



State of Utah

GARY R. HERBERT
Governor

GREG BELL
Lieutenant Governor

Department of
Environmental Quality

Amanda Smith
Executive Director

DIVISION OF AIR QUALITY
Bryce C. Bird
Director

RECEIVED

MAY 25 2012

Per _____

May 23, 2012

DAQC-611-12
Site ID 14509

Sent Via Certified Mail No. 7004251000375519078

David Frydenlund
Denison Mines (USA) Corporation
1050 17th Street, Suite 950
Denver, Colorado 80265

Re: Approval for Construction under 40 CFR Part 61 Subparts A and B

Dear Mr. Frydenlund:

The Utah Division Air Quality (DAQ) is granting approval to Denison Mines (USA) Corporation, in accordance with provisions of the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.), and regulations promulgated thereunder, to modify the Daneros Underground Uranium Mine in accordance with the plan submitted to the DAQ on April 30, 2012. This Approval, which is enclosed, ensures that the mine is in compliance with the National Emissions Standards for Hazardous Air Pollutants, 40 CFR Part 61, Subparts A and B (National Emission Standards for Radon Emissions from Underground Mines), adopted in Utah Administrative Code R307-214-1.

Since the Daneros Underground Uranium Mine is now expected to produce over 100,000 tons over the lifetime of the mine, the designation for underground mines as specified in 40 CFR 61.20 (a) and (b) are applicable to this mine.

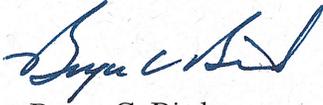
The attached Approval to Construct includes conditions of approval to ensure the facility operates in compliance with the standard at 40 CFR §61.22, which requires that "emissions of radon-222 to the ambient air from an underground mine shall not exceed those amounts that would cause any member of the public to receive in any year an effective dose equivalent to 10 mrem/year." Additionally, failure to comply with any condition or term set forth in this approval or in the regulations, or failure to meet this standard, will be considered grounds for an enforcement action.

DAQC-611-12

Page 2

This approval shall become effective immediately upon Denison Mines (USA) Corporation receipt of the Approval to Construct. If you have any questions, or for further discussion, please contact Sarah Malluche of my staff at (801) 563-4046 or smalluche@utah.gov.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bryce C. Bird".

Bryce C. Bird,
Director

BCB:SLM:bp

Enclosure: Approval to Construct, with conditions

cc: Region VIII, Stephen Tuber, Assistance Regional Administrator

TERMS AND CONDITIONS
APPROVAL OF MODIFICATION FOR THE DANEROS MINE

I. General Approval

- A. This Approval applies to the Denison Mines (USA) Corporation underground uranium mine located at:

Valley of the western edge of the Wingate Mesa, southwest, of Fry Canyon, in San Juan County, Utah

Specifically, the Daneros Mine claims lie in:

Section 6, Township 37 South, Range 16 East, Salt Lake Meridian, and
Section 18, Township 37 South, Range 16 East, Salt Lake Meridian

- B. Denison Mines (USA) Corporation, Inc. (Denison Mines), as owner and/or operator of the mine, is approved to modify the Daneros Mine located within the State of Utah.
- C. This Approval of modification requires that the Daneros Mine meet the standard at 40 CFR §61.22, as follows: Emissions of radon-222 to the ambient air from an underground uranium mine shall not exceed those amounts that would cause any member of the public to receive in any year an effective dose equivalent of 10 mrem/year.
- D. This Approval of modification requires that Daneros Mine comply with all requirements in 40 CFR Part 61 Subpart B.

II. Approval Limitations

- A. This Approval of modification will remain in effect as long as the Daneros Mine is operated as an active underground uranium mine by Denison Mines (USA) Corporation. In the event that ownership of Daneros Mine is transferred from Denison Mines (USA) Corporation to a new company, this Approval may be transferred to the new owner only if operation continues as approved by Utah Division of Air Quality (DAQ). Any changes made at Daneros Mine that constitute a modification or construction require the submittal of a Modification/Construction Approval request to DAQ and prior approval by DAQ, as required by 40 CFR §61.07.
- B. Denison Mines (USA) Corporation may submit to the DAQ's Director a written application for determination of whether an action intended to be taken by Denison Mines (USA) Corporation constitutes a modification or construction of a source subject to 40 CFR Part 61, Subpart B, pursuant to 40 CFR §61.06. The Director will notify Denison Mines (USA) Corporation of his/her determination of whether the intended action constitutes modification or construction, requiring an Application for Construction or Modification under 40 CFR §61.07.
- C. If Denison Mines (USA) Corporation elects to model a reduced occupancy time for exposure to the nearest resident, they shall submit to DAQ for approval a plan detailing how the reduced

occupancy time is verified. The plan must be approved by DAQ prior to it being used in the annual report required by 40 CFR 61.24.

III. Facility Operation

- A. Denison Mines (USA) Corporation will utilize meteorological data from the Bullfrog Marina Weather station, located 48 kilometers (30 miles) west of the mine. The meteorological station will be utilized to collect wind rose data.
- B. Denison Mines (USA) Corporation shall prepare Quality Assurance Project Plans (QAPPs) for the radon monitors, in conformance with the programs described for Continuous Radon Monitors and Alpha Track Detectors in EPA 520/1-89-009 (40 CFR Part 61 Appendix B, Method 115 1.2.4).

The QAPPs shall be submitted to the Director for approval of data collection.

IV. Monitoring, Reporting, and Recordkeeping Requirements

- A. Denison Mines (USA) Corporation shall monitor the radon discharge concentration continuously whenever the mine ventilation system is operational, in accordance with 40 CFR §61.23 and Test Method A-6, of Appendix B, Method 115. [Note: prior approval for another method to be used at this mine, such as Method A-7 Alpha Track Detectors, must be approved by the EPA Administrator prior to use.]
- B. Denison Mines (USA) Corporation shall measure each mine vent exhaust flow rate at least four times per year, as required by 40 CFR Part 61 Appendix B, Method 115 1.1.1(b). The measurements shall be taken to represent operating conditions during venting. Test Method 2 of Appendix A to 40 CFR Part 60 should be used to determine velocity and volumetric flow rates (40 CFR Part 61 Appendix B, Method 115 1.2.2).
- C. Denison Mines (USA) Corporation shall use 40 CFR Part 61, Appendix B, Method 115 1.1.1(c), to calculate and record a weekly radon-222 emission rate for the mine.
- D. Denison Mines (USA) Corporation shall use 40 CFR Part 60, Appendix A, Method 1 to determine velocity traverses. The sampling point in the duct shall be either the centroid of the cross section or the point of average velocity (40 CFR Part 61 Appendix B, Method 115 1.2.1).
- E. Denison Mines (USA) Corporation shall submit annual reports in accordance with 40 CFR §61.24 while the mine is active. The reports shall cover the emissions of a calendar year and shall be sent to DAQ by March 31 of the following year. An "Active" mine means "an underground uranium mine which is being ventilated to allow workers to enter the mine for any purpose" (40 CFR §61.21(a)).
- F. Denison Mines (USA) Corporation shall maintain the records specified in 40 CFR §61.25, either at the mine or in Denison Mines (USA) Corporation offices, for at least five years, and upon

request, make the records available for inspection by the Director or his/her authorized representative.

V. Notification of Commencement of Construction and Startup

A. Denison Mines (USA) Corporation shall furnish the Director with written notification as follows:

1. A notification of the anticipated date of initial startup of the source not more than 60 days and not less than 30 days before that date. (40 CFR. §61.09(a)(1)).
2. A notification of the actual date of initial startup of the source within 15 days after that date. (40 CFR §61.09(a)(2)).

VI. Severability

The provisions of this Approval of modification are severable and, if any provision of this Approval to Construct is held invalid, the remainder of this Approval shall not be affected thereby.

VII. Other Applicable Regulations

This approval does not prevent the Director from implementing or enforcing all applicable provisions in 40 CFR Part 61, Subparts A and B, and any other applicable regulation.

VIII. Agency Correspondence

All correspondence and notifications as required by this Approval for modification shall be sent to:

DAQ
P.O. Box 144820
195 North 1950 West, 4th Floor
Salt Lake City, UT 84114-4820

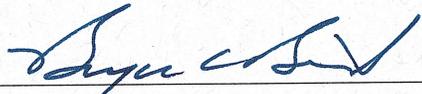
DANEROS MINE
Approval to Construct
Under
40 CFR Part 61, Subparts A and B
National Emission Standards for Radon Emissions from Underground Mines

In compliance with the provisions of the Clean Air Act, as amended (42 U.S.C. § 7401 et seq.), and the regulations promulgated thereunder, Denison Mines (USA) Corp., 1050 17th Street, Suite 950, Denver, CO 80265, is granted approval to modify the underground uranium mine located at the Daneros Mine, in San Juan County, Utah, as specified below in Section I of the Approval. This approval is granted in accordance with the plans and materials submitted with the April 30, 2012, Application and with the federal regulations governing the National Emissions Standards for Hazardous Air Pollutants 40 CFR Part 61, Subparts A and B, and the conditions attached to this document and made part of this approval.

Failure to comply with any conditions or terms set forth in this approval may result in enforcement procedures established by the Clean Air Act. This approval does not prevent the Director from implementing or enforcing applicable provisions in 40 CFR Parts 60 and 61 or any applicable federal, state or local regulations.

This approval to construct grants no relief to Denison Mines (USA) Corp. from the legal responsibility for compliance with any applicable provisions of 40 CFR Part 61 Subparts A and B, or any other applicable federal, state or local requirement.

Date 5/22/2012



Bryce C. Bird
Director