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November 1, 2011

Cheryl Heying
Division Director
Utah Department of Environmental Quality
Air Quality Division
195 North 1950 West
Salt Lake City, Utah
84116

Re: October 30, 2010 Monthly Report for the La Sal Mines Complex Under 40 CFR 61.24 (b)

Dear Ms. Heying:

Enclosed with this letter is the October 30, 2010 monthly report for Denison Mines (USA) Corp.'s ("Denison's") La Sal Mines Complex for the month of September 2010, pursuant to 40 CFR 61.24(b) (the "Monthly Report"). The La Sal Mines Complex (the "Mine") includes several underground uranium mines in one mining complex. Included with the Monthly Report is a letter report entitled *Modeling of Radon Emissions from Denison La Sal Mine*, dated October 30, 2010, prepared by SENES Consultants Limited ("SENES") (the "October 30, 2010 SENES Report").

Denison filed its 2009 annual report for the Mine under 40 CFR 61.24(a) on March 30, 2010 (the "2009 Annual Report"). Enclosed with the 2009 Annual Report was an application to EPA Headquarters under 40 CFR 61.23(b) for approval for Denison to demonstrate compliance with the emission standard in 40 CFR 61.22 for the Mine through the use of AERMOD rather than COMPLY-R, and a report entitled *Dose Estimation From La Sal, Utah Mines*, dated March 2010, prepared by SENES (the "2009 SENES Report"), in support of the 2009 Annual Report and application.

In the 2009 SENES Report, SENES concluded that COMPLY-R is not a suitable model for calculating doses in the vicinity of the Mine, due to the complex features associated with the Mine, and that AERMOD will provide much more accurate estimates of such doses. SENES concluded that the COMPLY-R model is unduly conservative for the Mine because it is not equipped to accurately deal with the multiple sources and receptors spread over a broad area, the complex terrain and elevations and the variable emission rates associated with the Mine.

Based on the application of AERMOD, as described in the 2009 SENES Report, Denison reported in the 2009 Annual Report that the estimated doses to the various receptors in the vicinity of the Mine were less than the 10 mrem/yr standard set out in 40 CFR 61.22. SENES considered the potential doses calculated using AERMOD to be the best estimate of potential doses in the vicinity of the Mine.

For comparison purposes SENES also ran COMPLY-R in the 2009 SENES Report in a number of different ways, from the simple base case to increasingly more complex ways in an attempt to take into

consideration the multiple sources and receptors, complex terrain and variable emission rates at the Mine site. All of those runs resulted in one or more receptors exceeding the 10 mrem/yr standard.

On August 17, 2010 Denison received a Notice of Violation from the United States Environmental Protection Agency ("EPA") citing four alleged violations, including a violation of the emission standard set out in 40 CFR 61.22 at certain receptors in the vicinity of the Mine for 2009, based on the application of COMPLY-R to the 2009 data. As a result of that Notice of Violation, Denison is now required to submit monthly reports under 40 CFR 61.23(b).

Since Denison did not believe it was in violation of the emission standard in 40 CFR 61.22 when it filed the 2009 Annual Report, based on the AERMOD results for 2009, and because Denison did not learn of EPA's position on this until August, 2010, Denison did not commence monthly reporting for any months prior to September 2010. The Monthly Report therefore covers the information listed in 40 CFR 61.24(a) for the month of September 2010, being the month immediately following the month in which Denison was advised by EPA that EPA has alleged that Denison is in violation of the emission standards for 2009. For completeness, however, the Monthly Report also includes an estimation of expected doses to nearby receptors for all of 2010, based on the annualization of actual emission monitoring results through September 2010. As a result, although not the subject of separate monthly reports, the results for all of the months from January through September 2010 are included in the analysis described in the Monthly Report.

As the Monthly Report is due October 30, 2010, which falls on a Saturday, the Monthly Report is being delivered to you on November 1, 2010, which is the next business day.

Please feel free to call me (303.389.4130) with any questions you may have.

Yours very truly,



David C. Frydenlund
Vice President, Regulatory Affairs and Counsel

Enclosure.

cc: Philip G. Buck
Ron F. Hochstein
Jo Ann S. Tischler
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