

URANIUM PARTICIPATION CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2010

Responsibility for Financial Reporting

To the Shareholders of Uranium Participation Corporation,

Uranium Participation Corporation's ("Company" or "Uranium Corp") management is responsible for the integrity and fairness of presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles for review by the Audit Committee and approval by the Board of Directors.

The preparation of financial statements requires the selection of appropriate accounting policies in accordance with generally accepted accounting principles and the use of estimates and judgments by management to present fairly and consistently the consolidated financial position of the Company. Estimates are necessary when transactions affecting the current period cannot be finalized with certainty until future information becomes available. The Company's management is also responsible for maintaining systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide assurance that the financial information is accurate and reliable in all material respects and that the Company's assets are appropriately accounted for and adequately safeguarded. The Company's management believes that such systems are operating effectively and has relied on these systems of internal control in preparing these financial statements.

PricewaterhouseCoopers LLP, Chartered Accountants, are independent external auditors appointed by the shareholders to issue a report regarding the consolidated financial statements of the Company. PricewaterhouseCoopers' audit report outlines the extent and nature of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying annual management report of fund performance. The Board carries out this responsibility principally through its Audit Committee, which is appointed annually and consists of three Directors, none of whom are members of management.

The Audit Committee meets at least twice per year with management, together with the independent auditors, to satisfy itself that management and the independent auditors are each properly discharging their responsibilities. The independent external auditors have full access to the Audit Committee with and without management present. The Audit Committee, among other things, reviews matters related to the quality of internal control, audit and financial reporting issues. The Audit Committee reviews the consolidated financial statements and the independent auditors' report, and reports its findings to the Board of Directors, prior to the Board approving such information for issuance to the shareholders. The Audit Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the Company's independent auditors.

(Signed) "Ron Hochstein"

(Signed) "James R. Anderson"

Ron Hochstein
President

James R. Anderson
Chief Financial Officer

April 22, 2010

Independent Auditors' Report

To the Shareholders of Uranium Participation Corporation

We have audited the accompanying consolidated statements of net assets of Uranium Participation Corporation as at February 28, 2010 and 2009, the consolidated statements of operations, changes in net assets and cash flows for the years ended February 28, 2010 and 2009 and the consolidated statement of investment portfolio as at February 28, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
April 22, 2010

**URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENTS OF NET ASSETS
AS AT FEBRUARY 28, 2010 and 2009**

(in thousands of Canadian dollars, except per share amounts)	2010	2009
Assets		
Investments at market value (at cost: 2010-\$609,448; 2009-\$534,031)	\$479,142	\$549,128
Cash and cash equivalents	22,673	1,057
Sundry receivables and other assets	1,098	878
Future income taxes (note 3)	13,131	13,084
	\$516,044	\$564,147
Liabilities		
Accounts payable and accrued liabilities	1,242	1,399
Income taxes payable	159	108
Future income taxes (note 3)	5,051	21,243
Net assets	\$509,592	\$541,397
Net assets represented by		
Common shares (note 4)	\$653,841	\$553,576
Contributed surplus (note 4)	2,481	2,481
Deficit	(146,730)	(14,660)
	\$509,592	\$541,397
Common shares		
Issued and outstanding (note 4)	85,697,341	72,328,591
Net asset value per common share		
Basic and diluted	\$ 5.95	\$ 7.49

The accompanying notes are an integral part of these financial statements.

ON BEHALF OF THE BOARD OF URANIUM PARTICIPATION CORPORATION

Signed "Richard H. McCoy"

Signed "Garth A. C. MacRae"

Richard H. McCoy
Director

Garth A. C. MacRae
Director

URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED FEBRUARY 28, 2010 and 2009

(in thousands of Canadian dollars)	2010	2009
Income		
Interest	\$ 63	\$ 169
Income from investment lending (note 6)	3,125	4,581
Unrealized losses on investments	(145,403)	(131,753)
	(142,215)	(127,003)
Operating expenses		
Transaction fees (note 5)	1,320	1,290
Management fees (note 5)	1,479	1,560
Storage fees	1,787	1,350
Audit fees	50	78
Directors fees	125	96
Independent review committee fees and expenses	9	6
Legal and other professional fees	24	25
Shareholder information and other compliance	155	220
General office and miscellaneous	302	354
Foreign exchange loss (gain)	(575)	952
	4,676	5,931
Decrease in net assets from operations before taxes	(146,891)	(132,934)
Income tax recovery (note 3)	(14,821)	(19,417)
Decrease in net assets from operations after taxes	(132,070)	(113,517)
Opening retained earnings (deficit)	(14,660)	98,857
Closing deficit	(146,730)	(14,660)
Decrease in net assets from operations after taxes per common share		
Basic and diluted	\$ (1.60)	\$ (1.58)
Weighted average common shares outstanding		
Basic and diluted	82,355,154	72,020,143

The accompanying notes are an integral part of these financial statements.

**URANIUM PARTICIPATION CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED FEBRUARY 28, 2010 and 2009**

(in thousands of Canadian dollars)	2010	2009
Net assets at beginning of year	\$541,397	\$582,545
Net proceeds from issue of shares after tax (note 4)	100,265	72,369
Decrease in net assets from operations after taxes	(132,070)	(113,517)
Net assets at end of year	\$509,592	\$541,397

**URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED FEBRUARY 28, 2010 and 2009**

(in thousands of Canadian dollars)	2010	2009
Operating Activities		
Decrease in net assets from operations after taxes	\$(132,070)	\$(113,517)
Adjustments for non-cash items:		
Unrealized losses on investments	145,403	131,753
Future income tax recovery (note 3)	(14,874)	(19,482)
Changes in non-cash working capital:		
Change in sundry receivables and other assets	(220)	235
Change in income taxes receivable	–	23
Change in accounts payable and accrued liabilities	(157)	369
Change in income taxes payable	51	(282)
Net cash used in operating activities	(1,867)	(901)
Investing Activities		
Purchases of uranium investments	(75,417)	(83,085)
Net cash used in investing activities	(75,417)	(83,085)
Financing Activities		
Share issues net of issue costs (note 4)	98,900	71,356
Net cash generated by financing activities	98,900	71,356
Increase (decrease) in cash and cash equivalents	21,616	(12,630)
Cash and cash equivalents – beginning of year	1,057	13,687
Cash and cash equivalents – end of year	\$ 22,673	\$ 1,057

The accompanying notes are an integral part of these financial statements.

URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO
AS AT FEBRUARY 28, 2010

(in thousands of Canadian dollars, except quantity amounts)	Quantity of Measure	Cost ⁽¹⁾	Market Value ⁽²⁾
Investments in Uranium:			
Uranium oxide in concentrates ("U ₃ O ₈ ")	5,545,000 lbs	\$ 268,445	\$ 243,681
Uranium hexafluoride ("UF ₆ ") ⁽³⁾	1,962,230 KgU	\$ 341,003	\$ 235,461
		\$ 609,448	\$ 479,142
U ₃ O ₈ average cost and market value per pound:			
- In Canadian dollars		\$ 48.41	\$ 43.95
- In United States dollars		\$ 43.41	\$ 41.75
UF ₆ average cost and market value per KgU:			
- In Canadian dollars		\$ 173.78	\$ 120.00
- In United States dollars		\$ 159.48	\$ 114.00

⁽¹⁾ The cost of the portfolio excludes transaction fees incurred since the Company's inception.

⁽²⁾ The market values have been translated to Canadian dollars using the February 28, 2010 noon foreign exchange rate of 1.0526.

⁽³⁾ The Company has transferred 1,332,230 KgU as UF₆ to a third party and taken back in exchange 3,480,944 pounds of U₃O₈, in order to effect a lending of the conversion component of the UF₆. See note 6 for further details of this arrangement.

The accompanying notes are an integral part of these financial statements.

URANIUM PARTICIPATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars, unless otherwise noted)

1. URANIUM PARTICIPATION CORPORATION

Uranium Corp was established under the Business Corporations Act (Ontario) (“OBCA”) on March 15, 2005. Uranium Corp is an investment fund as defined by the Canadian securities regulatory authorities in National Instrument 81-106-*Investment Fund Continuous Disclosure*. Uranium Corp was created to invest substantially all of its assets in uranium oxide in concentrates (“U₃O₈”) and uranium hexafluoride (“UF₆”) (collectively “uranium”) with the primary investment objective of achieving appreciation in the value of its uranium holdings. The common shares of Uranium Corp trade publicly on the Toronto Stock Exchange under the symbol U.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of Uranium Corp and its wholly owned subsidiaries, Uranium Participation Alberta Corp. and Uranium Participation Cyprus Limited (“UPCL”). The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). All significant intercompany balances and transactions have been eliminated on consolidation.

Use of Estimates

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

Significant Accounting Policies

(a) Investments

The fair value of investments in uranium are based on the most recent spot prices for uranium published by Ux Consulting Company, LLC (“UxCo”) prior to the applicable reporting period converted to Canadian dollars using the month end foreign exchange rate.

The cost of investments in uranium is accounted for on the date that significant risks and rewards to the uranium passes to Uranium Corp and is converted to Canadian dollars at the rate of exchange prevailing on that date.

Realized and unrealized gains or losses in uranium represents the difference between the fair value and average cost of uranium investments, adjusted for foreign exchange rate fluctuations, in Canadian dollars.

(b) Investments Lending

Income earned from investments lending is included in the consolidated statement of operations and is recognized when earned.

(c) Foreign Exchange Translation

The financial statements of Uranium Corp are expressed in Canadian dollars. Foreign currency monetary assets and liabilities are translated to Canadian dollars at the rate of exchange prevailing on the date of the applicable reporting period. Foreign currency income and expense transactions are translated into

Canadian dollars at the rate of exchange prevailing on the date of the transaction. Changes in the foreign exchange rates between the transaction date and the applicable reporting period date used to value monetary assets and liabilities are reflected in the statement of operations as a foreign exchange gain or loss.

(d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less at the date of acquisition. Short-term investments are carried at cost which, together with accrued interest, approximates fair value.

(e) *Income Taxes Payable*

Uranium Corp follows the liability method of accounting for future income taxes. Under this method, current income taxes are recognized from the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to apply when the differences are expected to reverse. The benefit of tax losses which are available to be carried forward are recognized as assets to the extent that they are more likely than not to be recoverable from future taxable income.

New Accounting Standards

Uranium Corp adopted the following new Canadian Institute of Chartered Accountants (“CICA”) Handbook accounting standards effective March 1, 2009:

- (a) Section 3855 “Financial Instruments” was amended to clarify when an embedded prepayment option is separated from its host debt instrument for account purposes. Adoption of this standard did not have any material effect on the consolidated financial statements.
- (b) Section 3862 “Financial Instruments – Disclosures” was amended to include additional disclosure requirements about fair value measurements of financial instruments and to enhance liquidity risk disclosure requirements. These amendments apply to annual financial statements relating to fiscal years ending after September 30, 2009. Adoption of this standard did not have any material effect on the consolidated financial statements.

Uranium Corp will adopt the following new CICA Handbook accounting standards effective March 1, 2010:

- (a) Section 1582 “Business Combinations” replaces Sections 1581 “Business Combinations” which provides the Canadian equivalent to International Financial Reporting Standard (“IFRS”) IFRS 3 “Business Combinations”. Section 1601 “Consolidated Financial Statements” and Section 1602 “Non-Controlling Interests” replaces Section 1600 “Consolidated Financial Statements” and establishes standards for the preparation of consolidated financial statements. Section 1582 applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period after January 1, 2011. Sections 1601 and 1602 are required for interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. The Company does not expect the adoption of these new standards to have a significant impact on the consolidated financial statements.

3. INCOME TAXES

Unlike most investment funds, Uranium Corp is not a mutual fund trust, making it subject to income tax on its taxable income. Uranium Corp is also subject to varying rates of taxation due to its operations in multiple tax jurisdictions. A reconciliation of the combined Canadian federal and Ontario provincial income tax rate to Uranium Corp's effective rate of income tax for the years ended February 28, 2010 and 2009 is as follows:

(in thousands)	2010	2009
Increase (decrease) in net assets from operations before income taxes	\$(146,891)	\$(132,934)
Combined federal and Ontario provincial income tax rate	32.83%	33.42%
Computed income tax expense (recovery)	(48,224)	(44,427)
Difference in current tax rates applicable in other jurisdictions	26,840	20,814
Difference between future and current tax rates	2,553	3,206
Foreign exchange on future tax balances	1,672	(738)
Change in valuation allowance	576	1,702
Impact of legislative changes	1,542	-
Taxable permanent differences	-	410
Other	220	(384)
Income tax recovery	\$(14,821)	\$(19,417)
Income tax recovery comprised of:		
Current tax expense	\$ 53	\$ 65
Future tax recovery	(14,874)	(19,482)
	\$(14,821)	\$(19,417)

The components of the Company's future tax balances at February 28, 2010 and 2009 are as follows:

(in thousands)	2010	2009
Future tax assets:		
Tax benefit of share issue costs	\$ 2,592	\$ 3,511
Tax benefit of loss carryforwards	7,270	6,304
Unrealized loss on investments	5,547	4,971
	15,409	14,786
Valuation allowance	(2,278)	(1,702)
Future tax assets	\$ 13,131	\$ 13,084
Future tax liabilities:		
Unrealized gain on investments	\$ 6,005	\$ 22,203
Tax benefit of loss carryforwards	(954)	(960)
Future tax liabilities	\$ 5,051	\$ 21,243

At February 28, 2010, Uranium Corp has unused tax losses in Canada of \$32,895,000 which are scheduled to expire between 2026 and 2030.

4. COMMON SHARES, WARRANTS AND INCREASE IN NET ASSETS PER SHARE

Common Shares

Uranium Corp is authorized to issue an unlimited number of common shares without par value. A continuity schedule of the issued and outstanding common shares and the associated dollar amounts is as follows:

(in thousands except common share balances)	Number of Common Shares	Amount
Balance at February 29, 2008	64,991,841	\$481,203
Common share financings		
Gross proceeds on new issues	7,331,250	74,779
Issue costs	–	(3,489)
Tax effect of issue costs	–	1,013
Warrant activity		
Gross proceeds from exercises	5,500	66
Fair value of exercises	–	4
Balance at February 28, 2009	72,328,591	\$553,576
Common share financings		
Gross proceeds on new issues	13,368,750	103,608
Issue costs	–	(4,708)
Tax effect of issue costs	–	1,365
Balance at February 28, 2010	85,697,341	\$653,841

Common share financings

In May 2009, Uranium Corp issued 13,368,750 shares by way of a public offering priced at \$7.75 per share for total gross proceeds of \$103,608,000.

In March 2008, Uranium Corp issued 7,331,250 shares by way of a public offering priced at \$10.20 per share for total gross proceeds of \$74,779,000.

Warrants

A continuity schedule of the issued and outstanding warrants and the associated dollar amounts is as follows:

(in thousands except warrant balances)	Number of Warrants	Amount
Balance at February 29, 2008	2,828,799	\$ 2,455
Warrants exercised	(5,500)	(4)
Warrants expired	(2,823,299)	(2,451)
Balance at February 28, 2009 and 2010	–	\$ –

Each whole warrant issued as part of the September 2006 equity unit financing had an expiry date of September 15, 2008 and was convertible into one common share at an exercise price of \$12.00.

5. RELATED PARTY TRANSACTIONS

Uranium Corp is a party to a management services agreement with Denison Mines Inc., (the “Manager”). Under the terms of the agreement, Uranium Corp 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 of Directors; b) a minimum annual management fee of \$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon Uranium Corp’s net asset value between \$100,000,000 and \$200,000,000 and 0.2% per annum based upon Uranium Corp’s net asset value in excess of \$200,000,000; c) a fee of \$200,000 upon the completion of each equity financing where proceeds payable to Uranium Corp exceed \$20,000,000; d) a fee of \$200,000 for each transaction or arrangement (other than the purchase or sale of uranium) of business where the gross value of such transaction exceeds \$20,000,000 (“an initiative”); e) an annual fee up to a maximum of \$200,000, at the discretion of the Board, for on-going maintenance or work associated with an initiative; and f) a fee equal to 1.5% of the gross value of any uranium held by Uranium Corp prior to the completion of any acquisition of at least 90% of the common shares of the Company.

In March 2010, the initial term of the management services agreement was extended to March 30, 2013, following which, the agreement may be terminated by either party upon the provision of 180 days written notice.

In accordance with the management services agreement, all uranium investments owned by Uranium Corp are held in accounts with conversion and enrichment facilities in the name of Denison Mines Inc. as manager for and on behalf of Uranium Corp.

In August 2008, Uranium Corp purchased 50,000 pounds of U₃O₈ from the Manager at a price of US\$64.50 per pound for total consideration of \$3,373,000 (US\$3,225,000).

The following additional transactions were incurred with the Manager for the years ended February 28, 2010 and 2009:

(in thousands)	2010	2009
Fees incurred with the Manager:		
Management fees	\$ 1,479	\$ 1,560
Equity financing and other fees ⁽¹⁾	250	200
Uranium purchase commissions	1,118	1,246
Shareholder information and other compliance	28	37
General office and miscellaneous	7	3
Total fees incurred with the Manager	\$ 2,882	\$ 3,046

⁽¹⁾ Equity financing fees of \$200,000 incurred with the Manager have been recorded as share issue costs and are included in the value reported for common shares.

As at February 28, 2010, accounts payable and accrued liabilities included \$103,000 (February 28, 2009: \$127,000) due to the Manager with respect to the fees indicated above.

6. INVESTMENTS LENDING

Uranium Corp entered into a loan agreement to lend 500,000 KgU as UF₆ effective January 1, 2007. The UF₆ loaned was subject to a loan fee of 5% per annum based upon the adjusted quarterly value of the material. Collateral was held in the form of an irrevocable letter of credit from a major financial institution, that was subject to adjustment on an annual basis. The agreement expired on December 31, 2009 with the UF₆ returned on that date.

The Company entered into a loan of the conversion component of 1,332,230 KgU as UF₆ in December 2009. The conversion component has a market value of \$8,063,000 and is subject to a loan fee of 4.5% per annum based on the greater of the adjusted monthly value and US\$15,654,000. To facilitate the loan of the conversion component, 1,332,230 KgU as UF₆ was transferred to the borrower with 3,480,944 pounds of U₃O₈ transferred to Uranium Corp and an irrevocable letter of credit of \$16,526,000 from a major financial institution received as collateral. This agreement is due to expire in December 2012.

7. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

Capital Management

Uranium Corp's capital structure consists of share capital and contributed surplus. The Company's primary objective is to achieve long-term appreciation in the value of its uranium holdings through a buy and hold investment strategy and not actively speculate with regard to short-term changes in uranium prices. Uranium purchases are normally funded through common share offerings with at least 85% of the gross proceeds of aggregate share offerings invested in, or set aside for future purchases of uranium. In strictly limited circumstances, the Company can enter into borrowing arrangements for up to 15% of the net assets of Uranium Corp to facilitate the purchases of uranium.

At February 28, 2010, the Company has invested 89.9% of aggregate share offerings in uranium, and has no outstanding borrowing arrangements for the purchase of uranium.

Risks Associated with Financial Instruments

Investment activities of Uranium Corp expose it to some financial instrument risks: credit risk, liquidity risk, and currency risk. The source of risk exposure and how each is managed is outlined below:

Credit Risk

Uranium Corp's primary exposure to credit risk arises from its lending arrangements related to its uranium holdings. The Company enters into lending arrangements exclusively with large organizations with strong credit ratings and ensures that adequate security is provided for any material loaned (see note 6).

Liquidity Risk

Financial liquidity represents Uranium Corp's ability to fund future operating activities. Uranium Corp may generate cash from the lending or sale of uranium, or the sale of additional equity securities. The Company's current cash balance and income from the lending of uranium is currently sufficient to meet its operating cash requirements. Although Uranium Corp enters into commitments to purchase uranium periodically, the commitments are normally contingent on the Company's ability to raise funds through the sale of additional equity securities.

Foreign Exchange Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, as reported, of the Company's foreign denominated cash and cash equivalents, receivables, and accounts payables.

Currently, Uranium Corp does not have any foreign exchange hedge programs in place and manages its operational foreign exchange requirements through spot purchases in the foreign exchange markets.

8. SUBSEQUENT EVENTS

On March 30, 2010, Uranium Corp completed the acquisition of Uranium Limited (“UL”) pursuant to a scheme of arrangement under the laws of Guernsey. Under the terms of the transaction, Uranium Corp acquired all of the issued and outstanding shares of UL in a share exchange at a ratio of 0.5 common shares of Uranium Corp for each common share of UL. Upon the close of the acquisition, 20,624,672 common shares of Uranium Corp were issued to UL shareholders, representing 19.4% of the total issued and outstanding common shares of Uranium Corp. Uranium Corp also assumed outstanding, fully-vested stock options to purchase 2,475,000 common shares of UL at a strike price of GBP£2.05 per option with an expiry date of July 21, 2011. Each option assumed is exercisable for 0.50 shares of Uranium Corp.