DENISON MINES CORP.
Form 6-K
August 14, 2008

FORM 6-K
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
Date: August 13, 2008
Commission File Number: 000-24443
Denison Mines Corp.
(Translation of registrant s name into English)
Atrium on Bay, 595 Bay Street, Suite 402, Toronto, Ontario M5G 2C2
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F o Form 40-F þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): o

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): o

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant s home country), or under the rules of the home country exchange on which the registrant s securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant s security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _______

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	Denison Mines Corp.
	/s/ Brenda Lazare
	Brenda Lazare
Date: August 13, 2008	Canadian Counsel and Corporate Secretary

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EXHIBIT INDEX

Exhibit Number	Description
1.	Press release dated August 13, 2008
2.	Management s Discussion and Analysis for the six months ended June 30, 2008
3.	Financial Statements for the six months ended June 30, 2008
4.	Form 52-109F2 for each of Messrs. Farmer and Anderson dated August 13, 2008

EXHIBIT 1

Denison Mines Corp.
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www.denisonmines.com

PRESS RELEASE Trading symbols: DML-T, DNN-A

DENISON MINES CORP. REPORTS SECOND QUARTER EARNINGS

Toronto, ON August 13, 2008 Denison Mines Corp. (Denison or the Company) (DML: TSX, DNN: AMEX) today reported its financial results for the three months and six months ended June 30, 2008. All amounts in this release are in U.S. dollars unless otherwise indicated. For a more detailed discussion of the financial results, see management s discussion and analysis (MD&A) following this release.

Consolidated Results

Consolidated net loss was $13,756,000 or $0.07 per share for the three months ended June 30, 2008 compared with consolidated net income of $40,489,000 or $0.21 per share for the same period in 2007. For the six months ended June 30, 2008, consolidated net loss was $24,218,000 ($0.13 per share) compared with consolidated net income of $35,423,000 ($0.19 per share) for the same period in 2007.

Revenue was $31,713,000 for the three months ended June 30, 2008 compared with $18,809,000 for the three months ended June 30, 2007. Revenue was $49,894,000 for the six months ended June 30, 2008 compared to $30,528,000 for the six months ended June 30, 2007.

Net cash from (used in) operations was ($5,952,000) for the three months ended June 30, 2008, compared with net cash from operations of $537,000 for the three months ended June 30, 2007. For the six months ended June 30, 2008 net cash from (used in) operations was $1,670,000 compared with ($4,905,000) for the same period in 2007.

Losses on foreign currency translation totaled $11,237,000 for the three months and $12,766,000 for the six months ended June 30, 2008 arising from the translation of the Zambian kwacha into U.S currency at June 30, 2008. Substantially all of this loss resulted from translating future income taxes payable relating to the Mutanga project.

In March 2008, the Zambian government enacted previously announced legislation which increased the income tax rate for mining companies from 25% to 30%. As a result in the first quarter the Company increased its future income taxes related to its Zambian assets thereby reducing net income by $10,740,000.

The Company expenses exploration expenditures on mineral properties not sufficiently advanced to identify their development potential. Exploration expenditures expensed totalled $3,787,000 for the three months ended and $10,352,000 for the six months ended June 30, 2008 compared to $3,480,000 for the three months and $8,529,000 for the six months ended June 30, 2007.

Significant events in the second quarter include:

Denison sold 100,000 pounds U_3O_8 during the quarter from U.S. production at an average price of $83.13 per pound and 271,950 pounds U_3O_8 from its Canadian production under the existing long-term contracts at an average price of $50.96 per pound.

Spot prices for U_3O_8 decreased from $71.00 per pound at March 31, 2008 to $59.00 per pound at June 30, 2008 as quoted by Ux Consulting. The long-term price for U_3O_8 dropped from $95.00 per pound at March 31, 2008 to $80.00 per pound at June 30, 2008 as quoted by Ux Consulting.

Denison purchased 5,465,000 common equity units in Uranerz Energy Corp., each unit consisting of one common share and one-half warrant for $2.40 per unit or $13,116,000.

Denison commenced processing of conventional ore at its White Mesa mill in Utah on April 28, 2008.

Denison entered into a credit agreement with the Bank of Nova Scotia for a US$125,000,000 revolving three year term credit facility.

Revenue

Uranium sales revenue for the second quarter was $28,998,000. Sales from U.S. production were 100,000 pounds U_3O_8 at an average price of $83.13 per pound. Sales of Canadian production were 271,950 pounds U_3O_8 at an average price of $50.96 per pound. Revenue also includes the amortization of the fair value increment on sales contracts from the acquisition of Denison Mines Inc. in the amount of $6,737,000 in the quarter. Uranium sales revenue in the 2007 period totaled $15,243,000 from the net sale of 70,000 pounds U_3O_8 from Canadian production at an average sales price of $80.51 per pound and the sale of 75,000 pounds U_3O_8 from U.S. production at an average price of $130.00 per pound.

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

(in thousands)	Contracted Canadian Sales Volumes (pounds U_3O_8 x 1000) 2008	2009	2010	Pricing
Market Related	588	392	49	80% to 85% of Spot
Legacy Base Escalated	95	0	0	$20.00 to $26.00
Legacy Market Related	60	0	0	96% of Spot

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

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

Revenue from the environmental services division was $1,354,000 for the three months ended June 30, 2008 compared to $1,174,000 in the same period in 2007. Revenue from the management contract with Uranium Participation Corporation was $1,347,000 for the three months ended June 30, 2008 compared to $2,129,000 for the second quarter of 2007.

Uranium Production

Total uranium production for the Company from its Canadian and U.S. operations was 322,000 pounds for the three months ended June 30, 2008 and 507,000 pounds for the six months ended June 30, 2008. The McClean Lake joint venture produced 1,157,000 pounds U_3O_8 for the three months ended June 30, 2008 and 1,748,000 pounds U_3O_8 for the six months ended June 30, 2008 compared to production of 329,000 pounds and 784,000 pounds during the same periods in 2007. Denison s 22.5% share of the 2008 production totaled 260,000 pounds during the three months and 393,000 pounds during the six months ended June 30, 2008.

Production at the White Mesa mill was 62,000 pounds U_3O_8 for the three months ended June 30, 2008 and 114,000 pounds U_3O_8 for the six months ended June 30, 2008 compared to 56,000 pounds and 137,000 pounds U_3O_8 for the same periods in 2007. Processing of conventional ore commenced on April 28, 2008 and to June 30, 2008 production from conventional ore was 20,000 pounds U_3O_8. Production at the White Mesa mill has been increasing since the commencement of conventional ore processing with approximately 89,500 pounds U_3O_8 produced in July 2008.

Mineral Property Exploration

Denison is engaged in uranium exploration, as both operator and non-operator of joint ventures and as operator of its own properties in Canada, the U.S., Mongolia and Zambia. For the three months ended June 30, 2008 exploration expenditures totaled $3,787,000 compared to $3,480,000 for the three months ended

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June 30, 2007. For the six months ended June 30, 2008, exploration expenditures totaled $10,352,000 compared with $8,529,000 for the six months ended June 30, 2007.

A majority of the exploration expenditures during the period were spent in the Athabasca Basin region of northern Saskatchewan. Denison is engaged in uranium exploration on advanced projects in this region of Canada as part of the ARC operated McClean and Midwest joint ventures and is participating in a total of 34 other exploration projects concentrated in the prospective eastern margin of the Athabasca Basin. Denison s share of exploration spending on its Canadian properties totaled $2,758,000 of which $2,546,000 was expensed in the statement of operations for the three months ended June 30, 2008. Exploration spending totaled $3,279,000 of which $3,059,000 was expensed in the statement of operations for the three months ended June 30, 2007. For the six months ended June 30, 2008, Denison s share of exploration spending on its Canadian properties totaled $9,168,000 of which $8,474,000 was expensed compared with spending of $8,433,000 of which $7,894,000 was expensed in the six months ended June 30, 2007.

Exploration expenditures of $1,090,000 for the three months ended June 30, 2008 ($319,000 for the three months ended June 30, 2007) and of $1,421,000 for the six months ended June 30, 2008 ($461,000 for the six month period in 2007) were spent in Mongolia on the Company s joint venture and 100% owned properties. The Company has a 70% interest in the Gurvan Saihan Joint Venture (GSJV) in Mongolia. The other parties to the joint venture are the Mongolian government as to 15% and Geologorazvedka, a Russian government entity, as to 15%. Additional expenditures for development of the GSJV s Hairhan uranium deposits have also been incurred. Development work includes extensive resource delineation drilling, hydrological drilling, plant design and environmental studies.

General and Administrative

General and administrative expenses were $4,674,000 for the three months ended June 30, 2008 compared with $3,558,000 for the three months ended June 30, 2007. The increase was primarily the result of a ramping up of the Company s operations, the acquisition and implementation of new information and financial systems, an increase in public company expenses due to additional compliance costs and an increase in non-cash stock compensation costs resulting from stock options granted in 2008. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures.

Other Income and Expenses

Other income (expense) totaled ($10,742,000) for the three months ended June 30, 2008 compared with $37,678,000 for the three months ended June 30, 2007. For the six months ended June 30, 2008, other income (expense) totaled ($8,516,000) compared to $38,236,000 for the same period in 2007. During the current period, this consists primarily of interest income, interest expense, and foreign exchange losses. Foreign exchange translation losses totaled $11,237,000 for the three months and $12,766,000 for the six months ended June 30, 2008 arising from the translation of the Zambian kwacha into the U.S. dollar. Substantially all of this loss is the result of the translation of future income taxes payable relating to the Mutanga project. In 2007, other income (expense) included a gain on the sale of portfolio investments of $38,643,000 for the three months and six month periods. Other income (expense) also included interest paid on company indebtedness of $516,000 for the three months and $519,000 for the six months ended June 30, 2008.

Outlook for 2008

Mining and Production

Canada

Mining of the Sue B deposit, which contains approximately 1.4 million pounds U_3O_8, is underway, Milling of the stockpiled Sue E ore is ongoing and U_3O_8 production at McClean Lake in 2008, which will be primarily ore from Sue E, is expected to be 3.2 million pounds of which Denison s share is 720,000 pounds.

United States

Five mines are operating on the Colorado Plateau with production from the Sunday, Pandora, Topaz, West Sunday and Rim mines running at about 400 tons per day. Head grades to the end of July have been slightly lower than planned averaging 0.18% U_3O_8 and 1.05% V_2O_5 compared to plan of 0.2% U_3O_8 and

1.2% V_2O_5. At the Tony M mine within the Henry Mountains Complex, located in Utah, production is currently approximately 300 tons per day and will ramp up to 450 tons per day by year end. Production from these mines is being hauled to Denison s White Mesa mill. At June 30, 2008, a total of 191,000 tons had been shipped to the mill of which 49,000 tons have been fed to the mill. Mine development work had begun at the Company s Arizona 1 mine on the Arizona Strip located in northeastern Arizona. Shaft rehabilitation and ventilation raises are complete. Air quality permitting process is underway but the Company is unable to determine the length of time required to receive the permit. Ore production from this mine is now not anticipated until 2009.

Processing of conventional ore at the mill began on April 28, 2008. The mill processed uranium-only ore from the Tony M mine to June 30, 2008. On July 1, 2008, processing of the uranium/vanadium ores from the Company s Colorado Plateau mines commenced. The relining of tailings cell 4A is essentially complete. Approval of the operating permit for cell 4A is expected by mid- August, 2008. The start-up of the White Mesa mill has gone very well with throughput currently averaging 1,500 tons per day.

The Company expects to produce 1.0 to 1.2 million pounds U_3O_8 and 2.9 to 3.2 million pounds V_2O_5 during 2008 at the White Mesa mill.

Sales

The Company expects to sell 1.6 to 1.8 million pounds of U_3O_8 in 2008 including 0.9 to 1.0 million pounds from U.S. production. It also anticipates selling 2.9 to 3.0 million pounds of vanadium. Vanadium prices are quite volatile but have recently risen to a level of $14 to $15 per pound V_2O_5 from an average of $7.00 to $8.00 per pound in 2007. Most of Denison s sales of uranium and vanadium from U.S. production will occur in the third and fourth quarters of the year.

Exploration[1]

Athabasca Basin

In the Athabasca Basin, Denison is participating in 36 exploration projects, primarily located in the eastern part of the Basin and within trucking distance of all the three operating mills in the area. Denison and its joint venture partners carried out an extensive exploration program during this quarter.

On the 60% owned Wheeler River property, the first hole of the summer program, WR-249, discovered a new zone of unconformity mineralization in an area not previously tested, and returned very intense sandstone alteration surrounding an assay of 0.263% eU_3O_8 over 2.0 metres from the unconformity at a depth of approximately 400 metres. Subsequent to the quarter, a further hole, 600 metres along the geophysical strike, returned similar intensely altered unconformity related mineralization and with a probe grade of 0.248 % eU_3O_8 over 2.8 metres.

Denison s exploration spending in 2008 in the Athabasca Basin is expected to total $15,300,000.

Southwest United States

Near the end of the quarter Denison received approvals to begin exploration drilling on some of the Company s properties on the Colorado Plateau. Drilling began early in the third quarter on the Monogram Mesa project. Denison is planning on spending $2,000,000 on its U.S. exploration program this year, drilling an estimated 149,000 feet (45,000 metres). The program will be focused on exploring near its existing operations on the Colorado Plateau.

1 The grades reported herein are equivalent U_3O_8 grades based on down hole radiometric probing at a cut-off grade of 0.05% eU; geochemical corroborative assay results

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

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

Mongolia

In Mongolia, fieldwork is well underway and on schedule on six projects. Fifteen large diameter core holes were drilled at the main part of the Haraat deposit to provide samples for metallurgical testwork, which is underway and has shown promising recoveries based on results to date. Exploration and development drilling commenced on the Hairhan, Gurvan Saihan, and Ulziit depressions and production was on target, with almost 34,000 metres of the scheduled 85,000 metres completed by the end of the quarter. Most of the work completed at Hairhan was in support of resource definition in advance of a NI 43-101 report, expected to be completed in early fall. Hydrological drilling for baseline monitoring and test wells at the Hairhan deposit, in support of the planned ISR pilot plant next year, was also initiated. The Company expects to spend $11.5 million in Mongolia in 2008.

Zambia

In Zambia, development drilling has been ongoing since the start of the year, where a total of 37,456 metres has been drilled in 2008, primarily on the Mutanga and Dibwe proposed pits and extensions. It is anticipated that a new NI 43-101 report on the Mutanga and Dibwe resources will be completed during the third quarter.

A large scale exploration program outside of the resource areas has commenced. A total of 66 line kilometres out of 267 have been cut and a 9,000 kilometre helicopter supported spectrometer survey has begun. In addition to the geophysical surveys, two drills have begun drilling exploration targets along the corridor between the Mutanga and Dibwe deposits. Subsequent to the quarter, a drill hole testing a new area near the Mutanga deposit returned an intersection of 69.1 metres of 436 ppm eU_3O_8. This drill hole represents one of the best intercepts from any hole on the Mutanga project. A third drill will also begin drilling exploration targets upon the completion of a hydrological drill program which is being done as part of the overall project work.

Metallurgical testwork on the large sample delivered to Perth in the previous quarter is underway. The Mutanga programs will cost about $23,100,000 in 2008.

Liquidity

The Company had cash and cash equivalents at June 30, 2008 of $7,388,000 and portfolio investments with a market value of $66,429,000. The company has put in place a $125,000,000 revolving credit facility with a term of three years. Bank indebtedness under a temporary facility at June 30, 2008 was $65,527,000.

Objectives for 2008

The Company had set the following objectives for 2008:

- Increase U_3O_8 production by over 200% to 2.1 to 2.4 million pounds
- Produce 3.0 to 4.0 million pounds of vanadium (V_2O_5)
- Sell 1.7 million pounds U_3O_8 and 3.0 million pounds V_2O_5 at or near market prices
- Develop three new near-term projects: Midwest, Mongolia and Mutanga
- Pursue aggressive exploration program for long-term growth
- Attract and retain great people

The Company believes it is on track to meet these objectives except for the production which is now estimated at 1.7 to 1.9 million pounds U_3O_8 and 2.9 to 3.2 million pounds V_2O_5.

Conference Call

Denison is hosting a conference call on August 13, 2008 starting at 1:00 P.M. (Eastern Daylight time) to discuss the second quarter 2008 results. The webcast will be available live through a link on Denison s website www.denisonmines.com and by telephone at 416-641-6127. A recorded version of the conference call will be available by calling 416-695-5800 (password: 3267533) approximately two hours after the conclusion of the call. The presentation will also be available at www.denisonmines.com.

Additional Information
Additional information on Denison is available on SEDAR at www.sedar.com and on the Company s website at www.denisonmines.com.

About Denison
Denison Mines Corp. is the premier intermediate uranium producer in North America, with mining assets in the Athabasca Basin Region of Saskatchewan, Canada and the southwest United States including Colorado, Utah, and Arizona. Further, the Company has ownership interests in two of the four conventional uranium mills operating in North America today. The Company also has a strong exploration and development portfolio with large land positions in the United States, Canada, Zambia and Mongolia.

For further information contact:

E. Peter Farmer Chief Executive Officer	(416) 979-1991 Extension 231
Ron Hochstein President and Chief Operating Officer	(416) 979-1991 Extension 232
James R. Anderson Executive Vice President and Chief Financial Officer	(416) 979-1991 Extension 372

Cautionary Statements
This news release contains forward-looking statements , within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation concerning the business, operations and financial performance and condition of Denison.

Forward looking statements include, but are not limited to, statements with respect to estimated production; the development potential of Denison s properties, including those of its joint ventures; the future price of uranium; the estimation of mineral reserves and resources; the realization of mineral reserve estimates; the timing and amount of estimated future production; costs of production; capital expenditures; success of exploration activities; permitting time lines and permitting, mining or processing issues; currency exchange rate fluctuations; government regulation of mining operations; environmental risks; unanticipated reclamation expenses; title disputes or claims; and limitations on insurance coverage. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as plans , expects or does not expect , is expected , budget , scheduled , estimates , forecasts anticipates or does not anticipate , or believes , or variations of such words and phrases or state that certain actions, events or results may , could , would , might or will be taken , occur or be achieved .

Forward looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events during construction, expansion and start-up; variations in ore grade, tonnes mined, crushed or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; actual results of current exploration activities;; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium and vanadium; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities, as well as those factors discussed in or referred to under the heading Risk Factors in Denison s Annual Information Form dated March 28, 2008 available at www.sedar.com and its Form 40-F available at www.sec.gov. Although management of Denison has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended.

There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Denison does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws. Mineral resources, which are not mineral reserves, do not have demonstrated economic viability. Readers should refer to the Annual Information Form and the Form 40-F of the Company for the year ended December 31, 2007 and other continuous disclosure documents filed since December 31, 2007 available at www.sedar.com, for further information relating to their mineral resources and mineral reserves.

DENISON MINES CORP.
Management s Discussion and Analysis
Six Months Ended June 30, 2008
(Expressed in U.S. Dollars, Unless Otherwise Noted)

INTRODUCTION

This Management s Discussion and Analysis (MD&A) of Denison Mines Corp. and its subsidiary companies and joint ventures (collectively, Denison or the Company) provides a detailed analysis of the Company s business and compares its financial results with those of the comparable period in the previous year. This MD&A is dated as of August 12, 2008 and should be read in conjunction with, and is qualified by, the Company s unaudited consolidated financial statements and related notes for the six months ended June 30, 2008. The financial statements are prepared in accordance with generally accepted accounting principles in Canada. All dollar amounts are expressed in U.S. dollars, unless otherwise noted.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements , within the meaning of the United States Private Securities Litigation Reform Act of 1995 and similar Canadian legislation, concerning the business, operations and financial performance and condition of Denison.

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

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Denison to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to: unexpected events during construction, expansion and start-up; variations in ore grade, amount of material mined or milled; delay or failure to receive board or government approvals; timing and availability of external financing on acceptable terms; risks related to international operations; actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of uranium, vanadium, nickel and cobalt; possible variations in ore reserves, grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in the completion of development or construction activities and other factors listed under the heading Risk Factors in the MD&A for the year ended December 31, 2007. Although management of Denison has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, which only apply as of the date hereof, there may be other factors that cause results not to be as anticipated, estimated or intended.

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

OVERVIEW

Denison is a diversified, growth-oriented, intermediate uranium producer with active uranium mining operations in both the U.S. and Canada and development projects in Canada, Zambia and Mongolia. Denison expects annual production of 3.6 to 6.0 million pounds of uranium oxide in concentrates (U_3O_8) by 2011. Denison s assets include an interest in 2 of the 4 licensed and operating conventional uranium mills in North America, with its 100% ownership of the White Mesa mill in Utah and its 22.5% ownership of the McClean Lake mill in Saskatchewan. Both mills are fully permitted and operating.

DENISON MINES CORP.
Management s Discussion and Analysis
Six Months Ended June 30, 2008
(Expressed in U.S. Dollars, Unless Otherwise Noted)

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

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

Denison is the manager of Uranium Participation Corporation (UPC), a publicly traded company which invests in uranium oxide in concentrates and uranium hexafluoride. Denison is also engaged in mine decommissioning and environmental services through its Denison Environmental Services (DES) division.

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

SELECTED FINANCIAL INFORMATION

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

(in thousands)	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Results of Operations:				
Total revenues	$ 31,713	$ 18,809	$ 49,894	$ 30,528
Net income (loss)	(13,756)	40,489	(24,218)	35,423
Earnings (loss) per share Basic	(0.07)	0.21	(0.13)	0.19
Diluted	(0.07)	0.21	(0.13)	0.18

	As at June 30, 2008	As at December 31, 2007
Financial Position:		
Working capital	$ 54,910	$ 75,915
Long-term investments	58,944	$ 20,507
Property, plant and equipment	767,197	727,823
Total assets	1,054,249	1,001,581
Total long-term liabilities	$ 259,901	$ 175,081

RESULTS OF OPERATIONS

General

The Company recorded a net loss of $13,756,000 ($0.07 per share) for the three months ended June 30, 2008 compared with a net income of $40,489,000 ($0.21 per share) for the same period in 2007. For the six months ended June 30, 2008, the Company recorded a net loss of $24,218,000 ($0.13 per share) compared with net income of $35,423,000 ($0.19 per share) for the same period in 2007.

Revenues totaled $31,713,000 for the three months ended June 30, 2008 and $49,894,000 for the six months ended June 30, 2008 compared with $18,809,000 and $30,528,000 for the same periods in 2007. Expenses totaled $34,352,000 for the three months ended June 30, 2008 and $58,639,000 for the six months ended June 30, 2008 compared to $18,081,000 and $35,670,000 for the same periods in 2007. Net other income (expense) totaled ($10,742,000) for the three months ended June 30, 2008 and ($8,516,000) for the six months ended June 30, 2008 compared with $37,678,000 and $38,236,000 for the same periods in 2007.

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Revenues

Uranium sales revenue for the second quarter was $28,998,000. Sales from U.S. production were 100,000 pounds U_3O_8 at an average price of $83.13 per pound. Sales of Canadian production were 271,950 pounds U_3O_8 at an average price of $50.96 per pound. Amortization of the fair value increment related to long term contracts from the acquisition of Denison Mines Inc. (DMI) totaled $6,737,000 for the second quarter. Reported revenue is also impacted by the effect of foreign currency translations.

For the six months ended June 30, 2008, uranium sales revenue totaled $45,176,000 consisting of sales of 150,000 pounds U_3O_8 from U.S. production at an average price of $85.50 and sales of 418,950 pounds of production from the McClean Lake joint venture at an average price of $58.18 per pound. Amortization of the fair value increment related to long term sales contracts from the acquisition of DMI totaled $7,642,000.

Uranium sales revenue for the same periods in 2007 totaled $15,243,000 for the three months and $23,556,000 for the six months ended June 30, 2007 from the sale of 70,000 pounds U_3O_8 and 185,000 pounds U_3O_8 from Canadian production and sales of 75,000 pounds U_3O_8 from U.S. production all in the second quarter. Amortization of the fair value increment from DMI sales contracts was ($143,000) and $1,009,000 respectively.

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

	Contracted Canadian Sales Volumes (pounds U_3O_8 x 1000)			
(in thousands)	2008	2009	2010	Pricing
Market Related	588	392	49	80% to 85% of Spot
Legacy Base Escalated	95	0	0	$20.00 to $26.00
Legacy Market Related	60	0	0	96% of Spot

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

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

Revenue from the environmental services division was $1,354,000 for the three months ended June 30, 2008 compared to $1,174,000 in the comparable 2007 period and was $2,495,000 for the six months ended June 30, 2008 compared with $1,948,000 for the same period in 2007.

Revenue from the management contract with Uranium Participation Corporation was $1,347,000 for the three months ended June 30, 2008 and $2,186,000 for the six months ended June 30, 2008 compared to $2,129,000 and $2,613,000 in the same periods in 2007.

Operating Expenses

Milling and Mining Expenses

The McClean Lake joint venture produced 1,157,000 pounds U_3O_8 for the three months ended June 30, 2008 and 1,748,000 pounds U_3O_8 for the six months ended June 30, 2008 compared with 329,000 pounds U_3O_8 for the three months and 784,000 pounds U_3O_8 for the six months ended June 30, 2007. Denison s 22.5% share of production totaled 260,000 pounds and 393,000 pounds respectively for the 2008 periods and 74,000 pounds and 176,000 pounds respectively for the 2007 periods.

Unit production cash costs in Canada are driven primarily by production volumes as the majority of costs do not vary with volume. These fixed costs for the McClean operations total approximately Cdn$46 million per year so as production volumes increase, the cost per pound decreases. Reagent costs are in addition to this cost as are amortization, depletion and depreciation costs. Production by the joint venture in 2008 is expected to be 3.2 million pounds U_3O_8.

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The Company began processing conventional ore at the White Mesa mill on April 28, 2008. Production from conventional ore to June 30, 2008 was 20,000 pounds U_3O_8. Production from alternate feed milling was 42,000 and 94,000 pounds U_3O_8 for the three months and six months ended June 30, 2008 compared to 56,000 and 137,000 pounds U_3O_8 for the same periods in 2007. Total production at the White Mesa mill was 62,000 pounds U_3O_8 and 114,000 pounds U_3O_8 for the three months and six months ended June 30, 2008.

Sales Royalties and Capital Taxes

Sales royalties and capital taxes totaled $999,000 and $1,808,000 for the three and six months ended June 30, 2008 compared with $436,000 and $981,000 for the same periods in 2007. Denison pays a Saskatchewan basic uranium royalty of 4% of gross uranium sales after receiving the benefit of a 1% Saskatchewan resource credit. Denison also pays Saskatchewan capital taxes based on the greater of 3.1% of gross uranium sales or capital tax otherwise computed under the Saskatchewan Corporation Capital Tax Act. The Saskatchewan government also imposes a tiered royalty which ranges from 6% to 15% of gross uranium sales after recovery of mill and mine capital allowances which approximate capital costs. Denison has sufficient mill and mine capital allowances available or anticipated to shelter it from the tiered royalty at current uranium prices for at least 2008.

MINERAL PROPERTY EXPLORATION

Denison is engaged in uranium exploration, as both operator and non-operator of joint ventures and as operator of its own properties in Canada, the U.S., Mongolia and Zambia. For the three months ended June 30, 2008 exploration expenditures totaled $3,787,000 compared to $3,480,000 for the three months ended June 30, 2007. For the six months ended June 30, 2008 exploration expenditures totaled $10,352,000 compared with $8,529,000 for the six months ended June 30, 2007.

A majority of the exploration expenditures during the period were spent in the Athabasca Basin region of northern Saskatchewan. Denison is engaged in uranium exploration on advanced projects in this region of Canada as part of the ARC operated McClean and Midwest joint ventures and is also participating in a total of 34 other exploration projects concentrated in the prospective eastern margin of the Athabasca Basin. Denison s share of exploration spending on its Canadian properties totaled $2,758,000 of which $2,546,000 was expensed in the statement of operations for the three months ended June 30, 2008. For the three months ended June 30, 2007, exploration spending totaled $3,279,000 of which $3,059,000 was expensed. For the six months ended June 30, 2008, Denison s share of exploration spending on its Canadian properties totaled $9,168,000 of which $8,474,000 was expensed compared with spending of $8,433,000 of which $7,894,000 was expensed in the six months ended June 30, 2007.

Exploration expenditures of $1,090,000 for the three months ended June 30, 2008 ($319,000 for the three months ended June 30, 2007) and of $1,421,000 for the six months ended June 30, 2008 ($461,000 for the six month period in 2007) were incurred in Mongolia on the Company s joint venture and 100% owned properties. The Company has a 70% interest in the Gurvan Saihan Joint Venture (GSJV) in Mongolia. The other parties to the joint venture are the Mongolian government as to 15% and Geologorazvedka, a Russian government entity, as to 15%. Additional expenditures for development of the GSJV s Hairhan uranium deposits have also been incurred. Development work includes extensive resource delineation drilling, hydrological drilling, plant design and environmental studies.

General and Administrative

General and administrative expenses totaled $4,674,000 for the three months ended June 30, 2008 compared with $3,558,000 for the three months ended June 30, 2007. For the six months ended June 30, 2008, general and administrative expenses totaled $8,794,000 compared to $6,460,000 for the same period in 2007. The increase was primarily the result of the acquisition and implementation of new information and financial systems, an increase in public company expenses due to additional compliance costs and an increase in stock based compensation costs resulting from stock options granted in 2008. General and administrative expenses consist primarily of payroll and related expenses for personnel, contract and professional services and other overhead expenditures.

Other Income and Expenses

Other income (expense) totaled ($10,742,000) for the three months ended June 30, 2008 compared with $37,678,000 for the three months ended June 30, 2007. For the six months ended June 30, 2008, other income (expense) totaled ($8,516,000) compared to $38,236,000 for the same period in 2007. During the current period, this consists primarily of interest income, interest expense, and foreign exchange losses. Foreign exchange translation losses totaled $11,237,000 for the three months

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and $12,766,000 for the six months ended June 30, 2008 arising from the translation of the Zambian kwacha to U.S. dollars. This is primarily the result from translating future income taxes payable relating to the Mutanga project. In 2007, other income (expense) was primarily due to a gain on the sale of portfolio investments which totaled $38,643,000 for the three months and six month periods in 2007.

Other income included interest paid on company indebtedness of $516,000 for the three months and $519,000 for the six months ended June 30, 2008.

Income Taxes

The Company has provided for a current tax recovery of $1,590,000 and for a future tax expense of $8,547,000. In March, 2008, the Zambian government enacted legislation which increased the income tax rate for mining companies from 25% to 30%. Accordingly, the Company recorded a future tax expense of $10,740,000 in the first quarter to adjust the future income tax liability. This amount has been partially offset by the recognition of previously unrecognized Canadian tax assets of $3,700,000.

Outlook for 2008

Mining and Production

Canada

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

United States

Five mines are operating on the Colorado Plateau with production from the Sunday, Pandora, Topaz, West Sunday and Rim mines running at about 400 tons per day. Head grades to the end of July have been slightly lower than planned averaging 0.18% U_3O_8 and 1.05% V_2O_5 compared to plan of 0.2% U_3O_8 and 1.2% V_2O_5. At the Tony M mine within the Henry Mountains Complex, located in Utah, production is currently approximately 300 tons per day and will ramp up to 450 tons per day by year end. Production from these mines is being hauled to Denison s White Mesa mill. At June 30, 2008, a total of 191,000 tons had been shipped to the mill of which 49,000 tons have been fed to the mill. Mine development work had begun at the Company s Arizona 1 mine on the Arizona Strip located in northeastern Arizona. Shaft rehabilitation and ventilation raises are complete. Air quality permitting process is underway but the Company is unable to determine the length of time required to receive the permit. Ore production from this mine is now not anticipated until 2009.

Processing of conventional ore at the mill began on April 28, 2008. The mill processed uranium-only ore from the Tony M mine to June 30, 2008. On July 1, 2008, processing of the uranium/vanadium ores from the Company s Colorado Plateau mines commenced. The relining of tailings cell 4A is essentially complete. Approval of the operating permit for cell 4A is expected by mid- August, 2008. The start-up of the White Mesa mill has gone very well with throughput currently averaging 1,500 tons per day.

The Company expects to produce 1.0 to 1.2 million pounds U_3O_8 and 2.9 to 3.2 million pounds V_2O_5 during 2008 at the White Mesa mill.

Sales

The Company expects to sell 1.6 to 1.8 million pounds of U_3O_8 in 2008 including 0.9 to 1.0 million pounds from U.S. production. It also anticipates selling 2.9 to 3 million pounds of vanadium. Vanadium prices are quite volatile but have risen to a level of $14 to $15 per pound V_2O_5 from an average of $7.00 to $8.00 per pound in 2007. Most of Denison s sales of uranium and vanadium from U.S. production will occur in the third and fourth quarters of the year.

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Exploration[1]
Athabasca Basin
In the Athabasca Basin, Denison is participating in 36 exploration projects, primarily located in the eastern part of the Basin and within trucking distance of all the three operating mills in the area. Denison and its joint venture partners carried out an extensive exploration program during the quarter with drilling activity on 8 of Denison s 36 projects.
On the 60% owned Wheeler River property, the first hole of the summer program, WR-249, discovered a new zone of unconformity mineralization in an area not previously tested, and returned very intense sandstone alteration surrounding an assay of 0.263% eU_3O_8 over 2.0 metres from the unconformity at a depth of approximately 400 metres. Subsequent to the quarter, a further hole, 600 metres along strike, returned similar intensely altered unconformity related mineralization with a grade of 0.248 % eU_3O_8 over 2.8 metres.
Denison s exploration spending in 2008 in the Athabasca Basin is expected to total $15,300,000.
Southwest United States
Near the end of the quarter Denison received approvals to begin exploration drilling on some of the Company s properties on the Colorado Plateau. Drilling began early in the third quarter on the Monogram Mesa project. Denison is planning on spending $2,000,000 on its U.S. exploration program this year, drilling an estimated 149,000 feet (45,000 metres). The program will be focused on exploring near its existing operations on the Colorado Plateau.
Mongolia
In Mongolia, fieldwork is well underway and on schedule on six projects. Fifteen large diameter core holes were drilled at the main part of the Haraat deposit to provide samples for metallurgical testwork which is underway and has shown promising recoveries based on results to date. Exploration and development drilling commenced on the Hairhan, Gurvan Saihan, and Ulziit depressions and production was on target, with almost 34,000 metres of the 85,000 metres completed by the end of the quarter. Most of the work completed at Hairhan was in support of resource definition in advance of a NI 43-101 report, expected to be completed in early fall. Hydrological drilling for baseline monitoring and test wells at the Hairhan deposit, in support of the planned ISR pilot plant next year, was also initiated. The Company expects to spend $11.5 million in Mongolia in 2008.
Zambia
In Zambia, development drilling has been ongoing since the start of the year, where a total of 37,456 metres has been drilled in 2008, primarily on the Mutanga and Dibwe proposed pits and extensions. It is anticipated that a new NI 43-101 report on the Mutanga and Dibwe resources will be completed during the third quarter.
A large scale exploration program outside of the resource areas has commenced. A total of 66 line kilometres out of 267 have been cut and a 9,000 kilometre helicopter supported spectrometer survey has begun. In addition to the geophysical surveys, two drills have begun drilling exploration targets along the corridor between the Mutanga and Dibwe deposits.
Subsequent to the quarter, a drill hole testing a new area near the Mutanga deposit returned an intersection of 69.1 metres of 436 ppm eU_3O_8. This drill hole represents one of the best intercepts from any hole on the Mutanga project. A third drill will also begin drilling exploration targets upon the completion of a hydrological drill program which is being done as part of the overall project work.

1 The grades reported herein are equivalent U_3O_8 grades based on down

hole radiometric probing at a cut-off grade of 0.05% eU ; geochemical corroborative assay results have not been completed at this time. All intersections and geological interpretations are based on diamond drill core only and mineralized intervals may not represent true thickness. For a description of the quality assurance program and quality control measures applied by both ARC and Denison during the above described work, please see Denison s Annual Information Form filed under the Company s profile on March 28, 2008 on the SEDAR website at www.sedar.com.

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

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Metallurgical testwork on the large sample delivered to Perth in the previous quarter is underway. The Mutanga programs will cost about $23,100,000 in 2008.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $7,388,000 at June 30, 2008 compared with $19,680,000 at December 31, 2007. The decrease of $12,292,000 was due primarily to expenditures of $64,964,000 for property, plant and equipment and the purchase of long term investments totaling $13,413,000 financed by cash from operations of $1,670,000 and an increase in bank debt of $66,064,000.

Net cash from operating activities was $1,670,000 during the six month period ended June 30, 2008. Net cash from operating activities is comprised of net loss for the period, adjusted for non-cash items and for changes in working capital items. Significant changes in working capital items during the period include a decrease of $12,494,000 in trade and other receivables and an increase of $15,260,000 in inventories. The decrease in trade and other receivables is primarily the result of the level of uranium sales in the period. The increase in inventories consists primarily of the increase in ore in stockpile.

Net cash used in investing activities was $77,322,000 consisting primarily of expenditures on property, plant and equipment of $64,964,000 and the purchase of long term investments of $13,413,000. The long term investment was primarily the purchase of shares and warrants in Uranerz Energy Corp.

Net cash from financing activities consisted of $66,064,000 from bank debt and $1,312,000 from the exercise of stock options and warrants.

In total, these sources and uses of cash resulted in a net cash outflow of $12,292,000 during the six month period. In July 2008, the Company put in place a $125,000,000 revolving term credit facility. The facility is repayable in full on June 30, 2011. The facility requires mandatory prepayment of outstanding credit in excess of $80,000,000 should the Company s uranium production in 2008 fall below 1,700,000 pounds.

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

The Company is required to maintain the following financial covenants on a consolidated basis:

- Minimum tangible net worth of $450,000,000 plus 50% of positive quarterly net income and 50% of net proceeds of all equity issues after December 31, 2007;

- Maximum ratio of total net debt to earnings before interest, taxes, depreciation and amortization (EBITDA) of 3.5 to 1.0 for each fiscal quarter starting with the fiscal quarter ending December 31, 2008 and including the fiscal quarter September 30, 2009 and 3.0 to 1.0 for each fiscal quarter thereafter;

- Minimum interest coverage ratio of 3.0 to 1.0 for each fiscal quarter starting with the fiscal quarter ending December 31, 2008; and

- Minimum current ratio of 1.1 to 1.0.

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

OFF-BALANCE SHEET ARRANGEMENTS

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

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TRANSACTIONS WITH RELATED PARTIES

The Company is a party to a management services agreement with UPC. Under the terms of the agreement, the Company will receive the following fees from UPC: a) a commission of 1.5% of the gross value of any purchases or sales of U_3O_8 and UF_6 completed at the request of the Board of Directors of UPC; b) a minimum annual management fee of Cdn$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon UPC s net asset value between Cdn$100,000,000 and Cdn$200,000,000 and 0.2% per annum based upon UPC s net asset value in excess of Cdn$200,000,000; c) a fee of Cdn$200,000 upon the completion of each equity financing where proceeds to UPC exceed Cdn$20,000,000; d) a fee of Cdn$200,000 for each transaction or arrangement (other than the purchase or sale of U_3O_8 and UF_6) of business where the gross value of such transaction exceeds Cdn$20,000,000 (an initiative); and e) an annual fee up to a maximum of Cdn$200,000, at the discretion of the Board of Directors of UPC, for on-going maintenance or work associated with an initiative.

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

The Company has also provided temporary revolving credit facilities to UPC which generate interest and stand-by fee income. No such facilities were in place during the six month period ended June 30, 2008.

The following transactions were incurred with UPC for the three months and six months ended June 30:

(in thousands)	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Revenue				
Uranium sales	$	$ 9,750	$	$ 9,750
Management fees (including expenses)	385	706	1,001	1,190
Commission fees on purchase and sale of uranium	962	1,423	1,185	1,423
Other income (expense)				
Loan interest under credit facility		25		191
Standby fee under credit facility		1		9
Total fees earned from UPC	$ 1,347	$ 11,905	$ 2,186	$ 12,563

At June 30, 2008, accounts receivable includes $345,000 due from UPC with respect to the fees indicated above.

During the six months ended June 30, 2008, the Company incurred management and administrative service fees of $99,000 (six months ended June 30, 2007: $95,000) with a company owned by the Chairman of the Company which provides corporate development, office premises, secretarial and other services in Vancouver at a rate of Cdn$15,000 per month plus expenses. At June 30, 2008, $44,000 was due to this company.

OUTSTANDING SHARE DATA

At August 12, 2008, there were 190,017,535 common shares issued and outstanding, 8,207,955 stock options outstanding to purchase a total of 8,207,955 common shares and 3,321,151 warrants outstanding to purchase a total of 9,564,915 common shares, for a total of 207,790,405 common shares on a fully-diluted basis.

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

During the second quarter of 2008, the Company substantially completed the implementation of the Great Plains financial system to support reporting of financial results. This system includes integrated financial modules for accounts payable, accounts receivable, fixed assets and inventory functions. Some work to complete the implementation will continue into Q3 2008. Management believes that the implementation of the Great Plains financial modules will improve the Company s internal control over financial reporting.

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

CHANGES IN ACCOUNTING POLICIES

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

a) CICA Handbook Section 3031 Inventories which provides guidance on the determination of cost and its subsequent recognition as an expense, including any write-down to net realizable value. It also provides guidance on the cost formulas that are used to assign costs to inventories. There was no impact to the Company s financial results from adopting this standard.

b) CICA Handbook Section 3862 Financial Instruments Disclosures and Section 3863 Financial Instruments Presentation which requires disclosures in the financial statements that will enable users to evaluate: the significance of financial instruments for the company s financial positions and performance; the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the balance sheet date; and how the company manages those risks.

c) CICA Handbook Section 1535 Capital Disclosures which requires the disclosure of both qualitative and quantitative information that enable users to evaluate the company s objectives, policies and processes for managing capital.

ACCOUNTING STANDARD ISSUED BUT NOT YET ADOPTED

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

a) CICA Handbook Section 3064 Goodwill and intangible assets which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew EIC 27 Revenues and expenses during the pre-operating period . As