

Denison

ANNUAL REPORT 1989

C



CORPORATE PROFILE

Denison Mines Limited is a leading Canadian energy resource enterprise with extensive worldwide interests. The uranium mine and processing facilities at Elliot Lake, Ontario, are among the world's largest and have served as the mainstay of the Company as it developed a wide variety of international investments and natural resource operations. These include oil and gas production in Greece, Egypt, Spain, Italy; potash mining in New Brunswick; coal mining in British Columbia, and industrial mineral production at various locations in the United States. Denison, guided by a strategy of measured growth and diversification, is actively engaged in the acquisition, exploration, development and management of promising resource properties in Canada and around the globe.

HIGHLIGHTS

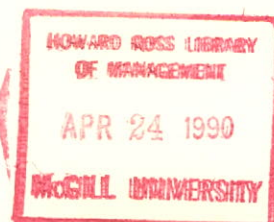
(In thousands, except per share data)	1989	1988
Financial Results		
Revenue	\$ 367,144	\$ 424,215
Earnings (loss) before unusual and extraordinary items	(3,378)	4,744
Net earnings (loss)	(3,378)	(94,324)*
Cash from operating activities	37,767	72,269
Financial Position		
Total assets	\$1,074,156	\$1,180,410
Shareholders' equity	362,784	460,052
Per Participating Share		
Earnings (loss) before extraordinary item	\$(0.46)	\$(2.71)
Net earnings (loss)	(0.46)	(2.25)
Dividends	0.24**	0.24**
Production		
Uranium (pounds U ₃ O ₈)	4,486	5,054
Potash (tonnes)	529	631
Coal (tonnes)	2,104	2,277
Oil (bbls)	7,541	9,405
Gas (mcf)	4,498	5,166
Sulphur (tonnes)	69	86

* Reflects \$125,000,000 after-tax write-down of oil and gas properties and an extraordinary gain of \$25,932,000 on sale of the 44.8% interest in Standard Trustco Limited.

** Stock dividend payable in Class B participating shares.

TABLE OF CONTENTS

Directors' Report	2
Markets	4
Review of Operations	6
<i>Mining Activities</i>	6
<i>Oil and Gas Activities</i>	10
Financial Review	14
Consolidated Financial Statements	16
Ten Year Review	28
General Shareholder Information	30
Officers	31
Directors	31
Corporate Directory	32



Nineteen-eighty-nine was a year of consolidation for Denison Mines Limited, as the Company began to implement its long-term strategic plan and solidify its financial base in preparation for the expansive opportunities of the coming decade.

Denison recorded a loss of \$3,378,000 for the year ended December 31, 1989, compared with a loss, after unusual and extraordinary items, of \$94,324,000 for 1988. The 1988 figure includes a \$125,000,000 after-tax write-down of oil and gas properties and a \$25,932,000 extraordinary gain on the sale of the Company's interest in Standard Trustco Limited. After provision for preferred share dividends, the loss per participating share was \$0.46 in 1989, compared with \$2.25 a year earlier.

Earnings in 1989 were adversely affected by weak potash markets and reduced production volumes in both the mining and oil and gas divisions, which more than offset higher average oil prices.

Production at Denison's Elliot Lake uranium operations was hampered by a mechanical problem in the surface grinding facility and lower-than-planned ore grades. The grade and processing rate improved by year end to planned levels.

In March 1990, Denison announced that it will reduce production levels and the size of its workforce at Elliot Lake in the face of extremely competitive uranium markets. The reduction, which will affect 28% of the workforce, will be completed by August 1, 1990.

Weak potash markets and a less-than-satisfactory operational performance contributed to disappointing results in 1989 at 60%-owned Denison-Potacan Potash Company's potash mine in New Brunswick. A three-week strike at the potash operation ended on February 6, 1990, with the negotiation of a new three-year collective agreement with the United Steelworkers of America. The fundamentals of world potash markets continue to remain strong, auguring well for Denison-Potacan's future.

The metallurgical coal mining operation of 50%-owned Quintette Coal Limited produced reduced volumes in 1989 as the result of unusually severe weather conditions during the first part of the year and a two-week strike in July that ended with the conclusion of a new three-year collective agreement. The arbitration in British Columbia over a price dispute with Quintette's Japanese customers was completed in February 1990, although no date has been announced for the final ruling.

Denison's overall production of oil and gas declined in 1989, primarily as the result of natural field depletion and planned maintenance work at wells

offshore Greece, Italy and Spain, although the decline was mitigated by increased production from the Meleilha field in Egypt's Western Desert.

Denison's four-pronged strategic plan calls for the development of uranium as the Company's core business, the selective expansion of the Company's industrial mineral activities, the critical review of the mix of non-core assets and the strengthening of the Company's capital base in order to finance asset growth and thereby enhance shareholders' value.

The greater emphasis that Denison now places on its uranium business stems from three primary factors: Denison's experience as one of the world's leading uranium mining companies; industry forecasts, based upon thorough supply/demand analyses, that uranium prices will rise significantly during the 1990s; and the Company's ownership in two high-grade and low-cost uranium properties.

At the Midwest project in northern Saskatchewan, the results of a year-long underground test program completed in October 1989 are being evaluated, with the intention of announcing a decision by the end of 1990 to proceed with construction and development. Midwest could be in commercial production in 1993.

Denison is still awaiting the necessary government permits to begin development of the Koongarra uranium property in Australia's Northern Territory. Production could commence as early as 18 months after receipt of the required government permits and approvals.

The divestiture of Denison's oil and gas interests will strengthen the Company's near-term financial position and, over the long-term, enable the Company to apply development capital more fully to its core businesses.

Denison sold its Canadian oil and gas interests in November 1989 to two separate buyers for an aggregate amount of \$44,600,000, and is actively negotiating the sale of its oil and gas holdings in Greece, Egypt, Italy and Spain.

Following review of other non-core assets, the Company sold its 50% interest in Reiss Lime Company of Canada, Limited for \$18,000,000. Denison has also entered into an agreement to sell all of its interest in certain Canadian coal properties, other than its interest in Quintette Coal Limited. Certain conditions must be met by the purchaser before the transaction can be completed.

Denison's financial position was further strengthened by an extension to January 2, 1991 of the \$100,000,000 standby credit facility arranged in 1989 with The Toronto-Dominion Bank and Bank of America Canada. At December 31, 1989, Denison's long-term debt


amounted to \$257,943,000, up slightly from a year earlier but \$47,117,000 less than at year end 1987.

During the second half of 1989, the Company retracted all of the 9¾% Cumulative Redeemable Preferred Shares Series A that were put to it, with 876,656 shares outstanding at December 31, 1989. Denison maintained its payment schedule of Preferred Share dividends in 1989 and in the first quarter of 1990. The Company intends to retract all Preferred Shares Series B put to it when they become retractable March 15, 1991.

The resource industry often seems to respond with greater volatility than other sectors to inevitable economic cycles — but Denison, supported by current forecasts, firmly believes that uranium markets are on the verge of a recovery, with the Company poised to take advantage of this development. Denison controls two of the world's most promising uranium properties, and it is taking the steps necessary to ensure that it will have the financial resources to meet all of its obligations to its creditors and its shareholders and to finance anticipated development.

Success in these endeavours cannot be attained without the guidance of a strong management team, the energy and skill of a dedicated workforce and the continuing support of an active body of shareholders. Denison is fortunate to possess all of these attributes, and to everyone who works for and has invested in the Company, we express our deep appreciation and extend our best wishes for a prosperous future.

On behalf of the Board of Directors,



Helen E. Roman-Barber
Chairman,
Chief Executive Officer



John D. Fowler
President,
Chief Operating Officer

Toronto, Canada
March 7, 1990



H. E. Roman-Barber, Chairman and Chief Executive Officer, and J. D. Fowler, President and Chief Operating Officer.

Marketing

Understanding the marketplace is an essential prerequisite for sound business planning, and accordingly, Denison applies knowledge of the worldwide markets for its products to long-term strategic planning and to the day-to-day conduct of its diverse operations.

Denison, through wholly owned operations or through companies which it manages, produces four primary products: uranium for the generation of electricity, potash for fertilizer, oil and gas for fuel and chemical feed stock, and metallurgical coal for the manufacture of steel. The following analysis describes the salient developments affecting supply, demand and prices for these products.

THE NUCLEAR INDUSTRY'S SHARE
OF GLOBAL ENERGY CONSUMPTION
TRIPLED DURING THE
PAST DECADE.

Uranium

Every pound of uranium produced by Denison is sold on long-term contracts to major utilities for the generation of electricity. The agreement with The Tokyo Electric Power Co., Inc. calls for deliveries up to 1997, with prices negotiated at regular intervals. The contract with Ontario Hydro is scheduled to expire in the year 2012, with prices currently based on production costs plus a margin.

For the industry as a whole, however, accumulated inventories stemming from earlier years' oversupply have encouraged short-term purchases and delayed longer-term commitments by utilities, weakening international markets. Prices on the spot market, from which consumers in the western world currently buy about 9% of their requirements, have fallen to historic lows during the past year. Denison, whose marketing strength stems from its long-term relationships, sells on the more consistently reliable long-term market, where pricing is substantially higher and much less

affected by short-term market pressures. Security and stability of long-term uranium supply are vital for larger utilities, to protect both massive investments in generating facilities and national energy programs.

The current inventory surplus obscures the underlying strength of the worldwide market for uranium. Electricity generation by nuclear power is increasing worldwide. The nuclear industry's share of global energy consumption tripled during the past decade, with about 17% of the world's electricity now being generated by nuclear power. For the past several years, consumption of uranium has outpaced production, reducing consumer inventories. Based on the number of nuclear reactors that are either under construction or in advanced planning stages, this steady growth should continue through the new decade. Indeed, inventories should be in much better balance during the 1990s, resulting in marked improvements in market conditions for producers.

Denison is well positioned to take advantage of these anticipated developments. The Company's uranium deposits in Saskatchewan and Australia rank among the world's best in terms of grade and expected production costs, and can provide Denison with a vital competitive edge as the market cycle moves out of the current phase.

CANADA IS THE WORLD'S
LARGEST EXPORTER OF POTASH
WITH 95% OF ITS PRODUCTION
SOLD OUTSIDE THE COUNTRY.

Potash

Potash is one of the three major components of fertilizer, with Canada, the world's second largest producer after the Soviet Union, accounting for 25% of global production. Canada is, moreover, the world's largest exporter of potash, with 95% of its production sold outside the country. Exports are fairly evenly divided between the United States and offshore markets.

Total North American sales of potash declined in

1989 by 3.9% from the previous year, in response to the easing of demand in some major markets. Production of agricultural commodities in North America declined in 1988 as a result of drought, and a forecast recovery did not materialize in 1989, with demand actually declining from the previous year. For economic reasons, other major markets, such as Brazil and China, also imported less potash in 1989.

Prices, which had recovered from the low levels of 1985 and 1986, were reasonably stable for the first half of 1989, but weakened later in the year.

GROWING WORLD DEMAND
WILL BE FURTHER BOLSTERED BY
THE NEW MARKET POTENTIAL
IN EASTERN EUROPE.

Oil and Gas

During 1989, the Organization of Petroleum Exporting Countries substantially exceeded its self-imposed production quota of 20.5 million barrels of oil per day, peaking at the end of the year, with an average of almost 24 million barrels of oil per day in December. This overproduction was absorbed by a considerable decline in non-OPEC production and an increase in world demand. At the same time droughts in Western Europe and sustained periods of cold weather in Western Europe and in the United States created surges of demand. The result was an increase in average world oil prices of 22% in 1989.

Denison's 1989 prices followed the world trend, with an average US\$15.12 per barrel for sales of oil and natural gas liquids, up by 22% from US\$12.32 in 1988. Natural gas sales returned US\$1.61 per thousand cubic feet in 1989, which was essentially the same as a year earlier. Denison received US\$122.58 per tonne of sulphur, up by 2.7% from \$119.40 in 1988.

Denison believes that growing world demand will be further bolstered by the new market potential in eastern Europe and supported by ongoing reductions in non-OPEC supply. This creates a positive long-term outlook for more stable oil markets at steadily increasing price levels.

THE NEAR- TO MEDIUM-TERM
OUTLOOK FOR METALLURGICAL COAL
IS FOR CONTINUED
STRONG DEMAND WITH CONTINUED
INCREASES IN PRICES.

Coal

Denison, through 50%-owned Quintette Coal Limited, accounts for nearly 16% of the metallurgical coal produced by Canada each year. About 70% of Canada's total metallurgical coal production, including all of Quintette's production, is exported to Japan for use by the Japanese steel industry.

Total seaborne trade in metallurgical coal in 1989 amounted to 164 million tonnes, with an export value of US\$8.0 billion, up slightly from 160 million tonnes valued at US\$7.5 billion in 1988. Australia, the United States and Canada shipped 88% of this coal.

In 1989, Japan imported half of the world's seaborne trade in metallurgical coal for its steel industry, which ran at the operating capacity of its active blast furnaces to produce a total of 108 million tonnes of steel, up from 105.6 million tonnes in 1988.

Labour unrest in Australia and the United States and a number of short strikes in Canada have tightened the supply of seaborne metallurgical coal. Together with strong demand, this has increased upward pressure on prices, which rose for the second consecutive year.

The near- to medium-term outlook for metallurgical coal is for continued strong demand with continued increases in prices. However, for most Canadian producers current prices are too low to provide satisfactory economic returns or to fund capital programs.

During 1989, Denison's operations comprised the mining and oil and gas divisions, with respective operating profits of \$5,582,000 on revenue of \$239,231,000 and \$36,125,000 on revenue of \$127,913,000. This compares with 1988 operating profits of \$40,753,000 on revenue of \$284,415,000 for the mining division and \$13,516,000 on revenue of \$139,800,000 for the oil and gas division.

MINING ACTIVITIES

Denison's mining interests include the wholly owned Elliot Lake, Ontario, uranium operation, which is one of the world's largest uranium mining and processing facilities; the 45%-owned Midwest uranium project in northern Saskatchewan; the 100%-owned Koongarra uranium deposit in Australia; Denison-Potash Potash Company, a partnership owned 60% by Denison and 40% by Potash Company of Canada Limited, which mines and processes potash near Sussex, New Brunswick; 33.9%-owned Zemex Corporation, a New York-based company that produces industrial minerals and metal powders in the United States and mines tin in southeast Asia, and 50%-owned Quintette Coal Limited, which mines and processes metallurgical coal in British Columbia for the Japanese steel industry.

Uranium

Elliot Lake Operations

Production of uranium oxide in 1989 amounted to

4,486,000 pounds from 2,721,000 tons of ore milled, compared with 5,054,000 pounds from 2,835,000 tons a year earlier. Mechanical problems and reduced ore grades contributed to the decline.

The efficiency of the underground ore handling system was much improved in 1989 with the successful commissioning of the southwest conveyor, which gives access to the Denison reserves in the western part of the orebody and the Canuc reserves to the south. In addition, an innovative system of multipass mining in production stopes to improve grades was developed and is now a standard mining method used by the Company.

The bacterial leaching program plays an increasing role in the operation, with the amount of ore broken for future leaching rising to 982,000 tons in 1989 from 575,000 tons in 1988.

In the surface facilities, a problem with a main pinion gear in the semi-autogenous grinding mill caused production delays, particularly in the first half of the year. Necessary spares are on hand to ensure minimum downtime, and gearing experts have been retained to find a permanent solution.

In the ion exchange portion of the hydrometallurgical plant, the installation of automated process control resulted in labour efficiencies and improved uranium recovery.

Of total uranium-oxide production in 1989, 71% was sold to The Tokyo Electric Power Co., Inc. and 29% to Ontario Hydro on the basis of long-term contracts.

Health and safety continued to receive high priority

The story of mining is as fascinating and as complex as the story of the earth itself. Finding a mineral deposit, carving a mine out of the wilderness and processing the ore to create a useful and beneficial product is both a highly precise science and a finely tuned art.



Whether surveying the ground from a helicopter or scanning the earth's surface with a portable magnetometer, today's prospector uses an array of modern equipment in search of the earth's hidden mineral wealth.



in 1989, when a number of training initiatives were undertaken in cooperation with the United Steelworkers of America to upgrade the safety knowledge and skills of our workforce. The courses were administered by employees with special worker instructor training.

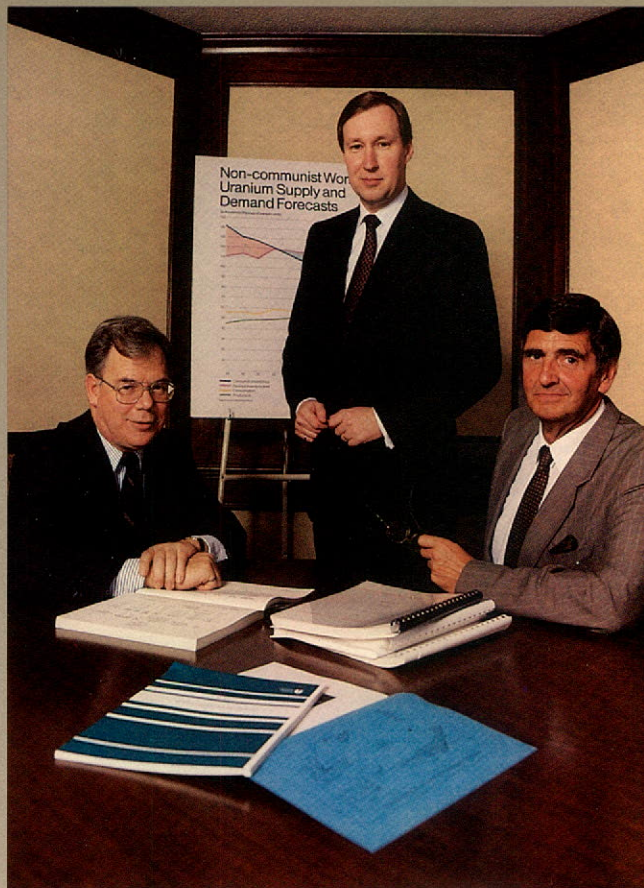
Industrial Minerals

Denison-Potacan Potash Company

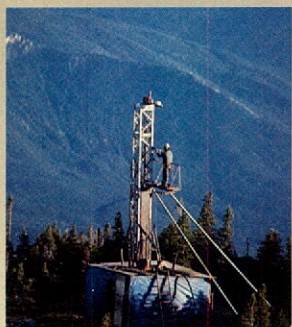
Denison-Potacan milled 2,492,000 tonnes of raw ore and produced 881,000 tonnes of potash products in 1989, compared with 2,862,000 tonnes of raw ore and 1,052,000 tonnes of potash products in 1988. The decline resulted from a combination of technical and labour problems. A three-week strike early in 1990 was resolved with the negotiation of a new three-year collective agreement. Productivity has been improving since the end of the strike and production in 1990 is expected to return to the levels achieved during 1988.

Mining operations continue to utilize two types of cutting machines and a drill and blast operation. A newly commissioned hydraulic backfill system will improve stope fill factors and ultimate ore extraction rates, while also providing a circuit balance in disposal of the waste.

The new crystallization circuit in the mill raised recovery rates for 1989 to an average of 90.4%, which exceeded the 90.0% projected earlier. Product splits and quality were also improved through compaction



Andy Rickaby, Vice-President, Uranium Operations; John Britt, Vice-President, Marketing, and Joe Anderson, General Manager, Midwest.

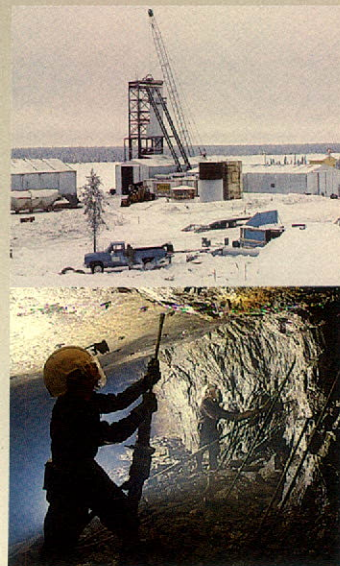


Drilling rigs probe the depths to retrieve core samples that represent a cross-section of the earth's layers. The core is analyzed for mineral content.

Once enough core is gathered, geologists can construct a three-dimensional outline of the deposit and begin to estimate its total mineral content.



If the initial evaluations prove promising, underground exploration can begin.





Ron Sedgewick, Executive Vice-President, Oil and Gas, and Bruce McConkey, Vice-Chairman.

and screening circuit innovations to meet the requirements of the marketplace.

Sales kept pace with production, but prevailing supply and demand conditions depressed prices to a lower-than-budgeted level.

Denison-Potacan's commitment to safety in the workplace was recognized by the International Loss Control Institute, which awarded the operation a one gold star rating in the Advanced Program of the International Mine Safety Rating System. The award was based on an independent safety audit of the company's underground potash mine. Of the more than 3,000 industrial operations in North America that have been audited under the International Safety Rating System, only 15% received a gold star rating.

On the basis of the audit's recommendations, improved safety measures are being introduced at the mine.

Zemex Corporation

Denison is the largest shareholder of Zemex, with 33.9% of the shares. Zemex, a New York-based company, produces tin, metal powders and industrial minerals.

The Crystal plant, which produces high-purity grade quartz products for use in the manufacture of semi-conductors, made substantial progress towards profitable operation, and financing was completed for the Atomized Steel Powder Project, a major expansion at Zemex' wholly owned Pyron Corporation.

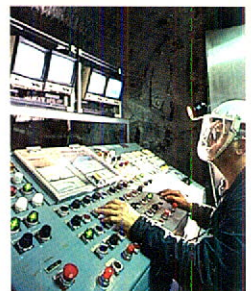


At Denison's Elliot Lake, Ontario, uranium operations, underground miners drill blast holes several metres into the rock face. To maintain stability, rock-bolts are drilled into the roofs and walls of underground openings.



The flow of the ore along conveyor belts enroute to the surface is carefully monitored from an underground control room.

Denison extracts potash in New Brunswick from a soft-rock underground mine, where the ore is excavated by giant machines with powerful, claw-like rotors.



Coal

Quintette Coal Limited produces high-quality metallurgical coal from its mine in northeastern British Columbia. In 1989, Quintette produced and delivered 4,208,000 million tonnes of coal to the Japanese Steel Industry under long-term contracts.

Production was hampered by unusually severe weather conditions during the first part of the year and by a two-week strike in July. A new three-year collective agreement was concluded with the United Steelworkers of America.

During 1989, the average stripping ratio in the pits increased by 22% in accordance with the mine plan, and is expected to remain at the higher ratio during 1990 as the development of the Mesa North area proceeds.

The arbitration over demands by Quintette's Japanese customers to reduce the contracted coal price was completed in February 1990. The timing of a decision is unknown.

The dispute has cast uncertainty over the future of the mine and has continued to contribute to a high level of employee turnover.

Despite these circumstances, Quintette met its delivery commitments, and during the latter part of 1989, the mine achieved full production levels.

Project Development and Exploration

Uranium

Denison's plan for expansion of its uranium operations

centre on two major uranium properties; the Midwest project in Saskatchewan and the Koongarra deposit in Australia's Northern Territory.

At the Midwest uranium property at South McMahon Lake in northern Saskatchewan, an underground test mining program completed in October 1989 identified a high-grade minable section of the deposit. This section contains 32,500,000 pounds of uranium-oxide at 126 pounds per ton, with a cutoff grade of 0.5%. Total drill-indicated reserves are estimated at 56,000,000 pounds of uranium-oxide at an average grade of 25 pounds per ton.

The Midwest property is held by a joint venture, in which Denison, the operator, holds a 45% interest. The other participants are Uranerz Exploration and Mining Limited; Bow Valley Industries Ltd.; PNC Exploration (Canada) Co., Ltd., and Numac Oil & Gas Ltd., which holds a reversionary right.

The Midwest Joint Venture is currently preparing detailed mine feasibility studies and environmental impact studies following completion of the underground test mining program. Denison anticipates a decision before the end of 1990 to proceed with a two year construction and development program commencing as early as 1991.

At Koongarra, the uranium-bearing material is found in two deposits, one of which contains 30,000,000 pounds of uranium-oxide at a grade of approximately 17.5 pounds per tonne and is minable by open-pit mining methods.

At Denison-managed Quintette Coal Limited in British Columbia, coal is blasted from an open-pit mine and loaded onto trucks for delivery to the processing plant.



To ensure a smooth-running operation, heavy equipment and machinery are usually maintained and repaired on site.



Safety always comes first, and today's miners are outfitted with advanced personal protective equipment.



Engineering studies for the development of the Koongarra deposits have been completed and capital and operating cost estimates have been prepared. In all technical respects, Denison is ready to proceed with development. The Company received environmental approval from the Australian government in 1981. Development can only proceed, however, once the Australian government grants additional approvals, which are contingent upon revision of the government's policy of allowing only three uranium mines to carry out mining and marketing operations.

Denison now holds a 100% interest in Koongarra, but has negotiated an agreement under which the Traditional Aboriginal Owners will acquire the equivalent of a 25% equity interest in the project with Denison as operator.

Gold

In Guyana, South America, a more advanced gold exploration effort is being undertaken in 1990 following a successful first-year program in 1989. The program in 1990 will include diamond drilling on at least two of Denison's four concessions, which have a total area of 200 square kilometres. All of the concessions have gold anomalies that warrant further testing.

The Company is also examining gold properties in Nevada and other parts of North America.

OIL AND GAS ACTIVITIES

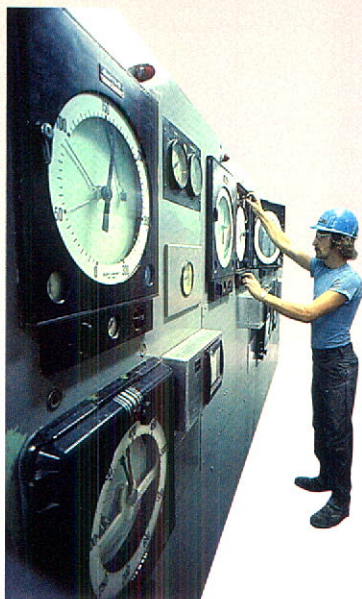
In February 1989, Denison announced that it would sell all or part of its oil and gas interests as part of its strategic plan. Following that announcement, Denison's producing oil and gas properties in western Canada were sold in November 1989 to two different purchasers for a total of \$44,600,000. The Company is actively negotiating the sale of its oil and gas interests in Greece, Spain, Italy and Egypt.

Denison's estimated gross share of proven and probable reserves at December 31, 1989 amounted to 73 million barrels of crude oil, 14.7 billion cubic feet of natural gas and 315,000 tonnes of sulphur.

Greece

Oil and gas production in Greece centres on the offshore Prinos and South Kavala fields, where Denison holds a 68.75% interest. Denison also holds a 58.44% interest in nonproducing development areas surrounding the producing acreage and a 51.56% interest in exploration areas east and west of the island of Thassos.

The Prinos and South Kavala fields produced a daily average of 18,220 barrels of oil and 275 tonnes of sulphur and sold 8.2 million cubic feet of natural gas in 1989, compared with 22,395 barrels of oil, 350 tonnes of sulphur and 8.5 million cubic feet of natural gas in 1988. The lower production in 1989 resulted from natural field decline and the temporary shut-in of certain producing wells in order to conduct required

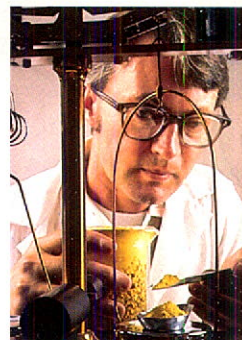


In the mill a variety of chemical processes separate waste materials from the valuable ore. Mills, like those at Denison's operations, are highly automated.



At left, wash water flows over drum filters at the Elliot Lake mill. Above, is a bird's-eye view of the potash mill in New Brunswick.

Mill samples are regularly analyzed to ensure that the final product meets exacting specifications.



workover operations.

Denison's share of proven and probable reserves at year end 1989 were 21.6 million barrels of oil, 14.7 billion cubic feet of natural gas, and 315,000 tonnes of sulphur.

Egypt

In Egypt's Western Desert, Denison has a 35% interest in the Meleiha Development Lease, a 45% interest in the West Razzak Development Lease and a 17.5% interest in the 166-kilometre pipeline that transports crude oil from Meleiha to the terminal and sales point at the Mediterranean port of El Hamra.

Denison's share of proven and probable reserves was 26.9 million barrels of oil at December 31, 1989.

Meleiha

Daily production from the Meleiha Development Lease averaged 15,925 barrels per day in 1989, up from 13,800 barrels in 1988. Nine producer wells, all of which were successful, one water injection well and one exploration well that was plugged and abandoned were drilled during 1989. An additional oil pool was brought into production, making a total of nine productive fields in the concession area.

All the Meleiha production is from medium-depth sands, although additional reserves are known to exist in deeper reservoirs, which contain gas or oil with a high gas-oil ratio. However, further drilling is required to determine whether the size of the deeper



Don Campbell, Vice-President, Special Projects, and Peter Farmer, Vice-President, General Counsel and Secretary.



Above is the flotation circuit at the potash mill. To the right, Zemex Corporation in North Carolina produces high-purity silica, which is used to make semi-conductors, optical fibres and other specialized materials.



The Elliot Lake mill produces uranium-oxide, which is known as yellowcake because of its colour.



Stephen G. Roman, Vice-President, Exploration and Development; Fergus Kerr, General Manager, Elliot Lake Operations, and Bert Boivin, Vice-President and General Manager, Denison-Potash Company.

reserves will justify development. These deep exploration prospects have also been seismically recognized and may be drill-tested once market conditions improve and certain government restrictions on production are lifted.

West Razzak

In the West Razzak Concession, a development lease covering 187 square kilometres was granted effective August 1989. Production is expected to commence from the Aghar field during the second half of 1991 from two existing wells and three additional wells scheduled to be drilled in 1990. To transport the crude oil to market, a spur line will be constructed to connect with the existing Meleiha-El Hamra pipeline.

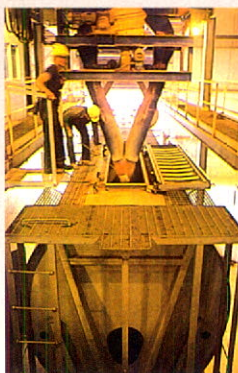
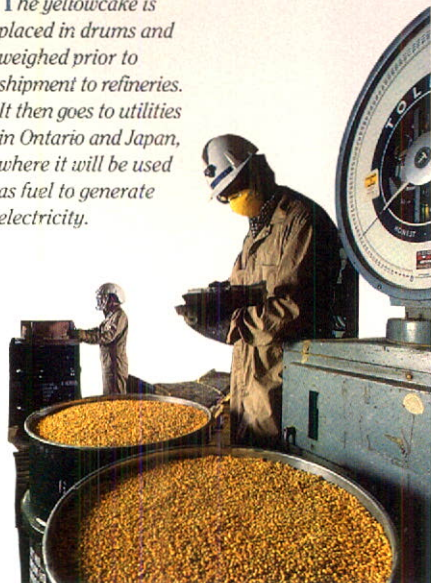
The Aghar field is the main oil bearing structure in the West Razzak Concession. Two additional oil bearing structures need to be further evaluated to determine whether they can be produced economically.

Spain

Denison holds a 12.64% interest in the offshore Casablanca field, the largest oil field in Spain. At year end 1989 more than 47 million barrels of oil remain to be recovered, of which Denison's share approximates 6 million barrels.

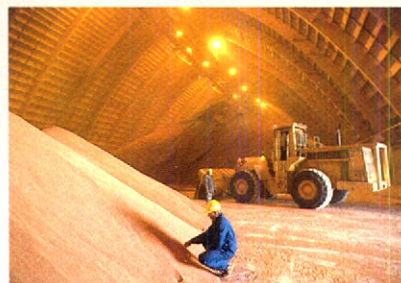
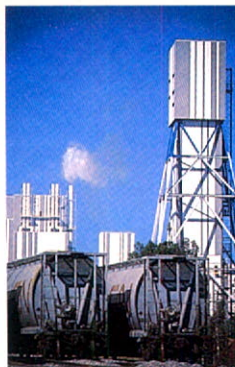
Average daily production was 17,530 barrels in 1989, compared with 26,275 barrels a year earlier. The decline resulted from normal field depletion and from reduced production from three producing wells

The yellowcake is placed in drums and weighed prior to shipment to refineries. It then goes to utilities in Ontario and Japan, where it will be used as fuel to generate electricity.



Potash, an important ingredient in fertilizer, is loaded into tank cars at the mill.

The tank cars carry the potash by rail to a storage facility in the Port of Saint John, from where it will be shipped to customers around the world.



awaiting workovers. Two of the three workovers were successful, resulting in a partial recovery of lost productivity. An additional well is scheduled to be drilled in mid-1990 in order to gain production from an undrained portion of the reservoir.

In addition to its holdings in Casablanca, Denison's offshore Spanish interests include interests of 3.5% in the Montanazo D Concession, 5% in the Montanazo C permit and 44.16% in the Delta E permit, all of which are in the Gulf of Valencia.

Italy

Denison has a 10% interest in the Vega field offshore Sicily, which produced 19,485 barrels of oil per day in 1989, compared with 25,650 barrels in 1988, the field's first full year of production. The production rate was restricted to a lower level in 1989 in order to control water content. According to an independent report, the remaining recoverable proven and probable reserves as of December 31, 1989 were 180 million barrels for the combined eastern and western parts of the Vega reservoir.

The production rate from two of the field's better producers had to be restricted because of increased water production. A portion of this lost production was restored in the latter half of the year with the successful drilling of two planned infill wells and the drilling of lateral drain holes from two existing wells.

So far, only the eastern half of the Vega field is in production. However, plans, subject to ongoing

feasibility studies, have been made to produce from the western part of the structure, where two successful exploration wells have been drilled. The recoverable reserves in the western part of Vega are estimated to be slightly higher than those of the eastern developed portion.

Denison holds varying working interests in seven additional permits, which are situated offshore in the Adriatic Sea and in the Sicily Channel and onshore along the Adriatic coast and near the city of Pisa.

Ecuador

Denison holds a 25% interest in an exploration permit covering 494,000 acres in the southern half of the Oriente Basin. The permit lies between the major hydrocarbon producing areas of the northern Oriente Basin and those of Peru, to the south.

The major seismic acquisition program that started at the end of 1988 was completed in 1989, and a location has been chosen for an exploration well scheduled to be drilled in the third quarter of 1990.

Other Countries

Denison ceased exploration activities in Colombia and Argentina and closed its offices in Bogota and Buenos Aires.



The metallurgical coal produced by Quintette is unloaded from rail cars at the Ridley Island coal terminal on the B.C. coast. From there, the coal is shipped to Japan, where it is used in the manufacture of steel.



Overview

Despite disappointing operating results, Denison took a number of steps in 1989 that have resulted or are likely to result in a significant strengthening of the Company's financial position. These measures include:

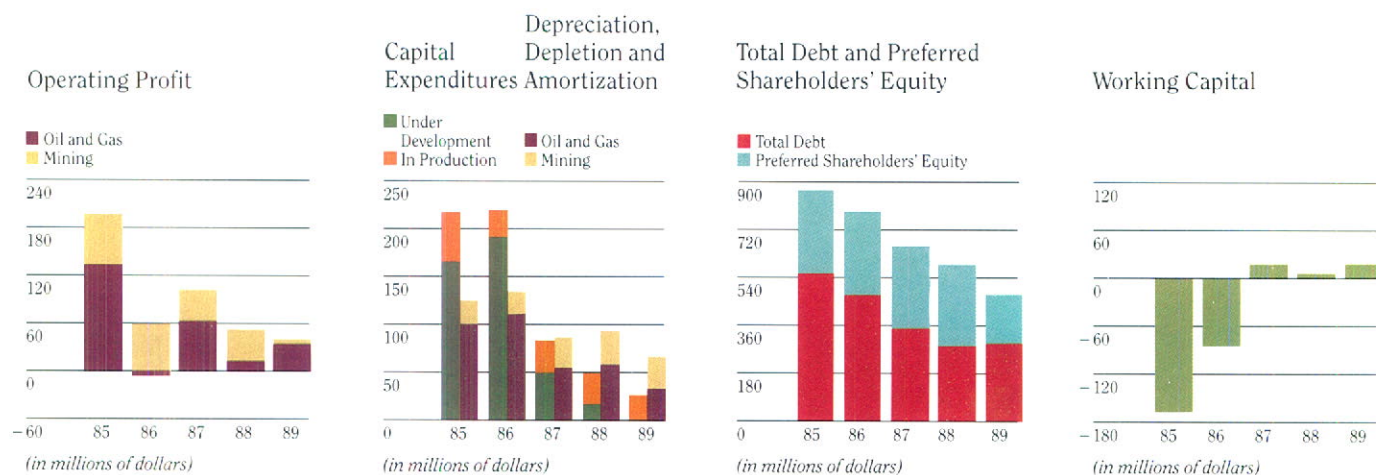
- The raising of \$50,025,000 in new equity through the issue of 8,700,000 units that consisted of one Class B non-voting participating share and one-half Class B Share Purchase Warrant — 1989 Series.
- The negotiation in early 1989 of a line of credit, now standing at \$156,700,000, with The Toronto-Dominion Bank and Bank of America Canada. Of this amount, \$100,000,000 was a special facility to assist, if necessary, in funding the retraction of the Company's Preferred Shares Series A. In late 1989, the Company negotiated an extension of the term of the \$100,000,000 facility from December 31, 1989 to January 2, 1991. This facility may now be used for general corporate purposes.
- The announcement that the Company intends to sell all or part of its oil and gas interests. In the fourth quarter of 1989, the Company completed the sale of its western Canadian oil and gas assets for \$44,600,000 in cash. Active negotiations are continuing for the Company's oil and gas properties in Greece, Italy, Spain and Egypt. The sale of these interests has taken longer than anticipated, but higher oil prices and lower depreciation and depletion have bolstered earnings and cash flow from the oil and gas properties.
- The sale of the Company's interest in Reiss Lime Company of Canada, Limited for \$18,000,000 in cash.
- The retraction during the 1989 third quarter of all of the 9¾% Cumulative Redeemable Preferred Shares Series A that were put to the Company for a total of \$114,178,600. At December 31, 1989, 876,656 shares representing \$21,916,400 in Series A preferred equity remain outstanding. The Company continues to meet its sinking fund obligation to purchase and cancel remaining Preferred Shares Series A.

<i>Earnings In Thousands</i>	1989	1988
Revenue		
Mining	\$239,231	\$284,415
Oil & Gas	127,913	139,800
	367,144	424,215
Operating profit		
Mining	5,582	40,753
Oil & Gas	36,125	13,516
	41,707	54,269
Earnings (Loss) before unusual and extraordinary items	(3,378)	4,744
Earnings (loss) before extraordinary item	(3,378)	(120,256)
Net earnings (loss)	(3,378)	(94,324)
<i>Per Participating Share</i>		
Earnings (loss) before extraordinary item	\$ (0.46)	\$ (2.71)
Net earnings (loss)	\$ (0.46)	\$ (2.25)
Cash from operating activities	\$ 0.61	\$ 1.30

Mining Revenue and Operating Profit

Mining revenue decreased by \$45,184,000. Approximately 50% of this decline is attributable to the Company's uranium division. Production problems in the first half of 1989 at Elliot Lake reduced uranium available for shipment. Revenue and operating profit declined as a result. These production problems have now been largely resolved.

The remaining 50% of the decline in mining revenue is attributable to potash. In the second half of 1989, the volume of potash mined suffered from a combination of technical and labour problems. These problems and a softening of potash markets reduced the level of sales. Again, the decreased volume resulted in a reduction of operating profit. Production levels in 1990 are expected to return to the 1988 levels.



Oil and Gas Revenue and Operating Profit

Oil and gas revenues were off by \$11,887,000, primarily as a result of declining production. This was largely offset by sharply higher oil prices, which averaged US\$15.12 per barrel in 1989, up from US\$12.32 a year earlier. The decrease in production resulted from normal field decline, the temporary shut-in of certain producing wells in order to conduct workover operations and the sale, completed in November, of the western Canadian operations.

Operating profit reflected higher prices, the fixed cost impact of lower volumes and substantially lower depreciation and depletion.

Other

Other income was up because of the gain on the sale of the interest in Reiss Lime Company of Canada, Limited.

Interest expense was higher as the Company, in part, temporarily funded the retraction of the dividend-bearing Preferred Shares Series A with interest-bearing bank loans.

Cash Activity

Cash activity in recent years has been dominated by the reduction of bank indebtedness and the restoration of positive working capital. In 1989, the retraction of all Preferred Shares Series A that were put to the Company was clearly the major accomplishment. Cash from operating activities was disappointing as a result of the operating problems in the mining operations. Cash from financing activities included the proceeds of the equity issue, revised bank financing and the retraction of the Preferred Shares Series A. Cash from investing activities included the proceeds from the sale of the Canadian oil and gas properties, fixed assets and nonstrategic investments and reflected further reductions in capital spending.

Cash Flow

<i>In Thousands</i>	1989	1988
Operating activities	\$ 37,767	\$ 72,269
Financing activities	(93,119)	(85,149)
Investing activities	55,653	28,674
Increase (decrease) in cash and short-term deposits	\$ 301	\$ 15,794

Capital Spending

During 1989, capital spending was restricted either to the completion of projects to which the Company was previously committed or to programs that generate high returns on investment. Total fixed asset additions amounted to \$33,211,000, down significantly from levels of \$60,421,000 in 1988 and \$85,406,000 in 1987.



David Petroff, Treasurer, Bryan Keeler, Vice-President and Controller, and Dennis Galange, Executive Vice-President, Finance.

Financial Position

Working Capital

Working capital improved modestly in 1989 to \$18,787,000.

Total Debt

<i>In Millions</i>	1989	1988
Current bank indebtedness	\$ 26.7	\$ 23.3
Long-term debt repayable within one year	30.9	44.1
Long-term debt	258.0	239.2
Total	\$315.6	\$306.6

Total debt increased slightly in 1989 as a result of the financing of the Preferred Share Series A retraction.

Preferred Share Retraction

On June 8, 1989, the Company formally notified holders of the Preferred Shares Series A that the Company would honour the shareholders' option to retract the shares. Accordingly, 4,567,144 shares were put to the Company for \$114,178,600.

On March 15, 1991, the Preferred Shares Series B are retractable at the option of the holders. Although a source of funds for this retraction has not yet been arranged, it is the intention of the Company to honour its commitment.

Regular quarterly dividends on both the Preferred Shares Series A and Series B were maintained throughout the year.

CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 1989 and December 31, 1988

AUDITORS' REPORT

To the Shareholders of Denison Mines Limited

We have examined the consolidated balance sheets of Denison Mines Limited as at December 31, 1989 and December 31, 1988 and the consolidated statements of earnings, retained earnings and deficit and cash flow for each of the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1989 and December 31, 1988 and the results of its operations and its cash flow for each of the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Toronto, Canada
February 2, 1990

Coopers & Lybrand
Chartered Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

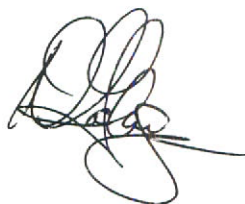
To the Shareholders of Denison Mines Limited

The Company's management is responsible for the integrity and the fairness of presentation of these consolidated financial statements and all information in the Annual Report. The consolidated financial statements were prepared by management in accordance with generally accepted accounting principles. The consolidated financial statements have been reviewed by the Audit Committee and approved by the Board of Directors.

The Company's policy is to maintain systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide assurance that the financial information is accurate and reliable and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Company's Audit Committee is appointed by the Board of Directors annually and a majority are outside Directors. The Committee meets periodically with management, as well as the independent auditors, to satisfy itself that management and the independent auditors are each properly discharging their responsibilities and to review the consolidated financial statements and the independent auditors' report. The Audit Committee reports to the Board of Directors prior to the Board approving the consolidated financial statements for issuance to the shareholders.

The consolidated financial statements have been examined by Coopers & Lybrand, the independent auditors, on behalf of the shareholders. Their report outlines the nature of their examination and expresses their opinion on the consolidated financial statements of the Company.



D. J. Galange, C.A.
Executive Vice-President, Finance
February 9, 1990

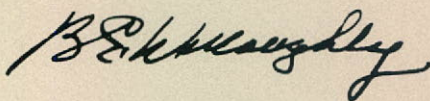
CONSOLIDATED BALANCE SHEETS

Denison Mines Limited as at December 31

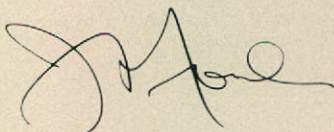
(in thousands)

	1989	1988
ASSETS		
Current Assets		
Cash and short-term deposits	\$ 44,269	\$ 43,968
Accounts receivable	60,010	69,814
Product inventories (note 2)	10,261	5,338
Raw materials, supplies and prepaid expenses	30,612	24,013
	145,152	143,133
Long-term Investments (note 3)	18,521	26,009
Net Fixed Assets (notes 4 and 5)	910,483	1,011,268
	\$1,074,156	\$1,180,410
LIABILITIES		
Current Liabilities		
Bank indebtedness (notes 5(c) and 5(d))	\$ 26,720	\$ 23,303
Accounts payable and accrued liabilities	58,277	56,824
Dividends payable	1,488	1,851
Income and mining taxes payable	8,939	9,318
Long-term debt repayable within one year	30,941	44,116
	126,365	135,412
Long-term Debt (note 5)	257,943	239,227
Advances on Concentrate Sales Contracts (note 6)	199,700	212,660
Deferred Income and Mining Taxes (note 9(a))	127,364	133,059
	711,372	720,358
SHAREHOLDERS' EQUITY		
Capital Stock (note 7)	454,449	522,302
Contributed Surplus (note 7(g))	30,364	16,292
Retained Earnings (Deficit)	(122,029)	(78,542)
	362,784	460,052
	\$1,074,156	\$1,180,410

Signed on behalf of the Board



B. E. Willoughby, Director



J. D. Fowler, Director

CONSOLIDATED STATEMENTS OF EARNINGS

Denison Mines Limited for the years ended December 31
(in thousands except per share data)

	1989	1988
Revenue	\$ 367,144	\$ 424,215
Operating and Exploration Costs	325,437	369,946
Operating Profit	41,707	54,269
Other Income (note 8)	22,191	16,802
	63,898	71,071
General Corporate Expenses	13,060	15,312
Interest Expense (note 5(e))	37,224	32,566
Earnings Before Income and Mining Taxes	13,614	23,193
Income and Mining Taxes (note 9)	16,992	18,449
Earnings (Loss) Before Unusual and Extraordinary Items	(3,378)	4,744
Write-down in 1988 of Oil and Gas Properties net of deferred income tax reduction of \$22,400 (note 4(b))	—	125,000
Earnings (Loss) Before Extraordinary Item	(3,378)	(120,256)
Gain on Sale in 1988 of Interest in Standard Trustco Limited net of income taxes of \$14,086 (note 12(a))	—	25,932
Net Earnings (Loss) for the Year	\$ (3,378)	\$ (94,324)
Per Participating Share (Class A and Class B)		
Loss Before Extraordinary Item	\$ (0.46)	\$ (2.71)
Loss for the Year	\$ (0.46)	\$ (2.25)

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS AND DEFICIT

Denison Mines Limited for the years ended December 31
(in thousands)

	1989	1988
Balance of Retained Earnings (Deficit) — Beginning of Year	\$ (78,542)	\$ 58,741
Net Earnings (Loss) for the Year	(3,378)	(94,324)
	(81,920)	(35,583)
Dividends		
Preferred Share Cash Dividends	(25,827)	(30,248)
Participating Share Stock Dividend (note 7(h))	(12,803)	(12,711)
	(38,630)	(42,959)
Cost of issue of Class B participating shares and Warrants, net of related deferred income taxes of \$1,178	(1,479)	—
	(40,109)	(42,959)
Balance of Retained Earnings (Deficit) — End of Year	\$ (122,029)	\$ (78,542)

CONSOLIDATED STATEMENTS OF CASH FLOW

*Denison Mines Limited for the years ended December 31
(in thousands)*

	1989	1988
Operating Activities		
Earnings (loss) before unusual and extraordinary items	\$ (3,378)	\$ 4,744
Items not involving cash		
Depreciation, depletion and amortization	71,071	97,092
Amortization of currency translation adjustments	(6,314)	(6,967)
Deferred income and mining taxes	(4,517)	(11,166)
Equity loss (earnings) net of dividends	513	(2,222)
Gain on sale of resource properties	(3,542)	(7,836)
Gain on sale of other fixed assets	(2,193)	—
Gain on sale of investments	(10,614)	(32)
	41,026	73,613
Decrease (increase) in operating working capital	(3,259)	(1,344)
Net cash generated by operating activities	37,767	72,269
Financing Activities		
Issue of long-term debt	86,724	16,750
Repayment of long-term debt	(75,143)	(58,390)
Issue of Class B non-voting participating shares and Warrants less expenses of \$2,657	47,368	—
Increase in bank indebtedness	3,417	6,485
Repayment of advances on concentrate sales contracts	(12,686)	(16,626)
Dividends paid on Preferred Shares	(26,190)	(30,125)
Purchase of Preferred Shares for cancellation	(116,609)	(3,243)
	(93,119)	(85,149)
Investing Activities		
Net proceeds on sale of:		
Resource properties	45,217	4,671
Other fixed assets	26,158	16,010
Standard Trustco Limited shares	—	71,391
Other long-term investments	18,000	32
Additions to fixed assets	(33,211)	(60,421)
Purchase of long-term investments	(511)	(3,009)
	55,653	28,674
Increase (Decrease) in Cash and Short-term Deposits	301	15,794
Cash and Short-term Deposits — Beginning of Year	43,968	28,174
Cash and Short-term Deposits — End of Year	\$ 44,269	\$ 43,968

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*Denison Mines Limited for the years ended
December 31, 1989 and December 31, 1988*

1. Accounting Policies

The Company's accounting policies, which are summarized below, are in accordance with generally accepted accounting principles.

Basis of Consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The Company's exploration, development and production activities related to oil and gas and a portion of such activities related to mining are conducted jointly with others. As a result, a major portion of the Company's activities is accounted for using the proportionate consolidation method. These consolidated financial statements include the Company's proportionate interest in all activities related to oil and gas and mining.

The Company wrote off its investment in Quintette Coal Limited ("Quintette") during 1985 and has not included its interest in Quintette's results since that time. The Company has no further financial obligations with respect to Quintette.

Translation of Foreign Currencies

As the Company considers all of its foreign operations to be fully integrated, all items denominated in foreign currencies have been translated using the temporal method. Under this method, monetary assets and liabilities and non-monetary items carried at market values are translated at the period-end exchange rate. Other non-monetary items and revenues and expenses are translated at approximate rates in effect at dates of transactions, except depreciation, depletion and amortization which are translated at the same rates as the related assets. Currency translation adjustments on long-term debt and advances on concentrate sales contracts are amortized over the remaining term of each such liability. All other translation gains or losses are recognized currently in earnings.

Inventories

Crude oil ready for shipment is recorded at current selling prices. Uranium concentrates and potash are recorded at the lower of average cost of production and net realizable value. Raw materials and supplies are recorded at the lower of average cost and replacement cost.

Long-term Investments

Investments in companies in which the Company has significant influence are accounted for by the equity method, by which the original cost of the shares is adjusted for the Company's share of earnings or losses less dividends since significant influence was acquired. Portfolio investments are carried at cost. All long-term investments are written down to their estimated inherent worth when there is evidence of permanent decline below their carried value.

Fixed Assets, Depreciation, Depletion and Amortization

Mining Properties

Each group of permits, licences or leases in a designated exploration or development area is accounted for as a separate project. All exploration costs relating to each such project are expensed in the year incurred. If it is determined that a project contains economically recoverable reserves, all costs relating to that project for the current and subsequent years, including expenses net of revenue during the start up phase, are capitalized until the project is capable of sustained operations at commercial production levels. These capitalized costs, together with property acquisition and on-going development costs, are amortized against related production revenues by the unit of production method or written off if that project is abandoned.

Oil and Gas Properties

The Company follows the Canadian Institute of Chartered Accountants' guideline on the full cost method of accounting for oil and gas activities whereby all costs associated with the exploration for and development of oil and gas reserves are capitalized in various cost centres on a country by country basis.

Depletion is provided on costs accumulated in producing cost centres by the unit of production method based on each cost centre's estimated gross proven reserves.

The Company's producing oil and gas properties are carried at the lower of the amount capitalized and net recoverable value. Net recoverable value is the aggregate of future net revenues from proven reserves less operating, administration, financing and income taxes. Future net revenues have been determined using year-end prices.

Expenditures, net of revenues, incurred in cost centres which are in the preproduction stage of development are capitalized until the project is capable of sustained operations at commercial production levels.

The Company periodically reviews the costs associated with unproven properties and preproduction stage cost centres to determine whether they are likely to be recovered. When costs are not likely to be recovered an impairment allowance is made.

Plant, Equipment and Housing

Plant, equipment and housing are recorded at cost. Oil and gas production plant and equipment are depreciated by the unit of production method. All other plant, equipment and housing are depreciated on a straight-line basis at rates which vary from 2.5% to 33.3%.

Capitalization of Interest

Interest costs (net) incurred during the development, construction and start up phase of major projects are capitalized.

Pension Costs

The Company's pension plans, which are defined benefit plans, cover almost all employees. Pension assets are valued at market. Pension costs and obligations are determined using the projected benefit method of actuarial valuation pro rated on the projected length of employee service and management's best estimate of future investment returns. Pension surpluses or deficiencies together with the effects of any experience gains or losses, changes in assumptions or adjustments arising from plan amendments are amortized on a straight-line basis over the expected average remaining service life of the relevant employee group.

Post Retirement Employee Benefits

The Company provides dental care, supplemental health care and life insurance benefits for the majority of its employees during their retirement. The cost of providing these benefits is recognized when paid by the Company.

2. Product Inventories

	1989	1988
	(in thousands)	
Crude oil	\$ 4,851	\$ 2,333
Potash	4,282	2,313
Uranium concentrates	1,128	692
	<u>\$ 10,261</u>	<u>\$ 5,338</u>

3. Long-term Investments

	1989	1988
	(in thousands)	
(a) Investment in companies accounted for by the equity method, principally Zemex Corporation in 1989	\$ 9,471	\$ 16,719
Portfolio investments, principally Roman Corporation Limited (Quoted market value 1989 — \$14,655,000; 1988 — \$16,854,000)	9,050	9,290
	<u>\$ 18,521</u>	<u>\$ 26,009</u>
(b) During 1989, the Company sold its investment in Reiss Lime Company of Canada, Limited, which had been accounted for by the equity method.		
(c) The quoted market value referred to above does not necessarily reflect the realizable value of these holdings which may be more or less than that indicated by market quotations.		

4. Fixed Assets

(a) The net fixed asset balances (in thousands) consist of:

	1989		1988	
	Cost	Accumulated depreciation, depletion and amortization	Cost	Accumulated depreciation, depletion and amortization
Mining	\$1,049,043	\$ 301,556	\$1,036,830	\$ 270,893
Oil and gas	932,923	772,725	1,017,240	795,149
Corporate	15,516	12,718	34,029	10,789
	<u>\$1,997,482</u>	<u>\$1,086,999</u>	<u>\$2,088,099</u>	<u>\$1,076,831</u>
Net fixed assets		<u>\$ 910,483</u>		<u>\$1,011,268</u>

The Company's principal producing oil and gas cost centres are Greece, Spain, Italy, Egypt and, until November 1989, Canada.

- (b) The Company prepares an annual ceiling test for its oil and gas properties, in accordance with the accounting guideline of the Canadian Institute of Chartered Accountants on Full Cost Accounting in the Oil and Gas Industry. As a result of applying this guideline, the Company has written down its oil and gas properties, based on year-end prices, as follows:

	1989	1988
	(in thousands)	
Producing properties	\$ —	\$ 102,548
Properties held for development	—	44,852
	—	147,400
Deferred income tax reduction	—	(22,400)
Net write-down	\$ —	\$ 125,000

The purpose of the ceiling test, as defined by the Canadian Institute of Chartered Accountants, is not to provide an estimate of the fair economic market value of oil and gas properties but rather is a cost recovery test at a point in time.

- (c) Mining fixed assets include \$107,398,000 (1988 — \$107,261,000) for uranium properties, principally the Koongarra deposits, located in Australia which are held for future development. The Company has negotiated an agreement providing for the equivalent of a 25% equity participation by the Traditional Aboriginal Owners and discussions are continuing in order to obtain the approvals necessary to develop the high-grade reserves of the Koongarra properties. It is not possible at this time to determine when the required approvals and agreements can be obtained.

The timing of development of these projects is dependent on a number of factors including market conditions and the Company's ability to obtain the necessary government approvals and the financing for the development and construction of these projects.

Mining fixed assets include (net of Advances on Concentrate Sales Contracts — note 6) \$176,839,000 related to the Company's uranium properties and facilities in Elliot Lake. Production from these facilities is committed to the year 2012 under a long-term contract with Ontario Hydro. The Company is currently reviewing with Ontario Hydro its mining plan for its Elliot Lake operations in the context of Ontario Hydro's long-term requirements under the contract. The effect, if any, of any future change in the mining plan as a result of this review, on the carrying value of these properties and facilities, is not determinable.

Mining fixed assets also include \$11,729,000 (1988 — \$11,662,000) for undeveloped coal properties. The Company has accepted an offer for these properties, which is subject to certain conditions, with closing expected to occur in the second quarter of 1990. This sale and the resulting gain will be recorded at that time.

5. Long-term Debt

	1989	1988
	(in thousands)	
(a) Corporate credit facilities (note 5(b))		
Bridge loan	\$ 35,623	\$ —
Revolving term loan	19,000	—
Denison-Potacan Potash Company		
Project financing facility (note 5(c))	121,275	136,538
Vega oil field loan (note 5(d))	42,133	54,121
Housing mortgages at rates varying from 8% to 11.75% maturing from 1990 to 2028	49,902	52,743
Loan secured by equipment at LIBOR plus 1½%	—	17,053
Other	7,251	7,468
	275,184	267,923
Repayable within one year	(30,941)	(44,116)
	244,243	223,807
Unamortized currency translation adjustment	13,700	15,420
	<u>\$ 257,943</u>	<u>\$ 239,227</u>

Long-term debt includes \$U.S.104,683,000 (1988 — \$U.S.128,797,000) and lire 46,045,600,000 (1988 — lire 59,306,000,000).

- (b) Corporate credit facilities up to \$156,700,000 are available to the Company including \$27,857,000 used for the letter of credit facility described in note 5(c) and an additional letter of credit for \$6,700,000 securing housing mortgages. Included in these corporate credit facilities is a bridge loan for up to \$100,000,000. This bridge loan matures on January 2, 1991 subject to earlier repayments based on net cash flow, as defined, and from the proceeds from the sale of certain assets. Any remaining balance of this facility is repayable January 2, 1991 subject to annual extensions. Security for these facilities consists of a pledge of certain marketable securities, a fixed charge over the Company's Elliot Lake assets and a first floating charge on substantially all other available assets. Borrowings under these credit facilities may be drawn down in Canadian or U.S. dollars at the option of the Company. The credit facilities bear interest on a basis selected by the Company from time to time equal to LIBOR, Euro-Canadian, Canadian prime or U.S. base rate plus margins of up to 7/8% and bankers' acceptance rates plus 1%.
- (c) The Company is a 60% partner in Denison-Potash Potash Company ("DPPC") which produces potash in New Brunswick. The Company's share of term borrowings as at December 31, 1989 under the DPPC project financing agreement is \$121,275,000 (1988 — \$136,538,000). The Company's share of drawings under a \$25,000,000 revolving operating line provided under the same agreement, which amounted to \$812,000 (1988 — \$2,153,000), is included in bank indebtedness. Charges on virtually all of DPPC's assets have been given as security for both term and operating loans. The term loan is repayable in generally increasing, minimum half-yearly instalments in January and July each year to January 31, 1996. Such minimum instalments may be increased based on the project's net cash flow and under certain circumstances early repayment of a portion of the loan could be required. The term loan and drawings under the operating line are available as LIBOR and prime-based loans, and bankers' acceptances, at DPPC's option, in Canadian and U.S. dollars at prime interest rates and fees plus margins of up to 1.25%.

The portion of the above project financing facility against which the lenders have direct recourse to the Company is \$69,642,000. This obligation is partially secured by a letter of credit for \$27,857,000 issued by a Canadian chartered bank and a short-term deposit of \$13,928,000. On January 31, 1990 \$6,586,000 of this short-term deposit was used, reducing the recourse amount to a maximum of \$63,056,000. The Company will likely be required to fund further amounts during 1990.

- (d) Petromarine Italia S.p.A., a wholly-owned subsidiary, owns 10% of the Vega oil field, offshore Sicily. As at December 31, 1989, term financing of lire 46,045,600,000 (1988 — lire 59,306,000,000) remains outstanding, including lire 4,447,200,000 denominated in U.S. dollars but repayable in lire and lire 23,079,000,000 denominated in fixed amounts of various European currencies with the exchange risk against the lira guaranteed by the Italian Government. Interest rates on lire 33,045,600,000 are fixed at rates varying from 7.60% to 10.70%. The remaining lire 13,000,000,000 bear interest at the lenders' cost of funds plus 2%. Repayment under these loans consists of semi-annual instalments of varying amounts, until May 25, 1994. Security given consists of Petromarine Italia S.p.A.'s 10% interest in the Vega concession and first production platform together with the Company's guarantee. As at December 31, 1989 Petromarine Italia S.p.A. also had bank indebtedness of lire 27,714,255,000 (1988 — lire 22,987,677,000) which the Company has guaranteed.
- (e) Interest on long-term debt expensed in 1989 amounted to \$29,824,000 (1988 — \$28,568,000). No interest was capitalized during 1988 or 1989.
- (f) The minimum repayments of long-term debt required in each of the next five years are as follows:

	(in thousands)
1990	\$30,941
1991	85,692
1992	27,609
1993	26,864
1994	23,702

6. Advances on Concentrate Sales Contracts

	1989	1988
	(in thousands)	
Ontario Hydro	\$ 190,606	\$ 200,136
Other	9,094	12,524
	<u>\$ 199,700</u>	<u>\$ 212,660</u>

Under its agreement with Ontario Hydro for the sale and delivery of uranium oxide between 1980 and 2012, Ontario Hydro has made interest-free advances of substantially all of the funds necessary to finance the major expansion of the Company's plant and mine facilities at Elliot Lake. The funds advanced are being repaid over the delivery period in amounts which approximate the depreciation and amortization allowance included in the base price of uranium delivered, as defined in the agreement. The Company's Elliot Lake operating properties, facilities and certain other assets related thereto have been mortgaged or charged as security for the funds advanced subject to the Company's right, which has been exercised, to give prior security in favour of other lenders for a limited amount. Under certain circumstances the Ontario Hydro advances may be forgiven.

7. Capital Stock

(a) Authorized

18,876,656 (1988 - 23,535,500) Preferred Shares without par value and issuable in series. Unlimited Class A voting participating shares without par value. Unlimited Class B non-voting participating shares without par value.

(b) Outstanding

	1989	1988	1989	1988
	(number of shares)		(in thousands)	
9¾% Cumulative Redeemable Preferred Shares Series A	876,656	5,535,500	\$ 21,916	\$ 138,387
9½% Cumulative Redeemable Preferred Shares Series B	7,000,000	7,000,000	161,000	161,000
Class B Share Purchase Warrants — 1985 Series	—	6,999,800	—	14,000
Class B Share Purchase Warrants — 1989 Series	4,350,000	—	4,350	—
Class A voting participating shares	20,412,120	20,412,304	44,433	44,434
Class B non-voting participating shares	43,730,873	32,931,908	222,750	164,481
			<u>\$ 454,449</u>	<u>\$ 522,302</u>

- (c) On August 1, 1989 shareholders put to the Company for retraction 4,567,144 9¾% Cumulative Redeemable Preferred Shares Series A at \$25.00 per share, resulting in a payment of \$114,178,600. As a result 887,156 Preferred Shares Series A remained outstanding as at August 1, 1989. These remaining shares are redeemable by the Company on or after August 1, 1989 at \$26.00 per share, declining by \$0.20 per share annually to \$25.00 in 1993.

During each three-month period the Company is obligated to make all reasonable efforts to purchase, at a price not exceeding \$25.00 per share, the following numbers of Preferred Shares Series A:

- (i) during the period from March 1, 1985 to August 31, 1989, 30,000 shares per three-month period; and
- (ii) commencing September 1, 1989, 8,872 shares per three-month period.

This repurchase obligation is cumulative only within each twelve-month period commencing March 1.

In addition to the 4,567,144 Preferred Shares Series A retracted during the year ended December 31, 1989, the Company purchased and cancelled 91,700 (1988 — 128,800) Preferred Shares Series A.

- (d) The 9½% Cumulative Redeemable Preferred Shares Series B are retractable at the option of the holder on March 15, 1991 and on March 14, 1997 at \$25.00 per share and are redeemable by the Company on or after March 16, 1989 at \$26.25 per share, declining by \$0.25 annually to \$25.00 on or after March 16, 1994. During each three-month period commencing April 1, 1997 the Company is obligated to make all reasonable efforts to purchase, at a price not exceeding \$25.00 per share, 1% per three-month period of the number of Preferred Shares Series B outstanding at the close of business on March 14, 1997. This obligation is cumulative only within each twelve-month period commencing April 1.
- (e) On March 15, 1989 the Class B Share Purchase Warrants — 1985 Series expired, without being exercised. Each Class B Share Purchase Warrant — 1985 Series had entitled the holder to purchase one Class B non-voting participating share on or before March 15, 1989 at a price of \$15.50.
- (f) On March 15, 1989 the Company issued 8,700,000 Class B non-voting participating shares and 4,350,000 Class B Share Purchase Warrants — 1989 Series for an aggregate consideration of \$50,025,000. Each Class B Share Purchase Warrant — 1989 Series entitles the holder to purchase one Class B non-voting participating share on or before March 15, 1992 at a price of \$6.50.

(g) The changes in contributed surplus consist of:

	1989	1988
	(in thousands)	
Balance of Contributed Surplus — Beginning of Year	\$ 16,292	\$ 16,107
Increase arising on expiry March 15, 1989 of Class B Share Purchase Warrants — 1985 Series without exercise thereof	14,000	—
Increase arising on repurchase of 91,700 (1988 - 128,800) 9¾% Cumulative Redeemable Preferred Shares Series A	72	185
Balance of Contributed Surplus — End of Year	<u>\$ 30,364</u>	<u>\$ 16,292</u>

(h) Both Class A and Class B participating shares rank after the Company's Preferred Shares with respect to priority in the payment of dividends. Dividends on the Class B non-voting participating shares may be more than but are not to be less than those on the Class A voting participating shares, share for share, in any fiscal year. At the holder's option Class A voting participating shares are convertible into Class B non-voting participating shares on a one-for-one basis at any time. Class B non-voting participating shares are convertible into Class A voting participating shares on a one-for-one basis only in certain limited circumstances.

Changes in Class A and Class B participating share balances are as follows:

	Class A participating		Class B non-voting participating	
	Shares	Amount (in thousands)	Shares	Amount (in thousands)
Balance as at December 31, 1987	20,413,916	\$ 44,437	30,429,658	\$ 151,975
Conversion of Class A voting shares into Class B non-voting shares	(1,612)	(3)	1,612	3
Stock dividend paid on March 11, 1988 of one Class B non-voting participating share for each twenty Class A and Class B participating shares then outstanding	—	—	2,500,638	12,503
Balance as at December 31, 1988	20,412,304	44,434	32,931,908	164,481
Conversion of Class A voting shares into Class B non-voting shares	(184)	(1)	184	1
Stock dividend paid March 10, 1989 of one Class B non-voting participating share for each twenty-four Class A and Class B participating shares then outstanding	—	—	2,098,781	12,593
Issue of Class B non-voting participating shares March 15, 1989 (note 7(f))	—	—	8,700,000	45,675
Balance as at December 31, 1989	<u>20,412,120</u>	<u>\$ 44,433</u>	<u>43,730,873</u>	<u>\$ 222,750</u>

8. Other Income

	1989	1988
	(in thousands)	
Gain on sale of interest in Reiss Lime Company of Canada, Limited	\$ 10,846	\$ —
Gain on sale of resource properties	3,542	7,836
Gain on sale of other fixed assets	2,193	—
Interest	6,120	5,398
From companies accounted for by the equity method	(278)	3,536
Gain (loss) on sale of other long-term investments	(232)	32
	<u>\$ 22,191</u>	<u>\$ 16,802</u>

9. Income and Mining Taxes

- (a) The components of current and deferred income and mining taxes are as follows:

	1989		1988	
	Current	Deferred	Current	Deferred
	(in thousands)		(in thousands)	
Balance — Beginning of Year	\$ 9,318	\$ 133,059	\$ 12,266	\$ 158,820
Operations (reduction)	23,672	(4,517)	29,615	(11,166)
Payments of taxes	(24,051)	—	(36,063)	—
Write-down of oil and gas properties (reduction)	—	—	—	(22,400)
Share issue costs	—	(1,178)	—	—
Investment tax credits	—	—	—	(2,781)
Sale of interest in Standard Trustco Limited	—	—	3,500	10,586
Balance — End of Year	<u>\$ 8,939</u>	<u>\$ 127,364</u>	<u>\$ 9,318</u>	<u>\$ 133,059</u>

- (b) As the Company operates in several industrial and geographic segments its income is subject to varying rates of taxation. A reconciliation of the combined Canadian federal and provincial income tax rate and the Company's effective rate of income and mining taxes is as follows:

	1989	1988
Combined Canadian federal and provincial income tax rate	40.5%	44.7%
Increase (decrease) resulting from:		
Capital gains	(15.2)	(6.8)
Non-deductible expenses, principally oil and gas royalties	8.2	6.5
Resource and depletion allowances	22.2	(17.5)
Foreign subsidiaries' losses not recognized for income tax purposes	45.0	37.8
Foreign tax rates	31.6	21.6
Miscellaneous	(7.5)	(6.8)
Effective rate of income and mining taxes	<u>124.8%</u>	<u>79.5%</u>

10. Commitments and Contingencies

- (a) The Company has entered into various operating lease agreements for shipping facilities and equipment. The future minimum payments under these agreements amount to approximately \$42,200,000 including payments in each of the next five years as follows:

	(in thousands)
1990	\$5,396
1991	4,034
1992	2,756
1993	2,721
1994	2,773

- (b) The commitments of the Company with respect to long-term debt of its joint ventures and subsidiaries are described in note 5.
- (c) The Company has guaranteed mortgages amounting to \$15,470,000 (1988 — \$16,462,000) on housing sold to employees.
- (d) On October 20, 1989 the Company commenced an action against Rio Algom Limited ("Rio Algom") for \$35,000,000 together with interest and costs as a result of alleged improper mining methods at Rio Algom's Quirke mine which is adjacent to the Company's Elliot Lake uranium mine. Rio Algom has since counterclaimed for the same amount against the Company. In addition, on December 20, 1989 Rio Algom commenced an action against the Company for \$75,000,000 together with interest and costs relating to the use of the Long Lake tailings area and requiring that the Company cease depositing its tailings in the Long Lake tailings disposal basin which is the only tailings disposal basin for the Company's Elliot Lake uranium mine. While the outcome of these actions cannot yet be determined, the Company is of the opinion that when determined they are not likely to have any material adverse effect on its financial position.

11. Pensions

The Company's obligations for pension benefits arising from employees' services up to December 31, 1989 are estimated to be \$57,000,000 (1988 — \$54,000,000). The pension plans have assets with a market value of \$87,000,000 (1988 — \$74,000,000) available to meet these obligations.

12. Related Party Transactions

- (a) In May 1988, the Company received net proceeds of \$71,391,000 from its largest shareholder, Roman Corporation Limited, for the Company's 44.8% interest in Standard Trustco Limited. The selling price was determined based on an independent appraisal of Standard Trustco Limited. This resulted in an extraordinary gain of \$25,932,000 after deducting income taxes of \$14,086,000 of which \$10,586,000 are deferred taxes.
- (b) The Company obtains services from firms in which non-executive directors of the Company are or were partners or officers. Payments for such services, principally legal fees, did not exceed one-half of one percent of revenue.
- (c) The Company accrued management fees during the year totalling \$7,181,000 (1988 — \$8,238,000) from operations which it either proportionately consolidates or accounts for by the cost method.

13. Segmented information (in thousands)

Operations are in the following industries:

Mining — primarily involves mining, milling and sale of uranium oxide and potash, together with exploration and development of coal, uranium and other types of minerals.

Oil & Gas — exploration, development, production and sale of oil, natural gas, condensates and sulphur.

Industry Data

	Mining		Oil & Gas		Total	
	1989	1988	1989	1988	1989	1988
Revenue	\$239,231	284,415	127,913**	139,800	367,144	424,215
Operating Profit	\$ 5,582*	40,753*	36,125**	13,516	41,707	54,269
Identifiable Assets						
Held for or under Development	\$119,348	118,981	—	—	119,348	118,981
Producing Assets	703,336	710,640	214,904	275,670	918,240	986,310
	\$822,684	829,621	214,904	275,670	1,037,588	1,105,291
Corporate Assets					36,565	75,119
Total Assets					\$1,074,153	\$1,180,410
Capital Expenditures	\$ 17,610	20,981	9,486	27,727		
Depreciation, Depletion and Amortization	\$ 33,096	35,947	33,954	59,096		

Geographic Data

	Canada		Europe		Rest of World		Total	
	1989	1988	1989	1988	1989	1988	1989	1988
Revenue	\$254,776	305,023	100,951	108,251	11,417	10,941	367,144	424,215
Operating Profit (Loss)	\$ 10,999	47,367	33,412	9,883	(2,704)	(2,981)	41,707	54,269
Identifiable Assets	\$736,973	827,240	170,375	181,389	166,805	171,781	1,074,153	1,180,410

Export Sales From Canada \$ 159,232 \$ 201,566

* Includes management fees from operations referred to in note 12(c).

** Includes revenue and operating profit from the Company's Canadian oil and gas assets until their sale in November, 1989.

Earnings*(millions of dollars)*

		1989	1988	1987
Revenue		367.1	424.2	442.2
Other income		22.2	16.8	17.0
Operating and exploration costs		325.4	369.9	339.3
General corporate expenses		13.1	15.3	13.8
Interest expense		37.2	32.6	39.9
Earnings before income and mining taxes		13.6	23.2	66.2
Income and mining taxes		17.0	18.5	38.9
Earnings (loss) before the undernoted		(3.4)	4.7	27.3
Equity earnings of Lake Ontario Cement Limited		—	—	—
Earnings (loss) before unusual and extraordinary items		(3.4)	4.7	27.3
Unusual items		—	(125.0)	—
Earnings (loss) before extraordinary items		(3.4)	(120.3)	27.3
Extraordinary items		—	26.0	—
Net earnings (loss)		(3.4)	(94.3)	27.3

Financial Position*(millions of dollars)*

Assets	Current assets	145.2	143.1	145.0
	Long-term investments: Lake Ontario Cement Limited	—	—	—
	Other	18.5	26.0	52.1
	Fixed assets (net)	910.5	1,011.3	1,210.6
		1,074.2	1,180.4	1,407.7
Liabilities	Current liabilities	126.4	135.4	126.0
	Long-term debt	257.9	239.2	305.1
	Concentrate advances	199.7	212.7	230.0
	Deferred income and mining taxes	127.4	133.1	158.8
		711.4	720.4	819.9
Equity	Preferred shareholders	197.7	314.7	317.9
	Participating shareholders	165.1	145.3	269.9
		1,074.2	1,180.4	1,407.7

Cash Flow*(millions of dollars)*

Cash generated (utilized) by:				
Operating activities		37.8	72.3	87.4
Financing activities		(93.1)	(85.2)	(171.2)
Investing activities		55.6	28.7	82.9
Dividends paid in cash on participating shares		—	—	—
Increase (decrease) in cash and short-term deposits		0.3	15.8	(0.9)

Statistics*(per participating share)*

Net earnings (loss)		(0.46)	(2.25)	(0.06)
Cash from operating activities		0.61	1.30	1.58
Dividends declared		0.24 ⁽²⁾	0.24 ⁽²⁾	—
Book value		2.65	2.62	4.87

Production Data*(Denison share — thousands)*

Uranium	U ₃ O ₈ produced (pounds)	4,486	5,054	4,703
Potash	Potash produced (tonnes)	529	631	524
Coal	Coal produced (tonnes)	2,104	2,277	2,216
Oil & Gas	Crude Oil and condensate (bbls)	7,541	9,405	8,890
	Natural gas (mcf)	4,498	5,166	4,937
	Sulphur (tonnes)	69	86	97

The financial statement numbers included in the Ten Year Review have been restated to reflect all changes in accounting policies, prior period adjustments and subdivisions of shares during the ten year period ended December 31, 1989.

1986	1985	1984	1983	1982	1981	1980
412.3	553.5	555.0	552.1	542.8	310.9	273.2
5.4	8.1	6.0	22.0	17.9	84.9	46.1
354.2	355.1	375.8	333.6	380.6	261.8	180.8
17.9	25.0	19.8	18.5	19.9	14.2	14.7
16.6	32.3	46.4	50.3	78.9	24.0	5.0
29.0	149.2	119.0	171.7	81.3	95.8	118.8
10.2	72.9	58.6	79.8	33.8	36.7	48.6
18.8	76.3	60.4	91.9	47.5	59.1	70.2
8.2	6.5	3.2	1.3	0.4	2.5	2.8
27.0	82.8	63.6	93.2	47.9	61.6	73.0
(24.0)	(240.7)	—	—	—	—	—
3.0	(157.9)	63.6	93.2	47.9	61.6	73.0
41.6	—	—	—	—	—	—
44.6	(157.9)	63.6	93.2	47.9	61.6	73.0
146.2	171.8	214.8	189.7	126.6	105.1	76.4
—	30.9	25.7	23.7	23.6	24.3	23.0
41.4	39.6	326.0	134.0	161.6	99.7	96.0
1,395.4	1,378.5	1,301.2	1,306.8	1,221.2	1,135.4	816.0
1,583.0	1,620.8	1,867.7	1,654.2	1,533.0	1,364.5	1,011.4
229.5	338.1	436.6	228.0	242.2	264.2	125.6
342.1	312.5	393.9	412.7	569.5	413.5	304.8
247.8	264.4	279.9	264.7	284.0	267.7	220.8
169.0	222.3	218.0	217.6	188.2	181.4	147.6
988.4	1,137.3	1,328.4	1,123.0	1,283.9	1,126.8	798.8
321.8	324.6	150.6	150.6	—	—	—
272.8	158.9	388.7	380.6	249.1	237.7	212.6
1,583.0	1,620.8	1,867.7	1,654.2	1,533.0	1,364.5	1,011.4
153.3	226.8	221.6	219.1	156.2	65.4	87.0
(15.5)	(68.6)	118.9	(78.6)	135.9	265.7	331.9
(136.6)	(177.3)	(297.0)	(35.7)	(238.4)	(289.4)	(423.6)
(13.0)	(40.7)	(40.7)	(37.5)	(35.7)	(37.5)	(26.7)
(11.8)	(59.8)	2.8	67.3	18.0	4.2	(31.4)
0.26	(4.16) ⁽¹⁾	1.10	2.17	1.20	1.55	1.83
2.85	5.09	4.97	5.40	3.92	1.64	2.18
0.23	0.92	0.92	0.92	0.92	0.92	0.69
5.07	3.57	8.73	9.38	6.25	5.96	5.33
5,239	5,490	5,840	5,976	6,132	4,743	4,452
392	83	—	—	—	—	—
2,622	2,738	1,761	—	—	—	—
9,088	8,919	9,180	9,290	7,211	2,877	2,249
5,004	5,217	5,334	4,866	7,334	5,092	5,504
97	101	91	85	68	5	—

(1) \$1.24 before unusual item being Quintette Coal Limited write-off.

(2) Stock dividend payable in Class B participating shares.

Annual Meeting

The annual meeting of the shareholders of Denison Mines Limited will be held on Friday, May 25, 1990 at 11:00 a.m., Toronto time, in the Concert Hall of the Royal York Hotel, 100 Front Street West, Toronto, Ontario.

Stock Exchange Listings

Denison's participating shares and preferred shares are listed on the Toronto, Montreal and Vancouver stock exchanges. Trading statistics provided are for The Toronto Stock Exchange.

Share Issues

CLASS A VOTING SHARES: The holders of Class A voting participating shares are the only shareholders entitled to vote at the annual meeting of the Company. As of December 31, 1989, Roman Corporation Limited exercised control or direction over 36.7% of the outstanding Class A shares.

CLASS B NON-VOTING SHARES: The holders of the Class B non-voting participating shares are entitled to receive notice of, attend and speak, but not to vote, at the annual meeting.

PREFERRED SHARES SERIES A: 9¾% Cumulative Redeemable Preferred Shares.

PREFERRED SHARES SERIES B: 9½% Cumulative Redeemable Preferred Shares, which rank equally with the Preferred Shares Series A.

Trading Statistics for 1989

Share Issues	High	Low	Close
Class A Voting Shares	\$ 7.00	\$ 3.90	\$ 4.35
Class B Non-Voting Shares	6.88	3.70	4.00
Preferred Shares Series A	25.25	20.63	20.63
Preferred Shares Series B	24.00	18.00	22.38

Dividend Record

Per Share	1989	1988	1987	1986	1985
Participating Shares (Class A and B) ⁽¹⁾	\$0.24 ²	\$0.24 ²	—	\$0.23	\$0.92
Preferred Shares:					
Series A	2.4375	2.4375	2.4375	2.4375	2.4375
Series B ⁽³⁾	2.375	2.375	2.375	2.375	1.8382

(1) After adjusting for the stock dividends paid March 11, 1988 and March 10, 1989. Dividends on the Class B shares are not to be less than those on the Class A shares.

(2) Payable in Class B participating shares.

(3) Issued March 7, 1985.

Registrar and Transfer Agent

Montreal Trust Company of Canada
Halifax, Montreal, Toronto, Winnipeg, Regina,
Calgary, Vancouver

Additional Information

Further information about Denison is available by contacting the Corporate Secretary at the corporate address listed in the Corporate Directory on Page 32.

OFFICERS

H. E. Roman-Barber
Chairman,
Chief Executive Officer

E. B. McConkey
Vice-Chairman

J. D. Fowler
President,
Chief Operating Officer

D. J. Galange
Executive
Vice-President,
Finance

R. Sedgewick
Executive
Vice-President,
Oil and Gas

K. H. Bates
Vice-President,
Business
Development

J. R. Britt
Vice-President,
Marketing

D. C. Campbell
Vice-President,
Special Projects

C. O. Dimock
Vice-President,
Community Relations
and Housing

E. P. Farmer
Vice-President,
General Counsel
and Secretary

R. B. Keeler
Vice-President
and Controller

A. C. Rickaby
Vice-President,
Uranium Operations

S. G. Roman
Vice-President,
Exploration
and Development

R. F. Schwab
Vice-President,
Europe and
Mediterranean

D. M. Petroff
Treasurer

DIRECTORS

H. Michael Burns*

Montrose L. Emerson[†]

John D. Fowler*

Paul Kostuik

Donald J. Matthews*

E. Bruce McConkey⁺ [†]

John A. Mullin, Q.C. ⁺

Stephen G. Roman

Helen E. Roman-Barber

Donald H. Thain[†]

A. Samuel Wakim, Q.C.

Bertram E. Willoughby⁺

⁺ Member of the Audit Committee

*Member of the Compensation Advisory Committee

[†]Member of the Pension Committee

CORPORATE

Denison Mines Limited
 Royal Bank Plaza
 Suite 3900, South Tower
 P.O. Box 40
 Toronto, Ontario
 Canada M5J 2K2
 Telephone (416) 865-1991
 Telefax (416) 865-0632
 Telex 065-24135
 (Den Mines Tor)

MINING

Denison Mines Limited
 P.O. Box B-2600
 Elliot Lake, Ontario
 P5A 2K2
 Telephone (705) 848-9111
 Telefax (705) 848-4445
 Telex 067-7511
 (Denmines Ellk)

Denison Mines Limited
 P.O. Box 11575
 Vancouver Centre
 650 West Georgia Street
 Vancouver, B.C.
 V6B 4N7
 Telephone (604) 669-2226
 Telefax (604) 688-2669
 Telex 045-1547
 (Denmines Vcr)

Denison-Potacan Potash Company
 P.O. Box 5005
 Sussex, New Brunswick
 E0E 1P0
 Telephone (506) 839-2146
 Telefax (506) 839-2808
 Telex 014-47541
 (Den Mines Susx)

Midwest Joint Venture
 Denison Mines Limited (Operator)
 601-45th Street West
 Saskatoon, Saskatchewan
 S7L 5W5
 Telephone (306) 244-1022
 Telefax (306) 244-5112

Denison Australia Pty.
 Suite 3501, North Point
 100 Miller St.
 North Sydney, Australia
 Telephone (61-2) 922-2055
 Telefax (61-2) 922-5513
 Telex 71009
 (Denaus AA)

Quintette Coal Limited
 P.O. Box 1500
 Tumbler Ridge, B.C.
 V0C 2W0
 Telephone (604) 242-3221
 Telefax (604) 242-3580
 Telex 047-7199
 (Quintette Tmb)

Zemex Corporation
 280 Park Avenue
 West Building, 25th Floor
 New York, New York 10017
 Telephone (212) 557-2020
 Telefax (212) 557-2645
 Telex 383873
 (ZMX NYK)

OIL AND GAS

North Aegean Petroleum Company E.P.E.
2, Kapodistriou St. and Kifissias Ave.
Filothei, Athens, Greece
Telephone (30-1) 6827129
Telefax (30-1) 6842091
Telex 218315
(Napc Gr)

NAPC-Kavala Office
2, Filellinon St., P.O. Box 1077
65110 Kavala, Greece
Telephone (30-1) 832442
Telefax (30-1) 832390
Telex 452120
(Napc Gr)

Petromarine Italia S.p.A.
Viale Castello della Magliana, 38
Palazzo A.
00148 Rome, Italy
Telephone (39-6) 5234242
Telefax (39-6) 6855418
Telex 626546
(Petrom I)

Denison Mines (Espana) Limited
Calle Princesa 31
Madrid 28008, Spain
Telephone (34-1) 5413557
Telefax (34-1) 2472543
Telex 48120
(Denm E)

Denison Egypt Limited
22, Mahmoud Hasan St.
Heliopolis, Cairo, Egypt
Telephone (20-2) 669455
Telefax (20-2) 660763
Telex 23222
(Agypt Un)

