 metres apart.

In 2011, RPA Inc. estimated mineral resources for the Hairhan property as summarized in the table below based on exploration drilling conducted up to 2008. The cut-off is 0.04 metre GT over a minimum of two metres. The average thickness of the indicated mineral resources is 3.7 metres and of the inferred mineral resources is 3.0 metres.

Hairhan Mineral Resource Estimates[1][2][3][4]

	100% Basis				Company Share[5]
Category	Tonnes (,000)	Grade % U	Tonnes U	Pounds U_3O_8 (,000)	Pounds of U_3O_8 (,000)
Indicated	12,261	0.062	7,612	19,780	13,846
Inferred	5,536	0.040	2,236	5,811	4,068

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 2 metres.
(4) Density is 1.65 tonnes per cubic metre.
(5) Based on a 70% interest in the GSJV

There are no mineral reserves or resources 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 100% of the Mutanga Project (" **Mutanga**") in 2007 through the acquisition of OmegaCorp. Mutanga is comprised of the Mutanga, Dibwe and Dibwe East deposits plus a number of exploration areas.

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

On March 28, 2012, Denison filed on the SEDAR website a technical report entitled "The Dibwe East Project, Southern Province, Republic of Zambia" prepared by the Company and audited by RPA Inc. in accordance with the requirements of NI 43-101 with respect to mineral resources estimated for the Dibwe East project (the "**Dibwe East Report**"). Collectively, the Mutanga and Dibwe Report and Dibwe East Report are referred to herein as the "**Mutanga Technical Reports**."

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 two mining licences (13880-HQ-LML and 13881-HQ-LML) encompassing 457.3 square kilometres. The mining licences are held by Denison Mines Zambia Limited, a wholly-owned subsidiary of Denison and have a term of 25 years to April 2035.

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. Electric power is available from the national grid approximately 60 kilometres from the project. Ground water sources are available.

Historical Exploration

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.

The third exploration episode, from 2004 to present, began with the granting of a prospecting license over AGIP's main historic uranium prospects to Okorusu Fluorspar Pty Ltd in 2004. This was transferred in 2005 to OmegaCorp, who drilled eleven drill holes (649 metres) at the Mutanga prospect in 2006 to confirm the resource identified by AGIP.

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

Mutanga and Dibwe

The first drilling on 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 deposit 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. A total of 45,598 metres of development drilling was completed by July 2008, and the rig fleet transferred to exploration drilling. A total of 27,341 metres of exploration drilling on twelve previously untested prospects was completed in 2008. Two of the most promising of these new prospects were Zones 1 and 2 within the Dibwe East area.

Dibwe East

RC and diamond drilling are the principal methods of exploration and mineralization delineation after initial geophysical surveys. Drilling is generally conducted during the dry season but can be conducted year round. For the purposes of this resource estimate, a total of 237 holes totaling 21,729 meters have been drilled within the Dibwe East target area on roughly a 100 metre x 200 metre grid with 100 metre drill hole spacing along profiles.

Security of Samples

Mutanga and Dibwe

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.

Dibwe East

RC and diamond drilling campaign samples were shipped to ALS Minerals in Johannesburg for preparation and assay. ALS considers customer confidentially and security of utmost importance and takes appropriate steps to protect the integrity of sample processing at all stages from sample storage and handling to transmission of results. All electronic information is password protected and backed up on a daily basis. Electronic results are transmitted with additional security features. Access to ALS Mineral laboratories' premises is restricted by an electronic security system. The facilities at the main lab are regularly patrolled by security guards 24 hours a day.

Data Verification: Processes for Determining Uranium Content by Gamma Logging

Mutanga and Dibwe

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 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.

Dibwe East

The drill hole chemical assay data were compared with assay data received directly from ALS Chemex. Some of the RC holes were reclogged by geophysical probe to confirm the original readings. The drill hole survey locations were visually checked. Core logging information was verified against core photographs. Other information in the database was verified.

Check assays at the secondary laboratory were plotted against the primary assay results and appear to be approximately 15% higher than the original laboratory assays. Analyses of reference standards compared well with standard values. Field duplicates gave some scatter but correlated reasonably well with original sample assays. Other than a few outliers, field blanks showed very little variation and assay values were typically less than 4ppm.

Comparison of the U_3O_8 grades with chemical assays from core holes determined a disequilibrium factor of -33% which was applied to all radiometric assay values in the database.

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 of 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).

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. 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.

Mutanga and Dibwe

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.

Dibwe East

Samples were analyzed at ALS Minerals in Johannesburg. Samples were transported by airfreight or truck to ALS's facility in Johannesburg, where ALS performs sample preparation on all samples submitted.

Mineral Resources Estimates

Mutanga and Dibwe

In preparing the Mutanga and Dibwe Report, 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 and Dibwe Mineral Resource Estimates[1]

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**	**234**	**13,154**

Notes:

(1) The Mutanga, Mutanga Ext, Mutanga East, Mutanga West and Dibwe 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 mineral 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 mineral resources. The remainder of the mineral resource has been assigned to the inferred mineral resource category, due to the limited understanding of geological continuity, low drilling density and the uncertainty surrounding the historical data.

Dibwe East

Mineralized zones at Dibwe East were interpreted and correlated using the geophysical logs into A, B and C Horizons which extended to a depth of approximately 110 m below surface. Grade contours at 200 ppm eU_3O_8 for each horizon were used in combination with top and bottom surfaces to construct mineralization wireframes. Statistical analysis indicated that erratic high-grade values should be top-cut to 3,000 ppm eU_3O_8 . Top-cut assays were composited into 1 m lengths within the mineralized wireframes and used to interpolate grades into 20 m by 20 m by 2 m blocks using an inverse distance squared algorithm. Two passes were used with different search radii. A bulk density of 2.1 t/m^3 was used as per previous resource estimates for the Mutanga Project. Dry bulk density determinations are recommended for Dibwe East.

The block model was validated by means of:

- Comparison of domain wireframe volumes with block volumes.
- Visual comparison of composite grades with block grades.
- Comparison of block grades with composite grades used to interpolate grades.
- Comparison with estimation by the contour method.

Inferred Mineral Resources for the Dibwe East deposit total 39.8 Mt at an average grade of 322 eU $_3O_8$ (0.032% eU_3O_8) containing 28.2 Mlbs eU_3O_8 at a cut-off grade of 100 ppm (0.01%) eU $_3O_8$ as of February 24, 2012. The mineral resource is reported within a preliminary Whittle pit shell. The mineral resources are all classified as inferred because of the relatively wide drill hole spacing (approximately 100 m by 200 m) and uncertainties in the eU_3O_8 grade values, in particular disequilibrium factor.

Dibwe East Mineral Resource Estimates[1][2][3]

	Inferred		
Deposit	tonnes (,000)	eU_3O_8 ppm	Pounds U_3O_8 (,000)
Dibwe East	39,800	322	28,246

Notes:
(1) The Dibwe East mineral resource estimates have been prepared in accordance with the requirements of NI 43-101 and the classifications comply with CIM definition standards.
(2) The Dibwe East mineral resource estimates have been estimated at a cut-off grade of 100 ppm U_3O_8.
(3) Radiometric grades have been corrected for disequilibrium based on comparisons with core hole assays.

Historical Estimates

On several of Denison's mineral properties, estimates of mineral reserves or mineral resources have not been prepared in accordance with NI 43-101; however, historical mineral resource estimates exist for the projects, as discussed below. The Company is not treating the following historical estimates as current mineral resources or reserves.

In Canada, on the McClean Joint Venture, the McClean South trend is located parallel to and approximately 500 metres south of the McClean North trend (see "Mineral Properties – McClean Lake"). There are two presently known mineralized pods which were drilled by Canadian Oxy during 1979-1980: the Southwest Pod and the Southeast Pod. The original owner of the property, Canadian Oxy, prepared estimates of tonnages, grades and contained uranium for these deposits as of 1980, which have not been verified by Denison. The results of these estimates are set out below.

McClean South Historical Estimates[1][2]

Deposit	Tons (,000)	Grade (% U_3O_8)	Pounds of U_3O_8 (,000)	Company's Share Pounds U_3O_8 (,000)
Southwest Pod	47.6	2.10	2,000	450
Southeast Pod	126.7	0.73	1,900	428

Notes:
(1) The historical estimates do not comply with the requirement of NI 43-101. CIM definitions are not used.
(2) The historical estimates cannot be verified and the estimates are not necessarily indicative of the mineralization on the property.

This trend will require future evaluation to upgrade this historical estimate as a current mineral resource estimate.

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 mineral resource estimates for the 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 DB 1 breccia pipe deposit, while a 0.05% U_3O_8 cut-off has been used for Moonshine Springs.

Pathfinder Historical Estimates[1][2]

Deposit	Tons (,000)	Grade % U_3O_8	Pounds of U_3O_8 (,000)
DB 1	103.6	0.44%	911
Moonshine Springs	761.7	0.16%	2,483

Notes:
(1) The historical estimates do not comply with the requirements of NI 43-101. CIM definitions are not used.
(2) The historical estimates cannot be verified and the estimates are not necessarily indicative of the mineralization on the property.

The Pathfinder historical estimates are based on data, reports and documentation obtained from and prepared by previous operators, including AREVA, which have not been verified by Denison. The properties will require considerable further evaluation to upgrade this historical estimate as a current mineral resource estimate, which Denison's management and consultants intend to carry out in due course.

On the Colorado Plateau district, the Company mined uranium and vanadium bearing ore from its Sunday and Rim mines 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. In 2011, 172,600 tons of ore from the Colorado Plateau were milled at the White Mesa mill.

The mineral resource estimates shown below are based on historical estimates prepared by EFN, adjusted for production from the Colorado Plateau mines.

Colorado Plateau Historical Estimate[1][2][3]

	Mineral Tons (,000)	% U_3O_8	Pounds U_3O_8 (,000)	$\%V_2O_5$	Pounds of V_2O_5 (,000)
Colorado Plateau	1,232	0.21	5,247	1.19	29,414

Notes:
(1) The historical estimate does not comply with requirements of NI 43-101. CIM definitions are not used.
(2) The historical estimate cannot be verified and the estimate is not necessarily indicative of the mineralization on the property.
(3) The historical estimate has been adjusted by Denison to reflect actual mine production by Denison.

The Colorado Plateau historical estimates are based on data, reports and documentation obtained from and prepared by previous operators, including EFN, which have not been verified by Denison. The properties will require considerable further evaluation to upgrade this historical estimate as a current mineral resource estimate, which Denison's management and consultants intend to carry out in due course.

In June 2011, Denison acquired WCUL which owned uranium and vanadium properties in southeastern Utah. The properties are in two widely separated geographic areas: a northern area in the region of Thompson, Utah, which is in the Company's Colorado Plateau district; and, a southern area called the White Canyon District. Historical estimates have been reported for the following White Canyon properties:

White Canyon Historical Estimates[1][2]

Deposit	Tons (,000)	Grade % U_3O_8	Pounds of U_3O_8 (,000)
Daneros & Lark Royal[3]	184.0	0.33%	1,207
Geitus – Deer Flats	49.0	0.24%	239
Blue Jay	25.0	0.20%	99
Marcy Look	11.0	0.25%	52

Notes:
(1) The historical estimates do not comply with the requirements of NI 43-101. CIM definitions are not used.
(2) The historical estimates cannot be verified and the estimates are not necessarily indicative of the mineralization on the properties.
(3) The Daneros and Lark Royal historical estimate has been adjusted to reflect actual mine production by WCUL and Denison.

The Daneros and Lark Royal historical estimates are based on the Company's analysis of work conducted by a previous operator, UP&L. In 2010 and 2011, WCUL prepared estimates as follows:

"Technical Report on Utah Energy Corporation's Geitus—Deer Flat Project, San Juan County, Utah, February 15, 2011" prepared by Integrated Production Resources of Centennial, Colorado.

"Technical Report on Utah Energy Corporation's Blue Jay Project, San Juan County, Utah, February *22,* 2011" prepared by Integrated Production Resources of Centennial, Colorado.

"Technical Report on Utah Energy Corporation's Geitus—Marcy Look Project ,San Juan County, Utah, December 28,2010" prepared by Integrated Production Resources of Centennial, Colorado.

These reports were prepared in accordance with the JORC Code prior to Denison's involvement with WCUL. These reports were based on analysis by Integrated Production Resources utilizing data*,* reports, and documentation obtained from and prepared by previous operators, which have not been verified by Denison. The properties will require considerable further evaluation to upgrade these historical estimates to mineral resource estimates pursuant to NI 43-101, which work Denison's management and consultants intend to carry out in due course.

To Denison's knowledge, no mineral resources estimates have been prepared for the Thompson area properties.

On the Haraat deposit in Mongolia, Geologorazvedka prepared an estimate of the above the water table mineral resources in 1998. 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 methodology for the Haraat mineral 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, are relevant.

Haraat Historical Estimate[1][2]

Category	Tonnes (,000)	100% Basis Grade[3] (% U)	Pounds U_3O_8 (,000)	Company's Share[4] Pounds U_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 historical estimates cannot be verified and the estimates are not necessarily indicative of the mineralization on the property.
(3) The cut-off grade is 0.01% eU (0.012%U_3O_8).
(4) Based on a 70% interest in the GSJV.

Part of the Haraat deposit is above the water table and part is below. The mineral 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.

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 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 Estimates[1][2][3][4]

Category	100% Basis and Company Share 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 pound/ton U_3O_8.
(3) A minimum mining width of 6 feet was used and no mining recovery factors were applied.
(4) The historical 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.

Mineral Exploration

General

In the Athabasca Basin, Denison is participating in 29 exploration projects, primarily located in the southeast part of the Basin. During 2011, 42,434 metres were drilled on projects which Denison operates, and a further 4,478 metres were drilled by ARC on properties in the McClean Lake mill area. The 2011 drilling activities resulted in further advancement of the 60% owned Wheeler River project, which remains the major focus of the Company's exploration activities in 2012.

Denison is participating in four drill programs in the Athabasca Basin during the 2012 winter season; Denison is operator of three of these programs, and the other is managed by ARC. Of the Denison operated projects, one drill program will be undertaken at the Wheeler River project and the other two will be at the Bell Lake and Ahenakew projects. ARC plans to undertake a winter drill program at the McClean Lake project. The Company was planning on winter drill programs on the Moore Lake and Hatchet Lake properties but due to poor winter conditions resulting in a lack of ice, these programs were postponed until 2013.

On Denison's operated and non-operated projects, a total of 37,600 metres of drilling is planned for 2012. In addition to these major drill campaigns, Denison expects to carry out a number of geophysical surveys to identify targets for future drill programs. In total, field work will be carried out on eight properties in 2012.

Wheeler River

Denison holds a 60% interest in the Wheeler River project consisting of 19 mineral claims totalling 11,720 hectares. The other parties are Cameco at a 30% interest and JCU 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 this mineralization, known now as the Phoenix deposit, 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 deposit bears similarities to the McArthur River P2 deposits.

Two drill programs were carried out by Denison in 2010 under which 28,362 metres of core were drilled for the dual purposes of discovering extensions of the Phoenix Zone and providing data in support of an initial estimate of mineral resources in accordance with NI 43-101 which was completed in November 2010. See "Mineral Properties – Wheeler River."

In 2011, two drill programs, totalling 32,553 metres, were carried out by Denison resulting in better definition of Phoenix Zone A and identification of several cross structure features. In the northeast end of Zone A, testing of these cross structures resulted in extension of the northern end of Zone A. The Zone A Extension currently has widths varying from 10 to 70 metres, a strike length of nearly 100 metres, and is open to the northeast. Mineralization in this area also penetrates further into the basement providing additional basement targets at depth. There are strong indications of other structures that could significantly increase widths along east west stacking trends based on existing geological, structural, geochemical and grade distribution features. There is evidence of similar stacked structures in Zone B as well. The stacking structures along the eastern margins of the mineralization in both Zones A and B will be primary targets in the winter 2012 drill program.

To the end of 2011, the Phoenix deposit database contains 173 drill holes totalling 81,451 metres of diamond drilling from surface, of which 111 holes totalling 51,600 metres delineate Zones A and B. A further 27 drill holes totaling 12,674 metres have been drilled to the north east and south west of Zones A and B.

In 2012, a 28,000 metre program is planned with a focus on further definition drilling of Zones A and B, and testing of various regional targets. In addition to the drilling program, one ground geophysical survey and an airborne geophysical survey will be carried out and aquatic/hydrology background data collection will continue.

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 McClean group of deposits represents the fifth largest property in the Athabasca Basin in terms of production and identified mineral resources and has produced almost 50 million pounds U_3O_8 since inception. In the Company’s view, significant exploration potential still remains.

In 2011, work on the McClean Lake project consisted of 4,478 metres of “brown-field” diamond drilling in support of near-term mining operations. Targets at McClean South and Sue D were tested. Ten holes were drilled around the Sue D deposit and effectively defined the deposit as no significant mineralization was intersected. At McClean South, eight holes tested potential extensions along strike as well as some infill drilling. The results reinforced the generally narrow, vertical orientation of the mineralization.

In 2012 program will continue the “brown-field” drilling program focused on discovering, or expanding, additional uranium resources proximal to existing deposits. A twenty hole, 5,000 metre winter program is planned on the McClean North deposit area.

Midwest

Little exploration activity was carried out at the Midwest project in 2011 and no work is planned for 2012.

Waterfound

The Waterfound property, in which Denison has a 15% interest, 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 three hole, 2,182 metre program took place in 2010 and tested this conductor in an undrilled area. No significant drill results were obtained. No further work has been done on this property since that time.

Wolly

The Wolly uranium exploration project is a large and well located property which surrounds the McClean Lake uranium operations and comprises approximately 23,700 hectares, making it double the size of the Wheeler River project. Current ownership of the Wolly project is ARC at 62.9% and operator, Denison at 22.5% and JCU at 14.6%.

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. Wolly originally included the McClean area until the decision was made to place McClean into production, at which time McClean was separated from Wolly.

The 2011 program entailed a small moving loop geophysical survey conducted over the shallow Snake Lake East area, along strike from the previously mined JEB deposit. No work is planned for 2012.

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 significant uranium anomalies. A historic hole in 1986 intersected 4,350 ppm over 0.4 metres at a shallow 57 metre depth, indicating some potential for uranium mineralization. No work was carried out in 2010 or 2011.

In 2012, a 1,200 metre winter drilling program is planned which will follow up on geophysical anomalies identified in 2007 and 2008.

Bachman Lake Project

On Denison's wholly-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. BH 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 lithologies 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 was carried out in 2010 or 2011 and none has been proposed for 2012.

Bell Lake Joint Venture

The Bell Lake project is a joint venture with JNR Resources Inc. (" **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. No work was carried out in 2010. In early 2011, a program of line cutting followed by ground magnetic and fixed loop electromagnetic surveys were carried out to cover any eastern extension of the Bell North Conductive Trend.

In 2012, the Company plans to carry out a winter geophysics and 2,025 metre drill program. The drill program will test a wide conductive zone identified in the 2011 geophysics program. Previous drill programs in this area have intersected anomalous uranium and other pathfinder elements.

Ford Lake Project

On Denison's wholly-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. A resistivity survey was 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 is 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 (40 ppm U partial digestion). No significant geochemistry was noted from the drilling conducted on the southern conductor.

As assessment credits on this property are in good standing, no work was carried out in 2010 or 2011 and none is proposed for 2012.

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. Denison is the 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. 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 within basement lithologies in the hanging wall of the fault.

During the winter of 2010, 11 holes totalling 2,161 metres were drilled. Drilling returned interesting results, including several 1.0 metre zones up to 0.1% U_3O_8 in the first hole. The third hole yielded over 100 metres of strongly altered and faulted basement rocks. Despite the absence of anomalous uranium values in this hole, further work is justified.

In 2011, only three holes of the 14 hole program were completed due to the late start of drilling and the early break-up. The results of the three holes were encouraging as the holes encountered fault zones, strong alteration and weak mineralization in basement rocks. Denison was planning a 2,000 metre drill program for 2012; however, due to the mild winter conditions the program has been cancelled.

Johnston Lake

The Johnston Lake project is located approximately 40 km west of Points North and is accessible by float or ski plane. A winter drill road from the Cigar Lake mine site makes the area accessible by four-wheel drive in the winter months. The property consists of five claims totalling 17,660 ha. The property is underlain by Athabasca Group sandstones, which in turn overly Mudjatik Domain metamorphic rocks. The depth to the unconformity varies between 580 and 650 metres in the project area.

In 2009, Pitchstone Exploration Ltd. signed an option agreement with Denison to earn up to a 75% interest in the Johnston Lake project by spending Cdn$1.0 million by February 28, 2012 to earn an initial 49%, and then spending an additional Cdn$1.0 million by February 28, 2014 to earn a further 26% interest. In March 2011, Pitchstone informed the Company that it had met the requirements for the initial earn-in. Pitchstone now holds a 49% interest in the property and will proceed with the second stage earn-in to acquire an additional 26% of the property.

Over the period of 2009 and 2010, Pitchstone carried out a re-logging program and drilled a total of three holes on the property. Two of the three holes intersected weakly elevated uranium pathfinder elements and favourable basement lithologies. In 2011, they conducted a further three hole drill program to meet their initial earn-in requirements.

No work is currently planned on this project in 2012.

Moore Lake

The Moore Lake property, owned 75% by Denison and 25% by JNR, comprises 11 contiguous claims totalling approximately 36,000 hectares. The property is located in the 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. Since then, work has consisted of several campaigns of resistivity geophysical surveying to identify targets along a reappearance of the Maverick stratigraphy.

In 2009 and 2010, the Moore Lake Joint Venture carried out resistivity surveys and re-logged core from 20 drill holes. Based on the results of the resistivity surveys, an eight hole drill program was completed in 2011. The drilling was approximately three kilometres along trend northeast of the Maverick Zone and intersected anomalous uranium mineralization at the unconformity.

A 2012 drill program was planned to follow up on the 2011 results, but due to poor winter conditions resulting in a lack of ice, the eight hole program has been postponed until 2013. A summer re-logging program will take place in hopes of identifying further defining any control structures and confirming down-hole geology.

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. Denison is the operator.

During the summer of 2008, two drill holes were completed on the Murphy Lake property for a total of 600 metres. Both targeted a time-domain electromagnetic anomaly, outlined by ground geophysics completed during 2008. While anomalous mineralization was obtained, including the presence of a faulted basement wedge, no work was carried out in 2010. In 2011, a small moving loop survey and magnetic and VLF surveys were completed. The surveys were successful in delineating two conductors. For 2012, an airborne VTEM survey will be completed with the goal of better defining the conductors identified in the 2011 work.

Park Creek

Denison is the operator of the Park Creek uranium exploration project and has a 49% interest. Cameco holds the remaining interest and has entered into an agreement with Denison whereby Denison can earn an additional 26% interest by incurring expenditures of Cdn$3,000,000 before the end of 2014.

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 Ltd. until the early 1990's. Most of Cameco's exploration activities, which followed this period until 2004, were focused 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 winter of 2010, six holes representing 2,074 metres, were drilled in two areas. Four holes targeted resistivity anomalies on the Esker grid. Although favourable structures were located, explaining the resistivity anomalies, no significant uraniferous results were obtained. Two holes, targeting high-frequency electromagnetic conductors as an indication of an extension of a possible mineralized zone, were unaltered.

No work was carried out on this project in 2011, and no work is planned for 2012.

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 wholly-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.

During 2010, Denison drilled 14 holes totalling 1,895 metres to test the double conductor set which had returned anomalous radioactivity in past work. One hole intersected elevated radioactivity, at 250 to 1100 cps, over 12 metres very near surface. Assay results from this core returned a maximum of 0.13% U_3O_8 over 1.0 metre. Further work is warranted; however, no work was carried out in 2011 or is planned for 2012.

Other Denison Projects

Denison also has several other projects located in the Athabasca Basin. These projects include: Brown Lake (75% Denison, 25% Freeport-McMoRan Copper & Gold Inc.); Cigar Lake South (75% Denison, 25% JNR), Crawford Lake (75% Denison, 25% Freeport-McMoRan Copper & Gold Inc.); Epp Lake (100% Denison); Jasper Lake (100% Denison); Key Lake South (100% Denison); Kirsch Lake (52% Denison, 48% Abaddon Resources Ltd.); North Wedge (51% Denison, 49% JNR); Perpete Lake (100% Denison); Russell Lake (37.82% Denison, 57.18% Cameco, 5% Mr. W. Boyko); and Stevenson River (100% Denison).

No work has been carried out on these projects over the past three years and no work is planned in 2012.

JNR Operated Projects

JNR and the Company are involved on three projects, Kelic Lake, Lazy Edwards and South Dufferin, on which JNR is the operator. On these projects ground geophysical surveys were carried out on a variety of locations in 2009. No additional work was carried out in 2010 or 2011.

No work is planned on the Kelic Lake properties in 2012. On the South Dufferin project, where Denison's interest is 57.3%, a 1,400 metre drill program is planned for the summer of 2012. The drill program will be targeting geophysical conductors identified from the 2010 airborne survey. On the Lazy Edwards project, JNR is planning 1,200 metre drill program in the summer of 2012. Denison is not funding the Lazy Edwards exploration programs and as a result is diluting its interest on this project. At the present time, Denison's interest on the Lazy Edwards project is 54.1%.

Gold Property

Denison holds a 100% interest in a gold prospect at Talbot Lake in Ontario. 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

Denison holds exploration properties in the Colorado Plateau, White Canyon, and Arizona Strip Districts. Exploration drilling has been conducted in the Colorado Plateau District in recent years, with the majority of the work directed to brown fields drilling to extend active mining areas.

In the Colorado Plateau District, Denison exploration projects include extensions of the geologic trends in the vicinity of the Sunday Mines Complex. Properties are also held which cover areas that are favorable for exploration for new discoveries for Salt Wash uranium/vanadium deposits similar to the Sunday Mines area deposits.

The majority of 2010 drilling in the U.S. was directed to the Beaver Mine area. A total of 62 holes totalling 13,755 metres (45,129 feet) were completed along known trends and in areas between mineralized pods where historical drilling is limited. A new mineralized channel was delineated parallel to active mining in the west Beaver area; the new zone is approximately 300 metres long. Eleven holes totalling 1,963 metres (6,440 feet) were drilled in advance of active mine areas at the Pandora mine. Results of this drilling were negative, and future drilling will focus on stepping out to new target areas further removed from current mining areas.

Drilling in the Beaver mine and Redd Block areas in 2011 totaled 15,510 metres (50,889 feet) in 68 holes, which includes nine monitoring wells installed at Redd Block for baseline data collection and future groundwater monitoring. Two new areas of mineralization were discovered which can be accessed from existing mine workings. These mineral resources more than replaced production from the Beaver mine area in 2011.

In 2012, the Company is planning three drill programs in the vicinity of the Pandora, Beaver and Redd Block areas. In total, the program is anticipated to drill 20,125 metres.

In the Arizona Strip District, Denison holds 100% interest in several claims blocks, all of which host confirmed breccia pipes features. Mineralization has been encountered in past drilling on a number of these features, and additional deep drilling is required to confirm mineral resources. Denison plans to drill six deep exploration holes, to confirm a known discovery and to support mineral resource estimation, on a breccia pipe known as DB-1. The DB-1 pipe, as well as nearly all of the known breccia pipes exploration targets on Denison held lands in the Arizona Strip District, is within the area withdrawn by the U.S. Department of Interior. Drilling at DB-1 in 2012 is contingent upon Denison resolving its right to a valuable mineral discovery under BLM Mineral Examination requirements. The work to support the Mineral Examination is proceeding.

The White Canyon District includes claims and Utah State leases covering historical mineral deposits in the Elk Ridge and Deer Flats areas. Exploration Notices for surface drilling were obtained by UEC for the Geitus, Blue Jay, and Marcy Look areas. Denison is evaluating historic information on these areas to assess plans for exploration drilling.

Exploration Notices have also been approved for brown fields drilling around the Daneros mine. These Notices cover the Daneros and the Lark and Royal claim areas. Denison is reviewing plans for additional surface drilling in the Daneros mine area.

Mongolia

Activity by the GSJV generally slowed in 2010 due to uncertainties regarding joint venture ownership and structure as a consequence of the enactment of the New Law. Work proceeded on environmental programs, most notably the finalization and submittal to relevant agencies of a Detailed Environmental Impact Assessment for the Hairhan ISR project with a satellite ISR project for Haraat on resources below the water table. The Prefeasibility Study submitted in early 2009 was placed on hold in 2010 in order to update and revise the study to meet Mongolian standards for a “final” Feasibility Study.

Drilling in 2010 was limited in scope to focus on essential priorities and to meet annual exploration work requirements. At Hairhan, three holes totalling 653 metres were drilled to test deep extension of known mineralization; results were encouraging as a possible new target has been located. In the Choir Depression, 1,998 metres of drilling was conducted to continue extension of the new mineralized trend developing along the east margin of the licence area. At Gurvan Saihan, infill drilling of 1,356 metres was completed, which supported preparation of an initial resource estimate, in accordance with Russian methods and Mongolian standards. At year end the resource estimate was submitted to the Mineral Resource Committee of the Ministry of Mineral Resources and Energy. Confirmation and extension drilling totalling 3,509 metres were conducted on three discoveries in the Ulziit licence.

In 2011, drilling totaling 50,958 metres was completed primarily to fulfill annual exploration requirements and to collect necessary data to support resource estimates required to meet Mongolian standards. An updated resource report for the Gurvan Saihan license was submitted to the Ministry of Mineral Resources and Energy, and the initial resource report was submitted for the Ulziit license. Both resource estimates were prepared in accordance with Russian methods and Mongolian standards.

In 2012, a 17,500 metre drill program is planned for the Urst Tsav and Ulziit licence areas, which will follow up on the discoveries made in 2011.

Mutanga

During 2009, Denison focused on the consolidation and re-evaluation of geological and geophysical data. 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. This work continued through 2010 as well as some regional studies.

In 2010, Denison continued to advance Mutanga in preparation for a significant work program in 2011.

A two phase drill program was carried out by Denison in 2011 under which approximately 15,370 metres were drilled on several radiometric anomalies along the corridor between the Mutanga and Dibwe deposits. The results of the 2011 program enabled the completion of an estimate of the mineral resources, in accordance with NI 43-101, which significantly increased the resource of the Mutanga project (see “Mineral Properties – Mutanga”). The program also identified deeper higher grade uranium mineralization.

The 2012 exploration program is focused on continued drilling to further increase the resource. The program is planned to be a 15,000 metre diamond and reverse circulation drilling program with reconnaissance field work. Phase I drilling is estimated to total 12,250 metres and will focus on eight prospects within a 15 kilometre radius of the Mutanga main deposit.

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 very accurate 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 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 drill hole. These samples are collected systematically down the drill hole at intervals in the 5.0 to 10.0 metre range. Three to five selected samples of less than 5 centimetres are composited to make up this sample.
- 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 analysis.
- 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, the core boxes are 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 analyses (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.

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 or metal 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 uranium levels. 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 QA/QC 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 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 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 QA/QC 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 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 61.1 millimetres. For zones selected for laboratory analyses, one half of the core will normally be used and the other half retained. The maximum length of core submitted is usually 0.5 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 ALS Chemex Laboratory in Johannesberg, South Africa. Samples are transported in a dedicated truck from Zambia to Johannesburg, South Africa where ALS Chemex operates a dedicated sample preparation facility. The sample is crushed, pulped and homogenized and a sample pulp representing 5.0% of the sample is sent to a secondary laboratory, Setpoint Laboratory (Africa Mineral Standard Group, which is fully certified and accredited for XRF Pressed Disc Analysis by South African standards. The Setpoint Laboratory Group is an ISO7025 accredited laboratory.

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.

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 (RS 125 Super Gamma Ray Scintollometer), 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 QA/QC 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$100.0 million and Cdn$200.0 million and 0.2% per annum based upon UPC's net asset value in excess of Cdn$200.0 million; c) a fee of Cdn$200,000 upon the completion of each equity financing where proceeds to UPC exceed Cdn$20.0 million; 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$20.0 million ("**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 2011, DMI earned an aggregate of $1.913 million in management fees and commissions as manager of UPC.

Denison Environmental Services

DES was formed in 1997 to provide mine decommissioning and mine care and maintenance services to industry and government, as well as to manage Denison's post mine closure environmental obligations on its Elliot Lake landholdings. Over the last few years the focus of DES has changed from mine decommissioning to post-closure mine care and maintenance services and currently 93% of DES's business comes from these post-closure mine care and maintenance services. DES is headquartered in Elliot Lake, Ontario.

The primary activities of DES in 2011 were: providing the ongoing monitoring of Denison's two closed Elliot Lake mine sites; environmental monitoring, effluent treatment and maintenance services for Rio Algom Ltd.'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 and Whistle Mine in northern Ontario; and the care and maintenance of a closed base metal mine at Les Mines Selbaie in Quebec.

In 2011, 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 regarding the Company's compliance and the results of the Company's monitoring.

Canada

McClean Lake

The McClean Lake facility operated continuously from 1999 until early July 2010 when it was placed on stand-by under active care and maintenance. Hydraulic containment of the TMF was consistently maintained throughout the year. There were no lost time accidents and seven reportable spills, all of which were minor in nature and successfully remediated. There were no action level exceedances during the year. All radiological monitoring was conducted in accordance with the routine schedule. The facility has maintained its internationally recognized ISO 14001:2004 and OHSAS 18001certification.

Decommissioning

The McClean operation and the Midwest project are combined under a single Operating Licence issued by the CNSC. The 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 2011, the treatment plants operated as planned and all environmental targets were met. Monitoring and other remediational expenses were Cdn$0.8 million for the year. Monitoring costs for 2012 are budgeted to be Cdn$0.6 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 2017.

All activities and monitoring results are reviewed regularly by the CNSC and the Elliot Lake Joint Regulatory Group, which consists of federal and provincial regulators.

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 sufficient funds in the Reclamation Trust to meet six years of cash requirements.

Denison Environmental Services

DES has maintained its internationally recognized ISO 9001:2008 certification which is a certification for Quality Management Systems. In 2011, DES had four lost time accidents.

Exploration

The Denison exploration office in Saskatchewan had no lost time accidents in 2011. All required permits were obtained, and the exploration sites were remediated as required.

United States

White Mesa Mill

The White Mesa mill processed conventional ore through June 2011, at which time processing ceased for maintenance work. Conventional ore processing resumed in November of 2011. The alternate feed circuit was operating throughout 2011. The mill operations registered one lost time accident in 2011, ending the mill's record of 1.6 million man-hours 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 2011. Denison is continuing to work with the State of Utah to develop a long-term Corrective Action Plan. A draft Corrective 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.

In 2008, elevated concentrations of nitrate and chloride were observed in some monitoring wells at the mill site, a number of which are 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 reviewed the Report and concluded that further investigations were required before UDEQ can determine the source of the contamination or assign the responsibility for clean up. Such investigations were performed in 2010 and 2011, but were considered to be inconclusive by UDEQ. As a result, after over two years of investigation, it has been determined that there are site conditions that make it difficult to ascertain the source(s) of contamination at the site, and that it has therefore not been possible to date to determine the source(s), causes(s), attribution, magnitudes of contribution, and proportion(s) of the local nitrate and chloride in groundwater. For those reasons, UDEQ has decided that it cannot eliminate mill activities as a potential cause, either in full or in part, of the contamination. The Company and UDEQ have therefore agreed that resources will be better spent in developing a Corrective Action Plan, rather than continuing with further investigations as to the source(s) and attribution of the groundwater contamination. Pursuant to a revised Stipulated Consent Agreement, the Company submitted to UDEQ in November 2011 a draft Corrective Action Plan for remediation of the contamination, which involves a program of pumping the nitrate contaminated groundwater to the mill's tailings cells, similar to the chloroform remedial program. UDEQ is currently reviewing the proposed Corrective Action Plan. Although the 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.

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 $19.4 million, and financial assurances are in place for the total amount.

U.S. Mines

During 2011, the Company had four active mining operations, two in Utah and two in Arizona. There were five mines which were on care and maintenance.

In 2011, Denison's Arizona 1 mine received the 2010 U.S. Department of Labor's MSHA Sentinels of Safety Award in the small underground metal mine category. In 2010, the Arizona 1 mine personnel worked a total of 56,417 injury-free hours. Denison's recently acquired Daneros uranium mine in Utah was recognized as a runner up with a total of 23,674 injury-free hours. The Sentinels of Safety Award acknowledges the men and women at those mines in the United States that have worked the most employee-hours without experiencing a lost-time injury.

There were two lost time accidents at the mining operations in 2011.

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 2011 drilling and other field programs. Basic first aid and safety training programs were implemented in Mongolia in 2009. These programs involve both Company personnel and contractors. In addition, field personnel were trained in safe handling of core samples (radiological material) in accordance with Mongolian requirements. Annual reports are provided to agencies responsible for tracking compliance by entities involved with handling radioactive materials.

Zambia

There were no medical aid or lost time accidents during the 2011 drilling and other field programs. In addition there were no environmental exceedences or matters.

Employees

At December 31, 2011, the Company had a total of 406 active employees, of which 92 (27 hourly) are in Canada, 216 (147 hourly) in the United States, 7 are in Mongolia and 91 (80 hourly) are 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 77 additional personnel to the White Mesa 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**"). 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.

The export of uranium is regulated by the Canadian federal government which establishes nuclear energy policy. Denison's uranium exports are required to have export licences and export permits granted by the CNSC and the Department of Foreign Affairs and International Trade respectively.

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 Material 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. A draft renewal licence was published for comment by UDEQ in the 4th quarter of 2011. UDEQ is currently in the process of reviewing the public comments. Denison expects that the renewed license will be issued by UDEQ in 2012. 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 groundwater discharge permit (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 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. The GWDP came up for renewal in 2010, and is currently in the renewal process. During the period that the State is reviewing the GWDP renewal application, the mill can continue to operate under its existing GWDP.

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

Denison is required to have export licences issued by the NRC for its uranium exports. Such licences are obtained by the Company as required.

Land Tenure

Canada

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 right to mine minerals in Saskatchewan is acquired under a mineral lease from the province (a " **Mineral Lease**"). A Mineral 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 Mineral Lease. A Mineral 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 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.

On July 9, 2009, BLM issued a Notice of Proposed Withdrawal (" **2009 Notice**") under which it proposed that a total of approximately one million acres of public lands around the Grand Canyon National Park be withdrawn from location and entry under the Mining Law of 1872 (the "**Mining Law**"), subject to valid existing rights. In the 2009 Notice, BLM stated that the purpose of the withdrawal, if determined to be appropriate, would be to protect the Grand Canyon watershed from any adverse effects of locatable hardrock mineral exploration and mining. The 2009 Notice segregated the lands from location and entry under the mining laws for up to two years to allow time for various studies and analysis, including appropriate National Environmental Policy Act ("**NEPA**") analysis. In order to allow more time for BLM to complete its NEPA analysis, the U.S. Department of the Interior published Public Land Order 7773 on June 21, 2011, which effected a six-month emergency withdrawal of the area. The emergency withdrawal prevented the lands from opening to location and entry under the Mining Law upon expiration of the two-year segregation while the Department completed the decision–making process on the proposed withdrawal. The emergency withdrawal became effective on July 21, 2011, and was to end on January 20, 2012. During the two-year segregation and six month emergency withdrawal, the BLM, along with its cooperating agencies, completed various studies and analyses of resources in the withdrawal area, including an Environmental Impact Statement (EIS) under NEPA. These studies and analyses were undertaken to provide the basis for the final decision regarding whether or not to proceed with the proposed withdrawal or to select an alternative action. Based on this analysis, on January 9, 2012, the Department of the Interior announced its final decision to withdraw from location and entry under the Mining Law, subject to valid existing rights, the total of approximately one million acres of lands originally proposed in the 2009 Notice, for a 20-year period. Lawsuits challenging this decision have been filed by various industry groups and interested parties.

No new mining claims may be filed on the withdrawn lands and no new plans of operations may be approved, other than plans of operations on mining claims that were valid at the time of withdrawal and that remain valid at the time of plan approval. Whether or not a mining claim is valid must be determined by a mineral examination conducted by BLM or the U.S. Forest Service, as applicable. The mineral examination, which involves an economic evaluation of a project, must demonstrate the existence of a locatable mineral resource and that the mineral resource constitutes the discovery of a valuable mineral deposit.

All of the Company's Arizona Strip properties, with the exception of its Moonshine Springs property, are located within the withdrawn lands. BLM is currently undertaking a mineral examination on the Company's EZ Complex, in conjunction with its review of the Company's proposed PO for that project. Mineral examinations are not required for the Company's Arizona 1 and Pinenut mines, which have previously approved POs and are currently undergoing mining activities. Although the Company's Canyon mine also has an approved PO, and a mineral examination is not required, the U.S. Forest Service has elected to perform a mineral examination on that project, which is expected to be completed in the 2nd quarter of 2012.

The Company believes that all of its material Arizona Strip projects are on valid mining claims that will each withstand a mineral examination. However, there can be no guarantee that a mineral examination would not result in one of more of the Company's mining claims being considered invalid, which could prevent a project from proceeding.

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 Royalty 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. When Denison's remaining capital recovery banks have been utilized, tiered royalties would become payable in accordance with the following:

Average Price Cdn $ per Kilogram of U_3O_8[1]	Adjusted Average Price Cdn $ per Pound U_3O_8[2]	Tiered Royalty as a % of Revenues within the Bracket
Up to $30	Up to $18.05	0%
$30 to $45	$18.05 to $27.07	6%
$45 to $60	$27.07 to $36.09	10%
More than $60	More than $36.09	15%

(1) 1999 bracket value to be indexed annually
(2) Bracket value adjusted to 2011

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. In 2011, taxable income was subject to federal taxes at a rate of 16.5%, and provincial taxes in Saskatchewan, Ontario, Quebec, British Columbia and the Yukon Territory at rates varying between 10% and 15%. Taxable income is allocated between provinces/territories based on a two point average of the proportion of salaries and revenues attributable to each province/territory. Denison expects that it will not be liable for Canadian income taxes on a current tax basis for the financial year ended 2011. As a resource corporation in Saskatchewan, Denison is also subject to a resource surcharge of 3% of the value of resource sales.

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 have been renounced to shareholders and are not available to Denison as a tax deduction.

U.S. Income and Other Taxes

Denison's subsidiaries in the United States are subject to federal and state income taxes. For federal tax purposes, corporate taxpayers are subject to either regular income tax or 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 rate of 20%, as compared with regular taxable income, which is taxable at a 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 2011, 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 income tax (at rates varying from 4.63% to 9.99%), property tax and sales taxes in various states.

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.

Audit / Review by Taxing Authorities

From time to time, Denison is subject to audit / review by various taxing authorities in the above noted jurisdictions. Denison is currently under audit, or an audit is scheduled to occur within the next 12 months, in Canada. Denison does not expect that an audit or review by the Canada Revenue Agency or any of the provincial taxing authorities, in respect of any of the above noted income or other taxes, will result in a material adverse impact to the Company.

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, 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 Market Prices

Because the majority of Denison's revenue is 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 mineral reserves and the market price of the 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, public and political response to a nuclear incident, 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.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, including the risk of a nuclear incident, the industry is subject to public opinion risks that could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. 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.

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 uranium mining companies, 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 Mineral Reserves and Resources

Denison's mineral reserves and resources at its McClean Lake, Midwest, Wheeler River, Arizona Strip, EZ Complex, Colorado Plateau, Henry Mountains, GSJV and Mutanga and Dibwe projects are Denison's sources of uranium concentrates. Unless other mineral 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 mineral reserves and resources are depleted. There can be no assurance that Denison's future exploration, development and acquisition efforts will be successful in replenishing its mineral reserves and resources. In addition, while Denison believes that many of its properties 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 Mineral Reserve and Resource Estimates

Mineral 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 mineral 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 mineral reserve and resource estimates included are well established and reflect management's best estimates, by their nature, mineral reserve and resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. Furthermore, market price fluctuations, as well as increased capital or production costs or reduced recovery rates, may render mineral reserves and resources containing lower grades of mineralization uneconomic and may ultimately result in a restatement of mineral reserves and resources. The evaluation of mineral reserves or resources is always influenced by economic and technological factors, which may change over time.

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.

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 Innovation and Obsolescence

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

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 Métis.

The validity of unpatented mining claims on U.S. public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, Denison's U.S. properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the attendant risk that there may be defects in its title. In addition, the Secretary of the Interior has withdrawn certain lands around the Grand Canyon National Park from location and entry under the Mining Laws. All of the Denison's material Arizona Strip properties are located on these withdrawn lands. No new mining claims may be filed on the lands and no new plans of operations may be approved, other than plans of operations on mining claims that were valid at the time of withdrawal and that remain valid at the time of plan approval. Whether or not a mining claim is valid must be determined by a mineral examination conducted by BLM. The mineral examination, which involves an economic evaluation of a project, must demonstrate the existence of a locatable mineral resource and that the mineral resource constitutes discovery of a valuable mineral deposit. Denison believes that all of its material Arizona Strip projects are on valid mining claims that would withstand a mineral examination and that, as a result, none of its material Arizona Strip projects would be significantly impacted by the withdrawal. Further, certain of those projects have approved plans of operations which, absent notification, would not require a mineral examination. However, there can be no guarantee that the mineral examinations on Denison's Arizona strip properties would not result in one or more of Denison's mining claims being considered invalid, which could prevent a project from proceeding.

There is also a risk that Denison's title to, or interest in, its properties outside the United States may be subject to defects or challenges. This may be true particularly in countries outside North America, where there may be less developed legal systems or where ownership interests may become subject to political interference or changes in laws. If such defects cover a material portion of Denison's property, they could materially and adversely affect Denison's results of operations and financial condition, its reported mineral reserves and resources or its long-term business prospects.

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 mineral 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 mineral 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 mineral 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 mineral 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 mineral 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 reserves and resources 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. As an example, in July 2009, the Parliament of Mongolia enacted the New Law, which granted authority to the Mongolian Nuclear Energy Agency and created a framework for all aspects of uranium resource development in Mongolia.

The GSJV was formed in 1994 by EFN, the Government of Mongolia and Geologorazvedka, a Russian entity, with Denison holding a 70% interest in the GSJV and the Mongolian and Russian participants each holding a 15% interest. There are a number of provisions under the New Law that will significantly 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 hold a 34% to 51% interest in each uranium property, depending on the amount of historic exploration on the property that was funded by the Government of Mongolia, at no cost to the Government. Denison is currently in the process of restructuring the GSJV to meet the requirements of the New Law, pending government reviews and authorizations. In preparation for this restructuring, the Company acquired the Russian participant's share in the GSJV for nominal cash consideration and release of the Russian participant's share of unfunded joint venture obligations.

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.

Mining companies are often targets of actions by non-governmental organizations and environmental groups in the countries in which they operate. Such organizations and groups may take actions in the future to disrupt Denison's operations. They may also apply pressure to local, regional and national government officials to take actions which are adverse to Denison's operations. Such actions could have an adverse effect on Denison's ability to produce and sell its products, and on its financial position and results.

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.

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.

Disclosure and Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

Potential Influence of KEPCO

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 the 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 the 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 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.

Common Shares

The holders of Common Shares of the Company 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 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, 2011, Denison had an aggregate of 384,660,915 Common Shares issued and outstanding. As at the date hereof, Denison had an aggregate of 384,660,915 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”.

Warrants

On March 1, 2006, DMI issued 2,225,000 common share purchase warrants (the “ **Warrants**”) with a five year term. As part of the Denison Arrangement, the Company agreed to assume the obligations relating to the Warrants and to issue Common Shares to holders upon exercise. Accordingly, effective December 1, 2006, each Warrant entitled the holder to acquire 2.88 Common Shares at a price of Cdn$30.00. Except as stated, no other terms of the Warrants were changed.

The Warrants were listed on the TSX and traded under the symbol “DEN.WT.A”. On March 1, 2011, the Warrants expired and no Warrants were exercised prior to their expiry.

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 Facility.

Market for Securities

Price Range and Trading Volume of Securities

The following table sets forth certain trading information for the months indicated in respect of the Common Shares as reported by the TSX:

Month	Price Range (Cdn$)	Trading Volume
2011		
January	$2.80 - $3.76	54,396,080
February	$3.52 - $4.44	60,590,219
March	$2.03 - $3.75	93,137,660
April	$2.14 - $2.48	23,187,044
May	$1.92 - $2.39	19,950,396
June	$1.61 - $2.32	16,336,088
July	$1.74 - $2.08	16,549,038
August	$1.36 - $2.02	19,690,468
September	$1.06 - $1.61	12,849,796
October	$0.87 - $1.68	18,272,399
November	$1.24 - $1.62	19,974,226
December	$1.23 - $1.59	15,129,831

The following table sets forth certain trading information for the months indicated in respect of the Warrants as reported by the TSX:

Month	Price Range (Cdn$)	Trading Volume
2011		
January	$0.01 - $0.35	11,729
February	$0.005 - $0.03	11,949

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 [2] Seoul, Korea	Executive Vice President and Chief Global Business of KEPCO since 2009; prior: Director and General Manager of Korea East-West Power Co., Ltd., from 2004-2008.	2009
JOHN H. CRAIG [3] Ontario, Canada	Lead Director of the Board of the Company; Lawyer, Partner, Cassels Brock & Blackwell LLP, a business and litigation law firm based in Ontario.	1997
W. ROBERT DENGLER[2, 4, 5] Ontario, Canada	Corporate Director since 2006; prior: Vice-Chairman and Director of Dynatec Corporation in 2005; President and Chief Executive Officer of Dynatec Corporation.	2006

Name and Province and Country of Residence	Principal Occupation and Employment for Past Five Years	Director Since[1]
BRIAN D. EDGAR[3, 6, 7] British Columbia, Canada	Chairman of Silver Bull Resources Inc., a mineral exploration company listed on both NYSE Amex and the TSX, since 2011, and President and Chief Executive Officer of Dome Ventures Corporation, now a subsidiary of Silver Bull Resources Inc., since 2005.	2005
RON F. HOCHSTEIN[2] British Columbia, Canada	President and Chief Executive Officer of the Company since 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
TAE-WAN KIM Seoul, Korea	Director of the Power Generation Department of Korea Hydro and Nuclear Power Co. Ltd. ("**KHNP**"), a subsidiary of KEPCO, since December 2008; prior: General Manager of KHNP's Ulchin Nuclear Power Plant from 1995 – 2008.	2010
LUKAS H. LUNDIN British Columbia, Canada	Chairman of the Board of the Company; Mining Executive.	1997
WILLIAM A. RAND[4, 6] British Columbia, Canada	Director of Rand Edgar Investment Corp., a private investment company based in British Columbia.	1997
CATHERINE J. G. STEFAN[3, 6, 8] 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 General Meeting of the shareholders to be held on May 10, 2012.
(2) Member, Environment, Health and Safety Committee
(3) Member, Corporate Governance and Nominating Committee
(4) Member, Compensation Committee
(5) Chair, Compensation Committee and Environment Health and Safety Committee
(6) Member, Audit Committee
(7) Chair, Corporate Governance and Nominating Committee
(8) 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 since 2006; prior: Executive Vice President and Chief Financial Officer of DMI from 2004 – 2006.
PHILIP G. BUCK Colorado, U.S.A.	Vice President, Mining since 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 since 2006; prior: Vice President, Marketing and Special Projects of DMI from 2004 – 2006.

Name and Province and Country of Residence	Position with Denison and Employment for Past Five Years
DAVID C. FRYDENLUND Colorado, U.S.A.	Vice-President, U.S. Legal and Regulatory Affairs and Corporate Secretary since 2010; 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.
HAROLD R. ROBERTS Colorado, U.S.A.	Executive Vice President, U.S. Operations since 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 since 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, 2,829,382 Common Shares or less than one percent of the Common Shares 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

Other than as referred to below, no director or officer of the Company:

(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 were directors of New West Energy Services Inc. (" **New West**") (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. Mr. Rand is still a director of New West, while Mr. Edgar resigned in August 2009.

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, 2011, the Company incurred management and administrative service fees of $176,000 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, 2011.

In December 2010, the independent directors of the Board approved a donation by Denison of $658,000 to the Lundin Foundation, a not-for-profit organization with a common director. The Lundin Foundation has programs in Zambia and Mongolia, as well as other countries. This donation was made in 2011.

Two of Denison's directors, Messrs. Chang and Kim, are employed by KEPCO. Through its corporate holdings, KEPCO is a significant shareholder of the Company, with approximately 15.08% 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 or Mr. Kim. 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 or Mr. Kim as of the date hereof, the interests of KEPCO as shareholder of Denison and KEPCO's business relationships with Denison may place Mr. Chang or Mr. Kim in a position of conflict as directors 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 26, 2012 (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
Brian D. Edgar	Yes	Yes	• Law degree, with extensive corporate finance experience • Held position of President and Chief Executive Officer of a public company from 2005 to current. • Has served on audit committees of a number of public companies
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
Catherine J.G. Stefan, Chair of the Audit Committee	Yes	Yes	• Chartered Accountant (ICAO) • B.Comm • Held position of Chief Operating Officer, 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).

(1) 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.

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: $0.989 for 2011 and $1.030 for 2010. 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, 2010	$ 506,238	$ 142,689	$ 28,075	$ 158,010
December 31, 2011	$ 540,952	$ 178,346	$ 37,516	$ 53,079

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 and tax return preparation.

(4) The aggregate fees billed for professional services other than those listed in the other three columns. For 2010, "All Other Fees" relates to the Company's equity financing during the year and work in connection with the adoption of International Financial Reporting Standards. For 2011, "All Other Fees" relates to the Company's equity financing during the year.

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, which is approved by the Board and 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 Corporate Governance Practices section of 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, a foreign private issuer is permitted to follow home country practice except with respect to certain rules, with which Denison complies.

LEGAL AND REGULATORY PROCEEDINGS

Except as described below, the Company is not currently a party to, nor was it a party to during the last financial year, and none of the Company's property is or was the subject of, any material legal proceedings, and the Company knows of no such legal proceedings that are contemplated. However, from time to time, the Company may become party to routine litigation incidental to its business. DMI has provided certain indemnities in favour of Denison Energy Inc. against any future liabilities it may incur related to the assets and liabilities transferred to DMI on March 8, 2004. See "Risk Factors – Indemnities".

Arizona 1 Licence Challenge

On November 16, 2009, as amended on February 1, 2010 and July 22, 2011, the Center for Biological Diversity, Grand Canyon Trust, Sierra Club, Kaibab Band of Paiute Indians and Havasupai Tribe (the "Plaintiffs") filed a lawsuit in the U.S. District Court for the District of Arizona 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 October 7, 2011, the District Court issued its final ruling in favor of BLM and Denison and against the Plaintiffs on all counts. On November 28, 2011, the Plaintiffs appealed the District Court's ruling to the Ninth Circuit Court of Appeals, and on December 8, 2011 filed a motion in the District Court for preliminary injunction, pending appeal. That motion was denied by the District Court judge on January 11, 2012. On January 26, 2012, the Plaintiff's filed an emergency motion for an injunction pending appeal in the Court of Appeals, which was denied by the Court of Appeals on February 24, 2012. If the Plaintiffs are successful on the appeal, the Company may be required to stop mining activities at the Arizona 1 mine pending resolution of this matter. Any required stoppage of mining could have a significant adverse impact on the Company.

McClean Lake CNSC Licence Challenge

On August 6, 2009, 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 initial hearing on this matter was held on June 8, 2010 and the judge issued his decision in September 2010, dismissing the application. ARG appealed this decision; however, on March 5, 2012, the Federal Court of Appeal unanimously dismissed ARG's appeal. ARG now has 60 days to seek Leave to Appeal to the Supreme Court of Canada. Since the mill is currently on standby, operations are not expected to be affected as a result of these legal proceedings; however, an adverse decision by the court could have an impact on the timing of the Company's future production.

La Sal Complex

On July 12, 2011, an Administrative Law Judge was appointed by the Executive Director of the Utah Department of Environmental Quality ("UDEQ") to conduct an adjudicative proceeding relating to a Request for Agency Action before the Utah Air Quality Board, submitted by Uranium Watch and Living Rivers on November 4, 2010, as supplemented on March 17, 2011, March 23, 2011 and April 7, 2011. In their Request for Agency Action, Uranium Watch and Living Rivers allege certain deficiencies in the applications for approval and in the approvals granted in connection with radon emissions and monitoring at Denison's La Sal mines complex, as well as certain deficiencies in Denison's implementation of its radon monitoring program at the mine and in UDEQ's regulation thereof. Uranium Watch and Living Rivers request a number of agency actions, including orders that certain approvals be withdrawn, that additional information and applications be submitted, that Denison cease operation of certain vents, mine portals and mine shafts that allegedly have not been properly approved, and that direct UDEQ to take certain actions to ensure compliance with applicable regulations. Motions for summary dismissal of this action were filed by UDEQ and Denison In November 2011. On February 8, 2012, the Administrative Law judge issued a Memorandum and Recommended Order, in favor of UDEQ and Denison, recommending that the Utah Air Quality Board, the final arbiter in this matter, dismiss this action. The Utah Air Quality Board heard this matter on March 7, 2012, affirmed the judge's decision and dismissed this action.

On February 17, 2012, Uranium Watch and Living Rivers filed a Notice of Appeal and Petition for Stay with the Interior Board of Land Appeals ("**IBLA**"), relating to a January 18, 2012 response by BLM to a request for information made by Uranium Watch and Living Rivers. In that request, Uranium Watch and Living Rivers asked BLM to confirm, among other things, that the existing Plan of Operations and related Environmental Assessment for a portion of the La Sal Mines Complex are sufficient under BLM regulations and NEPA. In responding to that request, BLM stated that the Plan of Operations is sufficient, that no new decisions have been made and that the related Environmental Assessment is sufficient until a new decision needs to be made. Uranium Watch and Living Rivers have alleged that this response by BLM constitutes an appealable "decision" by BLM and have requested a stay of operations at the La Sal mine pending a decision by IBLA on the appeal. Denison was added as an intervener in this action on March 7, 2012. Both BLM and Denison have filed responses and motions to dismiss this action for lack of standing, on the basis that an appealable decision has not been made by BLM. A decision from IBLA is pending at this time.

Daneros

On July 28, 2011, the Southern Utah Wilderness Alliance filed a Notice of Appeal with the IBLA challenging BLM's FONSI for the Company's recently acquired Daneros Mine project's Environmental Assessment, requesting that IBLA set aside the FONSI and remand the Environmental Assessment to the BLM with instructions to prepare an Environmental Impact Statement or to revise the Environmental Assessment. Denison has been added as an intervenor in this action, and believes this challenge is without merit and should be dismissed. Responses were filed by BLM and Denison in early December 2011, and a decision from IBLA is pending at this time.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as disclosed in this AIF, no director or executive officer of Denison, 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, direct or indirect, 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. 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, 2010 and December 31, 2011 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 KEPCO SRA made as of June 15, 2009 among the Company, KEPCO and KEPCO Canada Uranium Investment Limited Partnership.

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 KEPCO 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 Cdn$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

The Company's independent auditor is PricewaterhouseCoopers LLP, Chartered Accountants, Licensed Public Accountants, who have issued an independent auditor's report dated March 8, 2012 in respect of Denison's consolidated financial statements as at December 31, 2011 and 2010 and for each of the years ended 2011 and 2010 and the Company's internal control over financial reporting as at December 31, 2011. PricewaterhouseCoopers LLP has advised that it is independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario and Public Company Accounting Oversight Board Rule 3520 Auditor Independence.

Lawson Forand, P. Geo, the Exploration Manager 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 has verified the data disclosed therein. To the knowledge of Denison, Lawson Forand is the registered or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

Mark B. Mathisen, P.G., Senior Project Geologist of Denison Mines (USA) Corp., 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 Zambia, and has verified the data disclosed therein. To the knowledge of Denison, Mark Mathisen is the registered or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

Terry V. Wetz, P.E., 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, and has verified the data disclosed therein. To the knowledge of Denison, Terry V. Wetz is the registered or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

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

- Arizona Strip 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.;
- The 2007 Mongolia 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.;
- Henry Mountains Tony M – Southwest Technical 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 2011 Mongolia Report dated March 23 , 2011 by Hrayr Agnerian, M.Sc. (Applied), P. Geo. and William E. Roscoe, Ph.D., P.Eng.

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

The Mutanga and Dibwe Report dated 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 mineral resources in accordance with the requirements of NI 43-101.

The Phoenix Report dated November 17, 2010 was prepared by Gilles Arseneau, Ph.D., P.Geo. and Cliff Revering, P.Eng. of SRK, which was retained to independently review and audit the mineral 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 RPA Inc. (formerly Scott Wilson RPA), Geostat, CSA Global and SRK 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 RPA Inc., Geostat, CSA Global and SRK are the registered or beneficial owner, directly or indirectly, of less than one percent of the outstanding Common Shares.

The Dibwe East Report dated March 27, 2012 was prepared by Mark B. Mathisen, B.Sc., P.G. of Denison Mines (USA) Corp. and audited by William E. Roscoe, Ph.D., P.Eng. of RPA Inc. in accordance with the requirements of NI 43-101.

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, is contained in the Circular for the Annual General Meeting of Shareholders to be held on May 10, 2012. Additional financial information is provided in the Company's audited consolidated financial statements and MD&A for the financial year ended December 31, 2011.

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, 2011


Denison Mines Corp.
(Ontario)
100%
White Canyon Uranium Limited
(Australia)
100%
Denison Mines Inc.
(Ontario)
100%
Denison Mines (Bermuda) I Ltd.
(Bermuda)
100%
OmegaCorp Limited
(Australia)
70.1%
Denison Mines Holdings Corp.
(Delaware)
29.9%
100%
OmegaCorp Resources Pty Ltd
(Australia)
100%
Denison Mines Zambia Limited
(Zambia)
100%
Denison Mines (Mongolia) Ltd.
(Bermuda)
70%
Gurvan Saihan Joint Venture
(Mongolia)
100%
Denison Mines Mongolia XXK
(Mongolia)
100%
Denison Mines (USA) Corp.
(Delaware)
100%
Denison White Mesa LLC
(Colorado)
100%
Denison Henry Mountains LLC
(Colorado)
100%
Utah Energy Corporation
(Delaware)
100%
Denison Colorado Plateau LLC
(Colorado)
100%
Denison Arizona Strip LLC
(Colorado)
100%
Denison Properties LLC
(Colorado)

SCHEDULE A

Approved as amended by DMC Board of Directors on March 8, 2012

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; 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 International 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 recommending the appointment of the auditor, the auditor's compensation, retention and termination and for 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.

Historical Estimate

A historical estimate means an estimate of the quantity, grade or metal or mineral content of a deposit that an issuer has not verified as a current mineral resource or mineral reserve, and which was prepare before the issuer acquiring, or entering into an agreement to acquire an interest in the property that contains the deposit.

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 of geoscientists and/or engineers meeting the criteria set out in NI 43-101.

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, 2011
(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 8, 2012 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the year ended December 31, 2011. The audited consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"). 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.

ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Our 2011 consolidated financial statements and other financial information have been prepared using IFRS. The Company has restated its 2010 comparative financial statements and other financial information following its IFRS accounting policies.

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", "be achieved" or "has the potential to".

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; estimates regarding Denison's uranium and vanadium production levels and sales volumes; capital expenditure programs, estimated production costs, exploration and development expenditures and reclamation costs; expectations of market prices and costs; supply and demand for uranium and vanadium; possible impacts of litigation and regulatory actions on Denison; exploration, development and expansion plans and objectives; Denison's expectations regarding raising capital and adding to its mineral reserves and resources through acquisitions and development; and receipt of regulatory approvals, permits and licences 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 28, 2011 available at http://www.sedar.com, and in its Form 40-F available at http://www.sec.gov/edgar.shtml, as well as the following: global financial conditions, the market price of Denison's securities, volatility in market prices for uranium and vanadium; 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 and production; uncertainty as to reclamation and decommissioning liabilities; failure to obtain industry partner and other third party consents and approvals, when required; delays in obtaining permits and licenses for development properties; competition for, among other things, capital, acquisitions of mineral reserves, undeveloped lands and skilled personnel; public resistance to the expansion of nuclear energy and uranium mining; uranium industry competition and international trade restrictions; incorrect assessments of the value of acquisitions; property title risk; geological, technical and processing problems; the ability of Denison to meet its obligations to its creditors; actions taken by regulatory authorities with respect to mining activities; the potential influence of or reliance upon its business partners, and the adequacy of insurance coverage.

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.**

2011 HIGHLIGHTS

- Denison's 2011 production totaled 1,011,000 pounds uranium oxide ("U_3O_8") and 1,290,000 pounds of vanadium blackflake ("V_2O_5").
- Uranium sales were 1,100,000 pounds U_3O_8 at an average price of $58.04 per pound.
- Vanadium sales totaled 1,802,000 pounds V_2O_5 equivalent at an average price of $6.41 per pound.
- Total revenue for the year was $96,800,000 and net loss was $70,869,000 after recording an impairment charge on the US mining segment of $32,625,000.
- At the end of 2011, the Company had 196,000 pounds U_3O_8 available for sale. Based on spot market prices at December 31, 2011, this inventory has a value of $10,136,000.
- Denison is essentially debt-free and has a cash balance of $53.5 million.
- During the year Denison acquired White Canyon Uranium Limited ("WCU"). WCU's key assets are located in southeastern Utah, near Denison's White Mesa mill. Its holdings comprise 100% interests in the Daneros uranium mine which is currently in production, the advanced Lark Royal project and the Thompson, Geitus, Blue Jay and Marcy Look exploration projects.
- The Company continued development of its Pinenut mine in Arizona. Production is expected to commence in mid-2012.
- The Company continued drilling at its 60% owned Wheeler River exploration property in Saskatchewan. The 2011 summer drill program focused primarily on Zone A and was very successful in expanding the potential estimated resources of the Phoenix deposit with the discovery of the "Zone A Extension".
- In Zambia, the Company completed a successful two-phase drilling program at its 100% owned Mutanga uranium project. Based on the results of this drilling, a new resource estimate for the Dibwe East deposit, compliant with National Instrument 43-101 ("NI 43-101"), was announced on February 27, 2012. The new mineral resource estimate is 28.2 million pounds inferred mineral resources, bringing the total mineral resource estimate for the Mutanga project to 2.0 million pounds U_3O_8 measured, 5.8 million pounds indicated and 42.1 million pounds inferred.
- In Mongolia, mining licence applications were submitted on four of the five Gurvan Saihan Joint Venture licence areas.

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, 2006. 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 an intermediate uranium producer with production in the U.S. combined with a diversified development portfolio with projects in the U.S., Canada, Zambia and Mongolia. Denison's assets include 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 also processes 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, White Canyon, 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 itself as an important global uranium producer with annual uranium production of not less than 10 million pounds by 2020. 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, while uranium production is struggling to catch up after many years of low prices and limited exploration for new deposits which are 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, even after the effects of the Japanese nuclear incident are taken into account. Prices must rise to higher, sustained levels to support new mines that are required to meet increasing demand.

Uranium Demand

World net electricity consumption is expected to increase by 87% by 2035, according to the International Energy Outlook 2011 (the "IEO 2011") reference case forecast. Total demand for electricity is projected to increase on average by 2.4% per year from 17.2 trillion kilowatt hours in 2009 to 31.7 trillion kilowatt hours in 2035. This increased demand is driven by economic and population growth, with China and India accounting for over half, and OECD countries making up less than one-fifth. As a result of high fossil fuel prices, energy security concerns, improved reactor designs and climate change concerns, new nuclear capacity is expected to be a significant part of meeting this growth in electricity demand.

As reported by the World Nuclear Association as of January 1, 2012, there are 434 nuclear reactors operable worldwide in 30 countries, generating 370.4 gigawatts of electricity and supplying 13.8% of the world's electrical requirements. Of greater significance, 61 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 46 reactors under construction. China, in particular, has a very aggressive new build program underway. Ux Consulting Company, LLC ("UxCo"), in its "Uranium Market Outlook – Q4 2011", estimated that, by 2025, there will be 573 nuclear reactors in operation worldwide, supplying 548.4 gigawatts. This would represent an increase of nearly 50% in nuclear capacity, with 9 new countries joining the nuclear family. However, as a consequence of the Japanese nuclear incident, most countries, while declaring their support for nuclear power, have called for technical reviews of all safety and security systems of existing nuclear plants and those under construction and a review of the nuclear safety regulations governing the industry. A few countries, such as Germany and Switzerland have already announced that they will be suspending their nuclear programs. It is significant, however, that the governments of China, India, South Korea and Russia have all announced their intention to move ahead with their domestic nuclear plans, albeit following a careful safety review of their nuclear plants, according to UxCo. Some non-nuclear countries are continuing to move ahead with their plans, such as Saudi Arabia which plans to build up to 16 reactors and United Arab Emirates with contracts for 4 reactors. UxCo has estimated in its "Uranium Market Outlook – Q4 2011", that uranium demand will grow from 177.5 million pounds of U_3O_8 in 2011 to 226.4 million pounds in 2020.

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 87% of demand and 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 – Q4 2011" that existing mine production plus new planned and potential mine production will increase primary uranium supply from 141.4 million pounds in 2011 to 225.3 million pounds in 2020. One of the principal drivers for the increase in primary mine production is expected to be Kazakhstan, which is projected to increase production by about 28% between 2011 and 2020. In order to reach these estimated primary uranium supply levels, a number of large new mines, mainly in Africa, will also need to be developed and brought into production. However, prices will need to increase appreciably to support the additional higher cost production and significant capital expenditures required to meet these production forecasts.

Secondary Uranium Supply

Primary mine production currently supplies approximately 87% 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 at the end of 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; however, some government inventories, particularly in the U.S. and Russia, remain. The disposition of these inventories may have a market impact over the next 10 to 20 years; although, 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 uranium prices.

UxCo expects that secondary sources of supply will fall from 45 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. Their electric utilities must secure their required uranium supply by entering into medium- 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 delivery from four to ten years thereafter. In awarding medium- and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's uranium reserves, record of performance and costs, 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.

While long-term demand is steadily growing, short-term demand is affected in a large part by utilities' uncovered requirements. 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 little uncovered demand, so utility buying is primarily discretionary and price driven.

Historically, spot prices are more volatile than long-term prices. The spot price began 2011 at $62.50 rising to the low $70s prior to the nuclear incident in Japan, following which the spot price dropped to $49.00 in August and ended 2011 in the low $50s.

The long-term price ranged from $65.00 per pound U_3O_8 at the beginning of 2011, climbed to $73.00 prior to the nuclear incident, then steadily declined to $63.00 at the end of 2011. Long-term prices are driven more by production costs and future supply-demand forecasts than by customer inventories.

Competition

Uranium production is international in scope and is characterized by a relatively small number of companies operating in only a few countries. Five producers marketed 61% of the estimated world production in 2011.

About 73% of the world's production came from four countries, namely Kazakhstan, Canada, Australia and Niger. Kazakhstan passed Canada in 2009 as the largest producer, a role Canada had held for 17 years.

Marketing Uranium

Denison sells its uranium under a combination of long-term and spot contracts. The long-term contracts have a variety of pricing mechanisms, including fixed prices, base prices adjusted by inflation indices 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. Spot sales are priced at or near published industry spot prices.

In 2011, approximately 50% of Denison's total sales volume was sold under long-term contracts, with the remainder sold in the spot market. The Company currently has three long-term contracts in place. One contract, the KEPCO Offtake Agreement, is for 20% of the Company's annual U_3O_8 production from any production source (±10%) but not less than 350,000 pounds (±10%) per year from 2010 to 2015 inclusive. This agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. The second contract is for delivery of 1,100,000 pounds of U_3O_8 from U.S. or Canadian production over a period of six years beginning in 2011. The third contract is for a quantity which is equal to 20% of the production from the White Mesa mill during the years 2012 to 2017 inclusive, but not less than 200,000 pounds U_3O_8 per year.

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

The Vanadium Market

Vanadium adds strength to high performance steels and strengthens titanium where strength combined with lightness is required for everything from golf clubs to aerospace applications. Demand for vanadium from the steel industry represents approximately 92% of the total demand, while the chemical and titanium alloy industries represent the other major consumers of vanadium with 4% each of the world demand. As the demand for these high strength, high performance steels increases and as new uses are developed for lightweight, high strength titanium, vanadium demand can be expected to increase at a faster rate than the growth of global steel production. The average vanadium content in steel in the developing countries is much lower than that in the developed countries and can be expected to increase, adding to the demand.

While demand is expected to grow over time, supply has the capacity to increase to meet this demand. Many primary producers from ore, in countries such as China, Russia and South Africa, were shut down due to low prices. Production from steel making slag had been cut back or halted. As demand increases and prices strengthen, some of these facilities can be expected to restart or increase production thus moderating any anticipated price increases.

Spot vanadium prices were relatively flat for most of the year staying at $6.50 per pound from mid-April to mid-December. Prices ranged from a high of $7.00 per pound in the first quarter to a low of $5.75 per pound at the end of the year.

While long-term demand can be expected to increase, short-term demand is expected to be relatively stable and prices should remain close if not slightly higher than their current level throughout 2012.

Vanadium Marketing

Denison sells its vanadium both as V_2O_5 and as ferrovanadium ("FeV") through spot sales to industry end-users and to trading companies. Sales during 2011 were principally into the U.S. market as V_2O_5. However, efforts are continuing to expand the Company's market into Europe, South America and the Far East.

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, 2011, December 31, 2010 and December 31, 2009.

(in thousands)	Three Months ended Dec. 31 2011	Year ended Dec. 31 2011	Year ended Dec. 31 2010	Year ended Dec. 31 2009[1]
Results of Operations:				
Total revenues	$ 36,006	$ 96,800	$128,320	$ 79,170
Net income (loss)	(65,537)	(70,869)	(5,346)	(147,012)
Basic earnings (loss) per share	(0.17)	(0.19)	(0.02)	(0.51)
Diluted earnings (loss) per share	(0.17)	(0.19)	(0.02)	(0.51)

	As at Dec. 31, 2011	As at Dec. 31, 2010	As at Jan. 1, 2010
Financial Position:			
Working capital	$ 93,516	$ 133,837	$ 75,357
Long-term investments	522	2,955	10,605
Property, plant and equipment	367,370	342,164	321,395
Total assets	504,486	523,003	447,306
Total long-term liabilities	$ 38,391	$ 38,598	$ 39,075

[1] As reported under Canadian GAAP

RESULTS OF OPERATIONS

General

The Company recorded a net loss of $70,869,000 ($0.19 per share) for 2011 compared with net loss of $5,346,000 ($0.02 per share) for 2010.

Revenues

Uranium sales revenue for the fourth quarter was $28,938,000 from the sale of 550,000 pounds U_3O_8 at an average price of $52.61 per pound. Uranium sales for the same period in 2010 were 449,000 pounds U_3O_8 at an average price of $49.97 per pound resulting in revenue of $22,760,000. Uranium revenue in the fourth quarter of 2010 also included amortization of the fair value increment related to Denison Mines Inc. ("DMI") sales contracts of $325,000.

Uranium sales revenue for the year ended December 31, 2011 totaled $63,841,000. Sales were 1,100,000 pounds U_3O_8 at an average price of $58.04 per pound. For the year ended December 31, 2010, uranium sales revenue was $87,978,000 from the sale of 1,839,000 pounds U_3O_8 at an average price of $47.67 per pound. Uranium revenue in 2010 also included amortization of the fair value increment related to DMI sales contracts of $325,000.

During the fourth quarter the Company sold no V_2O_5. In the fourth quarter of 2010, the Company sold 1,032,000 pounds of V_2O_5 equivalent at an average price of $6.68 per pound resulting in sales revenue of $6,896,000.

During the year ended December 31, 2011, the Company sold 1,802,000 pounds of V_2O_5 equivalent at an average price of $6.41 per pound. Total vanadium sales revenue was $11,551,000. During the year ended December 31, 2010, the Company sold 2,407,000 pounds of V_2O_5 equivalent at an average price of $7.04 per pound. Total vanadium sales revenue was $16,934,000.

In 2010, Denison processed third party ore at its White Mesa mill under a toll milling agreement. Revenue from toll milling totaled $4,963,000. There was no toll milling revenue in 2011.

Revenue from the environmental services division for the three months and year ended December 31, 2011 was $3,995,000 and $16,190,000 compared to $4,221,000 and $15,492,000 in the same periods in 2010. Revenue from the management contract with UPC for the three months and year ended December 31, 2011 was $437,000 and $1,913,000 compared to $487,000 and $2,576,000 in the same periods in 2010.

Operating Expenses

Milling and Mining Expenses

The McClean Lake mill remained on stand-by for the entire year in 2011. Denison's share of stand-by costs for the three months and year ended December 31, 2011 totaled $317,000 and $915,000 respectively.

The McClean Lake joint venture did not produce any U_3O_8 in 2011 and it produced 1,731,000 pounds U_3O_8 for the year ended December 31, 2010. Denison's 22.5% share of production totaled 389,000 pounds for 2010. The feeding of ore to the McClean mill was completed in June, 2010 and the mill was placed on stand-by in August of 2010.

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 to 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 an application for a judicial review of CNSC's decision to grant the McClean Lake operating licence. ARG challenged 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 initial hearing on this matter was held on June 8, 2010 and the judge issued his decision in September 2010, dismissing the application. ARG appealed this decision. A hearing into this matter was held on March 5, 2012 and the Court unanimously dismissed ARG's appeal. The ARG now has 60 days to seek leave to appeal to the Supreme Court of Canada. An adverse decision by the Court could have an impact on the timing of future production.

In December 2011, the Cigar Lake joint venture and the McClean Lake joint venture agreed to amend the toll milling agreement. Under the new milling arrangement, the McClean Lake operation is expected to process and package 100% of the uranium produced from the Cigar Lake mine. To accommodate the production of 18 million pounds U_3O_8 annually from the Cigar Lake joint venture, the plans are to expand the mill to an annual capacity of 22 million pounds from the current constructed capacity of 12 million pounds. All costs for the expansion of the McClean Lake mill are planned to be paid for by the Cigar Lake joint venture.

Uranium and vanadium production at the White Mesa mill for the three months and year ended December 31, 2011 and 2010 are shown below:

(Pounds)	Three Months Ended December 31, 2011	Three Months Ended December 31, 2010	Year Ended December 31, 2011	Year Ended December 31, 2010
Uranium Production	244,000	229,000	1,011,000	1,053,000
Vanadium Production	—	391,000	1,290,000	2,347,000

As planned, conventional ore processing ceased at the end of June, 2011 and resumed in November of 2011. Alternate feed processing continued throughout the year.

At December 31, 2011, a total of 91,000 tons of conventional ore was stockpiled at the mill containing approximately 616,000 pounds U_3O_8 and 1,385,000 pounds V_2O_5. The Company also had approximately 533,000 pounds U_3O_8 contained in alternate feed material stockpiled at the mill at December 31, 2011.

Production costs[1] at White Mesa for the three months ended December 31, 2011 were $50.93 per pound U_3O_8 and for the year ended December 31, 2011 were $47.60. Production costs were $39.30 per pound U_3O_8 in the three months ended December 31, 2010 and $38.46 for the year ended December 31, 2010. Production costs are higher than last year due to a change in mill feed sources and higher reagent costs, in particular sulphuric acid.

Inventory available for sale from U.S. production was 196,000 pounds U_3O_8 at December 31, 2011.

On November 16, 2009, as amended on February 1, 2010 and July 22, 2011, the Center for Biological Diversity, Grand Canyon Trust, Sierra Club, Kaibab Band of Paiute Indians and Havasupai Tribe (the "Plaintiffs") filed a lawsuit in the U.S. District Court for the District of Arizona 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 October 7, 2011, the District Court issued its final ruling in favour of BLM and Denison and against the Plaintiffs on all counts. On November 28, 2011, the Plaintiffs appealed the District Court's ruling to the Ninth Circuit Court of Appeals, and on December 8, 2011 filed a motion in the District Court for preliminary injunction, pending appeal. That motion was denied by the District Court judge on January 11, 2012. On January 26, 2012, the Plaintiff's filed an emergency motion for an injunction pending appeal in the Court of Appeals and on February 24, 2012, the Court of Appeals denied the motion for injunction. If the Plaintiffs are successful on the appeal, the Company may be required to stop mining activities at the Arizona 1 mine pending resolution of this matter. Any required stoppage of mining could have a significant adverse impact on the Company.

On July 12, 2011, an Administrative Law Judge was appointed by the Executive Director of the Utah Department of Environmental Quality ("UDEQ") to conduct an adjudicative proceeding relating to a Request for Agency Action before the Utah Air Quality Board, submitted by Uranium Watch and Living Rivers on November 4, 2010, as supplemented on March 17, 2011, March 23, 2011 and April 7, 2011. In their Request for Agency Action, Uranium Watch and Living Rivers allege certain deficiencies in the applications for approval and in the approvals granted in connection with radon emissions and monitoring at Denison's La Sal mines complex, as well as certain deficiencies in Denison's implementation of its radon monitoring program at the mine and in UDEQ's regulation thereof. Uranium Watch and Living Rivers request a number of agency actions, including orders that certain approvals be withdrawn, that additional information and applications be submitted, that Denison cease operation of certain vents, mine portals and mine shafts that allegedly have not been properly approved, and that direct UDEQ to take certain actions to ensure compliance with applicable regulations. Denison believes that the Request for Agency Action, as supplemented, is without merit. Motions for summary dismissal of this action were filed by UDEQ and Denison In November 2011. On February 8, 2012, the Administrative Law judge issued a Memorandum and Recommended Order, in favor of UDEQ and Denison, recommending that the Utah Air Quality Board, the final arbiter in this matter, dismiss this action. The Utah Air Quality Board heard this matter on March 7, 2012 and affirmed the judge's decision.

On July 28, 2011, the Southern Utah Wilderness Alliance filed a Notice of Appeal with the Interior Board of Land Appeals ("IBLA") challenging BLM's Finding of No Significant Impact ("FONSI") for the Company's recently acquired Daneros Mine project's Environmental Assessment, requesting that IBLA set aside the FONSI and remand the Environmental Assessment to the BLM with instructions to prepare an Environmental Impact Statement or to revise the Environmental Assessment. Denison has been added as an intervenor in this action, and believes this challenge is without merit and should be dismissed. Responses were filed by BLM and Denison in early December 2011, and a decision from IBLA is pending at this time.

[1] Production costs include the costs of mining the ore fed to the mill in the period plus the costs of milling less a credit for vanadium produced in the period and excluding depreciation and amortization, which is a non-GAAP measure.

Other

Operating costs for the three months and year ended December 31, 2011 include recoveries of nil and $17,000 respectively relating to the change in net realizable value provisions on the Company's uranium and vanadium inventory. For the three months and year ended December 31, 2010 operating costs include recoveries of $46,000 and $13,195,000 respectively relating to the change in net realizable value provisions of the Company's uranium and vanadium inventory. Operating costs also include expenses relating to DES amounting to $3,682,000 for the three months and $15,342,000 for the year ended December 31, 2011 compared to $4,189,000 and $14,063,000 respectively for the same periods in 2010.

Mineral Property Exploration

Denison is engaged in uranium exploration, as both operator and non-operator of joint ventures and its own properties in Canada, the U.S., Mongolia and Zambia. For the three months ended December 31, 2011 exploration expenditures totaled $1,270,000 and $13,828,000 for the year ended December 31, 2011 as compared to $1,569,000 and $7,619,000 for the three months and year ended December 31, 2010.

In the Athabasca Basin region of northern Saskatchewan, Denison is engaged in uranium exploration as part of the AREVA Resources Canada Inc. ("ARC") operated McClean and Midwest joint ventures, as well as on 26 other exploration projects including the Company's 60% owned Wheeler River project. Denison's share of exploration spending on its Canadian properties totaled $519,000 for the three months ended December 31, 2011 and totaled $6,783,000 for the year ended December 31, 2011. For the three months ended December 31, 2010, Canadian exploration spending totaled $1,158,000 and totaled $6,039,000 for the year ended December 31, 2010.

The 2011 summer drill program focused primarily on Zone A and was very successful in potentially expanding the estimated resources of the Phoenix deposit with the discovery of the "Zone A Extension". The Wheeler River Joint Venture has approved a Cdn$6,800,000 budget for 2012 that will include 28,000 metres of drilling in approximately 60 holes. The program has begun with two drills currently active on site. The focus of the program will be: definition drilling in Zone A, in particular the Zone A Extension; definition drilling in Zone B; as well as, testing various regional targets identified based on historic drilling and geophysics.

Exploration expenditures of $106,000 for the three months and $678,000 for the year ended December 31, 2011 were made on the Company's properties in the United States in the Colorado Plateau. Drilling of 68 holes totaling 15,833 metres was completed at the La Sal Complex in Utah. This drilling has increased the Company's resources which can be developed in the near term from existing mine workings.

Exploration expenditures of $200,000 for the three months ended December 31, 2011 ($129,000 for the three months ended December 31, 2010) and of $3,971,000 for the year ended December 31, 2011 ($970,000 for the year ended December 31, 2010) were incurred in Mongolia on the Company's joint venture properties. The other parties to the joint venture are currently the Mongolian government as to 15% and Geologorazvedka, a Russian entity, as to 15%. Under the Nuclear Energy Law, the Government of Mongolia's position in the joint venture will increase from its current 15% interest to a 34% to 51% interest, depending on the amount of historic exploration that was funded by the Government of Mongolia, at no cost to the Government. This share interest will continue to be held by Mon-Atom LLC, the Mongolian State-owned uranium company. The Company and Mon-Atom are proceeding with restructuring the GSJV to meet the requirements of the Nuclear Energy Law, pending government reviews and authorizations. In November 2011, in preparation for this restructuring, the Company finalized terms for acquisition of the Russian participant's share in the GSJV. Subject to receipt of required approvals, this 15% share interest will be acquired by the Company for nominal cash consideration and release of the Russian participant's share of unfunded joint venture obligations.

Exploration expenditures of $445,000 and $2,396,000 for the three months and year ended December 31, 2011 were incurred on the Company's Mutanga project in Zambia compared to $20,000 and $44,000 for the three months and year ended December 31, 2010. The Company completed Phase 2 of the 2011 drilling program. The Phase 2 drilling program was a total of approximately 9,600 metres aimed at further delineating and expanding the mineralization in Dibwe East. Denison prepared a new mineral resource estimate in first quarter 2012 for the Dibwe East deposit on the Mutanga project in accordance with the requirements of NI 43-101. The estimate increased the inferred resources at Mutanga by 28.2 million pounds. Total mineral resources estimates for the Mutanga project are now as follows:

Category	Tonnes (millions)	eU_3O_8 (ppm)	Lbs. U_3O_8 (millions)
Measured	1.9	481	2.0
Indicated	8.4	314	5.8
Measured & Indicated	10.3	345	7.8
Inferred	68.5	279	42.1

- *The resources have been prepared in accordance with NI 43-101.*
- *Based on a cut-off grade of 100 ppm eU_3O_8.*

General and Administrative

General and administrative expenses totaled $3,829,000 for the three months ended December 31, 2011 compared with $5,492,000 for the three months ended December 31, 2010. For the year ended December 31, 2011, general and administrative expenses totaled $17,538,000 compared to $16,143,000 for the same period in 2010. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures. The increased expenditures in 2011 result from costs related to the acquisition of WCU of $1,425,000 and an increase in stock compensation expense.

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 WCU in 2011 and was allocated to the United States mining segment. Denison examined the fair value of the assets and liabilities of the US mining segment at December 31, 2011. The Company used a fair value less costs to sell model to determine the recoverable amount for the CGU. The determination of fair market value was based on discounted cash flow analysis for production assets using consensus expectations for future uranium prices ranging from $54.00 to $81.00 per pound and discounted using a cumulative annual 2% inflation rate, operating and capital costs and a post-tax discount rate of 9.0%. Exploration properties were valued at estimated market value. Based on this analysis, the Company determined the fair values have decreased and, as a result, determined that an impairment charge of $32,625,000 should be made and charged to operations in the fourth quarter.

Other Income and Expenses

Other income (expense) totaled ($10,561,000) for the three months ended December 31, 2011 compared with ($7,571,000) for the three months ended December 31, 2010. For the year ended December 31, 2011, other income (expense) totaled ($1,519,000) compared to $1,930,000 for the same period in 2010. This consists primarily of foreign exchange gains and losses, and investment disposal gains. Foreign exchange losses totaled $1,390,000 for the year ended December 31, 2011 compared to $11,926,000 for the year ended December 31, 2010. Other income also included a uranium sales contract termination fee of $11,000,000 in 2010.

ACQUISITION OF WHITE CANYON URANIUM LIMITED

On June 17, 2011, Denison's offer to acquire all of the outstanding shares of WCU closed with 96.98% of shares outstanding accepting the offer. Compulsory acquisition proceedings to acquire the remaining shares of WCU were completed in early August, 2011.

Denison's cash offer of AU$0.24 per WCU share has resulted in a total purchase price of US$61,027,000 (AU$57,163,000). Consideration for the initial 96.98% interest was paid on July 1, 2011 and payment for the remaining shares was made in early August 2011.

WCU's key assets are located in southeastern Utah, near Denison's White Mesa mill. Its holdings comprise 100% interests in the Daneros producing mine, the advanced Lark Royal project and the Thompson, Geitus, Blue Jay and Marcy Look exploration projects. WCU commenced production of uranium ore in December 2009 from its 100% owned Daneros uranium mine.

OUTLOOK FOR 2012

Production

Denison's uranium production from its 100% owned White Mesa mill, located in Blanding Utah, is expected to increase over 40% from 2011 production, to an estimated 1.4 million pounds U_3O_8 from conventional ore and alternate feed sources. In 2012, approximately 900,000 pounds are expected to be produced from ore delivered from the Company's Beaver, Pandora, Daneros and Arizona 1 mines, while the remainder will be produced from alternate feed. Ore production from the Company's Pinenut mine, located in north central Arizona, is expected to begin in mid-2012. Vanadium production is projected to be approximately 600,000 pounds V_2O_5. The decrease in vanadium production compared to 2011 is because the mill is planned to process only non-vanadium ores from Arizona 1 and Daneros, until late 2012. There will be no production from the McClean Lake mill in the Athabasca Basin in Canada, as that mill remains on stand-by in anticipation of resuming operations in 2013 to process Cigar Lake ores.

Production costs[2] are expected to average approximately $33.50 per pound of U_3O_8 net of vanadium credits, excluding sales royalties and mine stand-by expenditures. The anticipated decline in operating cost, as compared to 2011, is due to the different types of ore that the White Mesa mill is expected to process in 2012 combined with an expected decline in the price of key reagents. Sustaining capital expenditures at the mines and mill facilities are estimated at $15.3 million.

Sales

Uranium sales are forecasted to be approximately 1.6 million pounds of U_3O_8 of which 810,000 pounds is expected to be sold into long-term contracts and the remainder will be sold on the spot market. Vanadium sales are projected to be 500,000 pounds V_2O_5 in 2012.

Business Development

In 2012 Denison plans to continue to aggressively pursue its exploration and development projects in Canada, the U.S., Mongolia and Zambia. Total expenditures on development and exploration projects in 2012 are estimated at $25.4 million.

In Canada, Denison will manage or participate in eight exploration programs, of which Wheeler River will continue to be the primary focus. The total budget for these programs is Cdn$11.7 million of which Denison's share is Cdn$7.8 million. At Wheeler River, a 28,000 metre winter and summer drill program and geophysical surveys are planned at a total cost of Cdn$6.8 million (Denison's share Cdn$4.1 million). Exploration work will also be carried out on the Moore Lake, Murphy Lake, Bell Lake, Ahenakew Lake, South Dufferin, McClean Lake and Wolly projects at a budgeted cost of Cdn$4.9 million (Denison's share Cdn$3.7 million).

In the United States, drilling is planned on the La Sal complex to expand resources at the Beaver and Pandora mines and on certain of its other properties. The total planned cost of the U.S. exploration program is $1.2 million. In addition to the drilling, the Company plans on preparing mineral resource estimates in accordance with NI43-101 for the Redd Block area in the La Sal Complex and the Daneros operation in 2012.

In Canada and the U.S., a total of $5.4 million is budgeted to be spent by Denison on development stage projects in 2012. In the United States, development of the Canyon mine is anticipated to move forward late in the first quarter, with the start of shaft sinking planned to begin late 2012. Denison expects to advance permitting for the EZ1/EZ2 deposits in Arizona and the Redd Block mine located west of the Beaver mine in Utah. The cost of these programs is estimated at $4.8 million. In Canada, the McClean North underground development feasibility study is expected to be advanced to include the Sue D and Caribou deposits, along with continued evaluation and approval of the Environmental Assessment for the Midwest development project. Both of these projects are operated by AREVA Resources Canada Inc.

In Zambia, the Company plans to follow up on its successful 2011 drill program on its 100% owned Mutanga project. In April, a 15,000 metre exploration drill program will begin, which will focus on several targets that have been identified near the existing resources. The Zambian program will total an estimated $7.1 million.

In Mongolia, a $4.1 million exploration and development program is projected, contingent upon receipt of the mining licences in mid-2012. Included in this budget is a $1.6 million, 17,500 metre exploration program focused on the Ulziit and Urt Tsav 2011 discoveries. The development activities will include design of the pilot plant and infrastructure

[2] Production costs include the costs of mining the ore fed to the mill in the period plus the costs of milling less a credit for vanadium produced in the period and excluding depreciation and amortization, which is a non-GAAP measure.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

(in thousands)	2011 Q4	2011 Q3	2011 Q2	2011 Q1
Total revenues	$ 36,006	$17,033	$ 16,993	$26,768
Net income (loss)	(65,537)	15,484	(13,749)	(7,067)
Basic and diluted earnings (loss) per share	(0.17)	0.04	(0.04)	(0.02)

(in thousands)	2010 Q4	2010 Q3	2010 Q2	2010 Q1
Total revenues	$39,232	$39,883	$27,230	$21,975
Net income (loss)	(9,394)	(5,517)	16,744	(7,179)
Basic and diluted earnings (loss) per share	(0.03)	(0.02)	0.05	(0.02)

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $53,515,000 at December 31, 2011 compared with $97,554,000 at December 31, 2010. The decrease of $44,039,000 was due primarily to cash used in operations of $19,983,000, the acquisition of WCU totaling $59,704,000, and expenditures on property, plant and equipment totaling $24,274,000, offset by common share issues totaling $62,442,000.

Net cash used in operating activities of $19,983,000 during the year ended December 31, 2011 is comprised of net loss for the period 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 $5,667,000, an increase of $23,304,000 in inventories and a decrease of $6,758,000 in trade and other receivables.

Net cash used in investing activities was $85,744,000 consisting primarily of the acquisition of WCU totaling $59,704,000 (net of cash acquired), expenditures on property, plant and equipment of $24,274,000 and an increase in restricted cash of $3,349,000.

Net cash from financing activities totaled $62,261,000 consisting primarily of $62,442,000 from the issue of common shares less $181,000 net repayment of debt obligations.

In total, these sources and uses of cash resulted in a net cash outflow after the effect of foreign exchange of $44,039,000 during the period.

On June 30, 2011 the Company put in place a revolving term credit facility (the "Credit Facility") for up to $35,000,000. The amount of the Credit Facility available is the lesser of $35,000,000 and a "borrowing base" which is determined quarterly based on a percentage of accounts receivable and inventory. The current borrowing base is $32,554,000.

The Credit Facility contains a covenant to maintain a certain level of tangible net worth, which must be greater than or equal to the sum of $425,000,000 plus an amount equal to (i) 50% of each equity issue from and including June 30, 2011and 50% of positive net income in each fiscal quarter from and including June 30, 2011.

The Credit Facility terminates on June 29, 2012. There is no debt outstanding under this facility; however $9,536,000 of the line was used as collateral for certain letters of credit at December 31, 2011.

The Company has provided an unlimited full recourse guarantee and a pledge of all of the shares of Denison Mines Inc. ("DMI"). DMI has provided a first-priority security interest in all present and future personal property and an assignment of its rights and interests under all material agreements relative to the 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 1%

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.

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

(in thousands)	Three Months Ended Dec. 31, 2011	Three Months Ended Dec. 31, 2010	Year Ended Dec. 31, 2011	Year Ended Dec. 31, 2010
Revenue				
Management fees	$ 437	$ 487	$1,913	$1,614
Commission and transaction fees	—	—	—	962
Total	$ 437	$ 487	$1,913	$2,576

At December 31, 2011, accounts receivable includes $226,000 (2010—$281,000) due from UPC with respect to the fees indicated above.

In November, 2010, the Company entered into uranium concentrates loan agreement with UPC which entitled the Company to borrow 150,000 pounds of U_3O_8 from UPC. The U_3O_8 loan was subject to a loan fee and required collateral in the form of an irrevocable standby letter of credit. The uranium loaned was to be repaid by February 3, 2011 or a later date agreed to by both parties. On December 24, 2010, the Company issued a letter of credit in favour of UPC in the amount of $10,065,000 as collateral for the U_3O_8 loan. On January 3, 2011, the Company borrowed 150,000 pounds of U_3O_8 from UPC. On February 3, 2011, the repayment date for the U_3O_8 loan was amended to April 4, 2011 and the letter of credit was increased to $12,045,000. The uranium loaned was returned on March 30, 2011. In 2011, the Company incurred and paid $91,000 of loan fees under the agreement and the standby letter of credit has been cancelled.

The Company has incurred management and administrative service fees of $176,000 (2010:$82,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services. At December 31, 2011, an amount of $nil (2010: $nil) was due to this company.

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. The agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. 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. Pursuant to a strategic relationship agreement, KEPCO is entitled to subscribe for additional common shares in Denison's future share offerings. KEPCO also has the right to require Denison to nominate two persons designated by KEPCO to Denison's board of directors if KEPCO holds at least a 15% share interest in Denison (or one director if KEPCO's share interest is between 5% and 15%). Currently, KEPCO's interest in Denison is approximately 15.08%. Under the strategic relationship agreement, two representatives from KEPCO have been appointed to Denison's board of directors.

OUTSTANDING SHARE DATA

At March 8, 2012, there were 384,660,915 common shares issued and outstanding and 7,387,914 stock options outstanding to purchase a total of 7,387,914 common shares for a total of 392,048,829 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, 2011.

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 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements that affect the amounts reported. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Although the Company regularly reviews the estimates and judgements made that affect these financial statements, actual results may be materially different.

Significant estimates and judgements made by management relate to:

(a) Depreciation and Amortization of Property, Plant and Equipment

Property, plant and equipment comprise a large component of the Company's assets and, as such, the depreciation and amortization of those assets have a significant effect on the Company's financial statements. Depreciation 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.

Plant and equipment assets depreciated using a straight-line basis require estimates of residual values and allocate the cost of an asset to production cost evenly over the assets useful life defined as a period of time. Plant and equipment assets depreciated using a units of production basis require estimates of residual values and allocate the cost of an asset to production cost based on current period production in proportion to total anticipated production from the facility. In certain instances, the total anticipated production from a facility will require making estimates about future toll milling volumes.

Mineral property assets are amortized using a units of production basis that allocates the cost of the asset to production cost based on the current period's mill feed as a proportion of the total estimated resources in the related ore body. The process of making these estimates requires significant judgment in evaluating and assessing available geological, geophysical, engineering and economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty.

Changes in these estimates may materially impact the carrying value of the Company's property, plant and equipment and the recorded amount of depletion and depreciation.

(b) Valuation of Long-lived Assets

The Company undertakes a review of the carrying values of mining properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, future production and sale volumes, forecast commodity prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mining properties and related expenditures.

The Company reviews goodwill at least annually. The Company has estimated the fair value of operating segments to which goodwill is allocated using discounted cash flow models that require assumptions about future cash flows, expenditures and an assumed discount rate. Changes in these estimates could have a material impact on the carrying value of the goodwill.

(c) Inventory

The Company values its concentrate, work in process and ore stockpile inventories 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, plant and equipment depreciation, mineral property amortization and stockpile depletion. Net realizable value is based on estimated future commodity prices and estimated costs required to convert work in process and ore stockpile inventories into saleable form. These estimates are subject to change from period-to-period that may materially impact the carrying value of the Company's inventories resulting to inventory write-downs and recoveries.

(d) Deferred Tax Assets and Liabilities

Deferred 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. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply when the differences are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

(e) Business Combinations

Management uses judgment in applying the acquisition method of accounting for business combinations and in determining fair values of the identifiable assets and liabilities acquired. The value placed on the acquired assets and liabilities, including identifiable intangible assets, will have an effect on the amount of goodwill that the Company may record on an acquisition. Changes in economic conditions, commodity prices and other factors between the date that an acquisition is announced and when it finally is consummated can have a material difference on the allocation used to record a preliminary purchase price allocation versus the final purchase price allocation which can take up to one year after acquisition to complete.

(f) Reclamation Obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed. . Denison has accrued 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 in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

NEW ACCOUNTING PRONOUNCEMENTS

The Company is currently evaluating the impact of the following pronouncements and has not yet determined the impact of the following pronouncements or whether to early adopt any of the new requirements:

(a) International Financial Reporting Standard 7, Financial Instruments—Disclosure ("IFRS 7")

IFRS 7 was amended to provide guidelines on the eligibility criteria for offsetting assets and liabilities as a single net amount in the balance sheet. This amendment is effective for annual periods beginning on or after January 1, 2013.

(b) International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted.

(c) International Financial Reporting Standard 10, Consolidated Financial Statements ("IFRS 10")

IFRS 10 was issued in May 2011 and it establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements.

This standard is effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted.

(d) International Financial Reporting Standard 11, Joint Arrangements ("IFRS 11")

IFRS 11 was issued in May 2011 and it provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. . IFRS 11 requires the venture to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Ventures.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(e) International Financial Reporting Standard 12, Disclosure of Interest in Other Entities ("IFRS 12")

IFRS 12 was issued in May 2011 and it is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(f) International Financial Reporting Standard 13, Fair Value Measurement ("IFRS 13")

IFRS 13 was issued in May 2011 and establishes new guidance on fair value measurement and disclosure requirements for IFRS and completes a major project to improve the convergence of IFRS and US GAAP. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date.

The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(g) International Accounting Standard 1, Presentation of Financial Statements ("IAS 1")

IAS 1 was amended to require entities to group items within other comprehensive income based on an assessment of whether such items may or may not be reclassified to profit or loss at a subsequent date. This standard is effective for annual periods beginning on or after July 1, 2012. Earlier application is permitted.

(h) International Accounting Standard 19, Post-Employment Benefits ("IAS 19")

IAS 19 was amended to eliminate an entity's option to defer the recognition of certain gains and losses related to post-employment benefits and require re-measurement of associated assets and liabilities in other comprehensive income. This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(i) International Accounting Standard 28, Investments in Associates ("IAS 28")

IAS 28 was amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(j) International Accounting Standard 32, Financial Instruments—Presentation ("IAS 32")

IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted.

CONTRACTUAL OBLIGATIONS

At December 31, 2011, the Company had reclamation liabilities of $21,576,000 consisting of $7,140,000 for U.S. mill and mine obligations, $11,800,000 for Elliot Lake and $2,636,000 for the McClean Lake and Midwest joint ventures. In addition, the Company's contractual obligations at December 31, 2011 are as follows:

(in thousands)	Total	1 Year	2-3 Years	4-5 Years	After 5 Years
Debt Obligations	$ 221	111	110	—	$ —
Operating lease and other obligations	$13,898	7,610	5,517	755	16

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, 2011 are $21,576,000 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, letters of credit and trust funds as security for these liabilities. At December 31, 2011, the amount of these restricted cash and investments and line of credit collateralizing the Company's reclamation obligations was $36,329,000.

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 2011. Denison is continuing to work with the State of Utah to develop a long-term Corrective Action Plan. A draft of the Corrective 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 are 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 reviewed the Report, and has concluded that further investigations were required before it can determine the source of the contamination and the responsibility for clean up.

Such investigations were performed in 2010 and 2011, but were considered to be inconclusive by UDEQ. As a result, after over two years of investigation, it has been determined that there are site conditions that make it difficult to ascertain the source(s) of contamination at the site, and that it has therefore not been possible to date to determine the source(s), causes(s), attribution, magnitudes of contribution, and proportion(s) of the local nitrate and chloride in groundwater. For those reasons, UDEQ has decided that it cannot eliminate mill activities as a potential cause, either in full or in part, of the contamination. The Company and UDEQ have agreed that resources will be better spent in developing a Corrective Action Plan, rather than continuing with further investigations as to the source(s) and attribution of the groundwater contamination. Pursuant to a revised Stipulated Consent Agreement, the Company submitted to UDEQ in November 2011 a draft Corrective Action Plan for remediation of the contamination, which involves a program of pumping the nitrate contaminated groundwater to the mill's tailings cells, similar to the chloroform remedial program. UDEQ is currently reviewing the proposed Corrective Action Plan. 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 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 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, 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 Denison's securities 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 Market Prices

Because the majority of Denison's revenues is 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 Denison'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.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

Growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a 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. 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.

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 uranium mining companies, 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 Mineral Reserves and Resources

Denison's mineral reserves and resources at its McClean Lake, Midwest, Wheeler River, Arizona Strip, Colorado Plateau, Henry Mountains, White Canyon, GSJV, Mutanga and Dibwe projects 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 Mineral Reserve and Resource Estimates

Mineral 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.

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 Innovation and Obsolescence

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

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 Métis.

The validity of unpatented mining claims on U.S. public lands is sometimes difficult to confirm and may be contested. Due to the extensive requirements and associated expense required to obtain and maintain mining rights on U.S. public lands, Denison's U.S. properties are subject to various title uncertainties which are common to the industry or the geographic location of such claims, with the attendant risk that there may be defects in its title. In addition, the Secretary of the Interior has withdrawn certain lands around the Grand Canyon National Park from location and entry under the mining laws. All of Denison's material Arizona Strip properties are located on these withdrawn lands. No new mining claims may be filed on the lands and no new plans of operations may be approved, other than plans of operations on mining claims that were valid at the time of withdrawal and that remain valid at the time of plan approval. Whether or not a mining claim is valid must be determined by a mineral examination conducted by BLM. The mineral examination, which involves an economic evaluation of a project, must demonstrate the existence of a locatable mineral resource and that the resource constitutes the discovery of a valuable mineral deposit. Denison believes that all of its material Arizona Strip projects are on valid mining claims that would withstand a mineral examination, and that, as a result, none of its material Arizona Strip projects would be significantly impacted by the withdrawal. Further, certain of those projects have approved plans of operations which, absent modification, would not require a mineral examination. However, there can be no guarantee that the mineral examinations on Denison's Arizona Strip properties would not result in one or more of Denison's mining claims being considered invalid, which could prevent a project from proceeding.

There is also a risk that Denison's title to, or interest in, its properties outside the United States may be subject to defects or challenges. This may be true particularly in countries outside North America, where there may be less developed legal systems or where ownership interests may become subject to political interference or changes in laws. If such defects cover a material portion of Denison's property, they could materially and adversely affect Denison's results of operations and financial condition, its reported mineral reserves and resources or its long term business prospects.

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 reserves and resources 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. As an example, in July 2009, the Parliament of Mongolia enacted the Nuclear Energy Law, which granted authority to the Mongolian Nuclear Energy Agency and created a framework for all aspects of uranium resource development in Mongolia.

There are a number of provisions under the Nuclear Energy Law that will significantly affect the GSJV, in which Denison holds a 70% interest, 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 hold a 34% to 51% interest in each uranium property, 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. The Company is currently in the process of restructuring the GSJV to meet the requirements of the Nuclear Energy Law, pending government reviews and authorizations. In November 2011, in preparation for this restructuring, the Company finalized terms for acquisition of the Russian participant's share in the GSJV. See RESULTS OF OPERATIONS – Mineral Property Exploration.

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.

Mining companies are often targets of actions by non-governmental organizations and environmental groups in the countries in which they operate. Such organizations and groups may take actions in the future to disrupt Denison's operations. They may also apply pressure to local, regional and national government officials to take actions which are adverse to Denison's operations. Such actions could have an adverse effect on Denison's ability to produce and sell its products, and on its financial position and results.

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.

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.

Disclosure and Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory agencies is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to a company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

Potential Influence of KEPCO

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 strategic relationship agreement 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 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 Lawson Forand, P. Geo., the Company's Exploration Manager Saskatchewan, and Terry Wetz, P.E., the Company's Director of Project Development, who are Qualified Persons in accordance with the requirements of NI 43-101.

Exhibit 99.3



DENISON MINES CORP.

Financial Statements
for the years ending
December 31, 2011 and 2010

Responsibility for Financial Statements

The Company's management is responsible for the integrity and fairness of presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, for review by the Audit Committee and approval by the Board of Directors.

The preparation of financial statements requires the selection of appropriate accounting policies in accordance with International Financial Reporting Standards and the use of estimates and judgements by management to present fairly and consistently the consolidated financial position of the Company. Estimates are necessary when transactions affecting the current period cannot be finalized with certainty until future information becomes available. In making certain material estimates, the Company's management has relied on the judgement of independent specialists.

The Company's management has developed and maintains a system of internal accounting controls to ensure, on a reasonable and cost-effective basis, that the financial information is timely reported and is accurate and reliable in all material respects and that the Company's assets are appropriately accounted for and adequately safeguarded.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, our independent auditor. Its report outlines the scope of its examination and expresses its opinions on the consolidated financial statements and internal control over financial reporting.

Original signed by *"Ron F. Hochstein"*

Ron F. Hochstein
President and Chief Executive Officer

Original signed by *"James R. Anderson"*

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

March 8, 2012

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, 2011.

The effectiveness of the Company's internal control over financial reporting as at December 31, 2011 has been audited by PricewaterhouseCoopers LLP, our independent auditor, as stated in its report which appears herein.

Changes to Internal Control over Financial Reporting

There has not been any change in the Company's internal control over financial reporting that occurred during 2011 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Independent Auditor's Report

To the Shareholders of Denison Mines Corp.

We have completed integrated audits of the consolidated financial statements of Denison Mines Corp. and its subsidiaries for 2011 and 2010 and their internal control over financial reporting as at December 31, 2011. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Denison Mines Corp., which comprise the consolidated statements of financial position as at December 31, 2011, December 31, 2010 and January 1, 2010 and the consolidated statements of income (loss) and comprehensive income (loss), and consolidated statements of changes in equity, and consolidated statements of cash flow for the years ended December 31, 2011 and 2010, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards (GAAS) and the standards of the Public Company Accounting Oversight Board (PCAOB) (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Canadian GAAS also require that we comply with ethical requirements.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Denison Mines Corp. as at December 31, 2011, December 31, 2010 and January 1, 2010 and its financial performance and its cash flows for the years ended December 31, 2011 and 2010 in accordance with IFRS as issued by the IASB.

Report on internal control over financial reporting

We have also audited Denison Mines Corp.'s internal control over financial reporting as at December 31, 2011, based on criteria established in Internal Control—Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management's responsibility for internal control over financial reporting

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.

Auditor's responsibility

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 PCAOB (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 on the Company's internal control over financial reporting.

Definition of internal control over financial reporting

A Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles (GAAP). 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 Canadian GAAP, 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.

Inherent limitations

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.

Opinion

In our opinion, Denison Mines Corp. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at December 31, 2011 based on criteria established in Internal Control—Integrated Framework issued by COSO.

Original signed by *"PricewaterhouseCoopers LLP"*

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario
March 8, 2012

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

	At December 31 2011	At December 31 2010	At January 1 2010
ASSETS			
Current			
Cash and cash equivalents (note 7)	$ 53,515	$ 97,554	$ 19,804
Trade and other receivables (note 8)	12,652	20,236	13,773
Inventories (note 9)	36,106	29,133	52,216
Prepaid expenses and other	2,534	1,910	1,604
	104,807	148,833	87,397
Non-Current			
Inventories – ore in stockpiles (note 9)	2,156	2,204	1,530
Investments (note 10)	522	2,955	10,605
Prepaid expenses and other	—	107	287
Restricted cash and investments (note 11)	26,793	22,946	21,656
Property, plant and equipment (note 12)	367,370	342,164	321,395
Intangibles (note 13)	2,838	3,794	4,436
Total assets	$ 504,486	523,003	$ 447,306
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 9,272	$ 13,753	$ 9,726
Current portion of long-term liabilities:			
Deferred revenue	893	—	—
Post-employment benefits (note 15)	393	402	380
Reclamation obligations (note 16)	622	641	752
Debt obligations (note 17)	111	200	869
Other liabilities (note 18)	—	—	313
	11,291	14,996	12,040
Non-Current			
Deferred revenue	—	3,339	3,187
Post-employment benefits (note 15)	3,498	3,617	3,426
Reclamation obligations (note 16)	20,954	16,924	17,154
Debt obligations (note 17)	110	205	195
Other liabilities (note 18)	1,082	1,105	1,051
Deferred income tax liability (note 19)	12,747	13,408	14,062
Total liabilities	49,682	53,594	51,115
EQUITY			
Share capital (note 20)	974,312	911,681	850,336
Share purchase warrants (note 21)	—	5,830	5,830
Contributed surplus (note 22)	49,171	41,658	39,922
Deficit	(579,696)	(508,827)	(503,481)
Accumulated other comprehensive income (note 23)	11,017	19,067	3,584
Total equity	454,804	469,409	396,191
Total liabilities and equity	$ 504,486	$ 523,003	$ 447,306
Issued and outstanding common shares (note 20)	384,660,915	366,200,665	339,720,415
Commitments and contingencies (note 28)			

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

On behalf of the Board of Directors:

Original signed by *"Ron F. Hochstein"*
Director

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

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

	Year Ended	
	December 31 2011	December 31 2010
REVENUES (note 25)	$ 96,800	$ 128,320
EXPENSES		
Operating expenses (note 24)	(103,160)	(111,768)
Mineral property exploration	(13,828)	(7,619)
General and administrative (note 22)	(17,538)	(16,143)
Goodwill impairment (note 14)	(32,625)	—
Other income (expense) (note 24)	(1,519)	1,930
	(168,670)	(133,600)
Loss before finance charges	(71,870)	(5,280)
Finance income (expense) (note 24)	(38)	(942)
Loss before taxes	(71,908)	(6,222)
Income tax recovery (expense) (note 19):		
Current	(57)	(355)
Deferred	1,096	1,231
Net loss for the period	$ (70,869)	$ (5,346)
Comprehensive income (loss):		
Unrealized gain (loss) on investments-net of tax	(1,413)	(2,490)
Foreign currency translation change	(6,637)	17,973
Comprehensive income (loss) for the period	$ (78,919)	$ 10,137
Net loss per share:		
Basic	$ (0.19)	$ (0.02)
Diluted	$ (0.19)	$ (0.02)
Weighted-average number of shares outstanding (in thousands):		
Basic	380,838	340,826
Diluted	381,108	340,835

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

DENISON MINES CORP.
Consolidated Statements of Changes in Equity
(Expressed in thousands of U.S. dollars)

	Year Ended	
	December 31 2011	December 31 2010
Share capital		
Balance–beginning of period	911,681	850,336
Share issues-net of issue costs	62,114	61,091
Employee share option exercises-cash	328	159
Employee share option exercises–non-cash	189	95
Balance–end of period	974,312	911,681
Share purchase warrants		
Balance–beginning of period	5,830	5,830
Warrant expiries	(5,830)	—
Balance–end of period	—	5,830
Contributed surplus		
Balance–beginning of period	41,658	39,922
Stock-based compensation expense	3,333	1,831
Employee share option exercises-non-cash	(189)	(95)
Warrant expiries	5,830	—
Warrant expiries–tax effect	(1,461)	—
Balance–end of period	49,171	41,658
Deficit		
Balance–beginning of period	(508,827)	(503,481)
Net loss	(70,869)	(5,346)
Balance-end of period	(579,696)	(508,827)
Accumulated other comprehensive income		
Balance–beginning of period	19,067	3,584
Unrealized gain (loss) on investments	(1,413)	(2,490)
Foreign currency translation change	(6,637)	17,973
Balance–end of period	11,017	19,067
Total Equity		
Balance–beginning of period	$ 469,409	$ 396,191
Balance–end of period	$ 454,804	$ 469,409

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

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

CASH PROVIDED BY (USED IN):	Year Ended December 31 2011	Year Ended December 31 2010
OPERATING ACTIVITIES		
Net loss for the period	$ (70,869)	$ (5,346)
Items not affecting cash:		
Depletion, depreciation, amortization and accretion	39,979	49,067
Investments impairment	896	181
Goodwill impairment	32,625	—
Stock-based compensation	3,333	1,831
Losses (gains) on asset disposals	191	(3,431)
Losses (gains) on restricted investments	(401)	(207)
Non-cash inventory adjustments	373	(12,636)
Deferred income tax expense (recovery)	(1,096)	(1,231)
Foreign exchange	1,390	11,926
Change in non-cash working capital items (note 24):	(26,404)	(4,696)
Net cash provided by (used in) operating activities	(19,983)	35,458
INVESTING ACTIVITIES		
Acquisition of a business, net of cash and cash equivalents acquired (note 6)	(59,704)	—
Decrease (increase) in notes receivable	803	(880)
Purchase of investments	—	(17)
Proceeds on sale of investments	—	8,118
Expenditures on property, plant and equipment	(24,274)	(27,217)
Proceeds on sale of property, plant and equipment	780	1,566
Decrease (increase) in restricted cash and investments	(3,349)	(949)
Net cash provided by (used in) investing activities	(85,744)	(19,379)
FINANCING ACTIVITIES		
Increase (decrease) in debt obligations	(181)	(685)
Issuance of common shares for:		
New share issues	62,114	61,091
Exercise of stock options	328	159
Net cash provided by (used in) financing activities	62,261	60,565
Increase (decrease) in cash and cash equivalents	(43,466)	76,644
Foreign exchange effect on cash and cash equivalents	(573)	1,106
Cash and cash equivalents, beginning of period	97,554	19,804
Cash and cash equivalents, end of period	$ 53,515	$ 97,554
Supplemental cash flow disclosure:		
Interest paid	82	27
Income taxes paid (recovered)	$ 80	$ (1,363)

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

1. NATURE OF OPERATIONS

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 and selling of uranium. 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 ("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.

Denison Mines Corp. ("DMC") is incorporated under the Business Corporations Act (Ontario) ("OBCA") and domiciled in Canada. The address of its registered head office is 595 Bay Street, Suite 402, Toronto, Ontario, Canada, M5G 2C2.

References to "2011" and "2010" refer to the year ended December 31, 2011 and the year ended December 31, 2010 respectively.

2. BASIS OF PRESENTATION AND ADOPTION OF IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as defined in the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook"). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and to require publicly accountable enterprises to apply these standards effective for years beginning on or after January 1, 2011. Accordingly, these are the Company's first annual consolidated financial statements prepared in accordance with IFRS as issued by the IASB. In these financial statements, the term "CGAAP" refers to Canadian GAAP before the adoption of IFRS.

The consolidated financial statements have been prepared in compliance with IFRS. Subject to certain transition elections and exceptions noted in note 5, the Company has consistently applied the accounting policies used in the preparation of its opening IFRS statement of financial position at January 1, 2010 throughout all periods presented, as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended December 31, 2010 prepared under CGAAP

The Company's presentation currency is U.S dollars.

These financial statements were approved by the board of directors for issue on March 8, 2012.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

The financial statements of the Company consolidate the accounts of DMC and its subsidiaries. Subsidiaries are those entities which DMC controls by having the power to govern the financial and operating policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether DMC controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by DMC and are de-consolidated from the date that control ceases. Intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated.

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity. Their share of net income and comprehensive income is recognized directly in equity. Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

The Company has various interests in development and exploration projects which are held through option or joint agreements. These have been classified as joint ownership interests under IFRS. These joint ownership interests have been accounted for using the undivided interest method.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each entity in the DMC group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Primary and secondary indicators are used to determine the functional currency (primary indicators have priority over secondary indicators). Primary indicators include the currency that mainly influences sales prices and the currency that mainly influences labour, material and other costs. Secondary indicators include the currency in which funds from financing activities are generated and the currency in which receipts from operating activities are usually retained. For our Canadian, U.S., Zambian and Mongolian entities, the local currency has been determined to be the functional currency.

The consolidated financial statements are presented in U.S. dollars, unless otherwise stated.

The financial statements of entities that have a functional currency different from the presentation currency of DMC ("foreign operations") are translated into U.S. dollars as follows: assets and liabilities – at the closing rate at the date of the statement of financial position, and income and expenses – at the average rate of the period (as this is considered a reasonable approximation to actual rates). All resulting changes are recognized in other comprehensive incomes as cumulative translation adjustments.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in another entity which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of income.

(c) Business combinations

A business combination is defined as an acquisition of assets and liabilities that constitute a business. A business consists of inputs, including non-current assets, and processes, including operational processes, that when applied to those inputs, have the ability to create outputs that provide a return to the Company and its shareholders. A business also includes those assets and liabilities that do not necessarily have all the inputs and processes required to produce outputs, but can be integrated with the inputs and processes of the Company to create outputs.

Business combinations are accounted for using the acquisition method whereby identifiable assets acquired and liabilities assumed, including contingent liabilities, are recorded at 100% of their acquisition-date fair values. The acquisition date is the date the Company acquires control over the acquiree. The Company considers all relevant facts and circumstances in determining the acquisition date.

Acquisition related costs, other than costs to issue debt or equity securities of the acquirer, including investment banking fees, legal fees, accounting fees, valuation fees and other professional or consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports in its financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the Company will retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The maximum length of time for the measurement period is one year from the acquisition date.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

(e) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract is discharged, cancelled or expires.

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

(i) Financial assets and liabilities at fair value through profit or loss (“FVPL”)

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of income. Gains and losses arising from changes in fair value are presented in the consolidated statement of income in the period in which they arise.

(ii) Available-for-sale investments

Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from re-measurement are recognized in other comprehensive income. When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of income.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that are intended to be held to maturity. Held-to-maturity investments are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less a provision for impairment.

(iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognized at the amount expected to be received, less a discount (when material) to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

(v) Financial liabilities at amortized cost

Financial liabilities are initially recognized at the amount required to be paid, less a discount (when material) to reduce the financial liabilities to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

The Company has designated its financial assets and liabilities as follows:

- A portion of “Restricted cash and investments” are classified as FVPL and any period change in fair value is recorded through the results from operations while the remaining amount is classified as held-to-maturity investments.
- “Cash and cash equivalents” and “Trade and other receivables” 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.
- The Company’s current holdings of equity instruments in “Investments” are classified as available-for-sale and any period change in fair value is recorded through other comprehensive income. When the investment’s value becomes impaired, the loss is recognized in the results of operations in the period of impairment.
- “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.

(f) Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit and loss) is impaired. Objective evidence of an impairment loss includes: i) significant financial difficulty of the obligor; ii) delinquencies in interest or principal payments; iii) increased probability that the borrower will enter bankruptcy or other financial reorganization; and iv) in the case of equity securities, a significant or prolonged decline in the fair value of the security below its cost.

If such evidence exists, the Company recognizes an impairment loss, as follows:

(i) Financial assets carried at amortized cost: The loss is the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument’s original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

(ii) Available-for-sale financial assets: The impairment loss is the difference between the original cost of the asset and its fair value at the measurement date, less any impairment losses previously recognized in the statement of income. This amount represents the cumulative loss in accumulated other comprehensive income that is reclassified to net income.

(g) Inventories

Expenditures, including depreciation, depletion and amortization of production assets, incurred in the mining and processing activities that will result in the 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 costs or net realizable value (“NRV”). NRV is the difference between the estimated future concentrate price (net of selling costs) and estimated costs to complete production into a saleable form.

Stockpiles are comprised of coarse ore that has been extracted from the mine and is available for further processing. Mining production costs are added to the stockpile as incurred and removed from the stockpile based upon the average cost per 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.

Materials and other supplies held for use in the production of inventories are carried at average cost and are not written down below that cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of concentrates indicates that the cost of the finished products exceeds net realizable value, the materials are written down to net realizable value. In such circumstances, the replacement cost of the materials may be the best available measure of their net realizable value.

(h) Property, plant and equipment

Property, plant and equipment are recorded at acquisition or production cost and carried net of depreciation and impairments. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Depreciation is calculated on a straight line or unit of production basis as appropriate. Where a straight line methodology is used, the assets are depreciated to their estimated residual value over an estimated useful life which ranges from three to 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. The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed at least annually and adjusted if appropriate.

Where straight-line depreciation is utilized, the range of useful lives for various asset classes is generally as follows:

• Buildings	15 - 20 years;
• Production machinery and equipment	5 - 7 years;
• Other	3 - 5 years;

(i) Mineral property acquisition, exploration and development costs

Costs relating to the acquisition of acquired mineral rights and acquired exploration rights are capitalized.

Exploration and evaluation expenditures are expensed as incurred on mineral properties not sufficiently advanced. At the point in time that a mineral property is considered to be sufficiently advanced, it is classified as a development mineral property and all further expenditures for the current year and subsequent years are capitalized as incurred. These costs will include 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.

(j) Intangible assets

(i) Identifiable intangible assets

The Company's identifiable intangible assets are stated at cost less accumulated amortization. These assets are capitalized and amortized on a straight-line basis in the statement of income over the period of their expected useful lives. The useful lives of the assets are reviewed at least annually and adjusted if appropriate.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the identifiable net assets of the acquired subsidiary at the date of acquisition. Goodwill is carried at cost less accumulated impairment losses. Impairment losses are recognized in the statement of income when recognized. Goodwill is allocated to each cash generating unit ("CGU") or group of CGUs that are expected to benefit from the related business combination. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(k) Impairment of non-financial assets

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash flows or CGUs. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use (being the present value of the expected future cash flows of the relevant asset or CGU, as determined by management). An impairment loss is recognized for the amount by which the CGU's carrying amount exceeds its recoverable amount.

Goodwill is reviewed for impairment annually or at any time if an indicator of impairment exists.

(l) Employee benefits

(i) Post-employment benefit obligations

The Company assumed the obligation of a predecessor company to provide life insurance, supplemental health care and dental benefits, excluding pensions, to its former Canadian employees who retired from active service prior to 1997. The estimated cost of providing these benefits 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. Unamortized experience gains and losses are being amortized on a straight-line basis over the average life expectancy remaining of this retiree group.

(ii) Stock-based compensation

The Company uses a fair value-based method of accounting for stock options to employees, including directors, and to non-employees. The fair value is determined using the Black-Scholes option pricing model on the date of the grant. The cost is recognized on a straight-line graded method basis, adjusted for expected forfeitures, over the applicable vesting period as an increase in stock-based compensation expense and the contributed surplus account. When such stock options are exercised, the proceeds received by the Company, together with the respective amount from contributed surplus, are credited to share capital.

(iii) Termination benefits

The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing benefits as a result of an offer made to encourage voluntary termination. Benefits falling due more than twelve months after the end of the reporting period are discounted to their present value.

(m) Reclamation provisions

Reclamation provisions, any legal and constructive obligation related to the retirement of tangible long-lived assets, are recognized when such obligations are incurred, if a reasonable estimate of the value can be determined. These obligations are measured initially at the present value of expected cash flows using a pre-tax discount rate reflecting risks specific to the liability and the resulting costs are capitalized and added to the carrying value of the related assets. In subsequent periods, the liability is adjusted for the accretion of the discount and the expense is recorded in the income statement. Changes in the amount or timing of the underlying future cash flows or changes in the discount rate are immediately recognized as an increase or decrease in the carrying amounts of the related assets and liability. These costs are amortized to the results of operations over the life of the asset. Reductions in the amount of the liability are first applied against the amount of the net reclamation asset on the books with any excess value being recorded in the statement of 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.

(n) Provisions

Provisions for restructuring costs and legal claims, where applicable, are recognized in liabilities when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

(o) Current and Deferred Income tax

Income taxes are accounted for using the liability method of accounting for deferred income taxes. Under this method, the tax currently payable is based on taxable income for the period. Taxable income differs from income as reported in the consolidated statement of income (loss) because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred income 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 used in the computation of taxable income. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting income. Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries and investments, and interests in joint ventures, except where the Company is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the forseeable future. Deferred tax assets are recognized to the extent that taxable income will be available against which the deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited to income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Income tax assets and liabilities are offset when there is a legally enforceable right to offset the assets and liabilities and when they relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

(p) 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 proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded – with the difference between the liability and the value of the tax assets renounced being recorded as a deferred tax expense. The tax effect of the renunciation is recorded at the time the Company makes the renunciation – which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established, and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

(q) Revenue recognition

Revenue from the sale of mineral concentrates is recognized when it is probable that the economic benefits will flow to the Company and delivery has occurred, the sales price and costs incurred with respect to the transaction can be measured reliably and collectability is reasonably assured. For uranium, revenue is typically recognized when delivery is evidenced 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 toll milling services is recognized as material is processed in accordance with the specifics of the applicable toll milling agreement. Revenue and unbilled accounts receivable are recorded as related costs are incurred using billing formulas included in the applicable toll milling agreement.

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 (or other parties where Denison acts as an agent) is recognized on the date when title passes.

(r) Borrowing costs

Borrowing costs attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognized as interest expense in the statement of income in the period in which they are incurred.

(s) Earnings (loss) per share

Basic earnings per share ("EPS") is calculated by dividing the net income (loss) for the period attributable to equity owners of DMC by the weighted average number of common shares outstanding during the period.

Diluted EPS is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. DMC's potentially dilutive common shares comprise stock options granted to employees, and warrants.

(t) Accounting standards issued but not yet applied

The Company is currently evaluating the impact of the following pronouncements and has not yet determined the impact of the following pronouncements or whether to early adopt any of the new requirements:

(i) International Financial Reporting Standard 7, Financial Instruments—Disclosure ("IFRS 7")

IFRS 7 was amended to provide guidelines on the eligibility criteria for offsetting assets and liabilities as a single net amount in the balance sheet. This amendment is effective for annual periods beginning on or after January 1, 2013.

(ii) International Financial Reporting Standard 9, Financial Instruments ("IFRS 9")

IFRS 9 was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income. Where such equity instruments are measured at fair value through other comprehensive income, dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

This standard is required to be applied for accounting periods beginning on or after January 1, 2015, with earlier adoption permitted.

(iii) International Financial Reporting Standard 10, Consolidated Financial Statements ("IFRS 10")

IFRS 10 was issued in May 2011 and it establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces the consolidation requirements in SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements. This standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(iv) International Financial Reporting Standard 11, Joint Arrangements ("IFRS 11")

IFRS 11 was issued in May 2011 and it provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. IFRS 11 requires the venture to classify its interest in a joint arrangement as a joint venture or a joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venture will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC-13 Jointly Controlled Entities—Non-Monetary Contributions by Ventures. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(v) International Financial Reporting Standard 12, Disclosure of Interest in Other Entities ("IFRS 12")

IFRS 12 was issued in May 2011 and it is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interest in other entities. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vi) International Financial Reporting Standard 13, Fair Value Measurement ("IFRS 13")

IFRS 13 was issued in May 2011 and it establishes new guidance on fair value measurement and disclosure requirements for IFRS and completes a major project to improve the convergence of IFRS and US GAAP. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. The standard is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(vii) International Accounting Standard 1, Presentation of Financial Statements ("IAS 1")

IAS 1 was amended to require entities to group items within other comprehensive income based on an assessment of whether such items may or may not be reclassified to profit or loss at a subsequent date. This standard is effective for annual periods beginning on or after July 1, 2012. Earlier application is permitted.

(viii) International Accounting Standard 19, Post-Employment Benefits ("IAS 19")

IAS 19 was amended to eliminate an entity's option to defer the recognition of certain gains and losses related to post-employment benefits and require re-measurement of associated assets and liabilities in other comprehensive income. This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier application is permitted.

(ix) International Accounting Standard 28, Investments in Associates ("IAS 28")

IAS 28 was amended to include joint ventures in its scope and to address the changes in IFRS 10 to 13. This amendment is effective for annual periods beginning on or after January 1, 2013. Earlier adoption is permitted.

(x) International Accounting Standard 32, Financial Instruments—Presentation ("IAS 32")

IAS 32 was amended to clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014 with retrospective application required. Earlier application is permitted.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements that affect the amounts reported. It also requires management to exercise judgement in applying the Company's accounting policies. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances taking into account previous experience. Although the Company regularly reviews the estimates and judgements made that affect these financial statements, actual results may be materially different.

Significant estimates and judgements made by management relate to:

(a) Depreciation and Amortization of Property, Plant and Equipment

Property, plant and equipment comprise a large component of the Company's assets and, as such, the depreciation and amortization of those assets have a significant effect on the Company's financial statements. Depreciation 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.

Plant and equipment assets depreciated using a straight-line basis require estimates of residual values and allocate the cost of an asset to production cost evenly over the assets useful life defined as a period of time. Plant and equipment assets depreciated using a units of production basis require estimates of residual values and allocate the cost of an asset to production cost based on current period production in proportion to total anticipated production from the facility. In certain instances, the total anticipated production from a facility will require making estimates about future toll milling volumes.

Mineral property assets are amortized using a units of production basis that allocates the cost of the asset to production cost based on the current period's mill feed as a proportion of the total estimated resources in the related ore body. The process of making these estimates requires significant judgment in evaluating and assessing available geological, geophysical, engineering and economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty.

Changes in these estimates may materially impact the carrying value of the Company's property, plant and equipment and the recorded amount of depletion and depreciation.

(b) Valuation of Long-lived Assets

The Company undertakes a review of the carrying values of mining properties and related expenditures whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts determined by reference to estimated future operating results and discounted net cash flows. An impairment loss is recognized when the carrying value of those assets is not recoverable. In undertaking this review, management of the Company is required to make significant estimates of, amongst other things, future production and sale volumes, forecast commodity prices, future operating and capital costs and reclamation costs to the end of the mine's life. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mining properties and related expenditures.

The Company reviews goodwill at least annually. The Company has estimated the fair value of operating segments to which goodwill is allocated using discounted cash flow models that require assumptions about future cash flows, expenditures and an assumed discount rate. Changes in these estimates could have a material impact on the carrying value of the goodwill.

(c) Inventory

The Company values its concentrate, work in process and ore stockpile inventories 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, plant and equipment depreciation, mineral property amortization and stockpile depletion. Net realizable value is based on estimated future commodity prices and estimated costs required to convert work in process and ore stockpile inventories into saleable form. These estimates are subject to change from period-to-period that may materially impact the carrying value of the Company's inventories resulting to inventory write-downs and recoveries.

(d) Deferred Tax Assets and Liabilities

Deferred 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. Deferred tax assets and liabilities are measured using enacted or substantially enacted tax rates expected to apply when the differences are expected to be recovered or settled. The determination of the ability of the Company to utilize tax loss carry forwards to offset deferred tax liabilities requires management to exercise judgment and make certain assumptions about the future performance of the Company. Management is required to assess whether it is "probable" that the Company will benefit from these prior losses and other deferred tax assets. Changes in economic conditions, commodity prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses.

(e) Business Combinations

Management uses judgment in applying the acquisition method of accounting for business combinations and in determining fair values of the identifiable assets and liabilities acquired. The value placed on the acquired assets and liabilities, including identifiable intangible assets, will have an effect on the amount of goodwill that the Company may record on an acquisition. Changes in economic conditions, commodity prices and other factors between the date that an acquisition is announced and when it finally is consummated can have a material difference on the allocation used to record a preliminary purchase price allocation versus the final purchase price allocation which can take up to one year after acquisition to complete.

(f) Reclamation Obligations

Asset retirement obligations are recorded as a liability when the asset is initially constructed. . Denison has accrued 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 in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs, mine closure plans, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Company's decommissioning liability could differ from amounts provided. The estimate of the Company's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

5. TRANSITION TO IFRS

These are the first annual financial statements issued by the Company that will comply with IFRS. These financial statements were prepared as described in note 2, including the application of IFRS 1, First time adoption of International Reporting Financial Standards ("IFRS 1"). IFRS 1 sets out the procedures that the Company must follow when it adopts IFRS for the first time as the basis for preparing its consolidated financial statements.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2010 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, December 31, 2011. The standard also permits a number of optional and mandatory exemptions from full retrospective application.

The Company is required to use the following mandatory exemptions as follows:

- Estimates cannot be created or revised using hindsight. The estimates previously made by the Company under CGAAP were not revised for the application of IFRS except where necessary to reflect any difference in accounting policies.

- For non-controlling interests, IFRS 1 lists specific requirements of IAS 27 Consolidated and Separate Financial Statements which are applied prospectively.

The Company has elected to use the following optional exemptions and has made the following adjustments to transition from CGAAP to IFRS:

a) Business Combinations

The Company elected to apply IFRS relating to business combinations prospectively from January 1, 2010. As such, CGAAP balances relating to business combinations entered into before that date have been carried forward.

b) Cumulative Translation Adjustment

The Company has elected to reset the cumulative translation adjustment ("CTA") account, which includes gains and losses arising from the translation of foreign operations, to zero at the date of transition to IFRS as an alternative to calculating the retrospective cumulative translation adjustments required to be in compliance with the principles of IAS 21 for the periods prior to transition.

c) Impairment testing under IAS 36 and IFRS 1 elections

In accordance with IAS 36, the Company performed impairment tests of its Canadian and United States CGUs which includes inventories, mineral properties, plant and equipment, goodwill and reclamation liabilities. The Company estimated fair values using a combination of a discounted cash flow model using the fair value less cost to sell basis (at a post tax discount rate of 10%) and independent valuations to determine the recoverable amount of these CGUs. The recoverable amounts determined for both CGUs were less than the carrying amounts. For the Canadian CGU, the carrying value of the mineral properties and plant and equipment were reduced to estimated fair value and, as a result, the carrying value of goodwill was fully written off. For the United States CGU, the carrying values of the plant and equipment and mineral properties were reduced to estimated fair value.

IFRS 1 allows an entity to elect to measure an item of property, plant and equipment at the date of transition to IFRS at its fair value and use that fair value as its deemed cost at that date. The first time adopter may elect to use a previous CGAAP revaluation of an item of property, plant and equipment at, or before, the date of transition to IFRS as deemed cost at the date of the revaluation, if the revaluation was, at the date of the revaluation, broadly comparable to fair value. The Company has elected to take the lower of cost or fair value of certain of its property, plant and equipment as deemed cost based on appraisal reports prepared by independent third party valuators.

The Company wrote down the carrying value of its Zambian mineral properties to its fair value in the 2009 fiscal year as part of its impairment assessment under CGAAP. The fair value was calculated using most recent comparable transactions at such point in time. This fair value has been used as the 'deemed cost' going forward upon transition to IFRS. The impact of this is that no reversal of impairment loss previously taken would be required even if there was an increase in fair value in subsequent periods. There are no other significant assets in the Zambian CGU.

As a result of the transition to IFRS and the reduction of the carrying amounts of PP&E and mineral properties, management recognized the related decrease in deferred tax liability as of January 1, 2010.

A summary of the impairment charges recorded by each CGU on January 1, 2010, by asset class, is as follows:

(in thousands)	Canadian Mining Segment	United States Mining Segment	Total
Property, plant and equipment			
Plant and equipment	$ 13,009	$ 927	$ 13,936
Mineral properties	252,267	59,645	311,912
Goodwill	51,028	—	51,028
Transitional impairment loss-pre tax	$316,304	$ 60,572	$376,876

The Company amortizes its mineral property assets using 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 IFRS than CGAAP, 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 inventory under IFRS also result in lower net realizable value adjustments being recorded in a particular period when compared to CGAAP.

d) Adoption of IFRS 6 for Exploration and Evaluation Expenditures

The Company has elected to adopt the provisions of IFRS 6 which allow the Company to continue with the current accounting policies regarding the accounting for exploration and evaluation expenditures, with the exception of capitalizing a portion of its exploration spending. Under CGAAP, the Company capitalized a portion of its exploration spending as a component of its carrying value of mineral properties.

Under IFRS, this practice has been discontinued and mineral property exploration expense has increased accordingly. This adjustment has impacted the cash flow split between operating and investing activities for IFRS when compared to CGAAP.

e) Change in foreign exchange translation methodology

Under CGAAP, the Company used the temporal method of foreign exchange translation for its fully-integrated subsidiaries. This included its Zambian and Australian subsidiaries. Under the temporal method, non-monetary assets were converted to the presentation currency using historical foreign exchange rates and the resulting difference between the translation of the balance sheet and income statement was recorded in the statement of operations.

Under IFRS, the temporal method is not recognized and translation occurs using the equivalent of the current rate method under CGAAP. Under this method, all assets and liabilities are treated as monetary and translated to the presentation currency using the foreign exchange rate at the end of the reporting period. Differences between the translation of the balance sheet and the statement of operations are accumulated in an account in equity. The change in translation methodology has resulted in some significant changes in the presentation currency amounts for the Company's Zambian subsidiary and has also resulted in the reversal of translation foreign exchange income / expense in the statement of operations.

f) Acquisition of OmegaCorp Limited

The Company completed the acquisition of OmegaCorp Limited in 2007 under which it acquired its Zambian subsidiary. Under CGAAP at the time, the Company treated the transaction as an asset acquisition and was required to gross-up the Mutanga project mineral property value and the deferred tax liability by an equal and offsetting amount. In 2009, the Company impaired the value of the Mutanga project to its fair value at the time. As at January 1, 2010, a portion of the deferred tax liability associated with the initial acquisition of the Mutanga project in 2007 still remained under CGAAP. This remaining deferred tax liability has been reversed on the transition to IFRS as IAS 12 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.

g) Flow-through share accounting

Under CGAAP, the Company would record the gross proceeds relating to flow through shares to share capital at the time of issuance. It would then record a charge (reduction) to share capital at the time the tax benefits of the flow-through shares were renounced to the subscribers. The charge was calculated by multiplying the amount of the renounced tax benefits (which are equal to the proceeds of the flow-through share issue) by the effective tax rate at the time. The offset would go to the deferred tax liability to reflect the fact that the Company could no longer use the tax attributes for its benefit.

Under IFRS, the proceeds from issuing flow-through shares are allocated between the offering of shares and the sale of tax benefits. The allocation is based on the difference ("premium") between the quoted price of the Company's existing shares, at the date of closing, and the amount the investor pays for the actual flow-through shares. A liability is recognized for the premium, and is extinguished when the tax effect of the temporary differences, resulting from the renunciation, is recorded. The difference between the liability and the value of the tax assets renounced is recorded as a deferred tax expense. There is no subsequent reduction in share capital.

h) Other transitional items

The income statement has been adjusted for the following additional items not discussed above:

- Depreciation expense – increase due to componentization adjustments on assets at the McClean Lake and White Mesa mills;
- Reclamation asset amortization and liability adjustments – Upon transition, the Company impaired the value of its reclamation assets to nil. As a result, any resulting amortization has been reversed. The change in the net asset value of the reclamation assets has also impacted the amount of the liability adjustment recorded under CGAAP at December 31, 2010; and
- Gain / loss on asset disposals – the Company has reversed plant and equipment impairment charges recorded in fiscal 2010 and recalculated the gain / loss on plant and equipment disposals as a result of having adjusted carrying values for its plant and equipment assets.

In preparing its IFRS balance sheets for fiscal 2010, the Company has adjusted amounts previously reported in financial statements prepared in accordance with CGAAP. An explanation of how the transition from CGAAP to IFRS has affected the Company's balance sheets is set out in the following tables and notes that accompany the tables:

a) Reconciliation of Consolidated Balance Sheets from CGAAP to IFRS:

As at January 1, 2010

(in thousands)	Table	Canadian GAAP	ADJUST	IFRS GAAP
ASSETS				
Current				
Cash and cash equivalents		$ 19,804	$ —	$ 19,804
Trade and other receivables		13,773	—	13,773
Inventories	A	52,216	—	52,216
Prepaid expenses and other	B	1,607	(3)	1,604
		87,400	(3)	87,397
Non-Current				
Inventories – ore in stockpiles		1,530	—	1,530
Investments		10,605	—	10,605
Prepaid expenses and other		287	—	287
Restricted cash and investments		21,656	—	21,656
Property, plant and equipment	C	691,039	(369,644)	321,395
Intangibles		4,436	—	4,436
Goodwill	D	51,028	(51,028)	—
Total assets		$ 867,981	(420,675)	$ 447,306
LIABILITIES				
Current				
Accounts payable and accrued liabilities	E	$ 9,508	$ 218	$ 9,726
Current portion of long-term liabilities:				
Post-employment benefits		380	—	380
Reclamation obligations		752	—	752
Debt obligations		869	—	869
Other liabilities		313	—	313
		11,822	218	12,040
Non-Current				
Deferred revenue		3,187	—	3,187
Post-employment benefits		3,426	—	3,426
Reclamation obligations		17,154	—	17,154
Debt obligations		195	—	195
Other liabilities		1,051	—	1,051
Deferred income tax liability	F	102,918	(88,856)	14,062
Total liabilities		139,753	(88,638)	51,115
EQUITY				
Share capital	G	849,488	848	850,336
Share purchase warrants		5,830	—	5,830
Contributed surplus		39,922	—	39,922
Deficit				
Opening	H	(242,494)	(260,987)	(503,481)
Accumulated other comprehensive income				
Opening	I	75,482	(71,898)	3,584
Total equity		728,228	(332,037)	396,191
Total liabilities and equity		$ 867,981	$(420,675)	$ 447,306

As at December 31, 2010

(in thousands)	Table	Canadian GAAP	ADJUST	IFRS GAAP
ASSETS				
Current				
Cash and cash equivalents		$ 97,554	$ —	$ 97,554
Trade and other receivables		20,236	—	20,236
Inventories	A	32,387	(3,254)	29,133
Prepaid expenses and other	B	1,917	(7)	1,910
		152,094	(3,261)	148,833
Non-Current				
Inventories – ore in stockpiles		2,204	—	2,204
Investments		2,955	—	2,955
Prepaid expenses and other		104	3	107
Restricted cash and investments		22,946	—	22,946
Property, plant and equipment	C	714,458	(372,294)	342,164
Intangibles		3,794	—	3,794
Goodwill	D	53,919	(53,919)	—
Total assets		$ 952,474	(429,471)	$ 523,003
LIABILITIES				
Current				
Accounts payable and accrued liabilities	E	$ 13,753	$ —	$ 13,753
Current portion of long-term liabilities:				
Post-employment benefits		402	—	402
Reclamation obligations		641	—	641
Debt obligations		200	—	200
Other liabilities		—	—	—
		14,996	—	14,996
Non-Current				
Deferred revenue		3,339	—	3,339
Post-employment benefits		3,617	—	3,617
Reclamation obligations		16,924	—	16,924
Debt obligations		205	—	205
Other liabilities		1,105	—	1,105
Deferred income tax liability	F	106,183	(92,775)	13,408
Total liabilities		146,369	(92,775)	53,594
EQUITY				
Share capital	G	910,484	1,197	911,681
Share purchase warrants		5,830	—	5,830
Contributed surplus		41,658	—	41,658
Deficit				
Opening	H	(242,494)	(260,987)	(503,481)
Net income (loss)	J	(14,235)	8,889	(5,346)
Accumulated other comprehensive income				
Opening	I	75,482	(71,898)	3,584
Comprehensive income (loss)	J	29,380	(13,897)	15,483
Total equity		806,105	(336,696)	469,409
Total liabilities and equity		$ 952,474	$(429,471)	$ 523,003

b) Reconciliation Tables of Consolidated Balance Sheet Line Items from CGAAP to IFRS:

Table A-Inventories-current

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$52,216	$ 32,387
Change in absorption	5c	—	(14,948)
Change in cost of goods sold	5c	—	11,690
Change in NRV provisions	5c	—	4
Balance-IFRS		$52,216	$ 29,133

Table B-Prepaid expenses and other

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$ 1,607	$ 1,917
Translation methodology	5e	(3)	(7)
Balance-IFRS		$ 1,604	$ 1,910

Table C-Property, plant and equipment

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$ 691,039	$ 714,458
Transition impairment	5c	(325,848)	(340,875)
Change in translation methodology	5e	(43,795)	(47,084)
Change in depreciation, amortization	5c,h	—	14,718
Change in exploration absorption	5d	—	(96)
Change in disposals and other	5h	(1)	1,043
Balance-IFRS		$ 321,395	$ 342,164

Table D-Goodwill

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$ 51,028	$ 53,919
Transition impairment	5c	(51,028)	(53,919)
Balance-IFRS		$ —	$ —

Table E-Accounts payable and accrued liabilities

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$ 9,508	$ 13,753
Flow-through share premium liability	5g	218	—
Balance-IFRS		$ 9,726	$ 13,753

Table F-Deferred tax liability

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$102,918	$ 106,183
Transition impairment-tax effect	5c	(70,701)	(74,706)
Acquisition tax liability un-wind	5f	(20,218)	(19,433)
Other adjustments		2,063	1,364
Balance-IFRS		$ 14,062	$ 13,408

Table G-Share capital

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$849,488	$ 910,484
Flow-through shares – life-to-date adjustment on transition	5g	848	848
Reverse flow-through share renunciation recorded under Canadian GAAP	5g	—	349
Balance-IFRS		$850,336	$ 911,681

Table H-Deficit-opening

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$(242,494)	$ (242,494)
Transition impairments			
Property, plant and equipment	5c	(325,848)	(325,848)
Goodwill	5c	(51,028)	(51,028)
Deferred tax	5c	70,701	70,701
Translation methodology			
Prepaids and other current assets	5e	(3)	(3)
Property, plant and equipment	5e	(43,795)	(43,795)
Acquisition tax liability un-wind	5f	20,218	20,218
Flow-through share adjustments	5g	(1,067)	(1,067)
Other		(2,063)	(2,063)
Reset of cumulative translation account	5b	71,898	71,898
Balance-IFRS		$(503,481)	$ (503,481)

Table I-Accumulated other comprehensive income (loss)-opening

(in thousands)	Notes	January 1, 2010	December 31, 2010
Balance-CGAAP		$ 75,482	$ 75,482
Reclass CTA to retained earnings on transition	5b	(71,898)	(71,898)
Balance-IFRS		$ 3,584	$ 3,584

Table J-Net income (loss) and Comprehensive income (loss)

(in thousands)	Notes	Twelve months December 31, 2010
Net income (loss)-CGAAP		$ (14,235)
Operations		
Depreciation expense	5c,h	(1,820)
Mineral property amortization	5c	16,082
Concentrate absorption change	5c	(14,658)
COGS change	5c	11,422
NRV provision changes	5c	(18)
Reclamation asset amortization	5h	174
Reclamation liability adjustment	5h	330
Exploration		
Exploration absorption	5d	(92)
Other expense (income)		
Gain/loss on asset disposals	5h	692
Foreign exchange – translational	5e	(3,923)
Taxes		
Future taxes		700
Net income (loss)-IFRS		$ (5,346)
Comprehensive income (loss)-CGAAP		15,145
Change in net income (loss)		8,889
Change in foreign currency translation		(13,897)
Comprehensive income (loss)-IFRS		$ 10,137

Table K-Consolidated Statement of Cash Flow adjustments

(in thousands)		Twelve months December 31, 2010
Net cash provided by (used in) operating activities:		
Under CGAAP		$ 35,551
Change in exploration absorption	5d	(93)
Under IFRS		$ 35,458
Net cash provided by (used in) investing activities:		
Under CGAAP		$ (19,472)
Change in exploration absorption	5d	93
Under IFRS		$ (19,379)

6. ACQUISITION OF WHITE CANYON URANIUM LIMITED

On June 17, 2011, DMC's offer to acquire all of the outstanding shares of White Canyon Uranium Limited ("WCU") closed with 96.98% of shares outstanding accepting the offer. Compulsory acquisition proceedings to acquire the remaining shares of WCU were initiated on June 20, 2011 and were completed in early August 2011.

DMC's cash offer of AUD $0.24 per WCU share resulted in a total purchase price of USD$61,027,000 (AUD$57,163,000).

As a result of the acquisition, the Company acquired WCU's key assets located in south eastern Utah, near Denison's White Mesa mill. Its holdings comprise 100% interests in the Daneros producing mine, the Lark Royal advanced project and the Thompson, Geitus, Blue Jay and Marcy Look exploration projects. WCU commenced production of uranium ore in December 2009 from its 100% owned Daneros uranium mine.

This transaction has been accounted for as a business combination with DMC as the acquirer and WCU's results of operations have been consolidated with those of Denison commencing as at the acquisition date. The following table summarizes the consideration paid for WCU, the fair value of assets acquired and liabilities assumed at the acquisition date. Fair values recorded in the interim condensed consolidated financial statements of the Company for the period ended June 30, 2011 were determined on a provisional basis. These fair values have been finalized as follows:

	WCU Fair Value as at June 17, 2011		
(in thousands)	Provisional Basis	Adjustments	Final Basis
Cash and cash equivalents	$ 1,323	$ —	$ 1,323
Trade and other receivables	158	—	158
Inventories			
Ore-in-stockpiles	3,715	(4)	3,711
Uranium concentrates and work-in-progress	584	—	584
Prepaid expenses and other	42	—	42
Restricted cash and investments	147	—	147
Property, plant and equipment			
Plant and equipment	26	—	26
Mineral properties	57,095	(33,179)	23,916
Goodwill	12,350	20,275	32,625
Total assets	75,440	(12,908)	62,532
Accounts payable and accrued liabilities	1,982	7	1,989
Reclamation obligations	81	—	81
Deferred income tax liability	12,350	(12,915)	(565)
Total liabilities	14,413	(12,908)	1,505
Total cash consideration	$61,027	$ —	$61,027

WCU's identifiable assets and liabilities were measured at their individual fair values as at June 17, 2011, the acquisition date. In arriving at the final fair values, management has made assumptions, estimates and assessments based on fair value information available at or around June 17, 2011. The adjustments recorded have resulted in a decrease in mineral properties of $33,179,000 and an increase in goodwill of $20,275,000 from the amounts previously reported. The reduced mineral property fair value is attributable to the following factors: a) reduced consensus estimates for uranium prices and reduced market valuations for U.S uranium companies when comparing the provisional fair value models with the final fair value models as a result of the Fukushima nuclear incident in Japan in March 2011; and b) reduced resource estimates on the exploration projects acquired.

During 2011, the Company recorded an impairment charge of $32,625,000 related to the goodwill recognized in the WCU acquisition (see note 14).

The consolidated statement of income (loss) for 2011 includes revenue of $nil and net loss of $33,637,000 (including the goodwill impairment charge noted above) with respect to the former operations of WCU. The Company includes the results of WCU as part of its U.S. mining segment.

The total transaction costs incurred by Denison relating to the acquisition, and included in general and administrative expenses for 2011 amounted to $1,425,000.

The following unaudited pro forma summary presents DMC's consolidated results as if WCU had been acquired on January 1, 2011. The pro forma information is provided for comparative purposes only and does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations of the combined companies.

(in thousands)	Revenue	Net income (loss)
As reported for the period	$ 96,800	$(70,869)
Adjustments to revenue (1)	7,142	—
Adjustments to net income (loss) (2)	—	(9,529)
Pro forma amounts for the period	$103,942	$(80,398)

(1) Revenue adjustments include WCU's revenue for the six month period ended June 30, 2011 adjusted to eliminate revenue transactions between the Denison and the WCU corporate groups;

(2) Net income (loss) adjustments include revenue adjustments above, WCU's net income (loss) for the six month period ended June 30, 2011 and the following additional items: a) adjustments to WCU's financial results to conform to Denison's policy of expensing exploration; and b) adjustments to WCU's financial results to conform to Denison's policy of translating intercompany advances;

7. CASH AND CASH EQUIVALENTS

The cash and cash equivalent balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Cash	$ 24,999	$ 46,846	$ 19,804
Cash equivalents	28,516	50,708	—
	$ 53,515	$ 97,554	$ 19,804

8. TRADE AND OTHER RECEIVABLES

The trade and other receivables balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Trade receivables – mineral concentrate sales	$ 7,762	$ 5,631	$ 9,422
Trade receivables – other	3,746	6,903	2,114
Receivables in joint ownership arrangements	346	375	928
Sales tax receivables	279	228	1,127
Sundry receivables	446	6,242	182
Notes and lease receivables	73	857	—
	$ 12,652	$ 20,236	$ 13,773

9. INVENTORIES

The inventories balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Uranium concentrates and work-in-progress [1]	$ 14,676	$ 6,707	$ 19,921
Vanadium concentrates and work-in-progress [2]	18	4,198	442
Inventory of ore in stockpiles	17,515	14,772	28,366
Mine and mill supplies	6,053	5,660	5,017
	$ 38,262	$ 31,337	$ 53,746
Inventories—by duration:			
Current	36,106	$ 29,133	$ 52,216
Long-term – ore in stockpiles	2,156	2,204	1,530
	$ 38,262	$ 31,337	$ 53,746

(1) The uranium concentrates and work-in-progress inventory is presented net of a provision of $nil as at December 31, 2011, $nil as at December 31, 2010 and $5,910,000 as at January 1, 2010.

(2) The vanadium concentrates and work-in-progress inventory is presented net of a provision of $nil as at December 31, 2011, $17,000 as at December 31, 2010 and $7,302,000 as at January 1, 2010.

Operating expenses include recoveries of $17,000 and $13,195,000 relating to the net realizable value of the Company's uranium and vanadium inventories for the years ended December 2011 and December 2010, respectively.

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

10. INVESTMENTS

The investments balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Investments:			
Available for sale securities at fair value	$ 522	$ 2,955	$ 10,605
	$ 522	$ 2,955	$ 10,605

At December 31, 2011, investments consist of equity instruments in publicly-traded companies at a fair value of $522,000 (December 31, 2010: $2,955,000 and January 1, 2010: $10,605,000).

Investment Sales, Purchases and Impairments

During 2010, the Company sold equity interests for cash consideration of $8,118,000. The resulting gain of $3,333,000 has been included in other income (expense) in the consolidated statements of operations (see note 24).

During 2010, the Company acquired additional equity interests at a cost of $17,000.

During 2011 and 2010, the Company recorded investment impairment charges of $896,000 and $181,000, respectively. The resulting loss has been included in other income (expense) in the consolidated statements of operations (see note 24).

11. 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)	At December 31 2011	At December 31 2010	At January 1 2010
Cash	$ 1	$ 504	$ 23
Cash equivalents	2,512	6,459	3,066
Investments	24,280	15,983	18,567
	$ 26,793	$ 22,946	$ 21,656
Restricted cash and investments – by item:			
U.S. mill and mine reclamation	$ 24,651	$ 20,315	$ 19,564
Elliot Lake reclamation trust fund	2,142	2,631	2,092
	$ 26,793	$ 22,946	$ 21,656

U.S. Mill and Mine Reclamation

The Company has cash, cash equivalents and fixed income securities as collateral for various bonds posted in favour of the State of Utah, 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 2011, the Company deposited an additional $3,200,000 into its collateral account (2010: $nil).

Elliot Lake Reclamation Trust Fund

The Company has the obligation to maintain its decommissioned Elliot Lake uranium mine pursuant to a Reclamation Funding Agreement effective December 21, 1995 (“Agreement”) with the Governments of Canada and Ontario. The Agreement, as further amended in February 1999, requires the Company to maintain funds in the Reclamation Trust Fund equal to estimated reclamation spending for the succeeding six calendar years, less interest expected to accrue on the funds during the period. Withdrawals from this Reclamation Trust Fund can only be made with the approval of the Governments of Canada and Ontario to fund Elliot Lake monitoring and site restoration costs. In 2011, the Company deposited an additional $706,000 (CAD$695,000) into the Elliot Lake Reclamation Trust Fund and withdrew $1,175,000 (CAD$1,163,000). In 2010, the Company deposited an additional $1,313,000 (CAD$1,358,000) into the Elliot Lake Reclamation Trust Fund and withdrew $918,000 (CAD$950,000).

12. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Plant and equipment:			
Cost	$ 191,067	$ 171,782	$ 161,794
Construction-in-progress	7,183	21,375	11,860
Accumulated depreciation	(53,804)	(43,314)	(31,092)
Net book value	$ 144,446	$ 149,843	$ 142,562
Mineral properties:			
Cost	$ 230,403	$ 193,727	$ 178,833
Accumulated amortization	(7,479)	(1,406)	—
Net book value	$ 222,924	$ 192,321	$ 178,833
Net book value	$ 367,370	$ 342,164	$ 321,395

The property, plant and equipment continuity summary is as follows:

(in thousands)	Cost	Accumulated Amortization / Depreciation	Net Book Value
Plant and equipment:			
Balance – January 1, 2010	$173,654	$ (31,092)	$142,562
Additions	16,566	—	16,566
Depreciation	—	(13,150)	(13,150)
Disposals	(2,932)	1,466	(1,466)
Transfers	(3)	3	—
Reclamation adjustment	778	—	778
Foreign exchange	5,094	(541)	4,553
Balance – December 31, 2010	$193,157	$ (43,314)	$149,843
Additions	8,297	—	8,297
Amortization	—	(72)	(72)
Business acquisition (note 6)	70	(44)	26
Depreciation	—	(11,876)	(11,876)
Disposals	(2,102)	1,131	(971)
Reclamation adjustment	1,046	60	1,106
Foreign exchange	(2,218)	311	(1,907)
Balance – December 31, 2011	$198,250	$ (53,804)	$144,446
Mineral properties:			
Balance – January 1, 2010	$178,833	$ —	$178,833
Additions	14,249	—	14,249
Amortization	—	(1,397)	(1,397)
Foreign exchange	645	(9)	636
Balance – December 31, 2010	$193,727	$ (1,406)	$192,321
Additions	19,429	—	19,429
Amortization	—	(6,078)	(6,078)
Business acquisition (note 6)	23,916	—	23,916
Foreign exchange	(6,669)	5	(6,664)
Balance – December 31, 2011	$230,403	$ (7,479)	$222,924

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 mill is currently on stand-by and is scheduled to remain so into 2013. A toll milling agreement has been signed with the participants in the Cigar Lake joint venture that provides for the processing of the future output of the Cigar Lake mine at the McClean Lake mill, for which the owners of the McClean Lake mill 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 mill feed.

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, also located in the Athabasca Basin, but which are not yet in the development stage include:

a) Wheeler River – the Company has a 60% interest in the project;

b) Moore Lake – the Company has a 75% interest in the project subject to a 2.5% net smelter return royalty;

c) Wolly – the Company has a 22.5% interest in the project; 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 project. The Company is required to incur exploration expenditures of CAD$2,800,000 over three years to earn an initial 49% interest and a further CAD$3,000,000 over six years to earn an additional 26% interest. As at December 31, 2011, the Company has incurred a total of CAD$4,219,000 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, Henry Mountain and White Canyon mining districts located in Colorado, Arizona and Utah which are either in operations, development or on standby.

In June 2011, the Company acquired certain uranium deposits located in the White Canyon district in Utah in conjunction with its purchase of WCU (see note 6).

Mongolia

The Company currently has a 70% interest in and is the managing partner of the Gurvan Saihan Joint Venture company ("GSJV") in Mongolia. The other parties to the GSJV are the Mongolian government and Geologorazvedka, a Russian entity, both with a 15% interest. The results of the GSJV have been 100% consolidated in these financial statements since the Company exercises control and its partners in the GSJV both have carried interests at this time.

Under the Nuclear Energy Law of Mongolia, the Mongolian participant in the GSJV is required to hold a 34% to 51% interest in the GSJV, depending on the amount of historic exploration that was funded by the government of Mongolia, to be acquired at no cost to the Mongolian participant. This interest will be held by Mon-Atom LLC, the Mongolian state-owned uranium company.

The Company and Mon-Atom are proceeding with restructuring the GSJV to meet the requirements of the Nuclear Energy law, pending government reviews and authorizations. In November 2011, the Company finalized terms for the acquisition of the Russian participant's share in the GSJV in preparation for this restructuring. Subject to receipt of the required approvals, this 15% share interest will be acquired by the Company for cash consideration of $727,000 and the release of the Russian participant's share of unfunded joint venture obligations.

The final restructuring of the GSJV will result in the Company having its 70% interest reduced. It is expected that the restructuring will be completed in 2012.

Zambia

The Company has a 100% interest in the Mutanga project located in Zambia.

13. INTANGIBLES

The intangibles balance consists of:

(in thousands)	December 31 2011	December 31 2010	January 1 2010
Cost	$ 7,276	$ 7,439	$ 7,041
Accumulated amortization	(4,438)	(3,645)	(2,605)
Net book value	$ 2,838	$ 3,794	$ 4,436
Net book value-by item:			
UPC management services agreement	2,838	3,794	4,436
Net book value	$ 2,838	$ 3,794	$ 4,436

The intangibles continuity summary is as follows:

(in thousands)	Cost	Accumulated Amortization	Net Book Value
Balance – January 1, 2010	$7,041	$ (2,605)	$ 4,436
Amortization	—	(862)	(862)
Foreign exchange	398	(178)	220
Balance – December 31, 2010	$7,439	$ (3,645)	$ 3,794
Amortization	—	(898)	(898)
Foreign exchange	(163)	105	(58)
Balance – December 31, 2011	$7,276	$ (4,438)	$ 2,838

UPC Management Services Agreement

The UPC management services agreement is associated with the acquisition of DMI in 2006. The contract is being amortized over its 8 year estimated useful life.

14. GOODWILL

The goodwill continuity summary is as follows:

(in thousands)	December 31, 2011	December 31 2010
Balance—beginning of period	$ —	$ —
Business acquisition (note 6)	32,625	—
Impairment charge	(32,625)	—
Balance—end of period	$ —	$ —
Goodwill-by business unit:		
U.S. mining segment	$ —	$ —

The Company's acquisition of WCU in 2011 was accounted for using the purchase method (see note 6). The excess of the purchase price over the fair value of the net assets acquired has been recorded as goodwill. The goodwill was allocated to the Company's U.S. mining segment.

Goodwill impairment

The Company performs an impairment test annually or more frequently if there are impairment indicators for the carrying amounts of its CGUs. Where a CGU has goodwill allocated to it, the goodwill in that CGU must be tested annually for impairment.

In performing the CGU impairment test for the U.S mining segment in 2011, the Company concluded that the recoverable amount of the CGU was lower than its carrying value. As a result, the Company has recognized an impairment loss of $32,625,000 which it has fully allocated to goodwill. The Company used a fair value less costs to sell cash flow model to determine the recoverable amount for the CGU. The future net cash flow model included estimates for commodity prices, recoverable reserves and resources, operating costs and capital costs.

Nominal uranium spot price projections used in the cash flow projection are within the range of current market consensus observed during the fourth quarter of 2011 and ranged from $54.00 to $81.00 per pound. All of these prices were discounted using a cumulative annual 2% inflation rate. The post tax discount rate used in the model was 9%.

15. POST-EMPLOYMENT BENEFITS

The Company provides post employment benefits for former Canadian employees who retired on immediate pension prior to 1997. The post employment benefits provided include life insurance and medical and dental benefits as set out in the applicable group policies 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 31, 2011. 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 of 3.65%;
- Medical cost trend rates at 7.00% per annum initially, grading down to 4.50% per annum over 20 years and remaining at 4.50% per annum thereafter; and
- Dental cost trend rates at 4.00% per annum for the first ten years, 3.50% per annum for the following ten years and 3.0% per annum thereafter;

The post-employment benefits balance consists of:

(in thousands)	December 31 2011	December 31 2010	January 1 2010
Accrued benefit obligation	$ 3,685	$ 3,820	$ 3,594
Unamortized experience gain	206	199	212
	$ 3,891	$ 4,019	$ 3,806
Post-employment benefits liability-by duration:			
Current	$ 393	$ 402	$ 380
Non-current	3,498	3,617	3,426
	$ 3,891	$ 4,019	$ 3,806

The post-employment benefits continuity summary is as follows:

(in thousands)	
Balance—January 1, 2010	$3,806
Benefits paid	(266)
Interest cost	286
Amortization of experience gain	(24)
Foreign exchange	217
Balance—December 31, 2010	$4,019
Benefits paid	(304)
Interest cost	285
Amortization of experience gain	(23)
Foreign exchange	(86)
Balance—December 31, 2011	$3,891

The unamortized experience gain is being amortized on a straight-line basis over the average life expectancy of the retiree group of 9.5 years as per the December 31, 2011 actuarial valuation.

16. RECLAMATION OBLIGATIONS

The reclamation obligations balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Reclamation liability—by location:			
U.S Mill and Mines	$ 7,140	$ 6,383	$ 8,609
Elliot Lake	11,800	9,451	8,155
McClean and Midwest Joint Ventures	2,636	1,731	1,142
	$ 21,576	$ 17,565	$ 17,906
Reclamation and remediation liability—by duration:			
Current	622	641	752
Non-current	20,954	16,924	17,154
	$ 21,576	$ 17,565	$ 17,906

The reclamation obligations continuity summary is as follows:

(in thousands)	
Balance—January 1, 2010	$17,906
Accretion	1,309
Expenditures incurred	(1,249)
Liability adjustments-income statement	(1,721)
Liability adjustments-balance sheet	778
Foreign exchange	542
Balance—December 31, 2010	$17,565
Accretion	1,169
Business acquisition (see note 6)	81
Expenditures incurred	(812)
Liability adjustments-income statement	2,690
Liability adjustments-balance sheet	1,106
Foreign exchange	(223)
Balance—December 31, 2011	$21,576

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 above accrual represents the Company's best estimate of the present value of future reclamation costs, discounted at rates ranging from 4.98% to 5.67% (2010: 6.19% to 7.17%). As at December 31, 2011, the undiscounted amount of estimated future reclamation costs is $23,082,000 (December 31, 2010: $22,318,000). Reclamation costs are expected to be incurred between 2012 and 2040.

Site Restoration: Elliot Lake

The Elliot Lake uranium mine was closed in 1992 and capital works to decommission this site were completed in 1997. The remaining provision is for the estimated cost of monitoring the Tailings Management Areas at the Company and Stanrock sites and for treatment of water discharged from these areas. The Company conducts its activities at both sites pursuant to decommissioning licenses issued by the Canadian Nuclear Safety Commission. The above accrual represents the Company's best estimate of the present value of the total future reclamation cost based on assumptions as to levels of treatment, which will be required in the future, discounted at 5.41% (2010: 6.48%). As at December 31, 2011, the undiscounted amount of estimated future reclamation costs is $26,990,000 (CAD$27,448,000) (December 31, 2010: $26,497,000 (CAD$26,355,000)).

Spending on restoration activities at the Elliot Lake site is funded from monies in the Elliot Lake Reclamation Trust fund (see note 11).

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 5.41% (2010: 6.48%). As at December 31, 2011, the undiscounted amount of estimated future reclamation costs is $9,105,000 (CAD$9,260,000) (2010: $9,125,000 (CAD$9,076,000)). Reclamation costs are expected to be incurred between 2025 and 2052.

Under the Mineral Industry Environmental Protection Regulations (1996), the Company is required to provide its pro-rata share of financial assurances to the Province. As at December 31, 2011, the Company has provided irrevocable standby letters of credit, from a chartered bank, in favour of Saskatchewan Environment, totalling CAD$9,698,000.

17. DEBT OBLIGATIONS

The debt obligations balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Notes payable and other financing	$ 221	$ 405	$ 1,064
	$ 221	$ 405	$ 1,064
Debt obligations, by duration:			
Current	111	200	869
Non-current	110	205	195
	$ 221	$ 405	$ 1,064

Revolving Line of Credit

In June 2011, the Company entered into a revolving term credit facility (the "facility") with the Bank of Nova Scotia for up to $35,000,000. The amount of the facility available is the lesser of $35,000,000 and a "borrowing base" amount which is determined quarterly and is based on a percentage of accounts receivable and inventory. At December 31, 2011, the amount of the facility available is $32,554,000. The maturity date of the facility is June 29, 2012. This facility replaced a previously existing $60,000,000 revolving term facility.

The facility contains one financial covenant based on maintaining a certain level of tangible net worth. It also has a defined working capital borrowing base calculation that sets limits on the amount of borrowings that the Company can have drawn under the facility at any given time. As at December 31, 2011, the Company was in compliance with its facility covenants.

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.

As at December 31, 2011, the Company has no outstanding borrowings under the facility (December 31, 2010 and January 1, 2010—$nil). At December 31, 2011, approximately $9,536,000 of the facility is being utilized as collateral for certain letters of credit and is not available to draw upon (December 31, 2010—$19,816,000). During 2011, the Company did not incur any interest under the facility.

The Company has deferred $98,000 (CAD$99,000) of incremental costs associated with the set-up of the facility. These costs are being amortized over the one 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 3 years when it will be paid in full:

(in thousands)	
2012	$111
2013	90
2014	20
	$221

18. OTHER LIABILITIES

The other liabilities balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Unamortized fair value of toll milling contracts	$ 982	$ 1,005	$ 951
Unamortized fair value of sales contracts	—	—	313
Other	100	100	100
	$ 1,082	$ 1,105	$ 1,364
Other long-term liabilities—by duration:			
Current	—	—	313
Non-current	1,082	1,105	1,051
	$ 1,082	$ 1,105	$ 1,364

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

19. INCOME TAXES

The income tax recovery (expense) balance consists of:

(in thousands)	2011	2010
Current income tax:		
Based on taxable income for the period	—	—
Prior period (under) over provision	(57)	(355)
	(57)	(355)
Deferred income tax:		
Origination/reversal of temporary differences	1,130	(1,854)
Tax benefit-previously unrecognized tax assets	1,668	359
Write off on reorganization of WCU subsidiary	(565)	—
Prior year (under) over provision	(1,137)	2,726
	1,096	1,231
Income tax recovery (expense)	$ 1,039	$ 876

The Company operates in multiple industries and jurisdictions, and the related income is subject to varying rates of taxation. The combined Canadian tax rate reflects the federal and provincial tax rates in effect in Ontario, Canada for each applicable year. A reconciliation of the combined Canadian tax rate to the Company's effective rate of income tax is as follows:

(in thousands)	2011	2010
Income (loss) before taxes	$(71,908)	$(6,222)
Combined Canadian tax rate [1]	28.25%	31.00%
Income tax recovery (expense) at combined rate	20,314	1,927
Difference in foreign tax rates	4,867	(3,202)
Non-deductible amounts	(17,133)	(4,602)
Non-taxable amounts	665	1,939
Previously unrecognized future tax assets	1,668	359
Renunciation of tax attributes-flow through shares	(1,080)	(138)
Change in deferred tax assets not recognized	(7,410)	309
Prior year (under) over provision	(1,193)	2,373
Other	341	1,911
Income tax recovery (expense)	$ 1,039	$ 876

(1) The combined Canadian federal / provincial tax rate declined in 2011 to reflect: a) a 1.5% decrease in the federal tax rate from 18.0% to 16.5% effective January 1, 2011; and b) a 0.5% decrease in the Ontario tax rate from 12.0% to 11.5% effective July 1, 2011.

The deferred income tax assets (liabilities) balance reported on the balance sheet is comprised of the temporary differences as presented below:

(in thousands)	December 31 2011	December 31, 2010	January 1, 2010
Deferred income tax assets:			
Property, plant and equipment, net	$ 390	$ 924	$ 1,178
Deferred revenue	373	1,378	—
Post-employment benefits	1,048	1,081	1,015
Reclamation and remediation obligations	6,879	5,643	2,478
Other long-term liabilities	265	270	367
Tax loss carry forwards	22,414	12,480	—
Other	3,984	3,038	2,560
Deferred income tax assets-gross	35,353	24,814	7,598
Set-off against deferred income tax liabilities	(35,353)	(24,814)	(7,598)
Deferred income tax assets-per balance sheet	$ —	$ —	$ —
Deferred income tax liabilities:			
Inventory	$ (1,848)	$ (2,706)	$ (918)
Investments	(19)	(188)	(143)
Property, plant and equipment, net	(43,978)	(32,427)	(17,728)
Intangibles	(764)	(1,021)	(1,182)
Other	(1,491)	(1,880)	(1,689)
Deferred income tax liabilities-gross	(48,100)	(38,222)	(21,660)
Set-off of deferred income tax assets	35,353	24,814	7,598
Deferred income tax liabilities-per balance sheet	$ (12,747)	$ (13,408)	$(14,062)

The deferred income tax liability continuity summary is as follows:

(in thousands)	
Balance—January 1, 2010	$(14,062)
Recognized in profit/loss	1,231
Recognized in OCI	383
Other, including foreign exchange gain/loss	(960)
Balance—December 31, 2010	$(13,408)
Recognized in profit/loss	1,096
Recognized in OCI	129
Recognized in equity	(1,461)
Acquired in business combination (note 6)	565
Other, including foreign exchange gain/loss	332
Balance—December 31, 2011	$(12,747)

Management believes that it is not probable that sufficient taxable profit will be available in future years to allow the benefit of the following deferred tax assets to be utilized:

(in thousands)	December 31 2011	December 31 2010	January 1 2010
Deferred income tax assets not recognized			
Inventories	$ —	$ —	2,500
Deferred revenue	—	—	1,302
Investments	177	—	772
Property, plant and equipment	8,386	8,209	6,487
Reclamation obligations	—	—	3,517
Tax losses	55,690	46,147	41,313
Tax credits	681	545	875
Other deductible temporary differences	7,517	6,185	4,629
Deferred income tax assets not recognized	$ 72,451	$ 61,086	$61,395

A geographic split of the Company's tax losses and tax credits not recognized and the associated expiry dates of those losses and credits is as follows:

(in thousands)	Expiry Date	December 31 2011	December 31 2010	January 1 2010
Tax losses—gross				
Australia	Unlimited	$ 5,664	$ 485	249
Canada	2028-2031	42,468	38,337	21,215
Mongolia	2018-2019	436	504	417
United States	2026-2031	150,281	113,709	83,406
Zambia	2012-2021	8,963	5,813	5,618
Tax losses—gross		207,812	158,848	110,905
Tax benefit at tax rate of 25%—41.84%		78,104	58,627	41,313
Set-off against deferred tax liabilities		(22,414)	(12,480)	—
Total tax loss assets not recognized		55,690	46,147	41,313
Tax credits				
Canada	2028-2031	681	545	536
USA	Unlimited	—	—	339
Total tax credit assets not recognized		$ 681	$ 545	$ 875

20. SHARE CAPITAL

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

(in thousands except share amounts)	Number of Common Shares	
Balance at January 1, 2010	339,720,415	$850,336
Issued for cash:		
New issue gross proceeds	26,400,000	64,769
New issue gross issue costs	—	(3,678)
Exercise of stock options	80,250	159
Fair value of stock options exercised	—	95
	26,480,250	61,345
Balance at December 31, 2010	366,200,665	$911,681
Issued for cash:		
New issue gross proceeds	18,300,000	66,024
New issue gross issue costs	—	(3,910)
Exercise of stock options	160,250	328
Fair value of stock options exercised	—	189
	18,460,250	62,631
Balance at December 31, 2011	384,660,915	$974,312

New issues

In December 2010, the Company completed a private placement of 25,000,000 special warrants at a price of CAD$2.45 per special warrant for gross proceeds of $60,613,000 (CAD$61,250,000). Each special warrant entitled the holder to receive one common share of the Company within three days after the issuance of a final prospectus receipt by the applicable securities regulatory authorities. The final prospectus receipt was received by the Company on December 20, 2010 and, accordingly, all special warrants were converted into common shares.

In December 2010, the Company completed a private placement of 1,400,000 flow-through special warrants at a price of CAD$3.00 per flow-through special warrant for gross proceeds of $4,156,000 (CAD$4,200,000). Each flow-through special warrant entitled the holder to receive one flow-through common share of the Company within three days after the issuance of a final prospectus receipt by the applicable securities regulatory authorities. The final prospectus receipt was received by the Company on December 20, 2010 and, accordingly, all flow-through special warrants were converted into flow-through common shares.

In March 2011, the Company closed a public offering of 18,300,000 common shares at a price of CAD$3.55 per share for gross proceeds of $66,024,000 (CAD$64,965,000).

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.

In 2011, the Company has fully met its CAD$4,200,000 December 2010 flow-through share obligation. The Company renounced the income tax benefit of this issue to its subscribers in February 2011.

21. SHARE PURCHASE WARRANTS

A continuity summary of the issued and outstanding share purchase warrants in terms of common shares of the Company and the associated dollar amounts is presented below:

(in thousands except share amounts)	Number of Common Shares Issuable	
Balance at January 1 and December 31, 2010	6,408,000	$ 5,830
Warrants expired – March 2006 Series [(1)]	(6,408,000)	(5,830)
Balance at December 31, 2011	—	$ —

(1) The March 2006 series had 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 expired on March 1, 2011.

22. 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 million common shares. As at December 31, 2011, an aggregate of 13,440,700 options have been granted (less cancellations) since the Plan's inception in 1997.

Under the Plan, all stock options are granted at the discretion of the Company's board of directors, including any vesting provisions if applicable. The term of any stock option granted may not exceed ten years and the exercise price may not be lower than the closing price of the Company's shares on the last trading day immediately preceding the date of grant. In general, stock options granted under the Plan have five year terms and vesting periods up to thirty months.

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

	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD$)
Stock options outstanding—beginning of period	6,286,089	$ 2.61
Granted	1,939,000	3.15
Exercised [1]	(160,250)	2.04
Forfeitures	(510,600)	2.81
Expiries	(89,825)	6.71
Stock options outstanding—end of period	7,464,414	$ 2.70
Stock options exercisable—end of period	5,476,914	$ 2.60

(1) The weighted average share price at the date of exercise was CAD$3.53.

A summary of the Company's stock options outstanding at December 31, 2011 is presented below:

Range of Exercise Prices per Share (CAD$)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted-Average Exercise Price per Share (CAD$)
Stock options outstanding			
$ 1.37 to $ 2.49	2.48	4,769,876	$ 1.99
$ 2.50 to $ 4.99	4.13	1,855,199	3.21
$ 5.00 to $ 7.49	3.55	759,339	5.37
$ 7.50 to $ 8.50	1.38	80,000	7.95
Stock options outstanding—end of period	2.98	7,464,414	$ 2.70

Options outstanding at December 31, 2011 expire between February 2013 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 to determine the fair value of options granted:

	2011	2010
Risk-free interest rate	1.56% – 2.34%	2.48% – 2.49%
Expected stock price volatility	90.7% – 92.4%	87.4% – 90.1%
Expected life	3.7 years	3.7 – 3.8 years
Estimated forfeiture rate	5.1%	5.4%
Expected dividend yield	—	—
Fair value per share under options granted	CAD$0.99 – CAD$2.04	CAD$0.88 – CAD$0.90

Stock-based compensation is included as a component of general and administrative expense in the statement of income and is $3,333,000 for the year ended December 31, 2011 and $1,831,000 for the year ended December 31, 2010.

The fair values of stock options with vesting provisions are amortized on a straight-line graded method basis as stock-based compensation expense over the applicable vesting periods. At December 31, 2011, the Company had an additional $1,259,000 in stock-based compensation expense to be recognized periodically to August 2013.

23. ACCUMULATED OTHER COMPREHENSIVE INCOME

The accumulated other comprehensive income balance consists of:

(in thousands)	At December 31 2011	At December 31 2010	At January 1 2010
Cumulative foreign currency translation	$ 11,336	$ 17,973	$ —
Unrealized gains (losses) on investments			
Gross	(319)	1,223	4,096
Tax effect	—	(129)	(512)
	$ 11,017	$ 19,067	$ 3,584

24. SUPPLEMENTAL FINANCIAL INFORMATION

The components of operating expenses are as follows:

	Year Ended	
(in thousands)	December 31 2011	December 31 2010
Cost of goods and services sold:		
COGS – mineral concentrates	$ (75,978)	$ (99,738)
Operating Overheads:		
Mining, other development expense	(43,822)	(31,517)
Milling, conversion expense	(61,372)	(51,873)
Mill feed cost:		
-Stockpile depletion	(25,260)	(29,723)
-Mineral property amortization	(6,078)	(1,397)
Less absorption:		
-Stockpiles, mineral properties	42,936	30,202
-Concentrates	87,425	76,740
Cost of services	(16,240)	(14,926)
Inventory–non-cash adjustments	(373)	12,636
Cost of goods and services sold	(98,762)	(109,596)
Reclamation obligations		
Asset amortization	(72)	—
Liability adjustments	(2,690)	1,721
Post-employment benefits		
Experience gain amortization	23	24
Selling expenses	(1,547)	(1,592)
Sales royalties and capital taxes	(112)	(2,325)
Operating expenses	$ (103,160)	$ (111,768)

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

(in thousands)	Year Ended December 31 2011	Year Ended December 31 2010
Gains (losses) on:		
Foreign exchange	$ (1,390)	$ (11,926)
Disposal of property, plant and equipment	(191)	98
Investment disposals	—	3,333
Investment other than temporary losses	(896)	(181)
Restricted cash and investments–fair value change	401	207
Contract settlement fee income [1]	—	11,000
Other	557	(601)
Other income (expense)	$ (1,519)	$ 1,930

(1) In June 2010, the Company agreed to terminate one of its sales contracts in exchange for a termination fee of $11,000,000. The fee was payable in two instalments—$6,000,000 in June 2010 and $5,000,000 in March 2011. Both instalment payments have been received.

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

(in thousands)	Year Ended December 31 2011	Year Ended December 31 2010
Interest income	$ 1,498	$ 680
Interest expense	(82)	(27)
Accretion expense-reclamation obligations	(1,169)	(1,309)
Accretion expense-post-employment benefits	(285)	(286)
Finance income (expense)	$ (38)	$ (942)

A summary of depreciation expense recognized in the statement of operations is as follows:

(in thousands)	Year Ended December 31 2011	Year Ended December 31 2010
Operating expenses:		
Mining, other development expense	$ (5,554)	$ (5,588)
Milling, conversion expense	(5,613)	(6,801)
Cost of services	(411)	(373)
Mineral property exploration	(121)	(202)
General and administrative	(177)	(186)
Depreciation expense—gross	$ (11,876)	$ (13,150)

A summary of employee benefits expense recognized in the statement of operations is as follows:

(in thousands)	Year Ended December 31 2011	Year Ended December 31 2010
Salaries and short-term employee benefits	$ (32,162)	$ (31,910)
Share-based compensation	(3,333)	(1,831)
Employee benefits expense	$ (35,495)	$ (33,741)

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

(in thousands)	Year Ended December 31 2011	Year Ended December 31 2010
Change in non-cash working capital items:		
Trade and other receivables	$ 6,758	$ (5,176)
Inventories	(23,304)	(1,877)
Prepaid expenses and other assets	(629)	(283)
Accounts payable and accrued liabilities	(5,667)	4,003
Post-employment benefits	(304)	(266)
Reclamation obligations	(812)	(1,249)
Deferred revenue	(2,446)	152
Change in non-cash working capital items	$ (26,404)	$ (4,696)

25. 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 other customers and general corporate expenses not allocated to the other segments.

For the year ended December 31, 2011, business segment results were as follows:

(in thousands)	Canada Mining	U.S. Mining	Asia Mining	Africa Mining	Services and Other	Total
Statement of Operations:						
Revenues	7,693	70,818	—	—	18,289	96,800
Expenses:						
Operating expenses	(10,618)	(76,444)	—	(32)	(16,266)	(103,160)
Mineral property exploration	(6,783)	(678)	(3,971)	(2,396)	—	(13,828)
General and administrative	—	(4,679)	(891)	(1,035)	(10,933)	(17,538)
Goodwill impairment	—	(32,625)	—	—	—	(32,625)
	(17,401)	(114,226)	(4,862)	(3,463)	(27,199)	(167,151)
Segment income (loss)	(9,708)	(43,408)	(4,862)	(3,463)	(8,910)	(70,351)
Revenues – supplemental:						
Uranium concentrates	7,693	56,148	—	—	—	63,841
Vanadium concentrates	—	11,551	—	—	—	11,551
Environmental services	—	—	—	—	16,190	16,190
Management fees and commissions	—	—	—	—	2,099	2,099
Alternate feed processing and other	—	3,119	—	—	—	3,119
	7,693	70,818	—	—	18,289	96,800
Capital additions:						
Property, plant and equipment	732	23,450	610	1,650	1,284	27,726
Long-lived assets:						
Plant and equipment						
Cost	90,048	101,905	485	968	4,844	198,250
Accumulated depreciation	(8,676)	(41,964)	(388)	(630)	(2,146)	(53,804)
Mineral properties	72,094	64,633	8,222	77,975	—	222,924
Intangibles	—	—	—	—	2,838	2,838
	153,466	124,574	8,319	78,313	5,536	370,208

For the year ended December 31, 2010, business segment results were as follows:

(in thousands)	Canada Mining	U.S. Mining	Asia Mining	Africa Mining	Services and Other	Total
Statement of Operations:						
Revenues	32,820	77,432	—	—	18,068	128,320
Expenses:						
Operating expenses	(31,877)	(64,892)	—	—	(14,999)	(111,768)
Mineral property exploration	(6,039)	(566)	(970)	(44)	—	(7,619)
General and administrative	—	(4,832)	(1,035)	(1,071)	(9,205)	(16,143)
	(37,916)	(70,290)	(2,005)	(1,115)	(24,204)	(135,530)
Segment income (loss)	(5,096)	7,142	(2,005)	(1,115)	(6,136)	(7,210)
Revenues – supplemental:						
Uranium concentrates	32,820	55,158	—	—	—	87,978
Vanadium concentrates	—	16,934	—	—	—	16,934
Environmental services	—	—	—	—	15,492	15,492
Management fees and commissions	—	—	—	—	2,576	2,576
Alternate feed processing and other	—	5,340	—	—	—	5,340
	32,820	77,432	—	—	18,068	128,320
Capital additions:						
Property, plant and equipment	872	26,929	550	1,353	1,111	30,815
Long-lived assets:						
Plant and equipment						
Cost	91,687	96,076	533	749	4,112	193,157
Accumulated depreciation	(8,773)	(31,693)	(381)	(467)	(2,000)	(43,314)
Mineral properties	73,087	29,981	8,581	80,672	—	192,321
Intangibles	—	—	—	—	3,794	3,794
	156,001	94,364	8,733	80,954	5,906	345,958

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 2011, four customers from the mining segment and one customer from the services and other segment accounted for approximately 69% of total revenues consisting of 23%, 13%, 11%, 11% and 11% individually. During 2010, three customers from the mining segment accounted for approximately 35% of total revenues consisting of 15%, 10% and 10% individually.

26. 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 receives 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 CAD$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 CAD$100,000,000 and CAD$200,000,000 and 0.2% per annum based upon UPC's net asset value in excess of CAD$200,000,000; c) a fee of CAD$200,000 upon the completion of each equity financing where proceeds to UPC exceed CAD$20,000,000; d) a fee of CAD$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 CAD$20,000,000 ("an initiative"); e) an annual fee up to a maximum of CAD$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:

	Year Ended	
(in thousands)	December 31 2011	December 31 2010
Revenue:		
Management fees	$ 1,913	$ 1,614
Commission and transaction fees	—	962
	$ 1,913	$ 2,576

At December 31, 2011, accounts receivable includes $226,000 (December 31, 2010: $281,000) due from UPC with respect to the fees and transactions indicated above.

On January 3, 2011, the Company borrowed 150,000 pounds of U_3O_8 from UPC pursuant to a uranium concentrate loan agreement between the parties. As collateral for the loan, the Company issued an irrevocable standby-letter of credit in favour of UPC in the amount of $12,045,000. On March 30, 2011, the Company repaid 150,000 pounds of U_3O_8 to UPC. Loan fees incurred by the Company under the agreement were $91,000. In 2011, the loan fees have been paid and the irrevocable standby-letter of credit has been cancelled.

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. This agreement also provides for the purchase of 20% of production after 2015 subject to certain conditions. KEPCO also purchased 58,000,000 common shares of Denison representing approximately 17% of the issued and outstanding capital as at June 2009. Pursuant to a strategic relationship agreement, KEPCO is entitled to subscribe for additional common shares in Denison's future share offerings and require Denison to nominate two persons designated by KEPCO to Denison's board of directors if KEPCO holds at least a 15% share interest in Denison (or one director if KEPCO's share interest is between 5% and 15%). Currently, KEPCO's interest in Denison has dropped to approximately 15.08%. Under the strategic relationship agreement, two representatives from KEPCO have been appointed to Denison's board of directors.

Other

During 2011, the Company has incurred management and administrative service fees and other expenses of $176,000 (2010: $82,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services. At December 31, 2011, an amount of $nil (December 31, 2010: $nil) was due to this company.

In December 2010, the Company agreed to make a donation of $658,000 to the Lundin Foundation, a not-for-profit organization with a common director. The Lundin Foundation has programs in Zambia, Mongolia as well as many other countries. The donation was made in February 2011.

Compensation of Key Management Personnel

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

The following compensation was awarded to key management personnel:

	Year Ended	
(in thousands)	December 31 2011	December 31 2010
Salaries and short-term employee benefits	$ 2,210	$ 2,855
Share-based compensation	1,872	690
Termination benefits	—	150
Key management personnel compensation	$ 4,082	$ 3,695

27. CAPITAL MANAGEMENT AND FINANCIAL RISK

Capital Management

The Company's capital includes cash and cash equivalents and debt obligations. The Company's primary objective with respect to its capital management is to ensure that it has sufficient capital to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities.

Planning, annual budgeting and controls over major investment decisions are the primary tools used to manage the Company's capital. The Company's cash is managed centrally and disbursed to the various regions via a system of cash call requests which are reviewed by the key decision makers.

The Company manages its capital by review of the following measure:

(in thousands)	At December 31 2011	At December 31 2010
Net cash:		
Cash and cash equivalents	$ 53,515	$ 97,554
Debt obligations – current	(111)	(200)
Debt obligations – long term	(110)	(205)
Net cash	53,294	97,149

Financial Risk

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

(a) Credit Risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument that will result in a financial loss to the Company. The Company believes that the carrying amount its cash and cash equivalents, trade and other receivables and restricted cash and investments represents its maximum credit exposure.

The maximum exposure to credit risk at the reporting dates is as follows:

(in thousands)	2011	2010
Cash and cash equivalents	$53,515	$ 97,554
Trade and other receivables	12,652	20,236
Restricted cash and investments	26,793	22,946
	$92,960	$140,736

The Company limits cash and cash equivalent and restricted cash and investment risk by dealing with credit worthy financial institutions.

Typically, the majority of the Company's trade and other receivables balance is related to the sale of mineral concentrates. These sales typically occur to a small number of customers who are credit worthy and with whom the Company has established a relationship with through its past dealings.

(b) Liquidity Risk

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

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	$9,272	$—
Debt obligations (Note 13)	111	110
	$9,383	$110

(c) Currency Risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures. The Company's mineral concentrate revenues are denominated in U.S dollars while a number of its subsidiaries incur operating and capital costs denominated in local currencies. Foreign exchange risk also 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 impact of the U.S dollar strengthening by 10% at December 31, 2011 against the Company's foreign currencies, with all other variables held constant, is as follows:

(in thousands except foreign exchange rates)	Dec.31'2011 Foreign Ex-Change Rate	Sensitivity Foreign Ex-Change Rate	Change in net income (loss)
Currency risk			
Canadian dollar ("CAD")	1.0170	1.1187	$17,582
Zambian kwacha ("ZMK")	5,186.72	5,705.39	484
Mongolian tugrog ("MNT")	1,380.07	1,518.08	769
			$18,835

(d) Interest Rate Risk

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

(e) Price Risk

The Company is exposed to equity price risk as a result of holding equity investments in other exploration and mining companies. The Company does not actively trade these investments. The sensitivity analysis below has been determined based on the exposure to equity price risk at December 31, 2011:

(in thousands)	Change in net income (loss)	Change in comprehensive income (loss)
Equity price risk		
10% increase in equity prices	$ —	$ 52

The Company is also exposed to commodity price risk on the commodities it produces and sells. The impact on income (loss) before tax from a 10% increase in the spot prices at December 31, 2011, with all other variables held constant, is as follows:

(in thousands except commodity prices)	Dec.31'2011 USD$ spot price per lb	Sensitivity USD$ spot price per lb increase	Change in pre-tax net income (loss)
Commodity price risk			
Uranium	51.75	5.175	$ 4,040
Vanadium	5.75	0.575	1,005
			$ 5,045

Fair Value of Financial Instruments

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

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

The fair value of financial instruments which trade in active markets (such as 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.

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

The following table illustrates the classification of the Company's financial assets within the fair value hierarchy as at December 31, 2011:

(in thousands)	Financial Instrument Category[1]	Fair Value Hierarchy	December 31, 2011 Fair Value	December 31, 2011 Carrying Value
Financial Assets:				
Cash and equivalents	Category D		$53,515	$53,515
Trade and other receivables	Category D		12,652	12,652
Investments				
Equity instruments	Category B	Level 1	522	522
Restricted cash and equivalents				
Elliot Lake reclamation trust fund	Category C		2,142	2,142
U.S mill and mine reclamation	Category A	Level 1	24,651	24,651
			$93,482	$93,482
Financial Liabilities:				
Account payable and accrued liabilities	Category E		9,272	9,272
Debt obligations	Category E		221	221
			$ 9,493	$ 9,493

(1) Financial instrument designations are as follows: Category A=Financial assets and liabilities at fair value through profit and loss; Category B=Available for sale investments; Category C=Held to maturity investments; Category D=Loans and receivables; and Category E=Financial liabilities at amortized cost.

28. 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, 2011, the Company had outstanding bonds and letters of credit of $33,062,000 of which $24,651,000 is collateralized by restricted cash and investments (see note 11) and $9,536,000 is collateralized by a reduction in the Company's line of credit limit available for general corporate purposes (see note 16 and 17).

Others

The Company has committed to payments under various operating leases and other commitments. The future minimum payments are as follows:

(in thousands)	
2012	$ 7,610
2013	3,629
2014	1,888
2015	597
2016	158
2017 and thereafter	16
	$13,898

Exhibit 99.4



March 8, 2012

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, 2011 of Denison Mines Corp. of our Auditor's report dated March 8, 2012, relating to the consolidated financial statements of Denison Mines Corp. as at December 31, 2011, December 31, 2010, and January 1, 2010 and for each of the two years in the two year period ended December 31, 2011, and the effectiveness of internal control over financial reporting of Denison Mines Corp, which appears in an Exhibit incorporated by reference in this Annual Report on Form 40-F.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants
Toronto, Ontario, Canada

PricewaterhouseCoopers LLP, Chartered Accountants
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J oB 2
T: +1 416 863 1133, F: +1 416 365 8215, www.pwc.com/ca

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

Exhibit 99.5

MINE SAFETY DISCLOSURE

The following table sets out the information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd Frank Wall Street Reform and Consumer Protection Act for the twelve month period covered by this annual report:

Mine	Section 104(a) S&S Citations[2] (#)	Section 104(b) Orders[3] (#)	Section 104(d) Citations and Orders[4] (#)	Section 110(b)(2) Violations[5] (#)	Section 107(a) Orders[6] (#)	Total Dollar Value of MSHA Assess-ments Proposed[7] ($)	Total Number of Mining Related Fatalities (#)	Received Notice of Pattern of Violations or Potential Thereof Under Section 104(e)[8] (yes/no)	Legal Actions Pending as of Last Day of Period[9] (#)	Legal Actions Initiated During Period (#)	Legal Actions Resolved During Period (#)
Sunday Mines Complex	Nil	Nil	Nil	Nil	Nil	$ 0.00	Nil	No	Nil	Nil	Nil
Beaver/ La Sal	13	Nil	1	Nil	Nil	$ 13,106	Nil	No	1	8	10
Daneros[1a]	Nil	Nil	Nil	Nil	Nil	$ 0.00	Nil	No	Nil	Nil	Nil
White Mesa Mill[1b]	12	Nil	1	Nil	Nil	$ 15,287	Nil	No	Nil	Nil	Nil
Pandora[1a]	Nil	Nil	Nil	Nil	Nil	$ 0.00	Nil	No	Nil	Nil	Nil
Rim	Nil	Nil	Nil	Nil	Nil	$ 0.00	Nil	No	Nil	Nil	Nil
Tony M	1	Nil	Nil	Nil	Nil	$ 500	Nil	No	Nil	Nil	Nil
Arizona 1	6	1	Nil	Nil	Nil	$ 19,340	Nil	No	Nil	1	1
Pinenut	2	Nil	Nil	Nil	Nil	$ 1,216	Nil	No	Nil	1	1

1. (a) The Company's Pandora and Daneros mines were each operated by an independent contractor during the period. All entries in this table relate to citations, orders, violations, notices, assessments and actions issued or proposed to or against or relating to the Company. This table does not include citations, orders, violations, notices, assessments or actions issued or proposed to or against or relating to any independent contractors.
   (b) The Company's White Mesa Mill had multiple independent contractors at the Mill site during the period. All entries in this table relate to citations, orders, violations, notices, assessments and actions issued or proposed to or against or relating to the Company. This table does not include citations, orders, violations, notices, assessments or actions issued or proposed to or against or relating to any independent contractors.
2. Citations and Orders are issued under Section 104 of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 814) (the "Act") for violations of the Act or any mandatory health or safety standard, rule, order or regulation promulgated under the Act. A Section 104(a) "Significant and Substantial" or "S&S" citation is considered more severe than a non-S&S citation and generally is issued in a situation where the conditions created by the violation do not cause imminent danger, but the violation is of such a nature as could significantly and substantially contribute to the cause and effect of a mine safety or health hazard. It should be noted that, for purposes of this table, S&S citations that are included in another column, such as Section 104(d) citations, are not also included as Section 104(a) S&S citations in this column.
3. A Section 104(b) withdrawal order is issued if, upon a follow up inspection, an MSHA inspector finds that a violation has not been abated within the period of time as originally fixed in the violation and determines that the period of time for the abatement should not be extended. Under a withdrawal order, all persons, other than those required to abate the violation and certain others, are required to be withdrawn from and prohibited from entering the affected area of the mine until the inspector determines that the violation has been abated.

4. A citation is issued under Section 104(d) where there is an S&S violation and the inspector finds the violation to be caused by an unwarrantable failure of the operator to comply with a mandatory health or safety standard. Unwarrantable failure is a special negligence finding that is made by an MSHA inspector and that focuses on the operator's conduct. If during the same inspection or any subsequent inspection of the mine within 90 days after issuance of the citation, the MSHA inspector finds another violation caused by an unwarrantable failure of the operator to comply, a withdrawal order is issued, under which all persons, other than those required to abate the violation and certain others, are required to be withdrawn from and prohibited from entering the affected area until the inspector determines that the violation has been abated.
5. A flagrant violation under Section 110(b)(2) is a violation that results from a reckless or repeated failure to make reasonable efforts to eliminate a known violation of a mandatory health or safety standard that substantially and proximately caused, or reasonable could have been expected to cause, death or serious bodily injury.
6. An imminent danger order under Section 107(a) is issued when an MSHA inspector finds that an imminent danger exists in a mine. An imminent danger is the existence of any condition or practice which could reasonably be expected to cause death or serious physical harm before such condition or practice can be abated. Under an imminent danger order, all persons, other than those required to abate the condition or practice and certain others, are required to be withdrawn from and are prohibited from entering the affected area until the inspector determines that such imminent danger and the conditions or practices which caused the imminent danger no longer exist.
7. These dollar amounts include the total amount of all proposed assessments from MSHA under the Act during the period, including proposed assessments for non-S&S citations that are not specifically identified in this exhibit, regardless of whether the Company has challenged or appealed the assessment or whether the assessment relates to a citation, violation or order issued or proposed during the period.
8. A Notice is given under Section 104(e) if an operator has a pattern of S&S violations. If upon any inspection of the mine within 90 days after issuance of the notice, or at any time after a withdrawal notice has been given under Section 104(e), an MSHA inspector finds another S&S violation, an order is issued, under which all persons, other than those required to abate the violation and certain others, are required to be withdrawn from and prohibited from entering the affected area until the inspector determines that the violation has been abated.
9. The legal action pending before the Federal Mine Safety and Health Review Commission as of the last day of the twelve-month period covered by this report was a contest of a proposed penalty referenced in Subpart C of 29 CFR Part 2700. There were no pending actions that are (a) contests of citations and orders referenced in Subpart B of 29 CFR Part 2700, (b) complaints for compensation referenced in subpart D of 29 CFR Part 2700; (c) complaints of discharge, discrimination or interference referenced in Subpart E of 29 CFR Part 2700; (d) applications for temporary relief referenced in Subpart F of 29 CFR Part 2700; or (e) appeals of judges' decisions or orders to the Federal Mine Safety and Health Review Commission referenced in Subpart H of 29 CFR Part 2700.

Exhibit 99.6

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, 2012

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, 2012

By: /s/ James R. Anderson

Name: James R. Anderson

Title: Executive Vice President and Chief Financial Officer

Exhibit 99.7

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, 2011, 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. 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, 2012

By: /s/ James R. Anderson
Name: James R. Anderson
Title: Executive VP and CFO

By: /s/ Ron F. Hochstein
Name: Ron F. Hochstein
Title: President and CEO