

## **Tax Information for Canadian Shareholders of Denison Mines Corp.**

As described more fully in the Information Circular to the Plan of Arrangement involving Denison Mines Corp. ("Denison"), Denison Mines Holdings Corp., White Canyon Uranium Ltd., Energy Fuels Inc. ("Energy Fuels") and the shareholders of Denison, dated May 28, 2012 ("Information Circular"), the sale of Denison's subsidiaries holding all of Denison's mining assets and operations located in the United States of America ("US Subsidiaries") will have an impact on everyone who was a Denison shareholder on June 29, 2012 and received shares of Energy Fuels. For Canadian resident shareholders, the anticipated Canadian tax consequences are summarized below.

**CAUTION: This summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations applicable to Denison shareholders. This summary is not intended, nor should it be construed, to be legal or tax advice to any particular shareholder and is qualified in its entirety by the disclosure in the Information Circular. Shareholders should consult their own tax advisors for advice with respect to the income tax consequences to them of the transaction. Shareholders are urged to consult the section titled "Canadian Federal Income Tax Considerations" on page 45 of the Information Circular for additional detail. The Information Circular is available on Denison's website or on Denison's profile on SEDAR at [www.sedar.com](http://www.sedar.com).**

### **(A) Basics of the Transaction:**

Energy Fuels and Denison entered into an Arrangement Agreement ("the Arrangement") on May 23, 2012. As part of the Arrangement, Energy Fuels acquired (a) the shares of the US Subsidiaries in consideration for cash, and (b) the balance of debt owing from the US Subsidiaries to Denison in consideration for a promissory note ("EFI Note"). Denison also carried out a reorganization of its capital as part of the Arrangement. The transactions pursuant to the Arrangement with Energy Fuels and the reorganization of capital of Denison occurred on June 29, 2012 ("Effective Date").

In the course of the reorganization of the capital of Denison, the following steps occurred in the following order: (1) all of the existing issued and unissued Denison shares ("Denison Shares") were renamed and re-designated as Class A common shares ("Class A Shares") – each Class A Share is identical to the Denison Shares, except that each Class A Share is entitled to two votes; (2) a new unlimited number of common shares ("New Denison Shares") with features identical to the Denison Shares were created; (3) each issued and outstanding Class A Share was exchanged for one New Denison Share and an assignment by Denison of a portion of the principal amount of the EFI Note equal in value to 1.106 shares of Energy Fuels; (4) after the exchange in (3), the Class A Shares were cancelled and the authorized share capital of Denison was changed by deleting the Class A Shares as a class of shares of Denison; and (5) the portion of the EFI Note distributed to shareholders, as part of the exchange of each Class A Share, was repaid by Energy Fuels, by way of issuing 1.106 shares.

### **(B) Frequently Asked Shareholder Questions:**

*Does the transaction trigger a taxable event for me?*

Generally, no. The share exchange (item "3" above) and the subsequent repayment of the EFI note with Energy Fuels shares (item "4" above) is not expected to be taxable as a dividend and in most cases should not trigger a capital gain. A shareholder only recognized a capital gain on the share exchange if their adjusted cost basis in their shares of Denison, prior to the exchange, was less than CAD\$0.210 per share. Further information is contained in the Information Circular.

*What will happen to my tax basis in my shares of Denison?*

The adjusted cost base of the New Denison Shares equals the excess (if any) of your adjusted cost base in the Denison Shares less the value of the interest in the EFI Note (which equals the fair market value of the Energy Fuels shares received by you on the Effective Date). If you had a tax basis in Denison, prior to the exchange, of greater than \$0.210 per share, your tax basis was reduced by \$0.210 per share as a result of the share exchange. If your basis in Denison, prior to the exchange, was less than \$0.210 per share, your tax basis in Denison was reduced to nil. Further information is contained in the Information Circular.

*What will my tax basis be in my shares of Energy Fuels?*

The adjusted cost base of the shares of Energy Fuels received by you on the repayment of the EFI Note (item "5" above) equals the fair market value of the Energy Fuels shares received on the Effective Date. The closing price of Energy Fuels' shares on the Toronto Stock Exchange on the Effective Date was CAD\$0.19 per share. Further information is contained in the Information Circular.