URANIUM PARTICIPATION CORPORATION

Management's Discussion and Analysis
Three and Nine Months Ended November 30, 2015
(Expressed in Canadian Dollars, unless otherwise noted)

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 January 14, 2016 and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and related notes for the three and nine months ended November 30, 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 ("TSX") under the symbol "U".

Uranium spot prices began the reporting quarter at US$36.75 per pound U_3O_8 on fairly active volumes. Spot prices went on to trade as high as US$37.25 in September, and reached a peak of US$38.00 in October (a 35% increase over summer of 2014, post-Fukushima lows). Market prices then dropped at the end of October and stabilized essentially unchanged for the month of November at US$36.00 per pound U_3O_8. This period of prolonged price stability was attributed to a slowdown in contracting volume from previous levels and fairly thin quantities on the offer side as well. Subsequent to the reporting quarter-end, the spot price had fallen to around US$34.00 per pound U_3O_8 as calendar year-end selling pressure emerged, primarily on trader activity. Longer-term fundamentals remain positive based on emerging market nuclear growth and declining primary and secondary supplies available to the spot market. The COP21 climate change discussions and international agreement reached in Paris in December have reinforced the value of nuclear energy. Extreme air pollution, reaching crisis levels in the emerging market capitals of Beijing and New Delhi, has further reinforced the importance of large scale, clean-air, base load energy. As such it is expected that despite slowing economic growth in China, nuclear energy will continue to be emphasized and prioritized in the development plans of the world's second largest economy. The Chinese Government's investments in both uranium mining production capacity and above ground inventories to fuel the countries' reactors are a harbinger of a uranium market that should be increasingly shaped by large, well-capitalized and growing sovereign national nuclear programs. The outlook for prices in 2016 is expected to be influenced by the interaction of these macro forces with the current supply and demand context of flat new-mine production, stabilization in excess inventory contribution and a return to more traditional utility contracting levels.

SUMMARY OF QUARTERLY FINANCIAL RESULTS

	November 30, 2015	August 31, 2015	May 31, 2015	February 28, 2015
Total income (loss) (in thousands)	$ (9,746)	$ 68,244	$ (67,055)	$ 36,255
Net gain (loss) for the period (in thousands)	$ (9,928)	$ 66,694	$ (68,371)	$ 34,807
Net gain (loss) per common share – basic and diluted	$ (0.09)	$ 0.57	$ (0.59)	$ 0.30
Net asset value per common share[i] – basic and diluted	$ 6.16	$ 6.24	$ 5.67	$ 6.26
U_3O_8 spot price (US$)	$ 36.00	$ 36.75	$ 35.00	$ 38.75
UF_6 spot price (US$)	$ 99.00	$ 101.00	$ 98.50	$ 107.00
Foreign exchange noon-rate (US$ to CAD$)	1.3333	1.3223	1.2465	1.2508

	November 30, 2014	August 31, 2014	May 31, 2014	February 28, 2014
Total income (loss) (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
Net asset value per common share[i] – 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

OVERALL PERFORMANCE

	Three months ended		Nine months ended	
(in thousands, except per share amounts)	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Unrealized gains (losses) on investments	$ (9,746)	$ 178,924	$ (8,768)	$ 98,137
Net gain (loss) for the period	$ (9,928)	$ 177,395	$ (11,605)	$ 93,873
Net gain (loss) per common share – basic and diluted	$ (0.09)	$ 1.52	$ (0.10)	$ 0.80
Net asset value	$ 712,946	$ 696,251	$ 712,946	$ 696,251

Net loss for the three months ended November 30, 2015 was due to unrealized net losses on investments of $9,746,000, storage fees of $715,000 and management fees of $559,000, slightly offset by the realized gain on sale of uranium investments of $1,027,000. This compares to a net gain for the three months ended November 30, 2014 resulting from 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.

Net loss for the nine months ended November 30, 2015 was due to unrealized net losses on investments of $8,768,000, storage fees of $1,915,000 and management fees of $1,667,000, slightly offset by the realized gain on sale of uranium investments of $1,027,000. The net gain for the nine months ended November 30, 2014 resulting

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

from 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.

Unrealized net losses on investments during the three and nine months ended November 30, 2015 were caused by the decrease in spot prices, partly offset by the increase in the U.S. dollar to Canadian dollar foreign exchange noon-rate.

Unrealized net gains on investments during the three and nine months ended November 30, 2014 were caused by the increase in spot prices and the increase in the U.S. dollar to Canadian dollar foreign exchange noon-rate.

UPC's net asset value per common share ("NAV")[ii] decreased to $6.16 at November 30, 2015 from $6.26 at February 28, 2015. Total equity decreased to $712,946,000 at November 30, 2015, from $731,058,000 at February 28, 2015.

The Corporation had an effective tax rate of nil for the nine months ended November 30, 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 at the end of the period:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value
Investments in Uranium:					
U_3O_8	9,470,024 lbs	$	454,486	$	454,550
UF_6	1,903,471 KgU	$	311,862	$	249,517[1]
		$	766,348	$	704,067
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	47.99	$	48.00[2]
In United States dollars		$	43.97	$	36.00
UF_6 average cost and market value[1] per KgU:					
In Canadian dollars		$	163.84	$	131.09[2]
In United States dollars		$	151.62	$	98.32

(1) Includes a $1,735,000 fair value 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 Uranium Investments

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 realized loss on the sale of the conversion component was $140,000. The Corporation sold the conversion component in UF_6 in order to convert some of its UF_6 holdings to U_3O_8.

Given the significant discount of the Corporation's share price relative to its NAV during October 2015, the Corporation completed the sale of 100,000 pounds of U_3O_8 for cash consideration of $4,743,000 (US$3,625,000) and used the proceeds from the sale of the uranium investments to fund the purchase of the Corporation's shares during the same month. Effectively, the Corporation was able to purchase 867,700 of its outstanding shares that were trading at a significantly lower implied uranium price at an average cost of $5.185 per share, compared to its NAV of $6.23 at the beginning of the month of October 2015. The realized gain on the sale of the uranium investments in October 2015 was $1,027,000.

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

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 November 30, 2015, the market value of the 1,300,000 pounds of U_3O_8 loaned was $62,398,000 (US$46,800,000).

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. As such, the Corporation had recorded a fair value decrease adjustment of $3,987,000 to reflect the risk associated with its UF_6 stored with the USEC Facility.

During the three months ended November 30, 2015, the Corporation transferred 570,794 KgU as UF_6 stored with the USEC Facility to another storage facility. The costs associated with this transfer amounted to $2,252,000. The transfer reduced the Corporation's UF_6 holdings with the USEC Facility to 483,206 KgU with a fair value of $63,781,000 as at November 30, 2015. As a result, the fair value adjustment was reduced to $1,735,000.

Subsequent to November 30, 2015, the Corporation transferred an additional 104,640 KgU as UF_6 stored with the USEC Facility to another storage facility. The costs associated with transferring the material amounted to US$314,000. As at the date of this MD&A, the transfer has reduced the Corporation's UF_6 holdings with the USEC Facility to 378,566 KgU.

The Corporation plans to relocate the remaining material to another facility through location swaps over the next twelve months and currently expects the cost associated with this process to be offset by the remaining fair value adjustment of $1,735,000.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $10,556,000 at November 30, 2015 compared with $17,753,000 at February 28, 2015. The decrease of $7,197,000 was primarily due to net cash used in operations of $4,072,000 and financing activities of $3,382,000, partly offset by cash generated by investing activities of $6,507,000.

During March 2015, the Corporation purchased 356,500 of its outstanding shares, pursuant to a normal course issuer bid ("2014 NCIB") filed with the TSX in November 2014. Shares were purchased at an average cost of $5.60 per share for a total cost of $1,999,000, including transaction costs. During October 2015, the Corporation purchased an additional 867,700 of its outstanding shares at an average cost of $5.185 per share for a total expenditure of $4,508,000, 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. In October 2015, the Corporation received cash consideration of $4,743,000 upon completing the sale of 100,000 pounds of U_3O_8.

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 November 30, 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 November 30, 2015, the Corporation has not issued any Securities pursuant to the Prospectus.

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		Nine months ended	
(in thousands)	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Fees incurred with the Manager:				
Management fees	$ 559	$ 509	$ 1,667	$ 1,327
Transaction fees – commissions on uranium sales and purchases	71	122	71	609
Total fees incurred with the Manager	$ 630	$ 631	$ 1,738	$ 1,936

As at November 30, 2015, trade and other payables included $207,000 (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		Nine months ended	
(in thousands)	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
Directors' fees	$ 51	$ 53	$ 164	$ 165
Total key management personnel compensation	$ 51	$ 53	$ 164	$ 165

SUBSEQUENT EVENTS

Location swap of UF_6 held with USEC Facility

During December 2015, the Corporation transferred 104,640 KgU as UF_6 stored with the USEC Facility to another storage facility. The costs associated with transferring the material amounted to US$314,000. The transfer has reduced the Corporation's UF6 holdings with the USEC Facility to 378,566 KgU.

Normal course issuer bid filed

In January 2016, the Corporation filed a normal course issuer bid with the TSX authorizing the Corporation to purchase up to 10,192,641 of the Corporation's common shares during a 12 month period commencing January 18, 2016 and ending on January 17, 2017.

OUTSTANDING SHARE DATA

At January 14, 2016, there were 115,648,713 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 nine months ended November 30, 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 Corporation's current agreement with the Manager terminates this year. In addition, the Manager may terminate the Management Services Agreement prior to its expiry date 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 November 30, 2015	At February 28, 2015
ASSETS		
Current		
Cash and cash equivalents	$ 10,556	$ 17,753
Trade and other receivables	500	330
	11,056	18,083
Non-Current		
Investments in uranium (note 4)	704,067	715,330
Total assets	$ 715,123	$ 733,413
LIABILITIES		
Current		
Trade and other payables	$ 2,177	$ 2,355
Total liabilities	2,177	2,355
EQUITY		
Share capital (note 6)	822,343	831,048
Contributed surplus	6,762	4,564
Deficit	(116,159)	(104,554)
Total equity	712,946	731,058
Total liabilities and equity	$ 715,123	$ 733,413
Common shares		
Issued and outstanding (note 6)	115,648,713	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		Nine Months Ended	
	November 30, 2015	November 30, 2014	November 30, 2015	November 30, 2014
INCOME				
Unrealized gains (losses) on investments (note 4)	$ (9,746)	$ 178,924	$ (8,768)	$ 98,137
Realized loss on sale of conversion components (note 4)	-	-	(140)	-
Realized gain on sale of uranium (note 4)	1,027	-	1,027	-
Income from investment lending (note 5)	156	68	407	204
Interest income	26	116	126	368
	(8,537)	179,108	(7,348)	98,709
EXPENSES				
Transaction fees	85	338	85	885
Management fees (note 7)	559	509	1,667	1,327
Storage fees	715	609	1,915	1,798
Public company expenses	70	93	380	352
General office and miscellaneous	81	68	236	208
Legal and other professional fees	59	28	106	89
Foreign exchange loss (gain)	(178)	68	(132)	177
	1,391	1,713	4,257	4,836
Net gain (loss) before taxes	(9,928)	177,395	(11,605)	93,873
Income tax expense	-	-	-	-
Net and comprehensive gain (loss) for the period	$ (9,928)	$ 177,395	$ (11,605)	$ 93,873
Net gain (loss) per common share				
Basic and diluted	$ (0.09)	$ 1.52	$ (0.10)	$ 0.80
Weighted average number of common shares outstanding				
Basic and diluted	116,017,009	116,872,913	116,372,004	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)	(8,705)	2,198	-	(6,507)
Net loss for the period	-	-	(11,605)	(11,605)
Balance at November 30, 2015	$ 822,343	$ 6,762	$ (116,159)	$ 712,946
Balance at February 28, 2014	$ 831,130	$ 4,564	$ (233,234)	$ 602,460
Issue costs on common shares issued	(82)	-	-	(82)
Net gain for the period	-	-	93,873	93,873
Balance at November 30, 2014	$ 831,048	$ 4,564	$ (139,361)	$ 696,251

URANIUM PARTICIPATION CORPORATION
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited – Expressed in thousands of Canadian dollars)

	Nine Months Ended	
	November 30, 2015	November 30, 2014
Operating Activities		
Net gain (loss) for the period	$ (11,605)	$ 93,873
Adjustment for:		
Unrealized (gains) losses on investments (note 4)	8,768	(98,137)
Realized loss on sale of conversion components (note 4)	140	-
Realized gain on the sale of uranium (note 4)	(1,027)	-
Changes in non-cash working capital:		
Change in trade and other receivables	(170)	(55)
Change in trade and other payables	(178)	336
Net cash used in operating activities	(4,072)	(3,983)
Investing Activities		
Purchase of uranium investments	-	(40,608)
Sale of uranium investments (note 4)	4,743	-
Sale of conversion components (note 4)	891	-
Costs associated with transfer of uranium investments (note 4)	(2,252)	
Net cash (used) generated by investing activities	3,382	(40,608)
Financing Activities		
Common shares purchased, including transaction costs (note 6)	(6,507)	-
Issue costs on common shares issued	-	(82)
Net cash (used) generated by financing activities	(6,507)	(82)
Increase (decrease) in cash and cash equivalents	(7,197)	(44,673)
Cash and cash equivalents – beginning of the period	17,753	64,553
Cash and cash equivalents – end of the period	$ 10,556	$ 19,880

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 ("TSX") 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 January 14, 2016.

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, except as described below.

a) Sale of Investments in Uranium

The sale of investments in uranium is recognized when the significant risks and rewards of ownership of the uranium passes to the buyer. The realized gain or loss from the sale of uranium is calculated as the difference between the consideration received and the historical average cost of the uranium.

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 before adjustments and sales		-		(7,837)		(7,837)
Sale of conversion components		(1,031)		96		(935)
Sale of uranium		(3,716)		(1,027)		(4,743)
UF_6 fair value adjustment(2)		-		2,252		2,252
Balance at November 30, 2015	$	766,348	$	(62,281)	$	704,067

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value Adjustment		Fair Value (1)
U_3O_8	9,470,024 lbs	$	454,486	$	64	$	454,550
UF_6 (2)	1,903,471 KgU		311,862		(62,345)		249,517
Balance at November 30, 2015		$	766,348	$	(62,281)	$	704,067

(1) Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at November 30, 2015 reflect spot prices published by UxCo of US$36.00 per pound U_3O_8 and US$99.00 per KgU as UF_6, translated at the foreign exchange noon rate of 1.3333.

(2) The Corporation previously recorded a fair value adjustment of $3,987,000 to reflect the risks associated with the Corporation's UF_6 held with the United States Enrichment Facility ("USEC Facility"). During the period, the fair value adjustment was reduced by $2,252,000 to reflect the reduction in the risk associated with the remaining material held with the USEC Facility. As at November 30, 2015, the fair value adjustment was reduced to $1,735,000.

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 realized loss on the sale of the conversion components in May 2015 was $140,000.

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 Corporation's UF_6 holdings with the USEC Facility to 483,206 KgU as at November 30, 2015. The cost associated with the transfer amounted to $2,252,000.

In October 2015, the Corporation completed the sale of 100,000 pounds of U_3O_8 for cash consideration of $4,743,000 (US$3,625,000). The realized gain on the sale of the uranium investments in October 2015 was $1,027,000.

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 November 30, 2015, the market value of the 1,300,000 pounds of U_3O_8 loaned was $62,398,000 (US$46,800,000).

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		Share Capital
Balance at February 28, 2015	116,872,913	$	831,048
Common shares purchased in March 2015	(356,500)		(2,535)
Common shares purchased in October 2015	(867,700)		(6,170)
Balance at November 30, 2015	115,648,713	$	822,343

In November 2014, the Corporation filed a normal course issuer bid ("2014 NCIB") with the TSX authorizing the Corporation to purchase up to 7,500,000 of the Corporation's common shares during a 12 month period, which ended on November 23, 2015. A total of 1,224,200 outstanding shares were purchased under the 2014 NCIB as detailed below.

- During March 2015, the Corporation purchased 356,500 of its outstanding shares, at an average cost of $5.60 per share for a total expenditure of $1,996,000, excluding transaction 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.

- During October 2015, the Corporation purchased an additional 867,700 of its outstanding shares, at an average cost of $5.185 per share for a total expenditure of $4,499,000, excluding transaction costs of $9,000. The difference of $1,662,000 between the average historical costs and the total cash expenditure of 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 November 30, 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				Nine months ended			
(in thousands)	November 30, 2015		November 30, 2014		November 30, 2015		November 30, 2014	
Fees incurred with the Manager:								
Management fees	$	559	$	509	$	1,667	$	1,327
Transaction fees – commissions on uranium sales and purchases		71		122		71		609
Total fees incurred with the Manager	$	630	$	631	$	1,738	$	1,936

As at November 30, 2015, trade and other payables included $207,000 (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:

(in thousands)	Three months ended November 30, 2015	Three months ended November 30, 2014	Nine months ended November 30, 2015	Nine months ended November 30, 2014
Directors' fees	$ 51	$ 53	$ 164	$ 165
Total key management personnel compensation	$ 51	$ 53	$ 164	$ 165

8. SUBSEQUENT EVENTS

Location swap of UF_6 held with USEC Facility

During December 2015, the Corporation transferred 104,640 KgU as UF_6 stored with the USEC Facility to another storage facility. The costs associated with transferring the material amounted to US$314,000. The transfer has reduced the Corporation's UF_6 holdings with the USEC Facility to 378,566 KgU as at December 31, 2015.

Normal course issuer bid filed

In January 2016, the Corporation filed a normal course issuer bid with the TSX authorizing the Corporation to purchase up to 10,192,641 of the Corporation's common shares during a 12 month period commencing January 18, 2016 and ending on January 17, 2017.