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DRC-2010-006304

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December 9, 2010

Certified Mail
(Retum Receipt Requested)

Mr. Harold R. Roberts
Vice President, US Operations
Denison Mines (USA) Corp (DUSA)
1050 17th Street, Suite 950
Denver, CO 80265

Dear Mr. Roberts:

SUBJECT: November 30, 2010 DRC Cell 4B Construction Inspection, Denison Mines (USA) Corporation (DUSA) White Mesa Mill Facility; November 24, 2010 DRC Letter, Regarding Cell 4B Construction; Construction Deficiencies Noted from Photographs

On November 30, 2010 Messrs. Ryan Johnson and Phil Goble of the DRC visited the subject construction site and took numerous photographs of the project. While on the construction site they spoke with Steve Snyder, Ryan Palmer, and David Turk of DUSA, and Mike Carlson with GeoSyntec Consultants.

The items discussed in the DRC letter of November 24, 2010 are not yet completed. This letter is a supplement the DRC November 24, 2010 letter.

From the photos taken, it appears adjustments are needed to the slimes drain header, to the sand bags covering it, and to sand bags covering the slimes drain "herring-bones." A captioned copy of some example photos taken during this inspection is attached to this letter. These are provided as examples of locations with the problems at hand, and are not inclusive of all locations with the problems observed.

1. The Slimes Drain Windrow Header.
   a. *Improper Exterior Geotextile.* See Photo No. 1. This photo shows a portion of the slimes drain header. Cushion or non-woven geotextile is shown as the exterior cover of the slimes drain header. Conversely, woven geotextile is the required exterior fabric for the slimes drain header, per drawing sheet 6 of 8, Section B-7.

   b. *Inadequate Lateral Ballast on Slimes Drain Header.* See Photo No. 5 in the attached photos. The side flaps of the geotextile materials are not sand bag ballasted adequately, because the sand bags are not placed over the entire flap width, as required by drawing sheet 6 of 8, Section B-7. Note the contrast in the windrow header ballasting with this and with Photo 1. Photo 1 shows the geotextile laying flat on the upper FML. Please fix these situations as illustrated in Photo 5, by adjusting sand bag placement and /or adding additional sand bag ballasting as needed.

2. Slimes Drain Sandbags in Cell 4B.
   a. *Using Larger Bags to Seal-off the Voids Created from the Piggy-backing of Smaller Bags.* See Photos 3, 4, and 6. Mr. Carlson of GeoSyntec proposed to Mr. Goble of DRC, that the larger bags could be used to seal off voids, created from use of the piggy-backing method used during installation of the smaller bags.

      This proposal conflicts with the approved plans and specifications and DUSA's letter of October 8, 2010 regarding the correction of sand bag placement errors, committing that, "All sandbags will be in full compliance with the thickness and strip composite coverage requirements outlined in the approved plans and specifications upon completion of the liner installation."

      If DUSA wishes to pursue DRC acceptance of this method, DUSA must submit a demonstration, for approval, that this method would be effective. Mr. Goble discussed this issue with Mr. Snyder on November 30, 2010.

   b. *Piggy-backing of Larger Bags.* Photo No. 6 shows a longitudinal view of a strip-drain, which shows piggy-backing of larger bags onto smaller bags clearly. Also see Photo Nos. 3 and 4. Notwithstanding the issues discussed above, these photos show that many of the larger bags placed are actually being piggy-backed onto the existing smaller piggy-backed bags, preserving the void pathways to the slimes drains.

In a previous DRC letter, dated November 24, 2010, it was mentioned that each individual line of strip-drain and sandbag cover will be reviewed, corrected as needed, and separately documented by GeoSyntec. Further, that an individual record for each strip-drain will be made by GeoSyntec in the as-built report, or as an addendum thereto. This element will be critical to obtain final DRC approval of the strip-drain/sand bag system.

These deficiencies noted above must be corrected prior to DRC authorization for use of Cell 4B. Please provide written documentation, with dated photographs, certified by a Utah-licensed Professional Engineer, that demonstrates completion of the needed corrections to the items describe above. If you have any questions, please contact me.

Sincerely,

David A. Rupp, P.E.
Geotechnical Services Section

DR:PG:LBM:dr

Attachment: Photographs

Cc: Mr. Greg Corcoran, GeoSyntec Consultants

Photos Taken by DRC Staff at DUSA White Mesa Mill Cell 4B, November 30, 2010

Photos by P. Goble.

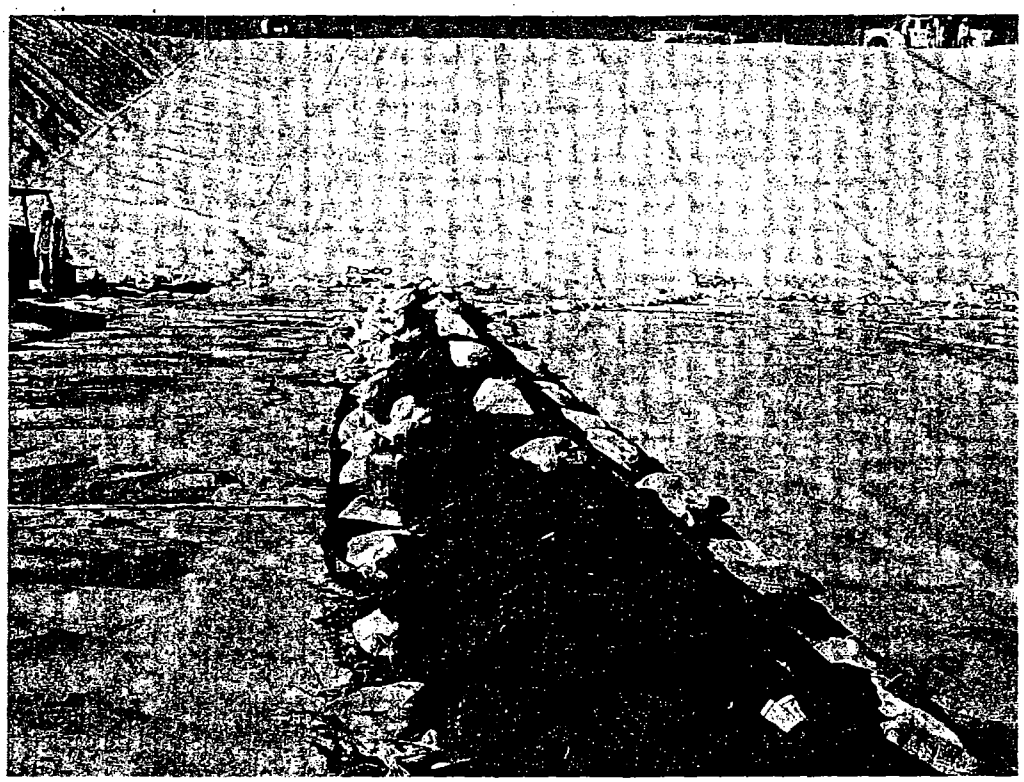

Photo 1. View to the NW corner of Cell 4B. This photo shows cushion geotextile on exterior of slimes drain header. Woven geotextile is the exterior fabric requirement for the slimes drain header, per drawing sheet 6 of 8; Section B-7. [Photo P1010028].

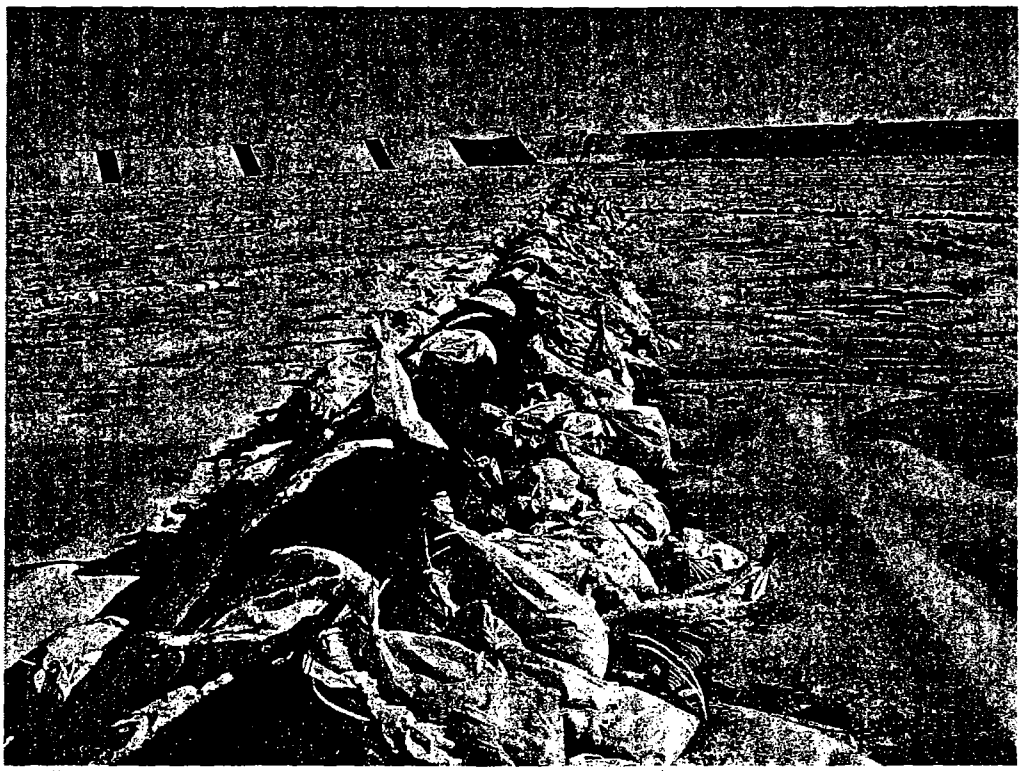

Photo 2. View to the SE corner of Cell 4B. Note woven geotextile cover over slimes drain header, in contrast to the above photo. [Photo P1010029].

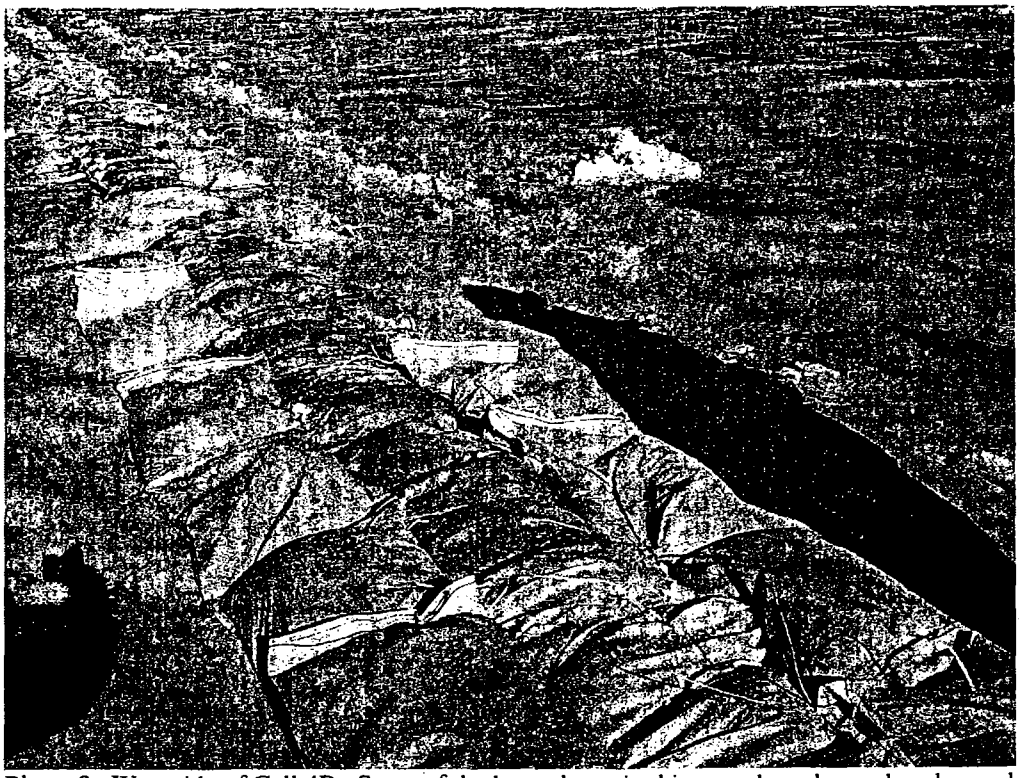

Photo 3. West side of Cell 4B. Some of the larger bags, in this case, have been placed on only one side the slimes drain. Note: Some bags have been "piggy backed" onto the smaller bags.
[Photo P1010041].

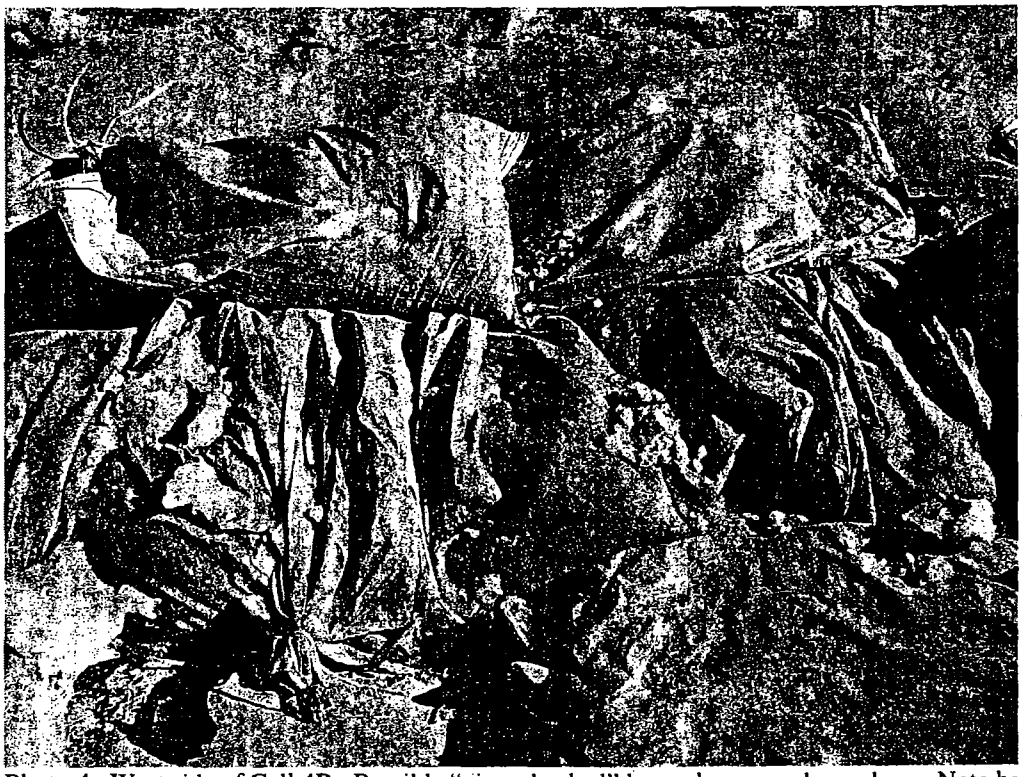

Photo 4. West side of Cell 4B. Possible "piggy-backed" larger bags are shown here. Note bags are
Not always on both sides of the slimes drain. This method was proposed in the field for masking voids created by the smaller bags being "piggy-backed" as well. This photo is provided as an example, that this piggy-back type of placement is quite common in the other photos and observations made on 11-30-2010. [Photo P1010039].

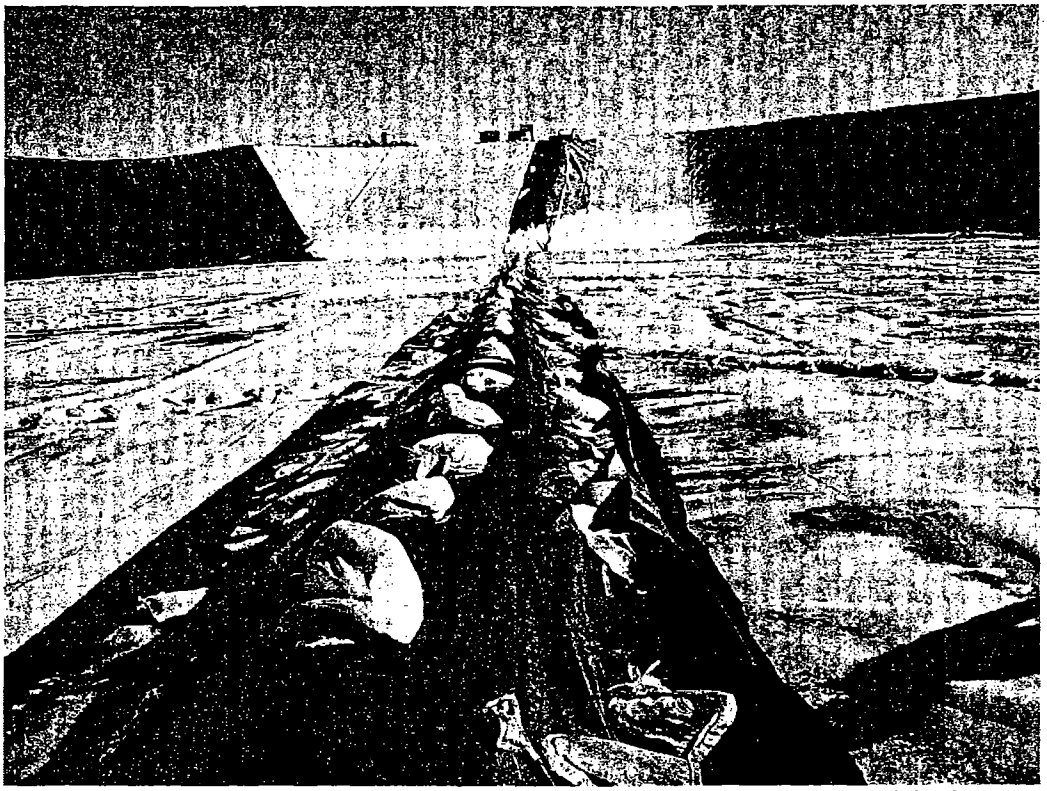

Photo **5.** View to the SE corner of Cell 4B. Flaps of the geotextile materials on right side are not sand bag ballasted adequately, per drawing sheet 6 of 8; Section B-7. Note flaps on right are uplifted. The drawing shows ballast over entire flap width.
Flaps of the geotextile materials on left side also appear to not conform to drawing sheet 6 of 8; Section B-7. Bags also appear to be too sparse to be adequately ballasted. [Photo P1010064].

Photo 6. View looking north. Location: East-Central portion of Cell 4B. Note piggy-backed larger bags. This type of placement is shown on many other photos taken 11-30-010. [Photo P1010070].