

Denison Mines

A Case Study in Distressed Company Strategic Investment

BACKGROUND (Prior to March 2001)

Denison Mines was a Canadian company with various resource-related interests including:

- Significant uranium mining projects in northern Saskatchewan;
- Environmental services consulting business for Saskatchewan-based mines;
- Oil and gas exploration and producing properties in Alberta and Saskatchewan;
- Other mining exploration projects in Ontario and Western Canada;
- Significant tax attributes but balance sheet in poor condition; and
- Significant liabilities relating to current and previous businesses.

March 2001 to July 2002

- Kinnear Financial Limited (KFL) strategically acquired 1.7 million shares (9.5 percent of issued shares) of Denison for a cost of approximately \$5.7 million.
- KFL arranged for a director of Pengrowth Management to be elected to the Denison Board in May 2002.
- KFL supported Denison's 1-for-20 share consolidation in May 2002.

August 2002 to March 2004

- KFL supported Denison through a reorganization into three distinct entities: uranium mining, oilfield services and oil and gas exploration.
- Following this reorganization and a coincidental private placement of shares, KFL reduced its interest in the new Denison to 6.8 percent of the issued shares.

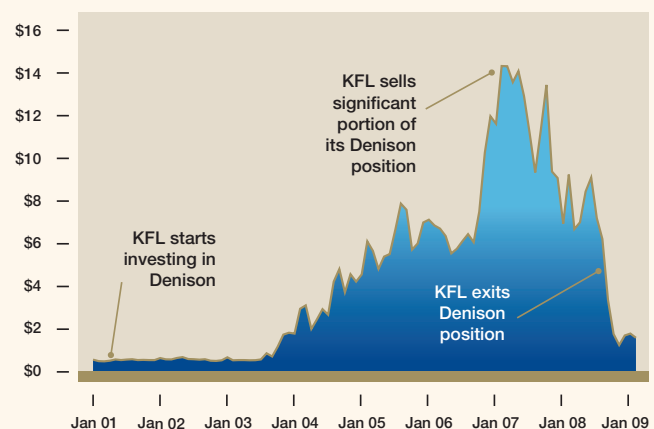
April 2004 to December 2006

- KFL continued to accumulate shares of Denison and held almost 6 percent of the issued shares for a total cost of just over \$9.5 million at October 31, 2006.
- In November 2006, Denison merged with International Uranium Corporation (IUC) to create a new, larger, more diversified Denison Mines with assets in several countries. Following this combination and a subsequent public share offering, KFL owned 2.6 percent of the new entity with a total cost of \$20.9 million.

RESULTS

- During 2007 and 2008, KFL sold all of its shares in Denison for total proceeds of \$47.5 million – realizing almost 2.3 times its original investment.
- During the period 2001 to 2008, KFL realized a total rate of return on its investments in Denison Mines of more than 40 percent.
- KFL's involvement also resulted in very significant improvements to Denison's financial strength and share price – the latter increased from an adjusted price of approximately \$1.17 per share in 2001 to peak at over \$16.00 per share in 2007, an increase of almost 1,400 percent.

Denison Share Price



Note: All financial figures in Canadian dollars unless otherwise indicated.