

**URANIUM PARTICIPATION CORPORATION**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FEBRUARY 28, 2009**

## **Responsibility for Financial Reporting**

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### **To the Shareholders of Uranium Participation Corporation,**

The Company's 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 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 Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the Company's independent auditors.

*(Signed) "E. Peter Farmer"*

*(Signed) "James R. Anderson"*

E. Peter Farmer  
President

James R. Anderson  
Chief Financial Officer

April 23, 2009

## **Independent Auditors' Report**

### **To the Shareholders of Uranium Participation Corporation**

We have audited the accompanying consolidated statements of net assets of Uranium Participation Corporation (the Company) as at February 28, 2009 and February 29, 2008, the consolidated statements of operations, changes in net assets and cash flows for the years ended February 28, 2009 and February 29, 2008 and the consolidated statement of investment portfolio as at February 28, 2009. 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, 2009 and February 29, 2008 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 23, 2009

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF NET ASSETS**

(in thousands of Canadian dollars, except per share amounts)	February 28, 2009	February 29, 2008
<b>Assets</b>		
Investments at market value (at cost: 2009-\$534,031; 2008-\$450,946)	\$549,128	\$597,796
Cash and cash equivalents	1,057	13,687
Sundry receivables and other assets	878	1,113
Income taxes receivable	-	23
Future income taxes (note 3)	13,084	10,570
	<b>\$564,147</b>	<b>\$623,189</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,399	1,030
Income taxes payable	108	390
Future income taxes (note 3)	21,243	39,224
	<b>\$541,397</b>	<b>\$582,545</b>
<b>Net assets</b>		
<b>Net assets represented by</b>		
Common shares (note 4)	\$553,576	\$481,203
Warrants (note 4)	-	2,455
Contributed surplus (note 4)	2,481	30
Retained earnings (deficit)	(14,660)	98,857
	<b>\$541,397</b>	<b>\$582,545</b>
<b>Common shares</b>		
Issued and outstanding (note 4)	72,328,591	64,991,841
<b>Net asset value per common share</b>		
Basic and diluted	\$ 7.49	\$ 8.96

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

ON BEHALF OF THE BOARD OF URANIUM PARTICIPATION CORPORATION

*"Richard H. McCoy"*

Richard H. McCoy  
Director

*"Garth A. C. MacRae"*

Garth A. C. MacRae  
Director

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Income</b>		
Interest	\$ 169	\$ 435
Income from investment lending (note 6)	4,581	7,080
Unrealized losses on investments	(131,753)	(228,594)
	(127,003)	(221,079)
<b>Operating expenses</b>		
Transaction fees (note 5)	1,290	2,246
Management fees (note 5)	1,560	1,901
Storage fees	1,350	954
Audit fees	78	49
Directors fees	102	120
Legal and other professional fees	25	188
Shareholder information and other compliance	220	206
General office and miscellaneous	354	242
Interest and other debt related expenses	—	95
Foreign exchange loss	952	3,403
	5,931	9,404
<b>Decrease in net assets from operations before taxes</b>	(132,934)	(230,483)
Income tax recovery (note 3)	(19,417)	(55,738)
<b>Decrease in net assets from operations after taxes</b>	(113,517)	(174,745)
Opening retained earnings	98,857	273,602
<b>Closing retained earnings (deficit)</b>	(14,660)	98,857
<b>Decrease in net assets from operations after taxes per common share</b>		
Basic and diluted	\$ (1.58)	\$ (2.91)
<b>Weighted average common shares outstanding (note 4)</b>		
Basic and diluted	72,020,143	60,007,756

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

**URANIUM PARTICIPATION CORPORATION**  
**STATEMENTS OF CHANGES IN NET ASSETS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Net assets at beginning of year</b>	\$582,545	\$579,364
Net proceeds from issue of units and shares, and exercise of warrants, after tax	72,369	177,926
Decrease in net assets from operations after taxes	(113,517)	(174,745)
<b>Net assets at end of year</b>	<b>\$541,397</b>	<b>\$582,545</b>

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Operating Activities</b>		
Decrease in net assets from operations after taxes	\$(113,517)	\$(174,745)
Adjustments for non-cash items:		
Unrealized losses on investments	131,753	228,594
Future income tax recovery	(19,482)	(56,027)
Changes in non-cash working capital:		
Change in sundry receivables and other assets	235	(75)
Change in income taxes receivable	23	252
Change in accounts payable and accrued liabilities	369	(1)
Change in income taxes payable	(282)	284
<b>Net cash used in operating activities</b>	<b>(901)</b>	<b>(1,718)</b>
<b>Investing Activities</b>		
Purchases of uranium investments	(83,085)	(149,720)
<b>Net cash used in investing activities</b>	<b>(83,085)</b>	<b>(149,720)</b>
<b>Financing Activities</b>		
Repayments of loans payable	-	(11,600)
Share and warrant issues net of issue costs	71,356	175,858
<b>Net cash generated by financing activities</b>	<b>71,356</b>	<b>164,258</b>
Increase (decrease) in cash and cash equivalents	(12,630)	12,820
Cash and cash equivalents – beginning of year	13,687	867
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,057</b>	<b>\$ 13,687</b>

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

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO**  
**AS AT FEBRUARY 28, 2009**

(in thousands of Canadian dollars, except quantity amounts)	Quantity of Measure	Cost <sup>(3)</sup>	Market Value <sup>(1)</sup>
<b>Investments in Uranium:</b>			
Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ")	5,425,000 lbs	\$ 262,565	\$ 310,210
Uranium hexafluoride ("UF <sub>6</sub> ") <sup>(2)</sup>	1,492,230 KgU	\$ 271,466	\$ 238,918
		<b>\$ 534,031</b>	<b>\$ 549,128</b>
U <sub>3</sub> O <sub>8</sub> average cost and market value per pound:			
- In Canadian dollars		\$ 48.40	\$ 57.18
- In United States dollars		\$ 43.37	\$ 45.00
UF <sub>6</sub> average cost and market value per KgU:			
- In Canadian dollars		\$ 181.92	\$ 160.11
- In United States dollars		\$ 168.15	\$ 126.00

- <sup>(1)</sup> The market values have been translated to Canadian dollars using the February 28, 2009 noon foreign exchange rate of 1.2707.  
<sup>(2)</sup> Of the UF<sub>6</sub> holding described above, 500,000 KgU has been lent to a third party. See note 6 for further details of this arrangement.  
<sup>(3)</sup> The cost of the portfolio excludes transaction fees incurred since the Company's inception in March 2005.

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 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 (“U<sub>3</sub>O<sub>8</sub>”) and uranium hexafluoride (“UF<sub>6</sub>”) (collectively “uranium”) with the primary investment objective of achieving appreciation in the value of its uranium holdings. Uranium Corp trades 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. 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 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, 2008:

- (a) Section 1535 “Capital Disclosures” requires the disclosure of both qualitative and quantitative information that enable users to evaluate the company’s objectives, policies and processes for managing capital (see note 7).
- (b) Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation” replace Section 3861 “Financial Instruments – Disclosure and Presentation” and establish standards for increased disclosure and presentation regarding the nature and extent of risks arising from financial instruments and how the company manages those risks (see note 7).
- (c) Emerging Issues Committee Abstract 173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” requires the entity’s own credit risk and the credit risk of the counterparty to be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have a significant impact on Uranium Corp’s consolidated financial statements.

**Accounting Standards Issued but not yet Adopted**

The CICA issued the following accounting standards that are effective for Uranium Corp’s fiscal years beginning on or after March 1, 2009

- (a) International Financial Reporting Standards – the CICA plans to converge Canadian GAAP with International Financial Reporting Standards (“IFRS”) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact on the transition to IFRS on Uranium Corp’s financial statements has not yet been determined.

### 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 is as follows:

(in thousands)	Year Ended February 28, 2009	Year Ended February 29, 2008
Increase (decrease) in net assets from operations before income taxes	\$(132,934)	\$(230,483)
Combined federal and Ontario provincial income tax rate	33.42%	35.69%
Computed income tax expense (recovery)	(44,427)	(82,259)
Difference between combined federal and Ontario provincial income tax rate and rates applicable to subsidiaries in other jurisdictions	20,814	17,000
Difference due to use of future tax rates rather than current tax rates in applicable jurisdictions	3,206	9,596
Tax losses not benefited	562	–
Taxable permanent differences	410	–
Operating loss carry-back	–	(23)
Other	18	(52)
<b>Provision for (recovery of) income taxes</b>	<b>\$(19,417)</b>	<b>\$(55,738)</b>
Provision for (recovery of) income taxes comprised of:		
Current tax expense (recovery)	\$ 65	\$ 289
Future tax expense (recovery)	(19,482)	(56,027)
	<b>\$(19,417)</b>	<b>\$(55,738)</b>

The components of the Company's future tax balances are as follows:

(in thousands)	February 28, 2009	February 29, 2008
Future tax assets:		
Tax benefit of share issue costs	\$ 3,511	\$ 4,095
Tax benefit of loss carryforwards	6,304	4,567
Unrealized loss on investments	4,971	1,908
	14,786	10,570
Valuation allowance	(1,702)	–
<b>Future tax assets</b>	<b>\$ 13,084</b>	<b>\$ 10,570</b>
Future tax liabilities:		
Unrealized gain on investments	\$ 22,203	\$ 39,953
Tax benefit of loss carryforwards	(960)	(729)
<b>Future tax liabilities</b>	<b>\$ 21,243</b>	<b>\$ 39,224</b>

At February 28, 2009, Uranium Corp has unused tax losses in Canada of \$25,576,000 which are scheduled to expire between 2026 and 2029.

#### 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 28, 2007	48,473,727	\$299,759
Common share financings		
Gross proceeds on new issues	11,634,750	152,409
Issue costs	–	(7,133)
Tax effect of issue costs	–	2,068
Warrant activity		
Gross proceeds from exercises	4,883,364	30,582
Fair value of exercises	–	3,518
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*

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

In October 2007, Uranium Corp issued 5,134,750 shares at \$11.20 per share for total gross proceeds of \$57,509,000.

In April 2007, Uranium Corp issued 6,500,000 shares at \$14.60 per share for total gross proceeds of \$94,900,000.

## 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 28, 2007	7,753,624	\$ 6,003
Warrants exercised	(4,883,364)	(3,518)
Warrants expired	(41,461)	(30)
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	–	\$ –

Each whole warrant issued as part of the May 2005 equity unit financing had an expiry date of May 10, 2007 and was convertible into one common share at an exercise price of \$6.25.

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.

## Decrease in Net Assets from Operations After Taxes per Share

The calculation of the basic and diluted increase (decrease) in net assets from operations per common share is based on the following weighted average number of shares outstanding:

(in number of shares)	February 28, 2009	February 29, 2008
Weighted average number of shares outstanding:		
Basic	72,020,143	60,007,756
Warrant Dilution	–	–
Diluted	72,020,143	60,007,756

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

Uranium Corp had a credit agreement with the Manager for a revolving facility of up to \$15,000,000. The Company had drawn \$11,600,000 under the facility which was repaid and terminated on April 10, 2007.

In June 2007, Uranium Corp purchased 75,000 pounds of U<sub>3</sub>O<sub>8</sub> from the Manager at a price of US\$130.00 per pound for total consideration of \$10,368,000 (US\$9,750,000).

In August 2008, Uranium Corp purchased 50,000 pounds of U<sub>3</sub>O<sub>8</sub> 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:

(in thousands)	February 28, 2009	February 29, 2008
Fees incurred with the Manager:		
Management fees	\$ 1,560	\$ 1,901
Equity financing fees <sup>(1)</sup>	200	400
Transaction fees – uranium purchase commissions	1,246	2,246
Shareholder Information and other compliance	37	6
General office and miscellaneous	3	4
Interest and other debt related expenses		
Interest on loan payable	–	91
Standby fees on line of credit	–	4
<b>Total fees incurred with the Manager</b>	<b>\$ 3,046</b>	<b>\$ 4,652</b>

<sup>(1)</sup> Equity financing fees 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, 2009, accounts payable and accrued liabilities included \$127,000 (February 29, 2008: \$162,000) due to the Manager with respect to the fees indicated above.

## 6. INVESTMENTS LENDING

As at February 28, 2009, the outstanding value of investments on loan and collateral held is as follows:

(in thousands except quantity amounts)	Quantity of Measure	Market Value of Investments on Loan	Collateral Held
Uranium hexafluoride ("UF <sub>6</sub> ")	500,000 KgU	\$ 80,054	\$ 108,146

The UF<sub>6</sub> loaned is subject to a loan fee of 5% per annum based upon the adjusted quarterly value of the material. Collateral held is in the form of an irrevocable letter of credit from a major financial institution, that is subject to adjustment on an annual basis. This agreement is due to expire on December 31, 2009 and the UF<sub>6</sub> will be returned on that date.

## 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 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.

### Risks Associated with Financial Instruments

Investment activities of Uranium Corp expose it to a variety of financial instrument risks: credit risk, liquidity risk, price 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 uranium lending arrangements. The Company lends uranium exclusively to large organizations with strong credit ratings and ensures that adequate security is provided for any loaned uranium (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 primary income source from uranium lending 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.

#### Commodity Price Risk

Uranium Corp's net asset value is directly tied to the spot price of uranium published by Ux Consulting Company, LLC. In addition, the uranium loan fee fluctuates quarterly, following uranium spot price movements.

At February 28, 2009, a 10% increase (decrease) in the uranium spot price would have increased (decreased) the Company's net asset value by approximately \$46,899,000.

## **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 investments, cash and cash equivalents, receivables, and accounts payables.

As the prices of uranium are quoted in U.S. currency, fluctuations in the U.S. dollar relative to the Canadian dollar can significantly impact the valuation of uranium and the associated purchase prices from a Canadian dollar perspective. At February 28, 2009, a 10% increase (decrease) in the U.S. to Canadian dollar exchange rate would have increased (decreased) the Company's net asset value by approximately \$46,899,000.