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8 April 2011

Elizabeth Harris
Senior Adviser, Issuers (Perth)
Australian Securities Exchange
Level 8 Exchange Plaza, 2 The Esplanade
PERTH WA 6000

Dear Elizabeth

Target's Statement

We enclose by way of service a copy of White Canyon Uranium Limited's (**White Canyon**) Target's Statement dated 8 April 2011 pursuant to item 14 of section 633(1) of the Corporations Act 2001 (Cth) (**Corporations Act**).

This Target's Statement contains the recommendation of the White Canyon Directors that White Canyon Shareholders **ACCEPT** the Offer made by Denison Mines Corp. (**Denison**) in its Bidder's Statement dated 8 April 2011 unless there is a Superior Proposal or the Independent Expert opines that the Offer is neither fair nor reasonable.

White Canyon Shareholders are encouraged to read the Bidder's Statement and the Target's Statement (which includes an Independent Expert's Report) in full, and to consider the Offer having regard to their personal circumstances. The Directors encourage White Canyon Shareholders to seek their own independent financial and taxation advice prior to deciding whether to accept or not accept the Offer.

Please note that in accordance with item 11 of section 633(1) of the Corporations Act, White Canyon has sent a copy of this Target's Statement to Denison, and in accordance with item 13 of section 633(1) of the Act, White Canyon has lodged a copy of this Target's Statement with the Australian Securities and Investments Commission.

For further information contact:

Ranko Matic
Company Secretary
White Canyon Uranium Limited

TARGET'S STATEMENT

White Canyon Uranium Limited ACN 115 453 962

Dated 8 April 2011

Your Directors unanimously recommend that you

ACCEPT

Denison's offer of AUD$0.24 per share unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable

Target's Statement of White Canyon Uranium Limited in response to the off-market takeover bid by Denison Mines Corp. for all of the ordinary shares in White Canyon Uranium Limited

This is an important document and requires your immediate attention.

IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH THIS DOCUMENT, PLEASE CONSULT YOUR STOCKBROKER, LEGAL OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Legal adviser

NORTON ROSE

Financial adviser

APEX CAPITAL PARTNERS

Important Notices

Nature of this Document

This is the Target's Statement dated 8 April 2011 given by White Canyon Uranium Limited (**White Canyon**) under Part 6.5 Division 3 of the Corporations Act. This Target's Statement is given in response to the Bidder's Statement dated 8 April 2011 issued by Denison Mines Corp (**Denison**).

ASIC Disclaimer

A copy of this Target's Statement was lodged with ASIC on 8 April 2011. Neither ASIC nor any of its officers takes any responsibility for the contents of this Target's Statement.

ASX Disclaimer

A copy of this Target's Statement was provided to ASX on 8 April 2011. Neither ASX nor any of its officers takes any responsibility for the contents of this Target's Statement.

Defined terms

Terms used in this Target's Statement are defined in Section 10 of this Target's Statement.

No Investment Advice

The information contained in this Target's Statement does not constitute financial product advice. This Target's Statement has been prepared without considering your particular investment objectives, financial situation, taxation position or needs. You should read this Target's Statement in its entirety before making any investment decision and any decision relating to Denison's Offer. If you are in doubt in relation to these matters you should consult your investment, financial, taxation or other professional adviser before making a decision whether to accept or reject the Offer.

Disclaimer Regarding Forward-Looking Statements

This Target's Statement contains statements in the nature of forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Shareholders should note that those forward-looking statements are only predictions and are subject to inherent uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from implied values or anticipated results, performance or achievements expressed or implied in those forward-looking statements. These risks, variables and factors include matters specific to the industry in which White Canyon operates, as well as general economic conditions, financial market conditions and legislative, fiscal or regulatory developments.

None of White Canyon, any of its officers, any person named in this Target's Statement with their consent or any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) or gives any other assurance that the implied values or anticipated results, performance or achievements expressed or implied in forward-looking statements in this Target's Statement will be achieved or as to the accuracy or likelihood of fulfilment of any forward-looking statement.

The forward-looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Rounding

Certain financial figures in this Target's Statement have been rounded as applicable, unless otherwise stated. Such figures should be considered as approximate figures. Any discrepancies in any table between totals and sums of amounts listed therein or to previously published financial figures are due to rounding.

References to time and currency

Unless otherwise stated, a reference to time in this Target's Statement is a reference to time in Perth, Western Australia. References to ($) dollars in this Target's Statement are to Australian dollars, unless otherwise stated.

Privacy statements

White Canyon has collected information from the White Canyon share register for the purpose of providing you with this Target's Statement. The type of information White Canyon has collected about you includes your name, contact details and information on your shareholding in White Canyon. The Corporations Act requires the name and address of Shareholders to be held in a public register.

White Canyon has also provided or will provide personal information about its Shareholders to Denison in accordance with the Corporations Act and the ASX Settlement Operating Rules. Denison states in the Bidder's Statement that it may disclose this information on a confidential basis to its related bodies corporate and external service providers, and that it may be required to be disclosed to regulators, such as ASIC.

Key Dates	
Announcement Date	Wednesday 23 February 2011
Date of Offer	[ ] 2011
Date of this Target's Statement	8 April 2011
Offer closes (unless extended or withdrawn)	[ ] 2011

Key Contacts

Share registrar for the Offer:
Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000

White Canyon Information Line*
1800 785 131 (Toll-Free)
+61 2 8256 3250 (callers outside of Australia)

*Calls to these numbers may be recorded

Contents

Chairman's Letter

8 April 2011

Dear White Canyon Uranium Limited Shareholders

RECOMMENDED TAKEOVER BID FOR WHITE CANYON URANIUM LIMITED

On 23 February 2011, White Canyon Uranium Limited (**White Canyon**) announced that it had entered into a bid implementation agreement with Denison Mines Corp. (**Denison**) under which Denison agreed to make an off-market takeover bid to acquire all of the issued shares of White Canyon (**White Canyon Shares**) at a price of A$0.24 cash per White Canyon Share (**Offer**).

DENISON OFFER DELIVERS COMPELLING VALUE

The Offer price of A$0.24 per White Canyon Share represents a 20% premium to the closing price of a White Canyon Share on 18 February 2011 (being the last trading day prior to the day on which the proposed takeover bid by Denison was announced) and a 47% premium to the volume weighted average price for the 90 trading day period ending 18 February 2011.

The White Canyon Board believes the Offer delivers compelling value to White Canyon Shareholders, recognising the current activities of White Canyon and its possible future prospects.

WHITE CANYON'S RECOMMENDATION

The White Canyon Board unanimously recommends that White Canyon Shareholders ACCEPT the Offer promptly to ensure their acceptance is received before [ ]pm (Perth time) on [ ] 2011, unless there is a Superior Proposal or the Independent Expert opines that the Offer is neither fair nor reasonable.

All of the Directors intend to accept the Offer with respect to their own shareholdings unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable. The reasons for the recommendations of the White Canyon directors are set out in Section 1 of this Target's Statement.

INDEPENDENT EXPERT CONCLUSION

The White Canyon Board notes that the Independent Expert, PKFCA, has concluded that the Offer is fair and reasonable to White Canyon Shareholders. The Independent Expert has assessed the value of White Canyon Shares to be in the range of $0.172 to $0.211 per share (assuming all White Canyon Options are exercised) and $0.174 to $0.217 (assuming none of the White Canyon Options are exercised).

OFFER CLOSE DATE

The Offer Period is scheduled to close at [ ]pm (Perth time) on [ ] 2011 (unless extended).

White Canyon Shareholders should note that Denison has not indicated whether it will be prepared to extend the Offer Period and, accordingly, your directors recommend that you should assume that the Offer Period will not be extended.

IMPLICATIONS OF BEING A MINORITY WHITE CANYON SHAREHOLDER

Denison has stated that it will compulsorily acquire any White Canyon Shares outstanding at the end of the Offer Period if it becomes entitled to do so. White Canyon Shareholders who do not accept the Offer may become minority White Canyon Shareholders if Denison does not obtain the necessary thresholds to proceed to compulsory acquisition of the White Canyon Shares but waives its 90% minimum acceptance condition. It is possible that Denison may waive its minimum acceptance condition although it has indicated it will not waive the minimum acceptance condition unless it considers it in the best interests to do so at the relevant time. There are a number of possible implications of being a minority White Canyon Shareholder, including:

1 limited liquidity in White Canyon Shares;

2 potential delisting;

3 Denison may cast the majority of votes at a general meeting of White Canyon allowing it to determine the composition of the White Canyon Board and senior management;

4 Denison may control the strategic direction of White Canyon; and

5 the White Canyon Share price could fall significantly or trade at prices below A$0.24 per White Canyon Share, at least in the short term.

White Canyon Shareholders should take these possible implications into account in considering whether to accept the Offer.

ACCEPTING THE OFFER AND NEXT STEPS

To accept the Offer, simply follow the instructions outlined in sections 8.2 to 8.4 of the Bidder's Statement and printed on the acceptance form which accompanies the Bidder's Statement. To be valid, your acceptance must be received before the close of the Offer Period.

In considering whether to accept the Offer, your Directors encourage you to:

- read the whole of this Target's Statement (including the contents of the Independent Expert's Report) and Bidder's Statement;
- have regard to your individual risk profile, portfolio strategy, tax position and financial circumstances;
- consider the choices available to you as outlined in Section 3.4 of this Target's Statement;
- obtain personal advice from your broker, financial adviser, accountant, lawyer or other professional adviser on the effect of accepting the Offer; and
- carefully consider Section 1 of this Target's Statement, including the risks of becoming a minority White Canyon Shareholder.

FURTHER INFORMATION

White Canyon will keep White Canyon Shareholders informed of any material developments in relation to the Offer through releases to the ASX and the TSX-V. A table of frequently asked questions (with relevant answers) is set out in Section 2 of this Target's Statement. If you have any further questions relating to the Offer, you should contact the White Canyon Shareholder Information Line on 1800 785 131 (for callers within Australia) or +61 2 8256 3250 (for callers outside Australia).

Yours sincerely

Lew Cross
Chairman

Why you should accept the Offer

The Directors unanimously recommend that you **ACCEPT** the Offer, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable, for the following reasons:

The Independent Expert has concluded the Offer is fair and reasonable

The Offer Price represents a substantial premium to recent trading prices of White Canyon Shares

White Canyon's second largest shareholder (controlling 19.8%) has entered into a Pre-Bid Acceptance Deed with Denison

White Canyon Shares have low liquidity

Certainty of cash

Shareholders who accept the Offer will not pay brokerage or stamp duty

There are risks in not accepting the Offer

No Superior Proposal for White Canyon has emerged

If the Offer lapses, White Canyon may need to undertake a significant capital raising

Introduction

The consideration being offered by Denison under the Offer is A$0.24 cash for each White Canyon Share. The Offer is subject to a number of conditions. Those conditions are summarised in Section 4.2 of this Target's Statement and are outlined in Section 8.8 of the Bidder's Statement.

The White Canyon Board has carefully considered the Offer and unanimously recommends that White Canyon Shareholders accept the Offer promptly to ensure their acceptance is received before [ ]pm (Perth time) on [ ] 2011, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable. All Directors intend to accept the Offer with respect to the White Canyon Shares that they own or control unless there is a Superior Proposal or the Independent Expert opines that the Offer is neither fair nor reasonable.

Your Directors' reasons for their recommendation are set out below.

1.1 The Independent Expert concluded the Offer is fair and reasonable

Your Directors appointed PKFCA, the Independent Expert, to prepare an independent assessment of the Offer, in conjunction with Ross Glanville and Associates Limited and Bruce McKnight Minerals Advisors Services providing an opinion of value of White Canyon's uranium properties and associated assets. The Independent Expert has concluded that the Offer is fair and reasonable to White Canyon Shareholders.

The Independent Expert has assessed the control value of White Canyon Shares to be in the range of $0.172 to $0.211 per share (assuming all White Canyon Options are exercised) and $0.174 to $0.217 (assuming none of the White Canyon Options are exercised).

A complete copy of the Independent Expert's Report is contained in Annexure A to this Target's Statement.

Your Directors encourage you to read the Independent Expert's Report in full.

1.2 White Canyon's second largest shareholder (controlling 19.8%) has entered into a Pre-Bid Acceptance Deed

In addition to the Directors of White Canyon indicating their intention to accept the Offer unless there is a Superior Proposal or the Independent Expert opines that the Offer is neither fair nor reasonable, Denison has entered into a Pre-Bid Acceptance Deed with Michael Shumway, the Operations Manager of White Canyon and second largest shareholder of White Canyon, agreeing to accept the Offer unless there is a Superior Proposal or the Independent Expert opines that the Offer is neither fair nor reasonable. This acceptance of the Offer is with respect to Michael Shumway's entire shareholding, which represents 19.8% of the existing issued capital of White Canyon.

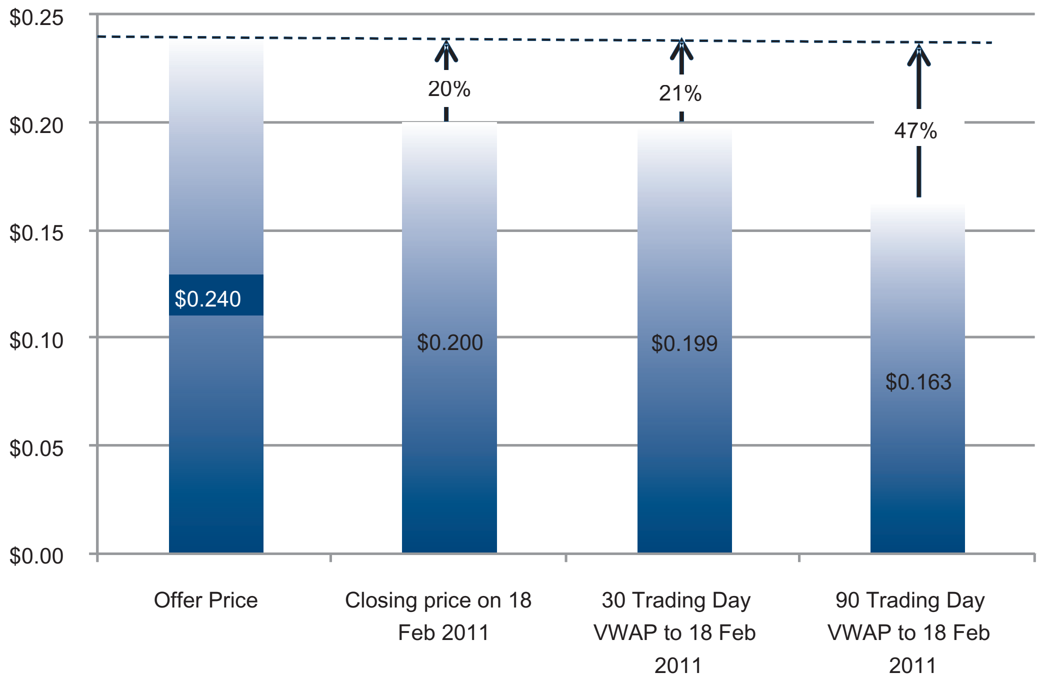
1.3 The Offer Price represents a substantial premium to recent trading prices of White Canyon

The all cash consideration of A$0.24 per White Canyon Share to be received by White Canyon Shareholders who accept the Offer represents a substantial premium to the recent trading prices of White Canyon Shares prior to the Announcement Date.

Specifically, the Offer Price represents:

- a premium of 20% over the closing price of White Canyon Shares on the last day prior to the Announcement Date of $0.20;
- a premium of 21% over the volume weighted average share price (VWAP*) of White Canyon Shares in the 30 trading day period prior to the Announcement Date, being $0.199; and
- a premium of 47% over the VWAP* of White Canyon Shares in the 90 trading day period prior to the Announcement Date, being $0.163

* VWAP (volume weighted average price) has been calculated as at 18 February 2011, being the last trading day before the Announcement Date.



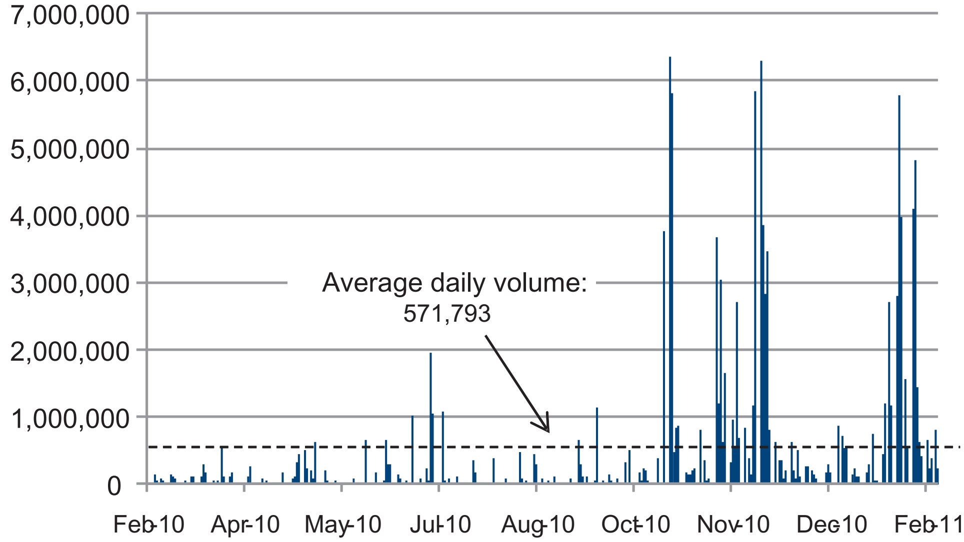
Source: This data was sourced from IRESS. IRESS has not consented to the use of the references to this data in the Target's Statement

The following graph sets out the share price history of White Canyon over the 12 month period prior to the Announcement Date

Source: This data was sourced from IRESS. IRESS has not consented to the use of the references to this data in the Target's Statement

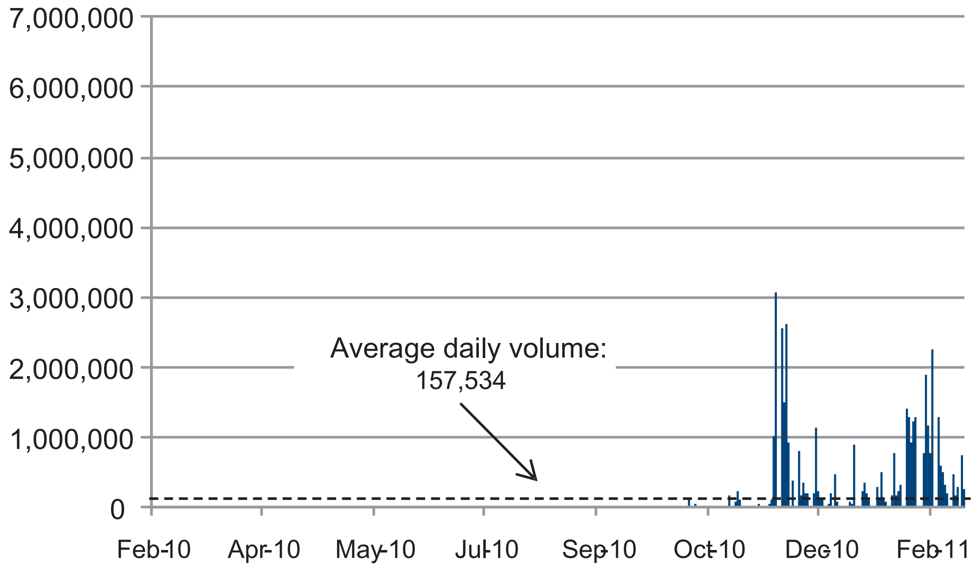
1.4 White Canyon Shares have low liquidity

Historically, White Canyon Shares have traded at low liquidity levels on the ASX. In the twelve months prior to the Announcement Date, the average daily liquidity of White Canyon Shares was 571,793 shares (which represents less than 0.3% of the White Canyon Shares on issue) as illustrated in the chart below. The Directors believe that a substantial number of White Canyon Shareholders have been adversely affected by the low levels of liquidity.



Source: This data was sourced from IRESS. IRESS has not consented to the use of the references to this data in the Target's Statement

The trading of White Canyon Shares on the TSX-V was substantially lower than the ASX, particularly until the most recent three months. In the twelve months prior to the Announcement Date, the average daily liquidity of White Canyon Shares on the TSX-V was 157,534 shares, with the only material trading having occurred in the most recent three months, as illustrated in the chart below.



Source: This data was sourced from Bloomberg. Bloomberg has not consented to the use of the references to this data in the Target's Statement

1.5 Certainty of cash

The Offer Price of A$0.24 cash per White Canyon Share offered to White Canyon Shareholders provides certainty of value and timing. Specifically, if you accept the Offer and if all the conditions of the Offer are satisfied or waived, as applicable:

- the payment you are entitled to receive on acceptance of the Offer will be made to you on or before the earlier of:
    - 1 month after the date of your acceptance, if the Offer is unconditional when you accept the Offer;
    - 1 month after the date on which the Offer (or the contract resulting from your acceptance of the Offer) becomes unconditional if the Offer is subject to one or more conditions when you accept the Offer; and
    - 21 days after the end of the Offer Period, provided that the Offer has become unconditional at that time.

The Offer provides you with the opportunity to receive a certain cash return relative to retaining your White Canyon Shares. In contrast, if the Offer lapses, the amount which White Canyon Shareholders will be able to realise for their White Canyon Shares (in terms of price and by way of future dividends, if any) will necessarily be uncertain. In addition, White Canyon Shareholders will continue to be exposed to risks associated with, amongst other things:

- potential share price volatility due to general share market and current market conditions, especially following recent events in Fukushima;
- exchange rate and uranium price volatility;
- mining and geological risk; and
- development and regulatory risk.

These (and other) risk factors are discussed in section 5.8 of this Target's Statement.

1.6 Shareholders who accept the Offer will not pay brokerage or stamp duty

If your White Canyon Shares are registered in an Issuer Sponsored Holding in your name and you deliver your Acceptance Form directly to Denison, you will not incur any brokerage charges or be obliged to pay stamp duty if you accept the Offer. If your White Canyon Shares are registered in CHESS Holding, or if you are a beneficial owner whose White Canyon Shares are registered in the name of a broker, bank, custodian or other nominee, you will not be obliged to pay stamp duty by accepting the Offer, but you should ask your Controlling Participant (usually your broker) or that nominee whether it will charge any transactional fees or service charges in connection with acceptance of the Offer. You may incur broker costs and GST on those costs if you choose to sell your White Canyon Shares on the ASX, or the TSX-V.

1.7 There are risks in not accepting the Offer

If Denison does not acquire all of the White Canyon Shares, and no Superior Proposal is received by White Canyon, your Directors believe that White Canyon's Share price may fall to levels significantly below the Offer price. Given recent events in Japan and the subsequent impact on the broader uranium sector, companies similar to White Canyon have suffered significant declines in their share prices in recent weeks. In the absence of the Offer, your Directors believe White Canyon's Share price may similarly suffer a fall.

The Offer is subject to a 90% minimum acceptance condition and Denison has indicated that it will compulsorily acquire any White Canyon Shares outstanding at the end of the Offer Period if it becomes entitled to do so. However, there is a risk that White Canyon Shareholders who do not accept the Offer may become minority White Canyon Shareholders if Denison does not obtain the necessary thresholds for Denison to proceed to compulsory acquisition but waives its 90% minimum acceptance condition. Full details of Denison's intentions in this regard are set out in Section 3 of the Bidder's Statement.

This means there is a risk that, if you do not accept the Offer by the end of the Offer Period (and the Offer becomes wholly unconditional) and Denison has not proceeded to compulsory acquisition, you may end up being a minority White Canyon Shareholder. This will have a number of possible implications, including:

- Denison may be in a position to cast the majority of votes at a general meeting of White Canyon. This will enable it to control the composition of the White Canyon Board and senior management, determine whether to introduce a White Canyon dividend policy in the future and control the strategic direction of the business. Given the operational importance of Denison in the milling process of White Canyon's ore, and limited alternative processing facilities, Denison will have the ability to exert very substantial control on both the current activities and future direction of the White Canyon business;
- the liquidity of White Canyon Shares may be lower than at present, which is already limited (as outlined in 1.4 above);

- if the number of White Canyon Shareholders is less than that required by the Listing Rules to maintain an ASX and/or TSX-V listing then the ASX and/or TSX-V may suspend and/or de-list White Canyon. If this occurs, any remaining White Canyon Shareholders will not be able to sell their White Canyon Shares on market;
- if Denison acquires 75% or more of the White Canyon Shares, Denison will be able to pass a special resolution of White Canyon. This will enable Denison to, among other things, change White Canyon's constitution; and
- if Denison acquires a majority of the White Canyon Shares, your Directors believe that it is unlikely that a subsequent takeover bid for White Canyon will emerge at a later date from a third party.

White Canyon Shareholders should take these possible implications into account in considering whether to accept the Offer.

Your Directors recommend that White Canyon Shareholders should accept the Offer promptly to ensure their acceptance is received before [ ]pm (Perth time) on [ ] 2011, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable, and that they should not assume that the Offer Period will be extended.

1.8 No Superior Proposal for White Canyon has emerged

Your Directors consider the Offer to be the best proposal available to White Canyon Shareholders at this time and unanimously recommend that White Canyon Shareholders accept the Offer, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable.

As at the last Business Day prior to the date of this Target's Statement, no competing proposal or Superior Proposal had been received by the White Canyon Board.

1.9 In the absence of the Offer, White Canyon may need to undertake a significant capital raising

Given its existing working capital requirements in undertaking mining operations, permitting, milling and exploratory activities, in conjunction with the scheduled timing of the sale of U_3O_8, White Canyon may need to undertake a significant capital raising if the Offer lapses, in the absence of substantially scaling back existing operations (which will likely have a substantial impact on the financial performance of White Canyon).

However, White Canyon Shareholders should note that under the Bid Implementation Agreement, there is a provision for Denison to provide a short term loan of up to six months to White Canyon up to $US2.5 million at 3% interest per annum, as further detailed in Section 4.8 of this Target's Statement. This would assist White Canyon in continuing its existing operations over that period, until a significant capital raising is undertaken.

White Canyon Shareholders should consider the following possible implications in undertaking a significant capital raising:

- capital would likely need to be raised at a discount to recent trading prices of White Canyon and below the Offer Price. Given recent events in Japan the subsequent impact on the broader uranium sector, this discount may be substantial;
- there may be limited institutional support for White Canyon, given the absence of analyst coverage of the company; and
- existing White Canyon Shareholders, in the event of a capital raising, would likely be in the position of having to invest a substantial amount of new capital (relative to capital they have provided to date) or face significant dilution if the funds are raised from a third party.

Questions & Answers

This Section answers some frequently asked questions about the Offer. It is not intended to address all relevant issues for White Canyon Shareholders. This Section should be read together with all other parts of this Target's Statement and the Bidder's Statement.

Question	Answer
What is the Bidder's Statement?	The Bidder's Statement has been prepared by Denison. The Bidder's Statement contains information on the Offer and the Corporations Act requires Denison to send it to you. Denison lodged its Bidder's Statement with ASIC on 8 April 2011.
What is this Target's Statement?	This Target's Statement has been prepared by White Canyon and provides White Canyon's response to the Offer, including the recommendations of your Directors.
What is the Offer for my White Canyon Shares?	If you accept the Offer you will, subject to the satisfaction of the Defeating Conditions, be paid $0.24 for each White Canyon Share you hold.
What choices do I have as a White Canyon Shareholder?	As a White Canyon Shareholder, you can: • **ACCEPT** the Offer in respect of all your White Canyon Shares. Your Directors recommend that you **ACCEPT** the Offer unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable; • Sell your White Canyon Shares on ASX or TSX-V (unless you have previously accepted the Offer and have not validly withdrawn your acceptance); or • Reject the Offer for all the White Canyon Shares you hold by doing nothing. See Section 3.4 of this Target's Statement for more details.
What are the Directors of White Canyon recommending?	Your Directors unanimously recommend that you **ACCEPT** the Offer unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable. If there is any change to this recommendation or any material development in relation to the Offer of which White Canyon becomes aware, White Canyon will inform you.
How do I accept the Offer?	To **ACCEPT** the Offer, you should follow the instructions set out in Sections 8.2 to 8.4 of the Bidder's Statement and the Acceptance Form. A summary of the acceptance process and the necessary documentation to facilitate acceptance of Denison's offer by a registered White Canyon Shareholder in Canada will accompany the Bidders' Statement when mailed out to White Canyon Shareholders registered on the TSX-V.
What do the Directors of White Canyon who are White Canyon Shareholders intend to do with their Shares?	Each of the Directors who has a relevant interest in White Canyon Shares intends to accept the Offer in respect of all of the Shares that they or their Associates own or control, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable.

Question	Answer
Why are the Directors recommending that I accept the Offer in the absence of a superior proposal?	Your Directors are recommending that you **ACCEPT** the Offer unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable, because, among other things: • the Independent Expert concluded the Offer is fair and reasonable; • the Offer Price represents a substantial premium to recent trading prices of White Canyon • White Canyon's second largest shareholder (controlling 19.8%) has entered into a Pre-Bid Acceptance Deed with Denison • White Canyon Shares have low liquidity • certainty of cash • Shareholders who accept the Offer will not pay brokerage or stamp duty • there are risks in not accepting the Offer • no Superior Proposal for White Canyon has emerged • if the Offer lapses, White Canyon may need to undertake a significant capital raising
What should I do?	To follow your Directors' unanimous recommendations to **ACCEPT** the Offer unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable, you should follow the instructions set out in Sections 8.2 to 8.4 of the Bidder's Statement. If you are in doubt as to what you should do, you should seek professional advice in relation to the Offer.
What are the consequences of accepting the Offer now?	If you accept the Offer now, unless any withdrawal rights apply at the relevant time and you withdraw your acceptance of the Offer, you will **not** be able to sell your White Canyon Shares on ASX or TSX-V or to any other bidder that may make a takeover offer, or deal with your White Canyon Shares in any other manner while the Offer remains open. If the conditions of the Offer are not satisfied or waived and the Offer lapses, you will then be free to deal with your White Canyon Shares even if you had accepted the Offer. If you accept the Offer and Denison subsequently raises its Offer Price, you will receive the higher price if the Offer becomes unconditional. If Denison acquires between 50% and 90% of White Canyon Shares and waives the 90% minimum acceptance condition of its Offer, you may be exposed to the risks associated with being a minority shareholder in White Canyon. Some of these risks are described in Sections 5.6 and 5.8 of this Target's Statement.
If I accept the Offer now, can I withdraw my acceptance?	Under the terms of the Offer, you cannot withdraw your acceptance unless a withdrawal right arises under the Corporations Act. Such a withdrawal right will arise if, after you have accepted the Offer, Denison varies the Offer in a way that postpones, for more than one month, the time when Denison has to meet obligations under the Offer (for example, if Denison extends the Offer for more than one month while the Offer remains conditional).

Question	Answer
Can I be forced to sell my White Canyon Shares?	You cannot be forced to sell your White Canyon Shares unless Denison and its Associates have relevant interests in at least 90% of all White Canyon Shares by the end of the Offer Period, and Denison proceeds to compulsory acquisition of your White Canyon Shares. Denison has indicated in its Bidder's Statement that it intends to proceed to compulsory acquisition should it become entitled to do so. If that happens, you will be paid the last price offered by Denison for White Canyon Shares under the Offer before compulsory acquisition commences, however you will receive payment later than the Shareholders who accepted the Offer.
When does the Offer close?	The Offer is currently scheduled to close at [ ] (Perth, Western Australia time) on [ ], unless extended. The Offer Period can be extended at Denison's election or otherwise in accordance with the Corporations Act. Denison will give written notice of any extension of the Offer Period in accordance with the Corporations Act.
When do I have to decide?	If you wish to accept the Offer, you need to do so before its scheduled closing date. Denison has indicated that its Offer is scheduled to close at [ ] (Perth, Western Australia time) on [ ], unless extended. In addition, the Offer Period may be extended automatically or the Offer withdrawn in certain circumstances.
What are the conditions of the Offer?	The Offer is subject to a number of conditions. In summary, the Offer conditions include: • acceptance of the Offer in respect of 90% of the White Canyon Shares on issue; • that all necessary Regulatory Approvals are obtained; • that no Material Adverse Change in White Canyon occurs; • that no Prescribed Occurrence occurs; • that there are no material agreements or arrangements providing other parties a right to terminate or vary such agreements or arrangements as a result of Denison acquisition of Shares; and. • no document filed by White Canyon with the ASX contains a materially incorrect or misleading statement or has a material omission. This is only a summary of some of the conditions of the Offer. See Section 4.2 of this Target's Statement for further details and refer to Section 8.8 of the Bidder's Statement for full details of all conditions.
Does satisfaction of the 90% minimum acceptance condition mean that I will definitely get paid if I accept?	No. All the conditions of the Offer must be satisfied or waived for the Offer to become unconditional and before you will be paid.
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse. In those circumstances, you will not get paid the Offer Price and you will retain ownership of the White Canyon Shares (even if you had accepted the Offer). You would then be free to deal with your White Canyon Shares.

Question	Answer
When will I be paid if I accept the Offer?	Generally, Denison will pay the consideration due to you under the Offer on or before the earlier of: • 1 month after the date of your acceptance, if the Offer is unconditional when you accept the Offer; • 1 month after the date on which the Offer (or the contract resulting from your acceptance of the Offer) becomes unconditional if the Offer is subject to one or more conditions when you accept the Offer; and • 21 days after the end of the Offer Period, provided that the Offer has become unconditional at that time. Full details of when payments will be made are set out in Section 8.7 of the Bidder's Statement.
What are the tax implications of accepting the Offer?	A general outline of the tax implications for certain Australian resident White Canyon Shareholders and Canadian resident White Canyon Shareholders accepting the Offer is set out in Section 5 of the Bidder's Statement. Section 7 of this Target's Statement provides a general statement of the Australian income tax, goods and services tax and duty implications for White Canyon Shareholders that hold their White Canyon Shares on capital account. As it is a broad outline only, you should not rely on that outline as advice on your own affairs. It does not deal with the position of certain White Canyon Shareholders. You should seek your own personal, independent financial and taxation advice before making a decision as to whether or not to accept the Offer for your White Canyon Shares. You may, for example, be liable for capital gains tax.

Directors' recommendation

3.1 Directors of White Canyon

As at the date of this Target's Statement, the Directors of White Canyon are:

Name	Position
Mr Lewis Cross	Executive Chairman
Mr Mike Bynum	Chief Executive Officer and Director
Mrs Kelly Shumway	Executive Director
Mr Melvin Swanson	Non-Executive Director
Mr John Ramsey	Executive Director
Mr Greg Burns	Non Executive Director

3.2 Directors' recommendation

Each of the White Canyon Directors desires to make, and considers themselves justified in making, a recommendation to White Canyon Shareholders in relation to the Offer.

After reading and considering this Target's Statement, the Bidder's Statement and the Independent Expert's Report in full, the Directors of White Canyon recommend unanimously that you **ACCEPT** the Offer, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable to White Canyon Shareholders.

3.3 Intentions of your Directors in relation to the Offer

Each of the Directors intends to accept the Offer in respect of all of the White Canyon Shares that they own or control, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable to White Canyon Shareholders.

Details of the relevant interests of each Director in White Canyon Shares are set out in Section 8 of this Target's Statement.

3.4 Alternatives for Shareholders

What Happens if:	The Offer succeeds (All conditions are satisfied or waived, including the minimum acceptance condition before the end of the Offer Period).	The Offer fails (Conditions are not fully satisfied or waived before the end of the Offer Period).
You ACCEPT the Offer	You will receive cash in exchange for your White Canyon Shares without incurring brokerage. You will be paid within the earlier of 1 month from the Offer becoming unconditional and 21 days from the end of the Offer Period provided the offer has become unconditional.	You cannot sell your White Canyon Shares or accept another offer for them until after the Offer Period has ended, subject to any statutory rights to withdraw your acceptance. Denison will cancel your acceptance after the end of the Offer Period and you can then sell your White Canyon Shares
You sell Shares	You could receive a cash amount equivalent to the prevailing "market value" of your White Canyon Shares, less any brokerage payable. You will not receive any payment under the Offer and will lose the right to participate in the Offer.	You could receive a cash amount equivalent to the prevailing "market value" of your White Canyon Shares, less any brokerage payable. You will not receive any payment under the Offer and will lose the right to participate in the Offer.
You take no action	Denison has indicated that if it becomes entitled to compulsorily acquire any outstanding White Canyon Shares under Part 6A.1 of the Corporations Act, it will acquire your White Canyon Shares compulsorily, for the same consideration as Shareholders who accepted the Offer (however you will receive that consideration later than White Canyon Shareholders who accepted the Offer). Otherwise, you will continue to be a White Canyon Shareholder in White Canyon (although you may be a minority shareholder if shareholders with a majority of White Canyon Shares accept the Offer and if Denison waives its 90% minimum acceptance condition).	You will continue to hold your White Canyon Shares. You also have the option to sell your White Canyon Shares.

Summary of the Offer

4.1 The Offer

The following is a summary only of the key features of the Offer. Section 8 of the Bidder's Statement contains the full terms and conditions of the Offer.

Denison is offering to acquire all White Canyon Shares on issue. You may only accept the Offer in respect of all your White Canyon Shares.

The Offer Consideration is $0.24 per White Canyon Share.

4.2 Conditions of the Offer

The Offer by the Bidder is subject to the following terms and conditions:

(1) **Offer**

Denison has made an off market takeover offer to acquire all of the White Canyon Shares. The Offer will also extend to White Canyon Shares which are issued during the period from the date set by Denison under section 633(2) of the Corporations Act (**Register Date**) to the end of the Offer Period due to conversion or exercise of rights attached to securities which exist, or will exist, as at the Register Date.

(2) **Offer Consideration**

$0.24 (cash) per White Canyon Share.

(3) **Offer Period**

The Offer will remain open for a period of 1 month (unless withdrawn during that period under section 652B of the Corporations Act or extended by Denison or automatically extended in accordance with the Corporations Act).

(4) **Offer Conditions**

(a) **Minimum acceptance**

At or before the end of the Offer Period Denison has a relevant interest in more than 90% (by number) of the sum of the White Canyon Shares on issue at that time.

Denison has indicated will not waive the minimum acceptance condition unless it considers it is in its best interest to do so at the relevant time.

(b) **Regulatory approvals**

The Offer is subject to all necessary relevant Regulatory Approvals being obtained.

(c) **Change in control by contract**

The Offer is subject to there being no existing material agreements or arrangements under which other parties have rights to terminate or vary a material agreement or arrangement with White Canyon, or acquire a material interest in White Canyon or a substantial interest in White Canyon Shares, as a result of Denison's acquisition of White Canyon Shares, except where a waiver has been given.

(d) **Material Adverse Change and Prescribed Occurrence**

The Offer is subject to there being no Prescribed Occurrence or Material Adverse Change between 23 February 2011 and the end of Offer Period (each inclusive).

(e) **No material failure in ASX filings**

Between 23 February 2011 and the end of the Offer Period, Denison not becoming aware that a document filed by White Canyon with the ASX contains a materially incorrect or misleading statement or has a material omission, and, to the extent that the statement is capable of remedy, that statement is not remedied by White Canyon within 5 Business Days of it receiving notice from Denison or the ASX of the details of the statement or omission.

4.3 Notice of Status of Conditions

The date for giving the notice on the status of the conditions required by section 630(1) of the Corporations Act is [ ] (subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended).

4.4 Extension of Offer Period

Denison may extend the Offer Period at its election in accordance with the Corporations Act.

If, within the last 7 days of the end of the Offer Period, either of the following events occur:

(1) the Offer is varied to improve the consideration offered; or

(2) Denison's voting power in White Canyon increases to more than 50%,

then the Offer Period will be automatically extended in accordance with section 624(2) of the Corporations Act so that it ends 14 days after the relevant event.

4.5 Lapse of Offer

The Offer will lapse if the Conditions to the Offer are not satisfied or waived by the end of the Offer Period at its election. If the Offer lapses, all contracts resulting from acceptance of the Offer and all acceptances which have not yet resulted in binding contracts will become void.

4.6 Withdrawal of Offer

Denison may only withdraw the Offer for your White Canyon Shares with the written consent of ASIC and subject to any conditions specified in such ASIC consent.

4.7 White Canyon Options

White Canyon has on issue 20,000,000 White Canyon Options as at the date of this Target's Statement. These White Canyon Options are held by the Directors and the Company Secretary of White Canyon. Under the Bid Implementation Agreement Denison has an obligation, within 10 Business Days of the Offer being made, to make offers to each holder of the White Canyon Options to cancel their White Canyon Options for consideration, conditional upon White Canyon obtaining a waiver of ASX Listing Rule 6.23.2 and the Offer being declared free from Conditions. The consideration per White Canyon Option for the cancellation will be paid by Denison and will be equal to the Offer Consideration ($0.24 per White Canyon Share) less the exercise price of the White Canyon Option ($0.15 per White Canyon Option).

4.8 Bidder Payment

Under the Bid Implementation Agreement, unless Denison has acquired a relevant interest in at least 90% of the White Canyon Shares and declared the Offer free from Conditions by the Unconditional Date, Denison will, within 5 Business Days of a written request from White Canyon, loan to White Canyon, up to $US2.5 million at 3% interest per annum, such loan and the Milling Costs being repayable 90 days after the date that the invoice for the Milling Costs is provided to White Canyon by Denison.

4.9 Timing of payment if Offer accepted

Denison will pay the consideration for the Offer to White Canyon Shareholders who accept the Offer (and provide the necessary transfer documents at the time of acceptance) on or before the earlier of:

(1) 21 days after the end of the Offer Period if the Offer is unconditional at that time; or

(2) one month after the day both of the following apply:

   (a) the Offer has been validly accepted by you; and

   (b) the Offer has become unconditional.

4.10 Compulsory acquisition

Denison has indicated in its Bidder's Statement that it intends to proceed to compulsorily acquire outstanding White Canyon Shares under Part 6A.1 of the Corporations Act, if it becomes entitled to do so. Denison will be able to compulsorily acquire any outstanding White Canyon Shares for which it has not received acceptances on the same terms as the Offer described in Section 4.1 of this Target's Statement, if during or at the end of the Offer period Denison has a relevant interest in at least 90% (by number) of White Canyon Shares and has acquired at least 75% of the White Canyon Shares for which it has made the Offer.

If this threshold is satisfied, Denison will have one month from the end of the Offer Period within which to give compulsory acquisition notices to White Canyon Shareholders who have not accepted the Offer. White Canyon Shareholders may challenge any compulsory acquisition, but this would require the challenging White Canyon Shareholders to establish to the satisfaction of the Court that the terms of the Offer do not represent fair value for the White Canyon Shares. If White Canyon Shares are compulsorily acquired, White Canyon Shareholders are not likely to receive payment until at least one month after the compulsory acquisition notices are sent.

Section 5

Other Important Considerations for White Canyon Shareholders

In making a decision whether to accept the Offer, the Directors believe that White Canyon Shareholders should also consider carefully and have regard to the following matters:

5.1 Superior Proposal

If you accept the Offer, you may forfeit the opportunity to benefit from any higher offer made by another bidder for your White Canyon Shares, should such an offer eventuate. There is no certainty that another takeover offer will be made or announced for White Canyon Shares. Should another takeover offer be announced during the Offer Period, White Canyon will issue a supplementary Target's Statement.

If you accept the Offer, you only have a limited right to withdraw your acceptance. You may withdraw your acceptance of the Offer if Denison varies the Offer in a way that postpones, for more than 1 month, the time when Denison must meet its obligations under the Offer and the Offer remains subject to Conditions.

5.2 Trading

Shareholders who accept the Offer (even while the Offer is conditional) will give up certain rights to sell or otherwise deal with their White Canyon Shares.

5.3 The Offer is conditional

The Offer and any contracts resulting from acceptance of the Offer are subject to the fulfilment (or in certain circumstances, the waiver) of a number of Conditions (refer to Section 8.8 of the Bidder's Statement and to a summary of those Conditions in Section 4.2 of this Target's Statement). White Canyon Shareholders should note that the Offer is subject to a minimum acceptance condition that Denison acquires a relevant interest in at least 90% of the White Canyon Shares. In relation to this Condition, White Canyon Shareholders should be aware that each Director intends to accept the Offer in respect of the White Canyon Shares they own or control, or that their Associates own or control, unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable to White Canyon Shareholders, and recommend that White Canyon Shareholders **ACCEPT** the Offer.

At the date of this Target's Statement, the Directors are not aware of any matter that would result in the conditions of the Offer not being satisfied. The Directors are further not in a position to state whether Conditions outside their control will be satisfied.

White Canyon Shareholders should note that despite any Conditions to the Offer not being satisfied, the Offer may be freed from any one or more of the Conditions by Denison. In these circumstances, Denison would be entitled to proceed with its Offer.

5.4 Transaction Costs

The Offer has resulted in White Canyon incurring significant expenses that would not otherwise arise from carrying on business in the normal course. Expenses include fees payable to legal and financial advisers engaged to assist in this transaction and other transaction related expenses which will have a negative impact on the after tax earnings in the current financial year.

5.5 Break Fee

White Canyon will be liable to pay a break fee of $500,000 (excluding GST) to Denison, if the Bid Implementation Agreement is terminated:

(1) by Denison if:

- (a) White Canyon is in material breach of the Bid Implementation Agreement and, to the extent that the breach is capable of rectification, Denison has given written notice to White Canyon setting out the relevant circumstances and stating an intention to terminate, and the breach has not been rectified within 5 Business Days or within the period ending on 5pm on the day prior to the last day of the Offer Period (whichever is the shorter period);

(2) by Denison if:

- (a) the White Canyon Board has received a Superior Proposal and the White Canyon Board withdraws or adversely modifies its recommendation of the Offer and concurrently approves or recommends the implementation of a Superior Proposal; or

(b) any director of White Canyon does not recommend or indicates that he or she will not recommend the Offer; or

(c) any director of White Canyon does not accept the Offer in respect of any White Canyon Shares that they, or their Associates, own or control; or

(d) by the date set out in the Bid Implementation Agreement, all of the White Canyon Options have not been either cancelled or acquired by Denison pursuant to an agreement to cancel or acquire them as contemplated under the Bid Implementation Agreement,

and both:

(e) the White Canyon has not received a Superior Proposal; and

(f) the Independent Expert does not opine and continues to not opine that the Offer is not fair and not reasonable to White Canyon Shareholders.

(2) by Denison if:

(a) the White Canyon Board has received a Superior Proposal; and

(b) pursuant to that Superior Proposal the proponent of the Superior Proposal becomes entitled to or increases its entitlement to more than 50% of the voting power (as defined in the Corporations Act) in White Canyon,

during the Offer Period.

Denison will be liable to pay a break fee of $500,000 (excluding GST) to White Canyon, if:

(1) Denison withdraws the Offer other than in accordance with the Bid Implementation Agreement or the Corporations Act; or

(2) there is a breach of a representation or warranty given by Denison under the Bid Implementation Agreement.

5.6 Minority Shareholder

The Offer is subject to a 90% minimum acceptance condition. Denison may waive the 90% minimum acceptance condition (or any other condition) of the Offer although it has indicated it will not waive the minimum acceptance condition unless it considers it is in the best interests to do so at the relevant time. If Denison waives this Condition, acquires a relevant interest in at least 50.1% of White Canyon Shares and declares its offer free from all Conditions, then Denison will be the majority shareholder of White Canyon, and White Canyon will become a controlled entity of Denison. Shareholders who do not accept the Offer may remain collectively as minority shareholders in White Canyon. Section 3.3 of the Bidder's Statement sets out Denison's intention in this scenario.

In these circumstances there may be various implications, including the result that Denison will have the power to control the composition of the White Canyon Board and the strategic direction of White Canyon, as it will be in a position to cast the majority of votes at a general meeting of White Canyon.

If Denison becomes a majority shareholder of White Canyon, then Denison may seek to remove White Canyon from the official list of ASX and TSX-V. If White Canyon is removed from the official list of ASX and TSX-V, it will mean that you can no longer trade your White Canyon Shares on ASX or TSX-V.

If Denison acquires 75% or more of the White Canyon Shares, Denison will be in a position to pass a special resolution of White Canyon Shareholders which would enable Denison to, among other things, alter the constitution of White Canyon.

5.7 White Canyon Share price

Over the three month period to prior to 18 February 2011 (the last full day of trading before White Canyon went into trading halt pending announcement of the Offer), the highest recorded sale price of White Canyon Shares on the ASX was $0.255 and the lowest recorded sale price was $0.125. The last recorded sale price of White Canyon Shares on ASX was $0.22, the day before this Target's Statement was lodged.

The future performance of White Canyon Shares will be affected by the risk factors described in Section 5.8 of this Target's Statement.

5.8 General risk factors if you do not accept the Offer

(1) **General investment risks**

There are general risks associated with any investment and the share market. The price of White Canyon Shares may rise or fall depending upon a range of factors beyond White Canyon's control and which are unrelated to White Canyon's financial performance. Movement on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, commodity supply and demand, government taxation and royalties, legislation and other policy changes may affect the share market generally and the market for White Canyon Shares in particular.

(2) **Nuclear industry risks**

Factors specific to the nuclear market segment may have a material impact on companies, in that industry such as White Canyon, which differ from those factors affecting the broader market. Events such as those recently experienced in Japan may substantially influence future government policy and legislation, uranium market supply and demand, and hence movements in global uranium spot prices. Such factors may alter market estimations of future industry profitability and market sentiment regarding the nuclear industry.

(3) **Possible volatility of share price**

The price of White Canyon Shares may also be affected by a range of factors including White Canyon's financial performance and by changes in the business environment in which White Canyon operates. The value of White Canyon Shares can increase or decrease. Economic factors such as changes in interest rates, exchange rates, tax rates and governmental regulation, industry factors such as the development of new and competing technologies by White Canyon's competitors, changing supply and demand and commercial factors such as the loss of key staff, can also affect the value of White Canyon Shares.

(4) **Changes in laws and government policy**

Changes in laws, regulations and government policy may affect White Canyon and the attractiveness of an investment in White Canyon.

(5) **Government action**

The impact of actions by government may affect White Canyon's activities including such matters as infrastructure, compliance with environmental regulations, taxation and royalties.

(6) **Taxation**

Changes in relevant taxation rates, depreciation rates or investment allowances by Federal or State Governments could have a material impact on White Canyon's operations and profitability.

(7) **Disruption of business operations**

Given that White Canyon depends upon Reliance Resources, LLC (**Reliance**) to undertake contract mining on its behalf, White Canyon is exposed to a range of operational risks that Reliance may encounter, including equipment failure, system failures, external services failure (including energy supply), disputes and natural disasters. If one or more of such operational risks materialise, they may have an adverse impact on the operating and financial performance of White Canyon.

(8) **Reliance on key personnel**

White Canyon depends upon Reliance to undertake contract mining on its behalf. The loss of key personnel at Reliance or the inability for the company to recruit and retain high calibre staff may adversely affect daily operating activities at White Canyon's production mine, hence impacting White Canyon's continued operations and financial performance.

(9) **Dependence on Ore Processing Mill**

White Canyon trucks all of its mined ore to Denison's White Mesa Mill at Blanding, Utah for processing into U_3O_8. If Denison were to shut down the mill or prevent White Canyon from using the mill, White Canyon would have no alternative facility to process its existing ore. This would have a material impact on the continued operations and financial performance of White Canyon. It should be noted that Energy Fuels (a TSX listed Canadian company) is seeking to build the first new uranium processing mill in three decades in Colorado, however this potential mill is not likely to be operational until at least 2012.

Section 6

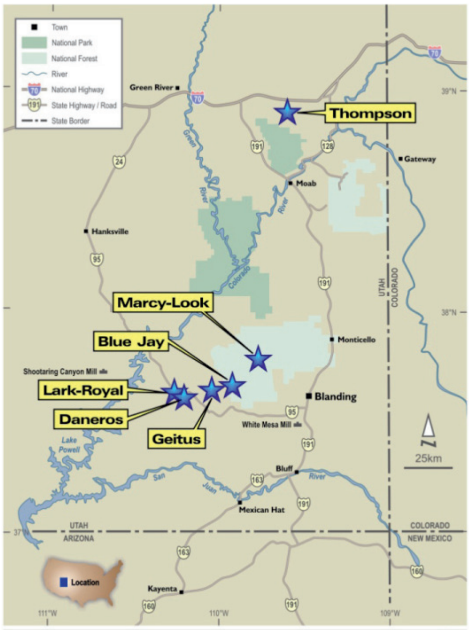
Information about White Canyon

White Canyon is a junior uranium producer and explorer, listed on the ASX and TSX-V. White Canyon is focused on its production and exploration projects in south-eastern Utah.

White Canyon currently undertakes production at the Daneros mine and has been issued exploration permits for Lark-Royal and Geitus-Deer Flat (conditional upon the completion of a cultural survey) and applications have been submitted for Blue Jay and Marcy-Look, with further claims held in the Red Canyon and Thompson regions.

Uranium mining and exploration activities are led by Michael Shumway, who acts as the Operations Manager of White Canyon under a consulting agreement, with the contract mining company Reliance Resources LLC providing the mining fleet and personnel required to develop and operate the Daneros production mine.

6.1 Uranium Projects



White Canyon Uranium Project Locations, Utah

(1) White Canyon Location

The White Canyon Projects are located close to the township of Blanding in San Juan County, south-eastern Utah, covering the Deer Flat and Red Canyon areas, as well as Elk Ridge. Projects include Daneros, Geitus-Deer Flat, Blue Jay, Marcy-Look, LarkRoyal, Radium King, Spook-Bullseye, Maybe-Hillside and Yellow Parrot.

(a) **Daneros**

The Daneros Project lies approximately 5 km southwest of the former Fry Canyon roadhouse on State Highway 95 in the Red Canyon area of the White Canyon Mining District and 100 kilometres by established roads from the White Mesa Mill owned by Denison at Blanding. The deposit was discovered in the 1950s. Past exploration has seen over 590 drill holes and more than 300,000 feet of drilling over the project area. Based on past production of over 5 million pounds of U_3O_8, the Red Canyon mining area is the most significant production area in Utah, outside of the Lisbon Valley.

In August 2010, the company announced an initial JORC compliant resource comprising 1.16 million pounds of U_3O_8, based on a 0.1% Uranium threshold. The resource estimates for Daneros were based on the results of the 44 diamond and rotary drill holes drilled in 2007 and 2008 and the Indicated Resource was based on the assayed samples (24 holes) using ICP method. The remainder of the resource was determined from the 2008 drill holes and 344 historical drill holes.

Since receiving full approvals from the US Bureau of Land Management for the development of the Daneros Mine in May 2009, the company has commenced mining and started delivering ore (December 2009) to the White Mesa Mill. White Canyon trucks multiple lots of ore daily to Denison's White Mesa Mill, with total ore delivered to date being in excess of 50,000 dry tons.

A toll milling agreement was entered into by White Canyon with Denison during 2010, whereby Denison would process at its White Mesa Mill all material produced from the Daneros project. The agreement has a three year term, which commenced in January 2010, with an optional two year extension.

An initial milling run of 39,289 dry tons of ore took place in November 2010, yielding 204,450 pounds of U_3O_8. The toll milling charges due to Denison were paid by the transfer of title of 86,650 pounds of U_3O_8 from this production.

In February 2011, the initial sale of 107,000 pounds of U_3O_8 was completed, for an average price of $69.46 per pound. White Canyon continues to hold 10,800 pounds of U_3O_8 in inventory, of which 10,223 pounds are held until final weighing, sampling and assaying is completed. Once complete, the inventory may be sold.

White Canyon has committed approximately 40,000 dry tons of ore to be milled during the month of September 2011 under its multi-year toll milling agreement with Denison, with a total of 14,684 dry tons of ore already stockpiled through the end of February 2011.

(b) **Lark-Royal**

White Canyon holds 33 mining claims, known as the Lark-Royal Project, covering an area of 682 acres adjacent to the Daneros mine, near Blanding. The project covers the northern extensions of the Daneros deposit and the location where the Daneros decline portal was developed, as well as the surface facilities, waste dump and ore pad for the Daneros mine.

The application for a mining permit at Lark-Royal is to be submitted imminently and it is estimated that final approval will take at least another 6 months.

(c) **Geitus-Deer Flat**

The Geitus-Deer Flat Project is located 5km northwest of the Natural Bridges National Monument, in the Deer Flat area of the White Canyon Mining District, some 50 km west of Blanding. It consists of five groups of Federal Mining Claims, located on lands administered by the U.S. Bureau of Land Management and one State of Utah Mineral lease. The five groups of claims and the mineral lease cover an aggregate area of 1,172 acres.

During the late 1970s and early 1980s Utah Power and Light Company initiated uranium exploration over the area now included in the Geitus-Deer Flat Project, however exploration and development plans were curtailed in 1985 due to the drop in uranium prices.

In March 2010, the company purchased 37 unpatented claims in three blocks at Geitus, as part of a broader purchase of 93 mineral tenements from Canadian listed company Uranium One (TSX:UUU). The southern group of claims extended White Canyon's existing holdings that covered resources identified in historic drilling. The purchase also included the Hideout and Charlie 3 mines, the former having been in continued production through to approximately 1980.

(d) **Marcy-Look**

The Marcy-Look Project is located in the eastern portion of the White Canyon Mining District, approximately 100km west-north-west of Blanding and consists of approximately 904 acres of land. The property is comprised of 44 unpatented Federal Lode Mining Claims on lands administered by the U.S. Forest Service.

During the late 1970's Energy Fuels Nuclear, Incorporated initiated uranium exploration over the area now covered by the Marcy-Look Project. Its efforts outlined an area of uranium mineralisation around two small mines developed prior to the 1970s. Reopening of the historic mines should allow for underground drilling to confirm mineralisation in the central and east mineralised blocks.

(e) **Blue Jay**

The Blue Jay Project is located in the central portion of the White Canyon Mining District, approximately 75km west of Blanding. It consists of approximately 280 acres of land comprising of 14 unpatented Federal Lode Mining Claims on lands administered by the U.S. Forest Service.

During the late 1970s and early 1980s Utah Power and Light initiated uranium exploration over the area and outlined an area of uranium mineralisation. Mine development plans were formulated, however activity stopped in 1983 due to the drop in uranium prices.

(f) **Red Canyon**

As part of the March 2010 purchase of 93 mineral tenements from Uranium One, White Canyon purchased 55 unpatented claims and one State School Section in four separate blocks. The eastern block covered the Hillside and Maybe mines, while the central block covered the Spook mine and the mineralised extensions connecting the Spook to the Maybe mine to the south-east and the Bullseye mine to the north. The two western blocks are targeting the northern extension of the buried stream channel that hosts the Radium King mine, which was one of the largest producing mines in the White Canyon district until mining was discontinued in 1980.

(g) **Yellow Parrot**

In April 2010 White Canyon purchased 74 tenements, referred to as the Yellow Parrot Project. This acquisition in the Red Canyon area increased the Company's landholding by in excess of 1,450 additional acres and, in conjunction with existing holdings, secured White Canyon more than 90% of Red Canyon. The tenements hold extensions to existing mineralisation on projects already held by White Canyon.

(2) **Thompson Location**

The Thompson Project is located near the junction of Interstate 70 and County Road 163, 30 km north of the regional centre of Moab in Grand County, Utah. The project area covers the Yellow Cat area of the historical Thompson uranium mining district.

(a) **Yellow Cat**

The project comprises 210 tenements which extend over an area of 27.13 km^2. The area has a history of uranium mining dating back to 1911, finishing in the early 1980s, with a large number of abandoned mine workings occurring across the company's leases, ranging in size from prospector's pits to the significant Ringtail underground mine. Previous mining was mainly underground, targeting narrow moderate-grade ore bodies, above the water table. The deepest workings were in the Ringtail Mine where ore bodies to a depth of 55 metres were worked. Mineralisation worked in the next most substantial mine, the Blackstone, was at 36 metres.

Vanadium mineralisation is also present within the Yellow Cat Project where it is intimately associated with uranium within the sandstone units of the Morrison Formation. It is typically recovered with uranium in dual-circuit processing mills, such as the White Mesa Mill at Blanding.

6.2 Financial Information

White Canyon has recently released its half yearly report for the period ended 31 December 2010, providing an update of White Canyon's activities during that half and materials that have occurred subsequently. This report, and other announcements relating to White Canyon, can be located at the ASX website at www.asx.com.au or by contacting the Shareholder Information Line on 1800 785 131 (within Australia) and +61 2 8256 3250 (from outside of Australia) from Monday to Friday during business hours.

Taxation Considerations

8 April 2011

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Dear Sirs

Taxation implications of the Takeover Bid

1 Purpose of this letter

1.1 This letter has been prepared at the request of the White Canyon Uranium (**White Canyon**) Board for inclusion in the Target's Statement in response to the Offer.

1.2 This letter provides a general statement of the Australian income tax, goods and services tax and duty implications for White Canyon Shareholders that hold their White Canyon Shares on capital account (ie. they do not hold them as part of a trading business or otherwise on revenue account) and dispose of them to Denison Mines Corp (**Denison**) pursuant to the terms of the Offer.

1.3 The general statement provided in this letter is necessarily general in nature and is not intended to be a comprehensive description of all possible Australian income tax considerations. It does not take into account the specific circumstances of any White Canyon Shareholder. In particular, it does not take into account the circumstances of White Canyon Shareholders that hold their White Canyon Shares on revenue account or that acquired their White Canyon Shares in respect of any employment or the provision of any services. Nor does this letter address the foreign taxation implications (including but not limited to Canadian Federal income tax issues) for foreign resident White Canyon Shareholders.

1.4 White Canyon Shareholders are advised to obtain professional taxation advice that takes into account their specific circumstances before deciding whether to accept the Offer.

1.5 Terms used but not defined in this letter which are defined in the Target's Statement have the meaning given to them in the Target's Statement.

Norton Rose Australia is a law firm as defined in the Legal Profession Acts of the Australian states and territory in which it practises.

Norton Rose Australia together with Norton Rose LLP and their affiliates constitute Norton Rose Group, an international legal practice with offices worldwide, details of which, with certain regulatory information, are at www.nortonrose.com

2 Income tax implications for Australian residents

2.1 Paragraph 2 of this letter provides a general statement of the Australian income tax implications for White Canyon Shareholders that are Australian tax residents and that dispose of their White Canyon Shares pursuant to the terms of the Offer.

2.2 ***Capital gain or loss***

(1) The sale of White Canyon Shares by a White Canyon Shareholder to Denison will be a capital gains tax (**CGT**) event.

(2) A White Canyon Shareholder will make either:

(a) a capital gain to the extent the capital proceeds from the transfer of the White Canyon Shares are greater than the cost base of the White Canyon Shares; or

(b) a capital loss to the extent the capital proceeds from the transfer of the White Canyon Shares are less than the reduced cost base of the White Canyon Shares.

(3) A White Canyon Shareholder must include a "net capital gain" in assessable income for the income year in which the disposal of their White Canyon Shares occurs, subject to the CGT discount applying as outlined in paragraph 2.5 below.

(4) A White Canyon Shareholder may generally (subject to satisfying certain requirements) carry forward a capital loss to offset capital gains made in a later income year.

(5) A White Canyon Shareholder will pay Australian income tax based at tax applicable to that shareholder on taxable income for the income year. Taxable income is assessable income less allowable deductions.

2.3 ***Capital proceeds***

(1) The capital proceeds received by a White Canyon Shareholder will be cash of AUD$0.24 per White Canyon Share.

2.4 ***Cost base***

(1) The cost base of the White Canyon Shares for the purpose of working out a capital gain will generally include the money paid to acquire the White Canyon Shares plus any incidental costs of acquisition and disposal.

(2) Generally, the reduced cost base of the White Canyon Shares for the purpose of working out a capital loss will be the same as the cost base.

2.5 ***CGT discount***

(1) A White Canyon Shareholder that is an individual, a complying superannuation entity or a trust may be entitled to the CGT discount on the disposal of White Canyon Shares that have been held for more than 12 months prior to the date of disposal of the White Canyon Shares. There are special rules for determining if a taxpayer satisfies the 12 month requisite period for the CGT discount to apply and White Canyon Shareholders should seek their own independent advice on this issue.

(2) The CGT discount reduces the capital gain otherwise liable to tax by:

(a) 50% in the case of a White Canyon Shareholder who is an individual or trust; or

(b) 331/3% in the case of a White Canyon Shareholder who is a complying superannuation entity.

(3) The CGT discount does not apply to disposal by a White Canyon Shareholder who is a company.

(4) Note that the CGT discount only reduces the "net capital gain". The "net capital gain" is the capital gain less any current or prior year capital losses that are available.

3 Income tax implications for foreign residents

(1) Paragraph 3 of this letter provides a general statement of the Australian income tax implications for foreign resident White Canyon Shareholders (ie. White Canyon Shareholders who are not Australian tax residents) that dispose of White Canyon Shares pursuant to the Offer on the basis detailed in the Target's Statement.

(2) This general statement does not address the implications for foreign resident White Canyon Shareholders that hold their White Canyon Shares in connection with a business carried on through a permanent establishment in Australia. Such foreign resident White Canyon Shareholders are advised to obtain professional taxation advice that takes into account their specific circumstances.

3.1 ***Capital gain or loss***

(1) A foreign resident White Canyon Shareholder may disregard a capital gain or loss made on the sale of White Canyon Shares to Denison unless the foreign resident has:

(a) a “non-portfolio interest” (refer to paragraph 3.1(2) below) in White Canyon; and

(b) if more than 50% of the value of White Canyon’s assets (whether held directly or indirectly) is attributable to taxable Australian real property (ie. real property situated in Australia and mining, quarrying or prospecting rights where the minerals, petroleum or quarry materials are situated in Australia).

(2) A foreign resident White Canyon Shareholder will have a non-portfolio interest in White Canyon if:

(a) it holds 10% or more of all the White Canyon Shares on the date of acquisition of the White Canyon Shares by Denison; or

(b) it held 10% or more of all the White Canyon Shares throughout a 12 month period during the 24 months prior to the date of acquisition of the White Canyon Shares by Denison.

(3) Note also that the interests of a White Canyon Shareholder and any associates are aggregated for the purpose of applying the 10% threshold.

(4) We understand that White Canyon does not own directly or indirectly any “taxable Australian real property” (ie. real property situated in Australia and mining, quarrying or prospecting rights where the minerals, petroleum or quarry materials are situated in Australia).

(5) Therefore, even if a foreign resident White Canyon Shareholder together with associates (if any) has a non-portfolio interest in White Canyon (refer to paragraph 3.1(2) above), then that foreign resident White Canyon Shareholder should not have an Australian CGT liability in respect of the disposal of its White Canyon Shares. However, we recommend that the foreign resident White Canyon Shareholder should seek independent advice on the CGT implications to them, if any, of the sale of White Canyon Shares to Denison.

4 Goods and services tax implications

4.1 White Canyon Shareholders should not be liable to pay GST on the sale of White Canyon Shares.

4.2 We note that a White Canyon Shareholder that is registered, or required to be registered, for GST may not be entitled to input tax credits in respect of GST on any inputs to the sale of the White Canyon Shares on the basis that the sale of the White Canyon Shares is a financial supply, and therefore, input taxed.

5 Stamp Duty implications

5.1 There should be no stamp duty payable by White Canyon Shareholders on the sale of White Canyon Shares.

6 Other matters

6.1 This letter does not constitute “financial product advice” for the purposes of the Corporations Act. We are not licensed to give financial product advice. To the extent this letter includes information about a “financial product”, taxation is only one of the matters that should be taken into account before making a decision.

6.2 This letter is based on Australian taxation law as in force and as interpreted on the date of this letter. We do not accept responsibility for updating this letter to take account of any change of law after that date.

6.3 We consent to the inclusion of this letter in the Target’s Statement.

Yours faithfully

Norton Rose Australia.

Norton Rose Australia

Interests of the Directors

8.1 Directors' Relevant Interests

At the date of this Target's Statement, the Directors (and their respective Associates) have relevant interests in White Canyon Shares and White Canyon Options as set out below.

Directors

Director	Number of Shares	Number of Options
Lewis Cross	75,000	5,000,000
Michael Bynum	2,950,000	5,000,000
Melvin Swanson	Nil	2,000,000
Kelly Shumway	46,627,000	2,000,000
Gregory Burns	Nil	2,000,000
John Ramsey	300,000	2,000,000
TOTAL:	**49,952,000**	**18,000,000**

Company Secretary

Company Secretary	Number of Options
Ranko Matic	2,000,000

Each of the Directors who hold a relevant interest in White Canyon Shares intends to accept the Offer in respect of all of the White Canyon Shares that they own or control unless there is a Superior Proposal or the Independent Expert opines that the offer is neither fair nor reasonable to White Canyon Shareholders.

8.2 Directors who did not approve this Target's Statement

No Director voted against the relevant resolution authorising this Target's Statement.

8.3 Directors' relevant interests in Denison

At the date of this Target's Statement, no Director (or their respective Associates) has a relevant interest in any securities of Denison other than the following:

Director	Interest
Kelly Shumway	5,168 Denison shares directly held 20,713 shares held by Liberty Mining LLC in which Kelly Shumway has a 1% partnership interest 8,803 Denison shares directly held by Michael Shumway 20,713 shares held by Liberty Mining LLC in which Michael Shumway has a 50% partnership interest

8.4 Directors' dealings in White Canyon Shares

No Director has provided or agreed to provide, or received or agreed to receive, consideration for any White Canyon Shares under a sale, purchase or agreement for sale or purchase of such shares or options other than as described in Section 4.7 in the period of 4 months ending on the date immediately preceding the date of this Target's Statement.

8.5 Conditional Agreements

Other than as detailed in section 8.6, there is no agreement made or arrangement between any Director and any other persons in connection with or conditional upon the outcome of the Offer other than in their capacity as a holder of White Canyon Shares.

8.6 Interests of Directors in any contract with Denison or its related bodies corporate

No Director has an interest in any contract entered into by them with Denison or any of its Related Bodies Corporate other than as follows:

Kelly Shumway has a 1% interest in the Reliance Resources LLC partnership. This partnership has an existing contract with Denison to mine Denison's Pandora Mine in LaSal, Utah.

Each of the Directors intends to enter into an agreement with White Canyon and Denison under which their White Canyon Options will be cancelled for consideration. Subject to White Canyon receiving a waiver of ASX Listing Rule 6.23.2 and the Offer being freed from defeating conditions, each of the Directors will receive the following consideration for the cancellation of their White Canyon Options (which is calculated by subtracting the exercise price of the White Canyon Options from the Offer Price):

Director	Number of Options	Consideration
Lewis Cross	5,000,000	$450,000
Michael Bynum	5,000,000	$450,000
Melvin Swanson	2,000,000	$180,000
Kelly Shumway	2,000,000	$180,000
Gregory Burns	2,000,000	$180,000
John Ramsey	2,000,000	$180,000

8.7 Benefits to Directors of White Canyon

No Director is entitled to receive any benefit in connection with his retirement as a Director of White Canyon or a member of the White Canyon Group and no other Director or his or her spouse, relatives or Associates of such a person is entitled to receive any benefits in connection with the Offer, the transfer of the whole or any part of the undertaking or property of White Canyon, a change or likely change in the control of any member of the White Canyon Group, or a change or likely change in the composition of the Board.

8.8 Denison's dealings in White Canyon Shares

To the knowledge of both White Canyon and any Director there were no acquisitions or disposals of any Shares in White Canyon by Denison or any of its Associates in the 4 months ending on the day immediately before the day on which the Bidder's Statement was served on White Canyon.

Additional Information

9.1 Issued Capital

As at the date of this Target's Statement, the issued capital of White Canyon consisted of:

- 230,679,770 White Canyon Shares; and
- 20,000,000 White Canyon Options.

9.2 Bid Implementation Agreement

White Canyon entered into a Bid Implementation Agreement with Denison on 23 February 2011.

9.3 Financial Position of White Canyon

There has not, within the knowledge of the Directors, been any material change to the financial position of White Canyon as disclosed in White Canyon financial statements for the financial half year ended 31 December 2010 lodged with the ASX and as disclosed to the ASX in announcements lodged with the ASX prior to the date of this Target's Statement.

9.4 Impact of Offer on Material Contracts

It is a condition of the Offer that any party which has rights under any agreement with a member of the White Canyon Group as a result of Denison's acquisition of White Canyon Shares either waives or undertakes not to exercise those rights.

A limited number of contracts to which White Canyon or a subsidiary is a party confer certain rights on the counterparties to those contracts if there is a change in control of White Canyon. The relevant change in control provisions and the rights which accrue to the counterparties to the contracts vary between each contract and may include, in certain circumstances, rights to terminate the relevant contract.

The making of the Offer alone has not triggered any change in control provisions in the contracts. If Denison acquires a majority of White Canyon Shares, whether as a result of the Offer or otherwise, the consequences under each contract will depend on the wording of the relevant provision and the counterparty's, or counterparties', approach to the exercise of any rights that they may have under the contract.

White Canyon has given notice of a potential change in control or sought consents to a potential change in control from the counterparties to the contracts who have a right to be notified or have termination, review or other rights if there is a change in control of White Canyon. White Canyon has not received any indication from those counterparties that they will seek to exercise any rights that they may have if there is a change in control of White Canyon. White Canyon does not expect the rights of the counterparties to the contracts to be exercised if they are triggered by a change in control.

9.5 Executive Incentives

No incentives to executives of White Canyon will be paid in connection with the Offer.

9.6 Consents

Norton Rose Australia has given and not withdrawn before the date of this Target's Statement its consent to being named in this Target's Statement as legal adviser to White Canyon and to the inclusion of the Taxation Considerations Section of this Target's Statement.

Apex Capital Pty Limited has given and not withdrawn before the date of this Target's Statement its consent to being named in this Target's Statement as financial adviser to White Canyon.

Computershare Investor Services Pty Limited has given and not withdrawn before the date of this Target's Statement its consent to being named in this Target's Statement as White Canyon's share registry.

PKFCA has given and not withdrawn before the date of this Target's Statement its consent to the inclusion of the Independent Expert's Report in this Target's Statement and to being named as the Independent Expert in the form and context in which it is named.

Each party named above as having given its consent to the inclusion of a statement or being named in this Target's Statement:

- does not make or purport to make any statement that is included in this Target's Statement and there is no statement in this Target's Statement which is based on any statement of that party, other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, that statement; and

- to the maximum extent permitted by law, specifically disclaims responsibility for any statement included in this Target's Statement other than references to its name and, in the case of a person referred to above as having given their consent to the inclusion of a statement, that statement.

As permitted by ASIC Class Order 01/1543, this Target's Statement may contain statements which are made, or based on statements made, in documents lodged with ASIC or ASX in compliance with the ASX Listing Rules. Under this Class Order, the consent of persons such statements are attributed to is not required for the inclusion of such statements in this Target's Statement.

Any White Canyon Shareholders who would like to receive a copy of any of the documents (or parts of the documents) that contain the statements which have been included in reliance pursuant to Class Order 01/1543 may obtain a copy free of charge during the Offer Period. A copy may be obtained by writing to the Company Secretary.

9.7 White Canyon Announcements

The following announcements have been made to the ASX since the release of its 2010 Annual Report:

Date	Announcement
01/04/2011	Update to Takeover Offer
09/03/2011	Half Year Accounts
03/03/2011	Change of Director's Interest Notice x 5
03/03/2011	Change of Director's Interest Notice
02/03/2011	Final Details of White Canyon Uranium Ore Processing
25/02/2011	107,000 Pounds of U308 Sold
24/02/2011	Change in substantial holding
24/02/2011	Cleansing Notice
23/02/2011	Appendix 3B
23/02/2011	Issue of Options
23/02/2011	Issue of Ordinary Shares on Conversion of Note
23/02/2011	Becoming a substantial holder
23/02/2011	WCU Recommends Cash Takeover Offer by Denison Mines
21/02/2011	Trading Halt
11/02/2011	Hong Kong Investor to Convert US$2.5 million Note to Stock
01/02/2011	Change in substantial holding
31/01/2011	Quarterly Activities Report
31/01/2011	Quarterly Cashflow Report
28/01/2011	Ceasing to be a substantial holder from GDN
24/01/2011	Daneros Milling Yield Update
20/01/2011	Results of Meeting
31/12/2010	WCU Completes Short Term Loan Agreement
31/12/2010	Securities Trading Policy
20/12/2010	Notice of General Meeting/Proxy Form
30/11/2010	Results of Meeting
25/11/2010	Media Release on Initial Milling Results
17/11/2010	CEO Appointment
12/11/2010	Wall Street Reporter Broadcast
10/11/2010	Change in substantial holding from GDN
09/11/2010	Revised Announcement Lark Royal Drilling Update
05/11/2010	Lark Royal Drilling Update
29/10/2010	Quarterly Activities Report
29/10/2010	Quarterly Cashflow Report
29/10/2010	Annual Report to shareholders

9.8 No Other Material Information

This Target's Statement is required to contain all the information that White Canyon Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer, but:

- only to the extent to which it is reasonable for investors and their professional advisers to expect to find this information in this Target's Statement; and
- only if the information is known to any of the Directors.

The Directors are of the opinion that the information that White Canyon Shareholders and their professional advisers would reasonably require to make an informed assessment of whether to accept the Offer is:

- the information contained in the Bidder's Statement; and
- the information contained in this Target's Statement.

9.9 Date

This Target's Statement is dated [ ] 2011 which is the date on which it was lodged with ASIC.

9.10 Authorisation

This Target's Statement to be lodged with ASIC has been approved by a resolution passed by the Directors of White Canyon. No Director of White Canyon voted against the resolution authorising this Target's Statement.

Signed by Lewis Cross, Chairman of White Canyon in accordance with section 351 of the Corporations Act.

Definitions and Interpretation

10.1 Definitions

In this Target's Statement:

(1) **ASIC** means the Australian Securities and Investments Commission;

Announcement Date means 23 February 2011;

(2) **ASX** means ASX Limited (ACN 008 624 691), operating as Australian Securities Exchange;

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532

(3) **ASX Settlement Operating Rules** means the settlement and operating rules of ASX.

(4) **Bidder Information** means information regarding the Bidder and its shareholders related to or connected with the Takeover Bid;

(5) **Bidder's Statement** means the Bidder's Statement dated 8 April;

(6) **Break Fee** means $500,000;

(7) **Business Day** means a day that is not a Saturday, Sunday or not any other day which is a public holiday or a bank holiday in the place where an act is to be preformed or payment is to be made;

(8) **CHESS** means the Clearing House Electronic Sub-register System operated by ASX Settlement;

(9) **CHESS Holding** means a holding of White Canyon Shares on the CHESS sub-register of White Canyon;

(10) **Conditions** has the same meaning as that given in the Bidder's Statement;

(11) **Controlling Participant** means the Participant who is designated as the controlling participant for White Canyon Shares in a CHESS Holding in accordance with the ASX Settlement Operating Rules (usually, your broker);

(12) **Corporations Act** means the *Corporations Act 2001* (Cth);

(13) **Government Agency** means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any state;

(14) **GST** means goods and services tax;

(15) **Independent Expert or PKFCA** means PKF Corporate Advisory (East Coast) Pty Limited ABN 70 050 038 170 of Level 10, No.1 Margaret Street, Sydney, NSW, 2001;

(16) **Independent Expert's Report** means the independent expert's report annexed to this Target's Statement as Annexure A;

(17) **Intellectual Property** means all items of intangible property and includes trademarks and service marks (whether or not registered or registration has been applied for), domain names, trade names, business names, designs, brand names, patents, patent applications, inventions (whether or not patented), trade secrets and copyrights (whether or not registered or registration has been applied for);

(18) **Issuer Sponsored Holding** means a holding of White Canyon Shares on White Canyon's issuer sponsored sub-register;

(19) **Material Adverse Change** means, between the Announcement Date and the end of the Offer Period (each inclusive), any matter, event or circumstance that is, or is reasonably likely to have a materially adverse effect on:

(a) the ability of the Target to perform its obligations under the Bid Implementation Agreement;

(b) the financial position, performance or prospects of the Target or any of its Subsidiaries or their respective businesses or affairs,

that, individually or when aggregated together, would reasonably be expected to result in a diminution of the net assets of the Target by more than $500,000, other than:

(c) any matter, event or circumstance which the parties agree in writing is not a Material Adverse Change;

(d) matters that are required to be done in order to implement the Takeover Bid; or

(e) matters which the Target fully and fairly disclosed to the Bidder or in an announcement made to the ASX prior to the Announcement Date;

(20) **Material Contract** means a contract or commitment:

(a) requiring total payments in excess of an amount equal to $500,000 over the life of the contract; or

(b) under which that party does not have an unconditional right to terminate within 12 months;

(21) **Milling Costs** means the milling costs to be paid by White Canyon to Denison in respect of the scheduled September 2011 milling period under the Tolling Milling Agreement between Denison and White Canyon dated 17 January 2010;

(22) **No-Shop Period** means the period from and including the date of the Bid Implementation Agreement to the earlier of:

(a) 6 months from the date of the Bid Implementation Agreement;

(b) the termination of the Bid Implementation Agreement in accordance with its terms; and

(c) the last day of the Offer Period;

(23) **Offer** means the offer made by Denison to acquire all of the White Canyon Shares on issue for $0.24 per White Canyon Share, as detailed in the Bidder's Statement;

(24) **Offer Consideration** means $0.24 per Share;

(25) **Offer Period** means the period that the Offer is open for acceptance;

(26) **Participant** has the meaning set out in the ASX Settlement Operating Rules;

(27) **Pre-Bid Acceptance Deed** means the pre-bid acceptance between Denison and Michael Shumway;

(28) **Prescribed Occurrence** means (other than as required or contemplated by the Bid Implementation Agreement) the occurrence of any of the following:

(a) White Canyon converting all or any of its Shares into a larger or smaller number of shares under section 254H of the Corporations Act;

(b) White Canyon or a Subsidiary of White Canyon resolving to reduce its share capital in any way or reclassifying, combining, splitting or redeeming or repurchasing directly or indirectly any of its shares;

(c) White Canyon or a Subsidiary of White Canyon:

(i) entering into a buy-back agreement; or

(ii) resolving to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;

(d) White Canyon or a Subsidiary of White Canyon declaring, paying or distributing any dividend, bonus or other share of its profits or assets which has not been declared on or before the date of the Bid Implementation Agreement;

(e) White Canyon or a Subsidiary of White Canyon issuing shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than:

(i) the issue of White Canyon Options to the directors and the company secretary of White Canyon; and

(ii) the conversion of the $US2.5 million secured convertible note established on 16 July 2010 with Ms Lulu Yu into 23,583,626 White Canyon Shares;

(f) White Canyon or a Subsidiary of White Canyon issuing or agreeing to issue, securities convertible into White Canyon Shares or debt securities;

(g) White Canyon or a Subsidiary of White Canyon making any change to its constitution;

(h) White Canyon or a Subsidiary of White Canyon disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;

(i) White Canyon or a Subsidiary of White Canyon:

(i) acquiring or disposing of;

(ii) agreeing to acquire or dispose of; or

(iii) offering, proposing, announcing a bid or tendering for,

any business, assets, entity or undertaking (**Acquisition or Disposal Event**), the value of which, when aggregated with any other Acquisition or Disposal Event, exceeds $500,000, without Denison's prior written consent (consent will be deemed to be given by Denison if Denison does not respond in writing to White Canyon's request for consent within 2 Business Days after White Canyon's request is given to Denison) otherwise than in the ordinary course of business;

(j) White Canyon or a Subsidiary of White Canyon creating, or agreeing to create, any mortgage, charge, lien or other encumbrance over the whole, or a substantial part, of its business or property otherwise than:

(i) in the ordinary course of business; and

(ii) a lien or other encumbrance which arises by operation of law or legislation securing an obligation that is not yet due;

(k) White Canyon or a Subsidiary of White Canyon:

(i) entering into any contract or commitment requiring payments by White Canyon and its Subsidiary in excess of $500,000 (**Contract**); or

(ii) accepting as a settlement or compromise of a material matter (relating to an amount in excess of $500,000), less than the full compensation due to White Canyon or a Subsidiary of White Canyon,

otherwise than in the ordinary course of business except with the prior written consent of Denison (consent will be deemed to be given by Denison, if Denison does not respond in writing to White Canyon's request for consent within 2 Business Days after White Canyon's request is given to Denison);

(l) White Canyon or a Subsidiary of White Canyon resolving that it be wound up;

(m) a liquidator or provisional liquidator of White Canyon or of a Subsidiary of White Canyon being appointed;

(n) the Court making an order for the winding up of White Canyon or of a Subsidiary of White Canyon;

(o) an administrator of White Canyon or of a Subsidiary of White Canyon being appointed under the Corporations Act;

(p) White Canyon or a Subsidiary of White Canyon being deregistered as a company or otherwise dissolved;

(q) White Canyon or a Subsidiary of White Canyon executing a deed of company arrangement;

(r) a receiver, or a receiver and manager, being appointed in relation to the whole, or a substantial part, of the property of White Canyon or of a Subsidiary of White Canyon; or

(s) White Canyon or a Subsidiary of White Canyon licensing, selling or otherwise giving any third party rights under any of the material Intellectual Property that White Canyon or a Subsidiary of White Canyon owns or has a right to use, other than in the ordinary course of business or pursuant to contractual requirements in effect on the date of the Bid Implementation Agreement;

(29) **Regulatory Approvals** means any consent, registration, filing, agreement, notarisation, certificate, licence, approval, permit, authority or exemption from, by or with a Governmental Agency necessary to implement the Takeover Bid;

(30) **Regulatory Authority** means ASIC, ASX, the Takeovers Panel or any other Government Agency;

(31) **Related Body Corporate** has the meaning given in Section 9 of the Corporations Act;

(32) **Stamp Duty** includes any duty, stamp duty or similar impost that is imposed by any State or Territory of Australia;

(33) **Subsidiary** has the meaning given in Section 9 of the Corporations Act;

(34) **Superior Proposal** means a bona fide written offer made by a person other than Denison to:

(a) acquire or become the holder (whether by share purchase, scheme, capital reconstruction, purchase of assets, tender offer or otherwise) of, or otherwise have an economic interest in:

(i) all or a substantial part of White Canyon's business; or

(ii) greater than 20% of White Canyon's share capital;

(b) acquire control (as determined in accordance with section 50AA of the Corporations Act) of White Canyon; or

(c) otherwise acquire or merge with White Canyon (whether by way of joint venture, dual listed company structure or otherwise),

on terms which the White Canyon Board determines in good faith (after consultation with its Advisers) to be superior from the viewpoint of White Canyon and White Canyon Shareholders (taking into account, among other things, all legal, financial, regulatory and other aspects of the offer and the identity of the offer or) to the Offer;

(35) **Takeovers Panel** means the Takeovers Panel established under Part 10 of the *Australian Securities and Investments Commission Act 2001*;

(36) **Target's Statement** means this document, and any annexure to it;

(37) **TSX** means the Toronto Stock Exchange;

(38) **TSX-V** means the TSX Venture Exchange;

(39) **Unconditional Date** means 30 June 2011;

(40) **White Canyon Option** means an option to acquire Shares held by the directors and the company secretary of the Target as set out in Schedule 2

(41) **White Canyon Share** means a fully paid ordinary share in the capital of White Canyon, including all shares on issue as at the end of the Offer Period; and

(42) **White Canyon Shareholder** means a person who is registered as a holder of White Canyon Shares.

Independent Expert's Report

White Canyon Uranium Limited

Independent Expert Report in relation to
Denison Mines Corp.'s
takeover offer for
White Canyon Uranium Limited

7 April 2011

right size. right people. right answers.®

Financial Services Guide

This Financial Services Guide is issued in relation to an independent expert report ("**IER**") prepared by PKF Corporate Advisory (East Coast) Pty Limited (ABN 70 050 038 170) ("**PKFCA**") at the request of the directors ("**Directors**") of White Canyon Uranium Limited ("**White Canyon**") in relation to the cash takeover offer from Denison Mines Corp. ("**Denison Mines**") for a 100% interest in White Canyon ("**Offer**"). The IER is intended to accompany the target's statement ("**Target's Statement**") that is to be provided by the Directors in relation to the Offer.

Engagement

PKFCA has been engaged by the Directors to prepare the IER expressing our opinion as to whether the Offer is "fair and reasonable" to White Canyon shareholders ("**Shareholders**") other than Denison Mines and its associates ("**Non-associated Shareholders**") under the Corporations Act 2001 *(Cth)* ("**Act**").

Financial Services Guide

PKFCA holds an Australian Financial Services Licence (License No: 247420) ("**Licence**"). As a result of our IER being provided to you, PKFCA is required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services PKFCA is licensed to provide

The Licence authorises PKFCA to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

PKFCA provides financial product advice by virtue of an engagement to issue the IER in connection with the issue of securities of another person.

Our IER includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IER (as a retail client) because of your connection with the matters on which our IER has been issued.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Offer may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that PKFCA may receive

PKFCA has charged fees for providing our IER. The basis on which our fees will be determined has been agreed with, and our fees will be paid by, the person who engaged us to provide the IER. Our fees have been agreed on either a fixed fee or time cost basis. PKFCA will receive a fee based on the time spent in the preparation of this IER in the amount of approximately $50,000 (plus GST and disbursements). PKFCA will not receive any fee contingent upon the outcome of the Offer, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Offer. In addition, fees of the independent mining valuation specialists for their reports have been paid by White Canyon and such fees are also on the basis as that rendered by PKFCA.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

Referrals

PKFCA does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that PKFCA is licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF (East Coast Practice), Chartered Accountants and Business Advisers. The directors of PKFCA may also be partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF (East Coast Practice), Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("**FOS**"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001

Toll free: 1300 78 08 08
Email: info@fos.org.au

7 April 2011

The Directors
White Canyon Uranium Limited
Suite 101, 48 Outram Street
West Perth WA 6005

Attention: Mr Michael Bynum (Executive Director)

Dear Directors

INDEPENDENT EXPERT REPORT IN RELATION TO DENISON MINES CORP.'S TAKEOVER OFFER FOR WHITE CANYON URANIUM LIMITED

Introduction

The directors ("**Directors**") of White Canyon Uranium Limited ("**White Canyon**") have requested PKF Corporate Advisory (East Coast) Pty Limited ("**PKFCA**") to prepare an independent expert report ("**IER**"), setting out our opinion as to whether the off-market cash takeover offer of 24 cents for each fully paid issued ordinary share in White Canyon ("**Share**") and for 100% of the Shares ("**Offer**") from Denison Mines Corp. ("**Denison Mines**") is fair and reasonable to White Canyon shareholders ("**Shareholders**") other than Denison Mines and its associates ("**Non-associated Shareholders**").

Offer

In accordance with the Bid Implementation Agreement ("**BIA**"), under the Offer, Shareholders will receive cash consideration of $0.24 per Share ("**Offer Consideration**") on issue as at the end of the Offer period ("**Offer Period**").

Summary of Conclusions

Conclusion

In our opinion, the Offer is fair and reasonable for Non-associated Shareholders.

The Offer is Fair to Shareholders

Set out below is our assessed fair value of White Canyon:

- assuming that none of the Options (as defined below) are exercised, we have assessed the fair market value of the Shares to be a low of 17.4 cents and a high of 21.7 cents, with a mid point of 19.5 cents. This favourably compares to the Offer Consideration, as the Offer Consideration exceeds our assessed high value and
- assuming that all of the Options are exercised, we have assessed the fair market value of the Shares to be a low of 17.2 cents and a high of 21.1 cents, with a mid point of 19.2 cents. This also favourably compares to the Offer Consideration, as the Offer Consideration exceeds our assessed high value.

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The PKF East Coast Practice is a member of the PKF International Limited network of legally independent member firms. The PKF East Coast Practice is also a member of the PKF Australia Limited national network of legally independent firms each trading as PKF. PKF East Coast Practice has offices in NSW, Victoria and Brisbane. PKF East Coast Practice does not accept responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

In short, the Offer presents an opportunity for the Non-associated Shareholders to achieve a premium price, reflecting the potential synergies that may exist between the White Canyon and Denison Mines.

Based on the above, in our opinion, the Offer is considered to be “fair” to Non-associated Shareholders.

The Offer is Reasonable to Shareholders

As in our opinion the Offer is considered to be “fair”, there is no requirement to consider whether the Offer is otherwise "reasonable". Nonetheless, we have also considered the assessed advantages of accepting the Offer outweigh the assessed disadvantages to the Non-associated Shareholders. Sett out below our assessment of the advantages and disadvantages of the Offer:

Advantages of the Offer

Accepting the Offer has the following advantages:

Offer Consideration is cash

White Canyon Shareholders will received cash consideration for their Shares. Given that trading in White Canyon Shares is relatively illiquid (as noted in Section 3.7), the cash consideration presents an exit strategy for Shareholders wishing to dispose of their Shares.

Likely Share price in the absence of the Offer

The volume weighted average trading prices ("**VWAP**") of WCU and WU-listed Shares in the 12 months to 21 February 2011 were $0.15 and C$0.19 each, respectively (as set out in Section 3.7). The 1 month to 21 February 2011 VWAP improved, up to $0.20 and C$0.20 for WCU and WU, respectively. However, we note that the recent rise in the Share price is likely to have been driven by an element of speculation regarding the Offer. The Offer values White Canyon Shares at $0.24 each, which is higher than the historical VWAPs.

Dependency risk on Denison Mines

Under the terms of the Toll Milling Agreement ("**Toll Milling Agreement**") and Sales Agency Agreement ("**Sales Agency Agreement**") with Denison Mines, White Canyon is currently reliant on Denison Mines to mill its ore and distribute the product, respectively.

In the absence of the Offer, Denison Mines could potentially shut down its White Mesa mill in Blanding to reduce operational costs, until such time that the Denison Mines Wheeler River project commences production, which is expected to be in or around 2018. Should this occur, White Canyon will have to find an alternative means of milling its ore and may not achieve the income expected to be achieved under the current arrangements with Denison Mines. Accordingly, as a standalone entity, White Canyon has significant dependency risk on Denison Mines.

Avoids minority Shareholding scenario

The Directors (8.5% Shareholding, assuming exercise of Options) and Mr. Michael Shumway, a key shareholder (18.2% Shareholding, assuming exercise of Options), with a total interest of 26.7% Shareholding (assuming exercise of Options) have communicated that they will accept the Offer, subject to there being no superior proposal and subject to the outcome of this IER. The commitment of the Directors and Mr. Shumway improves (but does not ensure) Denison Mines' prospects of satisfying the 90.0% minimum acceptance level required by the Offer.

Should the Offer achieve the 90.0% minimum acceptance level, Shareholders who do not accept the Offer will retain a minority Shareholding in an entity that will be controlled by a single Shareholder, Denison Mines.

In addition, such concentration in Shareholding by Denison Mines could result in reduced liquidity in White Canyon Shares subsequent to the Offer.

Denison Mines has indicated that assuming Denison Mines acquires more than 90% of White Canyon Shares following the Offer, Denison Mines will proceed with a compulsory acquisition of the outstanding Shares and will apply to remove White Canyon from the official list of the Australian Securities Exchange ("**ASX**") and TSX Venture Exchange ("**TSX-V**"). For details of Denison Mines' investment intentions, please refer to Section 4.3.

No superior alternative proposal

At the date of this IER, we are not aware of any superior alternative proposal for White Canyon Shares.

Limited underlying asset base and operations

White Canyon has mining tenements only, with no processing or distribution facilities and capabilities. It does not have any interest in a uranium mill. White Canyon's profitability is solely dependent on the success of its exploration activities and mining capabilities.

Potential working capital constraints and periodic cash flows

White Canyon could potentially have working capital constraints as a result of the periodic cash flows due to intermittent ore processing schedules. Cash flow constraints and liquidity issues could potentially be a key business risk for White Canyon.

Additional capital raising for expansion

Whilst White Canyon may have sufficient capital to continue with production at the Daneros mine, it may require additional capital raising to undertake future development of other tenements. As such, this Offer could assist with development of the other tenements.

Impact of recent events in Japan

The recent 11 March 2011 earthquake and tsunami in Japan resulted in nuclear plant breakdowns. Following this disaster, we note that uranium spot prices have declined (refer to Section 6) and share prices of uranium companies have also generally declined.

By accepting the Offer, Shareholders may avoid possible future declines on uranium spot prices (if any) which could adversely impact revenue and profitability. In addition, assuming the Share price performance trends with other uranium companies, Shareholders may avoid a potential decline in the price of Shares.

Disadvantages of the Offer

Accepting the Offer has the following disadvantages:

Loss of future growth opportunities in White Canyon

Accepting the Offer will effectively extinguish the ability of Shareholders to directly participate in any future growth in White Canyon. Should they so desire, Shareholders could invest in Denison Mines' shares to continue to participate in any future growth in White Canyon. However, we note that such a decision is a separate investment decision and that White Canyon would represent only a very small part of Denison Mines' operations.

Conditional Offer

The Offer is conditional upon 90% or more acceptances and Regulatory approvals, which may result in the Offer being unsuccessful.

*Offer Consideration value is lower than the initial public offering ("**IPO**") price*

The cash Offer Consideration of $0.24 per Share is marginally lower than the 2008 IPO price of $0.25 per White Canyon Share. This is a function of the change in economic environment since the IPO.

We note that this may not be a disadvantage for United States of America ("**USA**") based Shareholders, given the recent strengthening of the Australian dollar against the USA dollar.

Background

White Canyon

Headquartered in Perth, White Canyon has dual listing on the ASX (ASX: WCU) and the TSX-V (TSX-V: WU). White Canyon has been listed on the ASX and TSX-V since 3 March 2008 and 12 February 2010 respectively.

White Canyon is focused on exploration, recovery and production of U_30_8 uranium. White Canyon holds multiple mining claims in the uranium rich area of Southern Utah in the USA and has been in production since 2009, one of only a few companies in the USA that have moved beyond exploration and permitting, and into actual production.

White Canyon's key project is the Daneros Project (including Lark – Royal prospect) located in Blanding, Utah. In addition, White Canyon has 100% interests in multiple other mining tenements in Southeast Utah, comprising of approximately 15,500 acres of mining claims and mineral leases.

Denison Mines

Denison Mines (TSX: DML, NYSE Amex: DNN) is a diversified, intermediate uranium producer with three active mines in the USA. Denison Mines has a portfolio of world-class exploration projects, including its 60% interest in the Wheeler River project, and a range of development projects in Canada, USA, Mongolia and Zambia providing potential for future production.

In addition, Denison Mines has ownership interests in two of the four uranium mills in North America, with its 100% ownership of the White Mesa mill in Utah (the only uranium mill in the USA) and its 22.5% ownership of the McClean Lake mill in Saskatchewan, Canada.

Regulatory Requirements

Corporations Act 2001

The Offer is subject to Section 638 of the Act ("**Section 638**") of the Corporations Act 2001 *(Cth)* ("**Act**") ("**Section 638**") which requires that White Canyon prepare a target's statement that must include all the information that holders of bid securities and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer.

Where:

- the bidder's voting power in the target is 30% or more; or
- the bidder is a director of the target or a director of the bidder is a director of the target,

Section 640 of the Act ("**Section 640**") requires that a target's statement given in accordance with Section 638 include, or be accompanied by, a report by an expert that states whether, in the expert's opinion, the takeover offer is fair and reasonable and gives the reasons for forming that opinion.

On the basis that there is no existing relationship (that is, shareholding or directorship) between White Canyon and Denison Mines, the requirement for an expert's report under Section 640 is not triggered. Accordingly, an IER is not required by the Act. However, we understand that the Directors wish to obtain an IER to assist them in fulfilling their duties and to ensure that the Shareholders are given the necessary information in relation to the Offer to allow them to make a fully informed decision.

PKFCA role

PKFCA has been engaged to prepare an IER setting out our opinion as to whether the Offer is fair and reasonable to Non-associated Shareholders.

Other matters

Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. PKFCA has not considered the effect of the Offer on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Offer from that adopted in this IER. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Offer is "fair" and "reasonable" based on their individual circumstances. As the decision of an individual Shareholder in relation to the Offer may be influenced by their particular circumstances (including their taxation position), Shareholders are advised to seek their own independent advice.

Fair market value

For the purposes of our opinion, the term "fair market value" is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

Special value

We have not considered special value in forming our opinion as to whether the Offer is "fair". Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. PKFCA reserves the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to PKFCA.

Sources of Information

Appendix 2 identifies the information referred to, and relied upon by PKFCA during the course of preparing this IER and forming our opinion.

Financial Services Guide

A financial services guide is attached at the start of this IER.

Yours sincerely

Vince Fayad
Director

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1 SCOPE AND LIMITATIONS

1.1 Regulatory Requirements

Corporations Act 2001

The Offer is subject to Sections 606 and 611 of the Act.

Section 638 requires that White Canyon prepare a target's statement that must include all the information that holders of bid securities and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer.

Where:

- the bidder's voting power in the target is 30% or more; or
- the bidder is a director of the target or a director of the bidder is a director of the target,

Section 640 of the Act ("**Section 640**") requires that a target's statement given in accordance with Section 638 include, or be accompanied by, a report by an expert that states whether, in the expert's opinion, the takeover offer is fair and reasonable and gives the reasons for forming that opinion.

On the basis that there is no existing relationship (that is, shareholding or directorship) between White Canyon and Denison Mines, the requirement for an expert's report under Section 640 is not triggered. Accordingly, an IER is not required by the Act. However, we understand that the Directors wish to obtain an IER to assist them in fulfilling their duties and to ensure that the Shareholders are given the necessary information in relation to the Offer to allow them to make a fully informed decision.

1.2 Purpose of the IER

The Directors have requested PKFCA to prepare an IER expressing our opinion as to whether or not the Offer is "fair and reasonable" to the Non-associated Shareholders.

The IER is to accompany the Target's Statement required to be provided to the Shareholders to assist them in making an informed assessment as to whether to accept the Offer.

1.3 Scope

The scope of the procedures we undertook in forming our opinion on whether the Offer is fair and reasonable were limited to those procedures we believed were required in order to form our opinion. Our procedures involved an analysis of financial information and accounting records. This did not include verification work, nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to become aware of all significant matters that might be identified in an audit or assurance engagement. Accordingly, we do not express an audit or assurance engagement opinion.

The assessment of whether the Offer is fair and reasonable necessarily requires determining the "fair market value" of various securities, assets and interests.

For the purposes of our opinion, the term "fair market value" is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

By its very nature, the formulation of a valuation assessment necessarily contains significant uncertainties and the conclusions arrived at in many cases will be subjective and dependant on the exercise of individual judgement. There is therefore no indisputable value, and we normally express our opinion as falling within a likely range.

1.4 Basis of assessment

The Act does not define the expression “fair and reasonable”. However, market practice is to apply the guidance provided by ASIC’s Regulatory Guides which establish certain guidelines in respect of independent expert’s reports required under the Act.

RG 111

Under ASIC's RG 111 *Content of expert reports* ("**RG 111**") an IER accompanying a Target’s Statement must state whether, in the expert’s opinion, the takeover offer is "fair" and "reasonable" and give the reasons for forming that opinion.

Essentially, RG 111 establishes that an expert should analyse a takeover bid by applying the following tests:

- is the offer ‘fair’; and
- is it ‘reasonable’?

That is, the terms “fair” and “reasonable” are not regarded as a compound phrase.

Fair

RG 111.10 indicates that an offer is ‘fair’ if the value of the offer price or consideration is equal to or greater than the value of the securities subject to the offer.

We understand that when applying the term “fair market value” in the context of the test of whether a proposal is 'fair' under ASIC regulatory guides, ASIC’s interpretation is that:

- an expert is not permitted to have regard to the then current situation of the asset being valued, including any then current difficult financial position and the impact of measures required to rectify such a position. Instead, in assessing fairness, the expert should assume an orderly market for the asset being valued, even if such market circumstances do not exist at the time of the fairness assessment; and
- factors such as the then current difficult financial position of the asset and the then current state of the market in which the asset operates are appropriate matters to be taken into account when assessing the reasonableness of the proposal under consideration.

Reasonable

RG 111.11 indicates that an offer is ‘reasonable’ if it is fair. It might also be ‘reasonable’ if, despite being ‘not fair’, the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

RG 111.12 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- the bidder’s pre-existing voting power in securities in the target;
- other significant security holding blocks in the target;
- the liquidity of the market in the target’s securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

1.5 Limitations

1.5.1 General

PKFCA has consented to the inclusion of the IER with the Target's Statement to be issued by White Canyon. Apart from the IER, PKFCA is not responsible for the contents of the Target's Statement, any other document or announcement associated with the Offer. PKFCA acknowledges that its IER may be lodged with the regulatory authorities, including ASIC and ASX.

The IER should not be used for any other purpose and PKFCA does not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

1.5.2 Shareholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. Accordingly, PKFCA has not considered the effect of the Offer on the particular circumstances of individual Shareholders. Some individual Shareholders may place a different emphasis on various aspects of the Offer from that adopted in this IER. Accordingly, individual Shareholders may reach different conclusions as to whether or not the Offer is fair and reasonable in their individual circumstances. As the decision of an individual Shareholder in relation to the Offer may be influenced by their particular circumstances (including their taxation position), Shareholders are advised to seek their own independent advice.

1.5.3 Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time. Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. PKFCA reserves the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to PKFCA.

1.5.4 Reliance on Information

This IER is based upon financial and other information provided by White Canyon and a report prepared by Bruce McKnight Minerals Advisor Services and Ross Glanville and Associates Limited ("**McKnight and Glanville**"). The scope of PKFCA's review of the **McKnight and Glanville** report has been set out in paragraph 1.7 below.

PKFCA has considered and relied upon this information. PKFCA believes the information provided to be reliable, complete and not misleading, and we have no reason to believe that any material facts have been withheld.

It was not PKFCA's role to undertake, and PKFCA has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities or valuations in respect of the Offer. PKFCA understands that the Directors have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary. PKFCA does not provide any warranty or guarantee as to the existence, extent, adequacy, effectiveness and/ or completeness of any due diligence or other similar investigative activities by the Directors and/or their advisors.

PKFCA does not provide any warranty or guarantee that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. An opinion as to whether a corporate transaction is "fair and reasonable" is in the nature of an overall opinion, rather than an audit or detailed investigation and it is in this context that PKFCA advises that it is not in a position, nor is it practical for PKFCA, to undertake such an extensive verification exercise.

It is understood that except where noted, the accounting information provided to PKFCA was prepared in accordance with generally accepted accounting principles (including adoption of Australian Equivalents to International Financial Reporting Standards and prepared in a manner consistent with the method of accounting used by White Canyon in previous accounting periods.

1.5.5 Prospective Financial Information

In preparing the IER, PKFCA had regard to prospective financial information in relation to White Canyon for the calendar year ending 31 December 2011 ("**CY2011**") ("**Prospective Financial Information**"). PKFCA understands that the Prospective Financial Information has been prepared as part of the ongoing management processes of the company.

For the purposes of our IER, PKFCA understands and assumes that the Prospective Financial Information:

- was prepared fairly and honestly, on a reasonable basis and is based on the best information available to management and Directors and within the practical constraints and limitations of such information; and
- does not reflect any material bias, either positive or negative.

We understand that the Prospective Financial Information is based on assumptions concerning future events and market conditions and while prepared with due care and attention and the Directors consider the assumptions to be reasonable, future events and conditions are not accurately predictable and the assumptions and outcomes are subject to significant uncertainties. Actual results are likely to vary from the Prospective Financial Information and any variation may be materially positive or negative. Accordingly, neither the Directors, White Canyon, McKnight and Glanville nor PKFCA guarantee that the Prospective Financial Information or any other prospective statement contained in the IER or otherwise relied upon will be achieved.

For present purposes, PKFCA was not engaged to undertake an independent review of the Prospective Financial Information in accordance with Australian Auditing or Assurance standards, and did not undertake such a review. However in order to disclose and to rely on the Prospective Financial Information in the IER, PKFCA is required to satisfy itself that the Prospective Financial Information has a reasonable basis.

Set out below are some of the indicative factors that would support a conclusion that the Prospective Financial Information has a reasonable basis:

- a material portion of the Prospective Financial Information incorporates established trends in the businesses and current arrangements in place, for example:
  - Prospective Financial Information largely reflects an established history of operations, sales and profitability of the businesses; and/ or
  - Prospective Financial Information reflects contractual or other forms of written arrangements in place to establish some surety as to future revenues;
- Prospective Financial Information is not based on business models that have yet to be proven and/or expected arrangements with customers, suppliers, or other parties that have yet to be confirmed;
- the reporting and budgeting processes of White Canyon has been in place for some time and involve regular reporting of actual performance to budget variances, management follow up, input from senior management and that process itself is under continuous review;
- Prospective Financial Information is based on financial models that are designed to be driven by specific key variables;
- Prospective Financial Information has been endorsed by the management and Directors; and
- Prospective Financial Information makes appropriate allowance for known contingencies.

In order to ascertain the above, the scope of PKFCA's work in this regard involved the following:

- obtaining details of the Prospective Financial Information and the process by which this information was prepared;
- determining the composition of the Prospective Financial Information;
- discussions with management and McKnight and Glanville regarding the basis on which the Prospective Financial Information was formulated and where possible on a "desktop" level, undertaking evaluation of such information, by reference to past trading performance, available evidence and/or other documentation provided;
- enquiring if the Prospective Financial Information is adopted by the Directors;
- reviewing the most recently available monthly management accounts; and
- considering the relevant industry trends and the position of White Canyon within the industry.

PKFCA has satisfied itself in respect of the Prospective Financial Information provided to it and further details of its review are set out in paragraph 3.11.2 below.

1.6 Assumptions

In forming our opinion, we made certain assumptions, including:

- that matters such as retention of key personnel, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- information in relation to the Offer that is distributed to Shareholders, or any information issued to a statutory body is complete, accurate and fairly presented in all material respects;
- publicly available information relied on by us is accurate, complete and not misleading;
- if the Offer is implemented, that it will be implemented in accordance with its stated terms;
- the legal mechanisms to implement the Offer are correct and effective;
- subject to the review undertaken in paragraph 1.7 below, we have relied on the fair market valuation report prepared by McKnight and Glanville, dated 8 March 2011 ("**McKnight and Glanville Valuation**"), which sets out McKnight and Glanville's opinion as to the fair market values of Utah Energy Corporation ("**UEC**"), a wholly owned subsidiary of White Canyon. This includes uranium producing mine and exploration assets (collectively known as "**Mineral Assets**"), working capital, mining database and mining equipment; and
- McKnight and Glanville have provided their consent for PKFCA to rely on the McKnight and Glanville Valuation and for its inclusion in the IER. As at the date of this IER McKnight and Glanville have not withdrawn this consent. The McKnight and Glanville Valuation is attached in Appendix 4 of this IER.

1.7 Review of the McKnight and Glanville Valuation

We have undertaken the following limited review of the McKnight and Glanville Valuation report in order to satisfy our self as to its reasonableness:

- the methodology and approach undertaken;
- the financial information adopted and in particular, reconciling the information to ensure that it is consistent with the half year ended 31 December 2010 financial information;
- the Prospective Financial Information contained in the report; and
- that is consistent with our knowledge and understanding of White Canyon.

As part of the review, we also met with McKnight and Glanville to review and discuss aspects of their report.

Based on our limited review of the McKnight and Glanville Valuation report, nothing has come to our attention that would lead us to believe that the conclusions reached in that report are not reliable and fit for the purpose of this report.

2 THE OFFER

2.1 Overview

On 23 February 2011, White Canyon and Denison Mines entered into a BIA, pursuant to which Denison Mines has agreed to make a takeover offer to acquire all the issued and outstanding Shares of White Canyon based on the terms and conditions set out in the BIA.

2.2 Intentions of a Key Shareholder and the Directors

Subject to there being no superior proposal and subject to the independent expert not opining that the Offer is not fair and not reasonable to Shareholders of White Canyon, the following parties have expressed acceptance of the Offer:

- Michael Shumway, the Operations Manger of White Canyon has provided acceptance in the shareholding that he has, up to 19.9% interest in White Canyon as at the date of the Pre-bid Acceptance Deed (or approximately 18.2% assuming exercise of Options); and
- the Directors, who collectively have a relevant interest in approximately 8.5% of the Shares (assuming exercise of Options) of White Canyon.

2.3 Key Terms of the Offer

Key terms of the Offer as set out in the BIA include:

Table 1: Key Terms

BIA Reference	Area	Details
Clause 1(kk)	Share	• Share is defined as a fully paid ordinary share in the capital of White Canyon, including all shares on issue as at the end of the offer period ("**Offer Period**").
Schedule 1	Offer	• Denison Mines will make an off-market takeover offer to acquire all the Shares. • The Offer will also extend to Shares which are issued during the period from the date set by the bidder to the end of the Offer Period.
Schedule 1	Offer Consideration	• $0.24 (cash) per Share.
Schedule 1	Offer Period	• The Offer will remain open for a period of 1 month (unless withdrawn during that period under Section 652B of the Act).
Schedule 1	Minimum acceptance	• At or before the end of the Offer Period, the bidder has a relevant interest in more than 90% (by number) of the sum of the Shares on issue at that time. • Denison Mines will not waive the minimum acceptance condition unless it considers it is in the best interest to do so at the relevant time.
Schedule 1	Regulatory approvals	• The Offer is subject to all necessary relevant regulatory approvals being obtained.

Source: BIA

2.4 Convertible Notes

Clause 3.2 (c) of the BIA states that White Canyon will procure the conversion of the US$2.5 million convertible notes and issue 23,583,626 Shares to Ms Lulu Yu in full satisfaction of the convertible notes and procure the valid release of all securities relating to the convertible notes.

On 11 February 2011, Ms Lulu Yu elected to convert her US$2.5 million convertible notes into Shares, which resulted in the issue of 23,583,626 Shares on 23 February 2011.

2.5 Options

Details of key terms of the BIA in relation to White Canyon's options ("**Options**") are set out below:

Table 2: Options

BIA Reference	Area	Details
Clause 3.4 (a)	Options	• Within 10 business days of the Offer, Denison Mines undertakes to make offers to each holder of the Options to cancel their Options, conditional upon White Canyon obtaining a waiver of ASX Listing Rules, or if the Listing Rule waiver is not obtained, to acquire their Options, either offer being conditional upon the Offer being declared free from defeating conditions.
Clause 3.4 (b)	Consideration Per Option	• The consideration per Option for the cancellation or acquisition in accordance with clause 3.4(a) will be paid by Denison Mines and will be equal to the Offer Consideration less the exercise price of the Option. • We note that the Offer Consideration is $0.24 per Share (refer Section 2.3 above) and the exercise price of each Option is 15 cents.
Schedule 2	Optionholders ("**Optionholders**")	• Details of Optionholders are set out below:

Optionholder	Position	No. Of Options
Lewis Cross	Director	5,000,000
Michael Bynum	Director	5,000,000
Melvin Swanson	Director	2,000,000
Kelly Shumway	Director	2,000,000
Gregory Burns	Director	2,000,000
John Ramsey	Director	2,000,000
Ranko Matic	Company secretary	2,000,000
Total		**20,000,000**

Source: BIA

White Canyon issued the 20,000,000 Options to the Directors and the company secretary on 23 February 2011.

The Directors and the company secretary may choose to either accept or not accept the offer form Denison Mines. We note that the Options are also exercisable at any time. Accordingly, we have evaluated fairness and reasonableness to Non-associated Shareholders assuming alternatively that the Options are or are not exercised.

3 PROFILE OF WHITE CANYON URANIUM LIMITED

3.1 Overview

Headquartered in Perth, White Canyon has been listed on the ASX and TSX-V since 3 March 2008 and 12 February 2010, respectively.

White Canyon is focused on exploration, recovery and production of U_3O_8 uranium. White Canyon holds multiple mining claims in the uranium rich area of Southern Utah and has been in production since 2009, one of only a few companies in the USA that have moved beyond exploration and permitting, and into actual production.

White Canyon's key project is the Daneros Project (including Lark – Royal prospect) located in Blanding, Utah. In addition, White Canyon has 100% interest in multiple other mining exploration prospects in Southeast Utah, comprising of approximately 15,500 acres of mining claims and mineral leases.

3.2 Key Milestones

Outlined below is a summary of the key milestones of White Canyon since its listing on the ASX:

Table 3: White Canyon – Key Milestones

Date	Description
28 February 2008	White Canyon was admitted to the official list of ASX.
3 March 2008	Official quotation of 88,842,305 fully paid ordinary shares at $0.25 per share commenced trading at 12 Noon EDST under the symbol WCU ("**WCU**").
29 September 2008	White Canyon announced the acquisition of two additional uranium deposits at Blanding, Utah, namely Blue Jay and Marcy & Look, which comprise 58 mining claims totalling 1,080 acres (437 ha).
18 December 2008	White Canyon acquired the Lark-Royal Project at Blanding, Utah for US$300,000.
27 May 2009	Final approvals were obtained from the USA Federal Bureau of Land Management ("**BLM**") and the State of Utah for the commencement of mining operations at the new Daneros mine, 100 km from Blanding, Utah. This was the first new uranium mine permitted in Utah in 30 years.
20 October 2009	White Canyon reached an agreement with Denison Mines to sell all material produced during the development stage to Denison Mines' White Mesa mill at Blanding.
21 December 2009	The first ore from the Daneros Mine was delivered to the White Mesa mill.
18 January 2010	White Canyon executed the Toll Milling Agreement with Denison Mines.
12 February 2010	White Canyon completed the conversion of 16 million options and raised a total of $4 million ($2.1 million from optionholders and $1.9 million from Cunningham Peterson Sharbanee Securities Pty Limited, the underwriter).
12 February 2010	White Canyon commenced trading on the TSX-V under the symbol WU ("**WU**").
22 March 2010	White Canyon completed the purchase of 93 tenements for US$60,000.
20 April 2010	White Canyon announced the acquisition of 74 mineral tenements in Red Canyon, referred to as the Yellow Parrot project, for a combined value of US$200,000 (comprised cash (US$40,000) and script (690,024 ordinary shares)). Combined with the above acquisition of 93 tenements, this acquisition enabled White Canyon to secure more than 90% of Red Canyon.
15 October 2010	White Canyon announced that it has entered into a Sales Agency Agreement with Denison Mines to manage the sale of White Canyon's concentrate from the Daneros mine.
31 December 2010	White Canyon obtained a $750,000 short term loan from Denison Mines. The loan was re-paid in early 2011 from proceeds of sales of White Canyon's yellowcake.
24 January 2011	White Canyon announced that a total of 39,289 tons of ore was milled between 1 November 2010 and 20 December 2010. This represented its first milling of ore with Denison Mines under the Toll Milling Agreement.
23 February 2011	Denison Mines announced the Offer.

Source: ASX announcements

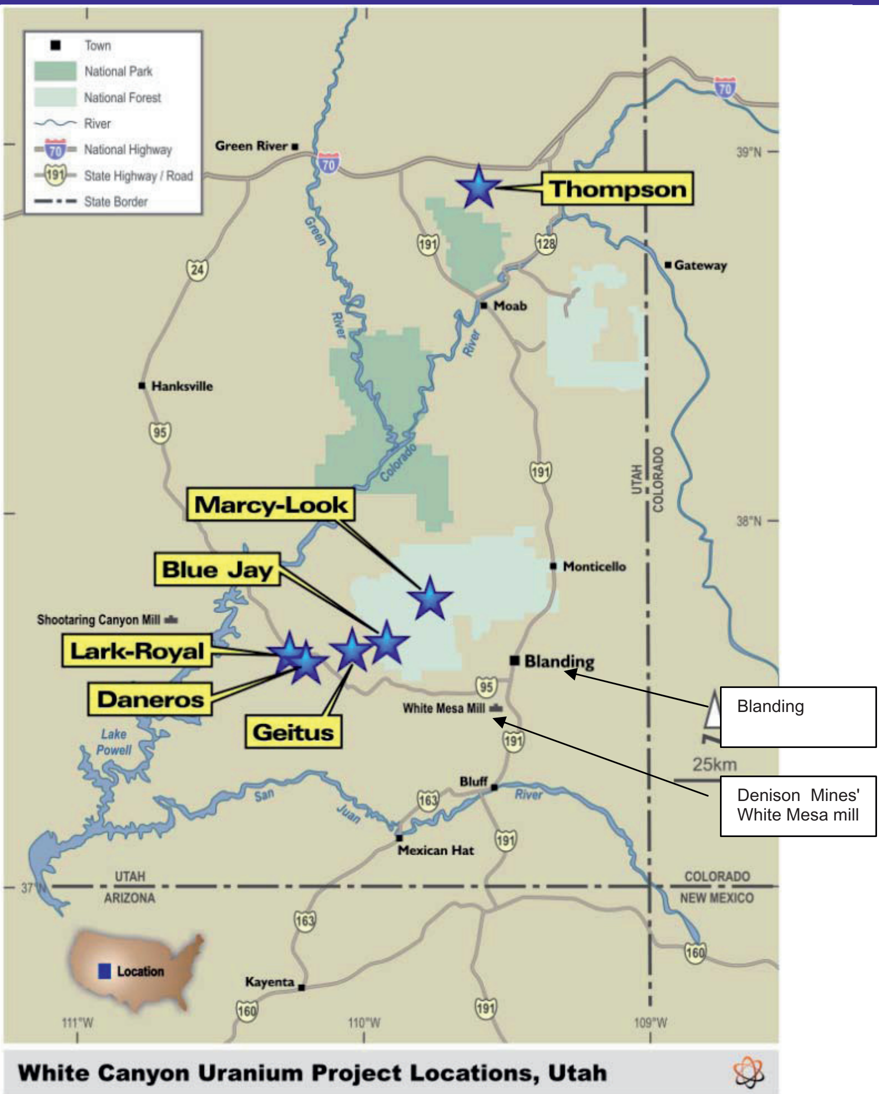
3.3 Operations

3.3.1 Overview

The following provides a geographic overview of White Canyon's key projects and Denison Mines' White Mesa mill in Utah:

Figure 1

White Canyon Uranium Project Locations, Utah



Source: www.whitecanyonuranium.com

Set out below is a summary of key projects owned by White Canyon:

Table 4: Project Summary

Projects	Interest	Status	Area (km^2)	Comments
Daneros Project (including Lark-Royal prospect), Blanding, Utah	100%	Mine permit granted	4.40	Historical 'reserves' outline in 1980s.
Geitus Project, Blanding, Utah	100%	Advanced exploration	0.49	Historical 'reserves' outline in 1980s.
Blue Jay Project, Blanding, Utah	100%	Advanced exploration	1.05	Uranium deposit outlined in 1980s.
Marcy-Look Project, Blanding, Utah	100%	Advanced exploration	3.32	Uranium deposit outlined; potential for extensions.
Red Canyon (Yellow Parrot project)	100%	Advanced exploration	6.07	White Canyon acquired 74 mineral tenements in Red Canyon.
Thompson Project, Moab, Utah	100%	Advanced exploration	27.0	Numerous historical workings and drill defined deposits.

Source: www.whitecanyonuranium.com

3.3.2 Daneros Project

Currently, the Daneros project is White Canyon's only producing mine.

The Daneros uranium deposit was discovered in the 1950s. The deposit is 100 km by established roads from the White Mesa mill at Blanding.

BLM delivered the final approval for White Canyon's mine permit for development of the Daneros project in May 2009. Development commenced in June 2009 and the ore was reached in December 2009. The first ore was delivered to the White Mesa mill on 21 December 2009. In December 2009, milling of the first ore was completed. The processed ore was graded 0.34% U_3O_8, 15% higher than indicated in the mine plan.

Toll Milling Agreement

In January 2010, White Canyon and Denison Mines entered into a Toll Milling Agreement. The Toll Milling Agreement has a three year term, and may be renewed by mutual agreement for one additional period of two years. White Canyon will transport material produced to Denison Mines' White Mesa mill for processing of up to 55,000 tons per annum. This maximum of 55,000 tons per year may be increased with the written approval of White Canyon and Denison Mines. White Canyon is free to deliver ore in excess of the 55,000 tons per annum to any other mill or processing facility for toll milling or sale.

On 24 January 2011, White Canyon announced that a total of 39,289 tons of ore was milled at the White Mesa mill over the period 1 November 2010 through to 10 December 2010, with output grade that was consistent with management's expectation and at a lower than budgeted manufacturing cost.

Sales Agency Agreement

In October 2010, White Canyon engaged Denison Mines as its agent to sell processed U_3O_8 uranium in the spot market and entered into a Sales Agency Agreement. Approximately 107,000 lbs of yellowcake was sold by Denison Mines between January 2011 and February 2011 under the Sales Agency Agreement.

3.3.3 Geitus Project

The Geitus deposit was discovered by Utah Power & Light Company (UP&L) (a major provider of electrical power in Utah) in exploration that concluded in the 1980s with an historical “reserve” calculation. The deposit was not mined due to the fall in uranium prices at that time. It is accessible by established county roads and is 50 km west of the White Mesa mill.

As at Daneros, the Geitus deposit is hosted within shallow dipping laminated sandstone units of the basal Shinarump Member of the Chinle Formation. The deposit is tabular, ranging up to several hundred metres in length and from 0.3 metres to 4 metres in thickness. The uranium mineralisation is associated with the contact between the Shinarump Member and the underlying Triassic Moenkopi Formation sedimentary sequence.

3.3.4 Blue Jay Project

The Blue Jay project is located within the Manti-La Sal National Forest. Historically, there has been 492 drill holes completed from 143,000 feet of drilling at the Blue Jay site.

3.3.5 Marcy-Look Project

Historically, there has been drilling and exploration undertaken at the Marcy-Look project site. Historical drilling has outlined mineralisation over 1 km, opening to the North and South. The Marcy-Look project is located within the Manti-La Sal National Forest.

3.3.6 Red Canyon (Yellow Parrot Project)

On 20 April 2010, White Canyon announced the acquisition of 74 mineral tenements in Red Canyon. This acquisition increases White Canyon's landholding in Utah from 14,000 acres to approximately 15,500 acres with in excess of 1,450 additional acres at Red Canyon.

3.3.7 Thompson Project

The Thompson project is located near the junction of Interstate 70 and County Road 163, 30 km north of the regional centre of Moab in Grand County, Utah. The project area covers the Yellow Cat area of the historical Thompson uranium mining district.

Uranium mineralization in the Thompson deposit occurs in the Jurassic Morrison Formation, in four sandstone lenses and in conglomeratic sandstone, as the mineral carnotite (a vanadium-uranium mineral).

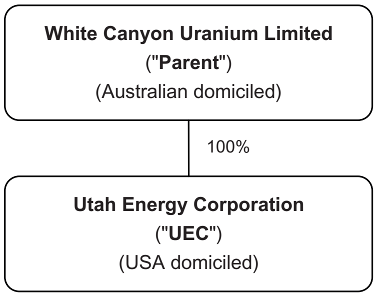
The Thompson district has a history of uranium mining dating to 1911, finishing in the early 1980s. A large number of abandoned mine workings occur across White Canyon's leases, ranging in size from prospector’s pits to the significant Ringtail underground mine. Previous mining was mainly underground, targeting narrow moderate-grade ore bodies, above the water table. The deepest workings were in the Ringtail mine, where ore bodies to a depth of 55 metres were worked. Mineralisation worked in the next most substantial mine, the Blackstone, was at 36 metres.

3.4 Corporate Structure

Set out below is the corporate structure of White Canyon:

Figure 2

Corporate Structure



Source: White Canyon management

3.5 Key Personnel

The Directors of White Canyon are as follows:

Table 5: White Canyon Key Personnel

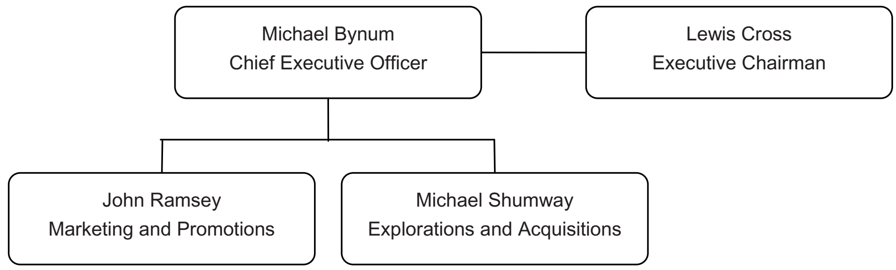
Name	Position	Description
Lewis Cross	Executive Chairman	• Mr Lewis Cross was appointed a Director on 5 September 2007. On 1 September 2010, Mr Cross took on the position of Executive Chairman. • Mr Cross is a Certified Practising Accountant and was a founding principal of the firm CrossCorp Accounting Pty Limited, which has been established for over 27 years. Mr Cross has been involved in the mining industry for many years as well as various other industries in the course of his work in providing accounting and business consulting services. • Mr Cross has had extensive experience as a company director. Mr Cross is currently chairman of Golden State Resources Limited and is a director of Aspermont Limited. • Mr Cross has a degree in accounting from Curtin University and is a fellow of the Institute of Company Directors.
Michael Bynum	Chief Executive Officer	• Mr Michael Bynum was appointed Chief Executive Officer on 21 May 2010. • Mr Bynum graduated from the University of Colorado. Mr Bynum brings extensive USA based corporate and legal experience gained over the last 30 years. • Mr Bynum has held senior management positions and board positions and served as managing partner of Chrisman, Bynum and Johnson P.C., a Colorado based law firm. • Mr Bynum has worked closely with emerging USA corporations with a focus on developing, implementing and delivering successful growth strategies and business structures.
John Ramsey	Executive Director	• Mr John Ramsey was appointed as Executive Director on 7 September 2010. • Mr Ramsey graduated from the Michigan State University with a Bachelor of Science (Electrical Engineering) and Master of Business Administration (Marketing). Mr Ramsey brings extensive USA based corporate and capital markets experience gained over the last 30 years. • Mr Ramsey has held senior management positions and board positions and has extensive experience in growing and expanding the revenue base and profitability of companies. • Mr Ramsey is currently a principal in the Bennett Ramsey Group and consults to CEO's and entrepreneurs of companies with high growth potential.
Kelly Shumway	Executive Director	• Ms Kelly Shumway has 15 years experience in the management of mining and civil engineering contracting businesses in southern Utah and Colorado. The range of clients include mining and oil and gas companies, the States of Colorado and Utah, the BLM, the federal Forest Service, local government and private businesses. • Ms Shumway is currently President of KSue Corporation, a substantial earthmoving and civil engineering contractor in south-east Utah; and general manager of underground miner Reliance Resources LLC ("**Reliance Resources**").
Melvin Swanson	Non-executive Director	• Melvin Swanson is a professional engineer with over 35 years experience as a mining engineer in the USA and Canada, with a lengthy involvement with some of the major underground uranium mining operations in Utah and Colorado, plus copper and gold mining operations across North America. He has occupied positions of mining engineer, mine manager and operations manager for operating companies as well as mining contractors. • Mr Swanson has a masters degree in mining engineering from the University of Washington.
Gregory Burns	Non-executive Director	• Mr Gregory Burns graduated in 1993 from the University of Canterbury with a Bachelor of Science (Geology major) and since that time he has gained wide ranging experience in the mining exploration and development industries in Australia, Indonesia and Africa. • Mr Burns has overseen public listings and capital raisings for platinum, iron ore and gold projects, and is currently based in Vancouver.

Source: www.whitecanyon.com

Set out below is the organisation chart of key management of White Canyon:

Figure 3

Organisational Chart - White Canyon

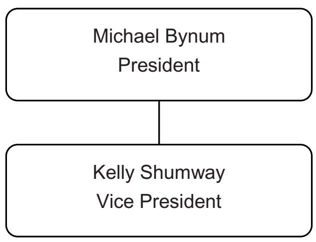


Source: White Canyon management

Set out below is the organisation chart of key management of UEC:

Figure 4

Organisational Chart - UEC



Source: White Canyon management

3.6 Capital Structure and Ownership

White Canyon had the following securities on issue:

- 207,096,144 Shares on issue as at valuation date (being 21 February 2011) ("**Valuation Date**"), increasing to 230,679,770 Shares subsequent to the conversion of US$2.5 million convertible notes into ordinary Shares by Ms Lulu Yu on 23 February 2011. The issue of 23,583,626 Shares is specifically provided for in the BIA, as detailed in Section 2.4. Accordingly, this IER proceeds on the basis that there were effectively 230,679,770 Shares as at Valuation Date; and
- 20,000,000 Options outstanding to the Directors and the company secretary, as detailed in Section 2.5.

3.6.1 Ordinary shares

The top 10 Shareholders and total Shares of White Canyon as at the Valuation Date are summarised in the table below:

Table 6: Top 10 Shareholders

Shareholder	Number of Ordinary Shares held	Percentage of Total Ordinary Shares held
HSBC Custody Nominees (Australia) Limited	66,482,881	28.8%
Mr Michael Dean Shumway	45,670,000	19.8%
Canadian Register Control	11,378,260	4.9%
Debin Nominees Pty Limited <C&E Family A/C>	8,570,000	3.7%
Propetroco Inc	5,887,719	2.6%
Ms Alex Whitney Esquibel	5,773,000	2.5%
Silver Knight Holdings Pty Limited <Gandossi Family A/C>	5,451,417	2.4%
JP Morgan Nominees Australia	3,598,190	1.6%
Mr Michael Henry Bynum	2,950,000	1.3%
Mr Kevin Shumway	2,900,021	1.3%
Top 10 Shareholders	158,661,488	68.8%
Other Shareholders	72,018,282	31.2%
Total Shareholders (Note 1)	**230,679,770**	**100.0%**

Source: White Canyon management

Note 1: Includes 23,583,626 ordinary Shares issued to Ms Lulu Yu subsequent to the conversion of her convertible notes.

The above top 10 Shareholders hold approximately 68.8% of the total Shares, whilst the remaining Shareholders hold parcels which are individually less than 1.3% of the total Shares.

3.6.2 Options

On 23 February 2011, White Canyon issued the Options to the Directors and the company secretary. The Options mature in four years from the issue date and have an exercise price of $0.15 each. Each Option converts into one Share when exercised and is exercisable anytime prior to the maturity date. Exercise of the above Options is specifically provided for in the BIA.

As outlined in the BIA, Denison Mines will make an offer to be made to acquire or cancel the Options.

We note the following:

- based on the current Share price and the terms of the Offer, the Options are "in the money". It is not possible to predict what the Share trading price of White Canyon will be following the Offer; and
- if exercised, the 20 million Options represent 8.0% of the fully diluted 250,679,770 Shares that would then be on issue. Accordingly, if Denison Mines acquires all other Shares, it will be able to proceed with the Offer (which has a minimum acceptance condition (which may be waived) of 90%) if the all Optionholders choose not to accept the Offer for all Shares arising from exercise of the Options.

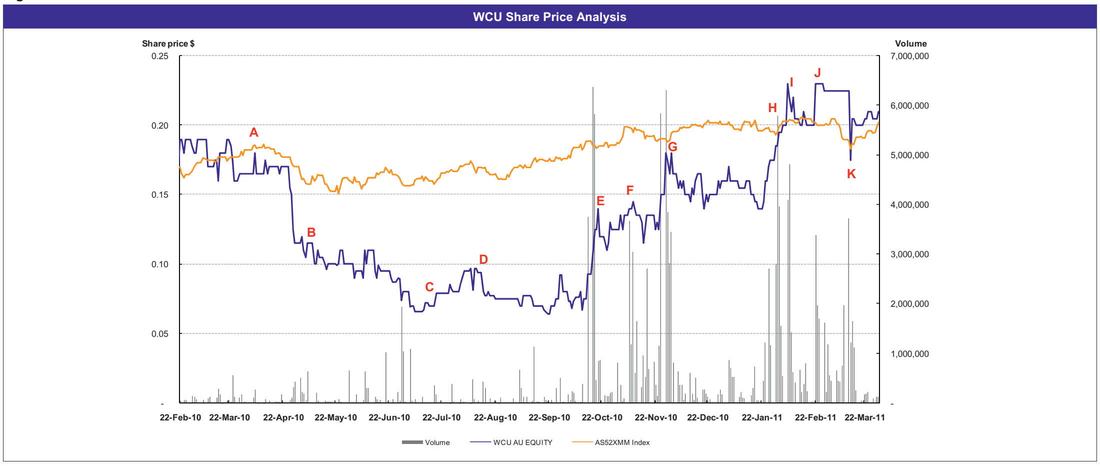
Based on the above, for the purposes of this IER, we have considered the Offer on the alternatives basis that the Options are and are not exercised.

3.7 Share Price Analysis

3.7.1 WCU share price analysis

The chart below compares White Canyon’s WCU share trading price with the ASX/S&P 300 Metals and Mining Index ("**Index**") from 22 February 2010 to 31 March 2011 (“**Trading Period**”):

Figure 5



Sources: White Canyon company announcements; Bloomberg

As illustrated in the chart above, White Canyon’s WCU share price performance has been weaker compared to that of the Index during the first half of the Trading Period. However, since October 2010, WCU's share price performance improved relative to the Index.

Notable events disclosed by White Canyon which may have impacted the WCU share trading prices and volumes during the Trading Period are set out below:

Table 7: Market Sensitive Announcements

Date	Chart Reference	Announcement Details
20 April 2010	A	White Canyon purchased 74 mineral tenements in the White Canyon region of the USA from a private prospecting syndicate.
30 April 2010	B	White Canyon issued its 31 March 2010 quarterly activities and cash flow report.
19 July 2010	C	WCU signed a US$2.5 million convertible note funding deal with Ms Lulu Yu.
19 August 2010	D	White Canyon announced uranium Joint Ore Reserves Committee ("**JORC**") estimates for the Daneros deposit.
15 October 2010	E	White Canyon and Denison Mines finalised the Sales Agency Agreement, with milling to commence on or about 1 November 2010.
9 November 2010	F	Grades of the initial drilling at the Lark Royal project were released, indicating 'significant' U_3O_8 mineralisation.
25 November 2010	G	Initial milling results showed an average 0.291% head grade from the Daneros ore.
31 January 2011	H	White Canyon issued its 31 December 2010 quarterly activities and cash flow report.
11 February 2011	I	Ms Lulu Yu, a Hong Kong based investor elected to convert US$2.5 million secured convertible notes to Shares.
22 February 2011	J	Denison Mines announced the Offer.
11 March 2011	K	The earthquake and tsunami in Japan resulted in nuclear plant breakdowns.

Source: White Canyon ASX announcements

The table below sets out details of the volume weighted average trading prices ("**VWAP**") of WCU Shares during the Trading Period:

Table 8: White Canyon WCU VWAP Summary

Period	High ($)	Low ($)	VWAP ($)
Trading Period 1 (Note 2)			
As at 21 February 2011 (Note 1)	n/a	n/a	n/a
1 month to 21 February 2011	0.26	0.15	0.20
3 months to 21 February 2011	0.26	0.13	0.18
6 months to 21 February 2011	0.26	0.06	0.16
12 months to 21 February 2011	0.26	0.06	0.15
Trading Period 2			
1 month after 21 February 2011	0.24	0.17	0.22

Sources: Bloomberg; PKFCA analysis

Notes:

1. WCU shares were in trading halt prior to the announcement of the Offer.

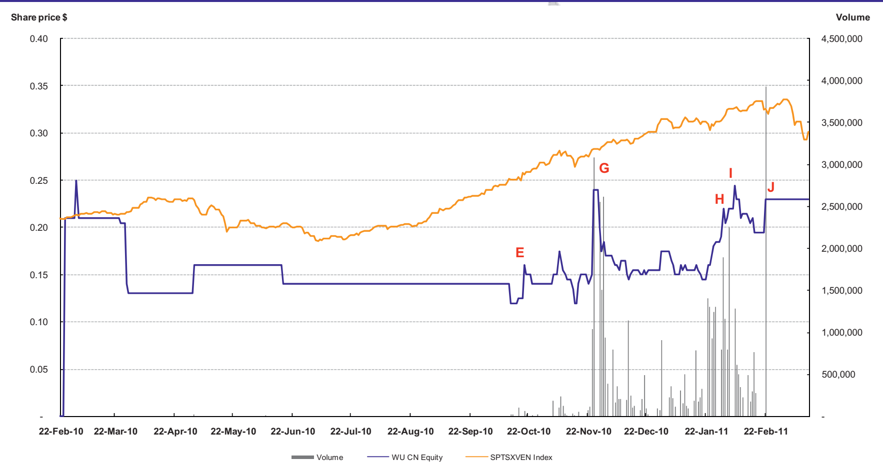
2. The share price analysis in our Report has been done to 21 February 2011, being one day prior to the announcement of the Offer in Toronto. Denison Mines issued a press release in Toronto on 22 February 2011, and the Offer was subsequently announced on the ASX on 23 February 2011.

3.7.2 WU share price analysis

The chart below compares White Canyon's WU Share trading price with the S&P/TSXV Index ("**TSX-V Index**") over the Trading Period:

Figure 6

WU Share Price Analysis



Sources: White Canyon company announcements; Bloomberg

WU shares were not very liquid in the first half of the Trading Period, with low trading volumes. In the second half of the Trading Period, WU share price performance improved somewhat, compared with the TSX-V Index.

Notable events disclosed by White Canyon which may have impacted the WU share trading prices and volumes during the Trading Period are set out in Table 7 above.

The table below sets out details of the VWAP of WU shares during the Trading Period:

Table 9: WU VWAP Summary

Period	High (C$)	Low (C$)	VWAP (C$)
Trading Period 1 (Note 2)			
As at 21 February 2011 (Note 1)	n/a	n/a	n/a
1 month to 21 February 2011	0.26	0.15	0.20
3 months to 21 February 2011	0.28	0.13	0.19
6 months to 21 February 2011	0.28	0.12	0.19
12 months to 21 February 2011	0.28	0.12	0.19
Trading Period 2			
1 month after 21 February 2011	0.24	0.23	0.23

Source: Bloomberg

Notes:

1. WU shares were in trading halt prior to the announcement of the Offer.
2. The share price analysis in our Report has been done to 21 February 2011, being one day prior to the announcement of the Offer in Toronto. Denison Mines issued a press release in Toronto on 22 February 2011, and the Offer was subsequently announced on the ASX on 23 February 2011.

3.7.3 WCU and WU share trading liquidity analysis

The table below sets out details of the Share trading liquidity of White Canyon's WCU and WU Shares during the Trading Period:

Table 10: White Canyon WCU and WU Share Trading Liquidity Summary

Period	Turnover Analysis					Average Bid Ask Spread	
	WCU Total Value ($'000s)	WCU Total Volume ('000s)	WU Total Value ($'000s)	WU Total Volume ('000s)	WCU and WU Combined Turnover (annualised)	WCU	WU
Trading Period 1							
As at 21 February 2011 (Note 1)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
1 month to 21 February 2011	6,863	51,959	3,614	18,001	301.07%	4.25%	3.80%
3 months to 21 February 2011	12,521	108,539	7,428	39,573	209.64%	5.15%	4.89%
6 months to 21 February 2011	17,420	150,549	7,582	40,595	145.39%	6.00%	6.94%
12 months to 21 February 2011	19,376	168,695	7,590	40,644	81.52%	7.32%	10.70%
Trading Period 2							
1 month after 21 February 2011	5,165	27,338	901	3,929	158.41%	3.41%	2.17%

Source: Bloomberg
Note 1: WCU and WU shares were in trading halt prior to the announcement of the Offer

We note the following in relation to the liquidity of WCU and WU shares during the Trading Period:

- the top 10 shareholders hold 68.8% of issued shares and the top 3 shareholders hold 53.5% of issued shares (as at 23 February 2011);
- to our knowledge, there are no brokers that actively cover WCU and WU shares;
- over the Trading Period 1 liquidity improved. The majority of the turnover occurred during the second half of the Trading Period, which could have been driven by market sentiment following completion of the Sales Agency Agreement, short term loan agreement with Denison Mines and completion of the milling of 39,289 tons of ore;
- over the 251 days in Trading Period 1, WCU and WU traded for 224 days (or 89.2% of total trading days) and 90 days (or 35.9% of total trading days), respectively; and
- the average bid ask spread of WCU and WU over a one month period to 21 February 2011 of 4.25% (WCU) and 3.80% (WU) compares unfavourably with highly liquid shares, which typically have bid ask spreads of less than 1.0%.

Our analysis above indicates that the liquidity of White Canyon WCU and WU Share trading are relatively low and therefore the market price is not necessarily an indication of fair market value of a Share.

PKF

3.8 Income Statement

3.8.1 Overview

The income statements of White Canyon, for the years ended 30 June 2009 ("**FY2009**"), 30 June 2010 ("**FY2010**") and six months ended 31 December 2010 ("**H1FY2011**"), are presented in the table below:

Table 11: White Canyon Income Statements

($'000 unless otherwise indicated)	FY2009 12 months Audited	FY2010 12 months Audited	H1FY2011 6 months Reviewed
Sales revenue	0	43	7
Other revenue	301	72	0
Total revenue	**301**	**115**	**7**
Corporate and administration expenses	(692)	(1,120)	(453)
Director and employee benefits expense	(624)	(900)	(294)
Toronto listing sponsorship expense	0	(503)	0
Share based payment expense	0	(130)	0
Legal fees	(40)	(91)	(74)
Profit/(loss) on sale of assets	0	0	(30)
Income tax expense	0	0	0
Total expenses	**(1,356)**	**(2,744)**	**(851)**
Loss for the period	**(1,055)**	**(2,629)**	**(844)**
Other comprehensive income			
Foreign currency translation	3,976	(1,791)	(5,107)
Income tax relating to components of other comprehensive income for the period	0	0	0
Other comprehensive income for the period	**3,976**	**(1,791)**	**(5,107)**
Total comprehensive income for the period	**2,921**	**(4,420)**	**(5,951)**
Basic loss per share (cents per share)	*(0.57)*	*(1.35)*	*(0.41)*
Revenue growth (%)		*(61.9)%*	

Sources: FY2010 annual report; H1FY2011 half year report; PKFCA analysis

We note the following in relation to the income statements of White Canyon:

- ***Sales revenue*** – as noted in Section 3.3.2, the first lot of ore was processed at the White Mesa mill in December 2009 (FY2010);
- ***Other revenue*** – the decline in other revenue (primarily interest income) from $0.3 million in FY2009 to $72,000 in FY2010 and subsequently nil in H1FY2011 is broadly consistent with the decrease in cash and cash equivalents on balance sheet;
- ***Corporate and administration expenses*** – White Canyon shifted from exploration into mining activities in FY2010, which incurred additional expenses, resulting in the 61.8% increase in corporate and administration expenses, up to $1.1 million in FY2010, from $0.7 million in FY2009; and
- ***Director and employee benefits expense*** - the 44.2% increase in director and employee benefits expenses in FY2010 (compared to FY2009) was largely attributable to directors' expenses. We note that there was one additional director in FY2010 compared to FY2009, as indicated in the annual reports.

3.8.2 Normalisation adjustments

Set out below are White Canyon's normalisation adjustments, taking into account any material item of income or expense that:

- does not relate to the business;
- relates to surplus or divested assets of the business; and/or
- is abnormal, extraordinary or otherwise of a non recurring nature.

Table 12: White Canyon Normalisation Adjustments

($'000 unless otherwise indicated)	FY2009 12 months Audited	FY2010 12 months Audited	H1FY2011 6 months Reviewed
Loss for the period	(1,055)	(2,629)	(844)
Normalisation adjustments			
Toronto listing sponsorship expense	0	503	0
Total adjustments	0	503	0
Adjusted profit/(loss) for the period	**(1,055)**	**(2,126)**	**(844)**

Sources: FY2010 annual report; H1FY2011 half year report; PKFCA analysis

Toronto listing sponsorship expense relates to White Canyon's listing on the TSX-V on 12 February 2010. These listing costs are one-off costs.

3.9 Balance Sheet

The balance sheets of White Canyon as at 30 June 2009, 30 June 2010 and 31 December 2010 are presented in the table below:

Table 13: White Canyon Balance Sheet

($'000 unless otherwise indicated)	30 June 2009 Audited	30 June 2010 Audited	31 December 2010 Reviewed
Current Assets			
Cash and cash equivalents	4,575	814	291
Inventory	0	4,404	14,087
Trade and other receivables	29	17	12
Other assets	44	14	2
Total current assets	**4,648**	**5,249**	**14,392**
Non current assets			
Mine properties	0	18,173	13,387
Deferred exploration and evaluation expenditure	28,857	10,172	8,785
Other assets	0	171	144
Plant and equipment	52	79	28
Total non-current assets	**28,909**	**28,595**	**22,344**
TOTAL ASSETS	**33,557**	**33,844**	**36,736**
Current liabilities			
Trade and other payables	303	564	6,140
Financial liabilities	0	0	3,198
Total current liabilities	**303**	**564**	**9,338**
Non current liabilities			
Provision for rehabilitation	0	0	80
Total non current liabilities	**0**	**0**	**80**
TOTAL LIABILITIES	**303**	**564**	**9,418**
NET ASSETS	**33,253**	**33,280**	**27,318**
Equity			
Issued capital	30,663	35,139	35,128
Reserves	3,867	2,047	(3,060)
Accumulated losses	(1,277)	(3,906)	(4,750)
TOTAL EQUITY	**33,253**	**33,280**	**27,318**
*Net tangible assets ("**NTA**") (Note 1)*	*4,396*	*4,935*	*5,146*
Number of shares	*187,941,631*	*207,096,144*	*207,096,144*
NTA per share (cents/share)	2.34	2.38	2.48

Sources: FY2010 annual report; H1FY2011 half year report; PKFCA analysis

Note 1 : NTA = Net assets - Deferred exploration and evaluation expenditure - Mining properties

We note the following in relation to the financial position of White Canyon as outlined above:

- ***Cash and cash equivalents*** – cash and cash equivalents declined by 93.6% to $0.3 million as at 31 December 2010 (down from $4.6 million as at 30 June 2009) due to production expenses for the Daneros mine (as indicated in Section 3.3.2, the first ore was delivered to the White Mesa mill on 21 December 2009) and exploration costs for non producing mines;
- ***Inventory*** – as noted in Section 3.3.2 above, the Daneros mine commenced production in December 2009, with production ramping up in H1FY2010, resulting in the build up of inventory (uranium ore) as at 30 June 2010 and 31 December 2010;
- ***Other assets (current)*** – as at 31 December 2010, this related to prepayments for insurance;
- ***Mine properties*** – mine properties relates to capitalised deferred exploration and evaluation expenditures for mines that have commenced production. The significant increase in mine properties as at 30 June 2010 was attributable to the transfer of the deferred costs of the Daneros mine from the 'deferred exploration and evaluation expenditure' line item to the 'mine properties' line item, subsequent to the commencement of production in late 2009;
- ***Deferred exploration and evaluation expenditure*** – relates to capitalised exploration and evaluation costs for mines that have not commenced production. The significant decrease from $28.9 million as at 30 June 2009 to $8.8 million as at 31 December 2010 was driven by the transfer of capitalised costs of the Daneros mine from deferred exploration and evaluation line item to mine properties line item (discussed above);
- ***Other assets (non current)*** – this relates to reclamation bonds, which are bonds (surety) held by the State of Utah for Daneros ($80,000 and $5,000 for two different sites), Geitus ($31,000) and Lark-Royal ($29,000) mines. These bonds are refunded to White Canyon upon satisfactory reclamation of the mines, in accordance with the requirements of the State of Utah;
- ***Financial liabilities*** – this includes the following items:

Table 14: Financial Liabilities as at 31 December 2010

Financial Liability	Description	US$000 (Note 1)	A$000 (Note 2)
Promissory notes	Promissory notes relate to the short term loan from Denison Mines which was fully settled in February 2011.	750	738
Convertible notes	Ms Lulu Yu held US$2.5 million convertible notes which were subsequently converted into 23,583,626 Shares on 23 February 2011	2,500	2,460
Total		**3,250**	**3,198**

Sources: White Canyon management

Notes:

1. The functional/underlying currency of these financial liabilities is US$.
2. These US$ denominated instruments were translated at a foreign exchange ("**FX**") rate of 1.0163 to arrive at the A$ presentation currency for the purposes of the reviewed balance sheet as at 31 December 2010.

- ***Provision for rehabilitation*** – White Canyon has made a provision for rehabilitation at the Daneros mines, to a value which is consistent with the corresponding reclamation bond value. White Canyon raises a provision only for producing mines (provisions are not raised for exploration sites); and
- ***Issued capital*** - the increase in issued capital from $30.7 million (30 June 2009) to $35.1 million (31 December 2010) was largely attributed to the conversion of 16 million listed options on 12 February 2010 which raised a total of $4.0 million.

3.10 Working capital position

As will be noted from the balance sheet, the liquid cash assets as at 31 December 2010 are $291,000 as compared with total current trade and other creditors of $6.1 million. This deficiency in working capital is intended to be dealt with by realising the inventory.

3.11 Cash Flow Statement

3.11.1 Historical Cash Flow Statement

The cash flow statements of White Canyon, for FY2009, FY2010 and H1FY2011, are presented in the table below:

Table 15: White Canyon Cash Flow Statements

($'000 unless otherwise indicated)	FY2009 12 months Audited	FY2010 12 months Audited	H1FY2011 6 months Reviewed
Cash flows from operating activities			
Payments to suppliers and employees	(1,178)	(4,540)	(3,469)
Payments for mine development	0	(2,661)	(251)
Payments for exploration expenditure	(1,262)	(80)	
Receipts from customers	0	41	0
Interest received	416	72	6
Net cash used in operating activities	**(2,024)**	**(7,168)**	**(3,713)**
Cash flows from investing activities			
Payment of bonds	0	(171)	0
Payments for exploration and evaluation assets	(1,453)	(61)	0
Purchase of plant and equipment	(45)	(38)	0
Sale of investments	9	0	0
Net cash used in investing activities	**(1,489)**	**(270)**	**0**
Cash flows from financing activities			
Proceeds from issue of shares and options	918	4,001	(7)
Payments for costs of shares and options issued	(84)	(324)	0
Proceeds from borrowings	0	0	3,198
Net cash provided by financing activities	**834**	**3,677**	**3,191**
Net increase/(decrease) in cash held	**(2,679)**	**(3,761)**	**(523)**
Cash at beginning of financial year	7,254	4,575	814
Cash at end of financial year	**4,575**	**814**	**291**

Sources: FY2010 annual report; H1FY2011 half year report; PKFCA analysis

Comments made in respect of the income statements and balance sheets are also applicable to the cash flow statements.

3.11.2 CY2011 Forecast Cash Flows

Please refer to the cash flow model included within the McKnight and Glanville Valuation for CY2011 forecast cash flows and key assumptions supporting the forecast. Based on year to-date performance, White Canyon management expects that White Canyon will be able to achieve the CY2011 forecast cash flows set out in the McKnight and Glanville Valuation.

3.12 SWOT Analysis

Set out below is a SWOT analysis undertaken in relation to White Canyon:

Table 16: SWOT Analysis

Strengths	Weaknesses
• Experience and expertise of key personnel/ management. • Proven track record - gained approval for the first new uranium permit in Utah for three decades. • Projects are located in well regulated, uranium friendly country. • Extensive mine claims held. • Close geographic proximity to one of only four processing mills in North America. • Variable cost structure due to the use of contract mining provides flexibility to work schedule.	• Reliance on key personnel at contract miner. • White Canyon's financial performance is correlated to the movement in uranium prices. • Potential working capital constraints due to intermittent ore processing schedules. • No assurance that the cost estimates and underlying estimates of projections will be realised in practice and this may materially and adversely affect the viability of White Canyon's projects. • White Canyon will require a significant capital raising to permit, develop and mine existing tenements, as well as acquire new claims.
Opportunities	**Threats**
• Potential for extensive permitting of existing owned tenements and development of those into production mines. • Further identification of commercially feasible deposits – key personnel have strong relationships with owners of other tenements with significant resources.	• Volatility in uranium prices. • Volatility in foreign exchange rates. • Significant reliance on Denison Mines for production capabilities (via the Toll Milling Agreement) and sales agency services (via the Sales Agency Agreement). There are no alternative processing facilities currently available in close proximity if the White Mesa mill is shutdown.

Sources: White Canyon management; PKFCA analysis

4 PROFILE OF DENISON MINES CORP.

4.1 Overview

Denison Mines is engaged in the exploration, development, mining and milling of uranium. Its operations are primarily located in the USA and Canada. Its assets include an interest in two of the four 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 as well as mines located in Colorado and Utah and various exploration tenements. In addition to its uranium focus, Denison Mines produces vanadium, a co-product from its mines, and recycles uranium-bearing waste materials.

4.2 Exploration and Development Assets

The following provides an overview of the exploration and development assets of Denison Mines:

Wheeler River - Phoenix Discovery

The Phoenix discovery was made in 2008. The mineralisation zones identified during the drilling campaign cover more than one kilometre strike length and remain open in all directions, and is the most significant uranium discovery in the Athabasca Basin for a considerable period. The project is a joint venture between Denison Mines (60.0% interest), Cameco Corporation (30.0%) and JCA Canada Exploration Company Limited (10.0% interest). As at the date of this IER, Denison Mines is the operator of this project.

Since the discovery of uranium at the Wheeler River site, 106 holes have been drilled covering a 50,000 metre region (of the 120 square kilometre site). Drill hole WR-273 returned 62.6 U_3O_8 over a six metre distance. There are only two uranium deposits in the world which have returned results greater than this drill hole. The sites' mineralisation has many similarities to the McArthur River mineralisation (being one of the two sites with drill results in excess of drill hole WR-273), but is at a shallower depth.

The initial resource estimate complies with the National Instrument 43-101 ("**NI 43-101**") requirements, as set out below:

Table 17: Wheeler River - Initial Resource Estimate

Category	Zone	Tonnes	Grade (% U_3O_8)	Pounds (U_3O_8)
Indicated	Phoenix A	89,900	18.0%	35,638,000
Inferred	Phoenix B	23,800	7.3%	3,811,000

Source: Denison Mines website - Technical Report
Note: The cut-off grade applied is 0.8% U_3O_8

McClean Lake

Denison Mines' 22.5% investment in the McClean Lake joint venture is located in northern Saskatchewan. This region holds such deposits as the Sue Trend, JEB, Caribou and McClean Lake sandstone hosted resource deposits. The collective zones situated at the McClean project represent the fifth largest uranium resource in the Athabasca basin. The exploration potential remains extremely high for the discovery of new economic mineralisation, particularly due to the fact that a number of high potential geological targets have either been partially tested or not tested at all.

A key feature of this project is that uranium is at shallow depth (a maximum of 170 metres), which allows a cheaper open pit mining approach rather than an underground extraction method. Based on the NI 43-101 compliant technical report, the uranium deposit is summarise below:

Table 18: McClean Lake - Initial Resource Estimate

Category	Tonnes	Grade (% U_3O_8)	Grade (%Ni)	Grade (%As)	Pounds (U_3O_8)
Zone: Sue A					
Indicated[1]	31,928	2.06%	4.15%	5.04%	1,450,000
Zone: Sue B					
Indicated[1]	45,506	0.97%	-	-	1,174,000
Inferred[1]	5,319	2.68%	-	-	163,000
Zone: Sue E					
Indicated[1]	312,278	1.46%	-	-	10,024,000
Inferred[1]	209,737	1.96%	-	-	9,044,000
Zone: McClean North					
Indicated[2]	56,928	6.16%	-	-	7,726,000
Zone: Caribou					
Indicated[2]	47,763	2.62%	-	-	2,758,816

Source: Denison Mines website - Technical Report

Notes:

1. The cut-off grade applied is 0.5% U_3O_8
2. The cut-off grade applied is 0.1% U_3O_8

Midwest Project

The Midwest uranium deposits are situated at the Athabasca Basin in northern Saskatchewan. Denison Mines has entered a joint venture in respect to the Midwest project, and currently owns 25.17%. Denison Mines is not the operator of this site.

The site is expected to be an open pit uranium mine, however this will involve draining of the Mink Arm of the South McMahon Lake. Initial designs highlight that the region is expected to produce an estimated 34.7 million pounds of U_3O_8.

The Midwest project resource estimate complies with the NI 43-101 requirements, and is set out below:

Table 19: Midwest Project - Initial Resource Estimate

Category	Tonnes	Grade (% U_3O_8)	Grade (%Ni)	Grade (%Co)	Grade (%As)	Pounds (U_3O_8)
Zone: Midwest						
Indicated[1]	354,000	5.50%	4.35%	0.34%	7.17%	33,900,000
Inferred[2]	25,000	0.80%	0.95%	0.19%	2.17%	1,200,000
Zone: Midwest A						
Indicated[3]	464,000	0.48%	-		-	5,800,000
Inferred[3]	9,200	18.0%	-		-	4,300,000

Source: Denison Mines website - Technical Report

Notes:

1. The cut-off grade applied is 0.3% U_3O_8.
2. The cut-off grade applied is 0.8% U_3O_8.
3. The cut-off grade applied is 0.05% U_3O_8.

Other Canadian Projects

Denison Mines has other various Canadian based projects, which are at differing stages of development. These include the following:

- the Bell Lake and More Lake sites, for which Denison Mines is the site operator. The joint venture partner is JNR Resources Incorporation;
- Hatchet Lake and Murphy Lake. Denison Mines and Virginia Energy Resources Incorporation have entered into a joint venture for these sites;
- a joint venture has been entered into between Denison Mines and Consolidated Abaddon Resources Incorporation for the Huard-Kirsch property;
- Denison Mines partnered with Cameco Corporation at the Park Creek and Wheeler River projects;
- Denison Mines holds interests in the Wolly and Waterfound projects. These projects are operated by AREVA Resources Canada Incorporation; and
- other wholly owned projects include the Bachman Lake, Ford Lake, Jasper Lake and Stevenson River sites.

Gurvan Siahan Joint Venture

The Gurvan Siahan Joint Venture ("**GSJV**") was formed in 1994. GSJV currently holds four exploration licenses in the South Gobi region of Mongolia, which comprises 685,632 hectares, focused on in-situ recovery resources. Denison Mines holds a 70.0% interest in the GSJV. Other parties involved in the project include a Russian government entity which owns 15.0% of the GSJV.

Mutanga Project

Through the acquisition of Omegacorp Limited in 2007, Denison Mines acquired a 100.0% interest in the Mutanga Project which is located in Zambia. This project includes the Mutanga and Didwe deposits plus a number of exploration areas. Based on drilling undertaken to date, measured and indicated resources are estimated at 2.0 and 5.8 million pounds U_3O_8 respectively, with reserved resources exceeding 13.0 million pounds U_3O_8.

4.3 Bidder's Investment Intentions

Set out below are extracts of Denison Mines' Bidder's Statement in relation to the bidder's investment intentions. For details, please refer to the Bidder's Statement.

4.3.1 Intentions upon acquisition of more than 90% shareholding

If Denison Mines becomes entitled to at least 90% of the Shares, then subject to satisfaction or waiver of the other conditions of the Offer, Denison Mines intends to:

- proceed to compulsory acquisition of the outstanding Shares in accordance with the provisions of the Act;
- procure an application to remove White Canyon from the official list of ASX and TSX-V; and
- appoint its own nominees to the board of directors of White Canyon and its subsidiaries and seek the retirement of all current members of the boards of White Canyon and all associated entities.

4.3.2 Intentions upon acquisition of less than 90% shareholding

If Denison Mines declares the Offer to be free from the 90% minimum acceptance requirement and other conditions, and Denison Mines does not acquire at least 90% of the Shares and is therefore not entitled to compulsorily acquire the outstanding Shares but White Canyon becomes a controlled entity of Denison Mines, Denison Mines intends (subject to the level of Denison's shareholding in White Canyon) to:

- seek to appoint its own nominees to constitute all or a majority of the White Canyon board, subject to the Act and to the constitution of White Canyon;
- acquire Shares over time so as to enable Denison Mines to move to compulsory acquisition. For example, as a result of the acquisition of Shares in reliance of the "3% creep" exception in item 9 of section 611 of the Act;
- unless White Canyon has more than the required spread of shareholders under the Listing Rules, procure an application to be made to remove White Canyon from the official list of ASX and TSX-V;
- promptly conduct a review of all of White Canyon's operations to accurately review the synergy potential and identify potential cost savings; and
- promptly identify administrative functions including corporate, finance and accounting, marketing, human resources, information technology, legal and risk management with a view to White Canyon being a controlled entity of Denison Mines but not a wholly-owned subsidiary.

4.3.3 Other intentions

Subject to conditions as set out in the Bidder's Statement, Denison Mines does not foresee a significant shift from the current strategic direction of White Canyon in relation to its core businesses and does not intend to divest any of White Canyon's businesses.

5 ECONOMIC OVERVIEW

5.1 Introduction

The following observations regarding economic conditions are based on our review of generally available economic analysis reports published by major Australian trading banks and economic forecasting bodies at or about the date of this IER.

5.2 Australian Economic Overview

Following the recent global financial crisis ("**GFC**"), while several major countries had one of their most serious recessions in the post-World War II period, Australia had one of its mildest, with a relatively sharp but brief downturn in aggregate demand and economic activity late in 2008, with a return to expansion during the first half of 2009.

At its meeting in February 2011, the Reserve Bank of Australia ("**RBA**") left the cash rate unchanged at 4.75% per annum ("**p.a.**"). In a statement made by the RBA, reasons for leaving interest rates unchanged were as follows:

- the RBA remains upbeat in regards to general global economic conditions, and indicated that both China and India are recording very strong expansion in 2010 which are anticipated to continue;
- the terms of trade is at the highest level since the 1950's, as well as the fact that national income is growing robustly. This in turn has led to growth in private investment activity. The RBA however did state that the household sector remained cautious about borrowing and spending levels, with an associated lift in the savings rate and a subdued growth in credit levels;
- employment growth was notably strong in 2010. The RBA expects growth to be maintained in 2011, albeit at a moderating pace. In addition, it was noted that wages growth was evident in 2010, with further increases anticipated in 2011; and
- the view that underlying inflation will remain in the target range of 2.0% to 3.0% p.a. in the next twelve months.

The RBA projects that gross domestic product ("**GDP**") growth will expand by 0.5% in 2011, to 4.25% p.a., with the 2012 forecast remaining unchanged at 4.0% p.a. The RBA notes that reconstruction of the Queensland flood affected regions is expected to offset near term weakness in GDP.

The Organisation of Economic Coordination and Development ("**OECD**") Economic Outlook, released in May 2010 predicts that Australian interest rates will reach 5.7%pa within a year as the RBA attempts to combat inflation, pushing up variable mortgage rates and increasing pressure on financially-stressed home owners.

If the predictions come to pass, it would mean Australia's interest rate would be one of the highest in the world at a time when more countries are keeping rates low as their economies recover from the GFC.

On the contrary, economic analysts from other financial institutions do not believe that interest rates will reach that level, as the RBA will hold off on interest rate rises to enable the RBA to have "greater flexibility" to move either way if the economy does not recover as planned.

5.3 USA Economic Overview

The USA has experienced a serious recession following the GFC, with high unemployment. Some analyst believe that the rebound in global growth in the twelve months to March 2011 may have lost momentum. This rebound was led by fiscal stimulus augmented by rebuilding of inventories in the business sector. However, recent USA economic data shows that a self-sustaining recovery in consumer and business spending may be taking hold, with real consumer spending increasing at an annual rate of more than 4.0% during the fourth quarter of 2010, which has been reasonably broad based.

A platform for a reasonable rebound in the USA economy is gradually building. Firstly, financial conditions (including monetary policy) will remain conducive to growth for some time. Secondly, the USA banking system is in a better position than it was during the GFC. USA banks have written off a sizeable amount of bad debts and have replenished capital. Banks are also easing their lending criteria. This suggests that the credit channel should be supportive of growth, unlike during the GFC. The final plank will be a partially revitalised household balance sheet. Although consolidation has further to run in the short term, the most intensive period of household de-leveraging is now in the past.

The key to a sustained recovery is likely to be the willingness of corporate America to invest and employ. Given that many corporate have significant cash and borrowing capacity, it is expected that corporations will seek to utilise these resources, as the return to holding cash on balance sheet with such low interest rates is unacceptably low. The speed of the USA economic recovery will be determined by the degree to which investment in real capital assets occurs, as compared with the alternative of buying back equity.

The GDP growth of the USA economy is forecasted to be approximately 2.2% in 2011 and 3.1% p.a. in 2012. Inflation is likely to continue to fall amid weak demand and sizeable output gap. Although deflation is a possibility, headline inflation is forecasted to decline from 1.7% p.a. in 2010 to reach 0.9% in 2011 and 2012.

5.4 Conclusion

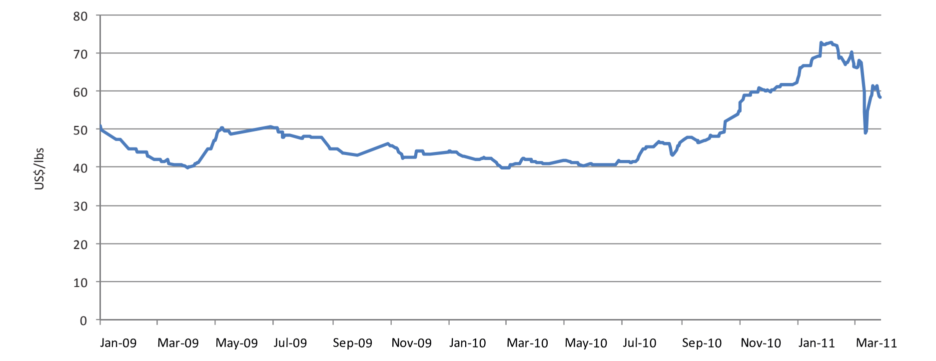
Based on the above it is noted that USA recessionary pressures have generally eased. However, a general consensus remains that ongoing improvements, both in the USA and globally will be slow and protracted.

6 INDUSTRY OVERVIEW

Set out below is a graph of uranium spot prices over the past two years:

Figure 7

Uranium Spot Prices



Source: Bloomberg

We note that from January 2009 to October 2010 uranium spot prices fluctuated in a band between approximately US$40.00/lbs and US$50.00/lbs. However, since October 2010 uranium spot prices have trended upwards to a peak of US$73.00/lbs on 28 January 2011, before sliding back to US$40.00/lbs on 16 March 2011 following the recent natural disaster in Japan. The uranium market has since recovered to US$58.5/lbs on 31 March 2011.

Appendix 1 of the attached McKnight and Glanville Valuation (**Appendix 4**) sets out a further overview on the uranium industry.

7 SUMMARY OF MCKNIGHT AND GLANVILLE VALUATION

7.1 McKnight and Glanville Valuation Report

Set out below are extracts form the McKnight and Glanville Valuation Report dated 8 March 2011 attached in **Appendix** 4:

Executive Summary

White Canyon has received a takeover offer from Denison Mines and, in order to assess and respond to the offer, has engaged PKF Corporate Advisory (East Coast) Pty Limited ("PKF") to provide a fairness opinion to the directors and shareholders of White Canyon. PKF has in turn engaged Glanville and McKnight to prepare an Opinion of Value of White Canyon's uranium properties and associated assets.

McKnight and Glanville recognized the difficulty of providing a precise Opinion of Value for early production, development and exploration stage properties, because of the variability of input parameters and assumptions, as well as the scarcity of good comparables. For this reason they used three approaches to valuation in order to provide checks and corroboration for each value. The methods utilized were:

- *Valuation based on the adjusted discounted cash flow (or net present value) approach;*
- *Valuation based on the comparables approach utilizing dollars per contained (in situ) pound of U_3O_8 in the resource; and*
- *Valuation based on the adjusted book value approach, using a multiplier to adjust the book value. The "Book Value Multiplier" ratio is derived from a number of comparable uranium exploration, development, and producing companies, and is essentially the average of ratios of the market capitalizations attributed to mineral properties divided by the past expenditures or deferred exploration expenses, also known as the "book values".*

The resulting valuations, utilizing the foregoing valuation methods, are summarized in the following table:

Table 20: McKnight and Glanville Valuation Summary

Valuation Method US$ millions	Daneros Lark-Royal and Geitus	Others	Total Mineral Properties	Database and Plant and Equipment	Working Capital	Total
Adjusted discounted cash flow approach	$25.0[1]	$10.5	$35.5	$0.5	$7.0	$43.0
Comparables approach	$25.8	$10.5	$36.3	$0.5	$7.0	$43.8
Adjusted book value approach	$44.0	NA	$44.0	$0.5	$7.0	$51.5

Source: McKnight and Glanville Valuation Report

Note 1: The McKnight and Glanville Valuation Report notes that although the total pre-tax net present value is $33.5 million (as can be seen in the main body of the McKnight and Glanville Valuation report), this has been reduced to around $25 million to account for income taxes (after consideration of existing income tax pools, and the possible timing of income tax weighted towards the later years of production).

As can be determined from the foregoing, the average of the three approaches to valuing the assets of UEC is $46.1 million, while the mid-point value is $43.8 million. As a result, we are of the opinion that the fair market value of UEC's mineral properties, resources, inventory, and other assets is approximately ***$45 million.***

Opinion of Value

This Opinion of Value is rendered for White Canyon Uranium Ltd and may only be used and relied upon in connection with White Canyon's and its advisor's review of White Canyon's Uranium asset values and the Denison Mines offer, and is valid as of the date hereof. In the event that other information material to the Opinion of Value is made available subsequent to the date of this Opinion, McKnight and Glanville reserve the right to modify or withdraw the Opinion. This Opinion of Value is rendered as of the date hereof, and McKnight and Glanville disclaim any obligation to advise any person of any change in the Opinion of Value subsequent to that date.

Subject to the foregoing, and based on a review of all factors considered relevant, the Opinion of McKnight and Glanville is that the value of White Canyon's uranium assets is estimated to be in the range from $40 to $50 million, with a preferred value being $45 million. Such a wide range of values is not uncommon for mineral properties at this stage of development.

7.2 Subsequent Advice by McKnight and Glanville

Japan natural disaster

The McKnight and Glanville Valuation Report is dated 8 March 2011 and was undertaken prior to the 11 March 2011 Japan natural disaster. Subsequent to the Japan natural disaster and associated nuclear plant difficulties, McKnight and Glanville advised the following:

- the share prices of uranium companies, both explorers and producers declined significantly, [although recently there has been some recovery];
- the spot price of uranium oxide has declined significantly;
- the long term outlook is not yet clear, but obviously the short term situation is worse than when McKnight and Glanville completed their report dated 8 March 2011;
- although the short term price has declined, it is the long-term price that is critical to the valuation; and
- if an independent mining expert's report was completed subsequent to the Japan natural disaster, the value of the White Canyon uranium assets would be lower than assessed in the McKnight and Glanville Valuation Report.

Geologist reports

The McKnight and Glanville Valuation Report dated 8 March 2011 refers to the following draft geologist reports:

- Draft Technical IER on UEC's Marcy-Look Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated December 28th, 2010;
- Draft Technical IER on UEC's Blue Jay Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated December 27th, 2010; and
- Draft Technical IER on UEC's Geitus-Deer Flat Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated January 28th, 2011.

These draft geologist reports were finalised subsequent to the issued of the McKnight and Glanville Valuation Report dated 8 March 2011. McKnight and Glanville have reviewed the final geologist reports in relation to the above, and confirmed that the final reports have no effect on their valuation opinion provided within their McKnight and Glanville Valuation Report dated 8 March 2011.

8 VALUATION METHOD

8.1 Overview

In arriving at our valuation conclusions for White Canyon, we considered the following broad categories of valuation methods:

- comparable market transactions;
- capitalisation of future maintainable earnings ("**CFME**");
- discounted cash flow ("**DCF**");
- asset-based valuations; and
- the most recent quoted market price of listed securities (market trading method).

Set out in **Appendix 3** are summary descriptions of valuation methods we have considered.

Set out below is a discussion of the valuation methods we consider appropriate for the purposes of undertaking our valuation assessment of White Canyon.

8.2 White Canyon

Primary valuation approach

We have adopted an asset-based valuation approach, whereby the various assets and liabilities of White Canyon have been taken into account. The major component is derived from the fair market valuation of the assets of UEC as calculated in the McKnight and Glanville Valuation. The following components have been assessed independently and then aggregated to arrive at the equity value of White Canyon:

- the fair market value of UEC (including Mineral Assets, working capital, mining database and mining equipment) as assessed in the McKnight and Glanville Valuation;
- the net tangible assets ("**NTA**") of White Canyon Uranium Limited (i.e. the parent entity in the White Canyon group, (as distinct from UEC) ("**Parent**")), including the value of any surplus assets (including cash and tax losses); and
- less any liabilities (including an appropriate capitalised value of corporate overheads).

We assessed the value of White Canyon Shares assuming the Options are not exercised and then assuming the Options are exercised.

Valuation cross check

To provide additional evidence of the value of White Canyon Shares, we have assessed the reasonableness of the valuation results of the primary valuation method by using a valuation cross check, being recent quoted market trading prices of listed White Canyon securities (share market trading method).

8.3 Offer Consideration

The Offer Consideration is cash. Accordingly, the nominal value will represent fair market value.

9 VALUATION OF WHITE CANYON URANIUM LIMITED WITHOUT TAKING INTO ACCOUNT THE EXERCISE OF THE OPTIONS

9.1 Approach

9.1.1 Overview

In arriving at our valuation conclusions on White Canyon, we considered the following broad categories of valuation methods:

- comparable market transactions;
- CFME;
- DCF;
- asset-based valuations; and
- the most recent quoted market price of listed securities (share market trading method).

Set out in Appendix 3 are summary descriptions of valuation methods we have considered.

We have adopted the 'sum of parts' approach with the underlying components based primarily on the fair market valuations calculated in the McKnight and Glanville Valuation Report to calculate the value of White Canyon. The following components have been assessed independently, and then aggregated to arrive at the equity value of White Canyon:

- the NTA of White Canyon;
- the fair market values of the mineral properties, together with inventory and fixed asset amounts, as assessed in the McKnight and Glanville Valuation Report;
- plus the value of any surplus assets/(liabilities) (including cash and tax losses); and
- less any liabilities, including an appropriate value of corporate overheads.

9.1.2 Valuation Cross Check

To provide additional evidence of the value of White Canyon, we have assessed the reasonableness of the valuation resulting using the primary valuation method by using a valuation cross check, being the most recent quoted market price of listed White Canyon (share market trading method).

9.2 Fair Market Value of UEC

We have adopted the fair market valuation as assessed in the annexed McKnight and Glanville Valuation for the net assets of UEC, including Mineral Assets, working capital, mining database and mining equipment, as set out below:

Table 21: Fair Market Value of UEC

	Para Ref	Low	High	Preferred
Fair market value (U$000s)	7	40,000	50,000	45,000
Foreign exchange rate adopted	9.3	1.0000	1.0000	1.0000
Fair market value (A$000s)		**40,000**	**50,000**	**45,000**

Sources: McKnight and Glanville Valuation; RBA; PKFCA analysis

9.3 A$/US$ FX Rate

Set out below are recent historical and short term forecast A$/US$ foreign exchange ("**FX**") rates:

Table 22: A$/US$ FX Rate

Period		A$/US$ FX	Source
Historical			
1 month average	1 February 2011 to 28 February 2011	1.0080	Bloomberg
2 months average	1 January 2011 to 28 February 2011	1.0027	Bloomberg
As at 31 December 2010		1.0163	Reviewed balance sheet
Forecast (Note 1)			
Q2 2011 - median	1 April 2011 to 30 June 2011	1.0000	Bloomberg
Q2 2011 - mean	1 April 2011 to 30 June 2011	0.9900	Bloomberg
Q3 2011 - median	1 July 2011 to 30 September 2011	1.0100	Bloomberg
Q3 2011 - mean	1 July 2011 to 30 September 2011	0.9800	Bloomberg

Sources: as above
Note 1: The above forecast values were based on forecasts as at 8 March 2011.

We understand that the Offer is intended to be settled in the short term. Based on the above, we have adopted a 1.0000 A$/US$ FX rate in our valuation.

9.4 Net assets of White Canyon

We assessed the net assets of the Parent as at 31 December 2010 after adjusting for intercompany balances (such as investments and loans) and intercompany transactions occurring between 31 December 2010 (the date of the last reviewed accounts) and 21 February 2011.

Set out below is our assessment of the net tangible assets ("**NTA**") of the Parent:

Table 23: NTA of the Parent

	A$'000	PKFCA Comments
Net assets of the Parent	28,605	• Based on White Canyon management's consolidation worksheet which underpins the reviewed 31 December 2010 balance sheet of White Canyon.
Less: deferred exploration and evaluation expenditure	(28,632)	• This relates to the capitalisation of exploration and evaluation costs for mines, the value of which has been considered by the McKnight and Glanville Valuation.
Less: investment in and loans receivable from UEC	(96)	• Cash invested in UEC either through share capital or intercompany loans has been used to develop UEC's Mineral Assets, working capital, mining database and mining equipment, the value of which has been included in the McKnight and Glanville Valuation.
Add: cash transferred on 9 February 2011	443	• On 9 February 2011, US$443,000 (A$443,000 based on FX rate as set out in Section 9.3) was transferred from UEC to the Parent. • The McKnight and Glanville Valuation deducted this amount from UEC's working capital. • As the cash asset remains within White Canyon, we have added this back to the Parent entity.
NTA	**320**	

Sources: White Canyon Consolidation Worksheet; PKFCA analysis

Based on the above, we have assessed the NTA of the Parent entity to be $320,000.

Short term Denison Mines loan

As at 31 December 2010, White Canyon had borrowed US$750,000 from Denison Mines (refer to Section 3.9 for details). As this amount has been included in the McKnight and Glanville Valuation, accordingly we have not considered this within our assessment of the Parent entity.

Convertible notes

As at 31 December 2010, White Canyon had US$2.5 million convertible notes (refer to Section 3.9 for details) held by Ms Lulu Yu which were converted into ordinary Shares on 23 February 2011.

These convertible notes were not considered in the McKnight and Glanville Valuation. As these convertible notes have been converted into Shares and provided for within the BIA, we are satisfied that the treatment adopted by the McKnight and Glanville Valuation is acceptable.

An adjustment to the Parent NTA upon conversion of the convertible notes is not required in Table 23 above as the convertible notes were accounted for as debt of UEC and not the Parent.

9.5 Surplus Assets

We note that as at 30 June 2010, White Canyon had substantial tax losses for which no deferred tax asset was recognised as the Directors considered that recovery was not probable (refer Note 4 to the White Canyon's 2010 Annual IER).

White Canyon's tax consultant has advised that White Canyon would be expected to fail the continuity of ownership test ("**COT**") if a takeover were to occur, being that a greater than 50% change in ownership occurs. For the Offer to proceed, Denison Mines has a minimum acceptance requirement of 90% Shareholder approval. Accordingly, we assume that the business will fail the COT subsequently to the Offer succeeding.

This would require White Canyon to rely on the same business test ("**SBT**") in utilising prior year losses subsequently to the Offer succeeding. The SBT requires White Canyon to be carrying on the same business, as well as not carrying on any new business or new transactions. White Canyon's tax consultant advised that this test is quite narrow and may be difficult to pass.

Accordingly, we have assigned a value of $nil to the tax losses incurred by White Canyon and have not recognised these as a surplus asset.

9.6 Head Office Costs

Set out below are our assumptions in relation to capitalised overhead costs:

Table 24: Capitalised Overhead Costs - Assumptions

Area	A$'000	PKFCA Comments
H1FY2011 expenses (six months)	851	• Based on the reviewed H1FY2011 income statement as set out in Section 3.8.1.
Identified overhead costs to be capitalised (six months) [A]	186	• We have analysed expenses included in the reviewed H1FY2011 income statement to identify expense items that may be required in the short term to 'wind down' White Canyon's standalone operations subsequent to the Offer. Such items include accounting services, rent, utilities, insurance and other office expenses. • We have excluded from this directors fees, listing costs, regulatory costs, advertising, travel and other discretionary costs. We have assumed that these expense items will be terminated immediately after the Offer.
Identified overhead costs to be capitalised (one month) ([A] ÷ 6 months = 1 month)	31	• Following discussions with White Canyon management, we have no reason to believe that the H1FY2011 expenses are not reflective of a typical six month period. Accordingly, we have assumed this to be the case, i.e. no unusual transactions and no one-off expenses.
Capitalisation period	6 to 12 months	• We have assumed that the potential acquirer will require between six to twelve months to wind down White Canyon's standalone operations.

Sources: H1FY2011 annual report; White Canyon management; PKFCA analysis

Based on the above, we have assessed capitalised overhead costs as follows:

Table 25: Capitalised Overhead Costs

	Ref	Low	High	Mid
Monthly overhead costs ($000s)	Table 24	31	31	31
Capitalisation period (months)	Table 24	6	12	9
Capitalised overhead costs ($000s)		**186**	**372**	**279**

Sources: H1FY2011 annual report; White Canyon management; PKFCA analysis

We have assessed capitalised overhead costs to be in the range from $186,000 to $372,000, with a mid value of $279,000.

9.7 Valuation Summary

A summary of the fair market valuation of White Canyon (on a controlling interest basis) assuming all the Options are not exercised, is set out below:

Table 26: White Canyon Valuation Summary - assuming all the Options are not exercised

($'000 unless otherwise indicated)	Ref.	Low	High	Preferred
Fair market value of UEC	9.2	40,000	50,000	45,000
NTA of the Parent	9.4	320	320	320
Add: surplus assets	9.5	0	0	0
Less: capitalised corporate costs	9.6	(186)	(372)	(279)
Equity value		**40,134**	**49,948**	**45,041**

Sources: McKnight and Glanville Valuation; PKFCA analysis

In our opinion, the fair market value of White Canyon (on a controlling interest basis) is in the range of $40.1 million and $49.9 million, with a preferred value of $45.0 million.

Based on the above assessed fair market value of White Canyon and the number of Shares (assuming all the Options are not exercised), we have calculated the value of each White Canyon Share as set out below:

Table 27: White Canyon - Value per Share - assuming all the Options are not exercised

	Ref.	Low	High	Preferred
Equity value ($000s)	Table 26	40,134	49,948	45,041
No. of Shares (assuming all the Options are not exercised)	3.6.1	230,679,770	230,679,770	230,679,770
Value per White Canyon Share (cents/share)		**17.4**	**21.7**	**19.5**

Sources: McKnight and Glanville Valuation; PKFCA analysis

In our opinion, the fair market value of each White Canyon Share is in the range of 17.4 cents and 21.7 cents, with a preferred value of 19.5 cents per share.

9.8 Valuation Cross Check

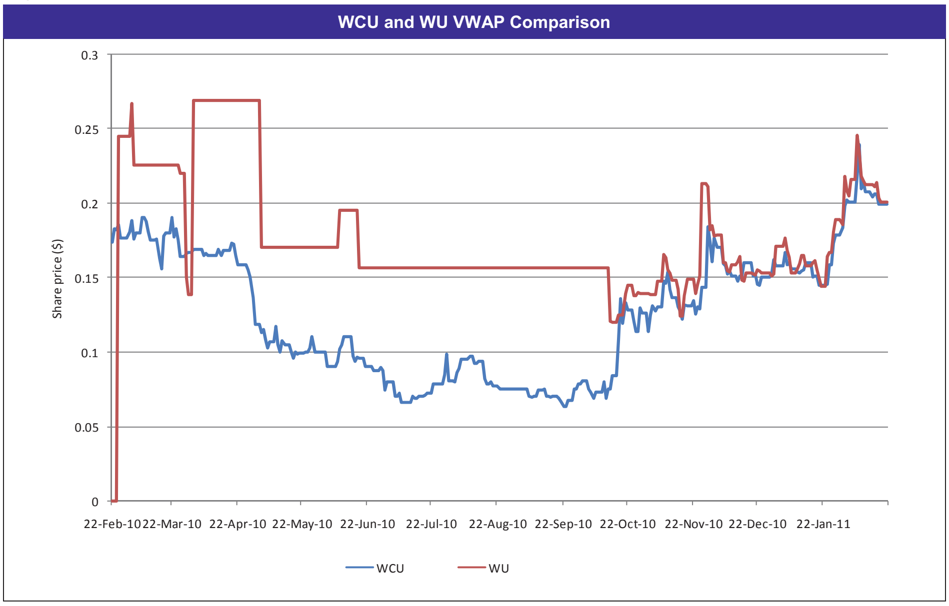
To provide additional evidence of the value of White Canyon Shares, we have assessed the reasonableness of the valuation results of the primary valuation method by using a valuation cross check, being the most recent quoted market price of listed White Canyon securities (share market trading method).

9.8.1 Comparison between WCU and WU

Share price

A comparison between the WCU and the WU (converted to A$) share trading is set out below:

Figure 8



Sources: Bloomberg; RBA; PKFCA analysis
Note: RBA's daily foreign exchange rates were used to convert WU from C$ to A$.

Based on the above analysis, we note the following:

- differences between the WCU and WU share prices were initially large (i.e. immediately after initial listing on TSX-V). This difference reduced over time;
- the large difference observed between the WCU and WU Share prices in the initial period may be attributed to low trading volumes on TSX-V (refer to Section 3.7.2). Trading volume improved on the TSX-V only in late 2010; and
- the WCU Share price appears comparable with the WU share price in the last one month period, with an average difference of approximately 1 cent. This difference may partially be due to the application of different foreign exchange rates.

Volume traded

As set out in Section 3.7.3, WCU has significantly higher trading volume compared to WU.

Conclusion

In our opinion, the WCU share price is a better representation of the fair market value of White Canyon Shares, than the WU Share price. Accordingly, we have adopted the WCU Share price (instead of the WU Share price) in our share trading method cross check valuation.

9.8.2 Valuation cross check - WCU

Set out below is our cross check valuation of WCU using the share trading method:

Table 28: Share Trading Method - WCU

		Ref	Low	High	Mid
3 months VWAP					
WCU 3 months to 21 February 2011 VWAP	cents/share	3.7.1	18.2	18.2	18.2
Add: premium for control			20.0%	25.0%	22.5%
Assessed value of WCU Shares	**cents/share**		**21.8**	**22.7**	**22.2**
6 months VWAP					
WCU 6 months to 21 February 2011 VWAP	cents/share	3.7.1	15.8	15.8	15.8
Add: premium for control			20.0%	25.0%	22.5%
Assessed value of WCU Shares	**cents/share**		**19.0**	**19.8**	**19.4**

Sources: Bloomberg; PKFCA analysis

VWAP

In mid October 2010, White Canyon announced finalisation of the Sales Agency Agreement and commencement of toll milling, which resulted in an improvement in the share price. Hence, the 3 months VWAP may be at a premium due to market sentiment and speculation, and may not be reflective of the fair market value.

Based on our review of the WCU Shares (refer to Section 3.7), we have assessed that WCU has relatively low liquidity. As such, a longer term 6 months VWAP may be preferred over the 3 months VWAP. However, in ether case, the Offer price is greater than the 3 and 6 month VWAPs adjusted for a control premium.

Premium for control

Our assessment of the VWAP value of WCU has been derived predominantly from trades of minority parcels of shares in White Canyon. Accordingly, the trading prices reflect a minority interest value. The interest being valued represents a controlling interest in White Canyon. When valuing a controlling interest, an appropriate allowance should be made for a premium for control. This is based on the expected additional benefits of a controlling interest in a small, early stage operation compared to a minority interest. Empirical evidence on premiums for control indicates that these premiums tend to range from 20% to 45%. We note that the WCU Shares have relatively low liquidity and the discount for liquidity would have been reflected in the above share price.

Subsequent to implementation of the Offer, Denison Mines will have at least 90% interest in White Canyon. This would place Denison Mines in a position of control.

Based on the above, we have applied a premium for control of 20% to 25%.

Conclusion

We have assessed the fair market value of each White Canyon Share is in the range of 17.4 cents and 21.7 cents, with a midpoint of 19.5 cents per share.

The above analysis of the WCU Share trading prices, after an allowance for a control premium indicates a range of 19.0 cents and 19.8 cents per Share, with a midpoint of 19.4 cents per Share on the basis of a 6 months VWAP and a range of 21.8 cents and 22.7 cents per Share, with a midpoint of 22.2 cents per Share on the basis of a 3 months VWAP. We believe that this analysis generally supports our assessed valuation of the White Canyon Shares using our primary valuation methodology.

10 VALUATION OF WHITE CANYON URANIUM LIMITED BASED ON THE OPTIONS BEING EXERCISED

In the section above, we have assumed that the Options are not exercised. This section considers the position if all the Options are assumed to be exercised.

10.1 Surplus Assets

In the event that all the Options are exercised, cash arising for the exercise of all Options will be as set out below:

Table 29: Exercise of Options

Number of Options	20,000,000
Exercise price ($/Option)	0.15
Cash arising from the exercise of all Options ($)	**3,000,000**

Sources: BIA; PKFCA analysis

The above cash arising from the exercise of all Options is accounted for as a surplus asset.

10.2 Valuation Summary

A summary of the fair market valuation of White Canyon (on a controlling interest basis) assuming all the Options are exercised, is set out below:

Table 30: White Canyon Valuation Summary - assuming all the Options are exercised

	Ref.	Low	High	Preferred
Fair market value of UEC ($000s)	Note 1	40,000	50,000	45,000
NTA of the Parent ($000s)	Note 1	320	320	320
Add: surplus assets ($000s)	9.5 and 10.1	3,000	3,000	3,000
Less: capitalised corporate overheads ($000s)	Note 1	(186)	(372)	(279)
Equity value ($000s)		**43,134**	**52,948**	**48,041**

Sources: McKnight and Glanville Valuation; PKFCA analysis

Note 1: The value for these items are unaffected by the exercise of the Options. Accordingly, these values are consistent with the values adopted in Table 26.

In our opinion, the fair market value of White Canyon (on a controlling interest basis) assuming all the Options are exercised, is in the range of $43.1 million and $52.9 million, with a preferred value of $48.0 million.

Based on the above assessed fair market value of White Canyon and the number of Shares (assuming the Options are exercised), we have calculated the value of each White Canyon Share as set out below:

Table 31: White Canyon - Value per Share - assuming all the Options are exercised

	Ref.	Low	High	Mid
Equity value ($000s)	Table 30	43,134	52,948	48,041
No. of Shares on issue (assuming Options are exercised)	3.6.1 and 3.6.2	250,679,770	250,679,770	250,679,770
Value per White Canyon Share (cents/share)		**17.2**	**21.1**	**19.2**

Sources: McKnight and Glanville Valuation; PKFCA analysis

In our opinion, the fair market value of each White Canyon Share (assuming the Options are exercised) is in the range of 17.2 cents per share to 21.1 cents per share with a midpoint of 19.2 cents per share.

11 EVALUATION

11.1 Fairness

We have compared the fair market value of the Offer Consideration to our assessed fair market value of the Shares, assuming alternatively that all the Options are and are not exercised, as set out below:

Table 32: Assessment of Fairness

(cents/Share)	Para Ref		Low	High	Mid
Offer Consideration					
Cash	2.3	A	24.0	24.0	24.0
Assuming all Options are not exercised					
Assessed Value of Shares					
PKFCA assessed value per Share	9.7	B	17.4	21.7	19.5
Fairness					
Difference: Offer Consideration greater / (less) than assessed value of Shares		A-B	6.6	2.3	4.5
Fairness assessment			**Fair**	**Fair**	**Fair**
Assuming all Options are exercised					
Assessed Value of Shares					
PKFCA assessed value per Share	10.2	C	17.2	21.1	19.2
Fairness					
Difference: Offer Consideration greater / (less) than assessed value of Shares		A-C	6.8	2.9	4.8
Fairness assessment			**Fair**	**Fair**	**Fair**

Source: PKFCA analysis

Based on the above, the Offer Consideration of 24.0 cents per Share is greater than the assessed fair market value of the White Canyon Shares.

In our opinion, the Offer is considered to be "fair" to Non-associated Shareholders.

11.2 Reasonableness

For the purposes of RG 111, an offer is considered to be "reasonable", if it is "fair". However, even if it is not "fair" it may be reasonable if there are sufficient reasons for the shareholders to accept the proposal.

We have also considered various factors that we believe Non-associated Shareholders should consider when deciding whether or not to accept the Offer. Set out below is a summary of our assessment of the various factors.

11.2.1 Advantages of the Offer

Accepting the Offer has the following advantages:

Offer Consideration is cash

White Canyon Shareholders will received cash consideration for their Shares. Given that trading in White Canyon Shares is relatively illiquid (as noted in Section 3.7), the cash consideration would be a simple exit strategy for Shareholders wishing to dispose of their Shares.

Likely share price in the absence of the Offer

The WCU and WU 12 months to 21 February 2011 market trading VWAP per Share was $0.15 and C$0.19, respectively as set out in Section 3.7. The 1 month to 21 February 2011 VWAP improved, up to $0.20 and C$0.20 for WCU and WU respectively. However, we note that the recent rise in the Share price could have been driven by an element of speculation in respect of the Offer. The Offer values White Canyon Shares at $0.24 per Share, which is higher than historical VWAPs.

Dependency risk on Denison Mines

Under the terms of the Toll Milling Agreement and Sales Agency Agreement with Denison Mines, White Canyon is currently reliant on Denison Mines to mill its ore and distribute the product, respectively.

In the absence of the Offer, Denison Mines could potentially shut down its White Mesa mill in Blanding to reduce operational costs, until such time that the Denison Mines Wheeler River project commences production, which is expected to be in or around 2018. Should this occur, White Canyon will have to find an alternative means of milling its ore and may not achieve the income expected to be achieved under the current arrangements with Denison Mines. Accordingly, as a standalone entity, White Canyon has significant dependency risk on Denison Mines.

Avoids minority shareholding scenario

The Directors (8.5% Shareholding, assuming exercise of all Options) and Mr. Michael Shumway, a key shareholder (18.2% Shareholding, assuming exercise of all Options), with a total Shareholding interest of 26.7% (assuming exercise of all Options) have communicated that they will accept the Offer, subject to there being no superior proposal and subject to the outcome of this IER. The commitment of the Directors and Mr. Shumway improves (but does not ensure) Denison Mines' prospects of satisfying the 90.0% minimum acceptance level required by the Offer.

Should the Offer achieve the 90.0% minimum acceptance level, Shareholders who do not accept the Offer will retain a minority Shareholding in an entity that will be controlled by a single Shareholder, Denison Mines.

In addition, such concentration in Shareholding by Denison Mines could result in reduced liquidity in White Canyon Shares subsequent to the Offer.

Denison Mines has indicated that assuming Denison Mines acquires more than 90% of the Shares following the Offer, Denison Mines will proceed with a compulsory acquisition of the outstanding Shares and will apply to remove White Canyon from the official list of the ASX and TSX-V. For details of Denison Mines' investment intentions, please refer to Section 4.3.

No superior alternative proposal

At the date of this IER, we are not aware of any superior alternative proposal for White Canyon Shares.

Limited underlying asset base and operations

White Canyon has mining tenements only, with no processing or distribution facilities and capabilities. It does not have any interest in a uranium mill. White Canyon's profitability is solely dependent on the success of its exploration activities and mining capabilities.

Potential working capital constraints and periodic cash flows

White Canyon could potentially have working capital constraints as a result of the periodic cash flows due to intermittent ore processing schedules. Cash flow constraints and liquidity issues could potentially be a key business risk for White Canyon.

Additional capital raising for expansion

Whilst White Canyon may have sufficient capital to continue with production at the Daneros mine, it may require additional capital raising to undertake future development of other tenements. As such, this Offer could assist with development of the other tenements.

Impact of recent events in Japan

The recent 11 March 2011 earthquake and tsunami in Japan resulted in nuclear plant breakdowns. Following this disaster, we note that uranium spot prices have declined (refer to Section 6) and share prices of uranium companies have also generally declined.

By accepting the Offer, Shareholders may avoid possible future declines on uranium spot prices (if any) which could adversely impact revenue and profitability. In addition, assuming the Share price performance trends with other uranium companies, Shareholders may avoid a potential decline in the price of Shares.

11.2.2 Disadvantages of the Offer

Accepting the Offer has the following disadvantages:

Loss of future growth opportunities in White Canyon

Accepting the Offer will effectively extinguish the ability of Shareholders to directly participate in any future growth in White Canyon. Should they so desire, Shareholders could invest in Denison Mines' shares to continue to participate in any future growth in White Canyon. However, we note that such a decision is a separate investment decision and that White Canyon would represent only a very small part of Denison Mines' operations.

Conditional Offer

The Offer is conditional upon 90% or more acceptances and Regulatory approvals, which may result in the Offer being unsuccessful.

Offer Consideration value is lower than the IPO price

The cash Offer Consideration of $0.24 per Share is marginally lower than the 2008 IPO price of $0.25 per White Canyon Share. This is a function of the change in economic environment since the IPO.

We note that this may not be a disadvantage for USA based Shareholders, given the recent strengthening of the Australian dollar against the USA dollar.

11.3 Conclusion

We conclude that the Offer is fair and reasonable for Non-associated Shareholders.

12 QUALIFICATIONS AND DECLARATIONS

12.1 Qualifications

PKFCA is the licensed corporate advisory arm of PKF East Coast Practice, Chartered Accountants and Business Advisers. PKFCA provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert reports.

Mr Vince Fayad B.Bus, CA, is a Director of PKFCA and the head of the corporate advisory practice. Mr Fayad is also a partner of PKF East Coast Practice. Mr Fayad is the Director responsible for this IER. Mr Vince Fayad has over 25 years experience in a number of specialist corporate advisory activities including company valuations, due diligence investigations, preparation and review of business feasibility studies, public company floats, accounting, advising on transactions and acquisitions, preparation of independent expert reports, preparation of information memoranda and other corporate investigations.

Mr Peter Cornell B.Com, LLB, is a Director of PKFCA. Mr Cornell has been actively involved in the review of this IER. Mr Cornell has over 25 years experience in law, business valuation and corporate advisory and planning activities. He has had extensive experience in the areas of preparation and review of independent expert's reports, litigation accounting, business feasibility studies, financial investigations, business valuations and due diligence reviews.

Ms May Cheong B.Eng (Hons), B.Sc (Accounting) (Hons), CA, is a Manager of PKFCA. Ms Cheong has been actively involved in the preparation of this IER. Ms Cheong has over 6 years experience in accounting, finance, capital raisings, due diligence investigations and business valuations.

Based on their experience, Messrs Fayad and Cornell are considered to have the appropriate expertise and professional qualifications to provide the advice offered.

12.2 Independence

PKFCA is unaware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence under regulatory or professional requirements. In particular, PKFCA has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

PKFCA was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for White Canyon in relation to the Offer, other than the preparation of this IER. Further, PKFCA has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with White Canyon that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Offer.

PKFCA considers itself to be independent in terms of RG 112 *Independence of experts* ("**RG 112**"), issued by ASIC.

PKFCA will receive a fee based on the time spent in the preparation of this IER in the amount of approximately $50,000, (plus GST and disbursements). PKFCA will not receive any fee contingent upon the outcome of the Offer, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Offer. In addition, fees for the reports of the independent mining valuation specialists have been paid by White Canyon and such fees are also on the same basis as that rendered by PKFCA.

Three (3) drafts of this IER were provided to the Directors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IER(s). However, no changes were made to the methodology, conclusions or recommendations made to the Shareholders.

12.3 Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Shareholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Shareholders without the written consent of PKFCA. PKFCA accepts no responsibility to any person other than the Directors, and Shareholders in relation to this IER. The statements and opinions contained in this IER are given in good faith and are based upon PKFCA's consideration and assessment of information provided by the Directors, executives and management of White Canyon.

APPENDIX 1 GLOSSARY

Table 33: Glossary

Term	Definition
$ / A$ / AUD	Australian dollar
AAS	Australian Auditing Standards
Act	Corporations Act 2001 (*Cth*)
ASB	Australian School of Business Centre for Research in Finance Risk Measurement Service
ASIC	Australian Securities and Investments Commission
ASRE	Auditing Standard on Review Engagements
ASX	Australian Securities Exchange
BIA	Bid Implementation Agreement between White Canyon and Denison Mines dated 23 February 2011 pursuant to which Denison Mines makes the Offer.
BLM	USA Federal Bureau of Land Management
C$ / CAD	Canadian dollar
CFME	Capitalisation of future maintainable earnings
COT	Continuity of ownership test
CY2011	Refer to Prospective Financial Information
DCF	Discounted cash flow
Denison Mines	Denison Mines Corp.
Directors	Directors of White Canyon
Energy Fuels	Energy Fuels Incorporation
FOS	Financial Ombudsman Service Limited
FSG	Financial Services Guide
FX	Foreign exchange
FY20XX	Financial year ended 30 June 20XX
GDP	Gross domestic product
GFC	Global financial crisis
GSJV	Gurvan Siahan Joint Venture
H1FY2011	Six months ended 31 December 2010
EDST	Eastern daylight savings time
IER	Independent expert report
Index	ASX/S&P 300 Metals and Mining Index
JORC	Joint Ore Reserves Committee
km	Kilometres
IPO	Initial public offering
lbs	Pounds
Licence	Australian Financial Services Licence (License No: 247420)
McKnight and Glanville	Bruce McKnight Minerals Advisor Services and Ross Glanville and Associates Limited
McKnight and Glanville Valuation	Fair market valuation report prepared by McKnight and Glanville, dated 8 March 2011, which sets out McKnight and Glanville's opinion as to the fair market values of the Mineral Assets, inventory and Mining Equipment of White Canyon
Mineral Assets	White Canyon's uranium producing mine and exploration assets
NI 43-101	National Instrument 43-101
Non-associated Shareholders	Shareholders other than those directly involved in the Offer or associated with such persons
NTA	Net tangible assets

Term	Definition
OECD	Organisation of Economic Coordination and Development
Optionholder	Optionholders of White Canyon's options
Options	20 million options issued to the Directors and the company secretary on 23 February 2011
Offer	Denison Mines offers to acquire 100% of the fully paid ordinary shares in White Canyon by way of an off-market takeover.
Offer Consideration	$0.24 cents per Share cash consideration payable by Denison Mines for White Canyon's Shares
Offer Consideration Per Option	Offer Consideration less the exercise price of the Option
Offer Period	Offer period as defined in the BIA
Reliance Resources	Reliance Resources LLC
p.a.	Per annum
PFKCA	PKF Corporate Advisory (East Coast) Pty Limited (ABN 70 050 038 170)
Prospective Financial Information	Prospective financial information for the calendar year ending 31 December 2011 in relation to White Canyon
RBA	Reserve Bank of Australia
Reliance	Reliance Resources LLC
IER	Independent expert report
RG 111	ASIC Regulatory Guide 111 *Content of Expert Reports*
RG 112	ASIC RG 112 *Independence of experts*
Sales Agency Agreement	Sales agency agreement between White Canyon and Denison Mines dated 1 October 2010
SBT	Same business test
Section 606	Section 606 of the Act
Section 611	Section 611 of the Act
Section 638	Section 638 of the Act
Section 640	Section 640 of the Act
Shareholders	White Canyon shareholders
Shares	Issued and fully paid ordinary shares of White Canyon
Target's Statement	Target statement issued by White Canyon
Toll Milling Agreement	Toll Milling Agreement between White Canyon and Denison Mines dated 17 January 2011
Trading Period	22 February 2010 to 31 March 2011
TSE	Toronto Stock Exchange
TSX-V	TSX Venture Exchange
TSX-V Index	S&P/TSXV Index
U_30_8	Triuranium octoxide
US$ / USD	USA dollars
USA	United States of America
UEC	Utah Energy Corporation, a wholly owned subsidiary of White Canyon
Valuation Date	21 February 2011
VWAP	Volume weighted average trading prices
WA	Western Australia
WCU	White Canyon securities which are listed on the ASX
White Canyon	White Canyon Uranium Limited
WU	White Canyon securities which are listed on the TSX-V

Source: PKFCA

APPENDIX 2 SOURCES OF INFORMATION

In preparing this IER PKFCA had access to and relied upon the following principal sources of information:

- the BIA;
- the final draft Bidder's Statement;
- White Canyon final draft Target's Statement;
- White Canyon audited annual financial statements for FY2009 and FY2010 and reviewed financial statements for H1FY2011;
- White Canyon ASX announcements;
- White Canyon website, http://www.whitecanyonuranium.com;
- Denison Mines website, http://www.denisonmines.com;
- White Canyon internal management documents;
- various discussions with White Canyon management and its advisors;
- information and research sourced from Bloomberg and Capital IQ;
- the McKnight and Glanville Valuation; and
- information generally available and provided by major Australian economic forecasting bodies.

APPENDIX 3 VALUATION METHODS

In arriving at our valuation conclusions for White Canyon, the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The DCF method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five (5) to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value ("**NPV**").

DCF is appropriate where:

- the businesses' earnings are capable of being forecast for a reasonable period (preferably five (5) to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor's business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Realisable Value of Assets

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for the asset if sold.

The net realisable value of the assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or

- *going concern*: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on the ASX is an appropriate basis for valuation where:

- the shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares; and
- the market for the company's shares is active and liquid.

Constant Growth Dividend Discount Model

The dividend discount model works best for:

- firms with stable growth rates;
- firms which pay out dividends that are high and approximate free cash flow to equity;
- firms with stable leverage; and
- firms where there are significant or unusual limitations to the rights of shareholders.

Special Value

Special value is the amount which a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.

APPENDIX 4 MCKNIGHT AND GLANVILLE VALUATION REPORT

Bruce McKnight Minerals Advisor Services	Ross Glanville and Associates Ltd.
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604-209-8131	Tel: 604-291-6731
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	Email: glanville@telus.net

March 8th, 2011

Mr. Vince Fayad, Director
PKF Corporate Advisory (East Coast) Pty Limited
Level 10, 1 Margaret Street
Sydney, New South Wales
Australia 2000

Re: Opinion of Value of White Canyon Uranium Ltd's Uranium Properties and Associated Assets

Dear Sir:

Executive Summary

White Canyon Uranium Ltd. ("White Canyon") is a Perth-based, advanced uranium exploration and early production-stage company that is listed on the Australian Securities Exchange and the TSX Venture Exchange, with its trading symbols being, respectively, ASX:WCU and TSX.V: WU. Through its subsidiary, Utah Energy Corporation ("UEC"), it is focused on exploring and producing uranium ore (U_3O_8) from several of its 100%-owned[1] mining claims and leases in southeast Utah. UEC also has custom milling and sales agency arrangements with Denison Mines Corp. ("Denison Mines'"), which owns and operates the White Mesa Uranium Mill, at Blanding, Utah.

White Canyon has received a takeover offer from Denison Mines and, in order to assess and respond to the offer, has engaged PKF Corporate Advisory (EAST Coast) Pty Limited ("PKF") to provide a fairness opinion to the directors and shareholders of White Canyon. PKF has in turn engaged Glanville and McKnight to prepare an Opinion of Value of White Canyon's uranium properties and associated assets.

McKnight and Glanville recognized the difficulty of providing a precise Opinion of Value for early production, development and exploration stage properties, because of the variability of input parameters and assumptions, as well as the scarcity of good comparables. For this reason they used three approaches to valuation in order to provide checks and corroboration for each value. The methods utilized were:

- Valuation based on the **adjusted discounted cash flow (or net present value) approach**

[1] Some of the claims have associated royalties that are payable to third parties.

- Valuation based on the **comparables approach** utilizing dollars per contained (in situ) pound of U_3O_8 in the resource, and
- Valuation based on the **adjusted book value approach**, using a multiplier to adjust the book value. The "Book Value Multiplier" ratio is derived from a number of comparable uranium exploration, development, and producing companies, and is essentially the average of ratios of the market capitalizations attributed to mineral properties divided by the past expenditures or deferred exploration expenses, also known as the "book values".

The resulting valuations, utilizing the foregoing valuation methods, are summarized in the following table:

Valuation Summary
($ millions)

Valuation Method	Daneros Lark-Royal And Geitus	Others	Totals Min Props	Data Base Plant Equip	Work Cap	Total
Adjusted Discounted Cash Flow Approach	$25.0[2]	$10.5	$35.5	$0.5	$7.0	$43.0
Comparables Approach	$25.8	$10.5	$36.3	$0.5	$7.0	$43.8
Adjusted Book Value Approach	$44.0	NA	$44.0	$0.5	$7.0	$51.5

As can be determined from the foregoing, the average of the three approaches to valuing the assets of UEC is $46.1 million, while the mid-point value is $43.8 million. As a result, we are of the opinion that the fair market value of UEC's mineral properties, resources, inventory, and other assets is approximately **$45 million.**

Opinion of Value

This Opinion of Value is rendered for White Canyon Uranium Ltd and may only be used and relied upon in connection with White Canyon's and its advisor's review of White Canyon's Uranium asset values and the Denison Mines offer, and is valid as of the date hereof. In the event that other information material to the Opinion of Value is made available subsequent to the date of this Opinion, McKnight and Glanville reserve the right to modify or withdraw the Opinion. This Opinion of Value is rendered as of the date hereof, and McKnight and Glanville disclaim any obligation to advise any person of any change in the Opinion of Value subsequent to that date.

Subject to the foregoing, and based on a review of all factors considered relevant, the Opinion of McKnight and Glanville is that the value of White Canyon's uranium assets is estimated to be in the range from $40 to $50 million, with a preferred value being $45 million. Such a wide range of values is not uncommon for mineral properties at this stage of development.

[2] Although the total pre-tax net present value is $33.5 million (as can be seen in the main body of the report), this has been reduced to around $25 million to account for income taxes (after consideration of existing income tax pools, and the possible timing of income tax weighted towards the later years of production).

Introduction

White Canyon Uranium Ltd ("White Canyon" or the "Company") is a Perth-based, advanced uranium exploration and early production-stage company that is listed on the Australian Securities Exchange and the TSX Venture Exchange, with its trading symbols being, respectively, ASX:WCU and TSX.V: WU. Through its subsidiary, Utah Energy Corporation ("UEC"), it is focused on exploring and producing uranium ore (U_3O_8) from several of its 100%-owned[3] mining claims and leases in south-eastern Utah. UEC also has custom milling and sales agency arrangements with Denison Mines Corp. ("Denison Mines'"), which owns and operates the White Mesa Uranium Mill, at Blanding, Utah.

White Canyon has received a takeover offer from Denison Mines and, in order to assess and respond to the offer, has engaged PKF Corporate Advisory (EAST Coast) Pty Limited ("PKF") to provide a fairness opinion to the directors and shareholders of White Canyon. PKF has in turn engaged Glanville and McKnight to prepare an Opinion of Value of White Canyon's uranium properties and associated assets (these are the assets held by UEC -White Canyon's wholly-owned subsidiary).

Engagement of Glanville & McKnight

Pursuant to an engagement letter dated February 16, 2011 (the "Engagement Letter"), White Canyon Uranium Ltd. (through PKF Corporate Advisory (East Coast) Pty Limited ("PKF")) has retained the services of McKnight and Glanville in connection with the Opinion of Value of the Company's uranium properties. McKnight's and Glanville's services include the preparation and delivery to the Board of Directors of the Company an opinion (the "Opinion of Value") as to the value of White Canyon's uranium properties and associated assets.

Glanville and McKnight will be paid a fee for their services as financial advisors to White Canyon, but none of the fees are contingent on the value of the uranium properties or on the conclusion of a transaction with Denison. In addition, Glanville and McKnight are to be indemnified in respect of certain liabilities that might arise out of the engagement.

Scope of this IER

In order to prepare their Opinion of Value of the two White Canyon properties, McKnight and Glanville reviewed White Canyon's website and ASX and SEDAR filings; read its Annual IER and Audited Financial Statements for the year ended June 30, 2010; reviewed Quarterly Financial Statements for the periods ended September 30, 2010, and December 31st, 2010; read technical reports on the White Canyon properties; reviewed the toll milling agreement and sales agency agreement; and read the mining and other contracts. McKnight and Glanville also researched other active uranium exploration and development projects (owned by other exploration companies) in order to examine market conditions such as financing activity and market capitalizations to book value ratios.

Specific items reviewed and relied upon, or carried out (as the case may be) by Glanville and McKnight, include the following, among other things:

- data related to other transactions of a comparable or similar nature, which Glanville and McKnight considered to be relevant
- certain publicly available financial and other information concerning White Canyon
- relevant stock market information relating to White Canyon, as well as that for other companies which have similar portfolios of exploration properties
- certain industry reports and statistics that Glanville and McKnight deemed appropriate
- discussions/conversations with financial advisors of White Canyon
- discussions with executives of Utah Energy Corporation
- December and January monthly summaries of mine operations
- Detailed (month by month) development, mining and milling plans for Daneros, Geitus and Lark-Royal Mines
- details of royalty calculations for Daneros and Lark-Royal
- details of ore shipments lots

[3] Some of the claims have associated royalties that are payable to third parties.

- January 24th, 2011, letter from Denison, showing the details of the toll-milling charges
- Denison White Mesa Treatment Schedule (dated November 3rd, 2010)
- Ore purchase agreement (dated December 1, 2009) between UEC and Denison White Mesa
- detailed mining contract between Reliance Resources LLC and UEC
- ore shipment schedule provided by UEC to Denison on September 30th, 2010
- White Canyon Uranium Limited, Daneros Uranium Project, Geological Technical IER, August 2010, prepared by Liesl Kemp, B.Eng.
- Daneros Uranium Project, Blanding, Utah, IER on Drilling Operations 2007 and 2008, compiled by Jane Coll, Christophe Derrien, and John Hasleby
- Draft Technical IER on UEC's Marcy-Look Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated December 28th, 2010
- Draft Technical IER on UEC's Blue Jay Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated December 27th, 2010
- Draft Technical IER on UEC's Geitus-Deer Flat Project, San Juan County, Utah, by Integrated Production Resources (Preston Niesen and Matthew Cunningham), dated January 28th, 2011
- claim maps of all of the project areas
- Snowden IER (dated November 27th, 2007) on the Mineral Assets of White Canyon Uranium Limited
- memo from Preston Niesen (dated December 1, 2010) regarding resources
- a number of marketing reports related to the supply/demand balance and price outlooks for uranium[4]
- news releases of White Canyon over the past year
- information on the website of White Canyon (www.whitecanyonuranium.com.au)
- prior expenditures by White Canyon on its uranium properties
- market capitalizations of listed companies with similar or comparable uranium exploration properties
- data related to other transactions of a comparable or similar nature, which Glanville and McKnight considered to be relevant
- such other reviews, calculations, analyses, research and investigations deemed appropriate and relevant in the circumstances

Key Assumptions and Limitations

In arriving at their Opinion of Value, McKnight and Glanville have relied on the material completeness and accuracy of the information, data and report on the various White Canyon uranium properties; accordingly, McKnight and Glanville's Opinion is conditional upon the foregoing. McKnight and Glanville conducted such investigations, research and analyses as they deemed necessary and appropriate to the circumstances, and their Opinion is rendered within the context of general business and market conditions prevailing now and at the time of acquisition of the White Canyon properties. All references to currencies in this report are US dollars ("US $") unless specified otherwise.

It should be emphasized that this report is an Opinion of Value, and is not intended to be a Technical IER as defined in the CIMVAL Standards, which are similar to VALMIN and JORC standards in Australia. As a result, Glanville and McKnight have only provided summaries of some of the key information provided in the technical reports reviewed by them.

McKnight and Glanville's Opinion of Value must be considered as a whole. Extracting or considering only portions of the valuation may lead to incorrect or misleading conclusions, for which McKnight and Glanville take no responsibility. This Opinion of Value should not be construed as a recommendation for outside investors or for shareholders to purchase or sell securities of White Canyon Uranium Ltd.

[4] Although we have used the word uranium in this report, we mean U_3O_8 or yellowcake.

Approaches to Valuation of Mineral Properties

For mineral exploration and mining properties, the approach to valuation normally entails assessing the value of the properties using as many techniques as are applicable, in order to check them against each other and to determine the most reasonable values. There are three basic methods of mineral property valuation:

- Valuation based on the **adjusted discounted cash flow (or net present value) approach**
- Valuation based on the **comparables approach** utilizing dollars per contained (or in situ) pound of U_3O_8 in the resource
- Valuation based on the **adjusted book value approach,** using a multiplier to adjust the book value. The "Book Value Multiplier" ratio is derived from a number of comparable uranium exploration companies, and is essentially the average of ratios of the market capitalizations attributed to mineral properties divided by the past expenditures or deferred exploration expenses, also known as the "book values".

Net Asset Value approaches such as discounted cash flow ("DCF") may not be formally used if the property has no reserves or resources as defined by the *CIM Standards On Mineral Resources And Reserves*, dated August 20, 2000, as required by NI 43-101 and by VALMIN. As a result the DCF approach was utilized only for Daneros, Lark-Royal, and Geitus. The Comparable Transaction and the Book Value Approaches were also utilized for these properties as well as for the other properties without any NI 43-101 or JORC compliant resources.

Although transactions involving exploration and development properties are commonplace (but seldom involve all-cash purchases), such properties and resources are often difficult to value by objective means. As a result, a number of different methods have been utilized as reasonable indicators of value and are discussed below. There are also standards for valuations published by the CIM and by the TSX-V. According to Appendix 3G (Valuation Standards and Guidelines for Minerals Properties) of the TSX Venture Exchange "Most valuation methods of mineral properties are highly subjective, and often arbitrary in their application, making it difficult to obtain reproducible valuations. It is the Exchange's view that valuation methods utilized must be appropriate to the subject and be prudently applied in order to maintain fairness and consistency, and avoid misuse, bias and misapplication of valuation methods." Based on the foregoing, the Exchange accepts the use of the following primary valuation methods for properties without mineral reserves:

- **Appraised Value** whereby only the retained past expenditures (also known as "book value", "historical costs" or "replacement costs") are included.
- **Comparable Transactions** whereby properties similar in all aspects are incorporated into the analysis, whereby fair market value can be determined.

Although the Exchange does not specifically exclude other valuation approaches for exploration and development (non-producing) properties, they are considered secondary valuation methods. These other approaches include the modified appraisal method and the values of similar (but not truly comparable) property portfolios (since there are no two properties similar in all respects).

For purposes of this valuation, Glanville and McKnight have utilized all three of the main valuation methods, as described in the subsequent sections of this report.

DCF or Net Present Value Approach

The Net Present Value method is the most common approach utilized to value those mineral properties with mineral resources or reserves. With this method, annual estimated capital and operating costs, production levels, recoveries, prices, revenues and cash flows are projected over the expected life of the project, and these cash flows are then discounted at the appropriate rate over the project life to arrive at a Net Present Value. The resulting net present value is then either reduced in value to account for the risks of not achieving some of the key input parameters and/or assumptions or increased in value to allow for the reasonable probability of improving on some of them.

Comparables Approach

Glanville and McKnight have examined the stock market trading performance of many uranium exploration, development, and production companies, as well as the terms of purchases of several projects, and have examined the adjusted market capitalizations per pound of contained uranium oxide (U_3O_8) in resources for several exploration and development companies. As would be expected, the ranges in adjusted market capitalizations and purchase prices expressed in terms of per pound of contained U_3O_8 are reasonably wide, since the purchase prices depend upon a variety of factors, including the stage of advancement (early stage exploration, 'potential resources', historic resources, inferred resources, drill-indicated resources, proven reserves, production from one operation, or a multi-mine company, for example), the depth and attitude of the deposit (underground or open pit), the likely grade of the resource, the existing and potential size of the deposit, the likely metallurgical recovery, the location (type of infrastructure available), the income tax and royalty structure, third party interests in the property (such as net smelter returns or gross override royalties), the level of technical study (scoping study, pre-feasibility study, feasibility study, operating statistics, etc.), the long term uranium oxide price outlook, the exploration potential, the expectations for replacing resources/reserves and adding to them, the political jurisdiction in which the deposit is located, etc. In spite of the reasonably wide range of numbers, one can determine a much narrower range for properties with similar attributes. As a result, this method is often utilized as an indicator of value, and market capitalizations per unit of contained metal are compiled by mining analysts and mining companies.

Regarding the **comparable values per unit of contained metal**, Glanville and McKnight carried out a preliminary valuation of White Canyon's Mineral Assets based on the current and historic resource estimates.

The indicated average (arithmetic mean) value and median values per pound of contained U_3O_8, as published in (and derived from) the Canaccord Genuity Junior Mining Weekly (February 15th, 2011) were as set out below (in US dollars). Note that these numbers are mostly for non-producing properties.

- The average (arithmetic mean) value per pound of contained U_3O_8 in resource was $5.81
- The median value per pound of U_3O_8 in resource was $3.57 per pound

It should be noted that the foregoing numbers were derived from Canaccord's list of 43 uranium exploration and development companies, of which Glanville and McKnight have noted that those with higher values per pound of U_3O_8 in resource were those for companies with higher quality (Measured or Indicated) Resources or those in or close to achieving production.

The comparable numbers for uranium producing companies are generally in the range of $10 to $15 per pound of contained uranium oxide.

Book (Appraised) Value Approach

The book value or appraised value approach utilizes past expenditures, including acquisition costs, as a base, with the valuator 'adjusting the expenditures' based on the results of the exploration and development. The utilization of adjusted prior expenditures has been considered by several mineral property valuators to be an acceptable approach to valuing mineral exploration and development properties. However, only expenditures that relate to significant and relevant exploration and development should be included, and the quality of past work itself must be evaluated.

A problem in this basic approach is that it tends to ignore the results of the exploration and development, and properties with poor or good results would have the same values if the same amount had been expended on each. To overcome this deficiency, the valuator must apply a “premium” or “discount”. Since the same data can be regarded or interpreted differently by different valuators, these factors are determined by a personal assessment of the exploration and development results. Either a premium or discount may be applied, depending upon whether the valuator perceives the available results as encouraging (positive contribution) or discouraging (negative “contribution”), respectively.

An additional matter must be considered where there is a significant time lapse between when the exploration and development was carried out (that is, when the actual expenditures were incurred) and when the valuation is prepared. In that situation, the incurred expenditures could be indexed to the current costs of repeating the exploration and development that contributed to value. Again, either positive or negative factors would be applied, depending upon the current state of the exploration and mining industry and the general economy. Estimating the costs (at the date of valuation) of duplicating the past exploration and development also assists in determining the relevance and quality of the exploration and development costs as opposed to the indirect costs such as variable administration and questionable allocation of head office, group, or regional project charges, which all vary greatly from company to company, and which may have little relevance to the value of the property.

The historic or book value of mineral property expenditures, if known or estimated, can also be compared with a suite of comparable companies to examine the ratios of market capitalizations (adjusted to eliminate working capital, and other assets and liabilities) to book values of the exploration and development properties. The ratios for uranium, gold and other exploration companies have been periodically compiled by investment dealers such as Canaccord Genuity and BMO Nesbitt Burns, although none have been published recently. For this reason, McKnight and Glanville have compiled the market value to book value ratio for a suite of ten uranium exploration and development companies active in the western American states of Utah, Wyoming, Colorado, New Mexico and Texas. The attributed market to book value ratios ranged from just under 1 to over 10, with the median being 3.2.

White Canyon Properties

Daneros Project[5] (Including Lark-Royal, Spook-Bullseye, Maybe-Hillside and Radium King)

Introduction

White Canyon Uranium's Daneros project, which includes the Daneros and Tessy claims, is located in the Red Canyon area of the White Canyon Mining District approximately 65 km west of Blanding and some 120 km southwest of Moab in San Juan County of south-eastern Utah. The Company holds 100% interest in eight lode mining claims administered by the US Department of Interior Bureau of Land Management (BLM). Total area of the tenures is approximately 65 ha.

Geology and Mineralization

Most of White Canyon's uranium properties, including Daneros, Lark-Royal and others a lie within the Colorado Plateau Province, a relatively undeformed crustal block covering some 337,000 km^2 in the Four Corners Area of Utah, Colorado, Arizona and New Mexico. The Colorado Plateau Province is surrounded by the highly deformed Rocky Mountains to the east and the Basin and Range Province to the west. The main Colorado Plateau has been chopped up into a series of sub-plateaux by numerous north-south trending faults or monoclines. The Plateau's basement is comprised mostly of Proterozoic metamorphic rocks and igneous intrusions. Throughout much of the Paleozoic and Mesozoic Eras the area was relatively stable with minor uplifts, subsidence, and tilting, resulting in fairly flat-lying sedimentary rocks ranging from evaporites, limestone, and marine clastic sediments, through eolian sandstones, to detritus of fluvial systems.

Within the Colorado Plateau, there are two main types of known uranium mineralization:

- sandstone-hosted, **roll front deposits** comprising mineralized bodies which cross cut bedding. Roll front deposits occur at the boundary between the up-dip and oxidized part of a sandstone layer and the deeper down-dip, reduced part of a sandstone layer; and
- **peneconcordant (or Colorado-type) deposits** comprising irregular, elongate to tabular bodies deposited parallel to the depositional trend within oxidized sandstone layers. The main mineralized zones occur adjacent to locally reduced zones such as carbonized wood or reduced shales within the host sandstone units.

The current theory on the formation of roll front and peneconcordant uranium deposits is that they formed as a result of uranium (and associated elements) being leached out of uranium-bearing source rocks which were then transported by acidic groundwater as the uranyl ion, U6+. When these acidic waters encounter a reduced environment, typically at depth within the sandstone aquifer (at what is known as the redox boundary), the uranium is precipitated out of solution as a uranium-bearing mineral such as uraninite.

Uraninite is the most abundant uranium mineral and the only known primary uranium mineral in the White Canyon Mining District ("WCMD"). Chalcopyrite, bornite and pyrite are associated with the uraninite mineralization in unoxidized deposits. Copper sulphide content in mineral deposits of the WCMD historically ranged from 0.12% to 1.30% and averaged 0.69%. Carbonate minerals are present as a cementing material in the sandstone host rock. Published analyses for calcium carbonate in the WCMD mines range from 1.3% to 8.0% and average 2.4%.

White Canyon's uranium properties in south-eastern Utah are all underlain by weakly deformed meta-sedimentary rocks of Mesozoic Age. The main units known to contain uranium mineralization are the

[5] Most of the property description and geology included here were taken from a report entitled "White Canyon Uranium Limited, Daneros Uranium Project, Geological Technical Report, August 2010, by Liesl Kemp, BEng (MExpl and Min Geol), MAusIMM. and a report entitled "White Canyon Uranium Limited, Utah Energy Corporation, Daneros Uranium Project, Blanding Utah, Report on Drilling Operations 2007 & 2008" by Utah Energy Corporation, Jane Coll, Christophe Derrien & John Hasleby.

fluvial-lacustrine sandstones of the Triassic-aged Chinle Formation and the Jurassic-aged Morrison Formation. Within the Chinle Formation the main uranium-bearing unit is the basal Shinarump Member, which directly overlies the Moenkopi Formation. The primary uranium host in the Morrison Formation is the basal Salt Wash Member which comprises a fine to medium-grained, cross-bedded sandstone unit. These Mesozoic-aged rocks have been subject to chemical weathering during the Tertiary.

Uranium mineralization in the White Canyon area is predominantly associated with carbonaceous material within the basal Shinarump Member of the Chinle Formation. However, uranium minerals also occur as replacements of clay and feldspar, as fracture-fillings in quartz, and as disseminations within sandstone. Within the Shinarump Member, uranium mineralization is hosted within finely laminated sandstones at or near the base of channels, or associated with carbonate cemented sandstones often developed higher in the channel profile. The more significant deposits are preferentially hosted by thicker sandstone units. The host sediments are generally flat lying to low dipping with little structural deformation.

The Daneros uranium deposits are generally tabular bodies ranging from a few metres to several hundred metres in length and from 0.3 m to 4 m in thickness. The uranium mineralisation is mostly associated with the contact between the Shinarump Member and the underlying sedimentary sequence of the Moenkopi Formation. The Shinarump Member is composed of two distinct quartzose sandstone units: a lower conglomeratic sandstone which is overlain by a regionally extensive medium to coarse grained sandstone. The Shinarump Member also contains variable amounts of interbedded siltstone and mudstone beds, as well as locally abundant fossil trees and other plant-derived material. The Shinarump Member is interpreted to represent the basal portion of an incised valley fill sequence ranging in thickness from more than 90 m near the deepest parts of the paleovalley to less than one metre where it pinches out against the paleovalley wall. Strata throughout much of the White Canyon area are generally unfaulted and dip gently westward.

Exploration

Early exploration in the area was conducted in the 1950s by the US Atomic Energy Commission, which carried out exploratory rotary drilling in the White Canyon area. This work resulted in a number of promising uranium discoveries which led to widespread prospecting and subsequent mining activities by a number of private companies. Although the total quanta of uranium production from the White Canyon area during 1950s and 1960s is not accurately known, it is clear that numerous uranium mining operations were active throughout the area. It has been estimated that District production, through to the early 1980's, amounted to 2,259,822 tons of ore, containing 11,069,032 pounds of uranium oxide (U_3O_8). All of this production has been derived from the Shinarump Member of the Chinle Formation of Late Triassic age.

During the period 1975 to 1985, the area covered by the Daneros property was explored for uranium by Utah Power and Light Company ("UPL"), a US electricity utility. The exploration by UPL included geological mapping, rock geochemical sampling and several programs of diamond drilling which led to the discovery of the Lark, Royal, and Bullseye deposits. A total of 595 diamond drill holes with an average depth of 155 m were completed within the Daneros project area. All holes appear to have been drilled vertically on a nominal 20 m by 20 m centred grid and were logged with downhole geophysical probes to identify radioactive horizons. Anomalous horizons were sampled and analyzed for uranium. Based on this drilling, UPL completed an estimate of the tonnage and grade of the contained uranium mineralization in the Lark-Royal mine area in 1985. Because of a decline in uranium prices, no further work was reported over the Daneros area during the period 1985 to May 2007, when White Canyon acquired tenures in the area.

In June 2007, White Canyon commenced a rotary air-blast ("RAB") drilling program targeting uranium, vanadium, copper and silver mineralization in proximity to the former Lark and Royal mines. This program was designed to confirm the results of UPL's previous drilling in the Daneros region. White Canyon completed 1,024 m of drilling over eight holes for an average depth of 128m. As a follow-up to this, White Canyon completed an additional 37 holes in 2008. The holes were probed with a gamma-log and anomalous sections assayed. Results from the new and historic holes were combined to prepare a current resource estimate.

Resource Estimate

The resource estimate for Daneros, prior to the commencement of mining in late 2009, was as set out in the following table. Up to the end of 2010, approximately 47,000 tonnes had been mined, leaving a remaining resource of 172,000 tons of similar grade to be incorporated in the cash flow projections commencing on January 1st, 2011.

Daneros Resource Estimate
(Cut-off 0.10% U_3O_8)

Category	Tons	Grade (% U_3O_8)	Pounds (U_3O_8)
Indicated	96,623	0.3662	707,584
Inferred	122,398	0.1862	455,899
Total	219,021	0.2656	1,163,403

In addition to the Liesl Kemp report on Daneros geology and resources, White Canyon requested a desktop estimate by Preston Niesen of Integrated Production Resources ("IPR") dated December 1, 2010, to provide an opinion on the other resources of White Canyon's properties. Niesen's estimate of resources for the other White Canyon properties and mines in the Daneros - Red Canyon area, not based on either historic or current drilling data, are as tabled below.

IPR Resource Estimate (Non JORC Compliant)

Property	Tons	Calculated Grade (% U_3O_8)	Pounds (U_3O_8)
Lark-Royal	50,000	0.250	250,000[6]
Spook-Bullseye	30,000	0.167	100,000
Maybe-Hillside	25,000	0.200	100,000
Radium King Channel	60,000	0.250	300,000
Undiscovered	45,000	0.222	200,000
Total	**210,000**	**0.226**	**950,000**

Geitus-Deer Flats Properties[7] (Including Hideout, but excluding Cedar because it was not owned by UEC)

White Canyon's Geitus-Deer Flats Project is located in the western portion of the White Canyon Mining District, some 50 air km west of the town of Blanding, Utah. It consists of five groups of Federal Mining Claims, located on lands administered by the U.S. Bureau of Land Management and one State of Utah Mineral Lease. The five groups of claims and the mineral lease cover an aggregate area of approximately 488 ha. The five groups of claims are known as; the Geitus Group of 6 claims, the Deer Group of 7 claims, the Yoke Group of 12 claims, and the Charlie Group of 6 claims.

The geology and exploration history of the Geitus-Deer Flats Properties is similar to that of the Daneros and Lark-Royal area. The US Atomic Energy Commission conducted and spurred the original exploration leading to numerous underground mines throughout the district. This exploration and production occurred from the late 1940's until the early1980's.

During the late 1970's and early 1980's UPL conducted uranium exploration over the area now included in the Geitus-Deer Flats Project. This work resulted in the discovery of a number of areas of uranium

[6] It should be noted that an undated report by Jim Butts, entitled "Details of the Lark-Royal Resources" showed inferred resources for Lark-Royal of 275,330 tons grading 0.261% U_3O_8, or 1,439,664 pounds of U_3O_8.
[7] Much of the information in this section of this report came from a draft report entitled "Technical Report on Utah Energy Corporation's Geitus-Deer Flat Project, San Juan County, Utah" Prepared for White Canyon Uranium Limited By: Integrated Production Resources, Centennial, Colorado, Preston L. Niesen and Matthew Cunningham, January 28, 2011.

mineralization in the project area; however exploration and development plans were curtailed in 1985 due to the drop in the uranium price. Using the UPL historic data, IPR estimated the quantity of uranium mineralization for two of the mineralized areas identified by the UPL exploration program. These two areas are referred to as the DF-40 area and the DF-133 area. A summary of the mineralization contained in these two areas is included in the table below.

Geitus-Deer Flats Project
Historic Resource (Non JORC Compliant)

Category*	Tons	Grade (%U_3O_8)	Pounds U_3O_8
Indicated >0.80	35,651	0.241	172,150
>0.40	63,451	0.182	230,603
>0.20	85,285	0.152	259,971
Inferred >0.80	13,556	0.248	67,258
>0.40	31,890	0.168	107,052
>0.20	51,530	0.130	133,470
Total >0.80	49,207	0.243	239,407
>0.40	95,341	0.177	337,655
>0.20	136,815	0.144	393,441

- >0.80 is a cut-off grade designation which combines grade times thickness and is measured in feet x percent. Only the >0.80 (feet %) cut off is considered economic under current conditions. The lower cut-off grade designations also include the tons of the higher grade material; in other words the above "0.20 (feet %)" category also includes all material above 0.40 and above 0.80 (feet %) and so they cannot be included twice.

This above resource estimate does not include other nearby resources referred to in the December 1, 2010 memorandum prepared by Preston Niesen of IPR, who estimated that Geitus had a resource of 570,000 pounds of U_3O_8 contained within 135,000 tons, for an implied grade of 0.211% U_3O_8.

The resource estimates for the other areas, as outlined in the Preston Niesen memorandum, are tabled below:

Other Deer Flats Properties
Historic Resource (Non JORC Compliant)

Deposit	Tons	Calculated Grade (%U_3O_8)	Pounds U_3O_8
Hideout (and Iola and Yoke)	100,000	0.275	550,000
undiscovered	100,00	0.250	500,000

Elk Ridge Properties[8]
(Including Marcy-Look and Blue Jay)

Introduction

White Canyon Uranium Limited's Elk Ridge Properties, including Marcy-Look and Blue Jay, are located in the eastern portion of the White Canyon Mining District, Marcy-Look is some 90 km west-northwest of the town of Blanding, Utah; whereas Blue Jay is about 75 km west. The Marcy-Look Property covers approximately 380 ha of land in San Juan County, Utah. It is comprised of 44 unpatented Federal Lode Mining Claims, the Marcy-Look claims, on lands administered by the U.S. Forest Service. Blue Jay consists of 14 unpatented Federal Lode Claims covering approximately 115 ha in the same county.

The geology and exploration history of the Marcy-Look and Blue Jay Properties is similar to that of the Daneros, Lark-Royal and Geitus-Deer Flats areas.

Exploration

There have been 375 historic holes drilled on Marcy-Look by previous operators and 186 holes drilled on Blue Jay, but details on geophysical and lithologic logs and assays are sketchy. There has been considerable historic exploration on this area, and, based on the historic reports, IPR prepared non-JORC compliant resource estimates for both properties as shown in the tables below.

Marcy-Look Property
Historic Resource (Non JORC Compliant)

Category*	Tons	Grade (% U_3O_8)	Pounds U_3O_8
Indicated >0.80	8,579	0.172	29,596
>0.40	18,109	0.172	62,163
>0.20	29,136	0.145	84,560
Inferred >0.80	2,076	0.545	22,615
>0.40	5,662	0.374	42,342
>0.20	9,303	0.314	58,362
Total >0.80	10,655	0.245	52,211
>0.40	23,770	0.220	104,505
>0.20	38,439	0.186	142,923

[8] Much of the information in this section of this report came from a draft report entitled "Technical Report on Utah Energy Corporation's Marcy-Look Project, San Juan County, Utah" Prepared for White Canyon Uranium Limited: By Integrated Production Resources, Centennial, Colorado, Preston L. Niesen and Matthew Cunningham, December 28, 2010 and second draft report entitled "Technical Report on Utah Energy Corporation's Blue Jay Project, San Juan County, Utah" Prepared for White Canyon Uranium Limited: By Integrated Production Resources, Centennial, Colorado, Preston L. Niesen and Matthew Cunningham, December 27, 2010.

Blue Jay Property
Historic Resource (Non JORC Compliant)

Category*	Tons	Grade (%U_3O_8)	Pounds U_3O_8
Indicated >0.80	13,217	0.207%	54,787
>0.40	33,871	0.155%	104,782
>0.20	53,167	0.126%	134,300
Inferred >0.80	12,141	0.184%	44,647
>0.40	32,772	0.149%	97,571
>0.20	54,453	0.119%	129,195
Total >0.80	25,358	0.196%	99,431
>0.40	66,643	0.152%	202,353
>0.20	107,620	0.122%	263,496

- >0.80 is a cut-off grade designation which combines grade times thickness and is measured in feet x percent. Only the >0.80 (feet %) cut off is considered economic under current conditions. The lower cut-off grade designations also include the tons of the higher grade material; in other words the above " 0.20 (feet %)" category also includes all material above 0.40 and above 0.80 (feet %) and so they cannot be included twice.

Thompson Uranium Property9

The Thompson property is located about 30 km north of Moab, Utah, and consists of 210 tenures which have an area of 2,700 ha. The tenures comprise 206 Federal Mining Claims, which make up 1,667 ha, and 4 State of Utah Mining Leases, which occupy 1,046 ha. The property is occupied by numerous historic underground uranium mines and prospects, which vary in size from pits to the large Ringtail Mine. Similar to the White Canyon district, early uranium exploration of the area was conducted or led by the US Geological Survey (USGS) in the mid-1950s.

The uranium deposits of the Thompson property are associated with paleochannels within the Salt Wash and overlying Brushy Basin Members of the Jurassic Morrison Formation. These deposits are thin irregular to tabular bodies, ranging in thickness from 1 to 4 m, and typically extending up to 80 m in strike length. The main uranium host rock is medium to coarse-grained sandstone, with much of the uranium occurring as interstitial material associated with plant and other organic material within these units. Unlike the White Canyon Mining District, vanadium mineralization is also present within the Thompson area, where it is closely associated with uranium.

The Thompson Property has no current or JORC compliant resource. In the 1950s the USGS estimated a resource which ranged from 90,000 to 140,000 tons of material grading 0.18% to 0.25% U_3O_8 (which implied U_3O_8 content ranging from 324,000 to 700,000 pounds). However, there has been more exploration and production from the vicinity of that resource area since the USGS estimate was made and so the validity of the historic estimate is not known. A UEC report includes a resource estimate for Yellow Cat of 250,000 pounds of U_3O_8. In addition, it is understood that there could be a significant problem with excess water for a possible mining operation.

[9] Much of the material in this section of this report came from a report entitled "Independent Geologist's Report on the Mineral Assets of White Canyon Uranium Limited", prepared by Snowden Mining Industry Consultants Pty Ltd., West Perth, Australia, and dated November 29, 2007.

Valuation of White Canyon's Uranium Properties

DCF Valuation of the UEC Mines

An in-house cash flow model has been prepared by UEC, and reviewed by Glanville and McKnight. That model, with adjustments, has been utilized by Glanville and McKnight to generate cash flow projections for each of Daneros, Lark-Royal, and Geitus, as well as the combined UEC cash flow after deducting corporate costs. The foregoing is referred to as the Mine Plan Base Case, since Glanville and McKnight have also prepared a case which incorporates a portion of the additional inferred resources at Daneros and Lark-Royal. This case, with the addition of some of the inferred resources, is referred to as the Extended Base Case. The Extended Base Case, which only includes about one half of the additional resources (beyond those incorporated in the Mine Plan Base Case) at Daneros and Lark-Royal, is considered by Glanville and McKnight to be the basis for the discounted cash flow fair market valuation of the assets of UEC.

The cash flow projections were based on a number of input parameters and assumptions, some of which are different from those utilized by UEC. The following incorporate summaries of the Mine Plan Base Case cash flow projections for Daneros, Lark-Royal, and Geitus in that order. Following these summaries is a discussion of the Extended Base Case cash flow, with the incorporation of two additional years of production from Daneros at 60,000 tons per year and almost four additional years of production at Lark-Royal at 30,000 tons per year. Following that is the calculation of the value of the working capital and other assets.

U3O8 Price Outlook

Since the key input parameter to all of the cash flow projections is the expected price of U_3O_8 (sometimes referred to as yellowcake in this report) over the next several years, Glanville and McKnight have provided their discussion of the supply and demand and price outlook for yellowcake in Appendix I. To summarize that Appendix, prices of U_3O_8 reached a high of $138 per pound in 2007 (from a previous low of around $7 per pound), but subsequently declined to a low of around $40 in March 2010, before rebounding to the present level of between $70 and $75. These price increases appear to be partially related to the realization that nuclear power is the only energy source that can supply the world with sufficient base-load electric power and, at the same time, improve the quality of the environment. Projections for the long term price are widely divergent, with the most recent estimates generally being between $65 and $100 per pound, with some projections outside of this range. As a result, the estimates utilized in the cash flow projections ($75 per pound for 2011 and 2012, $85 per pound for 2013 and 2014, and $95 per pound for 2015) appear to be reasonable for valuation purposes.

Daneros

The US Federal Bureau of Land Management delivered the final approvals for the Company's Mine Permit for the development of the Daneros Mine in May 2009. Development of the twin decline mine commenced in June 2009, and the ore was reached in December 2009. The first ore was delivered to the White Mesa Mill (located about 100 kilometres from the Daneros mine by established roads) on December 21st, 2009. In January of 2010, the Company entered into a three-year ore treatment agreement with Denison Mines Corp. ("Denison"). The key input parameters and assumptions utilized for the Glanville/McKnight Base Case scenario are summarized below, with the actual cash flow projections attached in Appendix II.

- underground mining, with decline access
- remaining JORC resources as at January 1st, 2011, of 172,000 tons grading 0.263% U_3O_8
- average annual production rate of almost 55,000 tons
- metallurgical recovery of 94%
- average total mining costs of about $112 per ton
- stoping and ore development costs of $90 per ton
- average milling costs of about $129 per ton
- trucking costs of ore to mill of $17 per ton

- sales commission on concentrate of 2.5%[10]
- additional marketing costs of about 1.2%
- State severance tax of 2.6% of 80% of net sales revenue
- royalty of 15% of the theoretical sales price based on a Denison schedule[11]
- cash flows for the period from January 1st, 2011, to the end of February 2014

Based on the foregoing, the undiscounted pre-tax cash flow from Daneros production has been calculated to be $18.7 million. A discussion of the impact of discounting and income tax is presented after the discussion of the Extended Base Case.

Lark-Royal

The key input parameters and assumptions utilized for the Glanville/McKnight Base Case scenario are summarized below, with the actual cash flow projections attached in Appendix II.

- underground mining, with decline access
- start-up with only development ore production from July to December 2011
- total production of 59,800 tons grading 0.287% U_3O_8
- average annual production rate of 30,000 tons per year after ramp-up
- production ceasing in June 2014
- metallurgical recovery of 94%
- average total mining costs of about $170 per ton at full production (including advancement in waste)
- stoping and ore development costs of $135[12] per ton
- average milling costs of about $128 per ton
- trucking costs of ore to mill of $17 per ton
- sales commission on concentrate of 2.5%
- additional marketing costs of about 1.2%
- State severance tax of 2.6% of 80% of net sales revenue
- royalty of 2% of the theoretical sales price based on a Denison schedule[13]

Based on the foregoing, the undiscounted pre-tax cash flow from Lark-Royal production has been calculated to be $4.7 million.

Geitus

The key input parameters and assumptions utilized for the Glanville/McKnight Base Case scenario are summarized below, with the detailed cash flow projections attached in Appendix II.

- underground mining, with decline access
- start-up with only development ore production from August to December 2012
- total production of 49,200 tons grading 0.244% U_3O_8
- average annual production rate of about 20,000 tons per year at full production
- production ceasing in March 2015
- metallurgical recovery of 94%
- average total mining costs of about $179 per ton at full production (including advancement in waste)
- stoping and ore development costs of $135[14] per ton

[10] As set out in the Sales Agency Agreement with Denison, which was agreed to in October 2010.
[11] For the grades in question, this has been estimated to be about 33% of the gross contained value, or just over 35% of the recovered value.
[12] This is a much higher cost per ton than that for Daneros due to the fact that split shoot mining will be employed at Lark-Royal (to maintain a reasonable grade), and also due to a lower estimated production rate at Lark-Royal.
[13] For the grades in question, this has been estimated to be about 33% of the gross contained value, or just over 35% of the recovered value.
[14] This is a much higher cost per ton than that for Daneros due to the fact that split shoot mining will be employed at Geitus, and also due to a lower estimated production rate at Geitus.

- average milling costs of about $130 per ton
- trucking costs of ore to mill of $17 per ton
- sales commission on concentrate of 2.5%
- additional marketing costs of about 1.2%
- State severance tax of 2.6% of 80% of net sales revenue

Based on the foregoing, the undiscounted pre-tax cash flow Geitus has been calculated to be $1.2 million.

Mine Plan Annual Cash Flow from all Operations

The estimated mine plan cumulative pre-tax cash flow from all operations, after deducting estimated required corporate overhead of $0.8 million[15] per year, as shown in Appendix II, is $21.0 million. The calculated pre-tax net present value at an 8% discount rate is shown to be $17.1 million.

Extended Base Case Cash Flow Projections

It should be emphasized that the Mine Plan Base Case cash flow for the **Daneros** operation has been based on the JORC compliant resources (indicated plus inferred) remaining as at December 31st, 2010. However, according to the news release dated August 19th, 2010, *"In addition to the Resource Estimate for Daneros, the Company through the estimation processes identified uranium mineralisation with the Daneros wireframe that was not classified due to a lack of quality control in outlying historic drill holes. This mineralisation can be readily added to the Daneros resource with a programme of verification drilling. This mineralization will represent an additional 150,000 – 220,000 tons of mineralization at a grade similar to the current resource in a range of 0.20% to 0.25% U_3O_8. This additional mineralization is an Exploration Target and until the confirmation drilling is completed the tonnage and grade are conceptual in nature and do not form any part of the Daneros Mineral Resource. During the study, the limits of mineralization were not identified, indicating that the mineralization also extends beyond the current drill data."* Management believes that there is significant potential, as less than 20% of the area has been drilled.

The Company has secured more than 90% of the prospective Red Canyon landholdings, containing in excess of 6,000 metres of buried paleo river channels, the host lithology for roll front uranium deposits in the White Canyon District. An additional 2,000 to 4,000 metres of inferred paleo river channels exist within the Radium King and Maybe claims. Only about 1,000 metres of these channels have been drill tested, and it should be noted that the mineralization currently being mined at Daneros is only over a 500 metre length of paleo river channel.

Although the potential additional mineralization, which has been indicated to be from 150,000 tons to 220,000 tons, it is clearly not JORC compliant. For valuation purposes[16] it may be reasonable to conclude that a portion of this potential is likely to be realized and ultimately incorporated into the Daneros mine plan. This is especially true where an operation already exists, along with the accompanying infrastructure and mining experience and expertise. As a result, Glanville and McKnight have incorporated an additional 120,000 tons (grading 0.23% U_3O_8) in the Extended Base Case. The foregoing is one half of the expected top end of the range (220,000 tons) and 80% of the low end of the range (150,000 tons). In effect, this is equivalent to approximately two additional years of production, commencing in March of 2014, at an annual rate of 60,000 tons per year.

It should be emphasized that the Mine Plan Base Case cash flow for the **Lark-Royal** operation has been based on drilled resource blocks, as outlined in the Jim Butts report referenced in footnote 6. Those resource blocks showed 59,701 tons grading 0.293% (349,634 pounds), which is very close to the 59,800 tons grading 0.287% (343,570 pounds) utilized in the Mine Plan Base Case cash flow projections. However, the same Jim Butts report also included an additional 275,330 tons grading 0.261% (1,439,664

[15] Note the General and Administrative Budget of $1.35 million per year has been lowered to $0.8 million per year because McKnight and Glanville felt that was adequate to manage a small operation mostly run by contract miners and millers.

[16] It should be emphasized that for valuations, one must consider all resources, and even potential, since other companies do place value on these. This is different from a feasibility study, where stock exchange regulations do not allow the incorporation of potential.

pounds) in the inferred category. Glanville and McKnight recognize that these 'inferred' resources are not JORC or NI 43-101 compliant (since the results were obtained from mine map data obtained at the time of purchase of the property from the previous owner, which included drill intersections). Nevertheless, for valuation purposes it would appear reasonable to incorporate a portion of the inferred resources in the cash flow projections. As a result, the Extended Base Case cash flow projections have assumed that Lark-Royal production would continue to the end of 2017 (from 2014 in the Mine Plan Base Case), which results in the incorporation of an additional 114,000 tons grading 0.261% (approximately 595,000 pounds). The foregoing is only about 40% of the total inferred resources.

Based on the foregoing extensions of mining at Daneros and Lark-Royal, an Extended Base Case cash flow projection has been prepared. The input parameters and assumptions are the same as those for the Mine Plan Base Case, except that production has been extended for additional years. The resulting cash flow output is attached as Appendix III, with a summary of the key results shown below:

Total tons milled (Daneros, Lark-Royal, and Geitus):	515,000
Total contained pounds of U_3O_8:	2,636,660
Pre-tax cash flow:	$45.361 million
Pre-tax net present value (utilizing an 8% discount rate):	$33.488 million

Although the pre-tax net present value has been determined to be approximately $33.5 million, one must reduce that value to account for income tax that would be payable. Considering existing income tax pools of UEC (some of which will be utilized to shelter the cash flow generated from the sales of product already processed) Glanville and McKnight have estimated[17] that the after-tax net present value might be closer to **$25 million.** Although a 35% tax rate would suggest an after-tax present value of less than $22 million, we have assumed that around $10 million of tax pools are available to reduce the pre-tax cash flow, and that the impact of the income taxes is greater in the later years.

Sensitivities to Changes in the Price of U3O8

In order to view the impact of changes in the price of U_3O_8, sensitivities were carried out, with the results summarized in the following table. As can be seen in that table, the pre-tax present values are very sensitive to changes in the price of U_3O_8.

[17] It should be emphasized that this is just an estimate only, since we have not received the actual income tax pools that might be available and the rates at which the pools can be utilized to shield a portion of the cash flow from income tax.

White Canyon Uranium
Cash Flow Sensitivities to Price
(NPV $ millions)

Years	Prices U_3O_8		
	Base Case ($/lb)	Lower Prices Case ($/lb)	Higher Prices Case ($/lb)
2011	$75	$70	$80
2012	$75	$70	$80
2013	$85	$80	$90
2014	$85	$80	$90
2015	$95	$90	$100
2016	$95	$90	$100
	Extended	**Base**	**Case**
Ore tons	515,000		
Grade	0.256%		
Pounds U_3O_8	2,636,660		
NPV @ 0%	$45.4	$34.1	$56.7
NPV @ 5%	$37.4	$27.9	$46.9
NPV @ 8%	$33.5	$24.9	$42.1
NPV @ 10%	$31.2	$23.1	$39.3
NPV @ 15%	$26.4	$19.4	$33.4
NPV @ 20%	$22.6	$16.5	$28.7
	Mine Plan	**Base**	**Case**
Ore tons	281,000		
Grade	0.265%		
Pounds U_3O_8	1,489,860		
NPV @ 0%	$21.0	$14.7	$27.4
NPV @ 5%	$18.5	$12.8	$24.1
NPV @ 8%	$17.1	$11.8	$22.4
NPV @ 10%	$16.3	$11.3	$21.4
NPV @ 15%	$14.5	$10.0	$19.1
NPV @ 20%	$13.0	$8.9	$17.1

Working Capital (Including Concentrate and Ore Inventory)

Since Glanville and McKnight have utilized cash flow projections from January 1st, 2011, based on the then-remaining resources (after deducting production at Daneros up to that time), the quantity of inventory as at December 31st, 2010, has been determined[18]. However, the actual and expected sales prices of that inventory have been incorporated in the calculations of value, as set out below:

U_3O_8 Concentrate:

50,000 pounds @ $66[19] X 96.3%[20]:	=	$3.179 million
57,000 pounds @ $72.50[21] X 96.3%:	=	$3.980 million
10,800[22] pounds @ $72.50[23] X 96.3%:	=	$0.754 million
Total return from product already milled	=	$7.913 million
Less estimated State severance tax:	=	$0.270 million
Net return:	**=**	**$7.643 million**

The assumptions for the value of the ore at the mill are set out below

- 6,854 tons containing 40,346 pounds[24] (2,989 tons from lot 6 with an average grade of 0.291%, plus lot 2.7 and lot 2.8 would equal 40,436 pounds, so it reconciles within reason)
- 37,925 recovered pounds at 94% recovery
- milling costs of $0.870 million at $127 per ton
- price to determine pounds to cover milling costs equals $71.25 per pound, which is 95% of the $75.00 assumed 2011 price
- $0.870 million divided by $71.25 equals 12,210 pounds to cover milling costs
- net saleable product of 25,715 pounds (37,925 minus 12,210 pounds)
- revenue of $1.857 million, which is $75 X 25,715 X 96.3% (3.7% marketing costs)
- royalty of about $0.150 million
- State severance tax of about $0.060 million
- net return of **$1.647 million**, which is $1.857 million minus $0.150 million minus $0.060 million

[18] One could also calculate the inventory as at the end of January or February, and then deduct January and February production, respectively, from the cash flow projections. However, either approach would result in equivalent values, well within any 'margin of error' considering the variability in a number of input parameters, most especially the price of U3O8. It should also be noted that we have assumed 46,500 tons of production (at an average grade of 0.26%) at Daneros for 2011. As a result, the assumed production from January 1st, 2011, to February 21st, 2011 would be 52 days divided by 365 days X 46,500 tons, or 6,625 tons. This number is close to the actual additional production of 6,978 tons during that period (stated number of 13,832 tons minus 6,854 tons at December 31st, 2010). We were not provided with the stated grade of the additional 6,978 tons, so we have assumed that it is close to the expected yearly average of 0.26%. In any case, it is not material to the overall valuation.
19 This price is the actual sales price.
20 The 96.3% is due to the 2.5% sales commission, plus other sales costs of about 1.2% (including transport, sampling, assaying, insurance, penalties, etc.).
21 This is the actual sales price.
22 10,223 pounds plus 577 pounds
23 Assumed sales price.
24 This number of 40,346 pounds was provided to Glanville and McKnight.

Although the total of the foregoing is $9.290 million ($7.643 million plus $1.647 million), one must add the cash of $0.254 million and deduct the accrued expenses of $0.570 million[25], the payables of $0.756 million (which include royalties of $0.492 million), and the loan repayment to Denison of $0.750 million. As a result, the fair market value of the working capital has been calculated to be $7.468 million ($9.290 million plus $0.254 million minus $0.570 million minus $0.756 million, and minus $0.750 million). Since approximately $0.443 million has been transferred from UEC to White Canyon (on February 9th, 2011), this amount has been deducted from the foregoing to arrive at a working capital value for UEC of **$7.025 million**.

One should note that the balance sheet of UEC also shows reclamation bonds of $146,770 (non current asset) and a provision for rehabilitation at Daneros of $81,120. With additional future provisions for rehabilitation of other projects (as well as Daneros), it has been assumed that the reclamation bonds would be just sufficient to cover the Daneros and other rehabilitation (on a net present value basis). There are also fixed assets with a net book value of just over $29,000, but these have been included in 'Additional Assets' in the next section of this valuation report. The convertible notes of $2.500 million have been converted to shares, so this amount has not been deducted to arrive at the net working capital. All of the other assets and liabilities of UEC have been incorporated in this valuation.

Additional Assets

Based on the subsequent section of this report, Glanville and McKnight have determined that the indicated value of the additional resources (not included in the cash flow projections) would be worth an estimated **$10.5 million** based on the comparables approach**.**

Additional value can be attributed to the data base/exploration records of projects obtained from Utah Power & Light and the relatively small value for equipment and other assets (less than $50,000). The database may provide sufficient data of a suitable quality and reliability to be the basis of future resource estimations, significantly reducing the requirement to repeat historic drilling. For purposes of this valuation, Glanville and McKnight have attributed a value of **$0.5 million** of these other assets.

Summary of Values

Based on the Extended Base Case cash flow projections for Daneros, Lark-Royal, and Geitus), and adding the value of the other assets (additional resources, working capital, and the data base, and equipment), the indicated value of UEC's mineral assets would be as follows:

Extended Base Case pre-tax value of Daneros/Lark-Royal/Geitus:	$ 25.000 million
Working Capital:	$ 7.025 million
Other exploration projects:	$ 10.500 million
Data base and equipment:	$ 0.500 million
Indicated Total Value:	**$ 43.025 million**

25 This number is the difference between the stated $5.304 million in the statements and the $4.734 million processing fees included in the $5.304 million figure. Glanville and McKnight have already accounted for the $4.734 million fees by only showing the revenue from the net 117,800 pounds (the 204,450 pounds packaged for sale at the end of 2010, minus the 86,650 pounds transferred to Denison to pay for the milling costs).

Valuation Utilizing the Comparables Approach

The contained pounds of uranium in resources can be utilized as an indicator of value. However, the values per pound for operating projects (and those at the feasibility study stage) would be much higher than those for other, less-defined, resources. Based on the foregoing, and utilizing comparisons with other uranium companies, it is the opinion of Glanville and McKnight that a value of between $10 and $15 per pound (mid-point of $12.50 per pound) should be utilized for the mine-plan resources for Daneros, Lark-Royal and Geitus, while about one half of this number, or $6.25 per pound, should be applied to the expected additional resources at Daneros and Lark-Royal For the remainder of the resources and potential resources (based on reasonable extrapolations and interpretations), and average of $3 per pound has been utilized. The $3 per pound figure accounts is meant to apply to all of the categories developed and presented by Preston Niesen[26], even though one could apply higher numbers to some categories, and lower numbers to others. Based on the foregoing, the indicated value of the mineral properties of UEC would be approximately as follows:

Resources in Mine Plan Base Case:	1,489,860 X $12.50[27] per pound	=	$18.62 million
Extension of resources at Daneros[28]:	551,600 X $6.25[29] per pound	=	$ 3.45 million
Extension of resources at Lark-Royal[30]:	595,200 X $6.25 per pound	=	$3.72 million
Additional resources outside of the foregoing:	3.5 million[31] X $3 per pound	=	$10.50 million
Total:			**$36.29 million**

After adding the estimated working capital of $7.0 million, and other assets of $0.5 million, the indicated value of the UEC assets would be approximately **$43.8 million**.

Valuation by Adjusted Book Value Approach

As pointed out earlier, the book value or appraised value approach utilizes past expenditures, results of the exploration, and market conditions to establish a value estimate. However, only expenditures that relate to significant and relevant exploration should be included, provided the quality of past work is adequate. One way of adjusting the book values is through establishing a "book value multiplier" by comparing the company with a suite of comparable companies to examine the ratios of attributed market capitalizations to book value. (This method actually combines some aspects of the Appraised Value and Comparable Transactions including acquisition costs, as a base, with the valuator 'adjusting the expenditures' based on the approaches). The ratios for uranium, gold and other exploration companies have been periodically compiled by investment dealers such as Canaccord Genuity and BMO Nesbitt Burns, although none have been published recently. For this reason McKnight and Glanville have compiled their own.

[26] Which also include some lower grade resources which would not likely be economic at today's uranium prices.
[27] This is the mid-point of a reasonable range of $10 to $15 per pound.
[28] Estimated (projections and speculation) range of 150,000 to 220,000 tons with grades from 0.20% to 0.25%, or a range of from 600,000 pounds to 1,100,000 pounds. The 551,600 pound number for Daneros is the one utilized in the Extended Base Case cash flow projections.
[29] Only one half of the value of $12.50 per pound has been applied.
[30] The 585,200 pound number for Lark-Royal is the one utilized in the Extended Base Case cash flow projections, and is only just over 40% of the 1,430,000 pounds estimated (projections and speculation).
[31] Preston Niesen's list includes 0.95 million from Red Canyon, 1.87 million from White Canyon (Deer Flats), and 0.70 million from Elk Ridge, for a total of 3.52 million pounds. However, the foregoing has been reduced to about 2.25 million pounds to account for some projects not yet owned and by planned production at Geitus and Lark-Royal, but increased back to about 3.5 million pounds with the addition of more net inferred resources at Lark-Royal of 0.50 million pounds, of 0.25 million pounds at Yellow Cat (Thompson) and 0.50 million pounds at Yellow Parrot.

McKnight and Glanville Valuation Report

From Canaccord's research published in February 15, 2011, McKnight and Glanville have calculated the attributed market capitalization to book value ratios for a suite of ten selected uranium exploration and early stage production companies active in the western American states of Utah, Wyoming, Colorado, New Mexico and Texas. Those companies with higher ratios tended to be ones with properties containing NI 43-101 or JORC-compliant resource estimates or those in production; the lower ratio companies tended to be ones with early stage properties or those which encountered negative results. The attributed market to book value ratios ranged from 0.79 to over 10, with the median being 3.2. In the case of White Canyon Uranium's Mineral Assets it is estimated that the ratio would be approximately 2.0. As of January 31, 2011, it is estimated that White Canyon's Mineral Assets had a book value of approximately $ 22 million.

Applying a book value multiplier of 2.0 results in an adjusted book value of approximately $44 million for the total of the Mineral Assets as of January 31, 2011. When working capital and other assets are included the total value of UEC, by this method, rises to approximately $51.5 million.

Valuation Summary

It is very difficult to derive precise Opinions of Value for early stage mineral properties because of the challenge of finding close comparables and the subjective nature of the analysis. The table below provides a summary of the valuations of White Canyon Uranium's Mineral Assets and associated equipment and working capital carried out by three methods, and, as can be seen, there is a reasonably large variation between the ranges, although the averages are closer.

The resulting valuations utilizing the foregoing valuation methods are summarized in the following table:

Valuation Summary
($ millions)

Valuation Method	Daneros Lark-Royal And Geitus	Others	Totals Min Props	Data Base Plant Equip	Work Cap	Total
Adjusted Discounted Cash Flow Approach	$25.0[32]	$10.5	$35.5	$0.5	$7.0	$43.0
Comparables Approach	$25.8	$10.5	$36.3	$0.5	$7.0	$43.8
Adjusted Book Value Approach	$44.0	NA	$44.0	$0.5	$7.0	$51.5

As can be determined from the foregoing, the average of the three approaches is $46.1 million, while the mid-point value is $43.8 million, including associated plant and equipment and working capital. As a result, we are of the opinion that the fair market value of UEC's mineral properties, resources, inventory, and other assets is approximately **$45 million.**

[32] Although the total pre-tax net present value is $33.5 million (as can be seen in the main body of the report), this has been reduced to around $25 million to account for income taxes (after consideration of existing income tax pools, and the possible timing of income tax weighted towards the later years of production).

Other Factors

McKnight and Glanville also considered a number of other factors in assessing the value of the White Canyon uranium properties, including the following:

- only the resources in the Daneros mine plan are JORC or NI 43-101 compliant.
- one of the properties is now in production and two others are imminent
- all the properties are located within an historically prolific uranium production area
- the value to an acquirer such as Dension could be substantially higher than the value to UEC, since a considerable portion of the substantial corporate overhead could be eliminated by a company that already has executives and staff that are knowledgeable in the uranium business
- an acquiring company with substantial cash flow would be able to carry out more aggressive exploration to increase feed to the White Mesa mill, and thus add to the value
- The first new uranium mill to be constructed in the USA (by Energy Fuels) in three decades is closer to reality as a Colorado state district court judge denied a legal challenge seeking to overturn a special use permit for the Piñon Ridge Mill, estimated to cost US$150 million. Energy Fuels is also considering partnering with Denison Mines for a potential toll-milling agreement. Denison currently ships ore (from its recently restarted Pandora mine, located near the mine of Energy Fuels) to its White Mesa mill near Blanding, Utah. With its new mill, Energy Fuels will be able to process its own material, as well as derive revenues from either toll milling or direct purchasing of ore from other uranium producers in the region. Although the construction of the Piñon Ridge Mill is likely to have little short-term impact on UEC's operations, it could prove to be beneficial in the long term. Although the shipping distances from UEC's operations to the planned new mill are considerably further than those to the White Mesa Mill, another mill could encourage more competitive toll milling fees. In addition, there may be additional spare capacity at the White Mesa Mill as some other operations would ship ore to the Piñon Ridge Mill.
- There is the possibility that the US Government could impose additional royalties on uranium ore production on Federal lands, and about 90% of UEC's claims are Federal. However, there are indications that any new royalties would not apply to production from existing mining claims.
- Denison provides UEC with the operating costs, and therefore there is no mill cost control by UEC, which must rely completely on Denison
- The three-year toll-milling contract that was negotiated last year may not be extended by Denison, or it may be extended on less favourable terms
- the fact that the uranium prices utilized in the cash flow projections could be significantly different from those that are ultimately realized
- the Lark-Royal project has been delayed slightly from what has been assumed in the cash flow projections
- some split shooting may be required at Daneros to maintain a reasonable grade, resulting in higher costs for this component of 2011 production

Other Matters

Credentials of McKnight and Glanville

Bruce McKnight has a B.A.Sc. in Geological Engineering from the University of B.C., an M.Sc. in Engineering Geoscience from the University of California, Berkeley, a Mineral Economics Diploma from McGill University and an MBA from Simon Fraser University. He is a Member of the Association of Professional Engineers and Geoscientists of British Columbia (P.Eng.) and a Fellow of the Canadian Institute of Mining and Metallurgy (FCIM). McKnight is a former Executive Director of the B.C. and Yukon Chamber of Mines (now renamed Association for Mineral Exploration B.C. or AME BC) and a former Corporate Vice-President of Westmin Resources Limited. He has over 40 years of senior-level, international and domestic, mining industry experience and has been an active participant in the exploration, valuation, financing and development of several mines in British Columbia, Canada, and elsewhere. In addition, he has acted as a consultant to mining and brokerage firms, as well as to mining associations and First Nations and as an “expert witness” to law firms.

Glanville is a company specializing in valuations of public and private mining companies and mineral exploration and development properties, as well as providing fairness opinions and litigation support (such as being an expert witness in court cases involving valuation disputes) related to financial and technical issues. The president, Ross Glanville, graduated from the University of British Columbia in 1970 with a Bachelor of Applied Science Degree (Mining Engineering) and became a member of the Association of Professional Engineers of British Columbia in 1972 (P.Eng.). In 1974, Glanville obtained a Master of Business Administration Degree (MBA), specializing in finance and securities analysis. In 1980, Glanville became a member of the Certified General Accountants of B.C. (CGA). He was also a member of the former Canadian Association of Mineral Valuators.

Glanville has provided a large number of fairness opinions (more than 200 in total) for mergers, amalgamations, and acquisitions of public and private companies. These assignments were undertaken for investment dealers, regulatory bodies (including stock exchanges), banks, various government agencies, venture capital firms, forestry companies, mining and exploration companies, oil and gas companies, and others. Glanville has valued more than five hundred mining and exploration companies in Canada, the U.S.A., Australia, and Mexico, as well as over two hundred in many other areas of the world, including Africa, South America, Europe, and Asia. He has formed public companies (listed on the Toronto Stock Exchange, the Australian Stock Exchange, NASDAQ, and the TSX Venture Exchange) and has served on the Boards of Directors of four companies with producing mines. Glanville has also acted in more than 50 court cases and assessment appeal board hearings in Canada, the U.S.A., Australia, and the U.K. He has written several articles, and given many presentations, related to the valuation of exploration and mining companies. Some of these articles were published by the United Nations, the Society of Mining Engineers, and by various Canadian magazines and newspapers.

Independence

Glanville and McKnight have confirmed that they are independent arm’s-length consultants, and are free from current and/or potential conflicts of interest in preparing this Opinion of Value. They have no direct or indirect, past or current interests in White Canyon or Denison Mines, or related or associated companies, nor do Glanville and McKnight expect to acquire or receive such interests, securities or benefits in the future, other than the professional services fees from White Canyon for preparing this Opinion of Value. There are no understandings, agreements or commitments between Glanville, McKnight, and White Canyon or Denison Mines, or any of their associates or affiliates with respect to any future business dealings.

Disclaimer

This Opinion of Value of the White Canyon properties was prepared by independent mineral consultants, McKnight and Glanville, based on a review of private and public documents, press releases and reports posted on the Company’s and Denison’s websites, other company websites, and on McKnight’s and Glanville’s general knowledge of business conditions in the minerals industry.

McKnight and Glanville Valuation Report

This report relies in part on information not within the control of McKnight and Glanville, and while it is believed that the information and assumptions are reliable and valid as of the date hereof, and under the stated conditions and limitations, McKnight and Glanville cannot guarantee their accuracy. In particular, it is noted that only one of the White Canyon properties (Daneros), at the current stage of assessment, contains any mineral reserves as defined in the guidelines of the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) presented in the *CIM Standards on Mineral Resources and Reserves*, dated August 20, 2000, or the JORC guidelines, nor have either of the properties been subject of a NI 43-101 or VALMIN-compliant scoping study assessment.

In addition, McKnight and Glanville disclose that they have not conducted any independent reviews of the mineral titles, ownership, reserves, resources or environmental obligations, nor have they visited the White Canyon properties, or carried out independent geological investigations and consequently McKnight and Glanville have not expressed any opinion on these subjects. They are basing their Opinion of Value on information provided by PKF, White Canyon, and their consultants, on their examination of market conditions and on their experience in the industry and in the exploration/valuation of these types of properties. The use of this Opinion of Value and/or any information contained in it shall be at the user's sole risk, regardless of any fault or negligence of McKnight and Glanville, and shall be solely for the use of PKF, White Canyon Uranium Ltd, and any regulatory bodies. PKF and White Canyon have acknowledged that the services of McKnight and Glanville are provided in an advisory capacity only, and that McKnight and Glanville are not liable for losses, damages, or other claims that may result from or be alleged to result from any application or use that PKF, White Canyon and/or others may make of such information, data and opinions of McKnight and Glanville. PKF and White Canyon Uranium Ltd have waived, released, indemnified and agreed to hold McKnight and Glanville harmless from any and all liability for losses, damages, legal costs, and other claims arising from the Opinion of Value and/or related issues. McKnight and Glanville do not accept any responsibility for errors or omissions pertaining to information or instructions provided by PKF, White Canyon Uranium Ltd and their lawyers, advisors, directors, agents, or other related parties.

This report does not constitute a recommendation, either explicit or implicit, to buy, sell or trade securities of White Canyon Uranium Ltd, or any other companies.

Opinion of Value

This Opinion of Value is rendered for White Canyon Uranium Ltd. and may only be used and relied upon in connection with White Canyon's and its advisor's review of White Canyon's uranium asset values and the Denison Mines offer, and is valid as of the date hereof. In the event that other information material to the Opinion of Value is made available subsequent to the date of this Opinion, McKnight and Glanville reserve the right to modify or withdraw the Opinion. This Opinion of Value is rendered as of the date hereof, and McKnight and Glanville disclaim any obligation to advise any person of any change in the Opinion of Value subsequent to that date.

Subject to the foregoing, and based on a review of all factors considered relevant, the Opinion of McKnight and Glanville is that the value of White Canyon's uranium assets is estimated to be in the range from $40 to $50 million, with a preferred value being $45 million. Such a wide range of values is not uncommon for mineral properties at this stage of development.

Respectfully Submitted

Bruce McKnight,

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Ross Glanville

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APPENDIX I

URANIUM MARKET

In 2007, prices of U_3O_8 reached a high of $138 per pound, but subsequently declined to a low of around $40 in March 2010, before rebounding to the present level of between $70 and $75. It has become increasingly clear that nuclear power is the only energy source that can supply the world with sufficient base-load electric power and, at the same time, improve the quality of the environment. Projections for the long term price are widely divergent, with the most recent estimates generally being between $65 and $100 per pound, with some projections outside of this range. As a result, the estimates utilized in the cash flow projections ($75 per pound for 2011 and 2012, and $85 per pound for 2013 and 2014) appear to be reasonable for valuation purposes.

Primary production (mine production) of U_3O_8 has been estimated to be about 136 million pounds in 2010, while total reactor requirements were approximately 177 million pounds – with the balance being made up of secondary supplies, as discussed in the next paragraph. Estimates of 2011 mine production and total requirements are 151 million pounds and 188 million pounds, respectively. Macquarie Commodities Research has estimated 2017 mine production and total requirements of 211 million pounds and 241 million pounds, respectively.

Since the late 1980s, the world has been making do with a deficit of uranium production. Present mining projects only provide enough fuel for about 80% of demand, with the balance coming from enriched uranium stockpiles and decommissioned former nuclear weapons. However, these other supplies are running out, and are expected to decline over the next ten years. Countries like the USA and Japan are opening new nuclear plants to deal with stricter emissions legislation (which has the greatest impact on coal-fired power plants) and support their energy needs. At the same time, emerging economies, like China and India, are turning to nuclear power as the solution to their sharply increasing electricity requirements.

Patricia Mohr, vice-president economics and commodities specialist at Bank of Nova Scotia, sees U_3O_8 prices hitting US$85 per pound by the middle of 2012 (February 12, 2011 article). She cites the Megatons to Megawatts program's end in 2013 as a big factor in the upward pressure on prices. This 20-year agreement between Russia and the USA mandated that the two countries convert 500 tons of weapons-grade uranium into useable fuel for power plants. With the deal set to expire in two years, uranium supplies will be strained (currently about 20 million pounds U_3O_8 per year comes from this source). According to Mohr, "A confluence of other factors is expected to push uranium prices higher in the near and long-term. Flooding in a major Australian uranium mine owned by Energy Resources of Australia Limited will put short-term strain on supplies, as well as delays in major new projects (or expansions) such as Cigar Lake, Olympic Dam, Yeelerie, Trekkopje and Rossing. Demand increases are expected in most of the major countries in the world. In addition, Obama's declaration that the USA needs to move to cleaner energy can only be fulfilled if uranium becomes the backbone of such a move toward a greener economy."

According to Geordie Mark, analyst with Haywood Securities, "Geopolitical sentiment is expected to shift across Europe, in particular Germany, Italy, Belgium, and Sweden, as countries look to extend or replace reactor fleets to meet demand requirements and or future emissions milestones. Importantly, over the past twelve months demand expectations have crystallized as witnessed by the increase in the reactors now under construction, on the planning board, and newly commissioned. Furthermore, the increase in the industry's expectations over the last twelve month period have been largely a response to positive growth patterns in China, as well as the extension of Germany's nuclear reactor fleet by an average of twelve years per reactor. The resounding feature of the uranium sector has been the limited number of truly new discoveries over the last decade, which has resulted in the current development pipeline incorporating projects with technical difficulties or that were marginal in an earlier commodity cycle."

China has 13 operating nuclear reactors, and in 2010 alone, the Chinese government approved plans to build 34 new plants. Japan is planning another 14 nuclear power plants, and Russia wants 16 up and running by 2015. The USA leads the world in nuclear energy production with 104 active reactors (which power about one-fifth of US electricity), and plans to build up to 30 more. Worldwide, 443 commercial reactors are operational. The countries with the largest number of planned and proposed reactors (estimates only, since many of the projects are very uncertain) include: China, 159; India, 60; Russia, 44; USA, 30; Ukraine, 22; and South Africa, 15. According to Morgan Stanley, the new plants will eat up almost 33,000 tons of nuclear fuel. This is almost half of the demand from the current 443 commercial reactors.

The three large contracts arranged by China's two nuclear buyers (CNNC and CGNPC) in late 2010 – tying up a large portion of world supplies through 2010 – may also be spurring other utilities as well as traders/investment funds to build inventory. US utilities are reportedly trying to arrange term volumes in 2012-2014, and there is not much supply available. India, with the second largest planned reactor build-out, has not yet significantly ramped up its purchase program, and could be the next big demand boost for the market. State-run China National Nuclear Corporation (CNNC) said it has developed reprocessing technology which could effectively end its uranium-supply shortage concerns by extending the life of the nation's uranium reserves.. However, it is believed that this technology is still at the very early stage, and may not ever be commercially developed.

Canaccord Genuity is projecting long term U_3O_8 prices of $70 in 2011, $75 in 2012 and $80 in 2013. (February 15th, 2011 publication entitled Junior Mining Weekly). RBC Capital Markets estimates that the uranium price would have to be at least US$75 per pound to stimulate the required supply. Pinetree Capital's VP Business Development, Philip Williams, recently stated, "I think for the early part of the year $75 is a good number, but it could surpass that substantially by year-end. By then, we think that the price will be at the $100 level and maybe even higher." The current spot price for uranium looks to be falling in line (i.e. rising) with a January 2011 prediction by Macquarie Research that uranium would hit $75 per pound in the first half of 2011 on rising demand from China.

APPENDIX II

Mine Plan Base Case Cash Flow

Mine Plan Base Case (US$000s)						
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
U3O8 Price	$75	$75	$85	$85	$95	
Corporate						
General and administration	$800	$800	$800	$800	$400	**$3,600**
Daneros						
Tons milled	46,500	55,500	60,000	10,000		**172,000**
Grade U3O8	0.257%	0.248%	0.280%	0.280%		**0.263**
Pounds contained in ore	239,010	275,280	336,000	56,000		**906,290**
Revenue	$16,227	$18,689	$25,853	$4,309		**$65,078**
Less royalty	$888	$1,022	$1,414	$236		**$3,560**
Severance tax (2.6% x 80%)	$338	$389	$538	$90		**$1,354**
Operating costs	$11,524	$13,073	$14,404	$2,433		**$41,434**
Exploration	$-	$-	$-	$-		$-
Capital Costs	$-	$-	$-	$-		$-
Total annual Cash Flow	**$3,478**	**$4,205**	**$9,497**	**$1,551**		**$18,730**
Geitus						
Tons mined	0	6,000	20,000	18,000	5,200	**49,200**
Grade U3O8		0.250%	0.244%	0.240%	0.250%	**0.244**
Pounds contained in ore	0	30,000	97,600	86,400	26,000	**240,000**
Revenue	$0.0	$2,037	$7,510	$6,648	$2,236	**$18,430**
Less royalty	$0	$0	$0	$0	$0	**$-**
Severance tax (2.6% x 80%)	$0	$42	$156	$138	$47	**$383**
Operating costs	$200	$2,245	$6,178	$5,384	$1,608	**$15,615**
Exploration	$161	$0	$0	$0	$0	**$161**
Capital Costs	$350	$350	$350	$0	$0	**$1,050**
Total annual Cash Flow	**-$710**	**-$601**	**$826**	**$1,126**	**$581**	**$1,222**

Mine Plan Base Case (US$000s)							
Year		**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Lark-Royal							
tons mined		4,300	30,000	19,500	6,000		**59,800**
Grade U3O8		0.320%	0.304%	0.275%	0.220%		**0.287**
pounds contained in ore		27,520	182,400	107,250	26,400		**343,570**
Revenue		$1,868	$12,383	$8,252	$2,031		**$24,535**
Less royalty		$14	$96	$64	$16		**$190**
Severance tax (2.6% x 80%)		$39	$258	$172	$42		**$510**
Operating costs		$1,755	$8,944	$6,021	$1,853		**$18,573**
Exploration		$236	$0	$0			**$236**
Capital Costs		$330	$0	$0			**$330**
Total annual Cash Flow		**-$505**	**$3,086**	**$1,995**	**$120**		**$4,696**
Total Cash Flow		**$1,462**	**$5,890**	**$11,518**	**$1,996**	**$181**	**$21,048**
Total tons mined		50,800	91,500	99,500	34,000	5,200	**281,000**
Total pounds contained in ore		266,530	487,680	540,850	168,800	26,000	**1,489,860**
Net Present Value	**0%**	**$21,048**					
(US$ x 1000)	**5%**	**$18,469**					
	8%	**$17,138**					
	10%	**$16,327**					
	15%	**$14,530**					
	20%	**$13,010**					

APPENDIX III

Extended Base Case Cash Flow

Extended Base Case (US $ 000s)								
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
U3O8 Price	$75	$75	$85	$85	$95	$95	$95	
Corporate								
General and administration	$800	$800	$800	$800	$800	$800	$800	**$5,600**
Daneros								
Tons milled	46,500	55,500	60,000	60,000	60,000	10,000		**292,000**
Grade U3O8	0.257%	0.248%	0.280%	0.238%	0.230%	0.230%		**0.250**
Pounds contained in ore	239,010	275,280	336,000	285,600	276,000	46,000		**1,457,890**
Revenue	$16,227	$18,689	$25,853	$21,975	$23,735	$3,956		**$110,435**
Less royalty	$888	$1,022	$1,414	$1,202	$1,298	$216		**$6,041**
Severance tax (2.6% x 80%)	$338	$389	$538	$457	$494	$82		**$2,297**
Operating costs	$11,524	$13,073	$14,404	$14,404	$14,600	$2,433		**$70,438**
Exploration	$-	$-	$100	$100	$-	$-		**$200**
Capital Costs	$-	$-	$-	$-	$-	$-		$-
Total annual Cash Flow	**$3,478**	**$4,205**	**$9,397**	**$5,812**	**$7,343**	**$1,224**		**$31,459**
Geitus								
Tons mined	0	6,000	20,000	18,000	5,200			**49,200**
Grade U3O8		0.250%	0.244%	0.240%	0.250%			**0.244**
Pounds contained in ore	0	30,000	97,600	86,400	26,000			**240,000**
Revenue	$0.0	$2,037	$7,510	$6,648	$2,236			**$18,430**
Less royalty	$0	$0	$0	$0	$0			**$-**
Severance tax (2.6% x 80%)	$0	$42	$156	$138	$47			**$383**
Operating costs	$200	$2,245	$6,178	$5,384	$1,608			**$15,615**
Exploration	$161	$0	$0	$0	$0			**$161**
Capital Costs	$350	$350	$350	$0	$0			**$1,050**
Total annual Cash Flow	**-$710**	**-$601**	**$826**	**$1,126**	**$581**			**$1,222**

Extended Base Case (US $ 000s)								
Year	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
Lark-Royal								
tons mined	4,300	30,000	19,500	30,000	30,000	30,000	30,000	**173,800**
Grade U3O8	0.320%	0.304%	0.275%	0.253%	0.261%	0.261%	0.261%	**0.270**
pounds contained in ore	27,520	182,400	107,250	151,800	156,600	156,600	156,600	**938,770**
Revenue	$1,868	$12,383	$8,252	$11,680	$13,467	$13,467	$13,467	**$74,585**
Less royalty	$14	$96	$64	$93	$108	$108	$108	**$591**
Severance tax (2.6% x 80%)	$39	$258	$172	$243	$280	$280	$280	**$1,551**
Operating costs	$1,755	$8,944	$6,021	$9,094	$9,194	$9,194	$9,194	**$53,397**
Exploration	$236	$0	$100	$100				**$436**
Capital Costs	$330	$0	$0					**$330**
Total annual Cash Flow	**-$505**	**$3,086**	**$1,895**	**$2,149**	**$3,885**	**$3,885**	**$3,885**	**$18,280**
Total Cash Flow	**$1,462**	**$5,890**	**$11,318**	**$8,287**	**$11,009**	**$4,309**	**$3,085**	**$45,361**
Total tons mined	50,800	91,500	99,500	108,000	95,200	40,000	30,000	**515,000**
Total pounds contained in ore	266,530	487,680	540,850	523,800	458,600	202,600	156,600	**2,636,660**

Net Present Value	**0%**	**$45,361**
(US $ x 1000)	**5%**	**$37,364**
	8%	**$33,488**
	10%	**$31,212**
	15%	**$26,401**
	20%	**$22,584**

Corporate Directory

Registered Office

Suite 101, 48 Outram Street
West Perth WA 6005

Directors

Lewis Cross
Michael Bynum
Kelly Shumway
Melvin Swanson
John Ramsey
Greg Burns

Company Secretary

Ranko Matic

Financial Adviser

Apex Capital Partners
Level 12, 50 Margaret Street
Sydney NSW 2000

Auditor

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

Legal Adviser

Norton Rose
Grosvenor Place
Level 18, 225 George Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Limited
Level 2, 45 St George's Terrace
Perth WA 6000

White Canyon
URANIUM LTD