Uranium
Participation
Corporation

2016 SECOND QUARTER REPORT

INTRODUCTION

This Management's Discussion and Analysis ("MD&A") of Uranium Participation Corporation and its subsidiary (collectively, "UPC" or the "Corporation") provides a detailed analysis of the Corporation's business and compares its financial results with those of the previous year. This MD&A is dated as of October 1, 2015 and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and related notes for the three and six months ended August 31, 2015. The unaudited interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Readers are also encouraged to consult the audited consolidated financial statements and the MD&A for the year ended February 28, 2015. 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 this MD&A and of UPC's Annual Information Form dated May 11, 2015, available on SEDAR at www.sedar.com.

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") (collectively "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 the Corporation are listed and trade on the Toronto Stock Exchange under the symbol "U".

Uranium spot prices began the reporting quarter at US$35.25 per pound U_3O_8. Despite seasonally slow utility buying activity and two pronounced month-end price drops averaging US$1.00 per pound in June and July, the spot price finished the quarter up US$1.50 over the period to close at US$36.75 per pound U_3O_8. The spot price reached a subsequent high in September of US$37.25. The increase was generally attributed to increased buying interest going into September with a number of utilities seeking medium term supplies. This increased demand and market activity is expected to continue into the 4th quarter of 2015. Uranium prices have now increased 30% over the post-Fukushima lows seen in the summer of 2014. Longer-term fundamentals remain positive based on emerging market nuclear growth and declining primary and secondary supplies available to the spot market. The restart of the Sendai reactor in Japan bodes well for the long awaited recovery of the nuclear industry in Japan. In the emerging markets, China announced the approval of reactor construction on inland sites, which will help address power demand and clean air issues in these rapidly growing regions. In India, uranium procurement activities are increasing with contract renewals at substantial volumes being announced. In addition, the establishment of a strategic uranium reserve of up to 39 million pounds U_3O_8 was announced during the quarter by the Prime Minister's office in Delhi. These steps follow on the heels of a substantial new supply agreement for India's atomic energy program being concluded for Canadian supply earlier in the year.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	August 31, 2015	May 31, 2015	February 28, 2015	November 30, 2014
Total income (loss) (in thousands)	$ 68,244	$ (67,055)	$ 36,255	$ 179,108
Net gain (loss) for the period (in thousands)	$ 66,694	$ (68,371)	$ 34,807	$ 177,395
Net gain (loss) per common share – basic and diluted	$ 0.57	$ (0.59)	$ 0.30	$ 1.52
Net asset value per common share[i] – basic and diluted	$ 6.24	$ 5.67	$ 6.26	$ 5.96
U_3O_8 spot price (US$)	$ 36.75	$ 35.00	$ 38.75	$ 40.00
UF_6 spot price (US$)	$ 101.00	$ 98.50	$ 107.00	$ 112.50
Foreign exchange noon-rate (US$ to CAD$)	1.3223	1.2465	1.2508	1.1427

	August 31, 2014	May 31, 2014	February 28, 2014	November 30, 2013
Total income (loss) (in thousands)	$ 39,745	$ (120,144)	$ 9,521	$ 13,801
Net gain (loss) for the period (in thousands)	$ 38,466	$ (121,988)	$ 8,254	$ 12,591
Net gain (loss) per common share – basic and diluted	$ 0.33	$ (1.04)	$ 0.08	$ 0.12
Net asset value per common share[i] – basic and diluted	$ 4.44	$ 4.11	$ 5.15	$ 5.07
U_3O_8 spot price (US$)	$ 31.00	$ 28.25	$ 35.50	$ 36.25
UF_6 spot price (US$)	$ 87.00	$ 81.00	$ 99.00	$ 102.50
Foreign exchange noon-rate (US$ to CAD$)	1.0858	1.0867	1.1075	1.0599

OVERALL PERFORMANCE

	Three months ended		Six months ended	
(in thousands, except per share amounts)	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
Unrealized gains (losses) on investments	$ 68,039	$ 39,561	$ 978	$ (80,787)
Net gain (loss) for the period	$ 66,694	$ 38,466	$ (1,677)	$ (83,522)
Net gain (loss) per common share – basic and diluted	$ 0.57	$ 0.33	$ (0.01)	$ (0.71)
Net asset value	$ 727,382	$ 518,856	$ 727,382	$ 518,856

Net gain for the three months ended August 31, 2015 was due to unrealized net gains on investments of $68,039,000, slightly offset by storage fees of $650,000 and management fees of $555,000. This compares to a net gain for the three months ended August 31, 2014 resulting from unrealized net gains on investments of $39,561,000, slightly offset by storage fees of $651,000 and management fees of $395,000.

Net loss for the six months ended August 31, 2015 was mainly due to storage fees of $1,200,000 and management fees of $1,108,000, slightly offset by unrealized net gains on investments of $978,000. The net loss for the six months ended August 31, 2014 was primarily related to unrealized net losses on investments of $80,787,000, storage fees of $1,189,000, management fees of $818,000 and transaction fees of $547,000.

Unrealized net gains on investments during the three months ended August 31, 2015 and 2014 were caused by an increase in spot prices, along with an increase in the U.S. dollar to Canadian dollar foreign exchange noon-rate

[i] See "Non-IFRS Financial Performance Measures".

during the three month period in fiscal 2016 (decrease in the foreign exchange noon-rate during the three month period in fiscal 2015).

Unrealized net gains on investments during the six months ended August 31, 2015 were caused by an increase in the U.S. dollar to Canadian dollar foreign exchange noon-rate, partly offset by the decrease in spot prices. Unrealized net losses on investments during the six months ended August 31, 2014 were caused by a decrease in spot prices and the foreign exchange noon-rate.

UPC's net asset value per common share ("NAV")[i] decreased to $6.24 at August 31, 2015 from $6.26 at February 28, 2015. Total equity decreased to $727,382,000 at August 31, 2015, from $731,058,000 at February 28, 2015.

The Corporation had an effective tax rate of nil for the six months ended August 31, 2015, primarily due to substantively enacted current and future tax rates, in UPC's various jurisdictions, ranging from 2.96% to 26.5% and the timing of the recognition of deferred tax assets.

Investment Portfolio

UPC's investment portfolio consists of the following as at August 31, 2015:

(in thousands, except quantity amounts)	Quantity	Cost	Fair Value
Investments in Uranium:			
U_3O_8	9,570,024 lbs	$ 458,202	$ 465,051
UF_6	1,903,471 KgU	$ 311,862	$ 250,226[1]
		$ 770,064	$ 715,277
U_3O_8 average cost and market value per pound:			
In Canadian dollars		$ 47.88	$ 48.59[2]
In United States dollars		$ 43.84	$ 36.75
UF_6 average cost and market value[1] per KgU:			
In Canadian dollars		$ 163.84	$ 131.46[2]
In United States dollars		$ 151.62	$ 99.42

(1) Includes a $3,987,000 fair value decrease adjustment for UF_6 inventory held with the United States Enrichment Facility ("USEC Facility").
(2) Translation to Canadian dollars calculated at period-end foreign exchange noon-rate.

Sale of Conversion Components

In May 2015, the Corporation completed the sale of the conversion component contained in 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of $891,000 (US$715,000). The loss on the sale of the conversion components in May 2015 was $140,000.

The Corporation has sold the conversion component in UF_6 in order to convert some of its UF_6 holdings to U_3O_8.

Uranium Lending Arrangement

In March 2015, the Corporation entered into an agreement to loan 1,300,000 pounds of U_3O_8 with a return date in April 2017. The loan is subject to a loan fee of 1.0% per annum, with payments calculated quarterly based on the average of the U_3O_8 spot price per pound, as defined and published by UxCo at the end of each month for the previous three months. Collateral, in the form of an irrevocable bank guarantee, for the loan is provided in the amount of US$56,000,000, which can be adjusted based on movements in the uranium price.

At August 31, 2015, the market value of the 1,300,000 pounds of U_3O_8 loaned was $63,173,000 (US$47,775,000).

Fair Value Adjustment on UF_6

In May 2013, the USEC Facility announced that it ceased uranium enrichment at its Paducah Gaseous Diffusion Plant in Kentucky. At August 31, 2015, the Corporation has 1,054,000 KgU as UF_6 stored with the USEC Facility with a fair value of $140,764,000. In addition, the Corporation has recorded a fair value decrease adjustment of

$3,987,000 to reflect the risk associated with its UF_6 stored with the USEC Facility. The Corporation plans to relocate this material to another facility through location swaps over the next 10 months and currently expects the cost of this process to be offset by the above noted fair value adjustment.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $13,980,000 at August 31, 2015 compared with $17,753,000 at February 28, 2015. The decrease of $3,773,000 was primarily due net cash used in operations of $2,665,000 and financing activities of $1,999,000, partly offset by cash generated by investing activities of $891,000.

During March 2015, the Corporation purchased of 356,500 of its outstanding shares, pursuant to a normal course issuer bid ("2014 NCIB") filed with the Toronto Stock Exchange in November 2014. Shares were purchased pursuant to the 2014 NCIB at an average cost of $5.60 per share for a total cost of $1,999,000, including transaction costs.

During May 2015, the Corporation received cash consideration of $891,000 upon completing the sale of the conversion component contained in 100,000 KgU as UF_6, as mentioned above.

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. At August 31, 2015, the Corporation has invested more than the required minimum amount of 85% of its aggregate gross proceeds of share offerings in 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. To date, the Corporation has not entered into any short-term borrowing arrangements.

On October 31, 2014, the Corporation filed the 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 August 31, 2015, the Corporation has not issued any Securities pursuant to the Prospectus.

Pursuant to the 2014 NCIB, the Corporation is authorized 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 August 31, 2015, the Corporation has purchased 356,500 of its outstanding shares under the 2014 NCIB during March 2015.

RELATED PARTY TRANSACTIONS

Management Services Agreement with 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 expires on March 31, 2016 and may be otherwise 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		Six months ended	
(in thousands)	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
Fees incurred with the Manager:				
Management fees	$ 555	$ 395	$ 1,108	$ 818
Transaction fees – commissions on uranium purchases	-	-	-	487
Total fees incurred with the Manager	$ 555	$ 395	$ 1,108	$ 1,305

As at August 31, 2015, trade and other payables included $282,000 (February 28, 2015: $250,000) 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. The Corporation's key management personnel are the members of its Board of Directors.

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

	Three months ended		Six months ended	
(in thousands)	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
Directors' fees	$ 55	$ 66	$ 113	$ 112
Total key management personnel compensation	$ 55	$ 66	$ 113	$ 112

SUBSEQUENT EVENT

Location swap of UF_6 held with USEC Facility

During September 2015, the Corporation transferred 570,794 KgU as UF_6 stored with the USEC Facility to another storage facility. The transfer reduced the Corpoation's UF_6 holdings with the USEC Facility to 483,206 KgU.

OUTSTANDING SHARE DATA

At October 1, 2015, there were 116,516,413 common shares issued and outstanding.

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 the 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 six months ended August 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

This MD&A contains references to NAV and "diluted NAV", which are non-IFRS financial performance measures. The 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 is computed using the treasury stock method. The term NAV or diluted NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. There is no comparable IFRS financial measure presented in UPC's consolidated financial statements and thus no applicable quantitative reconciliation for such non-IFRS 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.

RISK FACTORS

In addition to the risks set out below, there are a number of factors that could negatively affect UPC's business and the value of its common shares, including the factors listed in its Annual Information Form dated May 11, 2015 available at www.sedar.com.

Changes to the Manager

The Manager may terminate the Management Services Agreement in accordance with the terms thereof. UPC may not be able to readily secure similar services or at management fees comparable to those under the Management Services Agreement, and its operations may therefore be adversely affected. Additionally, from time to time there may be changes in personnel at the Manager, and these changes could alter the management of the UPC and impact the management services provided to UPC under the Management Services Agreement.

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Unaudited – Expressed in thousands of Canadian dollars except for share amounts)

	At August 31, 2015	At February 28, 2015
ASSETS		
Current		
Cash and cash equivalents	$ 13,980	$ 17,753
Trade and other receivables	351	330
	14,331	18,083
Non-Current		
Investments in uranium (note 4)	715,277	715,330
Total assets	$ 729,608	$ 733,413
LIABILITIES		
Current		
Trade and other payables	$ 2,226	$ 2,355
Total liabilities	2,226	2,355
EQUITY		
Share capital (note 6)	828,513	831,048
Contributed surplus	5,100	4,564
Deficit	(106,231)	(104,554)
Total equity	727,382	731,058
Total liabilities and equity	$ 729,608	$ 733,413
Common shares		
Issued and outstanding (note 6)	116,516,413	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 – Expressed in thousands of Canadian dollars except for share amounts)

	Three Months Ended		Six Months Ended	
	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
INCOME				
Unrealized gains (losses) on investments (note 4)	$ 68,039	$ 39,561	$ 978	$ (80,787)
Income from investment lending (note 5)	151	68	251	136
Loss on sale of conversion components (note 4)	-	-	(140)	-
Interest income	54	116	100	252
	68,244	39,745	1,189	(80,399)
EXPENSES				
Transaction fees	-	-	-	547
Management fees (note 7)	555	395	1,108	818
Storage fees	650	651	1,200	1,189
Public company expenses	162	176	310	259
General office and miscellaneous	78	78	155	140
Legal and other professional fees	29	16	47	61
Foreign exchange loss (gain)	76	(37)	46	109
	1,550	1,279	2,866	3,123
Net gain (loss) before taxes	66,694	38,466	(1,677)	(83,522)
Income tax expense	-	-	-	-
Net and comprehensive gain (loss) for the period	$ 66,694	$ 38,466	$ (1,677)	$ (83,522)
Net gain (loss) per common share				
Basic and diluted	$ 0.57	$ 0.33	$ (0.01)	$ (0.71)
Weighted average number of common shares outstanding				
Basic and diluted	116,516,413	116,872,913	116,547,572	116,872,913

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 – Expressed in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at February 28, 2015	$ 831,048	$ 4,564	$ (104,554)	$ 731,058
Common shares purchased (note 6)	(2,535)	536	-	(1,999)
Net loss for the period	-	-	(1,677)	(1,677)
Balance at August 31, 2015	$ 828,513	$ 5,100	$ (106,231)	$ 727,382
Balance at February 28, 2014	$ 831,130	$ 4,564	$ (233,234)	$ 602,460
Issue costs on common shares issued	(82)	-	-	(82)
Net loss for the period	-	-	(83,522)	(83,522)
Balance at August 31, 2014	$ 831,048	$ 4,564	$ (316,756)	$ 518,856

URANIUM PARTICIPATION CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – Expressed in thousands of Canadian dollars)

	Six Months Ended	
	August 31, 2015	August 31, 2014
Operating Activities		
Net gain (loss) for the period	$ (1,677)	$ (83,522)
Adjustment for:		
Unrealized (gains) losses on investments (note 4)	(978)	80,787
Loss on sale of conversion components (note 4)	140	-
Changes in non-cash working capital:		
Change in trade and other receivables	(21)	77
Change in trade and other payables	(129)	217
Net cash used in operating activities	(2,665)	(2,441)
Investing Activities		
Purchase of uranium investments	-	(32,441)
Sale of conversion components (note 4)	891	-
Net cash (used) generated by investing activities	891	(32,441)
Financing Activities		
Common shares purchased, including transaction costs (note 6)	(1,999)	-
Issue costs on common shares issued	-	(82)
Net cash (used) generated by financing activities	(1,999)	(82)
Increase (decrease) in cash and cash equivalents	(3,773)	(34,964)
Cash and cash equivalents – beginning of the period	17,753	64,553
Cash and cash equivalents – end of the period	$ 13,980	$ 29,589

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) on March 15, 2005. The address of its registered head office is 40 University Avenue, Suite 1100, Toronto, Ontario, Canada, M5J 1T1.

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 "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 are listed and trade on the Toronto Stock Exchange under the symbol "U".

2. 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 should be read in conjunction with the audited annual consolidated financial statements for the year ended February 28, 2015.

All uranium prices are based on prices published by Ux Consulting Company LLC ("UxCo").

All dollar amounts are expressed in Canadian dollars, unless otherwise noted.

These financial statements were authorized for issue by the Corporation's Board of Directors on October 1, 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing these interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended February 28, 2015.

Accounting Standards Issued But Not Yet Adopted

The Corporation has not yet adopted the following accounting pronouncement effective for the Corporation's fiscal periods beginning on or after March 1, 2016:

IFRS 9 – *Financial Instruments*

In July 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.

4. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

(in thousands)	Cost	Fair Value Adjustment	Fair Value (1)
Balance at February 28, 2015	$ 771,095	$ (55,765)	$ 715,330
Unrealized net gains (losses) on investments	-	882	882
Sale of conversion components	(1,031)	96	(935)
Balance at August 31, 2015	$ 770,064	$ (54,787)	$ 715,277

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity	Cost	Fair Value Adjustment	Fair Value (1)
U_3O_8	9,570,024 lbs	$ 458,202	$ 6,849	$ 465,051
UF_6 (2)	1,903,471 KgU	311,862	(61,636)	250,226
Balance at August 31, 2015		$ 770,064	$ (54,787)	$ 715,277

(1) Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at August 31, 2015 reflect spot prices published by UxCo of US$36.75 per pound U_3O_8 and US$101.00 per KgU as UF_6, translated at the foreign exchange noon rate of 1.3223.

(2) At August 31, 2015, the Corporation has 1,054,000 KgU as UF_6 stored with the United States Enrichment Facility ("USEC Facility") with a fair value of $140,764,000. In addition, the Corporation recorded a fair value decrease adjustment of $3,987,000 to reflect risks associated with the Corporation's UF_6 held with the USEC Facility.

In May 2015, the Corporation completed the sale of the conversion component contained in 100,000 KgU as UF_6 in return for 261,285 pounds of U_3O_8 and cash consideration of $891,000 (US$715,000). The loss on the sale of the conversion components in May 2015 was $140,000.

5. URANIUM LENDING ARRANGEMENT

In March 2015, the Corporation entered into an agreement to loan 1,300,000 pounds of U_3O_8 with a return date in April 2017. The loan is subject to a loan fee of 1.0% per annum, with payments calculated quarterly based on the average of the U_3O_8 spot price per pound, as defined and published by UxCo at the end of each month for the previous three months. Collateral, in the form of an irrevocable bank guarantee, for the loan is provided in the amount of US$56,000,000, which can be adjusted based on movements in the uranium price.

At August 31, 2015, the market value of the 1,300,000 pounds of U_3O_8 loaned was $63,173,000 (US$47,775,000).

6. 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 is as follows:

(in thousands, except common share amounts)	Number of Common Shares	Amount
Balance at February 28, 2015	116,872,913	$ 831,048
Common shares purchased in March 2015	(356,500)	(2,535)
Balance at August 31, 2015	116,516,413	$ 828,513

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 August 31, 2015, the Corporation had purchased 356,500 of its outstanding shares under the 2014 NCIB during March 2015, at an average cost of $5.60 per share for a total expenditure of $1,996,000, excluding transcation costs of $3,000. The difference of $536,000 between the average historical cost and the total cash expenditure of the shares purchased has been recorded as an increase in contributed surplus.

In October 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 August 31, 2015, the Corporation had not issued any Securities pursuant to the Prospectus.

7. RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

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

	Three months ended		Six months ended	
(in thousands)	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
Fees incurred with the Manager:				
Management fees	$ 555	$ 395	$ 1,108	$ 818
Transaction fees – commissions on uranium purchases	-	-	-	487
Total fees incurred with the Manager	$ 555	$ 395	$ 1,108	$ 1,305

As at August 31, 2015, trade and other payables included $282,000 (February 28, 2015: $250,000) 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. The Corporation's key management personnel are the members of its Board of Directors.

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

	Three months ended		Six months ended	
(in thousands)	August 31, 2015	August 31, 2014	August 31, 2015	August 31, 2014
Directors' fees	$ 55	$ 66	$ 113	$ 112
Total key management personnel compensation	$ 55	$ 66	$ 113	$ 112

8. SUBSEQUENT EVENT

Location swap of UF_6 held with USEC Facility

During September 2015, the Corporation transferred 570,794 KgU as UF_6 stored with the USEC Facility to another storage facility. The transfer reduced the Corpoation's UF_6 holdings with the USEC Facility to 483,206 KgU.

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

Ganpat Mani
Independent Consultant; formerly Chief Executive Officer and President, ConverDyn Corp.

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

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.
40 University Avenue, Suite 1100
Toronto, Ontario
M5J 1T1
www.denisonmines.com

OFFICE OF THE CORPORATION

40 University Avenue, Suite 1100
Toronto, Ontario M5J 1T1

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, 8th 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

40 University Avenue, Suite 1100, Toronto, Ontario M5J 1T1
www.denisonmines.com