

## ASSIGNMENT AND ROYALTY AGREEMENT

THIS AGREEMENT is dated as of this 22nd day of July, 2009

**BETWEEN:**

**DENISON MINES INC.**, a company organized under the laws of the province of Ontario and having its head office at 595 Bay Street, Suite 402, Toronto, Ontario, M5G 2C2

(hereinafter called "**Denison**")

- and -

**APPIA ENERGY CORP.**, a company incorporated under the federal laws of Canada and having its head office at Suite 1010, 25 Adelaide Street East, Toronto Ontario, M5C 3A1

(hereinafter called "**Appia**")

**WHEREAS** Appia wishes to sell, transfer and assign all of its right, title and interest in and to the Mining Claims;

**AND WHEREAS** Denison wishes to acquire the Mining Claims;

**NOW THEREFORE**, in consideration of the premises and the mutual covenants and agreements of the parties hereinafter contained, the parties hereby agree as follows:

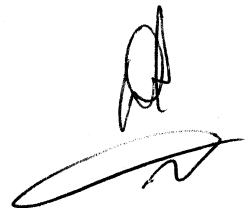
### ARTICLE 1 DEFINITIONS AND INTERPRETATION

**1.1 Definitions:** In this Agreement, the following capitalized terms shall have the following meanings:

**1.1.1 "Agreement"** means this agreement as amended from time to time and the expressions "herein," "hereof," "hereby," "hereunder," and similar expressions refer to this Agreement as so defined and not to any particular Article, section, subsection or other subdivision hereof.

**1.1.2 "Gross Revenue"** means the aggregate of the following amounts:

- (a) the revenue received by Denison from arm's length purchasers of all Product;



- (b) the fair market value of all Product sold by Denison to persons not dealing at arm's length with Denison;
- (c) any proceeds of insurance on the Product.

**1.1.3 "Mining Claims"** means Mining Claims 4221247 and 4221248.

**1.1.4 "Net Smelter Returns"** means the Gross Revenue less the Permitted Deductions.

**1.1.5 "Objection Notice"** shall have the meaning set out in Section 3.4.

**1.1.6 "Permitted Deductions"** means all costs and expenses incurred by Denison after the Product has been shipped from the Property until risk, title and responsibility passes to the purchaser of the Product including, but not limited to:

- (a) actual costs of transportation, including freight, insurance, security, handling, port, demurrage, delay and forwarding expenses incurred by reason of or in the course of such transportation to the place of sale;
- (b) cost of weighing, sampling, assaying, handling, penalties, storage and transfer fees;
- (c) actual sales and brokerage costs;
- (d) sales, use and severance taxes and any other tax on, or measured by, mineral production but not including income or other tax levied on the income or profit of Denison.

**1.1.7 "Product"** means a saleable product produced from ore mined from the Mining Claims and/or any mining rights issued as a consequence of having held the Mining Claims and which cover the same area as the Mining Claims.

**1.1.8 Property"** means the location where ore from the Mining Claims is first processed into a Product.

**1.1.9 "Royalty"** shall have the meaning set out in section 3.1.

**1.1.10 "Stanrock Decommissioning License"** means the Uranium Mine Decommissioning License UMDZ-MINEMILL-STANROCK.01/indf issued by the Canadian Nuclear Safety Commission as amended on the 15<sup>th</sup> day of December, 2004 as may be amended from time to time or replaced by another license issued by the Canadian Nuclear Safety Commission covering generally the same area as the Stanrock Decommissioning License.

**1.1.11 "Statement"** shall have the meaning set out in section 3.2.

**1.2 Headings:** The inclusion of headings in this Agreement is for convenience of reference only and shall not affect the construction or interpretation hereof.

**1.3 Interpretation:** In this Agreement, unless there is something in the subject matter or context inconsistent therewith:

- (a) the singular shall include the plural and the plural shall include the singular;



- (b) words importing a specific gender shall include the other genders;
- (c) a reference to a party shall include the successors and permitted assigns of that party;

**1.4 Governing Law:** The validity, performance, interpretation and all other contractual and tortious incidents of this Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

**1.5 Invalidity of Provisions:** If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

- (a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement;
- (b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

**1.6 Waiver:** No waiver by either party of any breach (whether actual or anticipated) of any of the terms or conditions contained herein shall take effect or be binding upon that party unless the waiver is expressed in writing under the authority of that party. Any waiver so given shall extend only to the particular breach so waived and shall not limit or affect any rights with respect to any other breach.

**1.7 Entire Agreement:** This Agreement contains all the terms of mutual understanding between the parties with respect to the subject matter of this Agreement and supersedes and replaces any and all written or oral arrangements, correspondence, conversations and documents made and exchanged between the parties with respect to the subject matter of this Agreement prior to the execution of this Agreement except as otherwise specifically provided for herein.

**1.8 Amendment:** This Agreement shall not be varied in its terms or amended by oral agreement or otherwise other than by an instrument in writing dated subsequent to the date hereof, executed by a duly authorized representative of each party.

## ARTICLE 2 PURCHASE AND SALE

**2.1 Agreement of Purchase and Sale:** On the terms and subject to the conditions set forth herein, Appia shall sell, assign, transfer and convey, or cause to be conveyed, the Mining Claims to Denison and Denison shall purchase the Mining Claims from Appia.

**2.2 Purchase Price:** As consideration for the purchase by Denison from Appia of the Mining Claims, Denison shall grant and agree to pay to Appia the Royalty. Denison covenants and agrees to keep the Mining Claims in good standing under the Mining Act (Ontario) subject to the provisions of section 8.2 herein.



**ARTICLE 3  
ROYALTY**

- 3.1 Grant of Royalty:** Denison hereby grants and agrees to pay Appia a royalty equal to three percent (3%) of the Net Smelter Returns from Product produced from the Mining Claims (the "Royalty").
- 3.2 Payment of Royalty:** The Royalty shall be paid to Appia quarterly within sixty (60) days after the end of each quarter and shall be accompanied by a statement (the "Statement") setting forth in sufficient detail to support the calculation of the Royalty.
- 3.3 Provisional Payment:** In the event that the final amounts required for the calculation of the Royalty are not available within the time period referred to in section 3.2, then provisional amounts may be estimated and the Royalty shall be paid on the basis of this provisional calculation. Any positive or negative adjustment resulting from the recalculation with actual amounts will be made to the Royalty payable for the succeeding quarter.
- 3.4 Objection Notice:** All payments of the Royalty will be considered final and in full satisfaction of all obligations of Denison with respect thereto unless Appia delivers to Denison a written notice (the "Objection Notice") describing and setting forth the specific objections to the calculation of the Royalty within sixty (60) days after receipt of the Statement. Appia will, for a period of sixty (60) days after Denison's receipt of the Objection Notice, have the right, upon reasonable notice and at reasonable times, to have Denison's accounts and records relating to the calculation of the payment in question audited by the auditors of Appia. If such audit determines that there has been a deficiency or an excess in the payment made to Appia, such deficiency or excess will be resolved by adjusting the next quarterly payment due hereunder. Appia will pay all the costs and expenses of such audit unless a deficiency of five (5%) percent or more of the amount due is determined to exist. Denison will pay the costs and expenses of such audit if a deficiency of five (5%) percent or more of the amount due is determined to exist. All books and records used and kept by Denison to calculate the Royalty due hereunder will be kept in accordance with Canadian generally accepted accounting principles. Failure on the part of Appia to make a claim against Denison for adjustment in such sixty (60) day period by delivery of an Objection Notice will conclusively establish the correctness and sufficiency of the Statement and payment of the Royalty for such quarter.



**ARTICLE 4  
NATURE OF ROYALTY INTEREST**

- 4.1 Nature of the Royalty Interest:** The Royalty creates a direct real property interest in the Mining Claims in favour of Appia and shall constitute a covenant running with the Mining Claims and all successions thereof, whether created privately or through governmental action and including, without limitation, any leasehold interest.

**ARTICLE 5  
REPRESENTATIONS AND WARRANTIES**

- 5.1 Representations and Warranties of Denison:** Denison hereby represents and warrants to Appia as follows:

- 5.1.1** It is a company duly incorporated under the laws of the province of Ontario and is presently in good standing thereunder with full corporate power to own its properties and assets and to carry on its business as now being conducted;
- 5.1.2** It has full power and authority to enter into this Agreement and perform the same and do all other acts which may be necessary to consummate the transaction contemplated hereby; and
- 5.1.3** This Agreement has been duly executed and delivered by Denison and is a valid agreement enforceable in accordance with its terms.

**5.2 Representations and Warranties of Appia**

- 5.2.1** It is a company duly incorporated under the laws of the Province of Ontario and is presently in good standing with full corporate power to own its properties and assets and to carry on its business as now being conducted;
- 5.2.2** It has full power and authority to enter into this Agreement and perform the same and do all other acts which may be necessary to consummate the transaction contemplated hereby;
- 5.2.3** This Agreement has been duly executed and delivered by Appia and is a valid agreement enforceable in accordance with its terms; and
- 5.2.4** To the best of knowledge of Appia, the Mining Claims have been maintained and are in good standing, unencumbered by any security interest, lien, charge, obligation or agreement.

A handwritten signature in black ink, appearing to be 'ADL', is written above a large, loopy scribble that extends across the bottom right corner of the page.

## ARTICLE 6 ARBITRATION

- 6.1 Arbitration:** If there is any disagreement, dispute or controversy (hereinafter collectively called a "dispute") between the parties with respect to any matter arising under this Agreement or the construction hereof, then the dispute shall be determined by arbitration in accordance with the Arbitration Act, 1991 (Ontario) by one arbitrator and the arbitration shall be held in Toronto, Ontario, Canada. The decision of the arbitrator shall be made within thirty (30) days following the naming of the arbitrator and shall be conclusive and binding upon the parties. The costs of arbitration shall be borne equally by the parties to the dispute unless otherwise determined by the arbitrator in the award.

## ARTICLE 7 DELAYS

- 7.1 Delays:** If any party should be delayed in or prevented from performing any of the terms, covenants or conditions of this Agreement by reason of a cause beyond the control of such party, whether or not foreseeable, including but not limited to fires, floods, earthquakes, subsidence, ground collapse, landslides, interruptions or delays in transportation or power supply, strikes, lockouts, wars, acts of God, government regulation (including currency control) or interference, or the inability to secure on reasonable terms any private or public permits or authorizations, then any such failure on the part of such party to so perform shall not be deemed to be a breach of this Agreement, and the time within which such party is obliged to comply with any such terms, covenant or condition of this Agreement shall be extended by the total period of all such delays. In order that the provisions of this paragraph may become operative, such party shall give notice in writing to the other party forthwith and for each new cause of delay or prevention, and shall set out in such notice particulars of the cause thereof, and the day upon which the same arose, and shall take all reasonable steps to remove the cause of such delay or prevention, and shall give like notice forthwith following the date that such cause ceased to subsist.

## ARTICLE 8 OPTIONS

- 8.1 Denison's Option:** In the event Appia wishes to sell or transfer all or any part of its interest in and to the Royalty or this Agreement to any third party, Appia shall first offer in writing to Denison to sell or transfer such interest on the same terms and conditions. Denison may accept such offer by delivering written acceptance to Appia within thirty (30) days of the date of receipt of such offer, and in the event that no such acceptance is delivered to Appia within the said acceptance period, such offer shall be deemed to have been refused.



- 8.2 Appia's Option if Mining Claims are Abandoned:** In the event that Denison wishes to surrender all the Mining Claims (no partial claim surrender) or to allow them to terminate, Denison will first offer in writing to Appia to sell or transfer the Mining Claims to Appia for the sum of \$10.00. Appia may accept such offer by delivering written acceptance to Denison within thirty (30) days of the date of receipt of such offer, and, in the event that no such acceptance is delivered to Denison within the said acceptance period, such offer shall be deemed to have been refused and Denison will be free to proceed with such surrender or termination.
- 8.3 Appia's Right to Use Infrastructure:** Subject to any restrictions or obligations imposed by the Stanrock Decommissioning Licence, Denison shall permit Appia to utilize, for its own use in relation to its activities on the Mining Claims, any infrastructure established by Denison on the Mining Claims provided such use does not, in the opinion of Denison, acting reasonably, interfere with Denison's operations being carried out under the Stanrock Decommissioning Licence. Appia will reimburse Denison for any and all costs incurred by Denison as a consequence of Appia's utilization of such infrastructure.
- 8.4 Appia's Option in Respect of Portion of the Mining Claims.** Subject to regulatory approvals, Appia shall have the right at any time during the term of this Agreement to acquire that portion of the Mining Claims outside the area cross-hatched in green on **Schedule "A"** annexed hereto for the sum of \$10.00. Denison shall remain liable for any and all environment liabilities incurred in respect of the portion acquired prior to the exercise of this option by Appia.
- 8.5 Appia's Right of Access.** Subject to any restrictions or obligations imposed by the Stanrock Decommissioning License or any other decommissioning licenses issued by the Canadian Nuclear Safety Commission, Denison shall grant Appia the right of access to or over the surface of any surface rights held by Denison in the Elliot Lake area as well as access to all of Denison's workings and operations to facilitate the exploration and development of any mining claims in the Elliot Lake area in which Appia has a beneficial interest provided that such access does not, in the opinion of Denison, acting reasonably, interfere with Denison's operations being carried out in the area. If approval is required by Appia from the Canadian Nuclear Safety Commission, or any other regulatory agency, Denison has no objection to Appia filing an application for such approval.

## ARTICLE 9 GENERAL PROVISIONS

- 9.1 Notices:** Any notice or other communication which may be or is required to be given or made pursuant to this agreement shall be deemed to have been sufficiently and effectively given if signed by or on behalf of the party giving notice and personally delivered or sent by facsimile machine to the other party at its address as follows:



Denison Mines Inc.  
595 Bay Street  
Suite 402  
Toronto ON M5G 2C2  
Attention: Corporate Secretary  
Phone: 416-979-1991  
Fax: 416-979-5893

Appia Energy Corp.  
25 Adelaide Street East  
Suite 1010  
Toronto, ON M5C 3A1  
Attention: Corporate Secretary  
Phone: 416-876-3957  
Fax: 416-218-9772

- 9.2 Further Assurances:** Each of the parties shall promptly do, make, execute, deliver, or cause to be done, made, executed or delivered, all such further acts, documents and things as the other party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement in a timely manner and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement, to their full extent, the provisions of this Agreement.
- 9.3 Facsimile Execution and Counterparts:** This Agreement may be signed in facsimile and in counterparts and each such counterpart shall constitute an original document and such counterparts, taken together, shall constitute one and the same instrument.
- 9.4 Successors and Assigns:** This Agreement shall be binding upon and enure to the benefit of the parties and their respective successors and permitted assigns.

[SIGNATURE PAGE TO FOLLOW]

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**IN WITNESS WHEREOF** this agreement has been executed by the parties as of the date first above written.

**DENISON MINES INC.**

*“Don C. Campbell”*

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Authorized Signature

*“James R. Anderson”*

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Authorized Signature

**APPIA ENERGY CORP.**

*“Tom Drivas”*

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Authorized Signature

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Authorized Signature

