Uranium Participation Corporation

2015 THIRD QUARTER REPORT

URANIUM PARTICIPATION CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED NOVEMBER 30, 2014

(Expressed in Canadian dollars, unless otherwise noted)

This Management's Discussion and Analysis ("MD&A") provides a detailed analysis of the financial condition and results of operations for the three and nine months ended November 30, 2014, in comparison with the corresponding prior year periods. This MD&A is current as of January 13, 2015 and should be read in conjunction with Uranium Participation Corporation's (the "Corporation" or "UPC") unaudited interim consolidated financial statements and related notes for the three and nine months ended November 30, 2014, prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are expressed in Canadian dollars, unless otherwise noted. All uranium prices are based on prices published by Ux Consulting Company LLC ("UxCo").

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained or incorporated by reference in this MD&A constitutes forward looking statements or forward looking information. These statements can be identified by the use of forward looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "plan", "should", "believe" or "continue" or the negative thereof or variations thereon or similar terminology.

By their very nature, forward looking statements involve numerous factors, assumptions and estimates. A variety of factors, many of which are beyond the control of UPC, may cause actual results to differ materially from the expectations expressed in the forward looking statements. For a list of the principal risks of an investment in UPC, please refer to the "RISK FACTORS" section of UPC's Short Form Base Shelf Prospectus ("Prospectus") dated October 30, 2014, available on SEDAR at www.sedar.com, and any additional updates as mentioned in the "RISK FACTORS" section in this MD&A.

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

OVERVIEW

UPC invests substantially all of its assets in uranium, either in the form of uranium oxide in concentrates ("U_3O_8"), or uranium hexafluoride ("UF_6"), with the primary investment objective of achieving appreciation in the value of its uranium holdings through increases in the uranium price. Denison Mines Inc. (the "Manager"), under the direction of the Corporation's board of directors, provides general administration and management services to the Corporation. The common shares of the Corporation trade publicly on the Toronto Stock Exchange under the symbol U.

During the three months ended November 30, 2014, the uranium spot price as quoted by UxCo rose from US$31.00 per pound U_3O_8 at August 31, 2014 to US$40.00 per pound U_3O_8 at November 30, 2014. Spot price volatility continued into December reaching a high of US$44.00 per pound, only to settle back to the mid US$30's on very little year-end activity and volume. According to UxCo, the rally in the uranium spot price was triggered by a combination of several factors, such as: (i) the re-emergence of U.S. utility near and long term contracting, after a long absence; and (ii) less uncommitted production being made available to the spot market due to production cutbacks and increased sales volumes into the emerging markets. Analysts have also pointed to the increasing risk of sanctions on Russian enriched uranium supplies to Western utilities and the ConverDyn legal challenge to US Department of Energy uranium inventory dispositions, as contributing to buyer anxieties. The recovery of the Japanese industry, supported by Prime Minister Abe's recent election victory and anticipated increases in utility buying activity in 2015, could provide a positive catalyst for uranium equities and the industry as a whole.

OVERALL PERFORMANCE

The following financial information was obtained from the Corporation's interim consolidated financial statements:

	Three months ended		Nine months ended	
(in thousands, except per share amounts)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Unrealized gains (losses) on investments	$ 178,924	$ 13,684	$ 98,137	$ (73,561)
Net gain (loss) for the period	$ 177,395	$ 12,591	$ 93,873	$ (76,699)
Net gain (loss) per common share – basic and diluted	$ 1.52	$ 0.12	$ 0.80	$ (0.72)

Net gain for the three months ended November 30, 2014 was mainly due to unrealized net gains on investments of $178,924,000, slightly offset by storage fees of $609,000, management fees of $509,000 and transaction fees of $338,000. The net gain for the three months ended November 30, 2013 was primarily related to unrealized net gains on investments of $13,684,000, partly offset by storage fees of $506,000 and management fees of $419,000.

Net gain for the nine months ended November 30, 2014 was mainly due to unrealized net gains on investments of $98,137,000, slightly offset by storage fees of $1,798,000, management fees of $1,327,000 and transaction fees of $885,000. The net loss for the nine months ended November 30, 2013 was primarily related to unrealized net losses on investments of $73,561,000, storage fees of $1,577,000 and management fees of $1,296,000.

Unrealized net gains on investments during the three months ended November 30, 2014 were mainly caused by spot prices increasing to US$40.00 per pound U_3O_8 and US$112.50 per KgU UF_6 at November 30, 2014, from US$31.00 per pound U_3O_8 and US$87.00 per KgU UF_6 at August 31, 2014. Unrealized net gains on investments during the nine months ended November 30, 2014 were mainly caused by an overall increase in U_3O_8 and UF_6 spot prices from US$35.50 per pound U_3O_8 and US$99.00 per KgU UF_6 at February 28, 2014. The U.S. dollar to Canadian dollar foreign exchange noon-rate was 1.1427 at November 30, 2014, an increase from 1.0858 at August 31, 2014 and 1.1075 at February 28, 2014.

Unrealized net gains and losses on investments during the three and nine months ended November 30, 2013, respectively, were caused by fluctuating spot prices. At November 30, 2013, August 31, 2013, and February 28, 2013, spot price were US$36.25 per pound $U_3O_{8,}$ and US$102.50 per KgU UF_6, US$35.00 per pound U_3O_8 and US$100.25 per KgU UF_6, and US$42.00 per pound U_3O_8 and US$120.00 per KgU UF_6, respectively.

UPC's net asset value per common share ("NAV")(1) increased to $5.96 at November 30, 2014 from $5.15 per share at February 28, 2014. Total equity increased to $696,251,000 at November 30, 2014 from $602,460,000 at February 28, 2014.

The substantively enacted future tax rates, in UPC's various jurisdictions, range from 3.0% to 26.5%. The Corporation had an effective tax rate of nil for the three and nine months ended November 30, 2014 and 2013. Deferred tax assets were not recognized, resulting in an effective tax rate of nil, since it remained uncertain that sufficient taxable income would be available in future years to warrant recognition.

Investment Portfolio

UPC's investment portfolio consists of the following as at November 30, 2014:

(in thousands, except quantity amounts)	Quantity	Cost	Fair Value
Investments in Uranium:			
U_3O_8	8,876,811 lbs	$ 417,468	$ 405,741
UF_6	2,153,471 KgU	$ 353,357	$ 272,850 (2)
		$ 770,825	$ 678,591
U_3O_8 average cost and market value per pound:			
In Canadian dollars		$ 47.03	$ 45.71 (3)
In United States dollars		$ 42.94	$ 40.00
UF_6 average cost and market value (2) per KgU:			
In Canadian dollars		$ 164.09	$ 126.70 (3)
In United States dollars		$ 152.26	$ 110.88

During the nine months ended November 30, 2014, the Corporation purchased 1,050,000 pounds of U_3O_8 at an average price of US$35.02 per pound of U_3O_8, for a total cash consideration of $40,608,000 (US$36,775,000).

Uranium Lending Arrangement

The Corporation initially entered into a loan of the conversion component of 1,332,230 KgU as UF_6 in December 2009 for a three year term, which was subsequently extended an additional year. The conversion component loaned is subject to a loan fee of 4.5% per annum based on the greater of the month end conversion value per KgU as UF_6 or US$11.75 per KgU as UF_6. To facilitate the loan of the conversion component in December 2009, 1,332,230 KgU as UF_6 was transferred to the borrower, with 3,480,944 pounds of U_3O_8 and an irrevocable letter of credit of US$15,700,000 from a major financial institution sent to UPC as collateral. In May 2013, the loan return date was amended with the borrowed quantity separated into two tranches: 1) a conversion component of 865,000 KgU as UF_6 ("Tranche 1"); and 2) a conversion component of 467,230 KgU as UF_6 ("Tranche 2"). The return date for Tranche 1 was amended from December 31, 2013 to July 15, 2013, while the return date for Tranche 2 was extended from December 31, 2013 to December 31, 2014.

On July 15, 2013, Tranche 1 was returned to the Corporation and the collateral held by the Coporation was reduced to 1,220,811 pounds of U_3O_8 and an irrovocable letter of credit of US$6,039,000.

[1] See "Non-GAAP Financial Performance Measures"
[2] Includes a $3,987,000 fair value decrease adjustment for UF_6 inventory held at the USEC Enrichment Facility.
[3] Translation to Canadian dollars calculated at period-end foreign exchange noon-rate.

At November 30, 2014, the remaining conversion components loaned in Tranche 2 of 467,230 KgU of UF_6 had a market value of $4,271,000 (US$3,738,000). Tranche 2 was returned to the Corporation on December 31, 2014 and the letter of credit was cancelled.

Fair Value Adjustment on UF_6

In May 2013, the United States Enrichment Corporation ("USEC Enrichment Facility") announced that it ceased uranium enrichment at its Paducah Gaseous Diffusion Plant in Kentucky. At November 30, 2014, the Corporation has 1,077,000 KgU as UF_6 stored at the USEC Enrichment Facility with a fair value of $138,452,000. The Corporation has recorded a fair value decrease adjustment of $3,987,000 to reflect the liquidity risk of its UF_6 stored at the USEC Enrichment Facility. The Corporation plans to relocate this material to another enrichment facility through location swaps over the next two years and currently expects the cost of this process, if any, to be offset by the above noted fair value adjustment. The parent company of the USEC Enrichment Facility has successfully emerged from bankruptcy proceedings under the new name Centrus Energy Corp.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
Total income (loss), including unrealized gains (losses) on investments (in thousands)	$ 179,108	$ 39,745	$ (120,144)	$ 9,521
Net gain (loss) for the period (in thousands)	$ 177,395	$ 38,466	$ (121,988)	$ 8,254
Net gain (loss) per common share – basic and diluted	$ 1.52	$ 0.33	$ (1.04)	$ 0.08
NAV [1] – basic and diluted	$ 5.96	$ 4.44	$ 4.11	$ 5.15
U_3O_8 spot price (US$)	$ 40.00	$ 31.00	$ 28.25	$ 35.50
UF_6 spot price (US$)	$ 112.50	$ 87.00	$ 81.00	$ 99.00
Foreign exchange noon-rate (US$ to CAD$)	1.1427	1.0858	1.0867	1.1075

	November 30, 2013	August 31, 2013	May 31, 2013	February 28, 2013
Total income (loss), including unrealized gains (losses) on investments (in thousands)	$ 13,801	$ (67,980)	$ (18,891)	$ 21,617
Net gain (loss) for the period (in thousands)	$ 12,591	$ (69,286)	$ (20,004)	$ 20,684
Net gain (loss) per common share – basic and diluted	$ 0.12	$ (0.65)	$ (0.19)	$ 0.19
NAV [1] – basic and diluted	$ 5.07	$ 4.95	$ 5.60	$ 5.79
U_3O_8 spot price (US$)	$ 36.25	$ 35.00	$ 40.50	$ 42.00
UF_6 spot price (US$)	$ 102.50	$ 100.25	$ 115.50	$ 120.00
Foreign exchange noon-rate (US$ to CAD$)	1.0599	1.0553	1.0339	1.0285

[1] See "Non-GAAP Financial Performance Measures"

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $19,880,000 at November 30, 2014 compared with $64,553,000 at February 28, 2014. The decrease of $44,673,000 was primarily due to the purchase of uranium investments in March, April, May and November 2014 for total cash consideration of $40,608,000.

In February 2014, 10,522,500 common shares were issued at a price of $5.47 per common share for gross proceeds of $57,558,000 less issue costs of $2,684,000.

The Corporation's capital structure consists of share capital and contributed surplus. Uranium purchases are normally funded through common share offerings with at least 85% of the gross proceeds of share offerings invested in, or set aside for future purchases of uranium. In strictly limited circumstances, the Corporation can enter into short-term borrowing arrangements for up to 15% of its net asset value to facilitate the purchases of uranium. Currently, the Corporation has not entered into any short-term borrowing arrangements.

The Corporation is committed to sell the conversion component contained in 250,000 KgU as UF_6. To facilitate the sale of the conversion component, UPC will receive 653,213 pounds of U_3O_8 and cash consideration of US$1,772,500. Refer to the "COMMITMENT" section of this MD&A for more details.

In September 2013, the Corporation filed a normal course issuer bid ("2013 NCIB") with the Toronto Stock Exchange authorizing the Corporation to purchase up to 8,035,744 of the Corporation's common shares during the 12 month period commencing September 30, 2013 and ending September 29, 2014. The Corporation did not purchase any of its outstanding shares under the 2013 NCIB.

In November 2014, the Corporation filed a normal course issuer bid ("2014 NCIB") with the Toronto Stock Exchange authorizing the Corporation to purchase up to 7,500,000 of the Corporation's common shares during the 12 month period commencing November 24, 2014 and ending November 23, 2015, or on such earlier date as the Corporation completes its purchases. As at November 30, 2014, the Corporation has not purchased any of its outstanding shares under the 2014 NCIB.

On October 31, 2014, the Corporation filed the Prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Québec. The Corporation may issue common shares or warrants or any combination of such securities as units ("Securities"), in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period that the Prospectus remains effective until November 30, 2016. As at November 30, 2014, the Corporation has not issued any Securities pursuant to the Prospectus.

RELATED PARTY TRANSACTIONS

Denison Mines Inc.

Pursuant to its management services agreement with the Manager dated April 1, 2013, the Corporation will pay the following fees to the Manager: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board 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 the Corporation's net asset value in excess of $100,000,000; and c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the purchase or sale of uranium).

The management services agreement has a three year term and may be terminated by either party upon the provision of 120 days written notice.

The following outlines the fees paid to the Manager for the periods noted:

	Three months ended		Nine months ended	
(in thousands)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Fees incurred with the Manager:				
Management fees	$ 509	$ 419	$ 1,327	$ 1,296
Uranium purchase commissions	122	-	609	-
Net fees incurred with the Manager	$ 631	$ 419	$ 1,936	$ 1,296

As at November 30, 2014, accounts payable and accrued liabilities included $338,000 (February 28, 2014: $177,000) due to the Manager with respect to the fees indicated above.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. UPC's key management personnel includes members of its Board of Directors. The Corporation does not employ any additional personnel, as its affairs are administered by the personnel of the Manager.

The following compensation was awarded to key management personnel for the periods noted:

	Three months ended		Nine months ended	
(in thousands)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Directors' fees	$ 53	$ 46	$ 165	$ 143
Total key management personnel compensation	$ 53	$ 46	$ 165	$ 143

OUTSTANDING SHARE DATA

At January 13, 2015, there were 116,872,913 common shares issued and outstanding.

COMMITMENT

In November 2014, UPC agreed to the sale of the conversion component contained in 250,000 KgU as UF_6 to occur over three tranches:

1) conversion component of 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of US$700,000 that was completed on December 31, 2014;
2) conversion component of 50,000 KgU as UF_6 in return for 130,643 pounds of U_3O_8 and cash consideration of US$357,500 to occur in February 2015; and
3) conversion component of 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of US$715,000 to occur in May 2015.

CONTROLS AND PROCEDURES

The Corporation's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

There has not been any change in the Corporation's internal control over financial reporting that occurred during the three and nine months ended November 30, 2014 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

RISK FACTORS

There are a number of factors that could negatively affect UPC's business and the value of UPC's securities. Please refer to UPC's Prospectus for a detailed discussion of the material risk factors and their potential impacts on UPC's business.

NON-GAAP FINANCIAL PERFORMANCE MEASURES

This MD&A contains references to NAV and "diluted NAV", which are non-GAAP financial performance measures. NAV is calculated as the value of total assets less the value of total liabilities, divided by the total number of common shares outstanding as at a specific date. Diluted NAV is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments. The number of shares included with respect to options, warrants and similar instruments is computed using the treasury stock method. The term NAV or diluted NAV does not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. There is no comparable GAAP financial measure presented in UPC's consolidated financial statements and thus no applicable quantitative reconciliation for such non-GAAP financial performance measure. The Corporation has calculated NAV and diluted NAV consistently for many years and believes these measures provide information useful to its shareholders in understanding UPC's performance and may assist in the evaluation of the Corporation's business relative to that of its peers.

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands of Canadian dollars, except share amounts)	At November 30, 2014	At February 28, 2014
ASSETS		
Current		
Cash and cash equivalents	$ 19,880	$ 64,553
Trade and other receivables	320	265
	20,200	64,818
Non-Current		
Investments in uranium (note 3)	678,591	539,846
Total assets	$ 698,791	$ 604,664
LIABILITIES		
Current		
Trade and other payables	$ 2,540	$ 2,204
Total liabilities	2,540	2,204
EQUITY		
Share capital (note 4)	831,048	831,130
Contributed surplus	4,564	4,564
Deficit	(139,361)	(233,234)
Total equity	696,251	602,460
Total liabilities and equity	$ 698,791	$ 604,664
Common shares		
Issued and outstanding (note 4)	116,872,913	116,872,913

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

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE GAIN (LOSS) (UNAUDITED)
THREE AND NINE MONTHS ENDED NOVEMBER 30, 2014 and 2013

	Three months ended		Nine months ended	
(in thousands of Canadian dollars, except share and per share amounts)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
INCOME				
Unrealized gains (losses) on investments (note 3)	$ 178,924	$ 13,684	$ 98,137	$ (73,561)
Income from investment lending (note 6)	68	64	204	367
Income from sale of conversion components (note 3)	-	19	-	19
Interest income	116	34	368	105
	179,108	13,801	98,709	(73,070)
EXPENSES				
Transaction fees	338	-	885	52
Management fees (note 5)	509	419	1,327	1,296
Storage fees	609	506	1,798	1,577
Public company expenses	93	141	352	352
General office and miscellaneous	68	68	208	173
Legal and other professional fees	28	42	89	95
Foreign exchange loss	68	32	177	61
	1,713	1,208	4,836	3,606
Net gain (loss) before taxes	177,395	12,593	93,873	(76,676)
Income tax expense	-	2	-	23
Net and comprehensive gain (loss) for the period	$ 177,395	$ 12,591	$ 93,873	$ (76,699)
Net gain (loss) per common share				
Basic and diluted	$ 1.52	$ 0.12	$ 0.80	$ (0.72)
Weighted average number of common shares outstanding				
Basic and diluted	116,872,913	106,350,413	116,872,913	106,350,413

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

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
NINE MONTHS ENDED NOVEMBER 30, 2014 and 2013

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at February 28, 2014	$ 831,130	$ 4,564	$ (233,234)	$ 602,460
Issue costs on common shares issued (note 4)	(82)	-	-	(82)
Net gain for the period	-	-	93,873	93,873
Balance at November 30, 2014	$ 831,048	$ 4,564	$ (139,361)	$ 696,251
Balance at February 28, 2013	$ 776,174	$ 4,564	$ (164,789)	$ 615,949
Net loss for the period	-	-	(76,699)	(76,699)
Balance at November 30, 2013	$ 776,174	$ 4,564	$ (241,488)	$ 539,250

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
NINE MONTHS ENDED NOVEMBER 30, 2014 and 2013

	Nine months ended	
(in thousands of Canadian dollars)	November 30, 2014	November 30, 2013
Operating Activities		
Net gain (loss) for the period	$ 93,873	$ (76,699)
Adjustment for:		
Unrealized (gains) losses on investments (note 3)	(98,137)	73,561
Income from sale of conversion components (note 3)	-	(19)
Changes in non-cash working capital:		
Change in trade and other receivables	(55)	43
Change in trade and other payables	336	(116)
Net cash used in operating activities	(3,983)	(3,230)
Investing Activities		
Purchase of uranium investments (note 3)	(40,608)	-
Sale of conversion components (note 3)	-	1,157
Net cash (used) generated by investing activities	(40,608)	1,157
Financing Activities		
Issue costs on common shares issued (note 4)	(82)	-
Net cash used by financing activities	(82)	-
Decrease in cash and cash equivalents	(44,673)	(2,073)
Cash and cash equivalents – beginning of period	64,553	11,191
Cash and cash equivalents – end of period	$ 19,880	$ 9,118

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

1. URANIUM PARTICIPATION CORPORATION

Uranium Participation Corporation ("UPC") was established under the Business Corporations Act (Ontario) ("OBCA") on March 15, 2005. The address of its registered head office is 595 Bay Street, Suite 402, Toronto, Ontario, Canada, M5G 2C2.

UPC, including its subsidiary (collectively, the "Corporation"), invests substantially all of its assets in uranium oxide in concentrates ("U_3O_8") and uranium hexafluoride ("UF_6") (collectively "investments in uranium") with the primary investment objective of achieving appreciation in the value of its uranium holdings through increases in the uranium price. Denison Mines Inc. (the "Manager"), under the direction of the Corporation's board of directors, provides general administration and management services to the Corporation. The common shares of UPC trade publicly on the Toronto Stock Exchange under the symbol U.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

These interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 *Interim Financial Reporting*.

These interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's year ended February 28, 2014 consolidated financial statements. These interim consolidated financial statements were authorized for issue by the Corporation's board of directors on January 13, 2015.

All dollar amounts are expressed in Canadian dollars, unless otherwise noted. All uranium prices are based on spot prices published by Ux Consulting Company LLC ("UxCo").

The accounting policies used in preparing these interim consolidated financial statements are consistent with those used in the Corporation's year ended February 28, 2014 consolidated financial statements.

<u>Accounting Standards Issued But Not Yet Adopted</u>

The Corporation has not yet adopted the following accounting pronouncements effective for the Corporation's fiscal periods beginning on or after January 1, 2018:

IFRS 9 *Financial Instruments*

On July 24, 2014, the IASB published the final version of IFRS 9 *Financial Instruments* ("IFRS 9"), which brings together the classification, measurement, impairment and hedge accounting phases of the IASB's project to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 replaces the multiple classifications for financial assets in IAS 39 with a single principle based approach for determining the classification of financial assets based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. The final version of IFRS 9 is effective for periods beginning on or after January 1, 2018; however, it is available for early adoption.

The Corporation has not yet assessed the impact nor determined whether it will early adopt this standard.

3. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

(in thousands)		Cost		Fair Value Adjustment		Fair Value [(1)]
Balance at February 28, 2014	$	730,217	$	(190,371)	$	539,846
Unrealized net gains on investments		-		90,752		90,752
Purchases of U_3O_8		40,608		7,385		47,993
Balance at November 30, 2014	$	770,825	$	(92,234)	$	678,591

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value Adjustment		Fair Value [(1)]
U_3O_8	8,876,811 lbs	$	417,468	$	(11,727)	$	405,741
UF_6 [(2)(3)]	2,153,471 KgU		353,357	$	(80,507)		272,850
Balance at November 30, 2014		$	770,825	$	(92,234)	$	678,591

(1) Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values reflect spot prices published by UxCo of US$40.00 per pound U_3O_8 and US$112.50 per KgU UF_6, translated at the noon foreign exchange rate of 1.1427 at November 30, 2014.

(2) At November 30, 2014, the Corporation has 1,077,000 KgU as UF_6 stored at the United States Enrichment Facility ("USEC Enrichment Facility") with a fair value of $138,452,000. In addition, the Corporation recorded a fair value decrease adjustment of $3,987,000 to reflect the liquidity risk on the Corporation's UF_6 held at the USEC Enrichment Facility.

(3) The Corporation has transferred 467,230 KgU as UF_6 to a third party and taken in exchange 1,220,811 pounds of U_3O_8, effectively lending the conversion component of the UF_6 (Note 6).

During the nine months ended November 30, 2014, the Corporation purchased 1,050,000 pounds of U_3O_8 at an average price of US$35.02 per pound of U_3O_8, for a total cash consideration of $40,608,000 (US$36,775,000).

In September 2013, the Corporation sold the conversion component contained in 120,759 KgU as UF_6 for cash consideration of $1,171,000 (US$1,117,000). To facilitate the sale of the conversion component, UPC transferred 120,759 KgU as UF_6 to the buyer and received 315,525 pounds of U_3O_8 and cash consideration noted above. Income from the sale of conversion component was $19,000, net of transaction costs of $14,000.

4. COMMON SHARES

The Corporation 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 amounts)	Number of Common Shares		Amount
Balance at February 28, 2014	116,872,913	$	831,130
Issue costs on common shares issued in February 2014	-		(82)
Balance at November 30, 2014	116,872,913	$	831,048

In February 2014, the Corporation closed an equity offering of 10,522,500 common shares at a price of $5.47 per common share for gross proceeds of $57,558,000 less issue costs of $2,684,000.

In September 2013, the Corporation filed a normal course issuer bid ("2013 NCIB") with the Toronto Stock Exchange authorizing the Corporation to purchase up to 8,035,744 of the Corporation's common shares during the 12 month period commencing September 30, 2013 and ending September 29, 2014. The Corporation did not purchase any of its outstanding shares under the 2013 NCIB.

In November 2014, the Corporation filed a normal course issuer bid ("2014 NCIB") with the Toronto Stock Exchange authorizing the Corporation to purchase up to 7,500,000 of the Corporation's common shares during the 12 month period commencing November 24, 2014 and ending November 23, 2015, or on such earlier date as the Corporation completes its purchases. As at November 30, 2014, the Corporation has not purchased any of its outstanding shares under the 2014 NCIB.

On October 31, 2014, the Corporation filed a short form base shelf prospectus ("Prospectus") with the securities regulatory authorities in each of the provinces of Canada, other than Québec. The Corporation may issue common shares or warrants or any combination of such securities as units ("Securities"), in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the Prospectus, for an aggregate offering amount of up to $200,000,000 during the

25 month period that the Prospectus remains effective until November 30, 2016. As at November 30, 2014, the Corporation has not issued any Securities pursuant to the Prospectus.

5. RELATED PARTY TRANSACTIONS

Denison Mines Inc.

Pursuant to its management services agreement with the Manager dated April 1, 2013, the Corporation will pay the following fees to the Manager: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board 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 the Corporation's net asset value in excess of $100,000,000; and c) a fee, at the discretion of the Board, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the purchase or sale of uranium).

The following outlines the fees paid to the Manager for the periods noted:

	Three months ended		Nine months ended	
(in thousands)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Fees incurred with the Manager:				
Management fees	$ 509	$ 419	$ 1,327	$ 1,296
Uranium purchase commissions	122	-	609	-
Net fees incurred with the Manager	$ 631	$ 419	$ 1,936	$ 1,296

As at November 30, 2014, accounts payable and accrued liabilities included $338,000 (February 28, 2014: $177,000) due to the Manager with respect to the fees indicated above.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. UPC's key management personnel includes members of its Board of Directors. The Corporation does not employ any additional personnel, as its affairs are administered by the personnel of the Manager.

The following compensation was awarded to key management personnel for the periods noted:

	Three months ended		Nine months ended	
(in thousands)	November 30, 2014	November 30, 2013	November 30, 2014	November 30, 2013
Directors' fees	$ 53	$ 46	$ 165	$ 143
Total key management personnel compensation	$ 53	$ 46	$ 165	$ 143

6. INVESTMENT LENDING

The Corporation initially entered into a loan of the conversion component of 1,332,230 KgU as UF_6 in December 2009 for a three year term, which was subsequently extended an additional year. The conversion component loaned is subject to a loan fee of 4.5% per annum based on the greater of the month end conversion value per KgU as UF_6 or US$11.75 per KgU as UF_6. To facilitate the loan of the conversion component in December 2009, 1,332,230 KgU as UF_6 was transferred to the borrower, with 3,480,944 pounds of U_3O_8 and an irrevocable letter of credit of US$15,700,000 from a major financial institution sent to UPC as collateral. In May 2013, the loan return date was amended with the borrowed quantity separated into two tranches: 1) a conversion component of 865,000 KgU as UF_6 ("Tranche 1"); and 2) a conversion component of 467,230 KgU as UF_6 ("Tranche 2"). The return date for Tranche 1 was amended from December 31, 2013 to July 15, 2013, while the return date for Tranche 2 was extended from December 31, 2013 to December 31, 2014.

On July 15, 2013, Tranche 1 was returned to the Corporation and the collateral held by the Corporation was reduced to 1,220,811 pounds of U_3O_8 and an irrovocable letter of credit of US$6,039,000.

At November 30, 2014, the remaining conversion component loaned in Tranche 2 of 467,230 KgU of UF_6 had a market value of $4,271,000 (US$3,738,000). Tranche 2 was returned to the Corporation on December 31, 2014 and the letter of credit was cancelled.

7. COMMITMENT

In November 2014, UPC agreed to the sale of the conversion component contained in 250,000 kgU as UF_6 to occur over three tranches:

1) conversion component contained in 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of US$700,000 that was completed on December 31, 2014;
2) conversion component contained in 50,000 KgU as UF_6 in return for 130,643 pounds of U_3O_8 and cash consideration of US$357,500 to occur in February 2015; and
3) conversion component contained in 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of US$715,000 to occur in May 2015.

Uranium
Participation
Corporation

BOARD OF DIRECTORS

Paul J. Bennett
President and Chief Executive Officer
Energus Resources Ltd.

Thomas Hayslett
Independent Consultant, formerly Senior Consultant
The Ux Consulting Company, LLC.

Jeff Kennedy
Chief Financial Officer, Managing Director of Equity Capital Markets
Cormark Securities Inc.

Garth A. C. MacRae
Independent Financial Consultant

Richard H. McCoy
Chairman of the Board
Corporate Director; formerly Vice Chairman
Investment Banking, TD Securities Inc.

Ganpat Mani
Independent Consultant, formerly CEO and President
Converdyn Corp.

OFFICERS

Ron F. Hochstein
President and Chief Executive Officer

James R. Anderson
Chief Financial Officer

Scott Melbye
Vice President, Commercial

Sheila Colman
Corporate Secretary

MANAGER

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

OFFICE OF THE CORPORATION

Atrium on Bay
595 Bay Street, Suite 402
Toronto, Ontario M5G 2C2

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

Website: www.uraniumparticipation.com

AUDITORS

PricewaterhouseCoopers LLP
Toronto

REGISTRAR AND TRANSFER AGENT

Computershare Investor Services Inc.
100 University Avenue, 9th Floor
Toronto, Ontario M5J 2Y1

Telephone:
Canada and U.S.: 1-800-564-6253
Overseas: 1-514-982-7555

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: U

Website: www.tmx.com

Managed by:

DENISON MINES

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