Uranium Participation Corporation

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2017

TABLE OF CONTENTS

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars except for share amounts)	At May 31, 2017	At February 28, 2017
ASSETS		
Current		
Cash and cash equivalents	$ 4,283	$ 5,109
Trade and other receivables	397	483
	4,680	5,592
Non-Current		
Investments in uranium (note 4)	404,701	458,517
Total assets	**$ 409,381**	$ 464,109
LIABILITIES		
Current		
Trade and other payables	$ 2,019	$ 1,764
Total liabilities	2,019	1,764
EQUITY		
Share capital (note 6)	841,243	841,243
Contributed surplus	6,762	6,762
Deficit	(440,643)	(385,660)
Total equity	407,362	462,345
Total liabilities and equity	**$ 409,381**	$ 464,109
Common shares		
Issued and outstanding (note 6)	**120,848,713**	120,848,713

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in thousands of Canadian dollars except for share and per share amounts)	Three Months Ended May 31, 2017	Three Months Ended May 31, 2016
URANIUM RELATED LOSS		
Unrealized losses on investments in uranium (note 4)	$ (53,816)	$ (113,329)
Income from lending of uranium (note 5)	-	585
Income from relocation of uranium (note 5)	89	-
	(53,727)	(112,744)
OPERATING EXPENSES		
Storage fees	(486)	(502)
Management fees (note 7)	(374)	(426)
Public company expenses	(164)	(174)
General office and miscellaneous	(112)	(141)
Legal and other professional fees	(67)	(42)
Interest income	11	16
Foreign exchange loss	(64)	(94)
	(1,256)	(1,363)
Net loss and comprehensive loss for the period	**$ (54,983)**	$ (114,107)
Net loss per common share		
Basic and diluted	**$ (0.45)**	$ (0.99)
Weighted average number of common shares outstanding		
Basic and diluted	**120,848,713**	115,648,713

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at February 29, 2016	$ 822,343	$ 6,762	$ (179,626)	$ 649,479
Net loss for the period	-	-	(114,107)	(114,107)
Balance at May 31, 2016	$ 822,343	$ 6,762	$ (293,733)	$ 535,372
Balance at February 28, 2017	$ 841,243	$ 6,762	$ (385,660)	$ 462,345
Net loss for the period	-	-	(54,983)	(54,983)
Balance at May 31, 2017	**$ 841,243**	**$ 6,762**	**$ (440,643)**	**$ 407,362**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars)	Three Months Ended May 31, 2017	Three Months Ended May 31, 2016
Operating Activities		
Net loss for the period	$ (54,983)	$ (114,107)
Adjustment for:		
Unrealized losses on investments in uranium (note 4)	53,816	113,329
Costs associated with transfer of uranium (note 4)	-	(109)
Changes in non-cash working capital:		
Change in trade and other receivables	86	148
Change in trade and other payables	255	(13)
Net cash used in operating activities	**(826)**	(752)
Investing Activities		
Net cash (used) generated by investing activities	**-**	-
Financing Activities		
Net cash generated by (used in) financing activities	**-**	-
Decrease in cash and cash equivalents	(826)	(752)
Cash and cash equivalents – beginning of the period	5,109	8,968
Cash and cash equivalents – end of the period	**$ 4,283**	$ 8,216

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MAY 31, 2017

(Expressed in Canadian dollars, unless otherwise noted)

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. Uranium Participation Bermuda Limited (together with UPC, the "Corporation") is the company's sole and wholly-owned subsidiary.

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 UPC'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 of the Corporation 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, 2017.

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

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

These financial statements were approved by UPC's Board of Directors on June 28, 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of 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, 2017.

4. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

(in thousands)	Cost	Fair Value Adjustment	Fair Value
Balance at February 28, 2017	$ 783,358	$ (324,841)	$ 458,517
Unrealized net losses on investments in uranium	-	(53,816)	(53,816)
Balance at May 31, 2017	**$ 783,358**	**$ (378,657)**	**$ 404,701**

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity	Cost	Fair Value Adjustment	Fair Value
U_3O_8	10,080,024 lbs	$ 471,496	$ (209,541)	$ 261,955
UF_6	1,903,471 KgU	311,862	(169,116)	142,746
Balance at May 31, 2017		**$ 783,358**	**$ (378,657)**	**$ 404,701**

Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at May 31, 2017 reflect spot prices published by UxC of US$19.25 per pound U_3O_8 and US$55.55 per KgU as UF_6, translated at the foreign exchange noon-rate of 1.3500.

5. URANIUM ARRANGEMENTS

Lending Agreement

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

In March 2016, the Corporation and borrower agreed to terminate the loan one year before the original return date. As a result of the early termination, the Corporation received cash consideration of $559,000 (US$435,000) in April 2016 and the related bank guarantee was cancelled and returned to the borrower. The consideration received was recorded as income from lending of uranium in the statement of comprehensive loss.

Relocation Agreement

In July 2016, the Corporation entered into an agreement with an independent third party to relocate a total of 700,000 KgU as UF_6 to an alternate storage facility. The relocations were scheduled to take place over the next two years, in three separate tranches, and will be completed in exchange for a fee payable to the Corporation of US$1.00 per KgU for the initial 12 months of each transfer and US$0.50 per KgU for each subsequent year after the end of the initial 12 month period. The term of the agreement requires the return and transfer of the 700,000 KgU as UF_6 back to the original storage facility in May 2020. The fee received is recorded as income from relocation of uranium in the statement of comprehensive loss.

In July 2016, the Corporation completed the relocation of the first of the three tranches, transferring a total of 300,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained in enriched uranium product ("EUP").

On March 29, 2017, the counterparty to the relocation agreement filed for Chapter 11 bankruptcy protection in the United States of America. Subsequent to the announcement, UPC entered into an agreement with the counterparty for the return of 100,000 KgU (of the 300,000 KgU as UF_6 previously relocated under the agreement), and to defer the timing of the second and third relocation tranches under the agreement. On April 28, 2017, the return of the 100,000 KgU as UF_6 was completed. The Corporation continues to hold title to the remaining UF_6 that is stored at this facility and pursuant to the terms of the relocation agreement, the counterparty is not permitted to transfer, sell, or assign the EUP containing the Corporation's UF_6 to any person.

During the three months ended May 31, 2017, the Corporation recorded $89,000 in income from the relocation of uranium. As at May 31, 2017, trade and other receivables included $55,000 of unbilled income related to the relocation of uranium. All amounts that have been invoiced under this agreement have been paid by the counterparty.

6. COMMON SHARES

The Corporation is authorized to issue an unlimited number of common shares without par value. Issued and outstanding common shares are as follows:

(in thousands, except common share amounts)	Number of Common Shares		Amount
Balance at May 31, 2017	**120,848,713**	**$**	**841,243**

On December 9, 2016, the Corporation filed a short form base shelf prospectus ("2016 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 2016 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period ending January 9, 2019. To date, the corporation has not issued any Securities pursuant to the 2016 Prospectus.

7. RELATED PARTY TRANSACTIONS

Management Services Agreement with the Manager

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

	Three Months Ended			
(in thousands)	**May 31, 2017**		May 31, 2016	
Fees incurred with the Manager:				
Base and variable fees	$	374	$	426
Total fees incurred with the Manager	**$**	**374**	$	426

As at May 31, 2017, trade and other payables included $111,000 (February 28, 2017: $170,000) 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 outlines the compensation and expense reimbursements paid to key management personnel for the periods ending:

	Three Months Ended			
(in thousands)	**May 31, 2017**		May 31, 2016	
Directors' fees	$	79	$	63
Total key management personnel compensation	**$**	**79**	$	63

8. COMPARATIVE FINANCIAL STATEMENTS

Certain balances in the comparative consolidated financial statements have been reclassified from the consolidated financial statements previously presented to conform to the presentation of the 2018 interim consolidated financial statements in accordance with IFRS.

Uranium Participation Corporation

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE THREE MONTHS ENDED MAY 31, 2017

TABLE OF CONTENTS

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 condition and results of operations to those of the previous year. This MD&A is dated as of June 28, 2017 and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and related notes for the three months ended May 31, 2017.

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"), applicable to the preparation of the interim financial statements, including International Accounting Standards ("IAS") 34, *Interim Financial Reporting*. Readers are also encouraged to consult the audited consolidated financial statements and the MD&A for the year ended February 28, 2017. All dollar amounts are expressed in Canadian dollars, unless otherwise noted. All uranium prices are based on prices published by Ux Consulting Company LLC ("UxC"). For all references to the net asset value ("NAV"), please refer to the "Non-IFRS Financial Performance Measures" section.

ABOUT URANIUM PARTICIPATION CORPORATION

The Corporation 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 UPC'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".

URANIUM INDUSTRY OVERVIEW

Current Market Conditions

Uranium spot prices continued to be volatile during the first quarter of the 2018 financial year, ranging between a low of US$19.25 per pound and a high of US$25.50 per pound during the period. Despite the volatility, the spot price remained above a thirteen year low of US$18.25 per pound U_3O_8, which was set in November 2016. Uranium spot prices increased during the first part of the financial first quarter, reaching a high of US$25.50 per pound in March 2017, buoyed primarily by positive supply-side developments, including the impact of an announced 10% cut to 2017 Kazakhstan uranium production. The rally lost steam, however, and the spot price fell back to US$19.25 per pound U_3O_8 by the end of May 2017. In early June 2017, the spot price has improved slightly to approximately US$20.00 per pound U_3O_8, on increased opportunistic demand driven by low spot prices. The quarter was characterized by transactions involving relatively thin volumes, as utility end-users continued to delay the purchasing activities required to cover their future reactor needs. The discretionary nature of buying on the part of utilities is believed to have also contributed to a continued low spot price. Given it is expected that substantial uncovered reactor requirements will emerge as early as 2020, market observers continue to speculate when the required increase in procurement activities will materialize.

Recent nuclear industry conferences in Toronto (World Nuclear Association/Nuclear Energy Institute) and Budapest (World Nuclear Fuel Market) have highlighted the unsustainable nature of current uranium prices, which are at a level below the all-in production cost of most of the global mine supply – thus making it difficult to incentivize the capital investments needed to expand production to meet growing demand in the future. Finite secondary supplies are currently filling the gap between demand and primary sources of supply, but as these supplies are drawn down, the industry may find itself in a situation where demand exceeds existing mine capacities and additional primary production is needed. The lead-times to expand existing operations or build new operations, however, may be too long and complicated to meet this demand in a timely manner when it materializes.

With respect to demand fundamentals, the Japanese recovery from Fukushima appears to have finally gained some momentum, with another reactor having restarted in June 2017. Five reactors are now operating in Japan, 12 have received their restart approvals from regulators, and a total of 13 other restart applications have been submitted to the regulators. UxC expects that as many as seven reactors could be in operation by the end of 2017 calendar year, with another two to potentially follow in early 2018. Positive news was also announced in the United States, with Westinghouse Electric Company LLC's parent-company, Toshiba Corporation, agreeing to provide a financial guarantee to Georgia Power, to ensure the completion of the Vogtle 3 and 4 nuclear reactors currently in advanced stages of construction. Also in the United States, a number of state legislatures in deregulated markets are considering varying levels of support to preserve the critical base-load, grid stabilizing, clean air capacity coming from nuclear power plants in their jurisdictions. While nuclear power generation costs are competitive in these regions, the deregulated structures in these markets fail to recognize the value of continuous reliability and carbon-free electricity. These markets are typically dominated by subsidized intermittent renewables, and low-priced natural gas.

Nuclear energy growth in Asia continues at a robust pace, with India recently announcing a commitment to build 10 new indigenous-designed nuclear power plants in the coming years, to address its growing energy deficit, as well as air quality issues. In South Korea, the campaign promise by newly elected president Moon Jae-in, to gradually phase out nuclear energy in that country, is being challenged as technically and economically challenging, and is being met with considerable opposition from the nuclear industry, Korean business leaders, labor unions, and affected local communities.

Despite the challenges in the industry, 2015 and 2016 were the best two years in the past 25 for new global nuclear capacity additions, with 10 new reactors coming on line last year alone. This rapid increase in global demand, in combination with additional supply-side rationalization and the emergence of a dysfunctional pipeline of economic development projects, created by several years of low uranium prices, continues to point towards a positive outlook for uranium prices going forward.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	May 31, 2017	February 28, 2017	November 30, 2016	August 31, 2016
Uranium related (loss) gain (in thousands)	$ (53,727)	$ 74,078	$ (127,499)	$ (35,717)
Net (loss) gain for the period (in thousands)	$ (54,983)	$ 73,819	$ (128,514)	$ (37,232)
Net (loss) gain per common share – basic and diluted	$ (0.45)	$ 0.61	$ (1.09)	$ (0.32)
NAV(1) per share	**$ 3.37**	**$ 3.83**	**$ 3.22**	**$ 4.31**
U_3O_8 spot price (US$)	$ 19.25	$ 22.25	$ 18.25	$ 25.25
UF_6 spot price (US$)	$ 55.55	$ 64.00	$ 53.40	$ 72.25
Foreign exchange rate (US$ to CAD$)	1.3500	1.3248	1.3426	1.3124

	May 31, 2016	February 29, 2015	November 30, 2015	August 31, 2015
Uranium related (loss) gain (in thousands)	$ (112,744)	$ (62,263)	$ (8,563)	$ 68,190
Net (loss) gain for the period (in thousands)	$ (114,107)	$ (63,467)	$ (9,928)	$ 66,694
Net (loss) gain per common share – basic and diluted	$ (0.99)	$ (0.55)	$ (0.09)	$ 0.57
NAV(1) per share	**$ 4.63**	**$ 5.62**	**$ 6.16**	**$ 6.24**
U_3O_8 spot price (US$)	$ 27.25	$ 32.15	$ 36.00	$ 36.75
UF_6 spot price (US$)	$ 77.00	$ 90.00	$ 99.00	$ 101.00
Foreign exchange rate (US$ to CAD$)	1.3100	1.3523	1.3333	1.3223

(1) The Net Asset Value or "NAV" is calculated as the value of total assets less the value of total liabilities. See "Non-IFRS Financial Performance Measures" section below.

The quarterly net loss or gain of the Corporation is primarily driven by unrealized net losses or gains on investments in uranium that are recognized in the period. Unrealized net losses or gains on investments in uranium are generally a result of changes in the spot price of uranium and the U.S. dollar to Canadian dollar exchange rate – both of which can fluctuate significantly between periods.

OVERALL PERFORMANCE

	Three Months Ended	
(in thousands, except per share amounts)	**May 31, 2017**	May 31, 2016
Unrealized losses on investments in uranium	$ (53,816)	$ (113,329)
Income from lending and/or relocation of uranium	$ 89	$ 585
Operating expenses	$ (1,256)	$ (1,363)
Net loss for the period	$ (54,983)	$ (114,107)
Net loss per common share – basic and diluted	$ (0.45)	$ (0.99)

	At May 31, 2017	At February 28, 2017
Total Assets	$ 409,381	$ 464,109
Total Liabilities	$ 2,019	$ 1,764
NAV(1)	**$ 407,362**	$ 462,345

(1) The Net Asset Value or "NAV" is calculated as the value of total assets less the value of total liabilities. See "Non-IFRS Financial Performance Measures" section below.

The net loss for the three months ended May 31, 2017 was mainly driven by unrealized net losses on investments in uranium of $53,816,000 and operating expenses of $1,256,000, slightly offset by income from uranium lending and relocation agreements of $89,000.

Unrealized net losses on investments in uranium during the three months ended May 31, 2017 were mainly due to the decrease in the spot price for uranium. The spot prices during the fiscal year decreased to US$19.25 per pound U_3O_8 and US$55.55 per KgU as UF_6 at May 31, 2017, from US$22.25 per pound U_3O_8 and US$64.00 per KgU as UF_6 at February 28, 2017. The unrealized net loss on investments in uranium was partly offset by the 2% increase in the U.S. dollar to Canadian dollar exchange rate during the first quarter of fiscal 2018 from 1.3248 to 1.3500.

UPC's NAV per share decreased to $3.37 at May 31, 2017, from $3.83 at February 28, 2017. Total equity decreased to $407,362,000 at May 31, 2017, from $462,345,000 at February 28, 2017.

The Corporation had an effective tax rate of nil for the three months ended May 31, 2017, primarily due to the low tax rate in the jurisdiction of its subsidiary as well as the fact that the Corporation's available tax shelter and cost basis related to its investments in uranium in Canada give rise to a net deductible temporary difference – for which the Corporation does not recognize deferred tax assets.

Operating Expenses

Operating expenses are comprised of storage costs, management fees, public company expenses, and general and administrative expenses.

Storage fees were $486,000 during the three months ended May 31, 2017 (May 31, 2016 - $502,000). The decrease in storage fees was due to the transfer of uranium holdings to lower cost storage facilities, partially offset by the increase in the volume of stored uranium due to the 610,000 pounds of U_3O_8 purchased in the second half of fiscal 2017.

Management fees were $374,000 during the three months ended May 31, 2017 (May 31, 2016 - $426,000). The decrease in management fees was due to the decrease in the NAV, on which the variable portion of the management fee is based.

Operating expenses of $1,256,000, partially offset by income from lending and/or relocation of uranium of $89,000, for the three months ended May 31, 2017, represents approximately 0.3% of the NAV at May 31, 2017 and 0.3% of the NAV at February 28, 2017.

Investment Portfolio

UPC's investment portfolio consists of the following as at May 31, 2017:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value
Investments in Uranium:					
U_3O_8	10,080,024 lbs	$	471,496	$	261,955
UF_6	1,903,471 KgU	$	311,862	$	142,746
		$	783,358	$	404,701
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	46.78	$	25.99(1)
In United States dollars		$	42.57	$	19.25
UF_6 average cost and fair value per KgU:					
In Canadian dollars		$	163.84	$	74.99(1)
In United States dollars		$	151.62	$	55.55

(1) Translation to Canadian dollars calculated at period-end foreign exchange rate of 1.3500.

Uranium Lending Arrangement

In March 2015, the Corporation entered into an agreement to loan 1,300,000 pounds of U_3O_8 to an independent third party with a return date in April 2017. The loan was 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 UxC at the end of each month for the previous three months. A bank guarantee was provided as collateral for the loan. In March 2016, the loan was terminated early by mutual agreement. As a result of the early termination, the Corporation received cash consideration of $559,000 (US$435,000) in April 2016 and the related bank guarantee was cancelled and returned to the borrower.

Uranium Relocation Agreement

In July 2016, the Corporation entered into an agreement with an independent third party to relocate a total of 700,000 KgU as UF_6 to an alternate storage facility. The relocations were scheduled to take place over a two year period, in three separate tranches, in exchange for a fee payable to the Corporation of US$1.00 per KgU for the initial 12 months of each transfer and US$0.50 per KgU for each subsequent year after the end of the initial 12 month period. The term of the agreement requires the return and transfer of the 700,000 KgU as UF_6 back to the original storage facility in May 2020. The fee received for the first tranche was recorded as income from relocation of uranium in the statement of comprehensive loss.

In July 2016, the Corporation completed the relocation of the first of the three tranches, transferring a total of 300,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained in enriched uranium product ("EUP").

On March 29, 2017, the counterparty to the uranium relocation agreement filed for Chapter 11 bankruptcy protection in the United States. Subsequent to the announcement, UPC entered into an agreement with the counterparty for the return of 100,000 KgU (of the 300,000 KgU as UF_6 previously relocated under the agreement), and to defer the timing of the second and third relocation tranches under the agreement. On April 28, 2017, the return of the 100,000 KgU as UF_6 was completed. The Corporation continues to hold title to the remaining UF_6 that is stored at this facility and pursuant to the terms of the relocation agreement, the counterparty is not permitted to transfer, sell, or assign the EUP containing the Corporation's UF_6 to any person.

During the three months ended May 31, 2017, the Corporation recorded $89,000 in income from the relocation of uranium. As at May 31, 2017, trade and other receivables included $55,000 of unbilled income related to the relocation of uranium (February 28, 2017: $64,000). All amounts that have been invoiced under this agreement have been paid by the counterparty.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $4,283,000 at May 31, 2017 compared with $5,109,000 at February 28, 2017. The decrease of $826,000 was due to $826,000 net cash used in operations.

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 May 31, 2017, the Corporation has invested more than 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 December 9, 2016, the Corporation filed a short form base shelf prospectus ("2016 Prospectus") with the securities regulatory authorities in each of the provinces of Canada, other than Québec. As a result, the Corporation may issue 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 2016 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period ending January 9, 2019. To date, the corporation has not issued any Securities pursuant to the 2016 Prospectus.

RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

Pursuant to its management services agreement with the Manager dated April 1, 2016, the Manager will receive the following fees from the Corporation: a) a base fee of $400,000 per annum, payable in equal quarterly installments; b) a variable fee equal to (i) 0.3% per annum of the Corporation's total assets in excess of $100,000,000 and up to and including $500,000,000, and (ii) 0.2% per annum of the Corporation's total assets in excess of $500,000,000; c) a fee, at the discretion of the Board of Directors, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6, or gross interest fees payable to the Corporation in connection with any uranium loan arrangements.

The following outlines the fees paid to the Manager for the three months ended:

(in thousands)	May 31, 2017	May 31, 2016
Fees incurred with the Manager:		
Base and variable fees	$ 374	$ 426
Total fees incurred with the Manager	**$ 374**	$ 426

As at May 31, 2017, trade and other payables included $111,000 (February 28, 2017: $170,000) 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 three months ended:

(in thousands)	May 31, 2017	May 31, 2016
Directors' fees & expenses	$ 79	$ 63
Total key management personnel compensation	**$ 79**	$ 63

Directors' fees increased in the three months ending May 31, 2017 due to an increase in the number of directors from six to seven and an increase in the U.S. dollar to Canadian dollar exchange rate applicable on directors' fees paid in U.S. dollars.

OUTSTANDING SHARE DATA

At June 28, 2017, there were 120,848,713 common shares issued and outstanding. There are no stock options or other instruments 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 months ended May 31, 2017 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 "Net Asset Value" or "NAV", which is a non-IFRS financial performance measure. The NAV is calculated as the value of total assets less the value of total liabilities. To arrive at NAV per share, the NAV is then divided by the total number of common shares outstanding as at a specific date. The term NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. The NAV equals the Corporation's total equity balance as reported in the Corporation's consolidated financial statements. NAV per share does not have a comparable IFRS financial measure presented in UPC's consolidated financial statements and thus there is no applicable quantitative reconciliation for this non-IFRS financial performance measure. The Corporation has calculated NAV and NAV per share 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.

ADDITIONAL INFORMATION

Additional information regarding UPC, including the Corporation's press releases, quarterly and annual reports and Annual Information Form, are available under the Corporation's profile at www.sedar.com.

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 in the Corporation’s annual information form dated May 16, 2017 available under the Corporation’s profile 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.