

URANIUM PARTICIPATION CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

FEBRUARY 28, 2007

Responsibility for Financial Reporting

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.

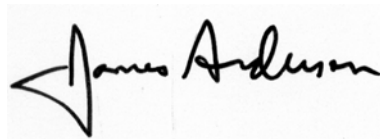
PricewaterhouseCoopers LLP, Chartered Accountants, are independent external auditors appointed by the shareholders to issue a report regarding the consolidated financial statements of the Company. PricewaterhouseCoopers' audit report outlines the extent and nature of their examination and expresses their 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 management discussion and analysis. 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, as well as any public disclosure document that contains financial information, 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.



E. Peter Farmer
President
April 26, 2007



James R. Anderson
Chief Financial Officer

Auditors' Report

To The Shareholders of Uranium Participation Corporation,

We have audited the consolidated statement of investment portfolio of **Uranium Participation Corporation** ("Uranium Corp") as at February 28, 2007, the consolidated statement of net assets as at February 28, 2007 and 2006 and the consolidated statements of operations, changes in net assets and cash flows for the year ended February 28, 2007 and the period from March 15, 2005 to February 28, 2006. These financial statements are the responsibility of Uranium Corp'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 as to 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 financial statements present fairly, in all material respects, the consolidated financial position of Uranium Corp as at February 28, 2007 and 2006 and the results of its operations, the changes in its net assets and its cash flows for the year ended February 28, 2007 and the period from March 15, 2005 to February 28, 2006 in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "PricewaterhouseCoopers LLP". The signature is written in a cursive, flowing style.

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
April 26, 2007

**URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENT OF NET ASSETS
AS AT FEBRUARY 28, 2007 AND FEBRUARY 28, 2006**

(in thousands of Canadian dollars, except per share amounts)	February 2007	February 2006
Assets		
Investments at market value (at cost: 2007-\$305,745; 2006-\$139,569)	\$ 676,670	\$ 166,489
Cash and cash equivalents	867	13,996
Sundry receivables and other assets	1,038	172
Income taxes receivable	275	-
Future income taxes (note 3)	7,360	4,131
	\$ 686,210	\$ 184,788
Liabilities		
Accounts payable and accrued liabilities	1,031	336
Income taxes payable	106	324
Loan payable (note 5)	11,600	-
Future income taxes (note 3)	94,109	9,118
	\$ 579,364	\$ 175,010
Net assets		
	\$ 579,364	\$ 175,010
Net assets represented by		
Common shares (note 4)	\$ 299,759	\$ 155,183
Warrants (note 4)	6,003	3,599
Retained earnings	273,602	16,228
	\$ 579,364	\$ 175,010
Common shares		
Issued and outstanding	48,473,727	30,751,325
Net asset value per common share		
Basic	\$ 11.95	\$ 5.69
Diluted	\$ 11.43	\$ 5.69

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

ON BEHALF OF THE BOARD OF URANIUM PARTICIPATION CORPORATION



Richard H. McCoy
Director



Garth A. C. MacRae
Director

URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE PERIODS ENDED FEBRUARY 28, 2007 AND FEBRUARY 28, 2006

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Income		
Interest	\$ 472	\$ 661
Income from investment lending (note 6)	942	–
Unrealized gains on investments	344,005	26,920
	<u>345,419</u>	<u>27,581</u>
Operating expenses		
Management fees (note 5)	1,397	423
Storage fees	780	262
Audit fees	17	30
Directors fees	106	93
Legal and other professional fees	94	10
Shareholder information and other compliance	222	135
General office and miscellaneous	123	85
Interest and other debt related expenses	378	–
Foreign exchange loss	618	1,766
	<u>3,735</u>	<u>2,804</u>
Increase in net assets from operations before taxes	341,684	24,777
Income tax provision (note 3)	84,310	8,549
Increase in net assets from operations after taxes	<u>257,374</u>	<u>16,228</u>
Opening retained earnings	16,228	–
Closing retained earnings	<u>273,602</u>	<u>16,228</u>
Increase in net assets from operations per common share (note 4)		
Weighted average common shares outstanding	40,991,927	22,239,774
Basic	\$ 6.28	\$ 0.73
Diluted	\$ 6.01	\$ 0.73

⁽¹⁾ For the twelve months ended February 28, 2007

⁽²⁾ Period from date of incorporation on March 15, 2005 through to February 28, 2006

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

**URANIUM PARTICIPATION CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE PERIODS ENDED FEBRUARY 28, 2007 AND FEBRUARY 28, 2006**

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Net assets at beginning of period	\$ 175,010	\$ –
Net proceeds from issue of equity units and shares, after tax	146,980	158,782
Increase in net assets from operations after taxes	257,374	16,228
Net assets at end of period	\$ 579,364	\$ 175,010

**URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIODS ENDED FEBRUARY 28, 2007 AND FEBRUARY 28, 2006**

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Operating Activities		
Increase in net assets from operations after taxes	\$ 257,374	\$ 16,228
Adjustments for non-cash items:		
Unrealized gains on investments	(344,005)	(26,920)
Future income tax provision	84,380	8,225
Changes in non-cash working capital:		
Change in sundry receivables and other assets	(866)	(172)
Change in income taxes receivable	(275)	–
Change in accounts payable and accrued liabilities	695	336
Change in income taxes payable	(218)	324
Net cash used in operating activities	(2,915)	(1,979)
Investing Activities		
Purchases of uranium investments	(166,176)	(139,569)
Net cash used in investing activities	(166,176)	(139,569)
Financing Activities		
Additions to loans payable	11,600	–
Share and warrant issues net of issue costs	144,362	155,544
Net cash generated by financing activities	155,962	155,544
Increase (decrease) in cash and cash equivalents	(13,129)	13,996
Cash and cash equivalents - beginning of period	13,996	–
Cash and cash equivalents - end of period	\$ 867	\$ 13,996

⁽¹⁾ For the twelve months ended February 28, 2007

⁽²⁾ Period from date of incorporation on March 15, 2005 through to February 28, 2006

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

URANIUM PARTICIPATION CORPORATION
CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO
AS AT FEBRUARY 28, 2007

(in thousands of Canadian dollars, except quantity amounts)	Quantity of Measure	Average Cost	Market Value ⁽¹⁾
Investments in Uranium:			
Uranium oxide in concentrates ("U ₃ O ₈ ")	4,200,000 lbs	\$ 158,388	\$ 417,690
Uranium hexafluoride ("UF ₆ ")	950,000 KgU	\$ 147,357	\$ 258,980
		\$ 305,745	\$ 676,670
U ₃ O ₈ average cost and market value per pound:			
- In Canadian dollars		\$ 37.71	\$ 99.45
- In United States dollars		\$ 31.75	\$ 85.00
UF ₆ average cost and market value per KgU:			
- In Canadian dollars		\$ 155.11	\$ 272.61
- In United States dollars		\$ 138.55	\$ 233.00

⁽¹⁾ The market values have been translated to Canadian dollars using the February 28, 2007 noon foreign exchange rate of 1.1700.

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

**URANIUM PARTICIPATION CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED FEBRUARY 28, 2007 AND FEBRUARY 28, 2006**

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 ("U₃O₈") and uranium hexafluoride ("UF₆") (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 on the rate of exchange prevailing on that date. Investment cost includes capitalized purchase commissions and is determined using the average cost method.

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 on deposit and highly-liquid short-term investments in government or investment grade corporate debt. Short-term investments are carried at cost which, together with accrued interest, approximates fair value.

(e) *Income Taxes Payable*

The Canadian large corporations tax on capital is classified as an income tax liability and is accordingly included in reported income tax liability and current tax expense amount within the income tax provision.

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.

3. INCOME TAXES

Unlike most investment funds, Uranium Corp does not qualify as a mutual fund corporation and, accordingly, follows the general corporate income tax provisions of the Income Tax Act. Uranium Corp operates in multiple tax jurisdictions and the related income is subject to varying rates of taxation. The following is a reconciliation of income taxes, calculated at the combined Canadian federal and Ontario provincial rate, to the income tax expense included in the consolidated statement of operations for the periods ended February 28, 2007 and February 28, 2006:

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Increase in net assets from operations before income taxes	\$341,684	\$ 24,777
Combined federal and Ontario provincial income tax rate	36.12%	36.12%
Computed income tax expense	123,416	8,949
Large corporations tax in excess of surtax	(65)	212
Operating loss carry-back	(112)	-
Difference between combined federal and Ontario provincial income tax rate and rates applicable to other subsidiaries in other jurisdictions	(29,300)	(612)
Change in future tax rate	(9,718)	-
Other	89	-
Provision for income taxes	\$ 84,310	\$ 8,549
Provision for (recovery of) income taxes comprised of:		
Current tax expense (recovery)	\$ (70)	\$ 324
Future tax expense	84,380	8,225
	\$ 84,310	\$ 8,549

⁽¹⁾ For the twelve months ended February 28, 2007

⁽²⁾ Period from date of incorporation on March 15, 2005 through to February 28, 2006

The components of the Company's future tax balances as at February 28, 2007 and February 28, 2006 are as follows:

(in thousands of Canadian dollars)	February 2007	February 2006
Future tax assets:		
Tax benefit of share issue costs	\$ 3,893	\$ 2,590
Tax benefit of loss carryforwards	3,467	1,541
Future tax assets	\$ 7,360	\$ 4,131
Future tax liabilities:		
Unrealized gain on investments	\$ 94,109	\$ 9,118
Future tax liabilities	\$ 94,109	\$ 9,118

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.

The movement in common shares for the periods ended February 28, 2007 and February 28, 2006 is as follows:

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Common shares – beginning of period	\$155,183	\$ –
Shares issued pursuant to:		
Common share financings		
Gross proceeds on new issues	151,751	164,500
Less: Allocation of proceeds to issued warrants	(2,466)	(3,600)
Less: Issue costs	(7,934)	(8,964)
Add: Tax effect of issue costs	2,618	3,238
Warrant exercises		
Gross proceeds	545	8
Add: Fair value transfer from warrants	62	1
Common shares – end of period	\$299,759	\$155,183

The movement in the number of common shares for the periods ended February 28, 2007 and February 28, 2006 is as follows:

(in number of shares)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Common shares – beginning of period	30,751,325	–
Shares issued pursuant to:		
New issues	17,636,440	30,750,000
Warrant exercises	85,962	1,325
Common shares – end of period	48,473,727	30,751,325

Common share financings

During September 2006, Uranium Corp issued 11,363,650 equity units at \$8.80 per unit for total gross proceeds of \$100,000,000. Each unit consisted of one common share and one-quarter purchase warrant. Each whole warrant allows the holder to purchase one common share at \$12.00 exercisable prior to

September 14, 2008. Approximately \$2,466,000 of the proceeds were allocated as the value of the issued warrants.

In May 2006, Uranium Corp issued 6,272,790 shares at \$8.25 per share for total gross proceeds of \$51,751,000.

During December 2005, Uranium Corp issued 10,750,000 shares at \$6.00 per share for total gross proceeds of \$64,500,000.

In May 2005, Uranium Corp issued 20,000,000 equity units at \$5.00 per unit for total gross proceeds of \$100,000,000. Each unit consisted of one common share and one-quarter purchase warrant. Each whole warrant allows the holder to purchase one common share at \$6.25 exercisable prior to May 10, 2007. Approximately \$3,600,000 of the proceeds were allocated as the value of the issued warrants.

(1) For the twelve months ended February 28, 2007

(2) Period from date of incorporation on March 15, 2005 through to February 28, 2006

Warrants

The movement in warrants for the periods ended February 28, 2007 and February 28, 2006 is as follows:

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Warrants – beginning of period	\$ 3,599	\$ –
Warrants issued during the period	2,466	3,600
Warrants exercised during the period	(62)	(1)
Warrants – allocated fair value end of period	\$ 6,003	\$ 3,599
Warrant allocated fair value comprised of:		
May 2005 equity unit financing	3,538	3,599
September 2006 equity unit financing	2,465	–
	\$ 6,003	\$ 3,599

The movement in the number of warrants for the periods ended February 28, 2007 and February 28, 2006 is as follows:

(in number of warrants)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Warrants – beginning of period	4,998,675	–
Warrants issued during the period	2,840,911	5,000,000
Warrants exercised during the period	(85,962)	(1,325)
Warrants – end of period	7,753,624	4,998,675
Warrants outstanding by issue:		
May 2005 equity unit financing	4,914,150	4,998,675
September 2006 equity unit financing	2,839,474	–
	7,753,624	4,998,675

(1) For the twelve months ended February 28, 2007

(2) Period from date of incorporation on March 15, 2005 through to February 28, 2006

When the net asset value from operations per common share of the fund exceeds the exercise prices of the warrants, the warrants will have a dilutive impact. As at February 28, 2007, only the May 2005 warrants were dilutive to the net asset value of the fund.

Increase in Net Assets from Operations per Share

The calculation of the basic and fully diluted increase in net assets from operations per common share was based on the following weighted average number of shares outstanding for the periods ended February 28, 2007 and February 28, 2006:

(in number of shares)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Weighted average number of shares outstanding:		
Basic	40,991,927	22,239,774
Add: Warrant Dilution	1,859,546	47,531
Fully diluted	42,851,473	22,287,305

⁽¹⁾ For the twelve months ended February 28, 2007

⁽²⁾ Period from date of incorporation on March 15, 2005 through to February 28, 2006

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"); and 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.

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 an on behalf of Uranium Participation Corporation.

Uranium Corp is also a party to a temporary credit agreement with the Manager. In September 2006, Uranium Corp entered into a \$15,000,000 line of credit in order to ensure adequate cash on hand to meet its purchase commitments. The credit facility expires on May 10, 2007 and is fully secured by the uranium investments of Uranium Corp. Interest under the credit facility is based on Canadian bank prime plus 1%. Standby fees also apply at a rate of 1% of the committed facility amount. As at February 28, 2007, Uranium Corp has drawn \$11,600,000 under the facility. This facility was repaid and cancelled on April 10, 2007.

Uranium Participation Corp. had a credit agreement with the Manager for a revolving facility of up to \$25,000,000 that was terminated on May 24, 2006. The Corporation had drawn and repaid \$10,000,000 under the facility.

The Manager recently completed a merger by way of plan of arrangement with International Uranium Corporation and the resulting corporation is Denison Mines Corp. ("DMC"). Denison Mines Inc. remains a wholly-owned subsidiary of DMC.

The following transactions were incurred with related parties during the periods ended February 28, 2007 and February 28, 2006:

(in thousands of Canadian dollars)	February 2007 ⁽¹⁾	February 2006 ⁽²⁾
Fees incurred with the Manager:		
Management fees	\$ 997	\$ 423
Facility arrangement fees	400	–
Equity financing fees ⁽³⁾	400	–
Commissions on purchases of uranium ⁽⁴⁾	2,456	2,063
Shareholder Information and other compliance	30	–
General office and miscellaneous	12	34
Interest and other debt related expenses		
Interest on loan payable	313	–
Standby fees on line of credit	63	–
Total fees incurred with related parties	\$ 4,671	\$ 2,520

⁽¹⁾ For the twelve months ended February 28, 2007

⁽²⁾ Period from date of incorporation on March 15, 2005 through to February 28, 2006

⁽³⁾ Equity financing fees incurred with the Manager have been recorded as share issue costs and are included in value reported for common shares.

⁽⁴⁾ Purchase commissions incurred with the Manager are included in the cost of the investments in uranium.

As at February 28, 2007, accounts payable and accrued liabilities included \$405,000 due to the Manager with respect to the fees indicated above.

6. INVESTMENTS LENDING

Uranium Corp has entered into a loan agreement to lend up to 500,000 KgU as UF₆ to a borrowing party to be repaid by December 31, 2009. The UF₆ loaned is subject to a loan fee of 5% per annum based upon the adjusted quarterly value of the material. Security for the loan is an irrevocable letter of credit from a major financial institution, that is subject to adjustment on an annual basis. As at February 28, 2007, the borrowing party had not yet initiated the transfer of the respective UF₆ but was subject to the loan fee which commenced on January 1, 2007.

7. SUBSEQUENT EVENTS

Subsequent to February 28, 2007, the Manager agreed to purchase, for and on behalf of Uranium Corp, 250,000 KgU as UF₆ at US\$246.50 per KgU totaling US\$61,625,000 (excluding commissions).

On April 10, 2007, Uranium Corp closed an aggregate offering of 6,500,000 common shares at \$14.60 per share for total gross proceeds of \$94,900,000. The proceeds from the offering was used to fund the above noted purchase commitment, fully repay and cancel the outstanding credit facility of \$11,600,000 with the Manager, and fund the ongoing obligations of the Company.