

DENISON MINES CORP.

Consolidated Balance Sheets

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

	At September 30 2008	At December 31 2007
ASSETS		
Current		
Cash and equivalents	\$ 15,879	\$ 19,680
Trade and other receivables	20,614	39,667
Note receivable	249	455
Inventories (Note 3)	47,687	30,921
Investments (Note 4)	-	13,930
Prepaid expenses and other	2,589	1,492
	87,018	106,145
Inventories – ore in stockpiles (Note 3)	6,226	-
Investments (Note 4)	21,039	20,507
Property, plant and equipment, net (Note 5)	755,884	727,823
Restricted investments (Note 6)	20,524	17,797
Intangibles (Note 7)	5,862	6,979
Goodwill (Note 8)	113,951	122,330
	\$ 1,010,504	\$ 1,001,581
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 19,494	\$ 22,642
Current portion of long-term liabilities:		
Post-employment benefits (Note 9)	376	404
Reclamation and remediation obligations (Note 10)	526	565
Debt obligations (Note 11)	58	42
Other long-term liabilities (Note 12)	2,845	6,577
	23,299	30,230
Deferred revenue	2,867	2,359
Provision for post-employment benefits (Note 9)	3,645	4,030
Reclamation and remediation obligations (Note 10)	19,890	19,824
Debt obligations (Note 11)	101,332	-
Other long-term liabilities (Note 12)	1,966	7,343
Future income tax liability (Note 22)	151,093	141,525
	304,092	205,311
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	660,205	662,949
Share purchase warrants (Note 14)	11,728	11,728
Contributed surplus (Notes 15 & 16)	26,359	25,471
Deficit	(38,720)	(14,834)
Accumulated other comprehensive income (Note 17)		
Unrealized gains (losses) on investments	(5,283)	18,100
Cumulative foreign currency translation gain	52,123	92,856
	706,412	796,270
	\$ 1,010,504	\$ 1,001,581
Issued and outstanding common shares (Note 13)	190,020,415	189,731,635

Contingent liabilities and commitments (Note 23)

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		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
REVENUES	\$ 36,483	\$ 9,411	\$ 86,377	\$ 39,939
EXPENSES				
Operating expenses	34,445	9,206	72,130	28,906
Sales royalties and capital taxes	662	522	2,470	1,503
Mineral property exploration	7,682	8,385	18,034	16,914
General and administrative	4,322	3,138	13,116	9,598
	47,111	21,251	105,750	56,921
Loss from operations	(10,628)	(11,840)	(19,373)	(16,982)
Other income (expense), net (Note 18)	8,451	(893)	(65)	37,343
Income (loss) for the period before taxes	(2,177)	(12,733)	(19,438)	20,361
Income tax recovery (expense) (Note 22):				
Current	752	1,685	2,342	(50)
Future	1,757	(673)	(6,790)	3,391
Income (loss) for the period	\$ 332	\$ (11,721)	\$ (23,886)	\$ 23,702
Deficit, beginning of period	(39,052)	(26,655)	(14,834)	(62,078)
Deficit, end of period	\$ (38,720)	\$ (38,376)	\$ (38,720)	\$ (38,376)
Income (loss) for the period	\$ 332	\$ (11,721)	\$ (23,886)	\$ 23,702
Other comprehensive income (loss) (Note 17)				
Change in foreign currency translation	(24,181)	49,125	(40,733)	110,979
Change in unrealized gain (loss) on investments – net	(42,783)	272	(23,383)	3,737
Comprehensive income (loss)	\$ (66,632)	\$ 37,676	\$ (88,002)	\$ 138,418
Net income (loss) per share:				
Basic	\$ 0.00	\$ (0.06)	\$ (0.13)	\$ 0.13
Diluted	\$ 0.00	\$ (0.06)	\$ (0.13)	\$ 0.12
Weighted-average number of shares outstanding (in thousands):				
Basic	190,013	189,697	189,880	188,393
Diluted	191,309	189,697	189,880	193,771

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		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES				
Net income (loss) for the period	\$ 332	\$ (11,721)	\$ (23,886)	\$ 23,702
Items not affecting cash:				
Depletion, depreciation, amortization and accretion	23,833	3,114	34,317	8,498
Stock-based compensation	652	342	1,884	1,030
Losses (gains) on asset disposals	-	(979)	(181)	(39,695)
Losses (gains) on restricted investments	(138)	(328)	(175)	(275)
Mineral property write-downs and other non-cash	-	1,691	-	1,691
Change in future income taxes	(1,757)	673	6,790	(3,391)
Foreign exchange	(12,998)	-	(232)	-
Net change in non-cash working capital items				
Trade and other receivables	5,626	(1,840)	18,120	(2,263)
Inventories	(26,852)	(6,175)	(42,112)	(9,641)
Prepaid expenses and other assets	183	941	(1,134)	342
Accounts payable and accrued liabilities	94	5,040	(2,548)	8,296
Post-employment benefits	(78)	(105)	(284)	(314)
Reclamation and remediation obligations	(138)	(116)	(504)	(297)
Deferred revenue	134	324	508	(1,727)
Net cash used in operating activities	(11,107)	(9,139)	(9,437)	(14,044)
INVESTING ACTIVITIES				
Decrease (increase) in notes receivable	93	(14)	206	9,677
Purchase of long-term investments	-	(121,962)	(13,413)	(171,728)
Proceeds from sale of long-term investments	-	1,232	1,320	46,678
Expenditures on property, plant and equipment	(17,094)	(15,489)	(82,058)	(32,465)
Proceeds from sale of property, plant and equipment	-	242	4	330
Decrease (increase) in restricted investments	(2,309)	(445)	(2,691)	(1,204)
Net cash used in investing activities	(19,310)	(136,436)	(96,632)	(148,712)
FINANCING ACTIVITIES				
Increase (decrease) in debt obligations	35,195	(13)	101,259	(34)
Issuance of common shares for:				
Private placements	-	-	-	102,166
Exercise of stock options and warrants	215	16	1,527	4,965
Net cash from financing activities	35,410	3	102,786	107,097
Foreign exchange effect on cash and equivalents	3,498	19,504	(518)	38,222
Increase (decrease) in cash and equivalents	8,491	(126,068)	(3,801)	(17,437)
Cash and equivalents, beginning of period	7,388	177,758	19,680	69,127
Cash and equivalents, end of period	\$ 15,879	\$ 51,690	\$ 15,879	\$ 51,690

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

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

Denison Mines Inc. ("DMI"), a subsidiary of the Company is the manager of Uranium Participation Corporation ("UPC"), a publicly-listed investment holding company formed to invest substantially all of its assets in U_3O_8 and uranium hexafluoride (" UF_6 "). The Company has no ownership interest in UPC but receives various fees for management services and commissions from the purchase and sale of U_3O_8 and UF_6 by UPC.

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 nine months ended September 30, 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.

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 September 30, 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 21).
- 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 21).

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.

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 September 30 2008	At December 31 2007
Uranium concentrates and work-in-progress	\$ 13,264	\$ 8,344
Vanadium concentrates and work-in-progress	5,469	-
Inventory of ore in stockpiles	30,766	19,289
Mine and mill supplies	4,414	3,288
	\$ 53,913	\$ 30,921
Inventories:		
Current	\$ 47,687	\$ 30,921
Long-term – ore in stockpiles	6,226	-
	\$ 53,913	\$ 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 September 30 2008	At December 31 2007
Portfolio investments		
Available for sale securities at fair value	\$ 21,039	\$ 34,437
	\$ 21,039	\$ 34,437
Investments:		
Current	\$ -	\$ 13,930
Long-term	21,039	20,507
	\$ 21,039	\$ 34,437

Purchases

During the nine months ended September 30, 2008, the Company acquired additional equity interests at a cost of \$13,413,000.

In April 2008, the Company purchased 5,465,000 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 \$13,365,000. 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.

Sales

During the nine months ended September 30, 2008, the Company sold equity interests in several public companies for cash consideration of \$1,320,000. The resulting gain has been included in net other income (expense) in the statement of operations (see Note 18).

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

(in thousands)	At September 30 2008	At December 31 2007
Cost, net of write-downs		
Plant and equipment		
Mill and mining related	\$ 180,250	\$ 135,375
Environmental services and other	2,622	2,742
Mineral properties	614,195	609,569
	797,067	747,686
Accumulated depreciation and amortization		
Plant and equipment		
Mill and mining related	14,862	9,182
Environmental services and other	1,124	843
Mineral properties	25,197	9,838
	41,183	19,863
Property, plant and equipment, net	\$ 754,884	\$ 727,823
Net book value		
Plant and equipment		
Mill and mining related	\$ 165,388	\$ 126,193
Environmental services and other	1,498	1,899
Mineral properties	588,998	599,731
	\$ 755,884	\$ 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 September 30, 2008, the Company has incurred a total of CDN\$3,582,000 towards this option and has earned a 13.0% ownership interest in the project under the phase-in ownership provisions of the agreement.

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 September 30, 2008, the Company has incurred a total of CDN\$3,329,000 towards the option and has earned a 49% ownership interest in the project under the phase-in-ownership provisions of the agreement.

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 September 30 2008	At December 31 2007
U.S. mill and mine reclamation	\$ 18,587	\$ 15,849
Elliot Lake reclamation trust fund	1,937	1,948
	\$ 20,524	\$ 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, 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. During the nine months ended September 30, 2008, the Company has deposited an additional \$2,123,000 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\$530,000 into the Elliot Lake Reclamation Trust Fund during the nine months ended September 30, 2008.

7. INTANGIBLES

A continuity summary of intangibles is presented below:

(in thousands)	Nine Months Ended September 30, 2008
Intangibles, beginning of period	\$ 6,979
Amortization	(701)
Foreign exchange	(416)
Other intangibles, end of period	\$ 5,862
Other intangibles, by item:	
UPC management contract	5,424
Urizon technology licenses	438
	\$ 5,862

8. GOODWILL

A continuity summary of goodwill is presented below:

(in thousands)	Nine Months Ended September 30, 2008
Goodwill, beginning of period	\$ 122,330
Foreign exchange	(8,379)
Goodwill, end of period	\$ 113,951
Goodwill, allocation by business unit:	
Canada mining segment	\$ 113,951

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)		Nine Months Ended September 30, 2008
Post-employment liability, beginning of period	\$	4,434
Benefits paid		(284)
Interest cost		170
Foreign exchange		(299)
Post-employment liability, end of period	\$	4,021
Post-employment benefits liability by duration:		
Current	\$	376
Non-current		3,645
	\$	4,021

10. RECLAMATION AND REMEDIATION OBLIGATIONS

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

(in thousands)		Nine Months Ended September 30, 2008
Reclamation obligations, beginning of period	\$	20,389
Accretion		1,339
Expenditures incurred		(504)
Liability adjustments		(127)
Foreign exchange		(681)
Reclamation obligations, end of period	\$	20,416
Site restoration liability by location:		
U.S. Mill and Mines	\$	11,143
Elliot Lake		7,695
McLean Lake and Midwest Joint Ventures		1,578
	\$	20,416
Site restoration liability :		
Current	\$	526
Non-current		19,890
	\$	20,416

11. DEBT OBLIGATIONS

Debt obligations consist of:

(in thousands)	At September 30 2008	At December 31 2007
Temporary line of credit	\$ -	\$ -
Revolving line of credit	101,332	-
Notes payable and other	58	42
	\$ 101,390	\$ 42
Other long-term liabilities:		
Current	58	42
Non-current	101,332	-
	\$ 101,390	\$ 42

Temporary 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. In June 2008, this facility was increased to CDN\$70,000,000. As at June 30, 2008, the Company had drawn CDN\$66,816,000 under the facility and had incurred interest expense of CDN\$524,000 for this facility.

In July 2008, the temporary line of credit facility was replaced with the revolving line of credit facility.

Revolving Line of Credit

In July 2008, the Company put in place a \$125,000,000 revolving term credit facility with the Bank of Nova Scotia. The facility is repayable in full on June 30, 2011. The facility requires mandatory prepayment of outstanding credit in excess of \$80,000,000 should the Company's uranium production in 2008 fall below 1,700,000 pounds.

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

The Company is required to maintain certain financial covenants on a consolidated basis.

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 September 30, 2008, the Company has drawn \$102,301,000 under the facility and it has also deferred \$1,054,000 of incremental costs associated with its set-up. These costs, which are netted into the liability amount, are being amortized over the three year term of the facility.

12. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of:

(in thousands)	At September 30 2008	At December 31 2007
Unamortized fair value of sales contracts	\$ 3,758	\$ 12,812
Unamortized fair value of toll milling contracts	940	1,008
Other	113	100
	<u>\$ 4,811</u>	<u>\$ 13,920</u>
Other long-term liabilities:		
Current	2,845	6,577
Non-current	1,966	7,343
	<u>\$ 4,811</u>	<u>\$ 13,920</u>

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

13. 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	288,780	1,527
Flow-through share liability renunciation	-	(5,267)
Fair value of stock options exercised	-	996
	<u>288,780</u>	<u>(2,744)</u>
Balance at September 30, 2008	190,020,415	\$ 660,205

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 September 30, 2008, the Company estimates that it has met its 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.

14. 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 September 30, 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;

15. CONTRIBUTED SURPLUS

A continuity summary of contributed surplus is presented below:

(in thousands)		Nine Months Ended September 30, 2008
Balance, beginning of period	\$	25,471
Stock-based compensation expense (note 16)		1,884
Fair value of stock options exercised		(996)
Balance, end of period	\$	26,359

16. 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 September 30, 2008, an aggregate of 12,677,900 options have been granted (less cancellations) since the Plan's inception in 1997.

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

A continuity summary of the stock options of the Company granted under the Plan is presented below:

	Number of Common Shares	Weighted- Average Exercise Price per Share (CDN \$)
Stock options outstanding, beginning of period	5,961,354	\$ 7.27
Granted	2,893,000	7.98
Exercised	(288,780)	5.30
Expired	(154,100)	8.73
Stock options outstanding, end of period	8,411,474	\$ 7.55
Stock options exercisable, end of period	5,423,901	\$ 7.16

A summary of the Company's stock options outstanding at September 30, 2008 is presented below:

Range of Exercise Prices per Share (CDN\$)	Weighted Average Remaining Contractual Life (Years)	Number of Common Shares	Weighted- Average Exercise Price per Share (CDN \$)
Stock options outstanding			
\$ 1.87 to \$ 4.99	5.78	1,018,175	\$ 2.11
\$ 5.00 to \$ 8.50	5.35	4,789,799	6.88
\$10.08 to \$15.30	1.33	2,603,500	10.91
Stock options outstanding, end of period	4.16	8,411,474	\$ 7.55

Outstanding options expire between September 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:

	Nine Months Ended September 30, 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\$1.65 - CDN\$4.49

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

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Mineral property exploration	\$ 59	\$ 64	\$ 173	\$ 177
General and administrative	593	278	1,711	853
	\$ 652	\$ 342	\$ 1,884	\$ 1,030

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 September 30, 2008, the Company had an additional \$6,193,000 in stock-based compensation expense to be recognized periodically to February 2011.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME

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

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Accumulated other comprehensive income, beginning of period	\$ 113,804	\$ 81,663	\$ 110,956	\$ (8,498)
Cumulative foreign currency translation gain (loss)				
Balance, beginning of period	\$ 76,304	\$ 53,356	\$ 92,856	\$ (8,498)
Change in foreign currency	(24,181)	49,125	(40,733)	110,979
Balance, end of period	52,123	102,481	52,123	102,481
Unrealized gains on investments				
Balance, beginning of period	37,500	28,307	18,100	-
Unrealized gains as at January 1, 2007, net of tax ⁽¹⁾	-	-	-	24,842
Net unrealized gains (losses), net of tax ⁽²⁾	(42,783)	272	(23,383)	3,737
Balance, end of period	(5,283)	28,579	(5,283)	28,579
Accumulated other comprehensive income, end of period	\$ 46,840	\$ 131,060	\$ 46,840	\$ 131,060

(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.

18. OTHER INCOME AND EXPENSES

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

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Interest income, net of fees	\$ 312	\$ 1,194	\$ 921	\$ 4,436
Interest expense	(902)	-	(1,422)	-
Gains (losses) on:				
Foreign exchange	9,197	(3,612)	232	(7,257)
Land, plant and equipment	-	(1)	125	(18)
Portfolio investments	-	1,108	195	39,751
Restricted investments	138	328	175	275
Equity gain of affiliates	-	-	-	-
Other	(294)	90	(291)	156
Other income (expense), net	\$ 8,451	\$ (893)	\$ (65)	\$ 37,343

19. 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.

For the nine months ended September 30, 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	42,486	37,351	-	-	6,540	86,377
Expenses						
Operating expenses	33,708	33,953	-	-	4,469	72,130
Sales royalties and capital taxes	2,369	-	-	-	101	2,470
Mineral property exploration	11,329	228	2,465	3,839	173	18,034
General and administrative	-	-	-	-	13,116	13,116
	47,406	34,181	2,465	3,839	17,859	105,750
Income (loss) from operations	(4,920)	3,170	(2,465)	(3,839)	(11,319)	(19,373)
Revenues – supplemental:						
Uranium concentrates	42,486	37,290	-	-	-	79,776
Environmental services	-	-	-	-	3,929	3,929
Management fees and commissions	-	-	-	-	2,611	2,611
Alternate feed processing and other	-	61	-	-	-	61
	42,486	37,351	-	-	6,540	86,377
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	87,119	77,408	523	338	1,498	166,886
Mineral properties	333,794	30,426	218,659	6,119	-	588,998
Intangibles	-	438	-	-	5,424	5,862
Goodwill	113,951	-	-	-	-	113,951
	534,864	108,272	219,182	6,457	6,922	875,697

For the three months ended September 30, 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	10,135	24,489	-	-	1,859	36,483
Expenses						
Operating expenses	9,471	23,466	-	-	1,508	34,445
Sales royalties and capital taxes	647	-	-	-	15	662
Mineral property exploration	2,855	172	2,465	2,131	59	7,682
General and administrative	-	-	-	-	4,322	4,322
	12,973	23,638	2,465	2,131	5,904	47,111
Income (loss) from operations	(2,838)	851	(2,465)	(2,131)	(4,045)	(10,628)
Revenues – supplemental:						
Uranium concentrates	10,135	24,465	-	-	-	34,600
Environmental services	-	-	-	-	1,434	1,434
Management fees and commissions	-	-	-	-	425	425
Alternate feed processing and other	-	24	-	-	-	24
	10,135	24,489	-	-	1,859	36,483

For the nine months ended September 30, 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	21,201	12,229	-	-	6,509	39,939
Expenses						
Operating expenses	18,351	6,537	-	-	4,018	28,906
Sales royalties and capital taxes	1,438	-	-	-	65	1,503
Mineral property exploration	13,441	119	-	3,177	177	16,914
General and administrative	-	-	-	-	9,598	9,598
	33,230	6,656	-	3,177	13,858	56,921
Income (loss) from operations	(12,029)	5,573	-	(3,177)	(7,349)	(16,982)
Revenues – supplemental:						
Uranium concentrates	21,201	9,750	-	-	-	30,951
Environmental services	-	-	-	-	3,391	3,391
Management fees and commissions	-	-	-	-	3,118	3,118
Alternate feed processing and other	-	2,479	-	-	-	2,479
	21,201	12,229	-	-	6,509	39,939
Long-lived assets:						
Property, plant and equipment						
Plant and equipment	83,475	22,110	188	73	1,911	107,757
Mineral properties	370,386	15,454	224,579	1,238	-	611,657
Intangibles	-	500	-	-	6,695	7,195
Goodwill	121,894	-	-	-	-	121,894
	575,755	38,064	224,767	1,311	8,606	848,503

For the three months ended September 30, 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	7,395	68	-	-	1,948	9,411
Expenses						
Operating expenses	6,060	1,584	-	-	1,562	9,206
Sales royalties and capital taxes	501	-	-	-	21	522
Mineral property exploration	5,547	119	-	2,655	64	8,385
General and administrative	-	-	-	-	3,138	3,138
	12,108	1,703	-	2,655	4,785	21,251
Income (loss) from operations	(4,713)	(1,635)	-	(2,655)	(2,837)	(11,840)
Revenues – supplemental:						
Uranium concentrates	7,395	-	-	-	-	7,395
Environmental services	-	-	-	-	1,443	1,443
Management fees and commissions	-	-	-	-	505	505
Alternate feed processing and other	-	68	-	-	-	68
	7,395	68	-	-	1,948	9,411

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 nine months ended September 30, 2008, three customers accounted for approximately 73% of total revenues.

20. RELATED PARTY TRANSACTIONS

Uranium Participation Corporation

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company will receive the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of CDN\$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC's net asset value between CDN\$100,000,000 and CDN\$200,000,000 and 0.2% per annum based upon UPC's net asset value in excess of CDN\$200,000,000; c) a fee of CDN\$200,000 upon the completion of each equity financing where proceeds to UPC exceed CDN\$20,000,000; d) a fee of CDN\$200,000 for each transaction or arrangement (other than the purchase or sale of uranium) of business where the gross value of such transaction exceeds CDN\$20,000,000 ("an initiative"); e) an annual fee up to a maximum of CDN\$200,000, at the discretion of the Board of Directors of UPC, for on-going maintenance or work associated with an initiative; and f) a fee equal to 1.5% of the gross value of any uranium held by UPC prior to the completion of any acquisition of at least 90% of the common shares of UPC.

In accordance with the management services agreement, all uranium investments owned by UPC are held in accounts with conversion facilities in the name of Denison Mines Inc. 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. No such facilities were in place for the nine month period ending September 30, 2008.

In August 2008, the Company sold 50,000 pounds of U₃O₈ to UPC for total consideration of \$3,225,000.

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

(in thousands)	Three Months Ended		Nine Months Ended	
	September 30 2008	September 30 2007	September 30 2008	September 30 2007
Fees earned included in revenue:				
Uranium Sales	\$ 3,225	\$ -	\$ 3,225	\$ 9,750
Management fees, including out-of-pocket expenses	377	466	1,378	1,656
Commission fees on purchase and sale of uranium	48	39	1,233	1,462
Fees earned included in other income:				
Loan interest under credit facility	-	6	-	197
Standby fee under credit facility	-	-	-	9
	\$ 3,650	\$ 511	\$ 5,836	\$ 13,074

At September 30, 2008, accounts receivable includes \$196,000 due from UPC with respect to the fees indicated above.

Other

During the nine months ended September 30, 2008, the Company incurred management and administrative service fees of \$142,000 (September 2007: \$147,000) 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\$15,000 per month plus expenses. At September 30, 2008, no amounts were due to this company.

21. 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 September 30, 2008, the Company is not subject to externally imposed capital requirements (other than the financial covenants relating to the revolving credit facility) 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 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 three year term revolving credit facility in the amount of US\$125,000,000 to meet its cash flow needs (see note 11).

(c) Currency Risk

Financial instruments that impact the Company's operations or other comprehensive income due to currency fluctuations include: non United States 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 its Zambian kwacha functional currencies and its United States dollar reporting currency as at September 30, 2008 is summarized below:

(in thousands)	Change in Net Income ⁽¹⁾	Change in Comprehensive Net Income ⁽¹⁾
Canadian dollar		
10% increase in value	\$ 423	\$ 54,298
10% decrease in value	\$ (423)	\$ (54,298)
Zambian kwacha		
10% increase in value	\$ (7,162)	\$ (7,162)
10% decrease in value	\$ 7,162	\$ 7,162

(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 nine months ending September 30, 2008 on its outstanding borrowings was 4.44%.

An increase in interest rates of 100 basis points (1 percent) would have increased the amount of interest expense recorded during the nine months by approximately \$312,000.

(e) Price Risk

The Company is exposed to price risk on the commodities 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 September 30, 2008:

(in thousands)	Change in Net Income ⁽¹⁾	Change in Comprehensive Net Income ⁽¹⁾
Commodity price risk		
10% increase in uranium prices ⁽²⁾	\$ 3,884	\$ 3,884
10% decrease in uranium prices ⁽²⁾	\$ (3,884)	\$ (3,884)
Equity price risk		
10% increase in equity prices	\$ -	\$ 2,104
10% decrease in equity prices	\$ -	\$ (2,104)

(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 is prepared using the 9 month average actual realized price and adjusting the uranium pricing formulas for a 10% increase or decrease in spot and long-term prices as applicable.

(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.

22. INCOME TAXES

For the nine months ended September 30, 2008, the Company has provided for current tax recovery of \$2,342,000 and for future tax expense of \$6,790,000.

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 period 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 \$3,700,000.

23. 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 certain specified future liabilities it may incur related to the assets or liabilities assumed by Calfrac on March 8, 2004.