

INTERNATIONAL URANIUM CORP

Form 6-K

October 25, 2006

**FORM 6-K**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16**  
**of the Securities Exchange Act of 1934**

For October 25, 2006

**International Uranium Corporation**  
(Translation of registrant's name into English)  
**Suite 2101 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8**  
(Address of principal executive offices)

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

Form 20-F

Form 40-F

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

Yes

No

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

Signatures

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

International Uranium Corporation  
(Registrant)

Date: October 25, 2006

By: /s/ Ron F. Hochstein  
Ron F. Hochstein, President and CEO

**Exhibit Index**

Exhibit Number	Description
1	Notice of Special Meeting of Shareholders, Management Information Circular and Proxy Statement
2	Form of Proxy

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**INTERNATIONAL URANIUM CORPORATION  
NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
MANAGEMENT INFORMATION CIRCULAR  
AND PROXY STATEMENT  
CONCERNING THE PROPOSED BUSINESS COMBINATION OF  
INTERNATIONAL URANIUM CORPORATION AND DENISON MINES INC.  
OCTOBER 18, 2006**

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INTERNATIONAL URANIUM CORPORATION

October 18, 2006

To Our Shareholders,

On September 18, 2006 International Uranium Corporation ( IUC ) announced its intention to enter into a merger pursuant to a plan of arrangement with Denison Mines Inc. ( Denison ). The merger of IUC and Denison will create a growth oriented and diversified uranium producer with estimated combined annual production of approximately 5 million pounds U<sub>3</sub>O<sub>8</sub> by 2010 and a strong financial position with approximately Cdn\$130 million in working capital.

As of June 30, 2006, the combined company's pro forma financial highlights include:

Cash and short-term investments of approximately Cdn\$120 million

No long-term debt

The strength of the pro forma balance sheet will allow the combined company to pursue a development growth strategy and fund an aggressive exploration program.

The combined company will be positioned as the premier North American uranium intermediate producer, with mining assets in the Athabasca Basin Region of Saskatchewan, Canada and the southwest United States including Colorado, Utah, and Arizona. Further, the combined company will have ownership interests in two of the four operating uranium mills in North America today. The combination of a diversified mining asset base with parallel ownership of milling infrastructure in highly politically stable jurisdictions will uniquely position the combined company for growth and development into the future.

The combined company will also have a strong exploration position with large land positions in the United States, Canada and Mongolia. Correspondingly, the combined company will have one of the largest uranium exploration teams among intermediate uranium companies. In addition, the combined company will have further exposure to exploration through equity investments in JNR Resources Inc., Energy Metals Limited in Australia and several other exploration companies. The combined company will continue to be the manager of Uranium Participation Corporation, a company created to buy, hold and sell uranium.

E. Peter Farmer will become the Chief Executive Officer of the combined company and I will become the President and Chief Operating Officer. James R. Anderson will be the Chief Financial Officer. Both Denison and IUC will be equally represented on the board of directors of the combined company, with Lukas H. Lundin acting as Chairman of the Board.

At the closing of the plan of arrangement, Denison will amalgamate with a wholly owned subsidiary of IUC and holders of Denison common shares will exchange each one of their Denison common shares for 2.88 IUC common shares. IUC shareholders will continue to hold their existing common shares. The combined company will be renamed Denison Mines Ltd. and will retain a primary listing on the Toronto Stock Exchange. Under the terms of the arrangement, Denison's outstanding stock options will vest and will, as a result of the Arrangement, represent the right to receive shares of the combined company, with appropriate adjustments to reflect the exchange ratio between the Denison common shares and the IUC common shares, including any necessary adjustments to the exercise price of the

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options. Under the terms of Denison's two outstanding series of warrants, upon the completion of the arrangement, upon the exercise of such warrants, holders of Denison warrants will be entitled to receive 2.88 IUC common shares. Existing IUC and Denison shareholders will each own approximately 50% of the combined company. The combined company will have approximately 176 million common shares outstanding at the completion of the merger.

The board of directors of each of Denison and IUC have received fairness opinions from their respective financial advisors with respect to the transaction consideration. Both boards are unanimously recommending approval of the transaction by their respective shareholders and/or securityholders, as the case may be.

The transaction between IUC and Denison is conditional upon the approval of a majority of IUC's shareholders who vote with respect to the issuance of IUC common shares to former shareholders of Denison and upon the approval of 66 2/3% of IUC's shareholders who vote with respect to the change of IUC's name to Denison Mines Ltd. The transaction is also conditional upon the approval of 66 2/3% of Denison's securityholders who vote with respect to the arrangement between IUC and Denison. Special shareholders' meetings will be held by Denison and IUC on November 20, 2006. The transaction is currently expected to close by December 1, 2006, subject to receipt of all requisite approvals. Further details about the merger can be found in the accompanying management information circular and proxy statement.

The IUC board of directors unanimously recommends that shareholders vote in favour of the matters to be placed before them in connection with the arrangement transaction. The directors and senior officers of each company have entered into agreements to vote their respective shareholdings in support of the transaction and to refrain from disposing of their shares prior to the applicable shareholders' or securityholders' meeting. The Lundin family interests, being the holders of approximately 14.7% in total of IUC, have also pledged their support of the transaction.

I am very enthusiastic about the future of the combined company and look forward to continue to develop the combined company together with our new colleagues at Denison. We believe the combined operating, development and exploration expertise of the two companies will create a strong foundation for continued growth. The combined company will have ownership interests in two of the four active uranium mills in North America and IUC's U.S. mine development programs will add to Denison's ongoing McClean Lake production. The combined company will also have substantial mineral reserves and resources and an exploration program to provide for future growth.

Please read the attached management information circular and proxy statement carefully and vote your IUC shares in favour of the matters set forth in the management information circular and proxy statement.

Yours sincerely

*Ronald F. Hochstein*

Ronald F. Hochstein

Chief Executive Officer and President

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**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS  
OF INTERNATIONAL URANIUM CORPORATION**

NOTICE IS HEREBY GIVEN that the special meeting (the IUC Meeting ) of the shareholders (the IUC Shareholders ) of International Uranium Corporation ( IUC or the Corporation ) will be held at the Design Exchange, 234 Bay Street, Toronto Dominion Centre, Toronto, Ontario, M5K 1B2 on Monday, November 20, 2006 at 10:30 a.m. (Toronto time) for the following purposes:

1. to consider and, if deemed appropriate, to pass, with or without variation, a resolution (the Share Issue Resolution ), the full text of which is reproduced at Schedule A to the accompanying management information circular (the Circular ), authorizing the issue of up to a maximum of 102,000,000 IUC common shares in connection with the proposed arrangement including the business combination (the Arrangement ) pursuant to the *Business Corporations Act* (Ontario), of IUC and Denison Mines Inc. ( Denison ), including IUC common shares issuable upon the exercise of outstanding options and warrants of Denison, as more particularly described in the Circular;
2. to consider and, if deemed appropriate, to pass, with or without variation, a resolution (the IUC New Board Resolution ), the full text of which is reproduced at Schedule B to the Circular, appointing three additional directors to the IUC Board of Directors;
3. to consider and, if deemed appropriate, to pass, with or without variation, conditional upon completion of the Arrangement, a resolution (the IUC SOP Amendment Resolution ), the full text of which is reproduced at Schedule C to the Circular, authorizing and approving amendments to the IUC incentive stock option plan;
4. to consider and, if deemed appropriate, to pass, with or without variation, conditional upon completion of the Arrangement, a special resolution (the Name Change Resolution ), the full text of which is reproduced at Schedule D to the Circular, authorizing the change of name of IUC to Denison Mines Ltd. or such other name containing the name Denison as shall be authorized by the IUC Board of Directors and Denison; and
5. to transact such other business as may properly come before the IUC Meeting or any adjournment or postponement thereof.

Specific details of the matters proposed to be put before the IUC Meeting are set forth in the Circular.

The Arrangement will be completed pursuant to the arrangement agreement (the Arrangement Agreement ) and the Plan of Arrangement thereunder dated September 18, 2006, as amended and restated on October 16, 2006 with effect as and from September 18, 2006 among IUC, 2113537 Ontario Inc. and Denison, a copy of which is attached as Schedule E to the Circular. A description of the Arrangement and the other matters to be dealt with at the IUC Meeting is included in the Circular.

Only IUC Shareholders of record at the close of business on October 16, 2006 are entitled to receive notice of the IUC Meeting and any adjournment or postponement thereof.

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**IUC Shareholders who are unable to be present in person at the IUC Meeting are requested to complete, date, sign and return, in the envelope provided for that purpose, the enclosed form of proxy. In order to be voted, proxies must be received by International Uranium Corporation, c/o its registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, by no later than 10:30 a.m. (Toronto time) on November 16, 2006 or, in the case of any adjournment or postponement of the IUC Meeting, by no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time for the adjourned or postponed IUC Meeting.**

DATED at Vancouver this 18th day of October, 2006.

BY ORDER OF THE BOARD

*Ronald F. Hochstein*

RONALD F. HOCHSTEIN

Chief Executive Officer and President

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## INFORMATION CIRCULAR

### Introduction

**This Circular is furnished in connection with the solicitation of proxies by and on behalf of management of IUC for use at the IUC Meeting and any adjournments thereof. No person has been authorized to give any information or make any representation in connection with the Arrangement or any other matters to be considered at the IUC Meeting other than those contained in this Circular and, if given or made, any such information or representation must not be relied upon as having been authorized.**

All summaries of, and references to, the Arrangement in this Circular are qualified in their entirety by reference to the complete text of the Plan of Arrangement, a copy of which is attached as Schedule A to the Arrangement Agreement which is attached as Schedule E to this Circular. **You are urged to carefully read the full text of the Plan of Arrangement.**

All capitalized terms used in this Circular but not otherwise defined herein have the meanings set forth under Glossary . Information contained in this Circular is given as of October 18, 2006 unless otherwise specifically stated.

### Documents Incorporated by Reference

Information has been incorporated by reference in this Circular from documents filed by each of IUC and Denison with securities commissions or similar authorities in Canada. Documents incorporated by reference are also available, under the respective profiles of IUC and Denison, on the SEDAR website at [www.sedar.com](http://www.sedar.com).

### Forward Looking Statements

This Circular contains forward-looking statements within the meaning of Section 21E of the 1934 Act and applicable Canadian securities laws. All statements other than statements of historical fact contained in this Circular are forward-looking statements, including without limitation, statements regarding the future benefits of the proposed combination of IUC and Denison, financial position, business strategy, proposed acquisitions, exploration activities, budgets, litigation, projected costs and plans and objectives of or involving IUC or Denison. IUC Shareholders can identify many of these statements by looking for words such as believes , expects , will , intends , projects , anticipates , estimates , continues or similar words or the negative thereof. These forward-looking statements include statements with respect to: fluctuation of mineral prices, foreign currency fluctuations, the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, requirements for additional capital, political risks, statutory and regulatory compliance, changes to laws, regulations and permits governing operations and activities of mining companies, industrial accidents, labour disputes, environmental risks, unanticipated reclamation expenses, title disputes or claims, limitations on insurance coverage, repatriation of earnings to Canada from other jurisdictions, dependence on contractors, key management employees, conflicts of interest, significant and increasing competition in the mining industry stock price and volume volatility, approval of the Arrangement by the required securityholders of IUC and Denison and the timing of the Final Order and the Effective Date of the Arrangement as well as the stock exchange listing of securities issued under the Arrangement. There can be no assurance that the plan, intentions or expectations upon

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which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including those discussed elsewhere in this Circular. Although IUC believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Please refer to **Risk Factors** in this Circular. Readers should not place undue reliance on forward-looking statements.

The mineral resource figures disclosed in, or incorporated by reference into, this Circular are estimates and no assurances can be given that the indicated levels will be produced. Such estimates are expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While IUC believes that the resource estimates disclosed in this Circular are well established, by their nature resource estimates are imprecise and depend, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates are inaccurate or are reduced in the future, this could have a material adverse impact on IUC.

Mineral resources are not mineral reserves and do not have demonstrated economic viability. Measured and indicated mineral resources are sufficiently well defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the resource.

Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them to enable them to be categorized as mineral reserves.

There is no certainty that mineral resources can be upgraded to mineral reserves through continued exploration.

IUC Shareholders in the United States are advised that the definitions of the terms **mineral reserve**, **proven mineral reserve** and **probable mineral reserve** under CIM Standards are different than the definitions adopted by the SEC and applicable to U.S. companies filing reports with the SEC pursuant to Guide 7. It is the view of the SEC's staff that:

a feasibility study is required to meet the requirements to designate reserves under Guide 7;

a historic three-year average price is to be used in any reserve or cash flow analysis to designate reserves; and

to meet the **legal** part of the reserve definition, the primary environmental analysis or document should have been submitted to governmental authorities.

In addition, while the terms **mineral resource**, **measured mineral resource**, **indicated mineral resource**, and **inferred mineral resource** are recognized and required to be reported by Canadian regulations, the SEC does not recognize them. As such, information contained herein or incorporated by reference herein concerning descriptions of mineralization, resources and reserves under Canadian standards may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements of the SEC. **Indicated mineral resource** and **inferred mineral resource** have a great amount of uncertainty as to their existence and a great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an **indicated mineral resource** or **inferred mineral resource** will ever be upgraded to a higher category. U.S. investors are cautioned not to assume that any part or all of an inferred resource exists, or is economically or legally mineable.

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The forward-looking statements contained herein or incorporated by reference are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this Circular are made as of the date of this Circular and, except as required under applicable securities laws, IUC undertakes no obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise.

### Exchange Rate Information

All dollar amounts set forth in this Circular are in U.S. dollars, except where otherwise indicated. All references to Canadian dollars or to Cdn\$ are to Canadian dollars. The following table sets forth the rate of exchange for the U.S. dollar, expressed in Canadian dollars in effect at the end of the periods indicated, the average of exchange rates in effect during such periods and the high and low exchange rates during such periods based on the noon rate of exchange as reported by the Bank of Canada for conversion of Canadian dollars into United States dollars.

	<b>6 Months ended ended June June 30, 2006</b>	<b>9 Months ended ended September 30, 2006</b>	<b>Year ended December 31,</b>		
			<b>2005</b>	<b>2004</b>	<b>2003</b>
Rate at end of period	\$ 0.8969	\$ 0.8968	\$0.8579	\$0.8310	\$0.7738
Average rate during period	0.8787	0.8831	0.8276	0.7719	0.7205
High for period	0.9100	0.9100	0.8690	0.8493	0.7739
Low for period	0.8528	0.8528	0.7872	0.7158	0.6350

The noon buying rate on October 18, 2006 as reported by the Bank of Canada for the conversion of Canadian dollars into United States dollars was Cdn\$1.00 equals US\$0.8788.

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### SUMMARY INFORMATION

The following is a summary of the principal features of the Arrangement and certain other matters and should be read together with the more detailed information and financial data and statements contained elsewhere in this Circular including the Schedules hereto. Capitalized terms not otherwise defined in this Summary are defined in the Glossary or elsewhere in the Circular including the Schedules hereto. This Summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein.

#### **The IUC Meeting**

##### *Date, Time and Place*

The IUC Meeting will be held at the Design Exchange, 234 Bay Street, Toronto Dominion Centre, Toronto, Ontario, M5K 1B2 on Monday, November 20, 2006 at 10:30 a.m. (Toronto time) for the purposes set forth in the accompanying Notice of Special Meeting.

##### *Record Date*

The Record Date for determining the registered IUC Shareholders for the IUC Meeting is October 16, 2006.

##### *Purpose of the IUC Meeting*

At the IUC Meeting, IUC Shareholders will be asked to approve resolutions: (i) authorizing the issuance of up to a maximum of 102,000,000 IUC Shares including approximately 13,907,517 IUC Shares that may be issued upon the exercise of Denison Options and Denison Warrants, in connection with the Arrangement (the Share Issue Resolution ); (ii) appointing three directors to the IUC Board of Directors (the IUC New Board Resolution ); (iii) amending the IUC incentive stock option plan; (1) to provide that options may be granted that equal up to 10% of the issued and outstanding common shares of IUC from time to time, up to a maximum of 20,000,000 options; (2) to remove the reloading feature of options that have been exercised such that the number of exercised options is not added to the pool of options available for future issuance; and (3) to provide that on a change of control, unvested options may be exercised not only before the close of any such change of control transaction, but up to 60 days following the close of any such transaction (the IUC SOP Amendment Resolution ); and (iv) authorizing the change of name of IUC to Denison Mines Ltd. or such other name containing the word Denison as may be approved by the IUC Board of Directors and the board of directors of Denison (the Name Change Resolution ).

The vote required to approve all of the above resolutions, other than the Name Change Resolution, requires the approval of not less than 50% of the votes cast by IUC Shareholders, either in person or by proxy, at the IUC Meeting. The vote required to approve the Name Change Resolution requires the approval of not less than 66 2/3% of the votes cast by IUC Shareholders, either in person or by proxy, at the IUC Meeting.

#### **Denison Mines Inc.**

Denison was incorporated on September 25, 2003 under the OBCA and commenced operations on March 8, 2004 when it acquired the uranium mining and environmental services businesses from Denison Energy Inc. in connection with the reorganization of Denison Energy Inc.

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Denison is primarily a uranium exploration, development and production company. Denison's principal assets are its interests in the McClean Lake uranium facility and the Midwest Uranium Project, both of which are located in Northern Saskatchewan and operated by AREVA Resources Canada Inc. ( AREVA ). Denison's mineral exploration activities during 2005 concentrated on uranium through the Wheeler River, Wolly and Waterfound River joint ventures in Northern Saskatchewan and through its Mongolia joint venture, together with ongoing exploration of targets on the McClean Lake and Midwest properties. Denison is also the manager of Uranium Participation Corporation ( UPC ) and operates an environmental and mine reclamation business through its Denison Environmental Services division. Denison also has an interest in a uranium joint venture in Mongolia with an affiliate of AREVA and participates in uranium exploration in Australia through its 12% equity interest in Energy Metals Limited. Denison owns 30% of the outstanding common shares of McClean Uranium Limited ( MUL ). The balance of the common shares of MUL are held by AREVA. AREVA and Denison jointly market their respective shares of production from the McClean Lake uranium project to electrical utilities around the world (directly and through uranium traders) through MUL. There is no Subsidiary of Denison whose total assets or whose total revenue constituted more than 10% of the consolidated assets or consolidated revenue of Denison for the most recent fiscal year end. Subsidiaries, if considered in the aggregate, represent less than 10% of the total consolidated assets or total consolidated revenue of Denison.

The Denison Shares trade on the TSX under the symbol DEN .

See Schedule I *Additional Disclosure Regarding Denison Mines Inc.* for more information regarding Denison.

#### **International Uranium Corporation**

IUC was incorporated on October 3, 1996 under the laws of the Province of Ontario pursuant to the OBCA.

Thornbury Capital Corporation was incorporated under the laws of the Province of Ontario by Letters Patent on September 29, 1950. On May 9, 1997 these two companies amalgamated to form International Uranium Corporation . IUC is governed by the OBCA. The IUC Shares trade on the TSX under the symbol IUC . The common shares of IUC are registered under the 1934 Act. However, the IUC Shares to be issued to holders of Denison Shares under the Arrangement are not required to be, and will not be, registered under the 1933 Act. See, *Regulatory Matters Issue and Resale of IUC Shares - United States* .

IUC is engaged in uranium exploration, mining and milling, including the business of recycling uranium-bearing waste products at its White Mesa uranium mill as an alternative to the direct disposal of these waste products. In addition, IUC sells uranium recovered from these operations, IUC also sells vanadium and other metals that can be produced as a co-product with uranium. IUC has uranium exploration programs in Mongolia and in the Athabasca Basin Region of Saskatchewan, Canada. IUC owns several uranium and uranium/vanadium mines in the United States. Some of these mines have recommenced, operations, while the others remain on standby. In addition, IUC owns approximately a 41.6% equity interest in Fortress, which is engaged in precious and base metal exploration in Russia, Mongolia and Nicaragua.

#### **United States Assets**

IUC's principal assets in the United States are:

the White Mesa Mill, a 2,000 ton per day uranium and vanadium processing plant located near Blanding, Utah.

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the Arizona Strip uranium properties, in north central Arizona.

the Colorado Plateau uranium/vanadium properties, straddling the southwestern Colorado and Utah border.

the Henry Mountains complex uranium properties, in south central Utah.

various uranium alternate feed processing contracts and joint venture contracts.

***Canadian Assets***

In Canada, IUC has the following uranium exploration assets located in the Athabasca Basin, Saskatchewan:

a 75% interest in the Moore Lake property.

a 60% interest in the Bell Lake property.

an option to earn a 75% interest in the Park Creek property.

an option to earn a 51% interest in the Huard-Kirsch property.

an option to earn a 75% interest in the Lazy Edward Bay property.

an option to earn a 75% interest in the Crawford Lake and Brown Lake projects, subject to signing of formal agreements.

an option to earn a 75% interest in the Kelic Lake, South Dufferin, Pendelton Lake and Cigar South properties and an option to earn a 51% interest in the North Wedge property.

a 50/50 joint venture in the Hatchet Lake project, subject to signing a formal agreement.

a 100% interest in the Key Lake South, Perpete Lake, Ford Lake and Johnstone Lake properties.

additional staked exploration ground in the Athabasca Basin.

In addition, IUC has an option to earn a 75% interest in the Simms Lake uranium exploration property in western Labrador.

***Mongolian Assets***

IUC has the following assets in Mongolia:

a 70% interest in the Gurvan-Saihan Joint Venture. The other parties to this joint venture include the Mongolian Government as to 15% and Geologorazvedka, a Russian government entity, as to the remaining 15%. As of October 18, 2006, the Gurvan-Saihan Joint Venture holds 1.8 million hectares of uranium exploration properties.

nine exploration licenses, totalling 539,000 hectares as of October 18, 2006, which are wholly owned by IUC through its Subsidiary, International Uranium Mongolia, XXK.

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an option to earn a 65% interest in two uranium exploration licenses totalling approximately 1.2 million hectares.

**Fortress Properties**

IUC has a 41.6% equity interest in Fortress and Fortress has the following assets

gold and base metals exploration properties in Mongolia, totalling 2.3 million hectares, as of October 18, 2006.

an option to earn an 80% interest in the Svetloye gold project in eastern Russia.

exploration concessions totalling 109,482 hectares in Nicaragua.

Fortress is a Canadian corporation whose shares are listed on the TSX Venture Exchange (ticker symbol: FST), and have traded in the range of Cdn\$0.78 to Cdn\$1.71 per share between January 3, 2006 and October 18, 2006, with the total volume of shares traded during that period being 30,876,895 shares. The closing price of the Fortress shares as of October 18, 2006 was Cdn\$0.90.

See Schedule G *Additional Disclosure Regarding International Uranium Corporation* for more information regarding IUC.

**IUC Subco**

IUC Subco was incorporated on September 18, 2006 under the OBCA. All of the outstanding common shares of IUC Subco are owned by IUC. To date, IUC Subco has not entered into any agreements or conducted any business except for entering into the Arrangement Agreement.

**The Arrangement Agreement**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, Denison will amalgamate with IUC Subco and each one issued and outstanding Denison Share (other than those held by Denison Dissenting Shareholders) shall be deemed to be transferred to IUC in exchange for 2.88 IUC Shares. For other terms and conditions of the Arrangement, see *The Arrangement Agreement* and see *The Arrangement Effect of the Arrangement* for a discussion of the treatment of the Denison Options and the Denison Warrants.

**Conditions to the Arrangement**

The respective obligations of Denison and IUC to complete the transactions contemplated by the Arrangement are subject to a number of conditions that must be satisfied in order for the Arrangement to become effective. A copy of the Arrangement Agreement is attached to this Circular as Schedule E. Upon all of the conditions being fulfilled or waived, the Arrangement Agreement requires Denison to file a copy of the Final Order and the Articles of Arrangement with the Director in order to give effect to the Arrangement. A summary of the conditions is provided in the main body of this Circular under the heading *The Arrangement Agreement Conditions to the Arrangement*".

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## **Procedure for the Arrangement to Become Effective**

### ***Procedural Steps***

The Arrangement is proposed to be carried out pursuant to section 182 of the OBCA. The following procedural steps must be taken in order for the Arrangement to become effective:

1. the Arrangement must be approved by the Denison Securityholders, voting together as a single class, in the manner set forth in the Interim Order (and pursuant to requirements of the Toronto Stock Exchange, the Arrangement must be approved by a minimum of 66 2/3% of the Denison Shareholders, voting together as a single class);
2. the issuance of IUC Shares to Denison Shareholders must be approved by a majority of the IUC Shareholders voting thereon in person or by proxy;
3. the change of name of IUC must be approved by a minimum of 66 2/3% of the IUC Shareholders voting thereon in person or by proxy;
4. the Court must grant the Final Order approving the Arrangement;
5. all conditions precedent to the Arrangement, as set forth in the Arrangement Agreement, must be satisfied or waived by the appropriate party; and
6. the Final Order and Articles of Arrangement in the form prescribed by the OBCA must be filed with the Director and the Articles of Amendment to give effect to the change of name of IUC in the form prescribed by the OBCA must be filed with the Director.

### ***Denison Securityholder Approval***

Pursuant to the terms of the Interim Order, the Arrangement Resolution must, subject to further order of the Court, be approved by at least 66 2/3% of the votes cast by the Denison Securityholders, voting as a class, present in person or by proxy at the Denison Meeting..

The Arrangement Resolution authorizes the board of directors of Denison, without further notice to or approval of the Denison Securityholders, subject to the terms of the Arrangement, to amend the Arrangement Agreement, to decide not to proceed with the Arrangement and to revoke the Arrangement Resolution at any time prior to the Arrangement becoming effective pursuant to the provisions of the OBCA. The Arrangement Agreement provides that the terms under which the Denison Shares are exchanged for IUC Shares in the Arrangement Agreement cannot be amended without the approval of the Denison Securityholders.

In accordance with the policies of the TSX, prior to providing its approval to the Arrangement, the TSX will require evidence that, in addition to the Denison Securityholder approval described above, a minimum of 66 2/3% of the Denison Shareholders must have approved the Arrangement. Accordingly, the Arrangement Resolution must be approved by two-thirds of the Denison Shareholders without regard to the votes of Denison Optionholders.

### ***IUC Shareholder Approval***

The vote required to approve all of the resolutions set forth under the heading *Information Concerning the IUC Meeting Matters to be Considered* , other than the Name Change Resolution requires the approval of a majority of the votes cast by IUC Shareholders, either in person or by proxy, at the IUC

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Meeting. The vote required to approve the Name Change Resolution requires the approval of not less than 66 2/3% of the votes cast by IUC Shareholders, either in person or by proxy, at the IUC Meeting.

***Court Approval***

On October 18, 2006, Denison obtained the Interim Order providing for the calling and holding of the Denison Meeting and other procedural matters.

Subject to the terms of the Arrangement Agreement and, if the Arrangement Resolution is approved at the Denison Meeting, Denison will make application to the Court for the Final Order at the Ontario Superior Court of Justice, (Commercial List), 393 University Avenue, Toronto, Ontario on November 28, 2006, at 10:00 a.m. (Toronto time) or as soon thereafter as counsel may be heard.

**The Arrangement**

The principal features of the Arrangement may be summarized as follows, which summary is qualified in its entirety by reference to the full text of the Arrangement Agreement, which is attached to this Circular as Schedule E.

Pursuant to the Plan of Arrangement, at the Effective Time the following shall occur and shall be deemed to occur in the following order, without any further act or formality:

- (a) each Denison Option shall immediately vest and all Denison Options shall remain vested for the remainder of their applicable terms;
  - (b) each Denison Share and Denison Option in respect of which Dissent Rights have been exercised shall be deemed to be transferred to IUC and IUC will be obliged to pay therefor the amount determined and payable in accordance with Article 5 of the Plan of Arrangement and the names of such holders will be removed from the register of holders of Denison Shares or Denison Options, as the case may be and IUC will be recorded as the registered holder of the Denison Shares and the Denison Options so transferred and will be deemed to be the legal and beneficial owner of such Denison Shares and Denison Options;
  - (c) Denison and IUC Subco shall be amalgamated and continue as one corporation under the OBCA on the terms prescribed in the Plan of Arrangement, and:
    - (i) the amalgamated corporation will have the characteristics set forth in Article 4 of the Plan of Arrangement and possess all of the property, rights, privileges and franchises and shall be subject to all the liabilities, including civil, criminal and quasi-criminal and all contracts, disabilities and debts of each of Denison and IUC Subco;
    - (ii) a conviction against, or ruling, order, judgment in favour of or against either Denison or IUC Subco may be enforced by or against the amalgamated corporation;
    - (iii) the Articles of Arrangement shall be deemed to be the articles of incorporation of the amalgamated corporation and, except for the purposes of subsection 104(1) of the OBCA, the certificate of arrangement shall be deemed to be the certificate of incorporation of the amalgamated corporation;
    - (iv) the amalgamated corporation shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Denison or IUC Subco before the Effective Time;
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- (d) all Denison Shares held by IUC Subco shall be cancelled, without any repayment of capital in respect thereof;
- (e) all Denison Shares held by former Denison Shareholders, other than IUC or any Denison Dissenting Shareholders exercising Dissent Rights, shall be exchanged with IUC on the basis of 2.88 IUC Shares for each one Denison Share;
- (f) each Denison Common Share held, directly or indirectly, by or for the benefit of IUC or its affiliates shall be cancelled and the holders thereof shall receive, for each such Denison Common Share, 2.88 IUC Shares;
- (g) (i) each Denison Option shall entitle the holder thereof to receive (and such holder shall accept) upon the exercise thereof, in lieu of the number of Denison Shares otherwise issuable upon the exercise thereof, the number of IUC Shares which the holder would have been entitled to receive as a result of the transactions contemplated by the Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Denison Shares to which such holder was theretofore entitled upon such exercise, and (ii) such Denison Option shall, other than as described in step (g)(i) above and the vesting described in step (a) above, continue to be governed by and be subject to the terms of the Denison Share Option Plan and applicable agreement thereunder; and
- (h) each common share of IUC Subco shall be exchanged for one common share of the corporation formed by the amalgamation of Denison and IUC Subco.

No fractional IUC Shares will be issued. In the event that a Denison Shareholder would otherwise be entitled to a fractional IUC Share, the number of IUC Shares issued to such Denison Shareholder shall be rounded up to the next greater whole number of IUC Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of IUC Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Denison Shares registered in the name of or beneficially held by such Denison Shareholder or their nominee shall be aggregated.

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants (subject to the adjustments required after giving effect to the Arrangement on the basis of 2.88 IUC Shares for each one Denison Share).

Following completion of the Arrangement, currently issued IUC Shares will continue to represent common shares of New IUC, on a one for one basis.

**Benefits of the Arrangement**

The Board of Directors believes that the Arrangement is in the best interests of IUC Shareholders and that the Arrangement will provide an improved platform to enhance value to IUC Shareholders and to potentially reduce risk. IUC's management and Board of Directors consider that the benefits of the Arrangement to IUC will include the following:

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Denison and IUC have complementary expected production profiles. New IUC will have a diversified production base including high-grade Athabasca Basin production and access to the revitalized Southwest U.S. uranium district production. By combining the companies, New IUC is expected to achieve production of approximately 5 million pounds of U<sub>3</sub>O<sub>8</sub> by 2010.

Denison and IUC each have high potential exploration properties. New IUC will boast high potential exploration properties globally, including Canada, United States and Mongolia and an interest in the same in Australia.

New IUC will retain Denison's 22.5% interest in the McClean Lake mill in Saskatchewan and will have IUC's 100% ownership of the White Mesa Mill, a licensed and operating uranium mill in Utah, USA. Accordingly, New IUC will have an interest in two of the four licensed and operating uranium mills in North America with licensed capacity of 10.7 million pounds per year in 2007, expandable to 13.4 million pounds per year, located in proximity to existing resources.

New IUC will have four active uranium mining projects (three in the United States and one in Canada) and one project in development in Canada, offering a unique diversification to shareholders as compared to its peers.

Each of Denison and IUC has a strong management and board of directors. New IUC will benefit from the merger of these two well-balanced teams.

New IUC will acquire Denison's business strengths, including its operating relationship with AREVA and environmental reclamation expertise.

New IUC will have working capital of approximately Cdn\$130 million with minimal debt, providing it with a strong platform to fund exploration and production and to pursue strategic acquisitions.

New IUC is expected to have a market capitalization of approximately double each of IUC and Denison or approximately Cdn\$1.1 billion. IUC expects the increased market capitalization to be more attractive to investors and provide greater market liquidity.

IUC expects that New IUC's larger market capitalization and scale will provide stronger equity currency for strategic acquisitions.

See *The Arrangement Benefits of the Arrangement* .

#### **Fairness Opinion**

The Board of Directors has received the Fairness Opinion from Dundee Securities. The Fairness Opinion provides that, on the basis of the information provided to and reviewed by Dundee Securities and certain assumptions, all as set out in the Fairness Opinion, as of the date of the Fairness Opinion, the consideration to be paid to Denison Shareholders under the Arrangement is fair, from a financial point of view, to IUC Shareholders, other than Denison. A copy of the Fairness Opinion is attached to this Information Circular as Appendix H and should be read carefully and in its entirety. See *The Arrangement Fairness Opinion* .

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### **Recommendation of the IUC Board of Directors**

The IUC Board of Directors, after consultation with its advisors and consideration of the Fairness Opinion, has determined that the Arrangement is fair and in the best interests of the IUC Shareholders and IUC. The IUC Board of Directors unanimously recommends that the IUC Shareholders vote in favour of the Share Issue Resolution, the IUC New Board Resolution and the IUC SOP Amendment Resolution. The IUC Board of Directors also unanimously recommends that the IUC Shareholders vote in favour of the Name Change Resolution (together with the other resolutions, the IUC Shareholder Approval Matters ). See *The Arrangement Recommendations of the IUC Board of Directors* .

### **Court Approval and Completion of the Arrangement**

The transactions contemplated in the Arrangement Agreement will be carried out with the intention that all IUC Shares issued on completion of the Arrangement to the holders of Denison Shares will be issued by IUC in reliance on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act (the Section 3(a)(10) Exemption ). In order to ensure the availability of the Section 3(a)(10) Exemption, the Arrangement will be subject to approval of the Court. See *The Arrangement Court Approval and Completion of the Arrangement* in this Circular.

### **Timing**

Subject to all conditions precedent to the Arrangement as set forth in the Arrangement Agreement being satisfied or waived by the appropriate party, the Arrangement will become effective upon filing with the Director a copy of the Final Order and the Articles of Arrangement. If the IUC Meeting is held and the Arrangement Resolution is approved by Denison Securityholders (voting as a single class) as required by the Interim Order as well as 66 2/3% of the Denison Shareholders voting alone) as required by the Toronto Stock Exchange, Denison will apply to the Court for the Final Order. If the Final Order is obtained on November 28, 2006, in form and substance satisfactory to Denison and IUC, and all other conditions specified in the Arrangement Agreement are satisfied or waived, Denison and IUC expect the Effective Date will be as soon as possible thereafter upon the receipt of all necessary regulatory approvals, which is currently expected to be by December 1, 2006. IUC is not aware of any material regulatory approvals that have not been obtained which would prevent Denison, IUC and IUC Subco from completing the Arrangement other than acceptance by the Committee on Foreign Investment in the United States of the Arrangement under the United States *Defence Production Act of 1950*, as amended. IUC and Denison provided notice under section 721 of such Act on October 13, 2006. IUC has also provided notice of the Arrangement and name change to the Utah Department of Environmental Quality in connection with the licenses and permits for IUC's White Mesa Mill.

The Effective Date could be delayed, however, for a number of reasons, including an objection before the Court in the hearing of the application for the Final Order.

### **IUC Following the Arrangement**

Following the Arrangement IUC is expected to have a market capitalization of approximately Cdn\$1.1 billion, based on the closing price of the IUC Shares and the Denison Shares on the TSX on October 18, 2006. Following the Arrangement, it is expected that New IUC will remain listed on the TSX.

Upon completion of the Arrangement, former Denison Shareholders will own approximately 49.8% of the then outstanding IUC Shares and current IUC Shareholders will own approximately 50.2% of the then

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outstanding IUC Shares on a non-diluted basis and former Denison Shareholders, optionholders and warrant holders will own approximately 52.9% of the then outstanding IUC Shares and current IUC Shareholders and optionholders will own approximately 47.1% of the then outstanding IUC Shares, on a fully diluted basis.

#### **Stock Exchange Listings**

The outstanding Denison Shares and IUC Shares are listed and posted for trading on the TSX. On September 18, 2006, the last trading day prior to the date of the announcement of the proposed Arrangement, the closing prices of the Denison Shares and IUC Shares on the TSX were Cdn\$16.80 and Cdn\$5.91, respectively. On October 18, 2006, the closing prices of the Denison Shares and the IUC Shares on the TSX were Cdn\$17.70 and Cdn\$6.21, respectively. IUC has applied to have the IUC Shares issuable to the Denison Shareholders under the Arrangement listed on the TSX as well as the Denison Warrants and the IUC Shares issuable upon exercise of the Denison Options and the Denison Warrants (which will become obligations of IUC), listed on the TSX. The TSX has conditionally accepted notice of the proposed plan of Arrangement, the issuance of IUC Shares to Denison Shareholders and the assumption by IUC of the obligations of Denison under the Denison Warrants subject to IUC fulfilling all of the listing requirements of the TSX. The TSX has indicated that, subject to completion of the Arrangement and approval of the listing of the newly issued IUC Shares, the Denison Warrants will continue to be posted for trading on the TSX. If the Arrangement is completed and the listing of the additional IUC Shares on the TSX is approved, IUC will apply to have the Denison Shares delisted from the TSX. The TSX has advised Denison that it will not grant its approval to the Arrangement unless the Arrangement Resolution is approved by a minimum of 66 2/3% of the Denison Shareholders, voting in person or by proxy at the Denison Meeting, without regard to the vote of the Denison Optionholders. Approval of the listing on the TSX of the IUC Shares issuable on completion of the Arrangement as well as upon exercise of the Denison Warrants and the Denison Options as well as the listing of the Denison Warrants (which will become obligations of IUC) has only been conditionally obtained and there can be no assurance that listing will be obtained. Receipt of approval for the listing of the IUC Shares to be issued under the Arrangement on the TSX is a mutual condition to the completion of the Arrangement. In the event that such listing approval is withdrawn and cannot be obtained or that the listing conditions cannot be satisfied, IUC and Denison could waive the condition and proceed with the Arrangement, in which case Denison Shareholders may receive unlisted securities or determine not to proceed with the Arrangement.

#### **Exchange of Certificates Pursuant to the Arrangement**

A form of Letter of Transmittal containing instructions with respect to the surrender of certificates representing Denison Shares will be enclosed with the Denison Circular for use by registered Denison Shareholders (other than Denison Dissenting Shareholders) in exchanging their certificates for IUC Shares in accordance with the Exchange Ratio. Upon completion of the Arrangement and upon surrender to the Depositary of a properly completed Letter of Transmittal together with certificates representing Denison Shares, certificates representing IUC Shares will be issued and delivered to each such former Denison Shareholder.

Pursuant to the terms of the Plan of Arrangement, any certificate formerly representing Denison Shares that is not deposited with all other documents required on or before the sixth anniversary of the Effective Date shall cease to represent a right or claim of any kind or nature and the right of the holder of such Denison Shares to receive IUC Shares shall be deemed to be surrendered to IUC together with all dividends, distributions and any interest thereon held for such holder.

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**Effect of the Arrangement Upon Denison Securityholders and IUC Shareholders**

Upon completion of the Arrangement, the corporation resulting from the amalgamation of Denison and IUC Subco will be a wholly-owned subsidiary of IUC and former Denison Shareholders will receive IUC Shares. Former IUC Shareholders will continue to hold their IUC Shares which will continue to represent shares of New IUC on a one for one basis.

As at October 16, 2006, there were 30,465,486 Denison Shares outstanding, Denison Options exercisable for 1,504,948 Denison Shares and Denison Warrants representing the right to purchase 3,324,051 Denison Shares. In addition as at October 16, 2006, there were 88,472,066 IUC Shares outstanding and options exercisable for 2,158,000 IUC Shares.

Assuming that there are no Denison Dissenting Shareholders and no Denison Securityholders exercise their Denison Warrants or Denison Options prior to the Effective Date, approximately 87,740,600 IUC Shares will be issued to Denison Shareholders pursuant to the Arrangement. As a result, there will be approximately 176,212,666 IUC Shares issued and outstanding immediately following completion of the Arrangement. The 87,740,600 IUC Shares then held by former Denison Shareholders immediately following completion of the Arrangement will represent approximately 49.8% of the then outstanding IUC Shares.

Following completion of the Arrangement, currently issued IUC Shares will continue to represent common shares of New IUC, on a one for one basis.

**Effect of the Arrangement on the Denison Warrantholders**

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants. Following the completion of the Arrangement, in accordance with the provisions of the indentures governing the Denison Warrants, upon the exercise of a Denison Warrant and the payment of the exercise price therefor, Denison Warrantholders will be entitled to receive 2.88 IUC Common Shares.

**Lock-Up Agreements and Intention of Certain Securityholders**

The IUC lock-up securityholders, which consist of all of the directors and senior officers of IUC, have entered into the IUC lock-up agreements pursuant to which the IUC lock-up securityholders have agreed to vote an aggregate of 1,100,800 IUC Shares (1.3% of the issued and outstanding IUC Shares) in favour of the IUC Shareholder Approval Matters and to otherwise support the Arrangement, subject to the provisions of the IUC lock-up agreements. See *Lock-Up Agreements and Intention of Certain Securityholders* in this Circular. The Denison lock-up securityholders, which consist of all of the directors and officers of Denison, have entered into Denison lock-up agreements pursuant to which the Denison lock-up securityholders have agreed to vote an aggregate of 430,268 Denison Shares and 1,145,666 Denison Options (4.5% of the aggregate number of issued and outstanding Denison Shares and Denison Options) in favour of the Arrangement and to otherwise support the Arrangement, subject to the provisions of the Denison lock-up agreements. See *Lock-Up Agreements and Intention of Certain Securityholders* in this Circular.

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### **Change of IUC's Name**

The Arrangement Agreement provides that, subject to the completion of the Arrangement and the approval of the IUC Shareholders at the IUC Meeting, IUC will file Articles of Amendment immediately following the completion of the Arrangement to change IUC's name to Denison Mines Ltd. or another name containing the word Denison as may be determined by the IUC Board of Directors and the board of directors of Denison.

### **New IUC Board and Management Post Arrangement Matters**

It is a condition precedent to the completion of the Arrangement that the board of directors of New IUC shall be comprised of ten directors, five of whom shall be nominees of Denison and the other five of whom will be existing directors of IUC. E. Peter Farmer, the President and Chief Executive Officer of Denison, will be appointed the Chief Executive Officer of New IUC. Ronald F. Hochstein, the President and Chief Executive Officer of IUC, will be appointed the President and Chief Operating Officer of New IUC. James R. Anderson, the Executive Vice-President and Chief Financial Officer of Denison will become the Chief Financial Officer of New IUC. Lukas H. Lundin will be the Chairman of the Board of New IUC.

See *New IUC Officers and Directors of New IUC After Giving Effect to the Arrangement* in this Circular for a description of the board of directors and senior management of New IUC following completion of the Arrangement.

### **Risk Factors**

Upon completion of the Arrangement, the corporation formed by the amalgamation of Denison and IUC Subco will become a wholly owned subsidiary of IUC. An investment in the IUC Shares would be subject to certain risks in addition to the risks currently applicable to an investment in the IUC Shares. IUC Shareholders should carefully consider the risks described under the heading *Information Concerning Denison Mines Inc. Risk Factors* and *Information Concerning IUC Risk Factors*.

In addition to the above, IUC Shareholders should consider that IUC and Denison may not realize the anticipated benefits of the Arrangement.

### **Termination Fees and Reimbursement of Expenses**

The Arrangement Agreement provides that, upon the occurrence of certain events, Denison shall pay a termination fee of Cdn\$16 million to IUC and that upon the occurrence of certain events, IUC shall pay a termination fee of Cdn\$16 million to Denison. See *The Arrangement Agreement Termination and Break Fees*.

The Arrangement Agreement provides that each of Denison and IUC is to pay its own expenses incurred in connection with the Arrangement. However, if the Arrangement is terminated because a party fails to hold its securityholders meeting to approve the transaction contemplated by the Arrangement by December 1, 2006 under certain circumstances or because a party's securityholders have voted not to approve the transactions contemplated by the Arrangement Agreement, that party is required to pay the other party Cdn\$2 million as a reimbursement of expenses incurred in connection with the Arrangement. Any amount paid by a party to the other party under these provisions of the Arrangement Agreement will be deducted from the Cdn\$16 million termination fee, if such fee becomes payable.

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**Right of Dissent**

Pursuant to section 185 of the OBCA, as modified and supplemented by the Interim Order, a registered Denison Shareholder and a Denison Optionholder will have Dissent Rights with respect to the Arrangement Resolution. It is a condition to the Arrangement that Denison Shareholders holding no more than 5% of the Denison Shares shall have validly exercised Dissent Rights in relation to the Arrangement Resolution that have not been withdrawn as at the Effective Date. See *The Arrangement Agreement Conditions to the Arrangement* .

**Pro Forma Financial Information**

For pro forma financial information regarding IUC (prepared on the assumption that IUC acquires all of the Denison Shares) for the year ended September 30, 2005 and the nine months ended June 30, 2006, after giving effect to the Arrangement, please see Schedule F, Pro Forma Combined Financial Statements. The unaudited pro forma consolidated financial statements of IUC reflect the completion of the Arrangement as if it has occurred on October 1, 2004 for the purposes of the pro forma consolidated statement of operations, and on June 30, 2006 for the purposes of the pro forma balance sheet, giving effect to the assumptions set forth in the notes to the pro forma consolidated financial statements contained in Schedule F to this Circular.

**Reference should be made to the audited consolidated financial statements of IUC for the year ended September 30, 2005 and the unaudited consolidated financial statements of IUC for the nine months ended June 30, 2006, which are incorporated herein by reference and the audited annual financial statements of Denison for the year ended December 31, 2005 and the unaudited financial statements of Denison for the six months ended June 30, 2006.**

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## GENERAL PROXY INFORMATION

### Solicitation of Proxies

The information contained in this Circular or incorporated herein by reference is furnished in connection with the solicitation of proxies to be used at the IUC Meeting to be held at the Design Exchange, 234 Bay Street, Toronto Dominion Centre, Toronto, Ontario, M5K 1B2 on Monday, November 20, 2006 at 10:30 a.m. (Toronto time), for the purposes set out in the accompanying Notice of Special Meeting.

Management's solicitation of proxies will be primarily by mail and may be supplemented by telephone or other means of communication to be made without special compensation by directors, officers and regular employees of IUC. IUC may retain other persons or companies to solicit proxies on behalf of management of IUC, in which event customary fees for such services will be paid. All solicitation costs will be borne by IUC.

The information contained in this Circular is given as of October 18, 2006, unless otherwise indicated.

### Appointment of Proxyholder

The persons named in the enclosed form of proxy are directors and/or officers of IUC (the Management Proxyholders). **A registered IUC Shareholder has the right to appoint a person other than one of the Management Proxyholders to represent the registered IUC Shareholder at the IUC Meeting by striking out the printed names and inserting that other person's name in the blank space provided. A proxyholder need not be an IUC Shareholder. If an IUC Shareholder appoints one of the Management Proxyholders as a nominee and there is no direction by the registered IUC Shareholder, the Management Proxyholder shall vote the proxy FOR all proposals set out in the enclosed proxy form and in this Circular.**

The instrument appointing a proxyholder must be signed in writing by the registered IUC Shareholder, or such IUC Shareholder's attorney authorized in writing. If the registered IUC Shareholder is a corporation, the instrument appointing a proxyholder must be in writing signed by an officer or attorney of the corporation duly authorized by resolution of the directors of such corporation, which resolution must accompany such instrument. **An instrument of proxy will only be valid if it is duly completed, signed, dated and received at the office of IUC's registrar and transfer agent, Computershare Investor Services Inc., 100 University Avenue, 9<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department, no later than 10:30 a.m. (Toronto time) on Thursday, November 16, 2006 or not less than forty-eight (48) hours (excluding Saturdays, Sundays and holidays) before the Meeting or any adjournment or postponement thereof.**

If you have any questions about the procedures to be followed to vote at the IUC Meeting or about obtaining, completing and depositing the required form of proxy, you should contact Computershare Investor Services Inc. by telephone (toll free) at 1-800-564-6253.

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### **Voting of Proxies**

IUC Shares represented by properly executed proxies in the accompanying form will be voted FOR or WITHHELD or AGAINST, as the case may be, each respective matter in accordance with the instructions of the registered IUC Shareholder on any ballot that may be called for and, if the IUC Shareholder specifies a choice with respect to any matter to be acted upon at the IUC Meeting, the IUC Shares represented by such proxy will be voted accordingly. **If no choice is specified, the person designated in the accompanying form of proxy will vote FOR all matters proposed by management at the IUC Meeting, including without limitation, the IUC Shareholder Approval Matters.**

### **Exercise of Discretion**

**The enclosed form of proxy, when properly completed and delivered and not revoked, confers discretionary authority upon the person appointed proxy thereunder with respect to amendments or variations to matters identified in the Notice of Special Meeting and with respect to other matters which may properly come before the IUC Meeting.** In the event that amendments or variations to matters identified in the Notice of Special Meeting are properly brought before the IUC Meeting or any further or other business is properly brought before the IUC Meeting, it is the intention of the person designated in the accompanying form of proxy to vote in accordance with their best judgment on such matters. As of the date of this Circular, management of IUC knows of no such amendments, variations or other matters to come before the IUC Meeting.

### **Voting By Beneficial Shareholders**

**The information in this section is important to many IUC Shareholders as a substantial number of IUC Shareholders do not hold their IUC Shares in their own name.**

IUC Shareholders who hold IUC Shares through their brokers, intermediaries, trustees or other nominees (such IUC Shareholders being collectively called Beneficial Shareholders ) should note that only proxies deposited by IUC Shareholders whose names appear on the share register of IUC may be recognized and acted upon at the IUC Meeting. If IUC Shares are shown on an account statement provided to a Beneficial Shareholder by a broker, then in almost all cases the name of such Beneficial Shareholder will not appear on the share register of IUC. Such shares will most likely be registered in the name of the broker or an agent of the broker. In Canada, the vast majority of such shares will be registered in the name of CDS & Co. , the registration name of The Canadian Depository for Securities Limited, which acts as a nominee for many brokerage firms. Such shares can only be voted by brokers, agents, or nominees and can only be voted by them in accordance with instructions received from Beneficial Shareholders. **As a result, Beneficial Shareholders should carefully review the voting instructions provided by their broker, agent or nominee with this Circular and ensure that they direct the voting of their IUC Shares in accordance with those instructions.**

Applicable regulatory policies require brokers and intermediaries to seek voting instructions from Beneficial Shareholders in advance of shareholders meetings. Each broker or intermediary has its own mailing procedures and provides its own return instructions to clients. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by such shareholder's broker, agent or nominee is limited to instructing the registered holder on how to vote such shares on behalf of the Beneficial Shareholder. Most brokers in Canada now delegate responsibility for obtaining instructions from clients to ADP Investor Communications ( ADP ). ADP typically prepares voting instruction forms, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to ADP or follow specific telephone or other voting procedures. ADP then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of such shares at the

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**IUC Meeting. A Beneficial Shareholder receiving a voting instruction form from ADP cannot use that form to vote their IUC Shares at the IUC Meeting. Instead, the voting instruction form must be returned to ADP or the alternate voting procedures must be completed well in advance of the IUC Meeting in order to ensure that such IUC Shares are voted.**

**Revocation of Proxy**

A registered IUC Shareholder who has returned a proxy may revoke it at any time before it has been exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing, including a proxy bearing a later date, executed by the registered IUC Shareholder or by his attorney authorized in writing or, if the registered IUC Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The instrument revoking the proxy must be deposited at the registered office of IUC, at any time up to and including the last Business Day preceding the date of the IUC Meeting, or any adjournment thereof, or with the Secretary of IUC or the chairman of the IUC Meeting prior to the time of voting at the IUC Meeting. Only registered IUC Shareholders have the right to revoke a proxy. **Beneficial Shareholders who wish to change their vote must arrange for their respective intermediaries to revoke the proxy on their behalf.**

**INFORMATION CONCERNING THE IUC MEETING**

**Time, Date and Place**

The IUC Meeting will be held at the Design Exchange, 234 Bay Street, Toronto Dominion Centre, Toronto, Ontario, M5K 1B2 on Monday, November 20, 2006 at 10:30 a.m. (Toronto time) as set forth in the Notice of Special Meeting.

**Record Date and Shares Entitled to Vote**

At the close of business on the Record Date there were 88,472,066 IUC Shares outstanding. IUC Shareholders of record at the close of business on the Record Date are entitled to receive notice of the IUC Meeting. IUC Shareholders of record at the close of business on the Record Date are entitled to vote at the IUC Meeting, except to the extent that an IUC Shareholder has transferred IUC Shares after the Record Date and the transferee of such IUC Shares produces a properly endorsed certificate for such IUC Shares or otherwise establishes that the transferee owns them and demands, not later than 10 days before the IUC Meeting, that the transferee's name be included in the list of IUC Shareholders entitled to vote at the IUC Meeting, in which case the transferee will be entitled to vote such IUC Shares at the IUC Meeting.

**Matters to be Considered**

At the IUC Meeting, IUC Shareholders will be asked to consider and vote upon: (i) the Share Issue Resolution; (ii) the IUC New Board Resolution; (iii) the IUC SOP Amendment Resolution; (iv) the Name Change Resolution; and (v) such other matters as may properly come before the IUC Meeting. See *Special Business To Be Considered By IUC Shareholders* .

**The IUC Board of Directors unanimously recommends that IUC Shareholders vote IN FAVOUR of the Share Issue Resolution, the IUC New Board Resolution and the IUC SOP Amendment Resolution at the IUC Meeting. The IUC Board of Directors also unanimously recommends that IUC Shareholders vote IN FAVOUR of the Name Change Resolution. See *The Arrangement Recommendation of the IUC Board of Directors* .**

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It is a mutual condition of the completion of the Arrangement that the IUC Shareholder Approval Matters shall have been approved by the IUC Shareholders at the IUC Meeting and that the Arrangement and other material transactions contemplated in the Arrangement Agreement and shall have been approved by the Denison Securityholders (voting as one class) at the Denison Meeting.

**Principal Shareholders**

As at the Record Date, to the knowledge of the directors and officers of IUC, the only persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, more than 10% of the votes attached to all of the IUC Shares then outstanding are as follows:

Name and Address	Number of Shares	Percentage of Issued Capital
Ellegrove Capital Ltd. <sup>(1)</sup> Barbados	12,982,000	14.7%
Resolute Funds Limited Toronto, Ontario <sup>(2)</sup>	10,200,000	11.5%

NOTE:

- (1) These shares are held by Ellegrove Capital Ltd. ( Ellegrove ), as to 2,646,500 common shares, and its joint actors, Abalone Capital Ltd. ( Abalone ), as to 1,850,000 common shares, Lorito Holdings Limited ( Lorito ), as to 1,000,000 common shares, and Zebra Holdings and Investments Limited ( Zebra ), as to 7,845,500 common shares. Ellegrove, Abalone, Zebra and Lorito are private corporations owned by a trust

whose settler is  
the late Adolf  
H. Lundin.

- (2) Based on  
information  
available to  
IUC, these  
shares are held  
by Resolute  
Performance  
Fund, an  
investment fund  
managed by  
Resolute Funds  
Limited.

As at October 18, 2006, the total number of IUC Shares owned or controlled by management and the directors of IUC and their associates or affiliates was 1,100,800 IUC Shares, representing 1.3% of the total issued and outstanding IUC Shares.

**Quorum and Votes Required for Certain Matters**

Two IUC Shareholders voting in person or by proxy holding a minimum of 10% of the issued and outstanding IUC Shares will constitute a quorum for the IUC Meeting.

The Share Issue Resolution, the IUC SOP Amendment Resolution and the IUC New Board Resolution each require the affirmative vote of not less than a majority of the votes cast by IUC Shareholders who vote in respect thereof, in person or by proxy, at the IUC Meeting. The Name Change Resolution requires the affirmative vote of not less than 66 2/3% of the votes cast by IUC Shareholders who vote in respect thereof, in person or by proxy, at the IUC Meeting.

**Interests of Certain Persons in the Arrangement**

Other than as set out in this Circular or in the Schedules hereto, no director or executive officer of IUC, or any associate or affiliate of any of the foregoing, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matters to be acted upon at the IUC Meeting.

**Interests of Directors and Officers of IUC in the Arrangement**

As at October 18, 2006, the directors and officers of IUC, as a group, hold 1,100,800 IUC Shares and 1,400,000 IUC Options representing 1.3% of the outstanding IUC Shares on a non-diluted basis and 2.76% of the IUC Shares on a fully diluted basis. Each of the directors and senior officers of IUC have entered into an IUC lock-up agreement with Denison with respect to the Arrangement. See *Lock-Up Agreements and Intention of Certain Securityholders* .

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Other than as described above and elsewhere in this Circular, to the knowledge of the directors and executive officers of IUC, there are no material interests of any director or executive officer of IUC or anyone who held office as such since the commencement of the last completed financial year of IUC or of any associate or affiliate of any of the foregoing in the Arrangement.

**Executive Compensation**

Information concerning executive compensation of IUC is contained in the management information circular of IUC dated December 19, 2005 relating to the annual and special meeting of IUC Shareholders held on February 2, 2006, which circular is incorporated by reference herein.

**Material Contracts**

Except for contracts entered into in the ordinary course of business or as otherwise disclosed in this Circular or as otherwise referred to in a document incorporated by reference herein, the only material contract entered into by IUC in the two years immediately prior to the date of this Circular that can reasonably be regarded as presently material is the Arrangement Agreement, which is attached as Schedule E to this Circular.

**THE ARRANGEMENT**

**Summary of Terms of the Arrangement**

Pursuant to the Arrangement Agreement, Denison and IUC have agreed to complete the Arrangement whereby, among other things, each Denison Shareholder (other than a registered Denison Shareholder who exercises Dissent Rights) will be entitled to receive 2.88 IUC Shares for each one Denison Share held by such Denison Shareholder. Immediately following the Effective Date the corporation formed by the amalgamation of Denison and IUC Subco will be a wholly-owned Subsidiary of IUC. Fractional IUC Shares will be rounded up or down to the nearest whole number.

Upon completion of the Arrangement, each holder of a Denison Option will be entitled to receive upon the subsequent exercise thereof in accordance with its terms and shall accept in lieu of the number of Denison Shares otherwise issuable upon such exercise, the number of IUC Shares which such holder would have been entitled to receive as a result of the transactions contemplated in the Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Denison Shares to which such holder was previously entitled upon such exercise, together with any necessary adjustments to the exercise price. The term of expiry, conditions to and manner of exercising and all other terms and conditions of such Denison Options will otherwise be unchanged except that each Denison Option shall immediately vest and remain vested for the remainder of its term and any document or agreement previously evidencing a Denison Option shall still be deemed to evidence such Denison Option.

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants (subject to the adjustments required after giving effect to the Arrangement on the basis of 2.88 IUC Shares for each one Denison Share).

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Upon completion of the Arrangement, former Denison Shareholders will own approximately 49.8% of the then outstanding IUC Shares and existing IUC Shareholders will own approximately 50.2% of the then outstanding IUC Shares on a non-diluted basis and former Denison Securityholders and Denison Warrantholders will own approximately 52.9% of the then outstanding IUC Shares and existing IUC Shareholders and optionholders will own approximately 47.1% of the then outstanding IUC Shares, on a fully diluted basis.

In connection with the Arrangement, IUC Shareholders will be asked to pass at the IUC Meeting, with or without variation, the Share Issue Resolution, the IUC New Board Resolution and the IUC SOP Amendment Resolution. IUC Shareholders will also be asked to pass, with or without variation, the Name Change Resolution.

#### **Background**

In May 2006 management of IUC discussed the possibility and merits of a business combination between Denison and IUC. Management of IUC approached senior management of Denison to determine if Denison would be interested in pursuing discussions regarding a potential merger. On July 5, 2006, a confidentiality agreement was entered into between the companies. Following the signing of the confidentiality agreement, staff and consultants and advisors to Denison and IUC began to conduct due diligence reviews (including site visits) on the financial, physical and legal state of affairs of each other's assets.

On August 11, 2006, the IUC Board of Directors formally engaged Dundee Securities Corporation ( Dundee Securities ) to, among other things, perform a financial and strategic analysis of Denison in the context of the Arrangement and to render to the IUC Board of Directors an opinion as to the fairness, from a financial point of view, to the IUC Shareholders, other than Denison, of the consideration to be issued on completion of the Arrangement.

On August 22, 2006, Cassels Brock & Blackwell LLP, legal counsel to IUC, delivered a draft Arrangement Agreement to Denison and its counsel. Over the next several weeks, the parties negotiated the terms and conditions of the Arrangement Agreement, including the Plan of Arrangement.

On September 18, 2006, the IUC Board of Directors, with the assistance of its legal counsel, settled the terms of a definitive Arrangement Agreement with Denison.

On September 18, 2006, Dundee Securities orally presented to the IUC Board of Directors their opinion that the consideration under the Arrangement was fair, from a financial point of view, to the IUC Shareholders, other than Denison, and the IUC Board of Directors also considered and reviewed the Arrangement Agreement. Following a discussion of the terms and conditions of the Arrangement Agreement and the opinion of Dundee Securities, the IUC Board of Directors unanimously authorized IUC to enter into the Arrangement Agreement, which was executed on September 18, 2006. Subsequently, on October 18, 2006, Dundee Securities delivered to the IUC Board of Directors the Fairness Opinion.

Following the execution of the Arrangement Agreement, Denison and IUC determined that it would be advantageous to the combined company going forward if all of the Denison Options were to vest and remain vested for the remainder their respective terms, with such vesting to occur prior to the amalgamation of IUC Subco and Denison. Absent a specific provision to this effect all of the Denison Options would temporarily vest for a period of 60 days following the Effective Date. On October 16, 2006, Denison, IUC and IUC Subco agreed to amend and restate the Arrangement Agreement and the Plan of Arrangement to give effect to this permanent vesting provision.

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### **Benefits of the Arrangement**

The Board of Directors believes that the Arrangement is in the best interests of IUC Shareholders and that the Arrangement provides an improved platform to enhance value to IUC Shareholders and to potentially reduce risk. Management and the Board of Directors consider the benefits of the Arrangement to IUC will include the following:

Denison and IUC have complementary production profiles. New IUC will have a diversified production base including high-grade Athabasca Basin production and access to the revitalized Southwest U.S. uranium district production. By combining the companies, New IUC is expected to achieve production of approximately 5 million pounds of U<sub>3</sub>O<sub>8</sub> by 2010.

Denison and IUC each have high potential exploration properties. New IUC will boast high potential exploration properties globally, including Canada, United States and Mongolia and an interest in the same in Australia.

New IUC will retain Denison's minority interest in the McClean Lake mill and will have IUC's 100% ownership of the White Mesa Mill, a licensed and operating uranium mill in Utah, USA. Accordingly, New IUC will have an interest in two of the four licensed and operating uranium mills in North America with licensed capacity of 10.7 million pounds per year in 2007, expandable to 13.4 million pounds per year, located in proximity to existing resources.

New IUC will have four active uranium mining projects (three in the United States and one in Canada) and one project in development in Canada, offering a unique diversification to shareholders as compared to its peers.

Each of Denison and IUC has a strong management and board of directors. New IUC will benefit from the merger of these two well-balanced teams.

New IUC will acquire Denison's business strengths, including its operating relationship with AREVA and environmental reclamation expertise.

New IUC will have working capital of approximately Cdn\$130 million (as at June 30, 2006) with minimal debt, providing it with a strong platform to fund exploration and production and to pursue strategic acquisitions.

New IUC is expected to have a market capitalization of approximately double each of IUC and Denison or approximately Cdn\$1.1 billion. IUC expects the increased market capitalization to be more attractive to investors and provide greater market liquidity.

IUC expects that New IUC's larger market capitalization and scale will provide stronger equity currency for strategic acquisitions.

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### **Recommendation of the IUC Board of Directors**

**The IUC Board of Directors has unanimously approved the Share Issue Resolution, the IUC New Board Resolution, the IUC SOP Amendment Resolution and the Name Change Resolution and unanimously recommends that the IUC Shareholders vote IN FAVOUR of each of those resolutions at the IUC Meeting.** In recommending that IUC Shareholders vote in favour of the Share Issue Resolution, the IUC New Board Resolution, the IUC SOP Amendment Resolution and the Name Change Resolution, the IUC Board of Directors considered, among other things, the potential benefits of the Arrangement as well as the following factors:

- (i) the financial analysis provided by Dundee Securities to the IUC Board of Directors and the opinion of Dundee Securities that, as of October 18, 2006, the Exchange Ratio was fair, from a financial point of view, to the IUC Shareholders, other than Denison;
- (ii) under the terms of the Arrangement Agreement, the IUC Board of Directors is able to consider (in accordance with the provisions of the Arrangement Agreement) any unsolicited *bona fide* Acquisition Proposal that may be a Superior Proposal and approve or recommend to IUC Shareholders or enter into an agreement in respect of a Superior Proposal. See *The Arrangement Agreement Superior Proposals* ;
- (iii) information provided to the IUC Board of Directors in respect of the assets and properties of Denison;
- (iv) information provided to the IUC Board of Directors in respect of the historical and current financial condition, business and operations of Denison; and
- (v) the anticipated size and market liquidity of New IUC subsequent to the Arrangement.

### **Fairness Opinion**

#### ***General***

Dundee Securities was formally engaged by the IUC Board of Directors pursuant to an agreement dated August 1, 2006 and accepted by IUC on August 11, 2006 between IUC and Dundee Securities (the *Advisory Agreement* ). Under the *Advisory Agreement*, Dundee Securities agreed to render an opinion to the IUC Board of Directors with respect to the fairness, from a financial point of view, of the Exchange Ratio to the IUC Shareholders, other than Denison. Following the settlement of the terms of the Arrangement and the terms of the Arrangement Agreement between IUC and Denison and the review of those terms by Dundee Securities, on September 18, 2006 Dundee Securities rendered its oral opinion to the Board of Directors as to the fairness, from a financial point of view, of the Exchange Ratio to the IUC Shareholders, other than Denison. The Fairness Opinion is dated as of October 18, 2006 and confirms the oral opinion rendered by Dundee Securities to the Board of Directors on September 18, 2006.

The terms of the *Advisory Agreement* provide that Dundee Securities is to be paid fees for its services under the *Advisory Agreement*. In addition, Dundee Securities is to be reimbursed for reasonable out-of-pocket expenses and to be indemnified by IUC in certain circumstances.

Dundee Securities is not an insider, associate or affiliate of IUC or Denison and is not an advisor to any other person or company other than to the IUC Board of Directors with respect to the Arrangement. Dundee Securities has not entered into any other agreements or arrangements with IUC or Denison or any

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of their affiliates with respect to any future dealings. Dundee Securities, however, acts as a trader and dealer, both as principal and agent, in major financial markets and, as such, may have had and may in the future have positions in the securities of IUC and Denison or any of their respective associates or affiliates and, from time to time, may have executed or may execute transactions on behalf of such companies or clients for which it received or may receive compensation. As an investment dealer, Dundee Securities conducts research on securities and may, in the ordinary course of its business, provide research reports and investment advice to its clients on investment matters, including with respect to IUC, Denison or the Arrangement.

Dundee Securities is one of Canada's leading independent investment dealers with operations in corporate finance, equity sales and trading and investment research. The opinion expressed in the Fairness Opinion is the opinion of Dundee Securities, the form and content of which have been approved for release by a committee of its directors and officers, each of whom is experienced in merger, acquisition, divestiture and fairness opinion matters.

**Dundee Securities believes that its analyses must be considered as a whole and that selecting portions of its analyses or the factors considered by Dundee Securities, without considering all factors and analyses together, could create a misleading view of the process underlying the Fairness Opinion. Accordingly, the complete text of the Fairness Opinion, which sets forth the assumptions made, matters considered and limitations on the review undertaken in connection with the Fairness Opinion is attached to this Circular as Schedule H. The Fairness Opinion addresses only the fairness of the Exchange Ratio from a financial point of view to IUC Shareholders, other than Denison, and is not and should not be construed as a valuation of Denison, IUC or any of their respective assets or securities or a recommendation to any IUC Shareholder as to whether to vote in favour of the Share Issue Resolution, the IUC New Directors' Resolution, the IUC SOP Resolution or the Name Change Resolution.**

**IUC Shareholders are urged to, and should, read the Fairness Opinion in its entirety.**

#### **Court Approval and Completion of the Arrangement**

The transactions contemplated in the Arrangement will be carried out such that the IUC Shares issued on completion of the Arrangement will be issued by IUC in reliance on the exemption from the registration requirements of the 1933 Act provided by Section 3(a)(10) of the 1933 Act. In order to ensure the availability of an exemption, the Arrangement requires, among other things, the approval of the Denison Securityholders at the Denison Meeting and approval by the Court. Prior to the mailing of this Circular, Denison obtained the Interim Order providing for the calling and holding of the Denison Meeting and other procedural matters.

Subject to the approval of the Arrangement Resolution by the Denison Securityholders at the Denison Meeting (voting as a single class) as well as 66 2/3% of the Denison Shareholders voting alone, the hearing in respect of the Final Order is scheduled to take place on November 28, 2006 at 10:00 a.m. (Toronto time) or shortly thereafter in the Court at the Ontario Superior Court of Justice, (Commercial List), 393 University Avenue, Toronto, Ontario. All Denison Securityholders who wish to participate or be represented or to present evidence or arguments at that hearing must serve and file a notice of appearance as set out in the Interim Order and satisfy all other applicable requirements. At the hearing in respect of the Final Order, the Court will consider, among other things, the fairness and reasonableness of the Arrangement. The Court may approve the Arrangement as proposed or as amended in any manner as the Court may direct, subject to compliance with such terms and conditions, if any, as the Court deems fit.

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Assuming that the Final Order is granted and the other conditions in respect of the Arrangement as set out in the Arrangement Agreement are satisfied or waived, it is anticipated that the Final Order will be filed with the Director to give effect to the Plan of Arrangement and the various other documents necessary to complete the Arrangement as contemplated under the Arrangement Agreement will be executed and delivered.

It is currently anticipated that the effective date for the Arrangement will be on or about December 1, 2006.

#### **Distribution of IUC Shares**

At or promptly after the Effective Time for the Arrangement, IUC will deposit with the Depositary or otherwise make available certificates representing the number of IUC Shares required to be issued to the Denison Shareholders in connection with the Arrangement. Upon surrender to the Depositary for cancellation of a certificate which immediately prior to the Effective Time represented outstanding Denison Shares together with a Letter of Transmittal which has been completed and signed in the manner required thereby in respect of such certificate and such additional documents and instruments as the Depositary may reasonably require, the holder of such surrendered certificate will be entitled to receive in exchange therefor, and the Depositary will deliver to such holder, a certificate representing that number (rounded up or down to the nearest whole number) of IUC Shares that such holder has the right to receive pursuant to the Plan of Arrangement.

In the event of a transfer of ownership of Denison Shares that is not registered in the transfer records of Denison, a certificate representing the proper number of IUC Shares may be issued to the transferee if the certificate representing such Denison Shares is presented to the Depositary, accompanied by all documents required to evidence and effect such transfer.

Until surrendered, each certificate which immediately prior to the Effective Time represented Denison Shares will be deemed, at any time after the Effective Time, to represent only the right to receive upon such surrender the certificate representing IUC Shares that the holder thereof has the right to receive pursuant to the Plan of Arrangement.

If any certificate that immediately prior to the Effective Time represented outstanding Denison Shares has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, the Depositary will cause to be issued in exchange for such lost, stolen or destroyed certificate, a certificate representing IUC Shares deliverable in respect thereof in accordance with such holder's Letter of Transmittal, as determined in accordance with the Arrangement. When authorizing such delivery in exchange for any lost, stolen or destroyed certificate, the person to whom a certificate representing IUC Shares is to be issued must, as a condition precedent to the issuance thereof, give a bond satisfactory to IUC and the Depositary in such amount as IUC and the Depositary may direct or otherwise indemnify IUC and the Depositary in a manner satisfactory to IUC and the Depositary against any claim that may be made against IUC or the Depositary with respect to the certificate alleged to have been lost, stolen or destroyed.

No dividends or other distributions declared or made after the Effective Time with respect to IUC Shares with a record date after the Effective Time will be delivered to the holder of any unsurrendered certificate that immediately prior to the Effective Time represented outstanding Denison Shares that were exchanged pursuant to the Arrangement, unless and until the holder of record of such certificate surrenders such certificate (together with a Letter of Transmittal which has been completed and signed in the manner required thereby in respect of such certificate) or complies with the required procedures in respect of lost, stolen or destroyed certificates. Subject to applicable law, at the time of such surrender of any such certificate or compliance with the required procedures in respect of lost, stolen or destroyed certificates,

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there will be paid to the holder of record of the certificate representing IUC Shares, without interest, the amount of dividends or other distributions with a record date after the Effective Time but prior to surrender paid with respect to such IUC Shares.

To the extent that a Denison Shareholder has not surrendered the certificates representing the Denison Shares held by such Denison Shareholder on or before the date which is six years after the Effective Date (the Final Proscription Date), then the IUC Shares which such Denison Shareholder was entitled to receive will be delivered to IUC by the Depositary for cancellation and will be cancelled by IUC and the interest of the Denison Shareholder in such IUC Shares will be terminated as of such Final Proscription Date.

**Description of Plan of Arrangement**

Subject to the conditions in the Arrangement Agreement being satisfied or waived, Denison will apply to the Court for the Final Order approving the Plan of Arrangement under the provisions of section 182 of the OBCA. In connection with the Arrangement, among other things, each Denison Shareholder (other than a registered Denison Shareholder who exercises Dissent Rights) will be entitled to receive IUC Shares in exchange for the Denison Shares held by such Denison Shareholder on the basis of 2.88 IUC Shares for each one Denison Share held by such Denison Shareholder, all pursuant to the provisions of the Plan of Arrangement. Fractions of IUC Shares will be rounded up or down to the nearest whole number.

At the Effective Time in connection with the Arrangement, subject to the provisions of the Plan of Arrangement, the following shall occur, and shall be deemed to occur in the following order, without any further act or formality:

- (a) each Denison Option shall immediately vest and all Denison Options shall remain vested for the remainder of their applicable terms;
  - (b) each Denison Share and Denison Option in respect of which Dissent Rights have been exercised shall be deemed to be transferred to IUC and IUC will be obliged to pay therefor the amount determined and payable in accordance with Article 5 of the Plan of Arrangement and the names of such holders will be removed from the register of holders of Denison Shares or Denison Options, as the case may be and IUC will be recorded as the registered holder of the Denison Shares and Denison Options so transferred and will be deemed to be the legal and beneficial owner of such Denison Shares and Denison Options;
  - (c) Denison and IUC Subco shall be amalgamated and continue as one corporation under the OBCA on the terms prescribed in the Plan of Arrangement, and:
    - (i) the amalgamated corporation will have the characteristics set forth in Article 4 of the Plan of Arrangement and possess all of the property, rights, privileges and franchises and shall be subject to all the liabilities, including civil, criminal and quasi-criminal and all contracts, disabilities and debts of each of Denison and IUC Subco;
    - (ii) a conviction against, or ruling, order, judgment in favour of or against either Denison or IUC Subco may be enforced by or against the amalgamated corporation;
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- (iii) the Articles of Arrangement shall be deemed to be the articles of incorporation of the amalgamated corporation and, except for the purposes of subsection 104(1) of the OBCA, the certificate of arrangement shall be deemed to be the certificate of incorporation of the amalgamated corporation; and
- (iv) the amalgamated corporation shall be deemed to be the party plaintiff or the party defendant, as the case may be, in any civil action commenced by or against either Denison or IUC Subco before the Effective Time;
- (d) all Denison Shares held by IUC Subco shall be cancelled, without any repayment of capital in respect thereof;
- (e) all Denison Shares held by former Denison Shareholders, other than IUC or any Denison Dissenting Shareholders exercising Dissent Rights shall be exchanged with IUC on the basis of 2.88 IUC Shares for each one Denison Share;
- (f) each Denison Share held, directly or indirectly, by or for the benefit of IUC or its affiliates shall be cancelled and the holders thereof shall receive, for each such Denison Common Share, 2.88 IUC Shares;
- (g) (i) each Denison Option shall entitle the holder thereof to receive (and such holder shall accept) upon the exercise thereof, in lieu of the number of Denison Shares otherwise issuable upon the exercise thereof, the number of IUC Shares which the holder would have been entitled to receive as a result of the transactions contemplated by the Plan of Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Denison Shares to which such holder was theretofore entitled upon such exercise, and (ii) such Denison Option shall, other than as described in step (g)(i) above and the vesting described in step (a) above, otherwise continue to be governed by and be subject to the terms of the Denison Share Option Plan and applicable agreement thereunder; and
- (h) each common share of IUC Subco shall be exchanged for one common share of the corporation formed by the amalgamation of Denison and IUC Subco.

No fractional IUC Shares will be issued. In the event that a Denison Shareholder would otherwise be entitled to a fractional IUC Share, the number of IUC Shares issued to such Denison Shareholder shall be rounded up to the next greater whole number of IUC Shares if the fractional entitlement is equal to or greater than 0.5 and shall, without any additional compensation, be rounded down to the next lesser whole number of IUC Shares if the fractional entitlement is less than 0.5. In calculating such fractional interests, all Denison Shares registered in the name of or beneficially held by such Denison Shareholder or their nominee shall be aggregated.

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants (subject to the adjustments required after giving effect to the Arrangement on the basis of 2.88 IUC Shares for each one Denison Share).

Assuming that there are 30,465,486 Denison Shares outstanding as at the Effective Time (which assumes that no Denison Options are exercised prior to such time) and that no Denison Shareholder exercises Dissent Rights, IUC will issue approximately 87,740,600 IUC Shares upon the completion of the Arrangement (not including IUC Shares issuable upon the subsequent exercise of Denison Options or

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Denison Warrants). Based upon the foregoing assumptions, upon the completion of the Arrangement, former Denison Shareholders will own approximately 49.8% of the then outstanding IUC Shares and IUC Shareholders will own approximately 50.2% of the then outstanding IUC Shares, on a non-diluted basis and former Denison Securityholders and Denison Warrantholders will own approximately 52.9% of the then outstanding IUC Shares and IUC Shareholders and holders of IUC Options will own approximately 47.1% of the then outstanding IUC Shares, on a fully diluted basis.

**Effect of the Arrangement**

The Arrangement Agreement provides for the implementation of the Plan of Arrangement pursuant to which, on the Effective Date, each one issued and outstanding Denison Share (other than those held by Dissenting Shareholders) shall be deemed to be transferred to IUC in exchange for 2.88 IUC Shares.

Pursuant to the terms and subject to the conditions and other provisions set forth in the Plan of Arrangement, each Denison Option will entitle the holder thereof to receive, in lieu of the number of Denison Shares otherwise issuable upon the exercise thereof, the number of IUC Shares which the holder would have been entitled to receive as a result of the transactions contemplated by the Arrangement Agreement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Denison Shares to which such holder was theretofore entitled upon such exercise, subject to necessary adjustments to the exercise price.

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants (subject to the adjustments required after giving effect to the Arrangement on the basis of 2.88 IUC Shares for each one Denison Share).

Following completion of the Arrangement, currently issued IUC Shares will continue to represent common shares of New IUC, on a one for one basis.

**Effect of the Arrangement on the Denison Warrantholders**

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants. Following the completion of the Arrangement, in accordance with the provisions of the indentures governing the Denison Warrants, upon the exercise of a Denison Warrant and the payment of the exercise price therefor, Denison Warrantholders will be entitled to receive 2.88 IUC Shares.

**Directors and Officers of New IUC**

Immediately following the Effective Date the corporation formed by the amalgamation of Denison and IUC Subco will be a wholly owned Subsidiary of IUC.

Certain of the existing directors and officers of Denison will be the directors and officers of New IUC following completion of the Arrangement. On the Effective Date, the IUC Board of Directors shall be reconstituted such that it will consist of ten directors, five of which shall be nominated by IUC and five of which will be nominated by Denison. It is anticipated that Denison's nominees will be E. Peter Farmer, Paul F. Little, Roy J. Romanow P.C., O.C., Q.C., Catherine J. G. Stefan and W. Robert Dengler and that the directors of IUC who will remain on the board of New IUC will be Ronald F. Hochstein, John H. Craig, William Rand, Brian Edgar and Lukas H. Lundin. Lukas H. Lundin will be the Chairman of the Board of New IUC.

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Information with respect to each of Denison's nominees is set forth in the management information circular and proxy statement of Denison dated March 7, 2006 relating to the annual meeting of Denison Shareholders held on April 19, 2006 incorporated by reference herein. Information with respect to IUC's directors who will remain on the board of New IUC is set forth in IUC's management information circular and proxy statement dated December 19, 2005 relating to the annual and special meeting of IUC Shareholders held on February 2, 2006.

E. Peter Farmer, the President and Chief Executive Officer of Denison, will be appointed the Chief Executive Officer of New IUC. Ronald F. Hochstein, the President and Chief Executive Officer of IUC, will be appointed President and Chief Operating Officer of New IUC. James R. Anderson, the Executive Vice-President and Chief Financial Officer of Denison will become the Chief Financial Officer of New IUC.

The Plan of Arrangement is attached as Schedule A to the Arrangement Agreement, which is included in this Information Circular as Schedule E. Readers are encouraged to carefully review the Plan of Arrangement, as it contains the specific terms and conditions governing the Arrangement.

#### **THE ARRANGEMENT AGREEMENT**

The following is a description of the material terms and conditions of the Arrangement Agreement. The full text of the Arrangement Agreement, including the Plan of Arrangement attached as Schedule A thereto, is attached as Schedule E to this Circular. IUC Shareholders are encouraged to read the Arrangement Agreement in its entirety.

##### **General**

The Arrangement Agreement is dated as of September 18, 2006, as amended and restated as of October 16, 2006 with effect as of September 18, 2006 and is made among Denison, IUC Subco and IUC. Under the Arrangement, each holder of Denison Shares (other than holders of Denison Shares who have exercised the right to dissent as set out in the Plan of Arrangement) will be entitled to receive 2.88 IUC Shares for each one Denison Share held, on the terms set out in the Plan of Arrangement. Fractions of IUC Shares will be rounded up or down to the nearest whole number.

##### **Treatment of Denison Options and Denison Warrants**

The Arrangement Agreement and the Plan of Arrangement provide that each holder of a Denison Option will be entitled to receive upon the subsequent exercise thereof in accordance with its terms and shall accept in lieu of the number of Denison Shares otherwise issuable upon such exercise, the number of IUC Shares which such holder would have been entitled to receive as a result of the Arrangement if, immediately prior to the Effective Time, such holder had been the registered holder of the number of Denison Shares to which such holder was theretofore entitled upon such exercise, subject to necessary adjustments in the exercise price.

The Denison Options will continue to be governed by and be subject to the terms of the Denison Share Option Plan and applicable agreement thereunder except that each Denison Option shall immediately vest and remain vested for the remainder of its term.

IUC will assume the obligations of Denison to perform and observe the Denison Warrants in accordance with their respective terms and shall take all corporate action necessary to reserve for issuance a sufficient number of IUC Shares for delivery upon exercise of the Denison Warrants (subject to the adjustments

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required after giving effect to the Arrangement on the basis of 2.88 IUC Shares for each one Denison Share). Based on the number of Denison Options and Denison Warrants outstanding on October 18, 2006, upon completion of the Arrangement, holders of Denison Options and Denison Warrants will be entitled to purchase an aggregate of approximately 13,907,517 IUC Shares.

### **Representations and Warranties**

The Arrangement Agreement contains various representations and warranties of Denison to IUC with respect to Denison and its Subsidiaries and of IUC to Denison with respect to IUC and its Subsidiaries and IUC Subco. These representations and warranties relate to, among other things: (a) their respective corporate organization, existence and similar corporate matters; (b) their respective capitalization; (c) the authorization, execution, delivery and enforceability of the Arrangement Agreement and the consummation of the transactions contemplated thereby not (i) resulting in a violation, contravention or breach of, or requiring any consent or giving rise to any termination rights under any provisions of (A) their articles or by-laws, (B) any laws or regulations, or (C) any contract, agreement, licence or permit, (ii) giving rise to any right of termination or acceleration of indebtedness, (iii) resulting in the imposition of any encumbrance on their property or assets, or (iv) except as disclosed, resulting in payments becoming due to any of their directors or officers, which in any case would, individually or in the aggregate, have a Material Adverse Effect on Denison or IUC, as the case may be; (d) directors' approvals; (e) identification of their respective Subsidiaries; (f) there being no default under, or any event, condition or occurrence which, after notice or lapse of time or both, would constitute a default under any contract, agreement or licence which would, individually or in the aggregate, have a Material Adverse Effect on Denison or IUC, as the case may be; (g) except as disclosed, since their last respective year ends, their having conducted their respective business in the ordinary and regular course of business consistent with past practice; (h) employment and labour matters; (i) their respective most recently completed audited consolidated financial statements and most recently completed unaudited interim financial statements having been prepared in accordance with Canadian generally accepted accounting principles consistently applied; (j) completeness and accuracy of financial and corporate books and records; (k) the absence of material litigation; (l) title to properties and condition of assets; (m) insurance matters; (n) environmental matters; (o) the filing of tax returns, the payment of taxes and other tax matters; (p) neither party owning or licensing any intellectual property material to its respective business; (q) pension and employee benefits; (r) reporting issuer and listing status; (s) the filing with securities regulatory authorities and stock exchanges of all forms, reports and other documents required to be filed, the compliance in all material respects of such documents with the requirements of applicable securities legislation and such documents not containing any misrepresentation; (t) compliance with applicable laws; (u) there being no cease trade orders and no investigations that may operate to prevent or restrict trading of their respective securities; (v) there being no options on assets; (w) there being no non-competition agreements or any other agreements which purport as the case may be, to limit the manner or the localities in which all or any material portion of the business of Denison or IUC is conducted; (x) the principal offices of Denison and IUC not being located within the United States; (y) each of Denison and IUC being a foreign private issuer as defined in Rule 405 under the 1933 Act and Rule 3b-4 under the 1933 Act; (z) neither Denison nor IUC being an investment company or being controlled within the meaning of the 1940 Act; (aa) both Denison and IUC having made full disclosure; (bb) no brokers having been engaged or retained in connection with the Arrangement; (cc) the status of Denison and IUC as not a non-Canadian for *Investment Canada Act* (Canada) purposes; (dd) substantially all of the assets and property of Denison and IUC being located outside the United States; (ee) the IUC Shares to be issued pursuant to the Arrangement, being, upon issue, issued as fully paid and non-assessable shares; (ff) since the date of its incorporation, IUC Subco having carried on no business, acquired no properties, entered into no agreements and having assumed any liabilities other than those relating to the Arrangement Agreement; (gg) IUC having maintained a system of internal controls

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over financial reporting that complies with the requirements of the U.S. Exchange Act; and (hh) IUC being in compliance in all material respects with all provisions with the U.S. Sarbanes-Oxley Act.

**Covenants**

Until the Effective Date or the date upon which the Arrangement Agreement is terminated, each of Denison and IUC is required to, and to cause its Subsidiaries to, conduct business only in, and not take any action except in, the ordinary course of business and consistent with past practice, other than in connection with the Arrangement. In addition, each of Denison and IUC is required (except as contemplated by the Arrangement Agreement or as disclosed to the other party in writing or as the other party may agree in writing) to, and to cause its Subsidiaries to, among other things:

1. not directly or indirectly do or permit to occur any of the following:
    - (a) issue, sell, pledge, lease, dispose of, encumber or agree to issue, sell, pledge, lease, dispose of or encumber any shares or options, warrants, calls, conversion privileges or rights of any kind to acquire any shares other than the issuance of shares pursuant to options to acquire such shares existing at the date of the Arrangement Agreement;
    - (b) other than pursuant to obligations or rights under existing contracts, agreements or commitments, sell, lease or otherwise dispose of any property or assets or enter into any agreement or commitment in respect thereof;
    - (c) amend or propose to amend its articles or by-laws or the terms of outstanding options;
    - (d) split, combine or reclassify any shares or declare, set aside or pay any dividend or other distribution (in cash, securities, property or otherwise) with respect to its shares;
    - (e) redeem, purchase or offer to purchase any shares and any options or obligations or rights under existing contracts, agreements and commitments, other than pursuant to the Denison Warrants or the Denison Share Option Plan;
    - (f) reorganize, amalgamate or merge with any person;
    - (g) acquire or agree to acquire any corporation or other entity (or material interest therein) or division of any corporation or other entity;
    - (h)
      - (i) satisfy or settle any claims or disputes which are, individually or in the aggregate, in excess of Cdn\$500,000;
      - (ii) relinquish any contractual rights which are, individually or in the aggregate, in excess of Cdn\$500,000; or
      - (iii) enter into any interest rate, currency or commodity swaps, hedges, caps, collars, forward sales or other similar financial instruments, other than in the ordinary and regular course of business and not for speculative purposes;
    - (i) incur, authorize, agree or otherwise become committed to provide guarantees for borrowed money or incur, authorize, agree or otherwise become committed for any indebtedness for borrowed money, in an amount in excess of Cdn\$500,000;
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- (j) except as required by Canadian or other generally accepted accounting principles or any applicable law, make any changes to its existing accounting practices or make any material tax election inconsistent with past practices; or
  - (k) enter into new commitments of a capital expenditure nature or incur any new contingent liabilities other than:
    - (i) ordinary course expenditures; (ii) expenditures required by law; and (iii) expenditures made in connection with transactions contemplated in the Arrangement Agreement.
2. other than pursuant to existing employment arrangements, not enter into or modify any employment or similar agreement, policy or arrangement with, or grant any bonus, salary increase, option to purchase shares, pension, profit sharing, retirement allowance, deferred compensation, incentive compensation, severance or termination pay to, or make any loan to, any officer, director, employee or consultant of IUC or Denison, as the case may be;
  3. use its commercially reasonable best efforts to cause its current insurance (or re-insurance) policies not to be cancelled or terminated or any other coverage under those policies to lapse;
  4. not take any action that would interfere with or be inconsistent with the completion of the Arrangement or would render, or reasonably may be expected to render, any of its representations or warranties in the Arrangement Agreement untrue and promptly notify the other party of:
    - (a) any Material Adverse Change or Material Adverse Effect or any change, event, occurrence or state of facts which could reasonably be expected to become a Material Adverse Change or to have a Material Adverse Effect;
    - (b) any material complaint, investigation or hearing;
    - (c) any breach of a covenant in the Arrangement Agreement;
    - (d) any event that would render any representation or warranty contained in the Arrangement Agreement untrue or inaccurate in any material respect;
    - (e) it becomes aware of any misrepresentations or omissions of material facts in this Circular or the Denison Circular;
  5. not settle or compromise any claim brought by any present, former or purported holder of any of its securities;
  6. not enter into, renew or modify in any respect any material contract, agreement, lease, commitment or arrangement to which it is a party or by which it is bound;
  7. use all commercially reasonable efforts to satisfy or cause the satisfaction of the conditions precedent to its obligations under the Arrangement Agreement and to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable under applicable laws to complete the Arrangement; not take any action, refrain from taking any action or permit any action to be taken or not taken, inconsistent with the Arrangement Agreement or which would reasonably be expected to materially impede the completion of the transactions contemplated by the Arrangement Agreement or which would or could have a Material Adverse Effect; in all material respects, conduct itself so as to keep the other party fully informed; make, or cooperate as necessary in the making of, all necessary filings and applications under all applicable laws required in connection with the transactions contemplated by the Arrangement Agreement;
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and use commercially reasonable efforts to conduct its affairs so that all of its representations and warranties are true and correct on the Effective Date;

8. make available or cause to be made available all documents, agreements, corporate records and minute books as may be necessary to enable the other party to effect a thorough examination of its business, properties and financial status;
9. execute and deliver, at the closing of the transactions, such customer agreements, certificates, resolutions, opinions and other closing documents as may be required by the other party;
10. cause its affiliates to not knowingly take any action that would prevent the Arrangement from qualifying as a re-organization within the meaning of Section 3.6.8 (a) of the U.S. Internal Revenue Code; and
11. with respect to each year, if any, IUC is a Passive Foreign Investment Company under Section 1.2.9.7 of the Internal Revenue Code, IUC shall provide to all U.S. shareholders all information that a U.S. shareholder making a Qualified Electing Fund election is required to obtain for U.S. federal income tax purposes and PFIC Annual Information Statement as described in the U.S. Treasury Regulation Section 1.1295-1.

#### **Conditions to the Arrangement**

The obligations of IUC and Denison to complete the Arrangement are subject to the satisfaction (or waiver by mutual consent of IUC and Denison in writing at anytime) of certain mutual conditions, including, among others: (i) the Interim Order shall have been granted in form and substance satisfactory to IUC or Denison, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to IUC and Denison, acting reasonably, on appeal or otherwise; (ii) the Arrangement and, if required, all other material transactions necessary to complete the Arrangement, with or without amendment, shall have been approved at the Denison Meeting by the Denison Securityholders and at the IUC Meeting by the IUC Shareholders in accordance with the provisions of the OBCA and the Interim Order; (iii) the Final Order shall have been granted in form and substance satisfactory to the parties, acting reasonably, and shall not have been set aside or modified in a manner unacceptable to such parties, acting reasonably, on appeal or otherwise; (iv) all filings made with the Director in connection with the Arrangement, including the Articles of Arrangement, shall be in form and substance satisfactory to the parties acting reasonably; (v) the Articles of Amendment of IUC to change its name to Denison Mines Ltd. or such other name containing the name Denison as may be approved by the IUC Board of Directors and the board of directors of Denison, shall be in form and substance satisfactory to the parties acting reasonably; (vi) there shall not be in force any law, ruling, order or decree and there shall not have been any action taken under any law or by any governmental entity or other regulatory authority, that makes it illegal or otherwise directly or indirectly restrains, enjoins or prohibits the consummation of the Arrangement in accordance with the terms thereof or results or could reasonably be expected to result in a judgment, order, decree or assessment of damages, directly or indirectly, relating to the Arrangement which has, or could reasonably be expected to have, a Material Adverse Effect on Denison or IUC; (vii) (A) the TSX shall have conditionally approved the listing thereon of the IUC Shares to be issued pursuant to the Arrangement (including the IUC Shares which, as a result of the Arrangement, are issuable upon the exercise of the Denison Options and the Denison Warrants) as of the Effective Date, or as soon as possible thereafter; and (B) the TSX shall have, if required, accepted notice for filing of all transactions of Denison contemplated in the Arrangement Agreement or necessary to complete the Arrangement, subject only to compliance with the usual requirements of the TSX; (viii) the IUC Shares to be issued in the United States pursuant to the Arrangement shall be exempt from registration requirements under Section 3(a)(10) of the 1933 Act and the IUC Shares to be distributed in the United States pursuant to the Arrangement shall not be subject to

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resale restrictions in the United States under the 1933 Act (other than as may be prescribed by Rule 144 and Rule 145 under the 1933 Act); (ix) (A) all consents, waivers, permits, exemptions, order and approvals of, any registrations and filings with, any governmental entity and the expiry of any waiting periods, in connection with, or required to permit, the completion of the Arrangement, and (B) all third person and other consents, waivers, permits, exemptions, orders, approvals, agreements and amendments and modifications to agreements, indentures or arrangements, the failure of which to obtain or the non-expiry of which would have a Material Adverse Effect on Denison, IUC or materially impede the completion of the Arrangement, shall have been obtained or received on terms reasonably satisfactory to each party; (x) all actions shall have been taken to provide that, upon the effectiveness of the Arrangement, the board of directors of New IUC shall be composed of five of the current directors of IUC and five persons designated by Denison; (xi) the IUC Shares to be issued in the United States pursuant to the Arrangement shall be exempt from registration requirements under Section 3(a)(10) of the 1933 Act and the IUC Shares to be distributed in the United States pursuant to the Arrangement shall not be subject to resale restrictions in the United States under the 1933 Act (other than as may be prescribed by Rule 144 and Rule 145 under the 1933 Act); (xii) the IUC Shares to be issued pursuant to the Arrangement shall be exempt from the prospectus and registration requirements of applicable Canadian securities laws and shall not be subject to a statutory hold period; and (xiii) this Arrangement Agreement shall not have been terminated pursuant to such termination provisions in the Arrangement Agreement.

The obligations of IUC to complete the Arrangement are subject to the satisfaction (or waiver by IUC in writing at anytime) of certain additional conditions in its favour, including, among others: (i) the representations and warranties made by Denison in the Arrangement Agreement which are qualified by the expression *Material Adverse Change* or *Material Adverse Effect* shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), and all other representations and warranties made by Denison in the Arrangement Agreement which are not so qualified shall be true and correct in all material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either individually or in the aggregate, in the reasonable judgment of IUC, have a Material Adverse Effect on Denison; (ii) from the date of this Agreement to the Effective Date, there shall not have occurred and neither Denison nor any of the Denison Subsidiaries shall have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect on Denison or the Denison Subsidiaries; (iii) Denison shall have complied in all material respects with its covenants in the Arrangement Agreement; (iv) Denison Securityholders holding no more than 5% of the outstanding Denison Shares shall have exercised the right to dissent contemplated by section 5.01 of the Plan of Arrangement (and not withdrawn such exercise); (v) the directors of Denison shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by Denison to permit the consummation of the Arrangement; and (vi) the directors of Denison shall not have withdrawn or modified their approval or recommendation to Denison Shareholders of the transactions contemplated in the Arrangement Agreement in a manner adverse to IUC.

The obligations of Denison to complete the Arrangement are subject to the satisfaction of certain additional conditions in its favour, including, among others: (i) the representations and warranties made by IUC in the Arrangement Agreement which are qualified by the expression *Material Adverse Change* or *Material Adverse Effect* shall be true and correct as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date) and all other representations and warranties made by IUC in the Arrangement Agreement shall be true and correct in all

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material respects as of the Effective Date as if made on and as of such date (except to the extent that such representations and warranties speak as of an earlier date, in which event such representations and warranties shall be true and correct as of such earlier date), in either case, except where any failures or breaches of representations and warranties would not either individually or in the aggregate, in the reasonable judgment of Denison, have a Material Adverse Effect on IUC; (ii) from the date of the Arrangement Agreement to the Effective Date, there shall not have occurred and neither IUC nor any of the IUC Material Subsidiaries shall have incurred or suffered, any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or could reasonably be expected to have, a Material Adverse Effect on IUC or the IUC Material Subsidiaries; (iii) IUC shall have complied in all material respects with its covenants in the Arrangement Agreement; (iv) Denison Securityholders holding no more than 5% of the outstanding Denison Shares shall have exercised the right to dissent contemplated by section 5.01 of the Plan of Arrangement (and not withdrawn such exercise); (v) the IUC Board of Directors shall have adopted all necessary resolutions and all other necessary corporate actions shall have been taken by IUC to permit the consummation of the Arrangement; and (vi) the IUC Board of Directors shall not have withdrawn or modified in a manner adverse to Denison their approval or recommendation to IUC Shareholders of the transaction contemplated in the Arrangement Agreement.

The Arrangement Agreement further provides that, if any condition to the completion of the Arrangement is not satisfied or waived by the applicable party on or before the Completion Deadline (or any earlier date by which such condition is required to be satisfied), then the party entitled to the benefit of such condition may terminate the Arrangement Agreement, except where such failure is the result of a breach of the Arrangement Agreement by such party.

#### **Amendment and Waiver**

The Arrangement Agreement, including the Plan of Arrangement, may be amended by written agreement of the parties at any time before or after the Denison Meeting or the IUC Meeting, but not later than the Effective Date, without, subject to applicable law, further notice to or authorization on the part of the Denison Shareholders or the IUC Shareholders and any such amendment may, subject to applicable law or the Interim Order, without limitation, (i) change the time for performance of any of the obligations or acts of the parties, (ii) waive any inaccuracies in or modify any representation or warranty contained in the Arrangement Agreement or any document delivered pursuant to the Arrangement Agreement, (iii) waive compliance with or modify any of the covenants contained in the Arrangement Agreement and waive or modify the performance of any of the obligations of the parties, and (iv) waive compliance with or modify any condition contained in the Arrangement Agreement (except that the terms of section 3.01(d) of the Plan of Arrangement, which provides, among other things, that the Exchange Ratio, cannot be amended without the approval of the Denison Shareholders). If Denison or IUC, as the case may be, proposes any amendment to the Arrangement Agreement or the Plan of Arrangement, the other must consider such amendment and, if it and its shareholders are not prejudiced by reason of such amendment, it is required to cooperate in ensuring that such amendment can be effected subject to applicable law and the rights of the Denison Shareholders.

#### **Non-Solicitation**

Pursuant to the Arrangement Agreement, Denison and IUC have agreed that they will not, directly or indirectly, through any officer, director employee, representative or agent of such party or any of the subsidiaries of such party or otherwise: (a) make, solicit, initiate, entertain or promote any inquiries or proposals regarding any Acquisition Proposal or potential Acquisition Proposal in respect of it; (b) participate in any discussions or negotiations regarding any Acquisition Proposal or potential Acquisition Proposal in respect of it; (c) agree to, approve or recommend any Acquisition Proposal or potential Acquisition Proposal in respect of it; (d) enter into, or propose publicly to accept, any agreement related to

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any Acquisition Proposal or potential Acquisition Proposal in respect of it, or (e) make any public announcement or take any action inconsistent with the recommendation of its directors to approve the Arrangement. Notwithstanding the foregoing, nothing will prevent or restrict the directors of Denison or IUC, as the case may be (the Target Party ) from, prior to the approval of the Arrangement by the Target Party s shareholders, or considering any unsolicited *bona fide* Acquisition Proposal that may be a Superior Proposal or, in the event of a *bona fide* Acquisition Proposal that would be a Superior Proposal, from withdrawing, qualifying or changing their recommendation to their shareholders or entering into an agreement in respect of a Superior Proposal, in accordance with the terms of the Arrangement Agreement, provided that the Acquisition Proposal did not result from a breach of the Agreement by the Target Party and if the directors of the Target Party determine in good faith after consulting with outside counsel that such action is required for such directors to comply with their fiduciary duties. Each of Denison and IUC must within 24 hours notify the other (the Non-Target Party ) of any Acquisition Proposal which any director or officer thereof receives, any amendment to any of the foregoing or any request for non-public information relating thereto and must provide certain information to the other regarding such Acquisition Proposal.

If either IUC or Denison receives a request for non-public information from a person who is considering making a *bona fide* Acquisition Proposal and the directors of such party determine that such proposal, if consummated in accordance with its terms, would constitute a Superior Proposal, those directors may, subject to the execution of a confidentiality agreement, provide such person with access to the requested information. The directors of the Target Party will send a copy of any such confidentiality agreement to the Non-Target Party immediately upon the execution thereof and provide the Non-Target Party with a list or a copy of the information provided under the confidentiality agreement.

#### **Superior Proposals**

Until the later of the Completion Deadline and the date on which any amount required to be paid by the Target Party pursuant to the Arrangement Agreement has actually been received by the Non-Target Party, neither the Target Party nor the directors thereof can accept, approve, recommend or enter into any agreement in respect of an Acquisition Proposal on the basis that it would constitute a Superior Proposal, unless (a) the Target Party has provided the Non-Target Party with information about the Superior Proposal (with certain permitted deletions), and (b) two Business Days have elapsed from the later of the date on which the Non-Target Party received notice of the determination of the directors of the Target Party to accept, approve, recommend or enter into an agreement in respect of such Acquisition Proposal and the date on which the Non-Target Party received the requisite information concerning the Acquisition Proposal.

#### **Termination and Break Fees**

The Arrangement Agreement may be terminated at any time prior to the Effective Date:

- (a) by the mutual consent of the parties;
  - (b) by either party if:
    - (i) the other has committed a material breach of the Arrangement Agreement;
    - (ii) a mutual condition or a condition in its favour is not satisfied or waived;
    - (iii) the Effective Date is not on or before February 1, 2007 provided that neither IUC nor Denison, as the case may be (the Terminating Party ) is entitled to terminate
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the Arrangement Agreement if the Effective Date is not on or before February 1, 2007 because the meeting of the shareholders of the Terminating Party has not been held due to the fault of the Terminating Party;

- (iv) the IUC Meeting is held and completed and the IUC Shareholders do not approve the Share Issue Resolution, the IUC New Board Resolution or the Name Change Resolution; or
- (v) the Denison Meeting is held and completed and the Denison Securityholders do not approve the Arrangement Resolution;
- (c) by IUC if:
  - (i) there is a Superior Proposal in respect of Denison and the directors of Denison withdraw or modify in a manner adverse to IUC their approval or recommendation of the Arrangement, fail to reaffirm their approval of the Arrangement, or accept, approve or recommend, or enter into an agreement in respect of, any Superior Proposal;
  - (ii) it determines that an Acquisition Proposal in respect of IUC constitutes a Superior Proposal;
- (d) by Denison if:
  - (i) there is a Superior Proposal in respect of IUC and the IUC Board of Directors withdraw or modify in a manner adverse to Denison their approval of the Arrangement, fail to reaffirm their approval of the Arrangement, or accept, approve or recommend, or enter into an agreement in respect of, any Superior Proposal;
  - (ii) it determines that an Acquisition Proposal in respect of Denison constitutes a Superior Proposal.

If the Arrangement Agreement is terminated:

- (a) by the Terminating Party because the other party has committed a material breach of the Arrangement Agreement; or
  - (b) by the Terminating Party because an Acquisition Proposal has been made to the Terminating Party and made known to its shareholders and not publicly withdrawn prior to the meeting of such shareholders and such shareholders do not approve the Arrangement and the Terminating Party completes the Acquisition Proposal within nine months following the termination of the Arrangement Agreement, then the Terminating Party shall pay to the Non-Terminating Party an amount in cash equal to Cdn\$16 million. If the Arrangement Agreement is terminated by IUC because there is a Denison Superior Proposal in respect of Denison and the directors of Denison (i) shall have withdrawn or modified in a manner adverse to IUC their approval or recommendation of the Arrangement, (ii) shall have failed, after being requested by IUC in writing, to reaffirm its approval or recommendation of the Arrangement and the transactions
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contemplated in the Arrangement Agreement as promptly as possible (but in any event within two Business Days) after receipt of such written request from IUC, or (iii) shall have accepted, approved, recommended or entered into an agreement in respect of any Denison Superior Proposal, then Denison shall pay to IUC an amount in cash equal to Cdn\$16 million. Similarly, if the Arrangement Agreement is terminated by Denison because there is an IUC Superior Proposal in respect of IUC and the directors of IUC (i) shall have withdrawn or modified in a manner adverse to Denison their approval or recommendation of the Arrangement, (ii) shall have failed, after being requested by Denison in writing, to reaffirm its approval or recommendation of the Arrangement and the transactions contemplated in the Arrangement Agreement as promptly as possible (but in any event within two Business Days) after receipt of such written request from Denison, or (iii) shall have accepted, approved, recommended or entered into an agreement in respect of any IUC Superior Proposal, then IUC shall pay to Denison an amount in cash equal to Cdn\$16 million. Neither Denison nor IUC will be required to make more than one payment of the termination fee. Both Denison and IUC acknowledge that the termination fee set out in the Arrangement Agreement is a payment of liquidated damages which are a genuine pre-estimate of the damages which the other party would suffer and are not penalties and therefore waive any right they may have to raise a defence that any such liquidated damages are excessive or punitive. Upon receipt of any payment of a termination fee, the non-paying party is not precluded from seeking injunctive relief to restrain any breach or threatened breach by the paying party of any or its obligations under the Arrangement Agreement.

#### **Expenses of the Arrangement**

The Arrangement Agreement provides that each of Denison and IUC is to pay its own expenses incurred in connection therewith and in connection with the completion of the transactions contemplated thereby, provided that notwithstanding the foregoing: (i) in the event that (a) the Arrangement Agreement is terminated prior to the Completion Deadline as a result of the Denison Securityholders having voted not to approve the Arrangement at the Denison Meeting; or (b) IUC has terminated the Arrangement Agreement under Section 7.03(h)(i), then in either case Denison shall pay to IUC the sum of Cdn\$2.0 million as and by way of liquidated damages representing a reasonable pre-estimate of IUC's expenses incurred in respect of the transactions contemplated by this Agreement and not by way of a penalty; and (ii) in the event that (a) this Agreement is terminated prior to the Completion Deadline as a result of the IUC Shareholders having voted not to approve the IUC Shareholder Approval Matters; or (b) Denison has terminated the Arrangement Agreement under Section 7.03(h)(ii), then in either case IUC shall pay to Denison the sum of Cdn\$2.0 million as and by way of liquidated damages representing a reasonable pre-estimate of Denison expenses incurred in respect of the transactions contemplated by the Arrangement Agreement and not by way of a penalty. Any amount paid by a party to the other party shall be deducted from the Cdn\$16.0 million break fee.

#### **LOCK-UP AGREEMENTS AND INTENTION OF CERTAIN SECURITYHOLDERS**

The directors and senior officers of IUC have entered into IUC lock-up agreements with Denison pursuant to which they have agreed to vote an aggregate of 1,100,800 IUC Shares (1.3% of the aggregate number issued and outstanding IUC Shares) in favour of the IUC Shareholder Approval Matters. The IUC lock-up agreements provide that the directors and senior officers of IUC may not transfer their IUC Shares or IUC Shares issuable upon exercise of IUC Options except in limited circumstances to related parties. The IUC lock-up agreements provide that the directors and officers of IUC are entitled to withdraw the IUC Shares and IUC Options from the IUC Shareholder Approval Matters and not vote the IUC Shares in favour of the IUC Shareholder Approval Matters if (a) an Acquisition Proposal is made to IUC and the IUC Board of Directors has determined that the Acquisition Proposal constitutes a Superior Proposal, (b) the Arrangement Agreement has been terminated in circumstances which require the payment of the

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termination fee described in *The Arrangement Agreement Termination and Break Fee*, or (c) the Arrangement Agreement is terminated. The IUC lock-up agreements specifically provide that nothing in such agreements requires any director or officer of IUC to take or refrain from taking any action as a director or officer of IUC which would be inconsistent with his or her obligations or fiduciary duties as provided for in the Arrangement Agreement.

Denison's directors and senior officers have also entered into lock-up agreements with IUC pursuant to which they have agreed to support the Arrangement on terms comparable to the terms described above relating to the IUC lock-up agreements.

The IUC lock-up agreements are deemed to terminate immediately upon the termination of the Arrangement Agreement in accordance with its terms. The IUC lock-up agreements are deemed to be terminated immediately if the IUC Shareholder Approval Matters are voted upon by IUC Shareholders and not approved in certain circumstances.

#### **INTERESTS OF EXPERTS**

Certain legal matters relating to the Arrangement will be passed upon by Blake, Cassels & Graydon LLP on behalf of Denison and by Cassels Brock & Blackwell LLP on behalf of IUC. Dorsey & Whitney LLP acted as United States counsel to Denison and Shearman & Sterling LLP acted as United States counsel to IUC in respect of the Arrangement. As at the date hereof, the partners and associates of each of Blake, Cassels & Graydon LLP, Dorsey & Whitney LLP, Cassels Brock & Blackwell LLP and Shearman & Sterling LLP as a group, own, directly or indirectly, less than 1% of the Denison Shares and less than 1% of the IUC Shares.

The qualified persons who were responsible for the preparation of the technical reports described in this Circular and the Denison AIF, which is incorporated herein by reference, Scott Wilson Roscoe Postle Associates Inc., and the directors and officers of Scott Wilson Roscoe Postle Associates Inc., as a group, own, directly or indirectly, less than 1% of the IUC Shares and less than 1% of the Denison Shares.

#### **REGULATORY MATTERS**

##### **Issue and Resale of IUC Shares**

###### ***Canada***

The issue of the IUC Shares in connection with the Arrangement will be exempt from the prospectus and registration requirements of the securities legislation of the provinces and territories of Canada.

The first trade of IUC Shares issued to a Denison Shareholder in connection with the Arrangement will not be subject to any restricted or hold period in Canada if: (i) at the time of such first trade, IUC is a reporting issuer or the equivalent under the legislation of a jurisdiction in Canada; (ii) no unusual effort is made to prepare the market or to create a demand for the IUC Shares which are the subject of the trade; (iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; (iv) the seller of the securities is an insider or officer of IUC, the seller has no reasonable grounds to believe that IUC is in default of any requirement of applicable legislation; and (v) the first trade is not from the holdings of a person or company or combination of persons or companies holding a sufficient number of any securities of IUC so as to affect materially the control of IUC (a holding by any person, company or arrangement of persons and/or companies of more than 20% of the outstanding voting securities of IUC being deemed, in the absence of evidence to the contrary, to affect materially the control of IUC).

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**United States**

The IUC Shares to be issued to holders of Denison Shares are not required to be, and will not be, registered under the 1933 Act. The IUC Shares will be issued in reliance upon the exemption provided by section 3(a)(10) of the 1933 Act. Section 3(a)(10) exempts from the general registration requirement securities distributed to shareholders where the terms and conditions of the issue and exchange of such securities have been approved by any court of competent jurisdiction, after a hearing upon the fairness of the terms and conditions of the issue and exchange at which all persons to whom such securities will be issued have the right to appear. The Court is authorized to conduct a hearing to determine the fairness of the terms and conditions of the Arrangement, including the proposed issue of securities in exchange for other outstanding securities.

The IUC Shares received by Denison Shareholders pursuant to the Arrangement will be freely transferable under U.S. federal securities laws by those shareholders not deemed to be affiliates of Denison or IUC. An affiliate is a person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, IUC. Any subsequent transfer of IUC Shares by any person who is an affiliate of Denison or IUC.

**INFORMATION CONCERNING DENISON MINES INC.****General**

Denison was incorporated on September 25, 2003 under the OBCA and commenced operations on March 8, 2004 when it acquired the uranium mining and environmental services businesses from Denison Energy Inc. in connection with the reorganization of Denison Energy Inc.

Denison is primarily a uranium exploration, development and production company. Denison's principal assets are its interests in the McClean Lake uranium facility and the Midwest Uranium Project, both of which are located in Northern Saskatchewan and operated by AREVA Resources Canada Inc. ( AREVA ). Denison's mineral exploration activities during 2005 concentrated on uranium through the Wheeler River, Wolly and Waterfound River joint ventures in Northern Saskatchewan and through its joint venture in Mongolia, together with on-going exploration of targets on the McClean Lake and Midwest properties. Denison is also the manager of Uranium Participation Corporation ( UPC ) and operates an environmental and mine reclamation business through its Denison Environmental Services division. Denison also has an interest in a uranium joint venture in Mongolia with an affiliate of AREVA, and participates in uranium exploration in Australia through its 12% equity interest in Energy Metals Limited. Denison owns 30% of the outstanding common shares of McClean Uranium Limited ( MUL ), which is a corporation formed under the laws of Saskatchewan. The balance of the common shares of MUL are held by AREVA. AREVA and Denison jointly market their respective shares of production from the McClean Lake uranium project to electrical utilities around the world (directly and through uranium traders) through MUL. There is no Subsidiary of Denison whose total assets or whose total revenues constitute more than 10% of the consolidated assets or consolidated revenues of Denison for the most recent fiscal year end. Subsidiaries, if considered in the aggregate, represent less than 10% of the total consolidated assets or total consolidated revenues of Denison.

Denison's head office and registered office is located at 595 Bay Street, Suite 402, Toronto, Ontario, M5G 2C2. The Denison Shares trade on the TSX under the symbol DEN .

See Schedule I *Additional Information Concerning Denison Mines Inc.* for more information regarding Denison.

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### **Risk Factors**

For risk factors associated with the activities of Denison, see the section entitled "Risk Factors" of the Denison AIF (as such term has been defined under the heading "Additional Information - Documents Concerning Denison Incorporated by Reference"), which is incorporated by reference herein.

### **Risks Involved with Denison's Assessment of the Arrangement**

Denison's determination to combine with IUC pursuant to the Arrangement is based in large part on engineering, environmental and economic assessments made by it and its consultants and advisors. These assessments include a series of assumptions regarding such factors as potential for future production, recoverability and marketability of uranium and vanadium reserves and resources, environmental restrictions and prohibitions, future prices of uranium and vanadium and operating costs, future capital expenditures and royalties and other government levies which will be imposed over the producing life of the reserves. Many of these factors are subject to change and are beyond the control of either Denison or IUC. All such assessments involve a measure of geologic, engineering, environmental and regulatory uncertainty that could result in the combined entity having lower production and reserves or higher operating or capital expenditures than anticipated.

### **Risks Involved with Integrating Denison and IUC**

Denison is proposing to combine with IUC pursuant to the Arrangement in order to strengthen its position in the mining industry and to create the opportunity to realize certain benefits including, among other things, potential cost savings. Achieving the benefits of this combination depends, in part, on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on New IUC's ability to realize the anticipated growth opportunities and synergies from combining the two businesses. The integration of businesses requires the dedication of substantial management effort, time and resources which may divert management's focus and resources from other strategic opportunities and from operational matters during this process. The integration process may result in the loss of key employees and the disruption of ongoing business, customer and employee relationships that may adversely affect New IUC's ability to achieve the anticipated benefits of the Arrangement.

### **Description of Share Capital**

A description of the authorized share capital of Denison is included in the Denison AIF, which is incorporated by reference herein.

### **Documents Concerning Denison Incorporated By Reference**

**Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in certain provinces of Canada.** Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary of Denison, 595 Bay Street, Suite 402, Toronto, Ontario, M5G 2C2, phone (416) 979-1991 or by accessing the disclosure documents available through the internet on the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.com](http://www.sedar.com).

For further information regarding Denison, please refer to the following documents which are incorporated by reference herein:

- (a) Denison's annual information form dated March 7, 2006 which includes information relating to Denison's corporate structure, business, directors, reserves, legal proceedings,
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escrowed securities, conflicts of interest and risk factors (the Denison AIF );

- (b) the management information circular and proxy statement of Denison dated March 7, 2006 relating to the annual meeting of Denison Shareholders held on April 19, 2006 which contains information relating to executive compensation, corporate governance and indebtedness of directors and officers and the Denison Circular;
- (c) the audited annual financial statements of Denison as at and for the period ended December 31, 2005, together with the notes thereto and the auditors report thereon;
- (d) management s discussion and analysis of financial condition and results of operations for the annual consolidated financial statements referred to in paragraph (c) above;
- (e) the unaudited interim financial statements of Denison as at and for the six months ended June 30, 2006, together with the notes thereto;
- (f) management s discussion and analysis of financial condition and results of operations for the interim financial statements referred to in paragraph (e) above;
- (g) the material change report of Denison dated March 2, 2006 regarding Denison s completion of a public offering raising gross proceeds of Cdn\$75,650,000; and
- (h) the material change report of Denison dated September 20, 2006 regarding Denison entering into the Arrangement Agreement.

Any business acquisition reports, material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors report thereon, management s discussion and analysis and information circular filed by Denison and the securities commissions or similar authorities in Canada subsequent to the date of this Circular and prior to the Denison Meeting shall be deemed to be incorporated by reference in this Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.**

#### **INFORMATION CONCERNING INTERNATIONAL URANIUM CORPORATION**

##### **Documents Incorporated by Reference**

**Information has been incorporated by reference in this Circular from documents filed by IUC with securities commissions or similar authorities in Canada.** Copies of the documents incorporated herein by reference concerning IUC may be obtained on request without charge from the Assistant Corporate Secretary of IUC at 2101 885 West Georgia Street, Vancouver, British Columbia, V6C 3E8, Telephone:

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(604) 689-7842, Fax: (604) 689-4250. In addition, copies of the documents incorporated herein by reference may be obtained from the securities commissions or similar authorities in Canada through the SEDAR website at [www.sedar.com](http://www.sedar.com).

For the purpose of the Province of Quebec, this Circular contains information to be completed by consulting the permanent information record. A copy of the permanent information record may be obtained from the Assistant Secretary of IUC at the above-mentioned address and telephone number.

For further information regarding IUC, please refer to the following documents which are incorporated by reference herein:

- (a) IUC's annual report on Form 20-F pursuant to the 1934 Act dated December 19, 2005 (the "IUC 20F"), as filed with the SEC on December 28, 2005;
- (b) IUC's audited annual consolidated financial statements for the year ended September 30, 2005, together with the report of the auditors thereon and the notes thereto;
- (c) IUC's management's discussion and analysis for the year ended September 30, 2005;
- (d) IUC's unaudited interim consolidated financial statements for the three months ended December 31, 2005, together with the notes thereto;
- (e) IUC's management's discussion and analysis for the three months ended December 31, 2005;
- (f) IUC's unaudited interim consolidated financial statements for the six months ended March 31, 2006, together with the notes thereto;
- (g) IUC's management's discussion and analysis for the six months ended March 31, 2006;
- (h) IUC's unaudited interim consolidated financial statements for the nine months ended June 30, 2006, together with the notes thereto;
- (i) IUC's management's discussion and analysis for the nine months ended June 30, 2006;
- (j) IUC's management information circular and proxy statement dated December 19, 2005 relating to the annual and special meeting of IUC Shareholders held on February 2, 2006;
- (k) IUC's material change report dated February 7, 2006 with respect to the completion of a private placement to raise gross proceeds of Cdn\$45 million;
- (l) IUC's material change report dated June 14, 2006 concerning the re-opening of its U.S. uranium/vanadium mines; and
- (m) IUC's material change report dated September 26, 2006 concerning the Arrangement.

Reference is also made to Schedule G *Additional Disclosure Regarding International Uranium Corporation* for an update on the information contained in the public record as well as a summary of a certain National Instrument No. 43-101 compliance technical report filed for and on behalf of IUC, a full copy is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).

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Any business acquisition reports, material change reports (excluding confidential reports), comparative interim financial statements, comparative annual financial statements and the auditors' report thereon, management's discussion and analysis and management information circular filed by IUC and the securities commissions or similar authorities in Canada subsequent to the date of this Circular and prior to the IUC Meeting shall be deemed to be incorporated by reference in this Circular.

**Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Circular.**

#### **The Business of IUC**

IUC was incorporated on October 3, 1996 under the laws of the Province of Ontario pursuant to the OBCA. Thornbury Capital Corporation was incorporated under the laws of the Province of Ontario by Letters Patent on September 29, 1950. On May 9, 1997 these two companies amalgamated to form International Uranium Corporation. IUC is governed by the OBCA. The IUC Shares trade on the TSX under the symbol IUC. The common shares of IUC are registered under the 1934 Act. However, the IUC Shares to be issued to holders of Denison Shares under the Arrangement are not required to be, and will not be, registered under the 1933 Act. See, *Regulatory Matters Issue and Resale of IUC Shares - United States*.

IUC is engaged in uranium exploration, mining and milling, including the business of recycling uranium-bearing waste products at its White Mesa uranium mill as an alternative to the direct disposal of these waste products. In addition, IUC sells uranium recovered from these operations. IUC also sells vanadium and other metals that can be produced as a co-product with uranium. IUC has uranium exploration programs in Mongolia and in the Athabasca Basin Region of Saskatchewan. IUC owns several uranium and uranium/vanadium mines in the United States. Some of these mines have recommenced operations, while the others remain on standby. In addition, IUC owns a 41.6% approximate equity interest in Fortress, which is engaged in precious and base metal exploration in Russia, Mongolia and Nicaragua.

#### **United States Assets**

IUC's principal assets in the United States are:

- the White Mesa Mill, a 2,000 ton per day uranium and vanadium processing plant located near Blanding, Utah.
  - the Arizona Strip uranium properties, in north central Arizona.
  - the Colorado Plateau uranium/vanadium properties, straddling the southwestern Colorado and Utah border.
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- the Henry Mountains complex uranium properties in south central Utah.
- various uranium alternate feed processing contracts and joint venture contracts.

***Canadian Assets***

In Canada, IUC has the following uranium exploration assets located in the Athabasca Basin Region of Saskatchewan:

- a 75% interest in the Moore Lake property.
- a 60% interest in the Bell Lake property.
- an option to earn a 75% interest in the Park Creek property.
- an option to earn a 51% interest in the Huard-Kirsch property.
- an option to earn a 75% interest in the Lazy Edward Bay property.
- an option to earn a 75% interest in the Crawford Lake and Brown Lake projects, subject to signing of formal agreements.
- an option to earn a 75% interest in the Kelic Lake, South Dufferin, Pendelton Lake and Cigar South properties and an option to earn a 51% interest in the North Wedge property.
- a 50/50 joint venture in the Hatchet Lake project, subject to signing a formal agreement.
- a 100% interest in the Key Lake South, Perpete Lake, Ford Lake and Johnstone Lake properties.
- additional staked exploration ground in the Athabasca Basin.

In addition, IUC has an option to earn a 75% interest in the Simms Lake uranium exploration property in western Labrador.

***Mongolian Assets***

IUC has the following assets in Mongolia:

- a 70% interest in the Gurvan-Saihan Joint Venture. The other parties to this joint venture include the Mongolian Government as to 15% and Geologorazvedka, a Russian government entity, as to the remaining 15%. As of October 18, 2006, the Gurvan-Saihan Joint Venture holds 1.774 million hectares of uranium exploration properties.
  - nine exploration licenses, totalling 539,000 hectares as of October 18, 2006, which are wholly owned by IUC through its subsidiary, International Uranium Mongolia, XXK.
  - an option to earn a 65% interest in two uranium exploration licenses totalling approximately 1.2 million hectares.
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### **Fortress Properties**

IUC has a 41.6% equity interest in Fortress and Fortress has the following assets

- gold and base metals exploration properties in Mongolia, totalling 2.3 million hectares, as of October 18, 2006.
- an option to earn an 80% interest in the Svetloye gold project in eastern Russia.
- exploration concessions totalling 109,482 hectares in Nicaragua.

Fortress is a Canadian corporation whose shares are listed on the TSX Venture Exchange (ticker symbol: FST) and have traded in the range of Cdn\$0.78 to Cdn\$1.78 per share between January 3, 2006 and October 18, 2006, with the total volume of shares traded during that period being 30,876,895 shares. The closing price of the Fortress shares as of October 18, 2006 was Cdn\$0.90.

### **NEW INTERNATIONAL URANIUM CORPORATION**

#### **Pro Forma Information After Giving Effect to the Arrangement**

##### ***Selected Pro Forma Financial Information***

The following tables set out certain pro forma consolidated financial information of IUC and Denison for the period ended September, 2005 and the nine months ended June 30, 2006 after giving effect to the Arrangement. The unaudited pro forma consolidated financial statements of IUC reflect the completion of the Arrangement as if it has occurred on October 1, 2004 for the purposes of the pro forma consolidated statement of operations, and on June 30, 2006 for the purposes of the pro forma balance sheet, giving effect to the assumptions set forth in the notes to the pro forma consolidated financial statements contained in Schedule F to this Circular.

**The information provided below is qualified in its entirety by the unaudited Pro Forma Consolidated Financial Statements attached as Schedule F hereto. Reference should be made to those financial statements as well as to the audited consolidated financial statements of IUC for the year ended September 30, 2005 and the unaudited consolidated financial statements of IUC for the nine months ended June 30, 2006, the audited annual financial statements of Denison for the year ended December 31, 2005 and the unaudited financial statements of Denison for the six months ended June 30, 2006, which are incorporated herein by reference.**

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	As at June 30, 2006
<b>Pro Forma Balance Sheet Data (unaudited, in thousands of US\$)</b>	
Current assets	\$ 140,433
Plant and equipment	107,107
Mineral properties	387,095
Other assets	44,432
 Total Assets	 \$ 679,067
 Current liabilities	 \$ 21,296
Provision for post-employment benefits, including current portion	4,191
Reclamation obligations, including current portion	18,932
Future income tax liability	97,827
Other long-term liabilities, including current portion	229
 Total Liabilities	 142,475
 Total Shareholders' Equity	 536,592
 Total Liabilities and Shareholders' Equity	 \$ 679,067

**Combined Operational Information After Giving Effect to the Arrangement**

The following table sets forth certain combined operational information after giving effect to the Arrangement.

<b>Pro Forma Statements of Operations Data (unaudited, in thousands of US\$ except for per share amounts)</b>	Nine Months	
	Ended June 30, 2006	Year Ended September 30, 2005
Revenues	\$ 27,354	\$ 27,801
Loss from operations	(3,608)	(11,311)
Net income (loss) for the period	2,583	(889)
Earnings (loss) per share: Basic	\$ 0.01	\$ (0.01)
Diluted	0.01	(0.01)

**Officers and Directors of New IUC After Giving Effect to the Arrangement**

Certain of the existing directors and officers of Denison will be the directors and officers of New IUC following completion of the Arrangement. On the Effective Date, the board of directors of New IUC will be reconstituted such that it will consist of ten directors, five of which will be nominated by IUC and five of which will be nominated by Denison. It is anticipated that Denison's nominees will be E. Peter Farmer, Paul F. Little, Roy J. Romanow P.C., O.C.,

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Q.C., Catherine J. G. Stefan and W. Robert Dengler and that the existing directors of IUC who will remain on the board of New IUC will be Ronald F. Hochstein, John H. Craig, William A. Rand, Brian D. Edgar and Lukas H. Lundin. Lukas H. Lundin will be the Chairman of the Board of New IUC.

Information with respect to each of Denison's nominees is set forth in the management information circular and proxy statement of Denison dated March 7, 2006 relating to the annual meeting of Denison

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Shareholders held on April 19, 2006 incorporated by reference herein. Information with respect to IUC's directors who will remain on the board of New IUC is set forth in IUC's management information circular and proxy statement dated December 19, 2005 relating to the annual and special meeting of IUC Shareholders held on February 2, 2006, incorporated by reference herein.

E. Peter Farmer, the President and Chief Executive Officer of Denison, will be appointed the Chief Executive Officer of New IUC. Ronald F. Hochstein, the President and Chief Executive Officer of IUC, will be appointed President and Chief Operating Officer of New IUC. James R. Anderson, the Executive Vice-President and Chief Financial Officer of Denison will become the Chief Financial Officer of New IUC.

#### **Stock Exchange Listing**

The TSX has conditionally approved the listing of the IUC Shares to be issued in connection with the Arrangement, subject to IUC fulfilling all of the requirements of the TSX.

#### **Accounting Treatment**

The Arrangement will be accounted for as a purchase transaction, with IUC being identified as the acquirer and Denison as the acquiree. This determination is preliminary and may change upon final review.

#### **Eligibility for Investment**

The IUC Shares to be issued pursuant to the Arrangement will be qualified investments under the ITA at a particular time for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans (Deferred Plans), as defined in the ITA, provided that such shares are listed on a prescribed stock exchange (which includes the TSX) at that time.

### **SPECIAL BUSINESS TO BE CONSIDERED BY IUC SHAREHOLDERS**

#### **Share Issue Resolution**

At the IUC Meeting, IUC Shareholders will be asked to consider and, if deemed appropriate, to pass, the Share Issue Resolution, the full text of which is reproduced at Schedule A to this Circular.

The IUC Board of Directors recommends that the IUC Shareholders vote in favour of the Share Issue Resolution at the IUC Meeting. See *The Arrangement Recommendation of the IUC Board of Directors*. To be effective, the Share Issue Resolution must be approved by not less than a majority of the votes cast by the holders of IUC Shares present in person or represented by proxy at the IUC Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the IUC Shares represented by such form of proxy for the Share Issue Resolution.**

#### **IUC New Board Resolution**

At the IUC Meeting, IUC Shareholders will be asked to consider and, if deemed appropriate, to pass, the IUC New Board Resolution, the full text of which is reproduced at Schedule B to this Circular.

As part of the IUC New Board Resolution, IUC Shareholders are being asked to appoint three additional directors to the IUC Board of Directors to fill the vacancies created by the increase in the Board of Directors from seven to 10, approved by the Board of Directors. Appointment of these three directors is

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being sought because a condition of the Arrangement is that New IUC have a board of directors consisting of 10 directors, being five directors nominated by IUC and five directors nominated by Denison. At the last meeting of IUC Shareholders, seven directors were elected to the IUC Board of Directors. The IUC Board of Directors has subsequently increased the size of the IUC Board of Directors from seven to 10. Pursuant to the OBCA, directors of a company can not appoint additional directors between shareholder meetings if the increase would result in more than one and one-third times the number of directors last elected by shareholders at the most recently held annual meeting of shareholders. IUC Shareholders are therefore being asked to fill the vacancies created by this increase by appointing the three new additional directors set forth below to the IUC Board of Directors. These three new additional IUC directors have agreed to resign as directors of New IUC after completion of the Arrangement in order to allow three of the Denison nominee directors to be appointed to the New IUC board of directors. Save for the foregoing, each new director will hold office until the next annual meeting of IUC Shareholders or until his successor is duly elected unless his office is earlier vacated in accordance with the by-laws of IUC.

In the following table and notes is stated the name of each person proposed to be nominated by management for election as a director, all other positions and offices with IUC and any significant affiliate now held by him, if any, his principal occupation or employment, the period or periods of service as a director of IUC and the approximate number of IUC Shares beneficially owned by him directly or indirectly or over which he exercises control or direction.

Name and Municipality of Residence	Period of Service as a Director	IUC Shares beneficially owned, directly or indirectly, or controlled or directed	Present Principal Occupation
<b>Paul K. Conibear</b> West Vancouver, British Columbia, Canada	Not yet a director	5,000	President and CEO, Tenke Mining Corp.; Vice President, Operations of Tenke Mining Corp. from June 16, 1999 to June 21, 2004
<b>Richard P. Clark</b> North Vancouver, British Columbia, Canada	Not yet a director	0	President and CEO, Red Back Mining Inc.; President of Red Back Mining Inc. from October 4, 1999 to January 19, 2005
<b>Keith C. Hill</b> West Vancouver, British Columbia, Canada	Not yet a director	15,200	Chairman, Pearl Exploration and Production Corp.; Formerly President and CEO, Valkyries Petroleum Corp.

If any of the above-named nominees is for any reason unavailable to serve as a director, proxies in favour of management will be voted for another nominee in their discretion unless the IUC Shareholder has specified in the proxy that its IUC Shares are to be voted against the IUC New Board Resolution.

The IUC Board of Directors recommends that the IUC Shareholders vote in favour of the IUC New Board Resolution at the IUC Meeting. See *The Arrangement Recommendation of the IUC Board of Directors* . To be effective, the IUC New Board Resolution must be approved by not less than a majority of the votes cast by the holders of IUC Shares present in person or represented by proxy at the IUC Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying**

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**form of proxy will vote the IUC Shares represented by such form of proxy for the IUC New Board Resolution. IUC SOP Amendment Resolution**

At the IUC Meeting, IUC Shareholders will be asked to consider and, if deemed appropriate, to pass, the IUC SOP Amendment Resolution, the full text of which is reproduced at Schedule C to this Circular. Reference is made to IUC's management information circular and proxy statement dated December 19, 2005 relating to the annual and special meeting of IUC Shareholders held on February 2, 2006 for information relating to the IUC SOP prior to the amendments to the IUC SOP as contemplated by the IUC SOP Amendment Resolution. The IUC SOP prior to the implementation of the amendments contemplated by the IUC SOP Amendment Resolution provided, among other things, as follows:

**ARTICLE 4  
Shares Subject to the Plan**

4.1 Options may be granted in respect of authorized and unissued Shares provided that, subject to increase by the Board, the receipt of the approval of the Exchange and the approval of shareholders of the Corporation, the maximum aggregate number of Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options granted under this Plan shall not exceed 10,700,000 Shares. Shares in respect of which Options are not exercised and subsequently expire or are terminated, unexercised and Shares in respect of which Options are exercised shall each be available for subsequent Options under the Plan. Fractional Shares may not be purchased or issued under the Plan.  
and...

**ARTICLE 8  
Change in Control and Certain Adjustments**

8.1 Notwithstanding any other provision of this Plan in the event that the Corporation receives an offer (the Offer) for:

- (a) the acquisition by any Person of Shares or rights or options to acquire Shares of the Corporation or securities which are convertible into Shares of the Corporation or any combination thereof such that after the completion of such acquisition such Person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders; or
  - (b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation; then notwithstanding that at the effective time of the Offer the Optionee may not be entitled to all the Shares granted by the Option, the Optionee shall be entitled to exercise the Options to the full amount of the Shares remaining at that time from the date of the Offer to the date of the close of any such transaction. If such transaction is not completed within 90 days of the date of the Offer and the Optionee has not so exercised that portion of the Option relating to Shares to which the Optionee would not otherwise be entitled, this provision shall cease to apply to the Offer. The IUC SOP Amendment Resolution will amend the IUC SOP to: (1) provide that options may be granted that equal up to 10% of the issued and outstanding IUC Shares from time to time, up to a maximum of 20,000,000 options; (2) remove the reloading feature of options that have been exercised, such that the number of exercised options is not added to the pool of options available for future issuance and (3) provide that on a change of control, unvested options may be exercised not only before the close of any such change of control transaction, but up to a date that is 60 days following the close of any such transaction. If the IUC Shareholders, as set forth in this Circular approve the IUC SOP Amendment Resolution, the IUC SOP sections set forth above shall be amended to read as follows:
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#### ARTICLE 4

##### Shares Subject to the Plan

4.1 Options may be granted in respect of authorized and unissued Shares provided that, subject to increase by the Board, the receipt of the approval of the Exchange and the approval of shareholders of the Corporation, the maximum aggregate number of Shares reserved by the Corporation for issuance and which may be purchased upon the exercise of all Options granted under this Plan shall not exceed 10% of the issued and outstanding shares of the Corporation from time to time, up to a maximum of 20,000,000 Shares. Shares in respect of which Options are not exercised and subsequently expire or are terminated, unexercised shall be available for subsequent Options under the Plan. No fractional Shares may be purchased or issued under the Plan.

and...

#### ARTICLE 8

##### Change in Control and Certain Adjustments

8.1 Notwithstanding any other provision of this Plan in the event that the Corporation receives an offer (the Offer ) for:

(a) the acquisition by any Person of Shares or rights or options to acquire Shares of the Corporation or securities which are convertible into Shares of the Corporation or any combination thereof such that after the completion of such acquisition such Person would be entitled to exercise 30% or more of the votes entitled to be cast at a meeting of the shareholders; or

(b) the sale by the Corporation of all or substantially all of the property or assets of the Corporation; then notwithstanding that at the effective time of the Offer the Optionee may not be entitled to all the Shares granted by the Option, the Optionee shall be entitled to exercise the Options to the full amount of the Shares remaining at that time from the date of the Offer to the date that is 60 days following the close of any such transaction. If such transaction is not completed within 90 days of the date of the Offer and the Optionee has not so exercised that portion of the Option relating to Shares to which the Optionee would not otherwise be entitled, this provision shall cease to apply to the Offer.

All other provisions of the IUC SOP shall remain in force.

The IUC Board of Directors recommends that the IUC Shareholders vote in favour of the IUC SOP Amendment Resolution at the IUC Meeting. See *The Arrangement Recommendation of the IUC Board of Directors* . To be effective, the IUC SOP Amendment Resolution must be approved by not less than a majority of the votes cast by the holders of IUC Shares present in person or represented by proxy at the IUC Meeting. Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the IUC Shares represented by such form of proxy for the IUC SOP Amendment Resolution.

##### **Name Change Resolution**

At the IUC Meeting, IUC Shareholders will be asked to consider and, if deemed appropriate, to pass, the Name Change Resolution, the full text of which is reproduced at Schedule D to this Circular.

The IUC Board of Directors recommends that the IUC Shareholders vote in favour of the Name Change Resolution at the IUC Meeting. See *The Arrangement Recommendation of the IUC Board of Directors* . To be effective, the Name Change Resolution must be approved by not less than 66 2/3% of the votes cast by the holders of IUC Shares present in person or represented by proxy at the IUC Meeting. **Unless otherwise indicated, the persons designated as proxyholders in the accompanying form of proxy will vote the IUC Shares represented by such form of proxy for the Name Change Resolution.**

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**IUC DIRECTORS APPROVAL**

The contents and the sending of this Circular to the IUC Shareholders has been approved by the IUC Board of Directors.

Denison has provided the information contained in this Circular concerning Denison and its Subsidiaries and business and operations, including the information incorporated by reference therein and Denison's financial information and financial statements. IUC assumes no responsibility for the accuracy or completeness of such information, nor for any omission on the part of Denison to disclose facts or events which may affect the accuracy of any such information.

DATED at Vancouver, British Columbia as of the 18<sup>th</sup> day of October, 2006.

BY ORDER OF THE BOARD

*Ronald F. Hochstein*

RONALD F. HOCHSTEIN

President and Chief Executive Officer

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**CONSENT OF PRICEWATERHOUSECOOPERS FOR INTERNATIONAL URANIUM CORPORATION**

We have read the Management Information Circular (the **Circular**) of International Uranium Corporation ( **IUC** ) dated October 18, 2006 relating to the proposed business combination of IUC and Denison Mines Inc ( **Denison** ). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Circular of our report to the Shareholders of IUC on the consolidated balance sheets of IUC as at September 30, 2005 and 2004 and the consolidated statements of operations, deficits, and cash flows for each of the years in the three year period ended September 30, 2005. Our report is dated December 9, 2005.

(Signed) PricewaterhouseCoopers LLP  
Chartered Accountants

Vancouver, British Columbia  
October 18, 2006

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**CONSENT OF PRICEWATERHOUSECOOPERS FOR DENISON MINES INC.**

We have read the Management Information Circular (the **Circular**) of International Uranium Corporation ( **IUC** ) dated October 18, 2006 relating to the proposed business combination of IUC and Denison Mines Inc ( **Denison** ). We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the incorporation by reference in the above-mentioned Information Circular of our report to the shareholders of Denison on the consolidated balance sheets of Denison as at December 31, 2005 and December 31, 2004 and the consolidated statements of earnings, divisional equity and retained earnings and cash flows for the years then ended December 31, 2005. Our report is dated March 1, 2006.

*signed*

PricewaterhouseCoopers LLP

Chartered Accountants

Toronto, Ontario

October 18, 2006

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## GLOSSARY

*Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Circular. These defined words and terms are not always used herein and may not conform to the defined terms used in the Schedules to this Circular.*

**1933 Act** means the United States *Securities Act of 1933*, as amended.

**1934 Act** means the United States *Securities Exchange Act of 1934*, as amended.

**1940 Act** means the United States *Investment Company Act of 1940*, as amended.

**Acquisition Proposal** means, in respect of IUC and its Subsidiaries and Denison and its Subsidiaries, any *bona fide*, written inquiry or proposal made by a third party regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its respective assets, any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights therein or thereto or rights or options to acquire any material number of treasury securities, any exchange offer, secondary purchase or any type of similar transaction which would, or could, in any case, constitute a *de facto* acquisition or change of control of IUC and its Subsidiaries or Denison and its Subsidiaries or would or could, in any case, result in the sale or other disposition of all or Substantially all of the assets of IUC and its Subsidiaries or Denison and its Subsidiaries.

**Arrangement** means the arrangement under section 182 the OBCA, on the terms and subject to the conditions set out in the Plan of Arrangement subject to any amendment or supplement thereto made in accordance with the Arrangement Agreement or made at the direction of the Court.

**Arrangement Agreement** means the arrangement agreement dated as of September 18, 2006, as amended and restated October 16, 2006 with effect as of September 18, 2006 among Denison, IUC Subco and IUC, a copy of which is attached as Schedule E to this Circular.

**Arrangement Resolution** means the special resolution of the Denison Securityholders authorizing and approving the Arrangement, as set out in the Denison Circular.

**Business Day** means any day other than a Saturday, a Sunday or a statutory holiday in Toronto, Ontario.

**Circular** means this management information circular and proxy statement, including all Schedules, sent to the IUC Shareholders in connection with the IUC Meeting.

**CIM Definition** means the Canadian Institute of Mining, Metallurgy and Petroleum, CIM Definition Standards on Mineral Resources and Mineral Reserves, adopted by CIM council.

**Completion Deadline** means February 1, 2007.

**Computershare** means Computershare Investor Services Inc., the registrar and transfer agent for each of the Denison Shares and the IUC Shares.

**Court** means the Ontario Superior Court of Justice.

**De facto acquisition or change of control** means, in respect of a corporation, the acquisition by any person or group of persons acting jointly or in concert, of beneficial ownership of or control or direction over sufficient voting securities of such corporation to permit such person or persons to exercise, or to control or direct the voting of, in the case of Denison or IUC, 20% or more of the total number of votes attached to all outstanding voting securities of Denison or IUC or, in the case of a Subsidiary of Denison or a Subsidiary of IUC, 50% of the total number of votes attached to all outstanding voting securities of such Subsidiary of Denison or Subsidiary of IUC, as the case may be.

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**Denison** means Denison Mines Inc., a corporation incorporated under the OBCA.

**Denison Circular** means the management information circular and proxy statement dated as of October 18, 2006, including all Appendices, sent to Denison Securityholders in connection with the Denison Meeting, pursuant to which, Denison Securityholders will be asked to consider and if thought advisable, approve, with or without variation, the Arrangement Resolution.

**Denison Dissenting Securityholder** means a registered Denison Securityholder who dissents in respect of the Arrangement Resolution.

**Denison Meeting** means the special meeting of Denison Securityholders, including any adjournments and postponements thereof, to be called and held in accordance with the terms of the Interim Order.

**Denison Options** means collectively, all outstanding options, whether or not vested, entitling the holders to acquire Denison Shares.

**Denison Securityholders** means holders of Denison Shares and Denison Options.

**Denison Shareholders** means holders of Denison Shares.

**Denison Share Option Plan** means the share option plan of Denison adopted on March 5, 2004.

**Denison Shares** means the common shares which Denison is authorized to issue.

**Denison Warrants** means collectively, all outstanding warrants to purchase Denison Shares.

**Depositary** means Computershare at its office set out in the letter of transmittal to be mailed to Denison Shareholders.

**Director** means the Director of companies appointed under section 278 of the OBCA.

**Dissent Procedures** has the meaning set out in section 5.01 of the Plan of Arrangement.

**Dissent Rights** means the right of a registered Denison Shareholder and Denison Optionholder to dissent in respect of the Arrangement Resolution in strict compliance with the Dissent Procedures.

**Dundee Securities** means Dundee Securities Corporation.

**Effective Date** means the date on which the Final Order and all other documents required to give effect to the Arrangement are filed with the Director pursuant to section 182 of the OBCA.

**Effective Time** means 12:01 a.m. (Toronto time) on the Effective Date.

**Exchange Ratio** means 2.88 IUC Shares for each one Denison Share, which Denison Shareholders will be entitled to receive upon the completion of the Arrangement, subject to the provisions of the Plan of Arrangement.

**Fairness Opinion** means the written opinion dated October 18, 2006 from Dundee Securities delivered to the IUC Board of Directors in connection with the Arrangement, a copy of which is attached as Schedule H to this Circular.

**Final Order** means the final order of the Court approving the Arrangement, as such order may be amended by the Court at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed.

**Fortress** means Fortress Minerals Corp., a corporation incorporated under the *Business Corporations Act, British Columbia*.

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**Interim Order** means the interim order of the Court dated October 18, 2006, as the same may be amended, in respect of the Arrangement.

**ITA** means the *Income Tax Act* (Canada), as amended.

**Letter of Transmittal** means the letter of transmittal to be delivered to Denison Shareholders which, when duly completed and forwarded to the Depository with a certificate representing Denison Shares, will enable the Denison Shareholders to exchange their Denison Shares for IUC Shares upon completion of the Arrangement in accordance with the Exchange Ratio.

**IUC** means International Uranium Corporation, a corporation amalgamated under the OBCA.

**IUC AIF** means IUC's annual report on Form 20-F pursuant to the 1934 Act dated December 19, 2005, as filed with the SEC on December 28, 2005.

**IUC Board of Directors** means the board of directors of IUC.

**IUC Material Subsidiaries** means the IUC Subsidiaries identified as IUC Material Subsidiaries in the Arrangement Agreement.

**IUC Meeting** means the special IUC Meeting of IUC Shareholders to be held on November 20, 2006, including any adjournments and postponements thereof.

**IUC New Board Resolution** means the resolution to appoint three additional directors to the IUC Board of Directors to fill the vacancies created by an increase in the IUC Board of Directors, in the form and content set out in Schedule B to this Circular.

**IUC Shareholders** means the holders of IUC Shares.

**IUC Shareholder Approval Matters** means the Share Issue Resolution, the IUC New Board Resolution, the IUC SOP Amendment Resolution and the Name Change Resolution.

**IUC Shares** means the common shares which IUC is authorized to issue.

**IUC SOP** means the incentive stock option plan of IUC for directors, officers, employees and consultants approved by the IUC Shareholders on February 14, 1997 and amended, as approved by IUC Shareholders on March 23, 1999 and March 22, 2006.

**IUC SOP Amendment Resolution** means the resolution to amend the IUC SOP in the form and content set out in Schedule C to this Circular.

**Material Adverse Change** means, in respect of Denison or IUC, any one or more changes, effects, events or occurrences, and **Material Adverse Effect** means, in respect of Denison or IUC, any state of facts, which, in either case, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, liabilities or financial condition of Denison or IUC, as the case may be, other than any change, effect, event or occurrence (a) relating to the global economy or securities markets in general; (b) affecting the worldwide uranium mining industry in general and which does not have a materially disproportionate effect on Denison or IUC; (c) resulting from changes in the price of uranium or vanadium; and (d) relating to the rate at which Canadian dollars can be exchanged for United States dollars or vice versa.

**Name Change Resolution** means the special resolution to change the name of IUC to Denison Mines Ltd. or such other name containing the name Denison as shall be authorized by the IUC Board of Directors and the board of directors of Denison.

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**New IUC** means IUC after completion of the Arrangement.

**NI 43-101** means National Instrument 43-101 promulgated by the Canadian Securities Administrators.

**Notice of Application** means the notice of application to the Court with respect to the Final Order.

**OBCA** means the *Business Corporations Act* (Ontario), as amended.

**Plan of Arrangement** means the plan of arrangement attached as Schedule A to the Arrangement Agreement which is attached as Schedule E to this Circular, as amended, modified or supplemented from time to time in accordance with the Plan of Arrangement or the Arrangement Agreement or made at the direction of the Court.

**Record Date** means October 16, 2006.

**SEC** means United States Securities and Exchange Commission.

**Share Issue Resolution** means the resolution to issue up to a maximum of 102,000,000 IUC Shares in connection with the Arrangement.

**Subsidiary** means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and includes any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment.

**Superior Proposal** means, in respect of either Denison or IUC, an Acquisition Proposal in respect of Denison or IUC, respectively, if such Acquisition Proposal is to acquire all or substantially all of the assets of Denison or IUC, as the case may be, (on a consolidated basis) or, directly or indirectly, more than 66 2/3% of the Denison Shares or the IUC Shares, as the case may be, if the directors of Denison or IUC, as the case may be, have determined in good faith, after consultation with, and receiving advice (which may include written opinions, a copy of any of which shall have been provided to IUC or Denison, as the case may be) from, as appropriate, the financial, legal and other advisors to IUC or Denison, as the case may be, to the effect that such Acquisition Proposal would, if consummated in accordance with the terms thereof, but without assuming away the risk of non-completion, result in a transaction which: (a) is fully financed or is reasonably capable of being fully financed and is not by its terms conditional upon receipt of financing; (b) would be more favourable to IUC Shareholders or Denison Shareholders, as the case may be, from a financial point of view than the terms of the Arrangement (including any adjustment to such terms proposed by Denison or IUC, as the case may be); and (c) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all legal, financial, regulatory, financing and other aspects of such Acquisition Proposal

**TSX** means the Toronto Stock Exchange.

**US\$** means United States dollars.

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**SCHEDULE A SHARE ISSUE RESOLUTION**

**BE IT RESOLVED THAT:**

1. the issue (the Share Issue ) of up to a maximum of 102,000,000 common shares of International Uranium Corporation ( IUC ) in connection with the business combination transaction involving IUC and Denison Mines Inc. ( Denison ), including approximately 13,907,517 common shares of IUC which may be issued upon the exercise of outstanding options to purchase common shares of Denison and which may be issued upon the exercise of outstanding warrants to purchase common shares of Denison, be, and it hereby is, authorized and approved;
  2. as common shares of IUC are issued under the Arrangement, an amount equal to the fair market value of the Denison Shares received by IUC under the Arrangement, in exchange for such IUC Shares, be added to the stated capital account maintained for the common shares of IUC under the *Business Corporations Act* (Ontario); and
  3. any one officer or director of IUC be, and each of them hereby is, authorized and empowered, acting for, in the name of and on behalf of IUC, to execute or to cause to be executed, under the corporate seal of IUC or otherwise and to deliver or to cause to be delivered, all such documents, all in such form and containing such terms and conditions, as any one of them shall consider necessary or desirable in connection with the Share Issue and shall approve, such approval to be conclusively evidenced by the execution thereof by IUC and to do or to cause to be done all such other acts and things as any one of them shall consider necessary or desirable in connection with the Share Issue or in order to give effect to the intent of these resolutions.
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B-1

**SCHEDULE B IUC NEW BOARD RESOLUTION**

BE IT RESOLVED THAT:

1. as the board of directors of International Uranium Corporation ( IUC ) has been increased to 10 from seven, and there are three vacancies thereon, Paul K. Conibear, Richard P. Clark and Keith C. Hill be and the same are hereby appointed to the IUC Board of Directors, to hold office until the next annual meeting of shareholders or until their successors are duly elected or appointed unless their office is earlier vacated in accordance with the by-laws of IUC or as provided in the management information circular and proxy statement of IUC dated as of October 18, 2006; and
  2. any one officer or director of IUC be and each of them hereby is, authorized and empowered, acting for and in the name of and on behalf of IUC, to execute or to cause to be executed, under the corporate seal of IUC or otherwise and to deliver or to cause to be delivered, all such documents, all in such form and containing such terms and conditions, as any one of them shall consider necessary or desirable in connection with the foregoing and shall approve, such approval to be conclusively evidenced by the execution thereof by IUC and to do or to cause to be done all such other acts and things as any one of them shall consider necessary or desirable in connection with the foregoing or in order to give effect to the intent of these resolutions.
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**SCHEDULE C IUC SOP AMENDMENT RESOLUTION**

BE IT RESOLVED THAT:

1. Conditional upon the completion of the business combination involving International Uranium Corporation ( IUC ) and Denison Mines Inc. ( Denison ), the incentive stock option plan of IUC be and the same is amended to:  
(i) provide that options may be granted that equal up to 10% of the issued and outstanding common shares of IUC from time to time, up to a maximum of 20,000,000 options; (ii) remove the reloading feature of options that have been exercised, such that the number of exercised options is not added to the pool of options available for future issuance; and (iii) provide that upon a change of control, unvested options may be exercised not only before the close of any such change in control transaction, but up to 60 days following the close of any such transaction; and
  2. any one officer or director of IUC be and each of them hereby is, authorized and empowered, acting for and in the name of and on behalf of IUC, to execute or to cause to be executed, under the corporate seal of IUC or otherwise and to deliver or to cause to be delivered, all such documents, all in such form and containing such terms and conditions, as any one of them shall consider necessary or desirable in connection with the foregoing and shall approve, such approval to be conclusively evidenced by the execution thereof by IUC and to do or to cause to be done all such other acts and things as any one of them shall consider necessary or desirable in connection with the foregoing or in order to give effect to the intent of these resolutions.
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**SCHEDULE D NAME CHANGE RESOLUTION**

**RESOLVED, AS A SPECIAL RESOLUTION, THAT:**

1. Conditional upon the completion of the business combination involving International Uranium Corporation ( IUC ) and Denison Mines Inc. ( Denison ), IUC is hereby authorized and directed to apply for a Certificate of Amendment under section 168 of the *Business Corporations Act* (Ontario) to amend its Articles to change its name to Denison Mines Ltd. or such other name containing the name Denison as may be approved by the IUC Board of Directors and the board of directors of Denison;
  2. any one officer or director of IUC be and each of them is hereby authorized to execute and deliver for and on behalf of IUC all such documents, including Articles of Amendment and to do such other acts and things as any one of them shall consider necessary or desirable to give effect to the foregoing resolutions; and
  3. any one officer or director of IUC be and each of them hereby is, authorized and empowered, acting for and in the name of and on behalf of IUC, to execute or to cause to be executed, under the corporate seal of IUC or otherwise and to deliver or to cause to be delivered, all such documents, all in such form and containing such terms and conditions, as any one of them shall consider necessary or desirable in connection with the foregoing and shall approve, such approval to be conclusively evidenced by the execution thereof by IUC and to do or to cause to be done all such other acts and things as any one of them shall consider necessary or desirable in connection with the foregoing or in order to give effect to the intent of these resolutions.
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**SCHEDULE E ARRANGEMENT AGREEMENT  
AMENDED AND RESTATED  
ARRANGEMENT AGREEMENT  
among  
INTERNATIONAL URANIUM CORPORATION  
and  
2113537 ONTARIO INC.  
and  
DENISON MINES INC.  
October 16, 2006**

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**AMENDED AND RESTATED ARRANGEMENT AGREEMENT**

**THIS AGREEMENT** made as of the 18<sup>th</sup> day of September, 2006, as amended and restated on October 16, 2006, with effect as and from September 18, 2006.

**A M O N G :**

**INTERNATIONAL URANIUM CORPORATION**

a corporation existing under the  
*Business Corporations Act* (Ontario)  
(hereinafter referred to as IUC )

OF THE FIRST PART

- and -

**2113537 ONTARIO INC.**

a corporation existing under the  
*Business Corporations Act* (Ontario)  
(hereinafter referred to as IUC Subco )

OF THE SECOND PART

- and -

**DENISON MINES INC.**

a corporation existing under the  
*Business Corporations Act* (Ontario)  
(hereinafter referred to as Denison )

OF THE THIRD PART

**WITNESSES THAT:**

**WHEREAS** IUC Subco is a corporation wholly-owned by IUC;

**AND WHEREAS** IUC, IUC Subco and Denison propose to effect a business combination to combine the business and assets of Denison with those of IUC;

**AND WHEREAS** the parties hereto intend to carry out the proposed business combination by way of a plan of arrangement under the provisions of the *Business Corporations Act* (Ontario);

**AND WHEREAS** the Arrangement is intended to qualify for U.S. federal income tax purposes as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended, the Treasury Regulations promulgated thereunder and other applicable U.S. federal income tax law;

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**NOW THEREFORE** in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto hereby covenant and agree as follows:

**ARTICLE 1**  
**DEFINITIONS, INTERPRETATION AND SCHEDULES**

**Section 1.01 Definitions**

In this Agreement, unless the context otherwise requires, the following words and terms with the initial letter or letters thereof capitalized shall have the meanings ascribed to them below:

- (a) 1933 Act means the Securities Act of 1933, as amended, of the United States of America;
  - (b) 1934 Act means the Securities Exchange Act of 1934, as amended, of the United States of America;
  - (c) 1940 Act means the Investment Company Act of 1940, as amended, of the United States of America;
  - (d) Agreement means this arrangement agreement, together with the schedules attached hereto, as amended or supplemented from time to time;
  - (e) Amalgamating Corporations means IUC Subco and Denison, collectively;
  - (f) Arrangement means the arrangement under the provisions of Section 182 of the OBCA on the terms and conditions set forth in the Plan of Arrangement, subject to any amendment or supplement thereto made in accordance therewith or made at the direction of the Court in the Final Order;
  - (g) Articles of Amendment means the articles of amendment to be filed under the OBCA to give effect to the change of name of IUC to Denison Mines Ltd. or such other name containing the word Denison as may be approved by the directors of each of IUC and Denison;
  - (h) Articles of Arrangement means the articles of arrangement to be filed under the OBCA to give effect to the Arrangement;
  - (i) Business Day means any day, other than a Saturday, a Sunday or a statutory holiday in the city of Toronto, Ontario;
  - (j) Canadian GAAP means accounting principles generally accepted in Canada;
  - (k) Code means the Internal Revenue Code of 1986, as amended, of the United States of America;
  - (l) Competition Act means the *Competition Act* (Canada) as now in effect and as may be amended from time to time prior to the Effective Date;
  - (m) Competition Act Approval means:
    - (a) the issuance of an advance ruling certificate by the Commissioner under Subsection 102(1) of the Competition Act to the effect that the Commissioner is satisfied that she would not have sufficient grounds
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upon which to apply to the Competition Tribunal for an order under section 92 of the Competition Act with respect to the transactions contemplated by this Agreement; or

- (b) that the waiting period under section 123 of the Competition Act shall have expired or been earlier terminated or the obligation to provide a pre-merger notification in accordance with Part IX of the Competition Act has been waived in accordance with paragraph 113(c) of the Competition Act, and IUC and Denison shall have been advised in writing by the Commissioner that she is of the view that there are not sufficient grounds to initiate proceedings under the merger provisions of the Competition Act in respect of the transactions contemplated by this Agreement;
  - (n) **Completion Deadline** means the date by which the transactions contemplated by this Agreement are to be completed, which date shall be February 1, 2007;
  - (o) **Confidentiality Agreement** means the confidentiality agreement dated July 5, 2006 between IUC and Denison;
  - (p) **Court** means the Superior Court of Justice, Ontario;
  - (q) **de facto acquisition or change of control** means the acquisition by any person or group of persons acting jointly or in concert, of beneficial ownership of or control or direction over sufficient voting securities of Denison or IUC, as the case may be, to permit such person or persons to exercise, or to control or direct the voting of, 20% or more of the total number of votes attached to all outstanding voting securities of Denison or IUC, as the case may be;
  - (r) **Denison** means Denison Mines Inc., a corporation existing under the OBCA;
  - (s) **Denison Acquisition Proposal** means, in respect of Denison, any *bona fide* inquiry, proposal or offer made by a party with whom Denison and each of its officers and directors deals at arm's length regarding (i) any merger, amalgamation, share exchange, business combination, take-over bid, tender offer, sale or other disposition of all or substantially all of the assets of Denison and the Denison Subsidiaries, taken as a whole, in a single transaction or a series of related transactions, (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all of the assets of Denison and the Denison Subsidiaries, taken as a whole), (ii) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights therein or thereto or rights or options to acquire any material number of treasury securities, (iii) any exchange offer or secondary purchase, or (iv) any type of similar transaction which would, or could, in any case, constitute a *de facto* acquisition or change of control of Denison or would or could, in any case, result in the sale or other disposition of all or substantially all of the assets of Denison and the Denison Subsidiaries taken as a whole (other than the Arrangement and all other transactions to be completed in connection with the Arrangement contemplated in this Agreement);
  - (t) **Denison Common Shares** means the common shares in the capital of Denison;
  - (u) **Denison Disclosure Letter** means the letter of even date herewith delivered by Denison to IUC in a form accepted by and signed on behalf of IUC with respect to certain matters in this Agreement;
  - (v) **Denison Documents** shall have the meaning ascribed thereto in Section 3.01(t);
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- (w) Denison Material Contracts shall have the meaning ascribed thereto in Section 3.01(f);
  - (x) Denison Meeting means the special meeting, including any adjournments or postponements thereof, of the Denison Securityholders to be held, among other things, to consider and, if deemed advisable, to approve the Arrangement;
  - (y) Denison Optionholders means, at any time, the holders of Denison Options;
  - (z) Denison Options means those options to purchase Denison Common Shares issued under the Denison Share Option Plan referred to in paragraph 1.01(z) of the Denison Disclosure Letter, collectively;
  - (aa) Denison Plans shall have the meaning ascribed thereto in Section 3.01(r)(i);
  - (bb) Denison Properties means the properties of Denison set forth in paragraph 1.01 (bb) of the Denison Disclosure Letter;
  - (cc) Denison Proxy Circular means the management information circular to be prepared by Denison with the assistance of IUC to be provided to Denison Securityholders in respect of the Denison Meeting;
  - (dd) Denison Securityholders means the Denison Shareholders and the Denison Optionholders, collectively;
  - (ee) Denison Share Option Plan means the amended share option plan of Denison approved by the Denison Shareholders on March 5, 2004;
  - (ff) Denison Shareholders means, at any time, the holders of Denison Common Shares;
  - (gg) Denison Subsidiaries means the Subsidiaries of Denison listed in Schedule B as the Denison Subsidiaries;
  - (hh) Denison Superior Proposal means a written Denison Acquisition Proposal to acquire all or substantially all of the assets of Denison (on a consolidated basis) or, directly or indirectly, more than 66 2/3% of the Denison Common Shares if the directors of Denison have determined in good faith, after consultation with, and receiving advice (which may include written opinions, a copy of any of which shall have been provided to IUC) from, as appropriate, the financial, legal and other advisors to Denison to the effect that such Denison Acquisition Proposal would, if consummated in accordance with the terms thereof, but without assuming away the risk of non-completion, result in a transaction which: (a) is fully financed or is reasonably capable of being fully financed and is not by its terms conditional upon receipt of financing; (b) would be more favourable to Denison Shareholders from a financial point of view than the terms of the Arrangement (including any adjustment to such terms proposed by IUC); and (c) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all legal, financial, regulatory, financing and other aspects of such Denison Acquisition Proposal and the person making the Denison Acquisition Proposal;
  - (ii) Denison Warrants means those warrants referred to in paragraph 1.01(ii) of the Denison Disclosure Letter, collectively;
  - (jj) Director means the director appointed under Section 278 of the OBCA;
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- (kk) **Effective Date** means the date on which the Final Order and all other documents required to give effect to the Arrangement are accepted for filing by the Director;
  - (ll) **Effective Time** means 12:01 a.m. (Toronto time) on the Effective Date;
  - (mm) **Encumbrance** means any mortgage, pledge, assignment, charge, lien, claim, security interest, adverse interest, other third person interest or encumbrance of any kind, whether contingent or absolute, and any agreement, option, right or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing;
  - (nn) **Environmental Approvals** means all permits, certificates, licences, authorizations, consents, instructions, registrations, directions or approvals issued or required by any Governmental Entity pursuant to any Environmental Law;
  - (oo) **Environmental Laws** means all applicable Laws, including applicable common law, relating to the treatment of Hazardous Substances and the protection of the environment and employee and public health and safety;
  - (pp) **ERISA and ERISA Affiliates** shall have the meanings ascribed thereto in Section 3.02(r);
  - (qq) **Final Order** means the final order of the Court approving the Arrangement pursuant to the OBCA, as such order may be amended at any time prior to the Effective Date or, if appealed, then unless such appeal is withdrawn or denied, as affirmed;
  - (rr) **Governmental Entity** means any applicable (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, whether domestic or foreign, (ii) any subdivision, agency, commission, board or authority of any of the foregoing, or (iii) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing;
  - (ss) **Hazardous Substance** means any chemical, material or substance in any form, whether solid, liquid, gaseous, semisolid or any combination thereof, whether waste material, raw material, finished product, intermediate product, byproduct or any other material or article, that is listed or regulated under any Environmental Laws as a hazardous substance, toxic substance, waste or contaminant or is otherwise listed or regulated under any Environmental Laws because it poses a hazard to human health or the environment, including petroleum products, asbestos, PCBs, urea formaldehyde foam insulation, uranium and other radio nuclides, uranium mill tailings and other wastes and lead-containing paints or coatings;
  - (tt) **IUC** means International Uranium Corporation, a corporation existing under the OBCA;
  - (uu) **IUC Acquisition Proposal** means, in respect of IUC, any *bona fide* inquiry, proposal or offer made by a party with whom IUC and each of its officers and directors deals at arm's length regarding (i) any merger, amalgamation, share exchange, business combination, take-over bid, tender offer, sale or other disposition of all or substantially all of its assets, in a single transaction or a series of related transactions, (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all
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of IUC's assets), (ii) any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights therein or thereto or rights or options to acquire any material number of treasury securities, (iii) any exchange offer or secondary purchase; or (iv) any type of similar transaction which would, or could, in any case, constitute a *de facto* acquisition or change of control of IUC or would or could, in any case, result in the sale or other disposition of all or substantially all of the assets of IUC (other than the Arrangement and all other transactions to be completed in connection with the Arrangement contemplated in this Agreement);

- (vv) IUC Common Shares means the common shares in the capital of IUC;
  - (ww) IUC Disclosure Letter means the letter of even date herewith delivered by IUC to Denison in a form accepted by and signed on behalf of Denison with respect to certain matters in this Agreement;
  - (xx) IUC Documents shall have the meaning ascribed thereto in Section 3.02(t)(i);
  - (yy) IUC Material Contract shall have the meaning ascribed thereto in Section 3.01(f);
  - (zz) IUC Material Subsidiaries means, collectively, the corporations listed in Schedule C as the IUC Material Subsidiaries;
  - (aaa) IUC Meeting means the special meeting, including any adjournments or postponements thereof, of the IUC Shareholders to be held, among other things, to consider and, if deemed advisable, to approve the issuance of a maximum of 102,000,000 IUC Common Shares pursuant to the Arrangement (on a fully diluted basis) and the filing of the Articles of Amendment to change the name of IUC to Denison Mines Ltd. or such other name containing the word Denison as may be approved by the directors of each of IUC and Denison;
  - (bbb) IUC Options means those options to purchase IUC Common Shares issued under the IUC Share Option Plan referred to in paragraph 1.01(zz) of the IUC Disclosure Letter, collectively;
  - (ccc) IUC Plans shall have the meaning ascribed thereto in Section 3.02(r)(i);
  - (ddd) IUC Properties means the properties of IUC set forth in paragraph 1.01(ddd) of the IUC Disclosure Letter;
  - (eee) IUC Proxy Circular means the management information circular to be prepared by IUC with the assistance of Denison in respect of the IUC Meeting;
  - (fff) IUC SEC Documents shall have the meaning ascribed thereto in Section 3.01(t)(ii);
  - (ggg) IUC Share Option Plan means the amended share option plan of IUC approved by the IUC Shareholders on February 14, 1997 and amended, as approved by shareholders on March 23, 1998 and March 22, 2005;
  - (hhh) IUC Shareholder Approval Matters shall have the meaning ascribed thereto in Section 3.02(c);
  - (iii) IUC Shareholders means, at any time, the holders of IUC Common Shares;
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- (jjj) IUC Subco means 2113537 Ontario Inc., a wholly-owned subsidiary of IUC, existing under the OBCA;
- (kkk) IUC Subsidiaries means the Subsidiaries of IUC, as listed in Schedule C as the IUC Subsidiaries;
- (lll) IUC Superior Proposal means a written IUC Acquisition Proposal to acquire all or substantially all of the assets of IUC (on a consolidated basis) or, directly or indirectly, more than 66 2/3% of the IUC Common Shares if the directors of IUC have determined in good faith, after consultation with, and receiving advice (which may include written opinions, a copy of which shall have been provided to Denison) from, as appropriate, any of the financial, legal and other advisors to IUC to the effect that such IUC Acquisition Proposal would, if consummated in accordance with the terms thereof, but without assuming away the risk of non-completion, result in a transaction which: (a) is fully financed or is reasonably capable of being fully financed and is not by its terms conditional upon receipt of financing; (b) is more favourable to IUC Shareholders from a financial point of view than the terms of the Arrangement (including any adjustment to such terms proposed by Denison); and (c) is reasonably capable of completion in accordance with its terms without undue delay, taking into account all legal, financial, regulatory, financing and other aspects of such IUC Acquisition Proposal and the person making the IUC Acquisition Proposal;
- (mmm) Interim Order means the interim order of the Court, as such order may be amended, made in connection with the Arrangement;
- (nnn) Investment Canada Act means the *Investment Canada Act* as now in effect and as may be amended from time to time prior to the Effective Date;
- (ooo) Laws means all laws, by-laws, rules, regulations, orders, ordinances, protocols, codes, guidelines, instruments, policies, notices, directions and judgments or other requirements of any Governmental Entity or applicable stock exchange;
- (ppp) Liability of any person means and includes: (i) any right against such person to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; (ii) any right against such person to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to any equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured; and (iii) any obligation of such person for the performance of any covenant or agreement (whether for the payment of money or otherwise);
- (qqq) Material Adverse Change means, in respect of IUC or Denison, as the case may be, any one or more changes, events or occurrences, and Material Adverse Effect means, in respect of IUC or Denison, as the case may be, any state of facts, which, in either case, either individually or in the aggregate, are, or would reasonably be expected to be, material and adverse to the business, operations, results of operations, prospects, assets, liabilities or financial condition of IUC and the IUC Subsidiaries, or Denison and the Denison Subsidiaries, respectively, on a consolidated basis, other than any change, effect, event or occurrence: (i) relating to the global economy or securities markets in general; (ii) affecting the worldwide uranium mining industry in general and which does not have a materially disproportionate effect on IUC and the IUC Subsidiaries on a consolidated basis, or Denison and the Denison Subsidiaries on a consolidated basis, respectively; (iii) resulting from changes in the price of uranium; or (iv) relating to the rate at
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which Canadian dollars can be exchanged for the currency of any other nation, including the United States, or vice versa, and references in this Agreement to dollar amounts are not intended to be, and shall not be deemed to be, interpretive of the amount used for the purpose of determining whether a Material Adverse Change has occurred or whether a state of facts exists that has or could have a Material Adverse Effect and such defined terms and all other references to materiality in this Agreement shall be interpreted without reference to any such amounts;

- (rrr) Misrepresentation has the meaning given to such term in the *Securities Act* (Ontario);
  - (sss) OBCA means the *Business Corporations Act* (Ontario), including the regulation promulgated thereunder as is in effect on the date hereof;
  - (ttt) Pending Denison Acquisition Proposal shall have the meaning ascribed thereto in Section 6.03(d);
  - (uuu) Pending IUC Acquisition Proposal shall have the meaning ascribed thereto in Section 6.06(d);
  - (vvv) Plan of Arrangement means a plan of arrangement substantially in the form and content of Schedule A attached hereto and any amendment or variation thereto made in accordance with Section 7.01 of the Plan of Arrangement or Section 7.01 hereof;
  - (www) Release means any release, spill, leak, discharge, abandonment, disposal, pumping, pouring, emitting, emptying, injecting, leaching, dumping, depositing, dispersing, passive migration, allowing to escape or migrate into or through the environment (including ambient air, surface water, ground water, land surface and subsurface strata or within any building, structure, facility or fixture) of any Hazardous Substance, including the abandonment or discarding of Hazardous Substances in barrels, drums, tanks or other containers, regardless of when discovered;
  - (xxx) Remedial Action means any investigation, feasibility study, monitoring, testing, sampling, removal (including removal of underground storage tanks), restoration, clean-up, remediation, closure, site restoration, remedial response or remedial work;
  - (yyy) Sarbanes-Oxley Act means the Sarbanes Oxley Act of 2002 of the United States of America;
  - (zzz) SEC means the United States Securities and Exchange Commission;
  - (aaaa) Securities Authorities means the Ontario Securities Commission and the other securities regulatory authorities in the provinces and territories of Canada and the SEC and applicable state regulatory authorities in the United States of America, collectively;
  - (bbbb) SEDAR means the System for Electronic Document Analysis and Retrieval;
  - (cccc) Sprott means Sprott Securities Inc., the financial advisors to the board of directors of Denison;
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- (dddd) **Subsidiary** means, with respect to a specified body corporate, any body corporate of which the specified body corporate is entitled to elect a majority of the directors thereof and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to such a body corporate, excluding any body corporate in respect of which such direction or control is not exercised by the specified body corporate as a result of any existing contract, agreement or commitment, and, in the case of IUC, includes the IUC Material Subsidiaries and the IUC Subsidiaries and, in the case of Denison, includes the Denison Subsidiaries but does not include Uranium Participation Corporation;
- (eeee) **Tax Returns** means all returns, schedules, elections, declarations, reports, information returns and statements required to be filed with any taxing authority relating to Taxes;
- (ffff) **Tax Act** means the *Income Tax Act* (Canada);
- (gggg) **Tax and Taxes** means all taxes, assessments, charges, dues, duties, rates, fees, imposts, levies and similar charges of any kind lawfully levied, assessed or imposed by any Governmental Entity, including all income taxes (including any tax on or based upon net income, gross income, income as specially defined, earnings, profits or selected items of income, earnings or profits) and all capital taxes, gross receipts taxes, environmental taxes, sales taxes, use taxes, *ad valorem* taxes, value added taxes, transfer taxes (including, without limitation, taxes relating to the transfer of interests in real property or entities holding interests therein), franchise taxes, licence taxes, withholding taxes, payroll taxes, employment taxes, Canada or Québec Pension Plan premiums, as applicable, excise, severance, social security, workers' compensation, employment insurance or compensation taxes or premium, stamp taxes, occupation taxes, premium taxes, property taxes, windfall profits taxes, alternative or add-on minimum taxes, goods and services tax, customs duties or other taxes, fees, imports, assessments or charges of any kind whatsoever, together with any interest and any penalties or additional amounts imposed by any taxing authority (domestic or foreign) on such entity, and any interest, penalties, additional taxes and additions to tax imposed with respect to the foregoing;
- (hhhh) **Title IV Plan** shall have the meaning ascribed thereto in Section 3.02(r)(v); and
- (iiii) **TSX** means the Toronto Stock Exchange.

In addition, words and phrases used herein and defined in the OBCA shall have the same meaning herein as in the OBCA unless the context otherwise requires.

**Section 1.02 Interpretation Not Affected by Headings; References to Agreement**

The division of this Agreement into articles, sections, subsections, paragraphs and subparagraphs and the insertion of headings herein are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. The terms *this Agreement*, *hereof*, *herein*, *hereto*, *hereunder* and similar expressions refer to this Agreement and the schedules attached hereto and not to any particular article, section or other portion hereof and include any agreement, schedule or instrument supplementary or ancillary hereto or thereto.

**Section 1.03 Number, Gender and Persons**

In this Agreement, unless the context o