

DENISON MINES CORP.

Consolidated Balance Sheets

(Unaudited - Expressed in thousands of U.S. dollars)

	At March 31 2008	At December 31 2007
ASSETS		
Current		
Cash and equivalents	\$ 7,124	\$ 19,680
Trade and other receivables	21,463	39,667
Note receivables	422	455
Inventories (Note 3)	32,731	30,921
Investments (Note 4)	7,529	13,930
Prepaid expenses and other	1,311	1,492
	70,580	106,145
Inventories – ore in stockpiles (Note 3)	6,781	-
Investments (Note 4)	18,073	20,507
Property, plant and equipment, net (Note 5)	734,336	727,823
Restricted investments (Note 6)	18,698	17,797
Intangibles (Notes 7)	6,524	6,979
Goodwill (Notes 8)	118,134	122,330
	\$ 973,126	\$ 1,001,581
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 21,360	\$ 22,642
Current portion of long-term liabilities:		
Post-employment benefits (Note 9)	390	404
Reclamation and remediation obligations (Note 10)	546	565
Debt and other long-term liabilities (Note 11)	6,170	6,619
	28,466	30,230
Deferred revenue	2,633	2,359
Provision for post-employment benefits (Note 9)	3,830	4,030
Reclamation and remediation obligations (Note 10)	19,448	19,824
Debt and other long-term liabilities (Note 11)	15,197	7,343
Future income tax liability (Note 21)	150,856	141,525
	220,430	205,311
SHAREHOLDERS' EQUITY		
Share capital (Note 12)	658,092	662,949
Share purchase warrants (Note 13)	11,728	11,728
Contributed surplus (Notes 14 & 15)	25,916	25,471
Deficit	(25,296)	(14,834)
Accumulated other comprehensive income (Note 16)		
Unrealized gains on investments	9,765	18,100
Cumulative foreign currency translation gain	72,491	92,856
	752,696	796,270
	\$ 973,126	\$ 1,001,581
Issued and outstanding common shares (Note 12)	189,780,035	189,731,635

Contingent liabilities and commitments (Note 22)

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.

Consolidated Statements of Operations and Deficit and Comprehensive Income (Loss)

(Unaudited - Expressed in thousands of U.S. dollars except for per share amounts)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
REVENUES (Note 18)	\$ 18,181	\$ 11,719
EXPENSES		
Operating expenses	12,793	9,093
Sales royalties and capital taxes	809	545
Mineral property exploration	6,565	5,049
General and administrative	4,120	2,902
	24,287	17,589
Loss from operations	(6,106)	(5,870)
Other income, net (Note 17)	2,226	558
Loss for the period before taxes	(3,880)	(5,312)
Income tax recovery (expense) (Note 21):		
Current	(1,169)	—
Future	(5,413)	246
Loss for the period	\$ (10,462)	\$ (5,066)
Deficit, beginning of period	(14,834)	(62,078)
Deficit, end of period	\$ (25,296)	\$ (67,144)
Loss for the period	\$ (10,462)	\$ (5,066)
Other comprehensive income (loss) (Note 16)		
Change in foreign currency translation	(20,365)	6,770
Change in unrealized gain on investments – net	(8,335)	17,590
Comprehensive income (loss)	\$ (39,162)	\$ 19,294
Net loss per share:		
Basic and diluted	\$ (0.06)	\$ (0.03)
Weighted-average number of shares outstanding (in thousands):		
Basic	189,772	188,022
Diluted	192,307	191,647

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.

Consolidated Statements of Cash Flows
(Unaudited - Expressed in thousands of U.S. dollars)

	Three months Ended March 31, 2008	Three months Ended March 31, 2007
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net loss for the period	\$ (10,462)	\$ (5,066)
Items not affecting cash:		
Depletion, depreciation, amortization and accretion	6,099	2,261
Stock-based compensation	613	344
Gains on restricted investments	(500)	(30)
Equity in loss of Fortress Minerals Corp.	-	884
Change in future income taxes	5,413	(247)
Net change in non-cash working capital items		
Trade and other receivables	17,662	(2,274)
Inventories	(10,628)	(2,386)
Prepaid expenses and other assets	163	120
Accounts payable and accrued liabilities	(699)	3,058
Post-employment benefits	(121)	(97)
Reclamation and remediation obligations	(192)	(84)
Deferred revenue	274	(1,925)
Net cash from (used in) operating activities	7,622	(5,442)
INVESTING ACTIVITIES		
Decrease (increase) in notes receivable	33	(512)
Purchase of long-term investments	(48)	(44,504)
Expenditures on property, plant and equipment	(27,209)	(9,327)
Increase in restricted investments	(474)	(302)
Net cash used in investing activities	(27,698)	(54,645)
FINANCING ACTIVITIES		
Increase (decrease) in long-term debt	8,954	(8)
Deposits in advance of shares issued	-	5,856
Issuance of common shares for:		
Private placements	-	86,626
Exercise of stock options and warrants	242	2,349
Net cash from financing activities	9,196	94,823
Foreign exchange effect on cash and equivalents	(1,676)	1,164
Net increase (decrease) in cash and equivalents	(12,556)	35,900
Cash and equivalents, beginning of period	19,680	69,127
Cash and equivalents, end of period	\$ 7,124	\$ 105,027

See accompanying notes to the consolidated financial statements

DENISON MINES CORP.

Notes to the Consolidated Financial Statements

(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

1. NATURE OF OPERATIONS

Denison Mines Corp. is incorporated under the Business Corporations Act (Ontario) ("OBCA"). Denison Mines Corp. and its subsidiary companies and joint ventures (collectively, the "Company") are engaged in uranium mining and related activities, including acquisition, exploration and development of uranium bearing properties, extraction, processing, selling and reclamation. The environmental services division of the Company provides mine decommissioning and decommissioned site monitoring services for third parties.

The Company has a 100% interest in the White Mesa mill located in Utah, United States and a 22.5% interest in the McClean Lake mill located in the Athabasca Basin of Saskatchewan, Canada. The Company has interests in a number of nearby mines at both locations, as well as interests in development and exploration projects located in Canada, the United States, Mongolia and Zambia, some of which are operated through joint ventures. Uranium, the Company's primary product, is produced in the form of uranium oxide concentrates ("U₃O₈") 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. The Company is also in the business of recycling uranium bearing waste materials, referred to as "alternate feed materials".

Denison Mines Inc. ("DMI"), a subsidiary of the Company is the manager of Uranium Participation Corporation ("UPC"), a publicly-listed investment holding company formed to invest substantially all of its assets in U₃O₈ and uranium hexafluoride ("UF₆"). The Company has no ownership interest in UPC but receives various fees for management services and commissions from the purchase and sale of U₃O₈ and UF₆ by UPC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These unaudited consolidated financial statements have been prepared by management in U.S. dollars, unless otherwise stated, in accordance with generally accepted accounting principles in Canada ("Canadian GAAP") for interim financial statements.

Certain information and note disclosures normally included in the annual consolidated financial statements prepared in accordance with Canadian GAAP have been condensed or excluded. As a result, these unaudited interim consolidated financial statements do not contain all disclosures required for annual financial statements and should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007.

All material adjustments which, in the opinion of management, are necessary for fair presentation of the results of the interim periods have been reflected in these financial statements. The results of operations for the three months ended March 31, 2008 are not necessarily indicative of the results to be expected for the full year.

These unaudited interim consolidated financial statements are prepared following accounting policies consistent with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2007, except for the changes noted under the "New Accounting Standards Adopted" section below.

DENISON MINES CORP.

Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

Significant Mining Interests

The following table sets forth the Company's ownership of its significant mining interests that have projects at the development stage within them as at March 31, 2008:

	Location	Ownership Interest
Through majority owned subsidiaries		
Arizona Strip	USA	100.00%
Henry Mountains	USA	100.00%
Colorado Plateau	USA	100.00%
Sunday Mine	USA	100.00%
Gurvan Saihan Joint Venture	Mongolia	70.00%
Mutanga	Zambia	100.00%
As interests in unincorporated joint ventures, or jointly controlled assets		
McClellan Lake	Canada	22.50%
Midwest	Canada	25.17%

New Accounting Standards Adopted

The Company adopted the following new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA") Handbook effective January 1, 2008:

- CICA Handbook Section 3031 "Inventories" which provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. There was no impact to the Company's financial results from adopting this standard.
- CICA Handbook Section 3862 "Financial Instruments – Disclosures" and Section 3863 "Financial Instruments – Presentation" which requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the company's financial positions and performance; the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date; and how the company manages those risks (see note 20).
- CICA Handbook Section 1535 "Capital Disclosures" which requires the disclosure of both qualitative and quantitative information that enable users to evaluate the company's objectives, policies and processes for managing capital (see note 20).

Accounting Standards Issued but not yet Adopted

The CICA has issued the following accounting standards which are effective for the Company's fiscal years beginning on or after January 1, 2009:

- CICA Handbook Section 3064 "Goodwill and intangible assets" which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27 "Revenues and expenses during the pre-operating period". As a result of the withdrawal of EIC 27, the Company will no longer be able to defer costs and revenues incurred prior to commercial production at new mine operations.

The Company has not yet determined the impact of adopting the above accounting standards.

DENISON MINES CORP.

Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

Comparative Numbers

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

3. INVENTORIES

The inventories balance consists of:

(in thousands)	At March 31 2008	At December 31 2007
Uranium and vanadium concentrates	\$ 11,499	\$ 8,344
Inventory of ore in stockpiles	23,956	19,289
Mine and mill supplies	4,057	3,288
	\$ 39,512	\$ 30,921
Inventories:		
Current	\$ 32,731	\$ 30,921
Long-term – ore in stockpiles	6,781	-
	\$ 39,512	\$ 30,921

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

4. LONG-TERM INVESTMENTS

The long-term investments balance consists of:

(in thousands)	At March 31 2008	At December 31 2007
Portfolio investments		
Available for sale securities at fair value	\$ 25,602	\$ 34,437
	\$ 25,602	\$ 34,437
Investments:		
Current	\$ 7,529	\$ 13,930
Long-term	18,073	20,507
	\$ 25,602	\$ 34,437

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Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

(in thousands)	At March 31 2008	At December 31 2007
Cost, net of write-downs		
Plant and equipment		
Mill and mining related	\$ 150,899	\$ 135,375
Environmental services and other	2,682	2,742
Mineral properties	605,114	609,569
	<hr/>	<hr/>
	758,695	747,686
Accumulated depreciation and amortization		
Plant and equipment		
Mill and mining related	10,922	9,182
Environmental services and other	946	843
Mineral properties	12,491	9,838
	<hr/>	<hr/>
	24,359	19,863
Property, plant and equipment, net	<hr/>	<hr/>
	\$ 734,336	\$ 727,823
Net book value		
Plant and equipment		
Mill and mining related	\$ 139,977	\$ 126,193
Environmental services and other	1,736	1,899
Mineral properties	592,623	599,731
	<hr/>	<hr/>
	\$ 734,336	\$ 727,823

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.

Canada

In October 2004, the Company entered into an option agreement to earn a 22.5% ownership interest in the Wolly project by funding CDN\$5,000,000 in exploration expenditures over the next six years. As at March 31, 2008, the Company has incurred a total of CDN\$2,986,000 towards this option and has earned a 6.5% ownership interest in the project under the phase-in ownership provisions of the agreement. The Company will earn an additional 6.5% ownership interest when it has incurred a total of CDN\$3,000,000 towards this option.

In the first quarter of 2006, the Company entered into an option agreement to earn up to a 75% interest in the Park Creek project. The Company is required to incur exploration expenditures of CDN\$2,800,000 over three years to earn an initial 49% interest and a further CDN\$3,000,000 over two years to earn an additional 26% interest. As at March 31, 2008, the Company has incurred a total of CDN\$3,187,000 towards the option and has earned a 49% ownership interest in the project under the phase-in-ownership provisions of the agreement.

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Notes to the Consolidated Financial Statements
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6. RESTRICTED INVESTMENTS

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

(in thousands)	At March 31 2008	At December 31 2007
U.S. mill and mine reclamation	\$ 16,497	\$ 15,849
Elliot Lake reclamation trust fund	2,201	1,948
	\$ 18,698	\$ 17,797

U.S. Mill and Mine Reclamation

The Company has cash and cash equivalents and fixed income securities as collateral for various bonds posted in favour of the State of Utah and the applicable state regulatory agencies in Colorado and Arizona for estimated reclamation costs associated with the White Mesa mill and U.S. mining properties. During the three months ended March 31, 2008, the Company has not deposited any additional monies into its collateral account.

Elliot Lake Reclamation Trust Fund

Pursuant to its Reclamation Funding Agreement with the Governments of Canada and Ontario, the Company deposited an additional CDN\$350,000 into the Elliot Lake Reclamation Trust Fund during the three months ended March 31, 2008.

7. INTANGIBLES

A continuity summary of intangibles is presented below:

(in thousands)	Three Months Ended March 31, 2008
Intangibles, beginning of period	\$ 6,979
Amortization	(236)
Foreign exchange	(219)
Intangibles, end of period	\$ 6,524
Intangibles, by item:	
UPC management contract	6,055
Urizon technology licenses	469
	\$ 6,524

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Notes to the Consolidated Financial Statements
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8. GOODWILL

A continuity summary of goodwill is presented below:

(in thousands)	Three Months Ended March 31, 2008
Goodwill, beginning of period	\$ 122,330
Foreign exchange	(4,196)
Goodwill, end of period	\$ 118,134
Goodwill, allocation by business unit: Canada mining segment	\$ 118,134

Goodwill is not amortized and is tested annually for impairment.

9. POST-EMPLOYMENT BENEFITS

A continuity summary of post-employment benefits is presented below:

(in thousands)	Three Months Ended March 31, 2008
Post-employment liability, beginning of period	\$ 4,434
Benefits paid	(121)
Interest cost	57
Foreign exchange	(150)
Post-employment liability, end of period	\$ 4,220
Post-employment liability by duration:	
Current	\$ 390
Non-current	3,830
	\$ 4,220

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Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

10. RECLAMATION AND REMEDIATION OBLIGATIONS

A continuity summary of reclamation and remediation obligations is presented below:

(in thousands)	Three Months Ended March 31, 2008	
Reclamation obligations, beginning of period	\$	20,389
Accretion		373
Expenditures incurred		(192)
Liability adjustments		(236)
Foreign exchange		(340)
Reclamation obligations, end of period	\$	19,994
Site restoration liability by location:		
U.S. Mill and Mines	\$	10,423
Elliot Lake		7,993
McLean Lake and Midwest Joint Ventures		1,578
	\$	19,994
Site restoration liability :		
Current	\$	546
Non-current		19,448
	\$	19,994

11. DEBT AND OTHER LONG-TERM LIABILITIES

Debt and other long-term liabilities consist of:

(in thousands)	At March 31 2008	At December 31 2007
Debt related:		
Line of credit	\$ 8,768	\$ -
Capital lease obligations	100	100
Notes payable	37	42
Unamortized fair value of sales / toll milling contracts	12,462	13,820
	\$ 21,367	\$ 13,962
Other long-term liabilities:		
Current	6,170	6,619
Non-current	15,197	7,343
	\$ 21,367	\$ 13,962

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Notes to the Consolidated Financial Statements

(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

Line of Credit

In March 2008, the Company replaced all prior credit facility arrangements with a temporary CDN\$40,000,000 uncommitted revolving credit facility with the Bank of Nova Scotia secured by the assets of DMI with interest payable at Canadian bank prime. As at March 31, 2008, the Company had drawn CDN\$9,000,000 under the facility and has incurred an immaterial amount of interest expense. Subsequent to the quarter-end, this facility was increased to CDN\$55,000,000. In April 2008, the Company accepted a commitment letter from the Bank of Nova Scotia for a US\$125,000,000 revolving term credit facility which is intended to replace the outstanding temporary credit facility above (see note 23).

12. SHARE CAPITAL

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

(in thousands except share amounts)	Number of Common Shares		Amount
Balance at December 31, 2007	189,731,635	\$	662,949
Issues for cash			
Exercise of stock options	48,400		242
Flow-through share liability renunciation	-		(5,267)
Fair value of stock options exercised	-		168
	48,400		(4,857)
Balance at March 31, 2008	189,780,035	\$	658,092

Flow-Through Share Issues

The Company finances a portion of its exploration programs through the use of flow-through share issuances. Income tax deductions relating to these expenditures are claimable by the investors and not by the Company. As at March 31, 2008, the Company estimates that it has spent CDN\$14,569,000 of the CDN\$18,000,000 April 2007 flow-through share issue obligation. The Company renounced the tax benefit of this issue to subscribers in February 2008.

DENISON MINES CORP.

Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

13. 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		Fair Value Amount
Balance at December 31, 2007 and March 31, 2008	9,564,915	\$	11,728
Share purchase warrants by series:			
November 2004 series ⁽¹⁾	3,156,915	\$	5,898
March 2006 series ⁽²⁾	6,408,000		5,830
	9,564,915	\$	11,728

(1) The November 2004 series has an effective exercise price of CDN\$5.21 per issuable share (CDN\$15.00 per warrant adjusted for the 2.88 exchange ratio associated with the Denison and IUC merger) and expires on November 24, 2009;

(2) The March 2006 series has an effective exercise price of CDN\$10.42 per issuable share (CDN\$30.00 per warrant adjusted for the 2.88 exchange ratio associated with the Denison and IUC merger) and expires on March 1, 2011;

14. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

(in thousands)	Three Months Ended March 31, 2008
Balance, beginning of period	\$ 25,471
Stock-based compensation expense (note 15)	613
Fair value of stock options exercised	(168)
Balance, end of period	\$ 25,916

15. 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 March 31, 2008, an aggregate of 12,446,500 options have been granted (less cancellations) since the Plan's inception in 1997.

Under the Plan, all stock options are granted at the discretion of the Company's board of directors, including any vesting provisions if applicable. The term of any stock option granted may not exceed ten years and the exercise price may not be lower than the closing price of the Company's shares on the last trading day immediately preceding the date of grant. In general, the term of stock options granted under the Plan ranges from three to five years and vesting occurs over a three year period.

DENISON MINES CORP.

Notes to the Consolidated Financial Statements
(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

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 (CDN \$)
Stock options outstanding, beginning of period	5,961,354	\$ 7.27
Granted	2,515,000	8.13
Exercised	(48,400)	4.95
Expired	(7,500)	10.37
Stock options outstanding, end of period	8,420,454	\$ 7.53
Stock options exercisable, end of period	5,552,297	\$ 7.00

A summary of the Company's stock options outstanding at March 31, 2008 is presented below:

Range of Exercise Prices per Share (CDN\$)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted- Average Exercise Price per Share (CDN \$)
Stock options outstanding, end of period			
\$ 1.88 to \$ 4.87	6.29	1,034,555	\$ 2.12
\$ 5.02 to \$ 8.50	5.72	4,702,399	6.81
\$10.08 to \$15.30	1.85	2,683,500	10.89
Stock options outstanding, end of period	4.56	8,420,454	\$ 7.53

Outstanding options expire between January 2008 and October 2016.

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

	Three Months Ended March 31, 2008
Risk-free interest rate	2.86% - 3.29%
Expected stock price volatility	52.2% - 55.4%
Expected life	2.1 - 3.5 years
Expected dividend yield	-
Fair value per share under options granted	CDN\$2.16 - CDN\$4.49

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(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

Stock-based compensation has been recognized in the consolidated statement of operations as follows:

(in thousands)	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Mineral property exploration	\$ 56	\$ 52
General and administrative	557	294
	\$ 613	\$ 346

The fair values of stock options with vesting provisions are amortized on a straight-line basis as stock-based compensation expense over the applicable vesting periods. At March 31, 2008, the Company had an additional \$6,628,000 in stock-based compensation expense to be recognized periodically to February 2011.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME

A continuity summary of accumulated other comprehensive income is as follows:

(in thousands)	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Accumulated other comprehensive income, beginning of period	\$ 110,956	\$ (8,498)
Cumulative foreign currency translation gain (loss)		
Balance, beginning of period	\$ 92,856	\$ (8,498)
Change in foreign currency translation	(20,365)	6,770
Balance, end of period	72,491	(1,728)
Unrealized gains on investments		
Balance, beginning of period	18,100	-
Unrealized gains as at January 1, 2007, net of tax ⁽¹⁾	-	24,842
Net unrealized gains (losses), net of tax ⁽²⁾	(8,335)	17,590
Balance, end of period	9,765	42,432
Accumulated other comprehensive income, end of period	\$ 82,256	\$ 40,704

(1) Reflects the adoption of CICA Section 3855 on January 1, 2007.

(2) Unrealized gains (losses) on investments deemed available-for-sale are included in other comprehensive income (loss) until realized. When the investment is disposed of or incurs a decline in value that is other than temporary, the gain (loss) is realized and reclassified to the income statement.

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17. OTHER INCOME AND EXPENSES

The elements of net other income and expenses in the statement of operations is as follows:

(in thousands)	Three months Ended March 31, 2008	Three Months Ended March 31, 2007
Net interest income	\$ 369	\$ 1,604
Gain (loss) on foreign exchange	1,232	(246)
Gain (loss) on sale of land and equipment	125	(17)
Gains on restricted investments	500	39
Equity loss of affiliates	-	(884)
Other	-	62
Net other income	\$ 2,226	\$ 558

18. SEGMENTED INFORMATION

Business Segments

The Company operates in two primary segments – the mining segment and the corporate and other segment. The mining segment, which has been further subdivided by major geographic regions, includes activities related to exploration, evaluation and development, mining, milling and the sale of mineral concentrates. The corporate and other segment includes the results of the Company's environmental services business, management fees and commission income earned from UPC and general corporate expenses not allocated to the other segments.

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(Unaudited - Expressed in U.S. dollars, unless otherwise noted)

For the three months ended March 31, 2008, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Corporate and Other	Total
Statement of Operations:						
Revenues	11,665	4,536	-	-	1,980	18,181
Expenses						
Operating expenses	10,250	1,315	-	-	1,228	12,793
Sales royalties and capital taxes	740	-	-	-	69	809
Mineral property exploration	5,928	-	-	581	56	6,565
General and administrative	-	-	-	-	4,120	4,120
	16,918	1,315	-	581	5,473	24,287
Income (loss) from operations	(5,253)	3,221	-	(581)	(3,493)	(6,106)
Revenues – supplemental:						
Uranium concentrates	11,665	4,513	-	-	-	16,178
Environmental services	-	-	-	-	1,141	1,141
Management fees and commissions	-	-	-	-	839	839
Alternate feed processing and other	-	23	-	-	-	23
	11,665	4,536	-	-	1,980	18,181
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	85,155	54,349	376	97	1,736	141,713
Mineral properties	354,091	23,734	212,211	2,587	-	592,623
Intangibles	-	469	-	-	6,055	6,524
Goodwill	118,134	-	-	-	-	118,134
	557,380	78,552	212,587	2,684	7,791	858,994

DENISON MINES CORP.

Notes to the Consolidated Financial Statements
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For the three months ended March 31, 2007, business segment results were as follows:

(in thousands)	Canada Mining	U.S.A Mining	Africa Mining	Asia Mining	Corporate and Other	Total
Statement of Operations:						
Revenues	8,313	2,148	-	-	1,258	11,719
Expenses						
Operating expenses	6,331	1,620	-	-	1,142	9,093
Sales royalties and capital taxes	527	-	-	-	18	545
Mineral property exploration	4,835	-	-	147	67	5,049
General and administrative	-	-	-	-	2,902	2,902
	11,693	1,620	-	147	4,129	17,589
Income (loss) from operations	(3,380)	528	-	(147)	(2,871)	(5,870)
Revenues – supplemental:						
Uranium concentrates	8,313	-	-	-	-	8,313
Environmental services	-	-	-	-	774	774
Management fees and commissions	-	-	-	-	484	484
Alternate feed processing and other	-	2,148	-	-	-	2,148
	8,313	2,148	-	-	1,258	11,719
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	69,829	9,404	-	55	1,419	80,707
Mineral properties	322,353	12,248	-	213	-	334,814
Intangibles	-	531	-	-	10,133	10,664
Goodwill	103,803	-	-	-	-	103,803
	495,985	22,183	-	268	11,552	529,988

Major Customers

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. In the three months ended March 31, 2008, two customers accounted for approximately 83% of total revenues.

19. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company will receive the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of U₃O₈ and UF₆ 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 U₃O₈ and UF₆) of business where the gross value of such transaction exceeds CDN\$20,000,000 ("an initiative"); and e) an annual fee up to a maximum of CDN\$200,000, at the discretion of the Board of Directors of UPC, for on-going maintenance or work associated with an initiative.

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In accordance with the management services agreement, all uranium investments owned by UPC are held in accounts with conversion facilities in the name of Denison Mines Inc. as manager for and on behalf of UPC.

The Company has also provided temporary revolving credit facilities to UPC which generate interest and standby fee income. No such facilities were in place for the three month period ending March 31, 2008.

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

(in thousands)	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Fees earned from UPC included in revenue:		
Management fees, including out-of-pocket expenses	\$ 616	\$ 484
Commission fees on purchase and sale of uranium	223	-
Fees earned from UPC included in other income:		
Loan interest under credit facility	-	166
Standby fee under credit facility	-	8
Total fees earned from UPC	\$ 839	\$ 658

At March 31, 2008, accounts receivable includes \$587,000 due from UPC with respect to the fees indicated above.

Other

During the three months ended March 31, 2008, the Company incurred management and administrative service fees of \$44,000 (March 2007: \$46,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services in Vancouver at a rate of CDN\$18,000 per month plus expenses. At March 31, 2008, no amounts were due to this company.

20. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital Management

The Company's capital includes debt and shareholder's equity. The Company's primary objective with respect to its capital management is to ensure that it has sufficient capital to maintain its ongoing operations, to provide returns for shareholders and benefits for other stakeholders and to pursue growth opportunities. As at March 31, 2008, the Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy.

Fair Values of Financial Instruments

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

(a) Credit Risk

The Company's credit risk is related to trade receivables in the ordinary course of business. The Company sells uranium exclusively to large organizations with strong credit ratings and the balance of trade receivables owed to the Company in the ordinary course of business is not significant. Therefore, the Company is not exposed to significant credit risk and overall the Company's credit risk has not changed significantly from the prior year.

(b) Liquidity Risk

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 and its development plans. The Company

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ensures that there is sufficient committed capital to meet its short-term business requirements, taking into account its anticipated cash flows from operations and its holdings of cash and cash equivalents. The Company has in place a temporary credit line of CDN\$55,000,000 and has accepted a commitment letter for a three year term revolving credit facility in the amount of US\$125,000,000 which is intended to replace all outstanding temporary credit facilities (see note 23).

(c) Currency Risk

Financial instruments that impact the Company's operations or other comprehensive income due to currency fluctuations include: Canadian dollar denominated cash and cash equivalents, accounts receivable, accounts payable, long-term investments and bank debt.

The sensitivity of the Company's operations and other comprehensive income due to changes in the exchange rate between the Canadian dollar and the United States dollar as at March 31, 2008 is summarized below:

(in thousands)	Change in Net Income ⁽¹⁾	Change in Comprehensive Net Income ⁽¹⁾
10% increase in value of the Canadian dollar	\$ (419)	\$ (58,293)
10% decrease in value of the Candian dollar	\$ 419	\$ 58,293

(1) In the above table, positive (negative) values represent increases (decreases) in net income and comprehensive net income respectively.

(d) Interest Rate Risk

The Company is exposed to interest rate risk on its outstanding borrowings and short-term investments. Presently, all of the Company's outstanding borrowings are at floating interest rates. The Company monitors its exposure to interest rates and has not entered into any derivative contracts to manage this risk. The weighted average interest rate paid by the Company during the quarter on its outstanding borrowings was 5.25%.

For the three months ended March 31, 2008, the level of borrowing was relatively small. A fluctuation in interest rates of 100 basis points (1 percent) would have impacted the amount of interest expense recorded during the quarter by approximately \$1,000.

(e) Price Risk

The Company is exposed to price risk on the commodities in which it produces and sells. The Company is exposed to equity price risk as a result of holding long-term investments in other exploration and mining companies. The Company does not actively trade these investments.

The sensitivity analyses below have been determined based on the exposure to commodity price risk and equity price risk at March 31, 2008:

(in thousands)	Change in Net Income ⁽¹⁾	Change in Comprehensive Net Income ⁽¹⁾
Commodity price risk		
10% increase in uranium prices ⁽²⁾	\$ 966	\$ 966
10% decrease in uranium prices ⁽²⁾	\$ (966)	\$ (966)
Equity price risk		
10% increase in equity prices	\$ -	\$ 2,560
10% decrease in equity prices	\$ -	\$ (2,560)

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- (1) In the above table, positive (negative) values represent increases (decreases) in net income and comprehensive net income respectively.
- (2) The Company is exposed to fluctuations in both the spot price and long-term price of uranium as a result of the various pricing formulas in the uranium contracts. The above sensitivity analysis includes 10% adjustments to both of these prices.

(f) Fair Value Estimation

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 market price used to financial assets held by the Company is the current bid price.

21. INCOME TAXES

The Company has provided for current tax expense of \$1,169,000 and for future tax expense of \$5,413,000. In March, 2008, the Zambian government enacted legislation which increased the income tax rate for mining companies from 25% to 30%. Accordingly, the Company recorded a future tax expense of \$10,740,000 in the quarter to adjust the future income tax liability associated with its Zambian assets. This amount has been partially offset by the recognition of previously unrecognized Canadian tax assets of \$5,195,000.

22. COMMITMENTS AND CONTINGENCIES

General Legal Matters

The Company is involved, from time to time, in various other 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.

23. SUBSEQUENT EVENTS

In April 2008, the Company purchased 5,456,000 units of Uranerz Energy Corporation ("Uranerz"), a public company listed on the Toronto, American and Frankfurt Stock Exchanges, for an aggregate purchase price of approximately \$13,116,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional share of Uranerz common stock for a period of 24 months after closing (subject to acceleration under certain conditions) at an exercise price of US\$3.50 per share. Immediately after the purchase, Denison owned approximately 9.9% of the issued and outstanding common share of Uranerz.

In April 2008, the Company accepted a commitment letter from the Bank of Nova Scotia for a \$125,000,000 revolving term credit facility. This loan, which has a three year term, should be completed during the second quarter of 2008.