
DENISON MINES CORP

Management's Discussion and Analysis
Nine Months Ended September 30, 2008
(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 comparable period in the previous year. This MD&A is dated as of November 12, 2008 and should be read in conjunction with the Company's unaudited consolidated financial statements and related notes for the nine months ended September 30, 2008 and the Company's audited consolidated financial statements and related notes for the year ended December 31, 2007. The financial statements are prepared in accordance with generally accepted accounting principles in Canada. All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

Other continuous disclosure documents, including the Company's press releases, quarterly and annual reports, Annual Information Form and Form 40-F are available through its filings with the securities regulatory authorities in Canada at www.sedar.com and the United States at sec.gov/edgar.shtml

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains statements which are not current statements or historical facts. They are "forward-looking information" as defined under Canadian securities laws and "forward-looking statements", within the meaning of the United States Private Securities Litigation Reform Act of 1995, concerning the business, operations and financial performance and condition of Denison which may be material and that involve risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by them.

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

Forward-looking information and statements are based on the opinions and estimates of management as of the date such statements are made. 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-information and statements, including but not limited to risks related to: unexpected events during construction, expansion and start-up; variations in ore grade; amount of material mined or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; risks related to international operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium, vanadium, nickel and cobalt; possible variations in ore reserves, grade or recovery rates; unexpected or challenging geological, hydrogeological or mining conditions which deviate significantly from our assumptions regarding those conditions; political risks arising from operating in certain countries, including the risks of nationalization, terrorism and sabotage; the risk of adverse changes in government legislation, regulations and policies; the risk of natural phenomena including inclement weather conditions, fire, flood, underground floods, earthquakes, pitwall failure and cave-ins; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities and other factors listed under the heading "Risk Factors" in the MD&A for the year ended December 31, 2007. Although management of Denison has attempted to identify material factors that could cause actual results to differ materially from those contained in forward-looking-information and statements, which only apply as of the date hereof and should not be relied upon as representing Denison's views as of any subsequent date, there may be other factors that cause results not to be as anticipated, estimated or intended.

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

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OVERVIEW

Denison is a diversified, growth-oriented, intermediate uranium producer with active uranium mining operations in both the U.S. and Canada and development projects in Canada, Zambia and Mongolia. Denison's assets include an interest in 2 of the 4 licensed and operating conventional uranium mills in North America, with its 100% ownership of the White Mesa mill in Utah and its 22.5% ownership of the McClean Lake mill in Saskatchewan. Both mills are fully permitted and operating.

The Company also produces vanadium as a co-product from some of its mines in Colorado and Utah. The Company is also in the business of recycling uranium-bearing waste materials, referred to as "alternate feed materials", for the recovery of uranium, alone or in combination with other metals, at the Company's White Mesa mill.

Denison enjoys a global portfolio of world-class exploration projects, including properties in close proximity to the Company's mills in the Athabasca Basin in Saskatchewan and in the Colorado Plateau, Henry Mountains and Arizona Strip regions of the southwestern United States. Denison also has exploration and development properties in Mongolia, Zambia and, indirectly through its investments in Australia and the U.S.

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.

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

SELECTED FINANCIAL INFORMATION

The following selected financial information was obtained directly from or calculated using the Company's consolidated financial statements for the three months and nine months ended September 30, 2008, and 2007.

	Three Months Ended September 30, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
(in thousands)				
Results of Operations:				
Total revenues	\$ 36,483	\$ 9,411	\$ 86,377	\$ 39,939
Net income (loss)	332	(11,721)	(23,886)	23,702
Earnings (loss) per share - Basic	0.00	(0.06)	(0.13)	0.13
- Diluted	0.00	(0.06)	(0.13)	0.12
Financial Position:			As at Sept. 30, 2008	As at December 31, 2007
Working capital			\$ 63,719	\$ 75,915
Long-term investments			21,039	20,507
Property, plant and equipment			755,884	727,823
Total assets			1,010,504	1,001,581
Total long-term liabilities			\$ 280,793	\$ 175,081

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RESULTS OF OPERATIONS

General

The Company recorded net income of \$332,000 (\$0.00 per share) for the three months ended September 30, 2008 compared with a net loss of \$11,721,000 (\$0.06 per share) for the same period in 2007. For the nine months ended September 30, 2008, the Company recorded a net loss of \$23,886,000 (\$0.13 per share) compared with net income of \$23,702,000 (\$0.13 per share) for the same period in 2007.

Revenues totaled \$36,483,000 for the three months ended September 30, 2008 and \$86,377,000 for the nine months ended September 30, 2008 compared with \$9,411,000 and \$39,939,000 for the same periods in 2007. Expenses totaled \$47,111,000 for the three months ended September 30, 2008 and \$105,750,000 for the nine months ended September 30, 2008 compared to \$21,251,000 and \$56,921,000 for the same periods in 2007. Net other income (expense) totaled \$8,451,000 for the three months ended September 30, 2008 and (\$65,000) for the nine months ended September 30, 2008 compared with (\$893,000) and \$37,343,000 for the same periods in 2007.

Revenues

Uranium sales revenue for the third quarter was \$34,600,000. Sales from U.S. production were 370,000 pounds U₃O₈ at an average price of \$66.12 per pound. Sales of Canadian production were 147,000 pounds U₃O₈ at an average price of \$61.35 per pound. Amortization of the fair value increment related to long term contracts from the acquisition of Denison Mines Inc. ("DMI") totaled \$947,000 for the third quarter. Reported revenue is also impacted by the effect of foreign currency translations.

For the nine months ended September 30, 2008, uranium sales revenue totaled \$79,776,000 consisting of sales of 520,000 pounds U₃O₈ from U.S. production at an average price of \$71.71 and sales of 565,950 pounds of production from the McClean Lake joint venture at an average price of \$59.01 per pound. Amortization of the fair value increment related to long term sales contracts from the acquisition of DMI totaled \$8,590,000.

Uranium sales revenue for the same periods in 2007 totaled \$7,395,000 for the three months and \$30,951,000 for the nine months ended September 30, 2007 from the sale of 85,000 pounds U₃O₈ and 270,000 pounds U₃O₈ from Canadian production and sales of 75,000 pounds U₃O₈ from U.S. production all in the second quarter. Amortization of the fair value increment from DMI sales contracts was \$503,000 and \$1,512,000 respectively.

Denison currently markets its uranium from the McClean Lake joint venture jointly with AREVA Resources Canada Inc. ("ARC"). Denison' share of current contracts sales volumes jointly marketed with ARC is set out in the table below:

(in thousands)	<u>Contracted Canadian Sales Volumes</u> (pounds U ₃ O ₈ x 1000)			<u>Pricing</u>
	<u>2008</u>	<u>2009</u>	<u>2010</u>	
Market Related	588	392	49	80% to 85% of Spot
Legacy Base Escalated	95	0	0	\$20.00 to \$26.00
Legacy Market Related	60	0	0	96% of Spot

Agreements with AREVA call for production to be allocated first to the market related contracts with any surplus to be apportioned evenly over the legacy contracts. The legacy base-escalated contracts have pricing formulas that result in sales prices well below current market prices.

The joint marketing of Canadian uranium production will cease at the end of 2008 except for the market related contracts above. Future long-term sales agreements for the Company's uranium inventory and production are expected to be primarily under market related contracts.

In addition to the contracts noted above, the Company currently has two other long-term contracts in place. One is for the sale of 17% of the White Mesa mill production commencing in 2008 up to a total of 6.5 million pounds with a minimum of 250,000 pounds in 2008, 500,000 pounds in 2009 and increasing to a minimum of 1 million pounds by 2011. The sales price is 95% of the published long-term price for the month prior to delivery with a floor price of \$45.00. The second contract is for 20% of the production from the White Mesa mill during the years 2012 to 2017 inclusive, but not less than 200,000 pounds per year.

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Pricing under this contract is 95% of the long term price at the time of delivery with an escalated floor price of \$50.00 per pound.

Revenue from the environmental services division was \$1,434,000 for the three months ended September 30, 2008 compared to \$1,443,000 in the comparable 2007 period and was \$3,929,000 for the nine months ended September 30, 2008 compared with \$3,391,000 for the same period in 2007.

Revenue from the management contract with Uranium Participation Corporation was \$425,000 for the three months ended September 30, 2008 and \$2,611,000 for the nine months ended September 30, 2008 compared to \$505,000 and \$3,118,000 in the same periods in 2007.

Operating Expenses

Milling and Mining Expenses

The McClean Lake joint venture produced 818,000 pounds U₃O₈ for the three months ended September 30, 2008 and 2,566,000 pounds U₃O₈ for the nine months ended September 30, 2008 compared with 385,000 pounds U₃O₈ for the three months and 1,169,000 pounds U₃O₈ for the nine months ended September 30, 2007. Denison's 22.5% share of production totaled 184,000 pounds and 577,000 pounds respectively for the 2008 periods and 87,000 pounds and 264,000 pounds respectively for the 2007 periods.

Unit production cash costs in Canada are driven primarily by production volumes as the majority of costs do not vary with volume. These fixed costs for the McClean operations total approximately Cdn\$46 million per year so as production volumes increase, the cost per pound decreases. Reagent costs are in addition to this cost as are amortization, depletion and depreciation costs. Production by the joint venture in 2008 is expected to be 3.2 million pounds U₃O₈. Canadian production costs for the quarter were CDN\$58.92 per pound U₃O₈ including CDN\$34.99 per pound U₃O₈ for amortization, depletion and depreciation costs. For the nine months ended September 30, 2008, production costs were CDN\$55.94 per pound U₃O₈ including CDN\$33.89 per pound U₃O₈ for amortization, depletion and depreciation costs.

Inventory from Canadian production was 46,000 pounds U₃O₈ at September 30, 2008.

The Company began processing conventional ore at the White Mesa mill on April 28, 2008. Prior to that the Company was processing alternate feed material and produced 94,000 pounds U₃O₈ prior to beginning processing conventional ore. Production from conventional ore was 286,000 pounds U₃O₈ and 306,000 pounds U₃O₈ for the three months and nine months ended September 30, 2008. The Company also produced 250,000 pounds V₂O₅ commencing in the third quarter. For the nine months ended September 30, 2008, production costs for processing conventional ore totaled \$61.93 per pound U₃O₈ and vanadium equivalent including \$24.38 per pound amortization, depletion and depreciation.

Inventory from U.S. production was 76,500 pounds U₃O₈ and 250,000 pounds V₂O₅ at September 30, 2008.

Sales Royalties and Capital Taxes

Sales royalties and capital taxes totaled \$662,000 and \$2,470,000 for the three and nine months ended September 30, 2008 compared with \$522,000 and \$1,503,000 for the same periods in 2007. Denison pays a Saskatchewan basic uranium royalty of 4% of gross uranium sales after receiving the benefit of a 1% Saskatchewan resource credit. Denison also pays Saskatchewan capital taxes based on the greater of 3.0% of gross uranium sales or capital tax otherwise computed under the Saskatchewan Corporation Capital Tax Act. The Saskatchewan government also imposes a tiered royalty which ranges from 6% to 15% of gross uranium sales after recovery of mill and mine capital allowances which approximate capital costs. Denison has sufficient mill and mine capital allowances available or anticipated to shelter it from the tiered royalty at current uranium prices for 2008.

MINERAL PROPERTY EXPLORATION

Denison is engaged in uranium exploration, as both operator and non-operator of joint ventures and as operator of its own properties in Canada, the U.S., Mongolia and Zambia. For the three months ended September 30, 2008 exploration expenditures totaled \$7,682,000 compared to \$8,385,000 for the three months ended September 30, 2007. For the nine months ended September 30, 2008 exploration expenditures totaled \$18,034,000 compared with \$16,914,000 for the nine months ended September 30, 2007.

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In the Athabasca Basin region of Saskatchewan, Denison is engaged in uranium exploration on advanced projects as part of the ARC operated McClean and Midwest joint ventures and is also participating in a total of 33 other exploration projects concentrated in the prospective eastern margin of the Athabasca Basin. Denison's share of exploration spending on its Canadian properties totaled \$3,042,000 of which \$2,855,000 was expensed in the statement of operations for the three months ended September 30, 2008. For the three months ended September 30, 2007, exploration spending totaled \$5,612,000 of which \$5,547,000 was expensed. For the nine months ended September 30, 2008, Denison's share of exploration spending on its Canadian properties totaled \$12,210,000 of which \$11,329,000 was expensed compared with spending of \$14,045,000 of which \$13,441,000 was expensed in the nine months ended September 30, 2007.

Exploration expenditures of \$2,099,000 for the three months ended September 30, 2008 (\$2,716,000 for the three months ended September 30, 2007) and of \$3,520,000 for the nine months ended September 30, 2008 (\$3,177,000 for the nine month period in 2007) were incurred in Mongolia on the Company's joint venture and 100% owned properties. The Company has a 70% interest in the Gurvan Saihan Joint Venture ("GSJV") in Mongolia. The other parties to the joint venture are the Mongolian government as to 15% and Geologorazvedka, a Russian government entity, as to 15%. Additional expenditures for development of the GSJV's Hairhan uranium deposits have also been incurred. Development work includes extensive resource delineation drilling, hydrogeological drilling, plant design and environmental studies.

In Zambia, the Company commenced exploration activities during the quarter including an airborne geophysical survey, linecutting and drilling. Exploration expenditures during the quarter totaled \$2,465,000. Additional expenditures for development of the Mutanga project continued. This work included development and hydrogeological drilling, metallurgical test work, environmental studies and engineering.

General and Administrative

General and administrative expenses totaled \$4,322,000 for the three months ended September 30, 2008 compared with \$3,138,000 for the three months ended September 30, 2007. For the nine months ended September 30, 2008, general and administrative expenses totaled \$13,116,000 compared to \$9,598,000 for the same period in 2007. The increase was primarily the result of the acquisition and implementation of new information and financial systems, an increase in public company expenses due to additional compliance costs and an increase in stock based compensation costs resulting from stock options granted in 2008. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures.

Other Income and Expenses

Other income (expense) totaled \$8,451,000 for the three months ended September 30, 2008 compared with (\$893,000) for the three months ended September 30, 2007. For the nine months ended September 30, 2008, other income (expense) totaled (\$65,000) compared to \$37,343,000 for the same period in 2007. During the third quarter, this consists primarily of interest expense, and foreign exchange gains. Foreign exchange gains totaled \$9,197,000 for the three months and \$232,000 for the nine months ended September 30, 2008. The translation of the Zambian kwacha to U.S. dollars accounts for the majority of these amounts. This is primarily the result from translating future income taxes payable relating to the Mutanga project. In 2007, other income (expense) was primarily due to gains on the sale of portfolio investments which totaled \$1,108,000 and \$39,751,000 for the three months and nine month periods in 2007.

Other income (expense) included interest incurred on company indebtedness of \$902,000 for the three months and \$1,422,000 for the nine months ended September 30, 2008.

Income Taxes

The Company has provided for a current tax recovery of \$2,342,000 and for a 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 first quarter to adjust the future income tax liability. This amount has been partially offset by the recognition of previously unrecognized Canadian tax assets of \$3,700,000.

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Outlook

Mining and Production

Canada

Mining of the Sue B deposit, which contains approximately 1.4 million pounds U_3O_8 , has commenced. Milling of the stockpiled Sue E, Sue B and Sue A ore is ongoing and U_3O_8 production at McClean Lake in 2008 is expected to be 3.2 million pounds of which Denison's share is 720,000 pounds. Stripping and mining of the Caribou deposit is expected to commence in March 2009. Denison's share of production in 2009 is expected to be 750,000 pounds U_3O_8 .

United States

Five mines are operating on the Colorado Plateau with production from the Sunday, Pandora, Topaz, West Sunday and Rim mines running at about 400 tons per day. At the Tony M mine within the Henry Mountains Complex, located in Utah, production is currently approximately 340 tons per day. In addition to the mined ore, historic stockpile ore from Tony M is being hauled to the mill at a rate of approximately 470 tons per day. There is an estimated 85,000 tons of this stockpile material remaining at the mine site. Production from these mines is being hauled to Denison's White Mesa mill. At September 30, 2008, a total of 289,000 tons had been shipped to the mill of which 140,500 tons have been fed to the mill. Mine development work has begun at the Beaver mine located on the Colorado Plateau. Ore production from this mine is anticipated to begin in December 2008 and will ramp up to 150 tons per day by second quarter 2009. At the Company's Arizona 1 mine on the Arizona Strip located in northeastern Arizona, the shaft rehabilitation and ventilation raises are complete. The air quality permitting process is underway but the Company is unable to determine the length of time required to receive the permit.

Processing of conventional ore at the mill began on April 28, 2008. The mill processed uranium-only ore to June 30, 2008. On July 1, 2008, processing of the uranium/vanadium ores from the Company's Colorado Plateau mines commenced. Some Tony M ore was processed in August as the vanadium circuit worked through some commissioning issues. The mill is anticipating processing Colorado Plateau ore for the remainder of the year. The relining of tailings cell 4A is complete and approval of the operating permit has been received.

The Company expects to produce 1.0 million pounds U_3O_8 and 1.5 to 2.0 million pounds V_2O_5 during 2008 at the White Mesa mill. In 2009, production at the White Mesa mill is expected to be 1.4 million to 1.8 million pounds U_3O_8 and 2.6 million to 3.2 million pounds V_2O_5 .

Sales

The Company expects to sell 1.6 to 1.7 million pounds of U_3O_8 in 2008 including 0.9 to 1.0 million pounds from U.S. production. The Company currently has agreements in place to sell 400,000 pounds from U.S. production at an average price of \$61.50 and 177,000 pounds from Canadian production at an expected price of about \$52.00 per pound in the fourth quarter. It also anticipates selling 1.0 to 1.3 million pounds of vanadium. Vanadium prices are quite volatile but have recently been quoted at \$10 to \$11 per pound V_2O_5 .

Sales in 2009 are expected to be 2.1 to 2.4 million pounds U_3O_8 and 3 million pounds V_2O_5 .

Exploration¹

Athabasca Basin

In the Athabasca Basin, Denison is participating in a total of 35 exploration projects, located in the eastern part of the Basin and within trucking distance of all the three operating mills in the area. Denison and its joint venture partners carried out an extensive exploration program during the quarter with drilling activity on 8 of these 35 projects.

On the 60% owned Wheeler River property, a new zone of unconformity hosted uranium mineralization at a depth of less than 400 metres was discovered and reported in the second quarter. Preliminary results were reported based on eU_3O_8 grades.

¹The technical information contained in this MD&A relating to the above-described exploration activities is reported and verified by William C. Kerr, Denison's Vice President, Exploration, who is a "qualified person" as defined in National Instrument 43-101.

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Confirmatory split core assay results have now been received from these holes, and have substantially upgraded the intersections. Drill hole WR-249 graded 1.72% U_3O_8 ² over 1.35 metres³ as compared to the previously reported grade of 0.263% eU_3O_8 over 2.0 metres and drill hole WR-251 graded 0.775% U_3O_8 over 2.25 metres as compared to the previously reported grade of 0.248% eU_3O_8 over 2.8 metres. In addition, late in the summer, WR-253 was spotted 15 metres to the south-east of WR-251, and intersected the target horizon at the unconformity and returned the highest results to date of 1.40% U_3O_8 over 4.0 metres, in the sandstone, and 1.75% U_3O_8 over 0.5 metres, in the basement.

The new Zone R has only been tested on two sections with 600 metres of untested strike length between the two sections. A drill hole 30 metres to the northeast of WR-253 overshot the zone, and WR-255, the last hole of the season located 30 metres southwest of WR-253, was lost in a void in an intensely altered zone above the unconformity. The geophysical signature extends a further 300 metres to the southwest and 150 metres to the northeast of the current sections, indicating a potential one-kilometre long zone. Infill and stepout drilling is scheduled for 2009.

Denison's exploration spending in 2008 in the Athabasca Basin is expected to total approximately \$13,300,000.

Southwest United States

Drilling began early in the quarter on the Monogram Mesa project in the U.S. While interesting and low level mineralization was identified in several widely spaced holes, no significant mineralization was noted. A drill program near the Company's Pandora mine is scheduled to begin in mid-November.

Mongolia

Work in Mongolia was completed late in the quarter and consisted of a total of over 72,000 metres of drilling in 474 holes on five projects. Three new discoveries were made this season: at Hairhan along trend of the known mineralization; at Haraat parallel to known mineralization; and, a new zone at Ulziit. All these new discoveries will require additional drilling.

On the development side, hydrogeological work continued to mid-September in support of baseline and monitoring test wells at Hairhan. A number of environmental radiological programs were initiated and will continue in support of advancement to commercial ISR production at Hairhan.

An updated 43-101 compliant resource estimate for the Hairhan deposit which will incorporate the 2007 and 2008 drilling results will be completed in the first quarter of 2009. A revised 43-101 compliant resource estimate on the Haraat deposit is scheduled to be completed in the second quarter of 2009.

Zambia

Site activities during this quarter consisted of completion of a major airborne geophysical survey, detailed linecutting and exploration drilling on selected areas outside of the two proposed pit sites, hydrogeological drilling to define baseline hydrogeological groundwater parameters, and environmental baseline studies. A total of three drill rigs continued work during the quarter and completed over 55,000 metres of drilling year to date, composed of 41,742 metres in support of development drilling, 10,654 metres committed to exploration drilling, and 2,087 metres devoted to hydrogeological drilling.

Three areas can be classified as new uraniferous discoveries based on work during this quarter and require further confirmatory and infill drilling in subsequent programs. (See release dated September 18, 2008) All the new discoveries are located within 5 kilometres of the main Mutanga deposit which is scheduled to be the first deposit mined.

In addition to the site activities, other project activities include: a 43-101 report on the Mutanga and Dibwe deposits, which is scheduled to be completed in the fourth quarter; metallurgical test work, including a pilot plant test and heap leach test work; infrastructure studies; development of a relocation plan; and, engineering in order to complete a detailed feasibility study by the end of the first quarter of 2009.

² Values reported herein are based on a 0.05% U_3O_8 cutoff.

³ All intersections and geological interpretations are based on diamond drill core only and mineralized intervals may not represent true thickness. For a description of the quality assurance program and quality control measure applied by Denison during the above described work, please see Denison's Annual Information Form filed on March 28, 2008 under the Company's profile on the SEDAR website at www.sedar.com.

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LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were \$15,879,000 at September 30, 2008 compared with \$19,680,000 at December 31, 2007. The decrease of \$3,801,000 was due primarily to expenditures of \$82,058,000 for property, plant and equipment, the purchase of long term investments totaling \$13,413,000 and cash used in operations of \$9,437,000 financed by an increase in debt obligations of \$101,259,000.

Net cash used in operating activities was \$9,437,000 during the nine month period ended September 30, 2008. Net cash from operating activities is comprised of net income for the period, adjusted for non-cash items and for changes in working capital items. Significant changes in working capital items during the period include a decrease of \$18,120,000 in trade and other receivables and an increase of \$42,112,000 in inventories. The decrease in trade and other receivables is primarily the result of the level of uranium sales in the period. The increase in inventories consists primarily of the increase in ore in stockpile, work in progress and finished goods.

Net cash used in investing activities was \$96,632,000 consisting primarily of expenditures on property, plant and equipment of \$82,058,000 and the purchase of long term investments of \$13,413,000. The long term investment was the purchase of shares and warrants in Uranerz Energy Corp.

Net cash from financing activities consisted of \$101,259,000 from debt obligations and \$1,527,000 from the exercise of stock options.

In total, these sources and uses of cash resulted in a net cash outflow of \$3,801,000 during the nine month period.

The Company has in place a \$125,000,000 revolving term credit facility. The facility is repayable in full on June 30, 2011. The facility requires mandatory prepayment of outstanding credit in excess of \$80,000,000 by June 30, 2009 should the Company's uranium production in 2008 fall below 1,700,000 pounds. Agreement has been reached with the lender to amend the production covenant to include vanadium production equivalent to uranium at a five to one ratio.

The borrower under the facility is Denison Mines Inc. ("DMI") and Denison Mines Corp. ("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 the following financial covenants on a consolidated basis:

- Minimum tangible net worth of \$450,000,000 plus 50% of positive quarterly net income and 50% of net proceeds of all equity issues after December 31, 2007;
- Maximum ratio of total net debt to earnings before interest, taxes, depreciation and amortization and other allowed adjustments as defined in the credit agreement ("EBITDA"), of 3.5 to 1.0 for each fiscal quarter starting with the fiscal quarter ending December 31, 2008 and including the fiscal quarter September 30, 2009 and 3.0 to 1.0 for each fiscal quarter thereafter. EBITDA is calculated on a rolling four quarters' basis commencing with the third quarter 2008;
- Minimum interest coverage ratio of 3.0 to 1.0 using rolling EBITDA and rolling interest expense for each fiscal quarter starting with the fiscal quarter ending December 31, 2008; and
- Minimum current ratio of 1.1 to 1.0.

Interest payable under the facility is bankers acceptance rate or London Interbank Offered Rate ("Libor") plus a margin or prime rate plus a margin. The margin used is between 0 and 200 basis points depending on the credit instrument used and the magnitude of the net total debt to EBITDA ratio (the "ratio"). The facility is subject to a standby fee of 40 to 55 basis points depending upon the ratio. A standby fee of 55 basis points applies in all circumstances where the amounts drawn under the facility are less than \$62,500,000.

While the above covenants do not apply to the third quarter, the Company believes it would comply with all covenants based on third quarter results.

OFF-BALANCE SHEET ARRANGEMENTS

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

DENISON MINES CORP

Management's Discussion and Analysis
Nine Months Ended September 30, 2008
(Expressed in U.S. Dollars, Unless Otherwise Noted)

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 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"); 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.

The Company has also provided temporary revolving credit facilities to UPC which generate interest and stand-by fee income. No such facilities were in place during the nine month period ended 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 three months and nine months ended September 30:

(in thousands)	Three Months Ended Sept. 30, 2008	Three Months Ended Sept. 30, 2007	Nine Months Ended Sept. 30, 2008	Nine Months Ended Sept. 30, 2007
Revenue				
Uranium sales	\$ 3,225	\$ —	\$ 3,225	\$ 9,750
Management fees (including expenses)	377	466	1,378	1,656
Commission fees on purchase and sale of uranium	48	39	1,233	1,462
Other income (expense)				
Loan interest under credit facility	—	6	—	197
Standby fee under credit facility	—	—	—	9
Total fees earned from UPC	\$ 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.

During the nine months ended September 30, 2008, the Company incurred management and administrative service fees of \$142,000 (nine months ended September 30, 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 September 30, 2008, no amounts were due to this company.

OUTSTANDING SHARE DATA

At November 12, 2008, there were 190,020,415 common shares issued and outstanding, 8,511,475 stock options outstanding to purchase a total of 8,511,475 common shares and 3,321,151 warrants outstanding to purchase a total of 9,564,915 common shares, for a total of 208,096,805 common shares on a fully-diluted basis.

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MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

During the third quarter of 2008, the Company substantially completed the implementation of the Great Plains financial system to support reporting of financial results. This system includes integrated financial modules for accounts payable, accounts receivable, fixed assets and inventory functions. Some work to complete the implementation will continue into 2008. Management believes that the implementation of the Great Plains financial modules will improve the Company's internal control over financial reporting.

Other than the changes mentioned above, no other changes in the Company's internal control over financial reporting occurred during the second quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

CHANGES IN ACCOUNTING POLICIES

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

- a) 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.
- b) 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.
- c) 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.

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.

- a) 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.

RISK FACTORS

There are a number of factors that could negatively affect Denison's business and the value of Denison's securities, including the factors listed in the Company's Annual Information Form and in the Company's annual MD&A dated March 18, 2008 available at www.sedar.com and Form 40-F available at www.sec.gov. The 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.