



URANIUM PARTICIPATION CORPORATION

ANNUAL INFORMATION FORM

FOR THE FISCAL YEAR ENDED FEBRUARY 28, 2010

MAY 12, 2010

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CAUTION REGARDING FORWARD-LOOKING INFORMATION

This Annual Information Form (“AIF”) contains certain forward-looking statements and forward-looking information that are based on the current internal expectations, estimates, projections, assumptions and beliefs of Uranium Participation Corporation (“Uranium Participation Corp.” or the “Corporation”). Forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “intent”, “estimate”, “anticipate”, “plan”, “should”, “believe” or “continue” or the negative thereof or variations thereon or similar terminology.

By their very nature, forward-looking statements involve numerous factors, assumptions and estimates. A variety of factors, many of which are beyond the control of Uranium Participation Corp., may cause actual results to differ materially from the expectations expressed in the forward-looking statement. These factors include, but are not limited to, changes in commodity prices and foreign exchange. See “Risk Factors” for a further description of the principal risks to Uranium Participation Corp.

These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward-looking statements. Although management reviews the reasonableness of its assumptions and estimates, unusual and unanticipated events may occur which render them inaccurate. Under such circumstances, future performance may differ materially from those expressed or implied by the forward-looking statements. Except where required under applicable securities legislation, Uranium Participation Corp. does not undertake to update any forward-looking information statement.

In this AIF, unless otherwise indicated, all dollar amounts are expressed in Canadian dollars.

This AIF is dated May 12, 2010. Except as otherwise indicated, the information contained in this AIF is stated as at February 28, 2010.

HISTORY AND SUBSIDIARIES

Uranium Participation Corp. was incorporated by Articles of Incorporation pursuant to the *Business Corporations Act* (Ontario) on March 15, 2005 and became a publicly listed company on the Toronto Stock Exchange on May 10, 2005. The registered and head office of Uranium Participation Corp. is located at Atrium on Bay, Suite 402, 595 Bay Street, Toronto, Ontario, M5G 2C2. Uranium Participation Corp. has no employees. Denison Mines Inc. (the “Manager”) provides five officers to the Corporation, being the President, Chief Financial Officer, the Vice-President, Commercial, the Vice President, Marketing and the Corporate Secretary, pursuant to the terms of a Management Services Agreement dated March 30, 2005, as amended (the “Management Services Agreement”).

Uranium Participation Corp. is an investment holding entity which invests, through its wholly-owned subsidiaries, at least 85% of the proceeds of any equity offering in uranium with the primary investment objective of achieving appreciation in the value of its uranium holdings. Unless the context requires otherwise, references to “uranium” means uranium oxide in concentrates (“U₃O₈”) and uranium hexafluoride (“UF₆”).

Uranium Participation Alberta Corp. (“UPAC”) is a wholly-owned subsidiary of Uranium Participation Corp. It was incorporated under the *Business Corporations Act* (Alberta) on May 4, 2005. UPAC directly invests in, and holds, uranium.

Uranium Participation Cyprus Limited (“UPCL”) is a wholly-owned subsidiary of Uranium Participation Corp. It was incorporated under the laws of the Republic of Cyprus on September 10, 2006. In August 2007, UPCL obtained a business licence and established a branch office in Luxembourg (“UPCL Luxembourg Branch”) through which the operations of UPCL are conducted. UPCL directly invests in, and holds, uranium. UPAC and UPCL are collectively referred to as the “Subsidiaries”.

The Corporation carries on its operations through its Subsidiaries. Unless otherwise indicated or where the context otherwise requires, references to Uranium Participation Corp. or the Corporation include the Subsidiaries.

Uranium Participation Corp. is a taxable Canadian corporation and is not a mutual fund corporation for purposes of the *Income Tax Act* (Canada) (the “Tax Act”). The Corporation is subject to income tax on its taxable income, computed in accordance with the ordinary rules and at the rates ordinarily applicable to public corporations under the Tax Act. Currently the Corporation recognizes unrealized gains or losses on its investments in uranium and accrues future income taxes payable based on the unrealized gains. Realized gains or losses on the sale of uranium will be recognized for income tax purposes at the time realized and will be taxed as income or capital gains, as applicable.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Uranium Participation Corp. was established in March 2005 as an investment holding company, created to invest substantially all of its assets in U₃O₈. On March 30, 2005, Uranium Participation Corp. entered into the Management Services Agreement with the Manager. See “Business of Uranium Participation Corp. - Management of Uranium Participation Corp.” In May 2005, Uranium Participation Corp. completed its initial public offering. Since incorporation to the end of the 2010 fiscal year, the Corporation has completed eight public offerings with aggregate gross proceeds of \$647.0 million, and a further \$31.2 million was received from the exercise of the previously issued warrants. The net proceeds from the offerings and the exercise of warrants were used to fund the purchase of uranium and for general corporate purposes.

In February 2006, the Board of Directors of Uranium Participation Corp. (the “Board”) approved changes to the Corporation’s by-laws to allow the Corporation to invest in UF₆, in addition to U₃O₈, and to allow the Corporation to enter into arrangements to lend its uranium to third parties. The Board also approved changes to the compensation provisions of the Management Services Agreement. These changes were subsequently confirmed by at least two thirds of the votes cast at a special meeting of the Corporation’s shareholders held for that purpose on March 27, 2006. See “Business of Uranium Participation Corp. - Management of Uranium Participation Corp., Management and Management Services Agreement”.

The Corporation entered into an agreement effective January 1, 2007 to lend 500,000 KgU as UF₆ for a period of three years at a loan rate of 5% per annum based upon the value of the material loaned, adjusted quarterly. This loan was repaid in full on December 31, 2009.

The Corporation entered into a loan of the conversion component of 1,332,230 KgU as UF₆ in December 2009. The loan has a term of three years and has a loan rate of 4.5% of the greater of the adjusted monthly spot market value of the conversion component and US\$15,654,000. To give effect to the loan of the conversion component, 1,332,230 KgU as UF₆ was transferred to the borrower, while 3,480,944 pounds of U₃O₈ and an irrevocable letter of credit of \$16,526,000 issued by a major financial institution were received by the Corporation as collateral. The loan expires in December 2012.

In January 2010, Uranium Participation Corp. filed a notice of intention to make a Normal Course Issuer Bid for its common shares with the Toronto Stock Exchange to provide a mechanism to decrease the potential spread between the net asset value per share and the market price of the shares. The Corporation may acquire up to 7,483,029 common shares pursuant to the bid, which expires January 31, 2011. As at the date hereof, the Corporation had not purchased any of its shares pursuant to the bid.

Subsequent to the end of its 2010 financial year, the Corporation completed the acquisition of Uranium Limited (“UL”) pursuant to a scheme of arrangement under the laws of Guernsey (the “Scheme”). Under the Scheme, Uranium Participation Corp. acquired all of the issued and outstanding shares of UL in a share exchange at a ratio of 0.50 common shares of the Corporation for each common share of UL. Upon the close

of the acquisition, 20,624,972 common shares of the Corporation were issued to the shareholders of UL representing 19.4% of the total issued and outstanding common shares of Uranium Participation Corp. Following the completion of the Scheme, Mr. Kelvin H. Williams, a former director of UL, joined the Corporation's board.

After completion of the acquisition, the Corporation transferred the uranium assets of UL to UPCL. The assets acquired included 1,705,000 pounds of U_3O_8 , of which 520,000 pounds is subject to a loan agreement at a loan rate of 3.5% and is repayable by July 8, 2010, and 412,000 KgU as UF_6 .

Upon completion of the Scheme, Uranium Participation Corp. also assumed the obligation to issue its common shares in satisfaction of the exercise of outstanding, fully-vested stock options to purchase 2,475,000 common shares of UL. These options have a price of GBP£2.05 per option and expire on July 21, 2011. Each option assumed is exercisable for 0.50 common share of the Corporation.

Spot prices for U_3O_8 as quoted by Ux Consulting Company LLC ("UxCo") steadily increased through 2005, 2006 and 2007, reaching US\$36.25 by December 31, 2005, US\$72.00 by December 31, 2006 and US\$90.00 on December 31, 2007. Notwithstanding the overall increase, the spot price experienced considerable volatility during the course of 2007, ranging from US\$72.00 to US\$136.00. During 2008, the volatility of the spot price continued with the price reaching a low of US\$44.00 in October, 2008 and finishing the year at US\$53.00.

Spot prices in 2009 remained under downward pressure hitting the year's low of US\$40.00 in the first week of April 2009. Prices peaked at US\$54.00 near the end of June then remained volatile over the rest of the year ranging from the low US\$40s to the low US\$50s, ending the year at US\$44.50. At February 28, 2010, the spot price was US\$41.75.

As of February 28, 2010, the Corporation has purchased and taken delivery of 5,545,000 pounds of U_3O_8 and 1,962,230 KgU as UF_6 . After the acquisition of UL on March 30, 2010, the Corporation's total holdings of uranium material consist of 7,250,000 pounds of U_3O_8 and 2,374,230 KgU as UF_6 .

The net asset value per common share ("NAV") at February 28, 2010 was \$5.95 based on the spot price for U_3O_8 of US\$41.75 per pound, the UF_6 price of US\$114.00 per KgU and the Canadian/U.S. dollar exchange rate of \$1.0526. For information regarding the calculation of the NAV, see "Business of Uranium Participation Corp. – Calculation of NAV".

BUSINESS OF URANIUM PARTICIPATION CORP.

Investment Objective and Strategy

Uranium Participation Corp. is an investment holding entity created to invest, through its wholly-owned subsidiaries, at least 85% of the gross proceeds of any equity offerings in uranium, with the primary investment objective of achieving appreciation in the value of its holdings. While it is not the current intention of Uranium Participation Corp. to do so in the short term, it may subsequently sell some or all of its holdings in uranium. An investment in the common shares provides an investment alternative for investors interested in investing directly in uranium. The common shares represent an indirect interest in physical uranium owned by Uranium Participation Corp.

The strategy of Uranium Participation Corp. is to invest in holdings of uranium and not to actively speculate with regard to short-term changes in uranium prices. This strategy will provide investors with an ability to effectively invest in uranium in a manner that does not directly include risks associated with investments in companies that engage in the exploration, mining and processing of uranium.

All uranium owned by Uranium Participation Corp. is stored at licensed uranium conversion or enrichment facilities (each one, a "Facility" or collectively, the "Facilities") in Canada, France and the United States. The

Manager, on behalf of Uranium Participation Corp., negotiates storage arrangements with the Facilities. See "Business of Uranium Participation Corp. - Management of Uranium Participation Corp." In order for the Manager to remove or request the removal of the uranium held in storage on behalf of Uranium Participation Corp., a certified resolution of the Board of Directors must be delivered to the Manager authorizing such transfer.

As the primary investment objective of Uranium Participation Corp. is appreciation in the value of its uranium holdings, rather than selling any part thereof, the expenses of Uranium Participation Corp. are required to be satisfied by cash on hand that is not otherwise invested. Revenue is also generated through the lending of uranium.

Investment Policies

In furtherance of the strategy of Uranium Participation Corp., the Board of Directors has established an investment policy, which is included in the by-laws of Uranium Participation Corp. The policy provides that at least 85% of the gross proceeds of any offering of securities by the Corporation must be invested in, or held for future purchases of uranium and the policy may only be amended by the Corporation's shareholders. Furthermore, the policy provides that Uranium Participation Corp. may not enter into any borrowing arrangements to borrow monies except in strictly limited circumstances to facilitate uranium purchase payments. Under such circumstances, Uranium Participation Corp. may enter into arrangements to borrow monies for which all outstanding amounts do not exceed 15% of Uranium Participation Corp.'s total net assets.

Operations

Uranium Participation Corp. completed its initial public offering (the "IPO") in May 2005, which raised gross proceeds of \$100.0 million. Approximately 89% of the gross proceeds from the IPO were invested in U₃O₈.

Subsequent to the IPO and prior to February 28, 2010, the Corporation raised gross proceeds of \$547.0 million in seven equity financings and received \$31.2 million from the exercise of previously issued warrants. As at February 28, 2010, the Corporation held 5,545,000 pounds of U₃O₈ and 1,962,230 KgU as UF₆ at a total cost of \$609.4 million representing 89.9% of the gross proceeds of the equity financings and the warrant exercise proceeds. After the acquisition of UL on March 30, 2010, the Corporation's total holdings of uranium material include 7,250,000 pounds of U₃O₈ and 2,374,230 KgU as UF₆.

The Manager has storage agreements with three Facilities for the storage of U₃O₈, namely Cameco Corporation, Comurhex and ConverDyn, in Canada, France and the United States, respectively. All U₃O₈ purchased is book transferred and stored at these Facilities pursuant to such storage agreements. The Manager has storage agreements with Eurodif and United States Enrichment Corporation in France and the United States respectively for the storage of UF₆. All UF₆ purchased is book transferred and stored at these Facilities pursuant to storage agreements.

All purchases of uranium are made in U.S. dollars and the storage costs from the Facilities are paid in either U.S. dollars or Euros. The spot price for uranium quoted by UxCo is also quoted in U.S. dollars. As a consequence, the activities and the financial results of Uranium Participation Corp. are directly affected by changes in the relative exchange rates with the Canadian dollar.

Calculation of NAV and Value of Securities

At the end of each month, the Manager is obligated under the Management Services Agreement to calculate and disclose the NAV. The NAV is determined by multiplying the quantity of uranium held by or on behalf of the Corporation by the last spot price for uranium for the month published by UxCo, plus cash and any other assets held by the Corporation, less any outstanding payables, indebtedness and all other liabilities of the Corporation and dividing the result by the number of common shares outstanding. Any amounts in U.S. dollars are converted into Canadian dollars based on the noon rate of exchange as published by the Bank of Canada as at the last business day prior to the NAV calculation.

Uranium Participation Corp. is not a mutual fund and an investment in common shares is not redeemable. Moreover, the NAV may not necessarily reflect the actual realizable value of uranium held by Uranium Participation Corp. See “Risk Factors - Lack of Investment Liquidity” and “Risk Factors - Net Asset Value”.

Management of Uranium Participation Corp.

Management and Management Services Agreement

In March 2005, the Manager entered into the Management Services Agreement with the Corporation, which was amended as of March 27, 2006, as of June 23, 2008 and February 17, 2010. By way of a plan of arrangement completed between the Manager and International Uranium Corporation (“IUC”) on December 1, 2006 (the “Denison Arrangement”), the Manager became a wholly-owned subsidiary of Denison Mines Corp. (“DMC”).

The Management Services Agreement had an initial term of five years (the “Initial Term”), commencing March 30, 2005. The Initial Term was extended on February 17, 2010 until March 30, 2013, and will continue thereafter unless terminated by either party upon 180 days previous written notice. Uranium Participation Corp. has the right to terminate the Management Services Agreement for an unremedied breach by the Manager of any of its material obligations under the Management Services Agreement or otherwise in accordance with its terms. On February 14, 2006 and March 27, 2006, respectively, the Board and shareholders approved changes to the Management Services Agreement to amend its provisions relating to compensation and align it with changes to the Corporation’s Investment Policy of the Corporation’s by-laws which allowed the Corporation to invest in UF₆ and to permit the Corporation to enter into lending arrangements with its uranium.

On April 25, 2008 and June 23, 2008, respectively, the Board and shareholders approved changes to the Management Services Agreement to compensate the Manager in the event of a transaction for the indirect sale of the uranium inventory, through a merger or the acquisition of shares of the Corporation.

Pursuant to the Management Services Agreement, as amended, the Manager is required to manage Uranium Participation Corp.’s activities in accordance with reasonable and prudent business practices and may delegate, with the approval of the Board and at its own cost, any of its duties or obligations under the Management Services Agreement to any third party. All purchases and sales of uranium are made by the Manager on behalf of Uranium Participation Corp. in accordance with the Management Services Agreement and title of uranium purchases remains with the Corporation. The Manager is obligated to use commercially reasonable efforts to purchase and sell the uranium at the best prices available to it over a prudent period of time.

All purchases and sales of uranium are and will continue to be completed by the Manager in accordance with standard industry practices for and on behalf of Uranium Participation Corp. When the Board instructs the Manager to purchase or sell uranium, the Manager may put out a tender for an offer to purchase uranium or an offer to sell uranium, whichever the case may be. Consistent with industry practice, such tender will stipulate the quantity to be purchased or sold, delivery particulars and payment particulars, but not price. Typical purchasers or sellers of uranium include producers of uranium, traders and utilities that operate nuclear power facilities. The Manager may also negotiate directly with potential suppliers (off-market transactions) for the purchase or sale of uranium. There is no public market through which these purchases and sales may occur and accordingly all such purchase and sale transactions are private. The pool of potential purchasers and sellers is limited and each transaction may require the negotiation of specific provisions. Accordingly, a purchase or sell cycle pursuant to a tender or an off-market transaction may take several months to complete. Since all purchases are confidential, neither the Manager nor Uranium Participation Corp. will be able to publicly disclose any vendor from whom Uranium Participation Corp. would potentially purchase uranium or any seller to whom Uranium Participation Corp. may sell uranium.

The Manager may also seek to source uranium through merger and acquisition transactions by the Corporation. Any potential transactions are referred to the Board of the Corporation for consideration, direction and ultimate approval.

In the event that the Manager determines that it would be beneficial to purchase or sell U₃O₈ or UF₆ from, or to the production or inventories of the Manager, of one of its affiliates, or of any other related party (as such term is defined in Multilateral Instrument 61-101) (a “Related Party”) of the Manager (“Related Purchases”), then such purchases or sales will require the unanimous approval of the independent directors of Uranium Participation Corp. for all amounts over \$1,000,000 in the aggregate. Such transactions will also require the unanimous approval of the Independent Review Committee. See “Governance of the Corporation – The Independent Review Committee”. To date, two such purchases have occurred. In June 2007, the Corporation purchased 75,000 pounds of U₃O₈ from an affiliate of the Manager at a price US\$130.00 per pound for total consideration of US\$9,750,000 and, in August 2008, the Corporation purchased 50,000 pounds of U₃O₈ at a price of US\$64.50 per pound, for a total consideration of US\$3,225,000.

The Manager does not have any ownership interest in Uranium Participation Corp., and the two companies do not have any directors in common.

Any lending arrangements for uranium will be completed by the Manager in accordance with standard industry practices for and on behalf of Uranium Participation Corp. When the Board instructs the Manager to lend uranium, any such loan will stipulate the quantity, interest rate, duration, security, covenants and such other provisions as may be appropriate.

In addition to its responsibilities for purchasing or selling uranium for and on behalf of the Corporation, the Manager is required to arrange for storage of the uranium at the Facilities, arrange insurance coverage, prepare regulatory filing materials, reports for shareholders, furnish office facilities, provide officers for Uranium Participation Corp. and generally manage the business and affairs of the Corporation.

In consideration of the Manager carrying out its duties and obligations under the terms of the Management Services Agreement, the Corporation will pay the following fees to the Manager:

- (a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board;
- (b) \$400,000 per annum, plus:
 - (i) a fee equal to 0.3% per annum of Uranium Participation Corp.'s total assets in excess of \$100 million and up to \$200 million; and
 - (ii) a fee equal to 0.2% per annum of Uranium Participation Corp.'s assets for any excess over \$200 million of total assets;
- (c) a fee of \$200,000 upon the completion of each equity financing where the proceeds payable to Uranium Participation Corp. exceed \$20 million;
- (d) a fee of \$200,000 for each transaction or arrangement (other than the acquisition or sale of uranium) of business where the gross value of such transaction exceeds \$20 million (an “Initiative”);
- (e) an annual fee up to a maximum of \$200,000, at the discretion of the Board, for on-going monitoring or work associated with an Initiative, provided that in exercising its discretion the Board shall consider, among factors, the effort expended by the Manager and the value derived by the Corporation from such Initiative; and

- (f) a fee equal to 1.5% of the gross value of any uranium held by Uranium Participation Corp. prior to the completion of any acquisition of at least 90% of the common shares of Uranium Participation Corp.

Uranium Participation Corp. paid an aggregate of \$1.1 million and \$1.2 million to the Manager for commissions on purchases of uranium, and \$1.8 million and \$1.8 million in other fees for the fiscal years ended February 28, 2010 and 2009, respectively. See "Interests of Management and Others in Material Transactions".

Under the terms of the Management Services Agreement, any directors, officers or employees of the Manager who are also officers of Uranium Participation Corp. are paid by the Manager and do not receive any remuneration from Uranium Participation Corp. for their work on behalf of the Company.

Uranium Market

Uranium Uses

The only significant commercial use for U_3O_8 is as a fuel for nuclear power plants for the generation of electricity. Through the process of nuclear fission, the uranium isotope U-235 can undergo a nuclear reaction whereby its nucleus is split into smaller particles. Nuclear fission releases significant amounts of energy, and is the basis of power generation in the nuclear industry.

Uranium has other uses in the fields of medical diagnosis and other industries. Uranium is also used as a feedstock for over 200 private nuclear reactors, which are operated for research purposes and for the production of isotopes for medical and industrial end uses.

Uranium Production Process

The initial step in the process of preparing uranium ore for use in a nuclear reactor is the mining and upgrading of the ore in a uranium processing facility, or mill, to produce uranium concentrates containing 80-90% U_3O_8 . Uranium concentrates are priced and sold based on the U_3O_8 content.

The second step in the preparation of uranium for use in a nuclear reactor takes place at licensed uranium conversion facilities where U_3O_8 is converted to UF_6 . Above 56 degrees Celsius, UF_6 is a gas and is in a suitable form to be enriched to produce fuel for the majority of the types of reactors. Following the production of UF_6 , enrichment and fuel fabrication steps are required before the nuclear fuel is ready for loading into a nuclear reactor.

The Uranium Industry

Nuclear power capacity and power generation is growing significantly, while uranium production is struggling to catch up after many years of low prices and limited exploration for new deposits required to support the growth of nuclear power and to replace depleting ore bodies. As a result, there is a tight long-term supply-demand balance which can be expected to continue for the foreseeable future. Prices must rise to higher, sustained levels to support the new mines required to meet the increasing demand.

Uranium Demand

There are currently 436 nuclear reactors operating worldwide in 30 countries, generating 372.6 gigawatts of electricity and supplying 15% of the world's electrical requirements. Of greater significance, 53 nuclear reactors are under construction in 13 countries with the principal drivers of this expansion being China, India, South Korea and Russia which have a total of 40 reactors under construction. China, in particular, has a very aggressive new build program underway. By 2020, it is estimated that there will be 570 nuclear reactors in operation worldwide, supplying 518.5 gigawatts. This would represent an increase of over 30% in only 10 years, with 11 new countries joining the nuclear family.

World net electricity consumption is expected to increase by 77% by 2030, according to the International Energy Outlook 2009 (the "IEO 2009") reference case forecast. Total demand for electricity is projected to

increase on average by 2.1% per year from 18.0 trillion kilowatt hours in 2006 to 31.8 trillion kilowatt hours in 2030. The IEO 2009 forecast assumes strong economic growth in non-Organization for Economic Cooperation and Development (“OECD”) countries with GDP growth of 4.9% annually compared with 2.2% for OECD countries. As a result of higher fossil fuel prices, energy security concerns, improved reactor designs and environmental concerns, new nuclear capacity is expected to be a significant part of meeting this growth in electricity demand.

Nuclear reactors are very capital intensive; therefore economics dictate that they need to be operated to the maximum as base-load power. As a consequence, demand for uranium is nearly non-elastic. UxCo has estimated in its “Uranium Market Outlook – Q1 2010”, that uranium demand will grow from 185.0 million pounds of U₃O₈ in 2009 to 247.3 million pounds in 2020.

While long-term demand is steadily growing, short-term demand is affected in a large part by utilities’ uncovered requirements. Utilities normally purchase the majority of their fuel requirements under long-term contracts. To the extent that they have uncovered demand in the near term, they will purchase on the spot market which in turn affects the spot price. Currently, there is relatively low uncovered demand, so utility buying is purely discretionary and price driven.

Primary Uranium Supply

Uranium supply is the biggest variable in the supply-demand equation. During the time that the accumulated inventories from over production in the 1970s were being drawn down, primary mine production accounted for only approximately 50% of demand. A number of new mines have been brought into production over the last few years while others are in various stages of development. However, production still only accounts for approximately 70% of demand and many more mines are required to meet the increasing future demand and to replace mines that are being depleted.

UxCo has estimated in its “Uranium Market Outlook – Q1 2010” that existing mine production plus new planned and potential mine production will increase primary uranium supply from 131.8 million pounds in 2009 to 210.4 million pounds in 2020, falling short of expected demand of 247.3 million pounds per year. The principal driver for the increase in primary mine production is expected to be Kazakhstan, which is projected to nearly triple production between 2008 and 2020. However prices will need to increase appreciably to support the additional higher cost production required to meet these production forecasts.

Secondary Uranium Supply

Primary mine production currently supplies approximately 70% of demand. The balance of demand is supplied from secondary sources such as remaining excess commercial inventories, reprocessing of spent fuel, inventories held by governments and the downblending of highly-enriched uranium (“HEU”) from nuclear weapons programs. By far, the most significant of the secondary supplies currently is the 18 to 24 million pounds per year being provided from the HEU downblending program. The HEU program is scheduled to terminate in 2013. The supply gap created by this termination will need to be made up from new primary mine production.

Excess commercial inventories, which were once one of the major sources of secondary supplies during the period from the early 1970s to the early 2000s, have largely been consumed. The disposition of government inventories held by the United States and Russia will have a market impact over the next 10 to 20 years; however, the rate and timing of this material entering the market is uncertain.

Reprocessing of spent fuel is another source of secondary supply but is expected to satisfy only 3% to 4% of demand. Expansion of this secondary source would require major investments in facilities which could only be supported by a significant increase in long-term prices.

UxCo expects that secondary sources of supply will fall from 52 million pounds to 19 million pounds per year from now to 2020.

Uranium Prices

Most of the countries that use nuclear-generated electricity do not have a sufficient domestic uranium supply to fuel their nuclear power reactors, and their electric utilities must secure their required uranium supply by entering into medium-term and long-term contracts with foreign uranium producers and other suppliers. These contracts usually provide for deliveries to begin two to four years after they are signed and provide for four to eight delivery years. In awarding medium-term and long-term contracts, electric utilities consider, in addition to the commercial terms offered, the producer's or supplier's uranium reserves, record of performance and costs, all of which are important to the producer's or supplier's ability to fulfill long-term supply commitments. Prices are established by a number of methods, including base prices adjusted by inflation indices, reference prices (generally spot price indicators, but also long-term reference prices) and annual price negotiations. Contracts may also contain floor prices, ceiling prices and other negotiated provisions. Under these contracts, the actual price mechanisms are usually confidential. Electric utilities procure their remaining requirements through spot and near-term purchases from uranium producers and other suppliers, including other utilities holding excess inventory and governments.

Historically, spot prices are more volatile than long-term prices. Spot prices rose rapidly from a low of US\$7.10 per pound U_3O_8 in December 2000 to a peak of US\$136.00 per pound U_3O_8 in mid 2007 before declining and ending 2007 at US\$95.00 per pound U_3O_8 . Spot prices in 2008 and 2009 have been very volatile but have generally continued to decline. The low price for 2009 was US\$40.00, reached in early April. Prices generally fluctuated during 2009, from the low US\$40s to the low US\$50s reaching US\$41.75 at February 28, 2010.

The long-term price rose from just under US\$11.00 per pound U_3O_8 at the end of 2002 to a peak of US\$95.00 in May 2007 and remained at that level until mid-2008. Since then, it has steadily declined to US\$62.00 at February 28, 2010. Long-term prices are driven more by production costs and the future supply-demand balance than by customer inventories. This is one of the reasons why a gap between long-term prices and spot prices exist.

UF_6 is a separate commodity from U_3O_8 , although its price will be principally affected by the price of the U_3O_8 because U_3O_8 is converted to produce UF_6 . Through conversion, 2.61285 pounds U_3O_8 will produce one KgU as UF_6 . The value of UF_6 (the " UF_6 Value") is obtained by adding (i) the spot price of U_3O_8 multiplied by 2.61285 and (ii) the spot conversion price. The spot price of UF_6 (the " UF_6 Price") is published by UxCo and it may be higher or lower than the UF_6 Value depending on the variation in demand for its components. As at February 28, 2010, the UF_6 Price was US\$0.84 below the UF_6 Value.

At February 28, 2010 prices of U_3O_8 and conversion, U_3O_8 constitutes over 95.0% of the UF_6 Value. Accordingly, any change in the UF_6 Price will largely be attributable to changes in the price of U_3O_8 . UF_6 as a commodity may trade at a discount or a premium to the value of U_3O_8 plus conversion, depending on a variety of factors including demand for each of U_3O_8 and conversion.

Future uranium prices will be influenced by increased demand from new reactors being constructed or planned in many parts of the world, as well as the amount of incremental supply made available to the market from the remaining excess inventories, HEU feed supplies, other stockpiles and the availability of increased or new production from other uranium producers. All of these factors will be influenced by the global financial crisis and the availability of financing for the construction of reactors and the exploration and development of new production.

Government Regulation

The production, handling and storage of uranium are subject to various levels of extensive governmental controls and regulations which are amended from time to time. Uranium Participation Corp. is unable to predict what additional legislation or amendments may be proposed that might affect the uranium business or when any proposals, if enacted, might become effective.

Outlined below are certain government controls and regulations which materially affect the uranium industry.

Treaty on the Non-Proliferation of Nuclear Weapons (the "NPT")

The NPT was established in 1970 and is an international treaty with the following objectives: to prevent the spread of nuclear weapons and weapons technology, to foster the peaceful uses of nuclear energy, and to further the goal of achieving general and complete disarmament. The NPT establishes a safeguards system under the responsibility of the International Atomic Energy Agency (the "IAEA"). A number of countries are signatories to the NPT, including Canada, the U.S., the United Kingdom and France.

Article III of the NPT states that each State party to the NPT will undertake not to provide fissionable material, or equipment designed for the processing of fissionable material, to other States unless the fissionable material will be subject to the safeguards of the NPT, as enforced by the IAEA.

Canadian Uranium Industry Regulation

The federal government of Canada has recognized that the uranium industry has special importance in relation to the national interest and therefore regulates the industry through regulations and policy announcements. The regulations and policy announcements apply to any uranium property or plant in Canada which the Canadian Nuclear Safety Commission ("CNSC") may determine to be, or to have the capability of, producing or processing uranium for nuclear fuel application. The regulations require that the property or plant be owned legally or beneficially by a company incorporated pursuant to Canadian laws.

Canadian Nuclear Safety and Control Act

In Canada, control of the use and export of uranium is governed by the *Nuclear Safety and Control Act (Canada)* (the "NSCA").

The NSCA authorizes the CNSC to make regulations governing all aspects of the development and application of nuclear energy, including uranium mining, milling, conversion and transportation. The most significant powers given to the CNSC are in the licensing area. The NSCA grants the CNSC licensing authority for all nuclear activities in Canada, including the issuance of new licences to new operators, the renewal of existing licences, and amendments to existing licences. A person may only possess or dispose of nuclear substances and construct, operate and decommission its nuclear facilities in accordance with the terms of a CNSC licence. The licence specifies conditions that licensees must satisfy in order to maintain the right to operate nuclear facilities.

The NSCA grants to the CNSC the power to act as a court of record, the right to require financial guarantees for nuclear waste management and decommissioning as a condition of granting a licence, order-making powers and the right to impose monetary penalties. The NSCA also grants the CNSC power to require nuclear power plant operator re-certification and to set requirements for nuclear facility security measures. The NSCA also provides for increased emphasis on environmental matters, including a requirement that licensing applicants make adequate provision for the protection of the environment. Additional regulatory priority is evident in the areas of quality assurance and human factor engineering and assessment.

A fundamental principle in nuclear regulation is that the licensee bears the responsibility for safety, with the CNSC setting safety objectives and auditing the licensee's performance against the objectives. The regulations made under NSCA include provisions dealing with a facility's licence requirements, radiation protection, physical security for all nuclear facilities and the transport of radioactive materials. The CNSC has also issued guidance documents to assist licensees in complying with regulatory requirements such as decommissioning, emergency planning, and optimization of radiation protection measures.

All of the Canadian operations of the Facilities, which may be used by Uranium Participation Corp., will be governed primarily by licences granted by the CNSC and are subject to all applicable federal statutes and regulations and to all laws of general application in the province where the operation is located, except to the extent that such laws conflict with the terms and conditions of the licence or applicable federal laws.

Failure to comply with licence conditions or applicable statutes and regulations may result in orders being issued which may cause operations to cease or be curtailed or may require installation of additional equipment, other remedial action or the incurring of additional capital or other expenditures to remain compliant.

Canadian Uranium Export Regulation

The export of uranium is regulated by the federal government of Canada, which establishes nuclear energy policy. Licences and export permits, granted by the CNSC and the federal Department of Foreign Affairs and International Trade respectively, are required to be obtained for all exports. Uranium Participation Corp. will require that the Manager obtain any required permits for all such exports.

U.S. Uranium Industry Regulation

Uranium recovery in the U.S. is primarily regulated by the Nuclear Regulatory Commission ("NRC") pursuant to the Atomic Energy Act of 1954, as amended, title II of the Energy Reorganization Act of 1974, and titles I and II of the Uranium Mill Tailings Radiation Control Act of 1978. The NRC's primary function is to regulate the various commercial and institutional uses of nuclear energy and to ensure the protection of employees, the public and the environment from radioactive materials. The NRC also regulates most aspects of the uranium recovery process. The NRC regulations pertaining to uranium recovery facilities are contained in Title 10 of the Code of Federal Regulations ("10 CFR"). The NRC issues Domestic Source Material Licences (10 CFR Part 40). It also regulates the movement of nuclear materials within the United States (10 CFR Part 71) and the regulations governing the import and export of uranium (10 CFR Part 110).

Pursuant to these regulations, a licensee who transfers, receives, or adjusts the inventory, in any manner, of uranium source material or who exports or imports uranium source material, must complete a Nuclear Material Transaction Report in accordance with NRC instructions. This report is the primary mechanism for tracking physical movements of U.S. or any other origin uranium to foreign and domestic buyers.

The review of a licence application is governed by the National Environmental Policy Act ("NEPA") which is implemented through 10 CFR Part 51.

In all cases, failure to comply with NRC license and/or state permit-to-mine conditions, or the failure to comply with other applicable rules and regulations, can bring enforcement action. For the state, this starts with non-cited violations for minor, easily correctable violations (generally through "conference and conciliation"), through notices of violation ("NOV's") which can include: fines; supplemental environmental projects; remedial action; additional monitoring and permit changes; and, ultimately, could include orders to cease operations. NRC enforcement policy describes a progression of enforcement starting with a NOV and working through a pre-enforcement conference, fines, imprisonment and the barring of workers or contractors from working in the nuclear industry. Under state and federal law, criminal charges are possible if violations are deemed to be the result of criminal intent or action.

Other agencies are involved in the regulation of the uranium industry, either directly or indirectly, including the Environmental Protection Agency, the Department of Transportation, the Bureau of Land Management, Department of Energy, the Department of Defense, the Department of Homeland Security, the Army Corps of Engineers, and the U.S. Fish and Wildlife Service, as well as State regulatory authorities.

The U.S. government also enters into international agreements for nuclear co-operation and trade with specific countries (or political blocs such as the European Union), with the general goal of supporting the peaceful uses of nuclear energy while upholding specific U.S. foreign policy and non-proliferation objectives. The NRC participates in this process by providing comment and clearance or approval of the proposed international agreements. While specific sales contracts are not reviewed or approved, the NRC is responsible for issuing export and import licenses for the shipment of uranium outside the U.S.

RISK FACTORS

There are a number of factors that could negatively affect Uranium Participation Corp.'s business and the value of Uranium Participation Corp.'s securities, including the factors listed below. Such factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The following information pertains to the outlook and conditions currently known to Uranium Participation Corp. that could have a material impact on the financial condition of Uranium Participation Corp. This information, by its nature, is not all-inclusive. It is not a guarantee that other factors will not affect Uranium Participation Corp. in the future.

Uranium Price Volatility from Demand and Supply Factors

Since almost all of Uranium Participation Corp.'s activities involve investing in uranium, the value of its securities will be highly sensitive to fluctuations in the prices of uranium. Historically, the fluctuations in these prices have been, and will continue to be, affected by numerous factors beyond Uranium Participation Corp.'s control. Such factors include, among others: demand for nuclear power; improvements in nuclear reactor efficiencies; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and production costs in key uranium producing countries.

Since UF₆ is a different commodity than U₃O₈, its price is affected by its own supply/demand balance as well as the supply/demand balances of U₃O₈ and for conversion services. As a result, the UF₆ Price may move differently than the spot price of U₃O₈ or the spot conversion price alone. The factors that affect the UF₆ Price will affect the NAV of the Corporation, which in turn may affect the price of the Corporation's securities.

Set out in the table below is the spot price for U₃O₈ per pound and the UF₆ price per KgU at December 31 for the five calendar years ended December 31, 2009, and at February 28, 2010⁽¹⁾.

	<u>December 31</u>					<u>February 28</u>
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
U ₃ O ₈	\$36.25	\$72.00	\$90.00	\$53.00	\$44.50	\$41.75
UF ₆	\$105.00	\$199.00	\$240.00	\$145.00	\$118.00	\$114.00

⁽¹⁾ As published by UxCo in U.S. dollars.

No Public Market for Uranium

There is no public market for the sale of uranium. The uranium future market on NYMEX does not provide for physical delivery of uranium, only cash on settlement; and the trading forum by certain buyers does not offer a formal market but rather facilitates the introduction of buyers to sellers. Uranium Participation Corp. may not be able to acquire uranium, or once acquired, sell uranium for a number of months. The pool of potential purchasers and sellers is limited and each transaction may require the negotiation of specific provisions. Accordingly, a purchase or sale cycle may take several months to complete. In addition, as the supply of uranium is limited, Uranium Participation Corp. may experience additional difficulties purchasing uranium in the event that it is a significant buyer. The inability to purchase and sell on a timely basis in sufficient quantities could have a material adverse effect on the securities of Uranium Participation Corp.

From time to time, the Corporation enters into commitments to purchase U₃O₈ or UF₆. Such commitments are generally subject to conditions in favour of both the vendor and the Corporation, and there is no certainty that the purchases contemplated by such commitments will be completed.

Uranium Industry Competition and International Trade Restrictions

The international uranium industry, including the supply of uranium concentrates, is competitive. Supplies are available from a relatively small number of western world uranium mining companies, from certain republics of the former Soviet Union, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of UF₆. The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Corporation and may affect the supply of uranium available for sale and use in the United States and Europe, which are the largest markets for uranium in the world.

Foreign Exchange Rates

Uranium Participation Corp. maintains its accounting records, reports its financial position and results, pays certain operating expenses and its securities trade in Canadian currency. As the prices of uranium are quoted in U.S. currency, fluctuations in the U.S. currency exchange rate relative to the Canadian currency can significantly impact the valuation of uranium and the associated purchase price from a Canadian currency perspective. Because exchange rate fluctuations are beyond Uranium Participation Corp.'s control, there can be no assurance that such fluctuations will not have an adverse effect on Uranium Participation Corp.'s operations or on the trading value of its common shares.

Risks Associated with the Facilities

Under the Management Services Agreement, the Manager is required to arrange for all uranium to be stored at Facilities and to ensure that the Facilities provide satisfactory indemnities for the benefit of Uranium Participation Corp. or ensure that Uranium Participation Corp. has the benefit of insurance arrangements obtained on standard industry terms. There is no guarantee that either the indemnities or insurance in favour of Uranium Participation Corp. will fully cover or absolve Uranium Participation Corp. in the event of loss or damage. Uranium Participation Corp. may be financially and legally responsible for losses and/or damages not covered by indemnity provisions or insurance. Such responsibility could have a material adverse effect on the financial condition of Uranium Participation Corp.

All uranium is stored at licensed Facilities. As the number of duly licensed Facilities is limited, there can be no assurance that new arrangements that are commercially beneficial to Uranium Participation Corp. will be readily available. Failure to negotiate commercially reasonable storage terms with the Facilities may have a material adverse effect on the financial condition of Uranium Participation Corp.

Lack of Operational Liquidity

The expenses of Uranium Participation Corp. are funded from cash on hand that is not otherwise invested in uranium and revenue from the lending of uranium. Once such cash available has been expended, Uranium Participation Corp. may generate cash from either the lending or sale of uranium or the sale of additional equity securities. There is no guarantee that Uranium Participation Corp. will be able to sell additional equity or equity related securities on terms acceptable to Uranium Participation Corp. in the future, that Uranium Participation Corp. will be able to sell uranium in a timely or profitable manner or that Uranium Participation Corp. will be able to generate revenue through lending arrangements.

Competition from Other Energy Sources and Public Acceptance of Nuclear Energy

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and put additional pressure on the demand for uranium concentrates.

Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world could impact on the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators, which could have a material adverse effect on Uranium Participation Corp.

Lack of Investment Liquidity

Uranium Participation Corp. is not a mutual fund, and an investment in its common shares is not redeemable. Uranium Participation Corp.'s liquidity will rely principally on sales or lending by Uranium Participation Corp. of uranium. Accordingly, Uranium Participation Corp. may not have the resources to declare any dividends or make other cash distributions unless and until a determination is made to sell a portion of its uranium holdings.

Since inception, the Corporation has not declared any dividends and the Corporation has no current intention to declare any dividends.

Net Asset Value

The NAV reported by Uranium Participation Corp. is based on the spot price of uranium published by UxCo. Accordingly, the NAV may not necessarily reflect the actual realizable value of uranium held by Uranium Participation Corp.

The NAV is calculated by deducting the Corporation's liabilities from its assets as at the relevant period end and dividing the result by the number of common shares outstanding. These liabilities include liabilities for future income taxes. Unlike most investment funds, the Corporation does not qualify as a mutual fund trust, making it subject to income tax on its taxable income.

Market Price of Common Shares

It appears that the market price of the common shares is related to the NAV. Uranium Participation Corp. cannot predict whether the common shares will, in the future, trade above, at or below the NAV.

The market price of the common shares may also be affected by the management expense ratio, which is calculated for each reporting period as the total investment operation expenses (including income tax provisions) for the period over the average net asset value of the Corporation.

Reliance on Board of Directors and Manager

Uranium Participation Corp. is a self-governing corporation that is governed by the Board of Directors appointed and elected by the holders of common shares. Uranium Participation Corp. will, therefore, be dependent on the services of its Board for investment decisions and the Manager for management services.

Resignation by Manager

The Manager may terminate the Management Services Agreement after the Initial Term, as extended, in accordance with the terms thereof. Uranium Participation Corp. may not be able to readily secure similar services to, or at management fees comparable to those under the Management Services Agreement, and its operations may therefore be adversely affected.

Conflict of Interest

Directors and officers of Uranium Participation Corp. may provide investment, administrative and other services to other entities and parties. The directors and officers of Uranium Participation Corp. have devoted, and have undertaken to devote, such reasonable time as is required to properly fulfill their responsibilities in respect to the business and affairs of Uranium Participation Corp. as they arise from time to time.

Uranium Lending

The Corporation has and may again enter into uranium lending arrangements. It has, and will in the future, ensure that adequate security is provided for any loaned uranium. However, there is a risk that the borrower may not be able to return the uranium and may, in lieu, repay the equivalent value of borrowed uranium in cash. In such circumstances, given the limited supply of U₃O₈ and UF₆, the Corporation may not be able to replace the uranium loaned from its portfolio.

Regulatory Change

Uranium Participation Corp may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect Uranium Participation Corp.

General Economic Downturn

Increases in spot market volumes may continue to be impacted by the current global economic downturn causing downward pressure on the spot prices for uranium.

Decreased availability of credit for construction of new reactors and exploration as well as the amount of incremental supply of uranium made available to the market from remaining excess inventories, HEU Feed supplies, other stockpiles and the availability of new production from other uranium producers are all influenced by the current global economic downturn resulting in part from the recent global financial crisis.

CAPITAL STRUCTURE AND DIVIDENDS

Common Shares

The authorized capital of Uranium Participation Corp. consists of an unlimited number of common shares, which are more particularly described below. As of February 28, 2010, Uranium Participation Corp. had an aggregate of 85,697,341 common shares issued and outstanding. As at the date of this AIF, Uranium Participation Corp. had an aggregate of 106,322,313 common shares issued and outstanding due to completion of the Scheme.

In addition, upon completion of the Scheme, the Corporation assumed the obligation to issue its common shares in satisfaction of the exercise of outstanding, fully-vested stock options to purchase 2,475,000 common shares of UL. These options have a price of GBP£2.05 per option and expire on July 21, 2011. Each option assumed is exercisable for 0.50 common share of the Corporation.

The by-laws of the Corporation provide that the rights, privileges, restrictions and conditions attaching to the common shares are as follows:

Notice of Meetings. Holders of common shares are entitled to notice of, and to attend, all meetings of shareholders.

Voting Rights. Uranium Participation Corp. shall not, without the prior approval of the holders thereof given by the affirmative vote of at least 66²/₃% of the votes cast at a meeting of the holders of the common shares duly called for that purpose:

- (i) approve any change in the minimum amount of the gross proceeds of any offerings of Uranium Participation Corp., which must be invested in uranium as required by its By-laws. This minimum amount is currently set at 85% of the gross proceeds of offerings;
- (ii) approve any change in the restrictions on the investments which Uranium Participation Corp. is permitted to make;
- (iii) create any class of shares ranking in preference or priority to the common shares;

- (iv) create any class of shares ranking, as to dividends, in preference to, or on a parity with, the common shares; or
- (v) consolidate or subdivide the common shares.

Sale and Purchase of Common Shares. Uranium Participation Corp. may, at any time or times, subject to applicable regulatory requirements, purchase or sell in the open market or by invitation for tenders to all holders all or any part of the common shares then outstanding.

Rights on Liquidation. In the event of liquidation, dissolution or winding-up of Uranium Participation Corp., the holders of common shares are entitled to participate pro rata in the distribution of the proceeds from the sale of uranium and any other net assets of Uranium Participation Corp., subject to applicable laws.

Dividends

The Directors have adopted a policy of dedicating cash flow to reinvestment in the business and repayment of debt. Accordingly, no dividends have been declared to date.

MARKET FOR SECURITIES

Trading Price and Volume

The common shares are traded on the Toronto Stock Exchange under the symbol “U”. The following table sets forth, for the months indicated, the high and low closing sale prices and trading volumes as reported on the Toronto Stock Exchange.

Month	Common Shares – U	
	Price Range \$	Volume (thousands)
2009		
March	5.60 – 6.89	6,044
April	6.18 – 7.65	5,293
May	7.55 – 8.35	11,083
June	7.46 – 7.85	6,908
July	6.93 – 7.55	4,140
August	6.50 – 7.59	5,104
September	6.20 – 6.78	6,643
October	6.26 – 7.40	12,138
November	6.58 – 7.35	6,604
December	6.49 – 6.93	5,323
2010		
January	5.88 – 6.84	9,294
February	5.84 – 6.23	5,761

GOVERNANCE OF THE CORPORATION

Board of Directors and Officers

The Board is responsible for the governance and the oversight of the affairs of Uranium Participation Corp. The following table sets out the names and the municipality of residence of each of the directors and officers of Uranium Participation Corp., as of the date of this AIF, their respective positions and offices held with the Corporation and their principal occupations as of the date hereof. The following table also identifies the members of each committee of the Board of Directors.

<u>Name and Province of Residence</u>	<u>Position with Uranium Participation Corp.</u>	<u>Principal Occupation</u>
Paul J. Bennett ^(1,2,3,4) Calgary, Alberta	Director	President and Chief Executive Officer of Energus Resources Ltd. and President and Chief Executive Officer of Rodinia Oil Corp.
Jeff Kennedy ⁽²⁾ Toronto, Ontario	Director	Chief Financial Officer and Director, Equity Capital Markets and a director of Cormark Securities Inc. (“Cormark”)
Garth A.C. MacRae ^(1,2,3,4,5) Toronto, Ontario	Director	Independent Financial Consultant
Richard H. McCoy ^(1,2,3,4,6) Toronto, Ontario	Director	Retired; Formerly Vice Chairman Investment Banking, TD Securities Inc.
Kelvin H. Williams ^(4, 7) Capetown, South Africa	Director	Corporate Director
Ron F. Hochstein Coquitlam, British Columbia	President	President and Chief Executive Officer and Director of DMC and President of the Manager
James R. Anderson Mississauga, Ontario	Chief Financial Officer	Executive Vice President and Chief Financial Officer of DMC and Chief Financial Officer of the Manager
Donald C. Campbell Newmarket, Ontario	Vice President, Commercial	Vice President, Commercial of DMC and of the Manager
Sheila Colman Vancouver, British Columbia	Corporate Secretary	Canadian Counsel and Assistant Corporate Secretary of DMC and Assistant Corporate Secretary of the Manager
Curt D. Steel Sherman, Connecticut	Vice President, Marketing	Vice President, Marketing and Sales of DMC and Vice President, Marketing of the Manager

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Corporate Governance and Nominating Committee
- (3) Member of the Independent Review Committee
- (4) The Board has determined that this individual is “independent” for the purpose of reviewing potential Related Purchases. See “Business of Uranium Participation Corp. - Management of Uranium Participation Corp., Manager and Management Services Agreement”.
- (5) Chair, Audit Committee
- (6) Chairman of the Board
- (7) Mr. Williams was appointed to the Board on March 30, 2010.

As of the date of this AIF, the directors and officers of Uranium Participation Corp. beneficially owned, directly or indirectly, 82,690 common shares, representing less than 1% of the issued and outstanding common shares.

Except as noted below, each of the foregoing directors and officers has held the same principal occupation for the previous five years.

James R. Anderson

Mr. Anderson is the Chief Financial Officer of the Corporation and the Chief Financial Officer of the Manager. Upon the completion of the Denison Arrangement, Mr. Anderson became the Executive Vice-President and Chief Financial Officer of DMC. Prior to that, Mr. Anderson served as the Executive Vice President and Chief Financial Officer of the Manager from 2004 to 2006. Prior to joining the Manager, Mr. Anderson was Managing Director of Exel Energy Group Inc. Prior to that, he held the position of Senior Vice President and Chief Financial Officer at Rogers Cable Inc. Mr. Anderson, a Chartered Accountant, has held various senior positions in marketing, development, accounting and finance at companies in the energy sector, including Westcoast Energy Inc. and Union Gas Limited. Mr. Anderson has served as a director on a number of boards of companies in the gas sector. Mr. Anderson has been a Chartered Accountant since 1974.

Paul J. Bennett

Mr. Bennett became a director in June 2005. Mr. Bennett is also a director and the President of UPAC. Mr. Bennett is the President and Chief Executive Officer of Energen Resources Ltd. and became the President and Chief Executive Officer of Rodinia Oil Corp. in August 2006. Mr. Bennett has held executive and senior management positions with ExxonMobil Canada, Sable Offshore Energy Project and Mobil Oil Canada (MOCAN). He has also served as a director of the Maritimes and Northeast Pipeline and is currently on the Board of Directors of Armistice Resources Corp. and Rodinia Oil Corp. Mr. Bennett has over 37 years of domestic and international experience in geology, mining and oil/gas exploration, development and production. Mr. Bennett graduated from the University of Toronto in 1972 with an H.B.Sc. in Geology and again in 1974 with an M.Sc. in Structural Geology. He is a member of CSPG and AAPG and is a Professional Geologist (P. Geol) licensed in the Province of Alberta (APEGGA). He has received a number of oil and gas industry awards.

Donald C. Campbell

Mr. Campbell is the Vice-President Commercial of the Corporation and the Vice-President, Commercial of the Manager. Upon completion of the Denison Arrangement, Mr. Campbell became the Vice-President, Commercial of DMC. Mr. Campbell served as the Vice President, Marketing and Special Projects for the Manager from 2004 to 2006. He held the position of Vice President, Marketing and Special Projects of Denison Energy Inc. from 1993 to 2004. From 1986 to 1993, he was Vice President, Special Projects for Denison Energy. Mr. Campbell has 50 years of mining and oil and gas experience in Canada and internationally. Mr. Campbell graduated from the University of New Brunswick in 1959 with a B.Sc. in Civil Engineering and is a registered Professional Engineer in Ontario.

Sheila Colman

Ms. Colman became the Corporate Secretary of the Corporation and the Assistant Corporate Secretary of the Manager in February 2010. Ms. Colman was appointed Canadian Counsel and Assistant Corporate Secretary of DMC in February 2010. Ms. Colman first started with the Manager in 2004 as General Counsel and Corporate Secretary. Following the combination of the Manager and IUC, Ms. Colman continued her employment with DMC as Canadian Counsel and Corporate Secretary until 2007, when she left to spend time with her young family. Prior to joining the Manager in 2004, Ms. Colman was legal counsel to Labatt Brewing Company Limited. After being called to the Ontario Bar in 1995, Ms. Colman practiced corporate law at the firm of Blake, Cassels & Graydon LLP. Ms. Colman graduated from Queen's University with a B.A.(H) in 1990 and then received her LL.B. from Queen's University in 1993.

Ron F. Hochstein

Mr. Hochstein is the President of the Corporation and the Manager. In May 2009, Mr. Hochstein was appointed the President and Chief Executive Officer of DMC. Prior to this appointment, Mr. Hochstein was appointed President and Chief Operating Officer of DMC upon completion of the Denison Arrangement. Before then, he served as President and Chief Executive Officer of IUC, as DMC was named prior to the Denison Arrangement, starting in April 2000. Mr. Hochstein has been a director of DMC since April 2000. Mr. Hochstein is a Professional Engineer and holds an MBA from the University of British Columbia and a B.Sc. from the University of Alberta.

Jeff Kennedy

Mr. Kennedy has served as a director of the Corporation since March 2005. He is currently the Chief Financial Officer and a director of Cormark. Prior to this, Mr. Kennedy was the Chief Financial Officer of Loewen Ondaatje McCutcheon Limited until 1998. Mr. Kennedy was Chairman of the Capital Formula Subcommittee of the Investment Dealers Association of Canada (the “**Subcommittee**”) from 1999 until 2003 and continues to be a member of the Subcommittee. Mr. Kennedy is also a member of the Minimum Standards Committee of the Canadian Investor Protection Fund and has been in the investment business since 1987. Mr. Kennedy holds a B.Com. degree from McMaster University and has been a Chartered Accountant since 1983.

Garth A.C. MacRae

Mr. MacRae, a Chartered Accountant, became a director of the Corporation in 2005 and is Chair of the Audit Committee. He has served as a director of Dundee Corporation since 1991 and served as Vice Chairman from 1993 until 2004. Mr. MacRae currently serves as a director of Breakwater Resources Ltd., Dundee Corporation, Dundee Precious Metals Inc., Dundee Wealth Management Inc., Eurogas Corporation, GeneNews Limited and Torque Energy Inc.

Richard H. McCoy

Mr. McCoy became a director of the Corporation in 2005 and is the Chairman of the Board. Prior to retiring in October, 2003, Mr. McCoy was Vice Chairman, Investment Banking at TD Securities Inc. Mr. McCoy currently serves as a director of Aberdeen Asia-Pacific Income Fund Ltd., Gerdau Ameristeel Corp., Jazz Air Holding GP Inc. and Pizza Pizza Royalty Income Fund.

Curt D. Steel

Mr. Steel became the Vice President, Marketing of the Corporation in June 2008 and is the Vice President, Marketing of the Manager and Vice President, Marketing and Sales of DMC. Prior to joining Denison, Mr. Steel was Senior Trader for NUKEM Inc. from 1998 to 2007.

Kelvin H. Williams

Mr. Williams became a director of the Corporation upon completion of the Scheme on March 30, 2010. Mr. Williams was previously employed by Anglo American Corporation starting in 1976. Mr. Williams was an executive director of AngloGold Ashanti Limited from its establishment in 1998 until May 2006 and was the chairman of its wholly-owned subsidiary, Nufcor SA. He was also a director of Nufcor International Limited, having resigned on December 31, 2007 upon taking up the chairmanship of UL until its acquisition. Mr. Williams was also a director of the World Gold Council.

Standing Committees of the Board

The Audit Committee

The Board has established an Audit Committee comprised of three of its directors, namely Messrs. Bennett, MacRae and McCoy, all of whom qualify as independent and financially literate as such terms are defined under Multilateral Instrument 52-110 - *Audit Committees* (“MI 52-110”). Being governed by National Instrument 81-106 – *Investment Fund Continuous Disclosure* (“NI 81-106”), the Corporation is not obligated

to comply with MI 52-110. Nonetheless, the Board has chosen to follow the regulations as they apply to audit committees.

This committee is responsible for such matters as the review of financial statements and related press releases, monitoring Uranium Participation Corp.'s financial reporting, accounting systems and internal controls and for the review of the independence and selection of, and liaising with, external auditors. The Board has adopted a charter of the audit committee (the "Charter") which sets out the audit committee's mandate, organization, powers and responsibilities. The complete Charter is attached as Schedule A to this AIF.

The Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee is comprised of four directors, being Messrs. Bennett, Kennedy, MacRae and McCoy. This Committee is responsible for developing Uranium Participation Corp.'s approach to corporate governance issues, advising the Board of Directors in filling vacancies and, periodically, reviewing the composition and effectiveness of the Board of Directors, the contribution of individual directors and the remuneration paid to the directors.

Compensation of the Board

Currently four members of the Board of Directors are independent. Each of the independent members of the Board of Directors is paid such remuneration for their services as the Board of Directors may, from time to time, determine. Until otherwise determined, such compensation includes a retainer of \$25,000 per year for each director, plus \$1,000 per attended meeting of the Board of Directors and committees of the Board of Directors. Uranium Participation Corp. also reimburses the members of the Board of Directors for out-of-pocket expenses for attending such meetings, and all directors participate in the indemnification arrangements described under the Management Services Agreement.

The Independent Review Committee

The Corporation has established an Independent Review Committee (the "IRC") consisting of three of its qualified independent Board members. The members of the IRC are Messrs. Bennett, MacRae and McCoy. The IRC has adopted a mandate that provides that the IRC must provide a recommendation or approval of transactions in which there is a conflict of interest between the Corporation and its Manager, as contemplated by National Instrument 81-107 - *Independent Review Committee* for Investment Funds of the Canadian Securities Administrators ("NI 81-107"). The IRC prepares a report to shareholders on at least an annual basis. The reports are available on the Corporation's website at www.uraniumparticipation.com and are also available to shareholders at no cost by contacting the Corporation at scolman@denisonmines.com.

IRC members are entitled to a meeting fee of \$1,000 for each IRC meeting attended outside normal Board meetings. All fees and expenses for the IRC are paid by the Corporation. The fees paid by the Corporation to the IRC members for the year ended February 28, 2010 were \$9,000. The IRC became fully operational on November 1, 2007. Since November 1, 2007, the IRC has dealt with four conflict matters, relating to certain purchases of uranium by the Corporation, the acquisition of UL and the extension of the Management Services Agreement.

CONFLICTS OF INTEREST

Principal Holders of Securities

To the knowledge of the directors and executive officers of the Corporation, as of the date of this AIF, no person or company beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation.

The Manager

The Manager does not have an ownership interest in the Corporation. All of the Corporation's Board members are independent of the Manager. As of the date hereof, the directors and officers of the Corporation in the aggregate own less than 1% of the outstanding capital of the Manager. As of the date hereof, the directors and officers of the Manager in the aggregate own less than 1% of the common shares of the Corporation.

The Manager is a wholly-owned subsidiary of DMC, a public company which has uranium production in the United States and Canada, and uranium exploration and development in Canada, the United States, Mongolia and Zambia. DMC is involved in the exploration, development, production and marketing of uranium through its 100% ownership of the White Mesa mill in Utah and its 22.5% interest in the McClean Lake joint venture in northern Saskatchewan. AREVA holds a 70% ownership interest in the McClean Lake joint venture.

The possible conflicts of interest between the Manager and Uranium Participation Corp. have been addressed as follows:

- (i) limitations on the ability of the Manager to purchase uranium from or sell uranium to Related Parties (See "Business of Uranium Participation Corp. – Management of Uranium Participation Corp.");
- (ii) the ability of the Manager to lend uranium is at the Board's discretion;
- (iii) all board members are independent of the Manager;
- (iv) restrictions on the business to be carried on by Uranium Participation Corp. (see "Business of Uranium Participation Corp."); and
- (v) oversight by the IRC.

The Board

Mr. Kennedy, one of the Corporation's directors, is an officer and a director of Cormark. Cormark has acted as lead underwriter on one public offering which the Corporation completed since February 28, 2009, being that offering described in the Corporation's prospectus dated and filed on SEDAR at www.sedar.com on May 20, 2009. As such, the Corporation paid the underwriters, including Cormark and others, an aggregate of approximately \$4,144,000. Cormark also acted as financial advisor to the Corporation in connection with its acquisition of UL in March 2010.

The IRC

As of the date of this AIF, the percentage of common shares of the Corporation beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 1% of the outstanding common shares of the Corporation. As of the date of this AIF, the percentage of common shares of DMC, beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 1% of the outstanding common shares of DMC. As of the date of this AIF, no member of the IRC beneficially owned, directly or indirectly, any interest in a third party service provider to the Corporation or the Manager.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Uranium Participation Corp. and the Manager have entered into the Management Services Agreement, pursuant to which the Manager administers the activities of Uranium Participation Corp. See "Business of Uranium Participation Corp. - Management of Uranium Participation Corp."

During the year ended February 28, 2010, Uranium Participation Corp. has paid to the Manager the following amounts in accordance with the terms of the Management Services Agreement (in thousands of dollars):

Management Fees	\$1,479
Equity Financing and Other Fees	250
Uranium Purchase Commissions	1,118
Shareholder Information and Other Compliance	28
General Office and Miscellaneous	7
TOTAL	<u>\$2,882</u>

Reference is made to Note 5 of the Corporation's audited financial statements for the year ended February 28, 2010, a copy of which is available under the Corporation's profile on SEDAR at www.sedar.com.

LEGAL PROCEEDINGS

Management of the Corporation is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against Uranium Participation Corp. or relating to the business which would be material to the Corporation.

MATERIAL CONTRACTS

Reference is made to the material contracts which have been filed by Uranium Participation Corp. with the Canadian securities regulatory authorities on the SEDAR website at www.sedar.com. Below are the particulars of each contract, other than those entered into in the ordinary course of business, that is material to Uranium Participation Corp. and that was entered into between March 2006 and February 28, 2010 or was entered into before those dates but is still in effect:

1. The Management Services Agreement, as amended. See "Business of Uranium Participation Corp. – Management of Uranium Participation Corp."
2. Implementation Agreement between the Corporation and UL dated January 10, 2010. Pursuant to this agreement, the Corporation agreed to acquire all of the shares of UL in exchange for 0.50 of a common share of the Corporation for each UL share outstanding. The agreement detailed the manner in which the acquisition occurred and detailed each party's rights and obligations in the event the acquisition was unsuccessful.
3. Letter Agreement between the Corporation and QVT Financial LP ("QVT") dated January 10, 2010. Pursuant to this agreement, QVT set out the basis upon which it would support and accept the Corporation's offer to acquire its holdings of UL shares.
4. Director's Irrevocable Undertaking from Kelvin H. Williams to the Corporation dated January 7, 2010. Pursuant to this agreement, the chairman of UL, Mr. Williams, set out the basis upon which he would support the Corporation's offer to acquire UL shares.

Copies of these agreements are available on the SEDAR website at www.sedar.com or may be inspected at the Corporation's registered office upon reasonable request.

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc. acts as the registrar and transfer agent for the common shares. The address for Computershare Investor Services Inc. is 100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1, Canada, and the phone number is 1-800-564-6253.

NAMES AND INTERESTS OF EXPERTS

PricewaterhouseCoopers LLP, Toronto, Ontario, the Corporation's external auditors, have prepared the audit report on the audited comparative consolidated financial statements of the Corporation as at and for the years ended February 28, 2009 and February 28, 2010. PricewaterhouseCoopers LLP have confirmed to the Corporation that they are independent in accordance with the independence rules of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information regarding the Corporation is available on the SEDAR website at www.sedar.com. Additional information concerning the Corporation is provided in the Corporation's Management Report on Fund Performance and Financial Statements for the year ended February 28, 2010. You may obtain a copy of these documents by calling 416-979-1991 or from your dealer or by e-mail at info.uraniumparticipation@denisonmines.com.

The Corporation's Management Information Circular and such other information and documentation filed on SEDAR can be found at www.sedar.com or on the Corporation's website at www.uraniumparticipation.com. Copies of these documents may also be obtained by writing to:

Corporate Secretary
Uranium Participation Corporation
Atrium on Bay
Suite 402
595 Bay Street
Toronto, Ontario
M5G 2C2

Telephone: (416) 979-1991
Facsimile: (416) 979-5893
Email: info.uraniumparticipation@denisonmines.com

The Manager may be contacted at the following address:

Denison Mines Inc.
Atrium on Bay
Suite 402
595 Bay Street
Toronto, Ontario
M5G 2C2
www.denisonmines.com

Telephone: (416) 979-1991
Facsimile: (416) 979-5893

Schedule A
Audit Committee Mandate

A. Composition of the Committee

- (1) The Board shall appoint from among its members annually at the first meeting of the Board following the annual meeting of the shareholders a committee to be known as the Audit Committee (the “Committee”) to be composed of three (3) directors or such other number not less than three (3) as the Board may from time to time determine.
- (2) Any member of the Committee may be removed or replaced at any time by the Board. Any member of the Committee ceasing to be a director shall cease to be a member of the Committee. Subject to the foregoing, each member of the Committee shall hold office as such until the next annual appointment of members after his or her election. Any vacancy occurring in the Committee shall be filled at the next meeting of the Board.
- (3) Each member of the Committee shall:
 - (a) be a member of the Board;
 - (b) not be an officer or employee of the Company or any of its affiliates;
 - (c) not be an officer or employee of the manager of the Company; and
 - (d) be an unrelated director as defined in the Toronto Stock Exchange (the “TSX”) Corporate Governance Guidelines (“TSX Guidelines”) as the same may be amended from time to time; and
 - (e) satisfy the independence requirements applicable to members of audit committees under each of Multilateral Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“MI 52-110”) and any other applicable laws and regulations as the same may be amended from time to time.
- (4) The Committee shall elect annually a chairperson from among its members.

B. Purpose

- (1) The Committee’s purpose is to assist the Board in its supervision of the management of the business and affairs of the Company through oversight of:
 - (a) the integrity of the Company’s financial statements, Management’s Reports of Fund Performance (“MRFP”) and other financial reporting;
 - (b) the integrity of the Company’s internal control and management information systems;
 - (c) the Company’s compliance with all applicable laws, rules, regulations, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial disclosure;
 - (d) the auditor’s qualifications and activities;
 - (e) communication among the auditor, management and the Board; and
 - (f) such other matters as are determined by the Board from time to time.
- (2) In carrying out its oversight role, the Committee and the Board recognize that the Company’s management is responsible for:
 - (a) implementing and maintaining internal controls and disclosure controls;

- (b) the preparation, presentation and integrity of the Company's financial statements; and
- (c) the appropriateness of the accounting principles and reporting policies that are used by the Company.

C. Committee Resources

- (1) The Committee shall have direct channels of communication with the Company's auditor to discuss and review specific issues as appropriate.
- (2) The Committee, or any member of the Committee with the approval of the Committee, may retain at the expense of the Company such independent legal, accounting (other than the auditor) or other advisors on such terms as the Committee may consider appropriate and shall not be required to obtain the approval of the Board in order to retain or compensate any such advisors.
- (3) The Committee shall have unrestricted access to Company personnel and documents and shall be provided with the resources necessary to carry out its responsibilities.

D. Committee Responsibilities

- (1) The responsibilities of the Committee shall be to:
 - (a) with respect to financial accounting matters:
 - (i) review with management and the external auditors the annual consolidated financial statements before making recommendations to the Board relating to approval of the statements;
 - (ii) review with management and the external auditors interim financial statements before making recommendations to the Board relating to approval of the statements;
 - (iii) review and discuss with management and the external auditors all public disclosure documents containing audited or unaudited financial information including: any Prospectus; the Annual Report; unaudited interim reports; quarterly portfolio disclosure, the Annual Information Form; Management Information Circular, MFRP, material change report and any press release announcing annual or interim financial results of operations. The review will be conducted to ensure that no statement is contained therein which is inconsistent with facts, estimates or judgments contained in the audited or unaudited financial statements;
 - (iv) satisfy itself that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements, other than the Company's financial statements, MFRP and earnings press releases, and shall periodically assess the adequacy of those procedures;
 - (v) prior to the completion of the annual audit, and at any other time deemed advisable by the Committee, review and discuss with management and the auditor the quality of the Company's accounting policies and financial statement presentation, including, without limitation, the following:
 - 1. all critical accounting policies and practices to be used, including, without limitation, the reasons why certain estimates or policies are or are not considered critical and how current and anticipated future events may impact those determinations as well as an assessment of any proposed modifications by the auditors that were not made;
 - 2. all alternative accounting treatments for policies and practices that have been discussed by management and the auditors; and
 - 3. other material written communications between the auditor and management, including, without limitation, any management letter, schedule of unadjusted differences, the

management representation letter, report on internal controls, as well as the engagement letter and the independence letter;

- (vi) review annually the accounting principles and practices followed by the Company and any changes in the same as they occur;
 - (vii) review new accounting principles of the Canadian Institute of Chartered Accountants which would have a significant impact on the Company's financial reporting as reported to the Committee by management;
 - (viii) review the status of material contingent liabilities as reported to the Committee by management;
 - (ix) review the status of income tax returns and potentially significant tax problems as reported to the Committee by management; and
 - (x) review any errors or omissions in the current or prior year's financial statements which appear material as reported to the Committee by management.
- (b) with respect to the external auditors:
- (i) be directly responsible for the appointment, retention, termination and oversight of the work of the auditor (including, without limitation, resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or services for the Company;
 - (ii) approve, prior to the auditor's audit, the auditor's audit plan (including, without limitation, staffing), the scope of the auditor's review and all related fees; and
 - (iii) satisfy itself as to the independence of the auditor. The Committee shall pre-approve any non-audit services (including, without limitation, fees therefor) provided to the Company or its subsidiaries by the auditor or any auditor of any such subsidiary and shall consider whether these services are compatible with the auditor's independence, including, without limitation, the nature and scope of the specific non-audit services to be performed and whether the audit process would require the auditor to review any advice rendered by the auditor in connection with the provision of non-audit services.
- (c) with respect to internal controls:
- (i) review with management and the external auditors the quality and adequacy of the Company's internal accounting, financial disclosure and operations controls, including policies, procedures and systems to assess, monitor and manage business risks. In addition, the Committee will evaluate the appropriateness and timeliness of the disposition of any recommendations for improvements in internal controls and procedures;
 - (ii) obtain external auditors reports on significant findings and recommendations, together with management's responses; and
 - (iii) discuss with management, policies regarding risk assessment and risk management. While it is the responsibility of management to assess and manage the Company's exposure to risk, the Committee will discuss and review guidelines and policies that govern the process. The discussion may include the Company's financial risk exposures and the steps that management has taken to monitor and control such exposures, recognizing that the Committee is not required to be the sole body responsible for risk assessment and management.
- (d) with respect to general audit matters:
- (i) inquire of management and the external auditors as to any activities that may or may not appear to be illegal or unethical;

- (ii) review with management and the external auditors any material frauds reported to the Audit Committee;
 - (iii) review with the external auditors the adequacy of staffing for accounting and financial responsibilities; and
 - (iv) report and make recommendations to the Board as the Committee considers appropriate.
- (2) In addition, the Board may refer to the Committee such matters and questions relating to the Company as the Board may from time to time see fit.
- (3) Any member of the Committee may require the auditors to attend any or every meeting of the Committee.

E. **Meetings**

- (1) The times of and the places where meetings of the Audit Committee shall be held and the calling of and procedure at such meetings shall be determined from time to time by the Committee, provided however that the Committee shall meet at least quarterly, and the Committee shall maintain minutes or other records of its meetings and activities. Notice of every such meeting to be given in writing not less than seven (7) days prior to the date fixed for the meeting, and shall be given to the auditors of the Company, that the auditors shall be entitled to attend and be heard thereat. Meetings shall be convened whenever requested by the auditors or any member of the Audit Committee in accordance with the *Ontario Business Corporations Act*.
- (2) As part of each meeting of the Committee at which it recommends that the Board approve the financial statements of the Company, and at such other times as the Committee deems appropriate, the Committee shall meet separately with the auditor to discuss and review specific issues as appropriate.
- (3) A majority of the Committee shall constitute a quorum.

F. **Evaluation of Mandate**

On at least an annual basis, the Committee shall review and assess the adequacy of this Mandate and recommend any proposed changes to the Board of Directors.