

**Uranium
Participation
Corporation**



**ANNUAL GENERAL MEETING
OF SHAREHOLDERS**

June 22, 2010

**Presentation by
RON F. HOCHSTEIN, President**

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SPEECH BY RON F. HOCHSTEIN

Good morning ladies and gentlemen.

During the course of my presentation I will be providing some forward-looking information and would refer you to the cautionary statement included in our Annual Report and on the Company's website. My references to any uranium price will be in U.S. dollars; otherwise I will be referring to Canadian dollars.

Since the last AGM, your company's uranium holdings have grown by over 44% through purchases and acquisitions. Unfortunately, this significant growth has been overshadowed by a decline in the uranium price.

Fiscal 2010 started with a spot price of \$43.75 per pound U₃O₈. It briefly saw \$54 in June and then settled into the low 40s where it remains today. It should be noted that all uranium prices quoted by me today are those reported by The Ux Consulting Company.

The U₃O₈ spot price affects UPC because the spot price is one of the primary factors in the determination of our monthly Net Asset Value, or NAV, along with the UF₆ price and the U.S./Canadian dollar exchange rate.

The UF₆ price, which is stated in dollars per KgU, tracks closely the U₃O₈ spot price. The UF₆ price started fiscal 2010 at \$126 and followed the ups and downs of the uranium price – rising to a high of \$142 per KgU at the end of June, just as the uranium spot price peaked. It ended the fiscal year at \$114 per KgU and is now trading at \$112.

The third component that impacts the Company's NAV, and one that can be as significant as the uranium price, is the U.S. \$/Canadian \$ exchange rate. The value of the uranium that UPC holds is determined in U.S. dollars while our Net Asset Value is reported in Canadian dollars. As a result, the strengthening of the Canadian dollar during fiscal 2010 negatively impacted the Company's NAV. We started the year with a 79-cent Canadian dollar, and by fiscal year end the Canadian dollar was at 95 cents. This 16-cent or 20% strengthening had a large negative impact on our NAV.

The movement in the uranium spot price, the UF₆ price, and exchange rate has collectively resulted in an overall decline in the Net Asset Value. We started fiscal 2010 with an NAV of \$7.49 per share. It rallied slightly by the end of June to \$7.80, corresponding to the peak in prices; but, by the end of February and Fiscal 2010, the NAV was just below \$6.00. Since then, it has declined further tracking both the decline in uranium prices and the strengthening of the Canadian dollar until this last month when

a slight weakening in the Canadian dollar offset the decline in the uranium spot price. The most recently reported NAV, as of the end of May, is \$5.78 per share.

During the year, our stock price has largely remained tied to the declining NAV, at times trading to a slight discount or a slight premium. This may seem discouraging to short-term investors, but management continues to remain very bullish about the long-term fundamentals of the uranium market and believe, that UPC will be a good investment in the long term.

According to the World Nuclear Association, there are 439 nuclear power reactors currently operating in 30 countries, supplying more than 2.6 trillion kWh – or roughly 14% of the world's electricity. In addition, there are 57 reactors currently under construction – up from 45 a year ago. There are another 151 reactors on order or at the planning stage and an additional 345 proposed. The biggest area of growth is China with 23 reactors under construction, 34 more in the planning stage, and 120 proposed. China's growth is followed by that of Russia, South Korea, India, and Japan. Based on these forecasts UxCo estimates that annual uranium demand will grow from 185 million pounds in 2009 to 207 million pounds by 2015 and 247 million pounds by 2030.

As the Chinese, Russian, Indian, and Brazilian economies continue to grow, these countries are going to need new sources of power. The existing sources, such as coal, just cannot continue due to the significant environmental issues. Nuclear is continuing to increase its position in the energy generation profile in these countries, as well as many more countries around the world. When one considers ALL of the costs of power generation, including land use, environmental, capital and operating, nuclear is very competitive.

OK – if the demand is forecast to rise at about a rate of 3.0% per year, why did the spot price of U₃O₈ decline in 2009 and why does it currently languish in the low 40s?

First, we are talking long-term demand. Planning, permitting, and constructing a nuclear reactor is a time-consuming process. It can take anywhere between three to ten years to go through the process. Fortunately, where most of the construction is underway, the timeline is closer to the three to five years, but in many jurisdictions it is a slow process. Therefore, although we have been talking about a nuclear renaissance, it is happening, but not over night.

Second, demand is partially being met by secondary supplies. The program of downblending Russian weapons to usable nuclear fuel continues to supply about 50% of the U.S. requirements, but this is forecast to be ending in 2013. Also, in the past six months, the U.S. Department of Energy has been selling uranium inventory in order to pay for clean-up work at the Portsmouth enrichment plant in Ohio. These secondary supplies, as well as other government and industry inventories will continue to meet some of the demand, but they are dwindling rapidly.

Third, as a result of the increase in uranium prices from their historic lows production increased with the opening of several new operations in Africa and Asia. According to UxCo, 2009 worldwide uranium production increased 16% to 132 million pounds. Nearly 80% of the increase came from Kazakhstan. Production increased by 30% in one year – so much so that Kazakhstan is now the number one uranium producing country in the world, stealing the title from Canada, which had held it for the past 17 years. But industry analysts do not expect Kazakhstan to maintain that level of growth. Analysts speculate that Kazakhstan may have already developed its best assets and those that remain may have a variety of technical, operational, and infrastructure challenges, which would require higher uranium prices to support their development.

While production roared ahead in Kazakhstan, there were production problems elsewhere in the world which partially offset the increases:

- Production at BHP-Billiton's Olympic Dam mine in South Australia was hampered by an accident to its ore-hoisting shaft, and
- At the Rio Tinto/ERA Ranger mine, a drop in average ore grade contributed to lower than planned production.

Currently the uranium market is in a conundrum. Primary uranium production, which currently supplies about 71% of the demand, cannot expand unless the price of U_3O_8 increases, thereby making development of new mines and expansion of existing mines economically viable. On top of this, secondary supplies are dwindling. Ultimately, there has to be an increase in primary production in order to meet rising demand, and for that to happen uranium prices are going to have to rise.

In summary, the long term fundamentals are stronger than ever, and we believe higher prices will be seen on the horizon.

Turning now to UPC's activities in fiscal 2010....

In May 2009, despite the weakness in the uranium price, UPC was able to issue 13.4 million shares at \$7.75 per share in a bought-deal financing that raised aggregate gross proceeds of \$103.6 million.

The proceeds of the deal were used to purchase 120,000 pounds of uranium, at an average price of \$45.33 per pound and 470,000 KgU as UF_6 at an average price of \$131.95 per KgU.

Of the approximately 2.0 million KgU of UF_6 that UPC is holding, 500,000 Kg had been loaned to a producer for a period of three years, which ended on December 31, 2009. This arrangement earned UPC \$3.1 million in Fiscal 2010.

In December, 2009, UPC entered into another agreement whereby UPC has loaned the conversion component of 1,332,230 KgU as UF_6 for a period of three years. The annual

loan rate is 4.5% of the greater of the monthly spot market value of the conversion and US\$15.7 million.

As of February 28, 2010, the Company held 5,545,000 pounds U₃O₈ at an average cost of \$48.41 per pound and 1,962,230 KgU of UF₆ at an average cost of \$173.78 per KgU.

UPC's investment operations resulted in a \$146.9 million loss for the year ended February 28, 2010. This was driven almost entirely by unrealized losses on uranium investments of \$145.4 million net of tax recovery movements of \$14.8 million.

Operating expenses totaled \$4.7 million, which were primarily made up of:

- \$1.3 million for transaction fees relating to uranium purchase commissions;
- \$1.5 million in management fees; and,
- \$1.8 million in storage fees.

During the year, cash expenses exceeded revenue by approximately \$2.1 million.

The net result is that our net asset value decreased from \$541.4 million last February 28 to \$509.6 million at February 28 2010, and our NAV per share dropped from \$7.49 to \$5.95 per share – a loss in NAV of approximately 20.5%.

In January 2010, UPC announced the acquisition of Uranium Limited, a UK and Toronto listed company with similar business strategy as UPC. In March 2010, the Company completed the acquisition by a share exchange with each Uranium Limited share being valued at a half a UPC share – resulting in the issuance of 20.6 million UPC shares. The acquisition was accretive to UPC and increased UPC's asset base to 7.25 million pounds U₃O₈ and 2.4 million KgU as UF₆.

In January 2010 UPC announced a Normal Course Issuer Bid for a maximum of about 7.5 million common shares, representing approximately 10% of the unrestricted public float at the time. UPC may now purchase its own shares until January 31, 2011 on the open market. To date, we have not purchased any shares under this bid, but may do so if UPC's shares trade substantially below NAV.

UPC's primary investment objective continues to be to achieve long-term appreciation of our uranium holdings through a buy-and-hold strategy. Your board has directed us to continue to look for buying opportunities and raise money to complete these purchases, but only if the deal is accretive to shareholder value.

I wish to emphasize that UPC is a long-term investment. It is a vehicle for investors who believe in the potential of the uranium and nuclear energy story. Investing in UPC provides the opportunity to invest in uranium without the risks associated with

exploration for or production of uranium. Today, there is no other uranium investment vehicle like UPC.

UPC is a unique, long-term opportunity. Your management team and independent board of directors believe in the longer term nuclear industry and the uranium market and believe that UPC is well positioned to take advantage in the future of the expanding demand for uranium.

On behalf of the board, we would like to thank you, the shareholders, for your continued support.

Thank you.

Are there any questions?