Uranium
Participation
Corporation

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2018

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 for the year ended February 28, 2018 to those of the previous year. This MD&A is dated as of April 5, 2018 and should be read in conjunction with the Corporation's audited annual consolidated financial statements and related notes for the year ended February 28, 2018.

The audited annual consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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

Uranium Industry Overview

During fiscal 2018, the spot price of uranium continued to be relatively volatile. After a strong start in the first quarter, with spot prices increasing from US$22.25 per pound U_3O_8 at February 28, 2017 to a high of US$25.50 in March 2017, prices fell back to the US$20 per pound range in May 2017 and remained at this level for much of the second and third fiscal quarters. The price volatility in the first quarter of calendar 2017 and fiscal 2018 followed significant production cuts in Canada, the United States, Kazakhstan and Africa, which were announced in late calendar 2016 and early calendar 2017. The production cuts came after a period of prolonged depressed uranium prices, which, according to UxC, were below the all-in production costs of most of the world's sources of primary uranium supply and coincident with the expected expiration of higher priced supply contracts signed during the utility contracting cycle in the mid-to-late 2000's.

Volatility returned to uranium prices late in the third fiscal quarter of 2018 due to the announcement of further substantial cuts to global production in November 2017 – beginning with Cameco Corporation ("Cameco") announcing a minimum ten month shutdown of the McArthur River Mine/Key Lake Mill complex in Saskatchewan, Canada. Cameco's McArthur River/Key Lake operations represent the largest and highest-grade uranium mine in the world, producing approximately 18 million pounds of U_3O_8 annually. Following Cameco's announcement, National Atomic Company Kazatomprom ("Kazatomprom") made a further announcement regarding production restraint – outlining that production through 2020 would represent a 20% reduction in planned output from its operations in Kazakhstan. Following these announcements, the spot price of U_3O_8 increased again, reaching a high of US$26.50 per pound U_3O_8 in December 2017, before retreating to US$21.25 per pound U_3O_8 by the end of fiscal 2018.

While the Cameco and Kazatomprom supply curtailments have had an impact on the spot price, it has not been sustained. The impact of the curtailments from a global production standpoint, however, is quite significant. According to UxC data, global production peaked in calendar 2016 at 162 million pounds of U_3O_8, then fell in calendar 2017 to 154 million pounds U_3O_8, and this trend is expected to continue in calendar 2018 with the latest forecasts of total production dropping to 141 million U_3O_8. To put this in perspective, UxC expects annual uranium reactor requirements (UxC's Requirement's Model "URM" Base Demand) in calendar 2018 to be in the range of 194 million pounds U_3O_8. The rationalization on the supply side was long needed, however, higher priced long-term supply contracts were protecting much of the higher cost mine production from exposure to spot price levels in the US$20 per pound U_3O_8 range. As many of these legacy contracts are now expiring, the rate and degree of production cutbacks has finally accelerated, and these curtailments are expected to result in the drawdown of excess uranium supplies in the market, and ultimately an accelerated rebalancing of uranium market fundamentals.

A recent market development which could be preventing the U.S. utilities from entering into a new cycle of significant uranium contracting, is the Section 232 Trade petition recently filed by two U.S. uranium producers before the U.S. Department of Commerce. This provision of the U.S. Trade Act of 1962 was successfully pursued by U.S. producers of aluminum and steel in response to levels of foreign imports that were viewed to be negatively impacting U.S. national security. The Trump Administration has imposed tariffs on the import of both commodities, although some nations (including Canada and Mexico) have been provided exemptions. It is still too early to predict how the U.S. Department of Commerce will respond to the uranium Section 232 trade petition, and what (if any) remedies would be applied in the case of uranium imports. For greater context, U.S. domestically mined uranium accounted for approximately 5% of U.S. uranium requirements in calendar 2017, and it is expected that U.S. production will decline further in 2018.

On the demand side of the uranium market, fundamentals continue to trend positive. Many nations today, particularly in the emerging markets, struggle with the need to deliver reliable and affordable electricity to their growing populations, without compounding climate change and air pollution challenges. As such, nuclear energy, with its reliability and clean air benefits, is filling an important role in the supply of baseload power around the world. Measured in new nuclear capacity connected to the grid, the calendar years 2015 and 2016 were the best two years in the past twenty-five. Reactor start-ups in calendar 2017 declined slightly from those levels, however the trend of increasing nuclear capacity appears to be continuing. For example, the Chinese government recently announced that in calendar 2018 it would be connecting a further five reactors to the grid, and that construction will commence on six to eight additional units. In addition, the Kingdom of Saudi Arabia is advancing its nuclear energy plans, having commenced reactor procurement discussions with supplier countries, and the United Arab Emirates is rapidly nearing the completion of their four reactor construction program, with the first unit expected to be connected to the grid in calendar 2018.

The recovery of the Japanese nuclear energy industry post-Fukushima continued to gain momentum in calendar 2017 with seven reactors in operation and a further two more likely to restart in calendar 2018. This is in line with recently re-elected Japanese Prime Minister Abe's stated goal to utilize nuclear power to supply between 20% and 22% of electricity needs going forward.

In the United States, after the closure of six nuclear power plants in recent years there has been a growing recognition of the value of the 24/7 baseload, carbon-free energy source. Three states, New York, Illinois and Connecticut, are preserving their nuclear-power generating capacity by passing legislation to level the playing field for nuclear, and three additional states, Pennsylvania, Ohio and New Jersey, are considering similar legislative action. The U.S. federal government also continues to stress the negative impact on the reliability and resilience of the country's national grid from the potential loss of additional nuclear capacity. A recent Department of Energy Grid Reliability Study and the Federal Energy Regulatory Commission have both pointed to the need for changes to current market structures. With respect to new reactor construction in the U.S., the two Vogtle units in Georgia have resumed construction following the Westinghouse bankruptcy restructuring, while construction of the two Summer units in South Carolina remain suspended.

As of March 2018, the World Nuclear Association ("WNA") reported 448 reactors operable worldwide with 57 new reactors under construction, 158 reactors planned or on order, and another 351 proposed. These numbers are, incidentally, higher than those existing prior to Fukushima. Translated into uranium demand, UxC projects their URM Base Demand to range from 174 to 210 million pounds annually over the period from 2018 to 2035.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands, except per share amounts)	**February 28, 2018**	February 28, 2017	February 29, 2016
Unrealized losses on investments in uranium	$ (29,368)	$ (201,882)	$ (71,181)
Net loss for the year	$ (37,261)	$ (206,034)	$ (75,072)
Net loss per common share – basic and diluted	$ (0.30)	$ (1.75)	$ (0.65)
Total Assets	$ 465,711	$ 464,109	$ 651,550
Total Liabilities	$ 2,382	$ 1,764	$ 2,071
NAV(1)	**$ 463,329**	$ 462,345	$ 649,479

(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.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Uranium related (loss) gain (in thousands)	$ (14,732)	$ 52,695	$ (17,459)	$ (53,727)
Net (loss) gain for the period (in thousands)	$ (16,284)	$ 52,560	$ (18,554)	$ (54,983)
Net (loss) gain per common share – basic and diluted	$ (0.11)	$ 0.41	$ (0.15)	$ (0.45)
NAV(1) per share	**$ 3.50**	**$ 3.62**	**$ 3.22**	**$ 3.37**
U_3O_8 spot price (US$)	$ 21.25	$ 22.00	$ 20.00	$ 19.25
UF_6 spot price (US$)	$ 62.00	$ 62.00	$ 56.35	$ 55.55
Foreign exchange rate (US$ to CAD$)	1.2809	1.2888	1.2536	1.3500

	February 28, 2017	November 30, 2016	August 31, 2016	May 31, 2016
Uranium related gain (loss) (in thousands)	$ 74,078	$ (127,499)	$ (35,717)	$ (112,744)
Net gain (loss) for the period (in thousands)	$ 73,819	$ (128,514)	$ (37,232)	$ (114,107)
Net gain (loss) per common share – basic and diluted	$ 0.61	$ (1.09)	$ (0.32)	$ (0.99)
NAV(1) per share	**$ 3.83**	**$ 3.22**	**$ 4.31**	**$ 4.63**
U_3O_8 spot price (US$)	$ 22.25	$ 18.25	$ 25.25	$ 27.25
UF_6 spot price (US$)	$ 64.00	$ 53.40	$ 72.25	$ 77.00
Foreign exchange rate (US$ to CAD$)	1.3248	1.3426	1.3124	1.3100

(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

The net loss for the year ended February 28, 2018 was mainly driven by unrealized net losses on investments in uranium of $29,368,000, realized losses on the sale of conversion components of $4,079,000, and operating expenses of $4,038,000, slightly offset by income from uranium relocation agreements of $224,000 (2017 – unrealized net losses on investments in uranium of $201,882,000 and operating expenses of $4,971,000, slightly offset by income from uranium lending and relocation agreements of $819,000).

Unrealized net losses on investments in uranium during the year ended February 28, 2018 were mainly due to the decrease in the spot price for uranium. The spot prices during the fiscal year decreased from US$22.25 per pound U_3O_8 and US$64.00 per KgU as UF_6 at February 28, 2017, to US$21.25 per pound U_3O_8 and US$62.00 per KgU as UF_6 at February 28, 2018. The unrealized net loss on investments in uranium was also negatively impacted by a 3% decrease in the U.S. dollar to Canadian dollar exchange rate during fiscal 2018. Unrealized net losses on investments in uranium during the year ended February 28, 2017 were mainly due to the decrease in spot prices from US$32.15 per pound U_3O_8 and US$90.00 per KgU as UF_6 at February 29, 2016 to US$22.25 per pound U_3O_8 and US$64.00 per KgU as UF_6 at February 28, 2017, as well as a 2% decrease in the U.S. dollar to Canadian dollar exchange rate during fiscal 2017.

During the fourth quarter of fiscal 2018, the Corporation recorded an unrealized net loss on investments in uranium of $10,703,000 and a net loss for the period of $16,284,000. The unrealized net loss on investments in uranium was predominantly driven by the decrease in the spot price of uranium from US$22.00 per pound U_3O_8 and US$62.00 per KgU as UF_6 at November 30, 2017, to US$21.25 and US$62.00 respectively at February 28, 2018. The unrealized net loss on investments in uranium was also negatively impacted by a 1% decrease in the U.S. dollar to Canadian dollar foreign exchange rate in the period. During the fourth quarter of fiscal 2018, the Corporation also recognized a realized loss on the sale of conversion components of $4,079,000. See INVESTMENT PORTFORLIO for further details. During the fourth quarter of fiscal 2017, the Corporation recorded an unrealized net gain on investments in uranium of $74,078,000 and a net gain for the period of $73,819,000, predominantly due to the increase in the spot price of uranium from US$18.25 per pound U_3O_8 and US$53.40 per KgU as UF_6 at November 30, 2016, to US$22.25 and US$64.00 respectively at February 28, 2017, partially offset by a 1% increase in the U.S. dollar to Canadian dollar foreign exchange rate in the period.

Total equity increased to $463,329,000 at February 28, 2018, from $462,345,000 at February 28, 2017. The increase in equity was due to the net proceeds of the Company's $40,600,000 equity financing (see LIQUIDITY AND CAPITAL RESOURCES), which resulted in the issuance of 11,600,000 common shares, offset by the net loss for the year.

The Corporation had an effective tax rate of nil for the years ended February 28, 2018 and February 28, 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.

Taken together, UPC's NAV per share decreased to $3.50 at February 28, 2018, from $3.83 at February 28, 2017.

Operating Expenses

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

Storage fees were $2,088,000 during the year ended February 28, 2018 (2017 – $2,178,000). 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 purchase of 1,350,000 pounds of U_3O_8 in the second half of fiscal 2018 and the purchase of 610,000 pounds of U_3O_8 in the second half of fiscal 2017.

Management fees were $1,824,000 during the year ended February 28, 2018 (2017 – $1,811,000). The increase in management fees was predominantly due to $396,000 in purchase commissions paid to the Manager during 2018 (2017 – $173,000). During the second half of fiscal 2018, the Corporation purchased 1,350,000 pounds of U_3O_8 at an average price of US$20.40 (2017 – 610,000 pounds U_3O_8 at an average price of $US20.75). The increase in commission-based management fees was offset by a reduction in the variable portion of the management fee, which is based on the Company's NAV, as well as a reduction in discretionary fees. On average, the NAV during fiscal 2018 was 8% lower than the NAV during fiscal 2017. In fiscal 2017, the Corporation awarded a one-time discretionary management fee of $100,000 to the Manager for work associated with the completion of the migration of the Corporation's subsidiary.

Public company and general, administrative and miscellaneous expenses were $1,044,000 during the year ended February 28, 2018 (2017 – $849,000). The increase is predominantly a result of transfer fees incurred in fiscal 2018 connected to the sale of conversion components.

Operating expenses of $4,038,000, partially offset by income from lending and/or relocation of uranium of $224,000 for the year ended February 28, 2018, represents approximately 0.8% of the NAV at February 28, 2018 and 0.8% of the NAV at February 28, 2017.

Investment Portfolio

UPC's investment portfolio consists of the following as at February 28, 2018:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value
Investments in Uranium:					
U_3O_8	13,484,354 lbs	$	624,530	$	367,032
UF_6	1,117,230 KgU	$	185,437	$	88,726
		$	809,967	$	455,758
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	46.32	$	27.22(1)
In United States dollars		$	41.95	$	21.25
UF_6 average cost and fair value per KgU:					
In Canadian dollars		$	165.98	$	79.42(1)
In United States dollars		$	153.86	$	62.00

(1) Translation to Canadian dollars calculated at period-end foreign exchange rate of 1.2809.

Purchases of Uranium

During the year ended February 28, 2018, the Corporation purchased 1,350,000 pounds of U_3O_8 at an average price of US$20.40 per pound, for a total cash consideration of $34,967,000 (US$27,540,000) (2017 – purchase of 610,000 pounds of U_3O_8 at an average price of US$20.75 for total cash consideration of $17,008,000 (US$12,657,500)). The purchases in fiscal 2018 were funded by the proceeds from the bought-deal equity financing completed by the Corporation in October 2017 (see LIQUIDITY AND CAPITAL RESOURCES for further details).

Sale of Conversion Components

During the year ended February 28, 2018, the Corporation entered into an agreement with a primary UF_6 conversion supplier to sell the conversion components contained in 786,241 KgU as UF_6. This transaction resulted in the exchange of 786,241 KgU as UF_6 for 2,054,330 pounds of U_3O_8 and cash consideration of US$3,538,000.

The loss on the sale of the conversion components was $4,079,000, based on the difference between the cash proceeds received and the historical cost of the conversion components of $8,429,000. The fair value of the conversion components on the date of the transaction was $5,799,000. There were no transaction fees relating to this sale.

In connection with this transaction, the Corporation also amended its storage arrangements with the primary supplier to provide for beneficial storage terms that are fixed for the period through December 31, 2028. This transaction has simplified UPC's uranium holdings and, most significantly, will provide storage price certainty on a significant portion of the Corporation's uranium holdings for a period of 11 years.

During the year ended February 28, 2017, the Corporation had no sales of conversion components.

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. At February 29, 2016, the market value of the 1,300,000 pounds of U_3O_8 loaned was $56,519,000 (US$41,795,000). 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 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 fees received under this agreement are 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 agreements with the counterparty for the temporary 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. This material is expected to be re-transferred to the counterparty in the first quarter of fiscal 2019.

On January 31, 2018, the Corporation completed the relocation of the second of the three tranches, transferring a total of 200,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained in EUP.

The Corporation continues to hold title to the 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 year ended February 28, 2018, the Corporation recorded $224,000 in income from the relocation of uranium (February 28, 2017 – $234,000). As at February 28, 2018, trade and other receivables included $73,000 related to the relocation of uranium (February 28, 2017 – $64,000).

Transfer of UF_6 held with the USEC Facility to an alternate storage facility

In May 2013, the USEC Facility announced that it ceased uranium enrichment at its Paducah Gaseous Diffusion Plant in Kentucky. As a result, many utilities sought enrichment services from other suppliers. With fewer enrichment customers, there was a decrease in the demand for UF_6 held with the USEC Facility and, as such, the Corporation recorded an initial fair value adjustment of $3,987,000, in fiscal 2014 to reflect the risk associated with the then 1,077,000 KgU of UF_6 held with the USEC Facility.

During the year ended February 28, 2017, the Corporation transferred the remaining 378,566 KgU as UF_6 held with the USEC Facility to an alternate storage facility. The cost associated with the transfer amounted to $1,427,000, of which

$1,276,000 was applied against the fair value adjustment loss recorded as at February 29, 2016, and the remaining $151,000 was recorded to storage fees in the consolidated statement of comprehensive loss. This transfer reduced the Corporation's holdings of UF_6 with the USEC Facility to nil.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $4,836,000 at February 28, 2018, compared with $5,109,000 at February 28, 2017. The decrease of $273,000 was primarily due to $38,245,000 in cash provided by financing activities, arising from the net proceeds of the $40,600,000 equity financing completed in October 2017 ("October Equity Financing") and a net foreign exchange gain on the translation of foreign currency balances of $894,000, offset by $34,967,000 in cash used in investing activities to purchase 1,350,000 pounds of U_3O_8, and $4,445,000 net cash used in operations.

At February 28, 2018, trade and other receivables includes $4,532,000 relating to the cash consideration due from the sale of the conversion component contained in 786,241 KgU as UF_6, which was received subsequent to year-end.

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, purchases of uranium. At February 28, 2018, the Corporation has invested or committed 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. In October 2017, the Corporation issued $40,600,000 in Securities pursuant to the 2016 Prospectus.

On June 29, 2017, at the Annual and Special Meeting of Shareholders, a special resolution was passed by the shareholders of UPC, which approved a reduction in the stated capital of the common shares of the Corporation by $641,243,000. As a result, the Corporation reduced its share capital to $200,000,000 and reclassified $641,243,000 to contributed surplus.

RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

Pursuant to its management services agreement with the Manager effective April 1, 2016, the Manager will receive the following management 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 management fees paid to the Manager for the years ended:

(in thousands)	**February 28, 2018**	February 28, 2017
Fees incurred with the Manager:		
Base and variable fees	$ 1,428	$ 1,538
Discretionary fees	-	100
Commission fees	396	173
Total fees incurred with the Manager	**$ 1,824**	$ 1,811

As at February 28, 2018, trade and other payables included $252,000 (February 28, 2017 – $170,000) due to the Manager with respect to the management 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 years ended:

(in thousands)	February 28, 2018	February 28, 2017
Directors' fees & expenses	$ 281	$ 293
Total key management personnel compensation	**$ 281**	$ 293

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include commodity price risk, currency risk, credit risk and liquidity risk.

Commodity Price Risk

The Corporation's NAV is directly tied to the spot price of uranium published by UxC. At February 28, 2018, a 10% increase in the uranium spot price would have increased the Corporation's total equity by $44,700,000, while a 10% decrease would have the opposite effect.

Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, as reported, of the Corporation's foreign denominated investments in uranium, cash and cash equivalents, trade and other receivables, and trade and other payables.

As the prices of uranium are quoted in U.S. currency, fluctuations in the Canadian dollar relative to the U.S. dollar can significantly impact the valuation of uranium from a Canadian dollar perspective. At February 28, 2018, a 10% increase in the U.S. dollar to Canadian dollar exchange rate would have increased the Corporation's total equity by $45,600,000, while a 10% decrease would have the opposite effect.

Credit Risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument or contractual agreement that will result in a financial loss to the Corporation. The Corporation's credit risk exposure includes the carrying amounts of cash and cash equivalents, trade and other receivables, and investments in uranium. Investments in uranium are held with licensed storage facilities owned by different organizations. The risk that these organizations are not able to continue as a going concern could have a significant impact on UPC's ability to recover its investments in uranium held with the organizations.

To limit the credit risk exposure on its cash and cash equivalents, the Corporation holds its cash and cash equivalents in credit worthy financial institutions. In order to ensure recoverability on the Corporation's investments in uranium, the Corporation holds its investments in uranium at facilities that are owned by organizations that are credible, financially stable, and/or essential to the global nuclear fuel cycle. Credit risk exposure on its trade and other receivables related to uranium loans, relocations or similar agreements is limited since the Corporation typically transacts with large organizations and ensures that adequate security is provided for any loaned uranium. The Corporation regularly assesses the credit profile of these organizations for any indications of financial difficulty.

Liquidity Risk

Financial liquidity represents the Corporation's ability to fund future operating activities. The Corporation may generate cash from the lending, relocation, or sale of uranium, or the sale of additional equity securities. The Corporation funds its ongoing operations with its existing cash balance and has the ability to sell some of its investments in uranium to generate additional cash if required. Although the Corporation enters into commitments to purchase uranium periodically, the commitments are normally funded by the Corporation's available cash or are contingent on its ability to raise funds through the sale of additional equity securities.

Fair Value of Investments, Financial Assets and Financial Liabilities

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Investments in uranium are categorized in Level 2. Investments in uranium are measured at fair value at each reporting period-end based on the month-end spot prices for uranium published by UxC and converted to Canadian dollars using the month-end indicative foreign exchange rate. Management may also adjust the fair value of the investments in uranium based on its assessment of the valuation impact of risks associated with the third party storage facilities where the uranium is stored.

All financial instruments' fair values approximate their carrying values due to the short-term nature of these instruments. All purchases and sales of financial assets are accounted for at settlement date.

The Corporation has not offset financial assets with financial liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

OUTSTANDING SHARE DATA

At April 5, 2018, there were 132,448,713 common shares issued and outstanding. There are no stock options or other instruments issued and outstanding.

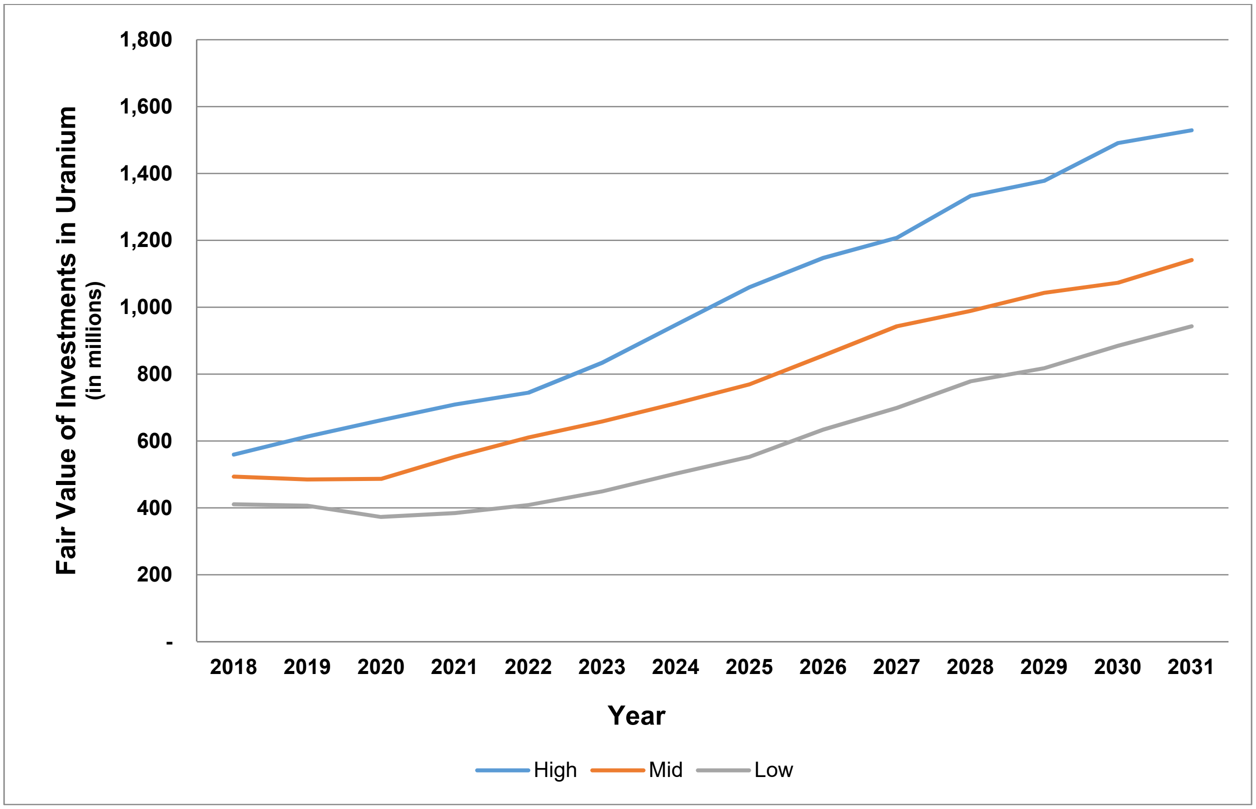
OUTLOOK

The Corporation's NAV is directly linked to the spot price of uranium published by UxC. According to UxC's 2018 Q1 Outlook, the spot price of U_3O_8 is projected to rise over the next 13 years. The following chart displays the projected future fair value of investments in uranium held by UPC, based on the low to high spot price projections from UxC. Based on UxC's projections, by 2025, the Corporation's estimated future fair value of investments in uranium is projected to increase up to a high of almost $1.1 billion, and by 2030, up to a high of almost $1.5 billion.

The estimated future fair value of investments in uranium held by the Corporation is projected as follows:

(in millions)	2020 (1)	2025 (1)	2030 (1)
High Spot Price Projections (2)	$ 662	$ 1,060	$ 1,491
Mid Spot Price Projections (3)	$ 487	$ 770	$ 1,073
Low Spot Price Projections (4)	$ 373	$ 553	$ 885

Projected Fair Value of Investments in Uranium (1)



(1) The estimated fair value of investments in uranium calculated above are based on the following:
- Spot price projections from UxC's 2018 Q1 Outlook and noted in (2), (3) and (4) below;
- The US to Canadian dollar indicative foreign exchange rate at February 28, 2018 of 1.2809; and
- The investments in uranium held by the Corporation on February 28, 2018.

(2) High spot price projections per pound U_3O_8 for 2020, 2025 and 2030 were US$31.00, US$49.60, and US$69.78, respectively.
(3) Mid spot price projections per pound U_3O_8 for 2020, 2025 and 2030 were US$22.78, US$36.02 and US$50.24, respectively.
(4) Low spot price projections per pound U_3O_8 for 2020, 2025 and 2030 were US$17.45, US$25.88 and US$41.41, respectively.

CONTROLS AND PROCEDURES

The Corporation carried out an evaluation, under the supervision and with the participation of its management, of the effectiveness of the design and operation of the Corporation's "disclosure controls and procedures" (as defined in National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*) as of the end of the period covered by this report. Based on that evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the Corporation's disclosure controls and procedures are effective.

The Corporation's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting and conducted an evaluation of the effectiveness of internal control over financial reporting based on the *Internal Control – Integrated Framework, 2013* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the President and Chief Executive Officer and Chief Financial Officer concluded that the Corporation's internal control over financial reporting was effective as of February 28, 2018.

There has not been any change in the Corporation's internal control over financial reporting that occurred during the year ended February 28, 2018 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make accounting estimates and judgments that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and income and expenses during the reporting period. Actual results could differ materially from these estimates. Significant estimates and judgments made by management include:

Investments in Uranium

Investments in uranium are measured at fair value at each reporting period-end based on the month-end spot prices for uranium published by UxC and converted to Canadian dollars using the month-end indicative foreign exchange rate. Management may also adjust the fair value of the investments in uranium based on its assessment of the valuation impact of risks associated with the third party storage facilities at which the Corporation's uranium is held.

Accounting Standards Issued But Not Yet Adopted

The Corporation has not yet adopted the following new accounting pronouncements which are effective for fiscal periods of the Corporation beginning on or after January 1, 2018:

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.

The Corporation will adopt IFRS 9 on March 1, 2018, and has identified certain modifications to the Corporation's current accounting policies that are expected to be required. Notably, impairments on trade and other receivables currently being recognized when there is objective evidence of impairment will need to be recognized based upon an expected credit loss model under IFRS 9. The changes are expected to be nominal and the adoption of IFRS 9 will not have a material impact on UPC's reported financial results.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018.

The Corporation has reviewed its contracts and does not expect that the timing or amount of income currently recognized related to its uranium lending and relocation agreements will be impacted by the transition to IFRS 15. The Corporation will adopt IFRS 15 on March 1, 2018.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces existing standards and interpretations under IAS 17 "Leases". IFRS 16 requires all leases, including financing and operating leases, to be reported on the balance sheet of the lessee with the intent of providing greater transparency on a company's lease arrangements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has been adopted.

The Corporation has not evaluated the impact of adopting this standard.

RISK FACTORS

An investment in securities of UPC is highly speculative and involves significant risks, which should be carefully considered by prospective investors before purchasing such securities. There are a number of factors that could negatively affect UPC's business and the value of UPC's securities, including the factors listed below. Such factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The following information pertains to the outlook and conditions currently known to UPC that could have a material impact on the financial condition of UPC. This information, by its nature, is not all-inclusive and is not a guarantee that other factors will not affect UPC in the future.

Uranium Price Volatility from Demand and Supply Factors

Since almost all of the Corporation's activities involve investing in uranium, the value of its securities will be highly sensitive to fluctuations in the prices of uranium. Historically, the fluctuations in these prices have been, and are expected to continue to be, affected by numerous factors beyond the Corporation's control. Such factors include, among others: demand for nuclear power; political and economic conditions in uranium producing and consuming countries; public and political response to a nuclear accident; improvements in nuclear reactor efficiencies; and fluctuations in the supply of uranium.

Uranium supplies are available from a number of sources, including: a relatively small number of uranium mining companies in key uranium producing countries; excess inventory from government and industry participants; reprocessed uranium and plutonium from used reactor fuel; and excess enrichment capacity, which can be used for underfeeding or re-enriching depleted uranium tails. Any number of these sources can be impacted by changes in economic and political conditions, thereby impacting the overall supply/demand of uranium and, in turn, the spot price for U_3O_8 and UF_6.

In addition, since UF_6 is a different commodity than U_3O_8, its price is affected by its own supply/demand balance as well as the supply/demand balances of U_3O_8 and the conversion component contained in UF_6. As a result, the UF_6 spot price may move differently than the spot price of U_3O_8 or the spot price for conversion. The factors that affect the UF_6 spot price will affect the NAV of the Corporation, which in turn may affect the price of the Corporation's securities.

Set out in the table below is the spot price (in US dollars) for U_3O_8 per pound and the UF_6 per KgU at the end of the last the five fiscal years(1).

	2014	2015	2016	2017	2018
U_3O_8(1)	\$35.50	\$38.75	\$32.15	\$22.25	\$21.25
UF_6(1)	\$99.00	\$107.00	\$90.00	\$64.00	\$62.00

(1) As published by UxC in US dollars.

Public Acceptance of Nuclear Energy and Competition from Other Energy Sources

The growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is affected by unique political, technological and environmental factors. Accordingly, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and result in increases in government regulation. An accident at a nuclear reactor anywhere in the world could impact the continued acceptance, by the public and regulatory authorities, of nuclear energy and the future prospects for nuclear generators, which could have a material adverse effect on the Corporation.

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy. Sustained lower prices of oil, natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium. Technical advancements in renewable and other alternate forms of energy, such as wind and solar power, could make these forms of energy more commercially viable and ultimately put additional pressure on the demand for uranium concentrates.

Impact of Global Economic Conditions

Global financial conditions continue to be subject to volatility arising from international geopolitical developments and global economic phenomenon, as well as general financial market turbulence. Access to public financing can be negatively impacted by the effect of these events on Canadian and global credit markets. The health of the global financing and credit markets may impact the ability of the Corporation to obtain equity financing in the future and the terms at which financing is available to Corporation. These increased levels of volatility and market turmoil could adversely impact the Corporation and the trading price of the shares.

Spot market volumes may also be impacted by global economic conditions, which can cause downward or upward pressure on the spot prices for uranium. Global economic conditions may influence the availability of financing or credit at various stages in the uranium market, such as the construction of new reactors, production from uranium producers or uranium exploration and development. In addition, global economic conditions can impact the amount of incremental supply of uranium made available to the market from excess inventories.

Risks Associated with Facilities

All uranium is stored at licensed uranium conversion, enrichment, or fuel fabrication facilities owned by different organizations (each one, a "Facility" or collectively, the "Facilities"). Under the management services agreement, the Manager is required to arrange for all uranium to be stored at Facilities and to ensure that the Facilities provide satisfactory indemnities for the benefit of the Corporation or ensure that the Corporation has the benefit of insurance arrangements obtained on standard industry terms. There is no guarantee that either the indemnities or insurance in favour of the Corporation will fully cover or absolve the Corporation in the event of loss or damage. The Corporation may be financially and legally responsible for losses and/or damages not covered by indemnity provisions or insurance. Such responsibility could have a material adverse effect on the financial condition of the Corporation.

As the number of duly licensed Facilities is limited, there can be no assurance that new arrangements that are commercially beneficial to the Corporation will be readily available. Failure to negotiate commercially reasonable storage terms with the Facilities may have a material adverse effect on the financial condition of the Corporation.

By holding its investments in uranium with various licensed Facilities, the Corporation is exposed to the credit risks of these Facilities and their operators. There is no guarantee that the Corporation can fully recover all of its investments in uranium held with the Facilities. Failure to recover all uranium holdings could have a material adverse effect on the financial condition of the Corporation.

On March 29, 2017, the counterparty to the relocation agreement (see Uranium Relocation Agreement above) filed for Chapter 11 bankruptcy protection in the U.S. Pursuant to the relocation agreement, 300,000 KgU as UF_6 contained in EUP owned by the Corporation is currently on deposit with the counterparty and is being held at this organization's storage facility. The Corporation continues to hold title to the 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. The Corporation has retained US legal counsel to assist with the monitoring of the Chapter 11 bankruptcy proceedings, including the court approved reorganization and sale of the counterparty's assets, and the preparation of subsequent agreements with the counterparty intended to manage the Corporation's risk. As at the date hereof, the agreements with the counterparty are in good standing, and all amounts payable by the counterparty to the Corporation have been satisfied in accordance therewith. The Corporation and its counsel will continue to monitor the bankruptcy proceedings and the potential impact on the Corporation and its assets.

Foreign Exchange Rates

The Corporation maintains its accounting records, reports its financial position and results, and pays certain operating expenses in Canadian currency. In addition, its securities trade in Canadian currency. As the price of uranium is quoted in U.S. currency, fluctuations in the U.S. currency exchange rate relative to the Canadian currency can significantly impact the valuation of uranium and the associated market value from a Canadian currency perspective. Because exchange rate fluctuations are beyond the Corporation's control, there can be no assurance that such fluctuations will not have an adverse effect on the Corporation's operations or on the trading value of its securities.

Uranium Lending or Relocation

The Corporation may, from time to time, enter into uranium lending or relocation arrangements. As a matter of practice, the Corporation has, and will in the future, ensure that adequate security is provided with respect to any loaned uranium. There is a risk, however, that a borrower may not be able to pay the associated costs of the loan or relocation, and may not be able to return the uranium in accordance with the terms of the agreement. In such cases, the Corporation may have to collect on its security or the borrower may, in lieu, repay the equivalent value of borrowed uranium in cash. In such circumstances, given the replacement cost of U_3O_8 and UF_6 and the resolutions available to the Corporation, the Corporation may not be able to ultimately recover the amount of uranium holdings originally loaned or relocated, which could have a material adverse effect on the financial condition of the Corporation.

No Public Market for Uranium

There is no public market for the sale of uranium. The uranium futures market on the New York Mercantile Exchange does not provide for physical delivery of uranium, only cash on settlement, and the trading forum by certain buyers does not offer a formal market but rather facilitates the introduction of buyers to sellers. The Corporation may not be able to acquire uranium or, once acquired, sell uranium at a desired price level for a number of weeks. The pool of potential purchasers and sellers is limited, and each transaction may require the negotiation of specific provisions. Accordingly, a purchase or sale cycle may take several weeks to complete. In addition, as the supply of uranium is limited, the Corporation may experience additional difficulties purchasing uranium in the event that it is a significant buyer. The inability to purchase and sell on a timely basis in sufficient quantities could have a material adverse effect on the securities of the Corporation.

From time to time, the Corporation enters into commitments to purchase U_3O_8 or UF_6. Such commitments are generally subject to conditions in favour of both the vendor and the Corporation, and there is no certainty that the purchases contemplated by such commitments will be completed.

Industry Subject to Influential Political and Regulatory Factors

The international uranium industry, including the supply of uranium concentrates, is relatively small, competitive and heavily regulated. Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies. In addition, the international marketing and trade of uranium is subject to current, and potential changes in, governmental policies, regulatory requirements, and international trade restrictions (including trade agreements, customs, duties and/or taxes).

International agreements, governmental policies and trade restrictions are beyond the control of the Corporation. Changes in regulatory requirements, customs, duties or taxes may affect the supply of uranium available in the United States and Europe, which are currently the largest markets for uranium in the world, as well as the future of supply to developing markets, such as China and India.

For example, the supply and marketing of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. In addition, a Section 232 petition has been filed with the United States Department of Commerce under the Trade Act of 1962 (national security threatened by excessive levels of foreign imports), which could limit the levels of foreign uranium imports allowed into the United States and impact uranium prices in this major market.

If substantial changes are made to the regulations affecting global marketing and supply, the Corporation's business, financial condition and results of operations may be materially adversely affected.

Lack of Operational Liquidity

During the fiscal year ended February 28, 2018, the Corporation had negative cash flow from operating activities. The Corporation anticipates it will continue to have negative cash flow from operating activities in future periods. The expenses of the Corporation are funded from cash on hand that is not otherwise invested in uranium and revenue from the lending or relocation of uranium. Once such available cash has been expended, the Corporation may generate additional cash from either the lending or sale of uranium, or the sale of additional equity securities. There is no guarantee that the Corporation will be able to sell additional equity or equity related securities on terms acceptable to the Corporation in the future, that the Corporation will be able to sell uranium in a timely or profitable manner, or that the Corporation will be able to generate revenue through lending arrangements.

NAV

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 divided by the total number of common shares outstanding as at a specific date. The total asset value is significantly dependent on the spot price of uranium published by UxC. The liabilities may include estimated liabilities for future income taxes. Accordingly, the NAV per share may not necessarily reflect the actual realizable value of uranium held by the Corporation attributable to each common share.

Market Price and Liquidity of Common Shares

The Corporation cannot predict whether the common shares will, in the future, trade above, at or below the NAV per share. Securities of companies in, or investing in, the natural resource sector have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic conditions in North America and globally, and market perceptions of the attractiveness of particular industries. The price of UPC's securities is also likely to be significantly affected by short-term changes in commodity prices, other mineral prices, currency exchange fluctuation, changes in its financial condition or results of operations as reflected in its periodic reports and changes in general market interest in UPC's securities. If an active market for the common shares does not continue, the liquidity of an investor's investment may be limited and the price of the securities of the Corporation may decline such that investors could lose their entire investment in the Corporation. As a result of any of these factors, the market price of the securities of UPC at any given point in time may not accurately reflect the long-term value of UPC.

The Corporation's principal source of funds is from the sale or lending of uranium and the issuance of equity securities. Accordingly, the Corporation may not have the resources to declare any dividends or make other cash distributions unless and until a determination is made to sell a portion of its uranium holdings for such purpose. Since inception, the Corporation has not declared any dividends, and the Corporation has no current intention to declare any dividends.

Reliance on Board of Directors and Manager

The Corporation is a self-governing corporation that is governed by the Board appointed and elected by the holders of the Corporation's common shares. The Corporation will, therefore, be dependent on the services of its Board for directing the affairs and for investment and other material decisions and the Manager for administration and management services.

Resignation by Manager

The Manager may terminate the Management Services Agreement in accordance with the terms thereof. The Corporation 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.

Conflict of Interest

Directors and officers of the Corporation may provide investment, administrative and other services to other entities and parties. The directors and officers of the Corporation have devoted, and have undertaken to devote, such reasonable time as is required to properly fulfill their responsibilities in respect to the business and affairs of the Corporation as they arise from time to time. Conflicts of interest may arise from time to time, which require that the Corporation make its best efforts to mitigate any potential risk to the Corporation and its stakeholders. For example, the Chair of the Corporation's Board of Directors also serves as a senior executive to Cormark Securities Inc., a Canadian investment bank, which has led numerous of the Corporation's equity financings in past years. When faced with a potential conflict of interest, members of the Board of Directors will recuse themselves from deliberation and voting on certain matters. Similarly, the management services agreement with the Manager provides for certain procedures to apply where the business of the Corporation may be at conflict with the business of the Manager.

Anti-Bribery and Anti-Corruption Laws

UPC is subject to anti-bribery and anti-corruption laws, including the Corruption of Foreign Public Officials Act (Canada). Failure to comply with these laws could subject the Corporation to, among other things, reputational damage, civil or criminal penalties, other remedial measures and legal expenses which could adversely affect the Corporation's business, results in operations, and financial condition. It may not be possible for UPC to ensure compliance with anti-bribery and anti-corruption laws in every jurisdiction in which its employees, agents or sub-contractors are located or may be located in the future.

Disclosure and Internal Controls

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. Disclosure controls and procedures are designed to ensure that information required to be disclosed by a company in reports filed with securities regulatory authorities is recorded, processed, summarized and reported on a timely basis and is accumulated and communicated to company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of reporting, including financial reporting and financial statement preparation.

Information Systems and Cyber Security

The Corporation's operations depend upon the availability, capacity, reliability and security of its information technology (IT) infrastructure, and the IT infrastructure of Manager, to conduct its operations. UPC and the Manager rely on various IT systems in all areas of its operations, including financial reporting, contract management and communications with employees and third parties.

These IT systems could be subject to network disruptions caused by a variety of sources, including computer viruses, security breaches and cyber-attacks, as well as network and/or hardware disruptions resulting from incidents such as unexpected interruptions or failures, natural disasters, fire, power loss, vandalism and theft. The failure of UPC's or the Manager's IT systems or a component thereof could, depending on the nature of any such failure, adversely impact the UPC's reputation and results of operations.

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 this MD&A.

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

Uranium Participation Corporation

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 2018

TABLE OF CONTENTS

Responsibility for Financial Reporting

Uranium Participation Corporation's (the "Corporation") management is responsible for the integrity and fairness of the presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, for review by the Audit Committee and approval by the Board of Directors.

The preparation of consolidated financial statements requires the selection of appropriate accounting policies in accordance with International Financial Reporting Standards and the use of estimates and judgments by management to present fairly and consistently the consolidated financial position of the Corporation. Estimates are necessary when transactions affecting the current period cannot be finalized with certainty until future information becomes available.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, which is comprised solely of independent directors. The Audit Committee reviews the Corporation's consolidated financial statements and recommends their approval to the Board of Directors. The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, our independent auditor. Its report outlines the scope of its examination and expresses its opinion on the consolidated financial statements. The independent auditor has full access to the Audit Committee with or without management present.

(Signed) "David Cates"

David Cates
President and Chief Executive Officer

(Signed) "Mac McDonald"

Mac McDonald
Chief Financial Officer

April 5, 2018

April 5, 2018

Independent Auditor's Report

To the Shareholders of
Uranium Participation Corporation

We have audited the accompanying consolidated financial statements of Uranium Participation Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2018 and February 28, 2017 and the consolidated statements of comprehensive loss, changes in equity, and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
T: +1 416 863 1133, F: +1 416 365 8215

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Uranium Participation Corporation and its subsidiaries as at February 28, 2018 and February 28, 2017 and their financial performance and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars except for share amounts)	At February 28, 2018	At February 28, 2017
ASSETS		
Current		
Cash and cash equivalents	$ 4,836	$ 5,109
Trade and other receivables	5,117	483
	9,953	5,592
Non-Current		
Investments in uranium (note 5)	455,758	458,517
Total assets	**$ 465,711**	**$ 464,109**
LIABILITIES		
Current		
Trade and other payables	$ 2,382	$ 1,764
Total liabilities	2,382	1,764
EQUITY		
Share capital (note 8)	238,245	841,243
Contributed surplus	648,005	6,762
Deficit	(422,921)	(385,660)
Total equity	463,329	462,345
Total liabilities and equity	**$ 465,711**	**$ 464,109**
Common shares		
Issued and outstanding (note 8)	**132,448,713**	**120,848,713**

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

ON BEHALF OF THE BOARD OF URANIUM PARTICIPATION CORPORATION

(Signed) "Jeff Kennedy"

Jeff Kennedy
Director

(Signed) "Dorothy Sanford"

Dorothy Sanford
Director

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Expressed in thousands of Canadian dollars except for share and per share amounts)	Years Ended February 28, 2018	February 28, 2017
URANIUM RELATED LOSS		
Unrealized losses on revaluation of investments in uranium (note 5)	$ (29,368)	$ (201,882)
Realized loss on sale of conversion components (note 5)	(4,079)	-
Income from lending of uranium (note 6)	-	585
Income from relocation of uranium (note 6)	224	234
	(33,223)	(201,063)
OPERATING EXPENSES		
Storage fees	(2,088)	(2,178)
Management fees (note 9)	(1,824)	(1,811)
Public company expenses	(512)	(566)
General office and miscellaneous	(532)	(283)
Legal and other professional fees	(211)	(180)
Interest income	102	62
Foreign exchange gain (loss)	1,027	(15)
	(4,038)	(4,971)
Net loss before taxes	(37,261)	(206,034)
Income tax expense (note 7)	-	-
Net loss and comprehensive loss for the year	**$ (37,261)**	$ (206,034)
Net loss per common share		
Basic and diluted	**$ (0.30)**	$ (1.75)
Weighted average number of common shares outstanding		
Basic and diluted	**125,520,494**	117,415,288

The accompanying notes are an integral part of these annual 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
Common shares issued (note 8)	18,900	-	-	18,900
Net loss for the year	-	-	(206,034)	(206,034)
Balance at February 28, 2017	$ 841,243	$ 6,762	$ (385,660)	$ 462,345
Stated capital reduction (note 8)	(641,243)	641,243	-	-
Common shares issued (note 8)	38,245	-	-	38,245
Net loss for the year	-	-	(37,261)	(37,261)
Balance at February 28, 2018	**$ 238,245**	**$ 648,005**	**$ (422,921)**	**$ 463,329**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended	
(Expressed in thousands of Canadian dollars)	**February 28, 2018**	February 28, 2017
Operating Activities		
Net loss for the year	$ (37,261)	$ (206,034)
Adjustment for:		
Unrealized losses on revaluation of investments in uranium (note 5)	29,368	201,882
Realized loss on sale of conversion components (note 5)	4,079	-
Costs associated with transfer of uranium (note 5)	-	(1,276)
Foreign exchange gains	(1,027)	15
Changes in non-cash working capital:		
Change in trade and other receivables	(102)	(14)
Change in trade and other payables	498	(258)
Net cash used in operating activities	**(4,445)**	(5,685)
Investing Activities		
Uranium purchases (note 5)	(34,967)	(17,008)
Net cash used in investing activities	**(34,967)**	(17,008)
Financing Activities		
Common shares issued, net of transaction costs (note 8)	38,245	18,900
Net cash generated by financing activities	**38,245**	18,900
Decrease in cash and cash equivalents	(1,167)	(3,793)
Cash and cash equivalents – beginning of the year	5,109	8,968
Foreign exchange impact	894	(66)
Cash and cash equivalents – end of the year	**$ 4,836**	$ 5,109

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED FEBRUARY 28, 2018 AND 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.

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 audited annual consolidated financial statements of the Corporation as at and for the years ended February 28, 2018 and February 28, 2017 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the Chartered Professional Accountants Canada Handbook – Accounting.

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

These audited annual consolidated financial statements were approved by the Corporation's Board of Directors on April 5, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these annual consolidated financial statements are described below:

(a) Consolidation

The accompanying consolidated financial statements consolidate the accounts of the Corporation and its wholly owned subsidiary. A subsidiary is an entity over which the Corporation has control. The Corporation controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A subsidiary is fully consolidated from the date on which control is obtained by the Corporation and deconsolidated from the date that control ceases. All intercompany balances and transactions are eliminated on consolidation.

(b) Foreign Currency Translation

(i) Functional and Presentation Currency

Functional currencies are determined based on the currency of the primary economic environment for the Corporation and its subsidiary. The Corporation's functional currency and presentation currency are the Canadian dollar.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and the re-measurement of monetary items at the date of the consolidated statement of financial position are recognized in net gain (loss). Non-monetary items measured at fair value are translated using the exchange rate at the date of the consolidated statement of financial position.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held with banks, and other short-term highly liquid investments with original maturities of three months or less which are subject to an insignificant risk of changes in value.

(d) Financial Instruments

The Corporation's financial instruments consist of cash and cash equivalents, trade and other receivables, and trade and other payables. Trade and other receivables are categorized as loans and receivables. Trade and other payables are categorized as financial liabilities at amortized cost. All financial instruments' fair values approximate their carrying values due to the short-term nature of these instruments.

(e) Investments in Uranium

Investments in uranium are initially recorded at cost, on the date that significant risks and rewards of ownership of the uranium pass to the Corporation. Cost is calculated as the purchase price, excluding transaction fees, which are expensed as incurred. Subsequent to initial recognition, investments in uranium are measured at fair value at each reporting period end. Fair value is determined based on the most recent month-end spot prices for uranium published by Ux Consulting Company, LLC ("UxC") and converted to Canadian dollars using the month-end indicative foreign exchange rate. Related fair value increment gains and losses are recorded in the consolidated statement of comprehensive gain (loss) as "Unrealized gains (losses) on revaluation of investments in uranium" in the period in which they arise.

Due to the lack of specific IFRS guidance on accounting for investments in uranium, the Corporation considered IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, to develop and apply an accounting policy that would result in information that is most relevant to the economic decision-making needs of users within the overall IFRS accounting framework. Consequently, the uranium investments are presented at fair value based on the application of IAS 40 *Investment Property*, which allows the use of a fair value model for assets held for long-term capital appreciation.

(f) Lending of Uranium

Uranium on loan to other parties remains part of the Corporation's investment portfolio and is carried at fair value. The lending of uranium is accounted for as an operating lease. Income earned from lending of uranium is included in the consolidated statement of comprehensive gain (loss) and is recognized when earned.

(g) Sale of Uranium

The sale of uranium is recognized when the significant risks and rewards of ownership of the uranium pass 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 cost of the uranium.

(h) Sale of Conversion Components

The sale of conversion components is recognized when the significant risks and rewards of ownership of conversion components pass to the buyer. The realized gain or loss from the sale of conversion components is calculated as the difference between the consideration received and the historical cost of the conversion components.

(i) Income Taxes

The Corporation follows the liability method of accounting for income taxes. Current income taxes are the expected taxes payable on the taxable income for the period, calculated at tax rates enacted at the reporting date and adjusted for taxes payable in respect of prior periods.

Deferred income tax assets and liabilities are determined based on temporary differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted or substantively enacted tax rates and laws that are expected to apply when the differences are expected to reverse. The benefit of tax losses which are available to be carried forward are recognized as assets to the extent that they are likely to be utilized against future taxable income.

Tax assets and liabilities are offset if there is a legally enforceable right to offset the assets and liabilities, and they relate to income taxes levied by the same tax authority on either the same tax entity or different taxable entities where there is an intention to settle the balance on a net basis.

(j) Operating Segment

The Corporation manages its business under a single operating segment, consisting of holdings of assets in U_3O_8 and UF_6, for the primary purpose of achieving appreciation in the value of its uranium holdings through increases in the uranium price. All of the Corporation's assets and income are attributable to this single operating segment and are held with storage facilities and financial institutions in Canada, United States and Europe.

The operating segment is reported in a manner consistent with the internal reporting provided to executive management who, under the direction of the Corporation's board of directors, act as the chief operating decision-maker. Executive management, under the direction of the Corporation's board of directors, is responsible for allocating resources and assessing performance of the operating segment.

Accounting Standards Issued But Not Yet Adopted

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

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.

The Corporation will adopt IFRS 9 on March 1, 2018, and has identified certain modifications to the Corporation's current accounting policies that are expected to be required. Notably, impairments on trade and other receivables currently being recognized when there is objective evidence of impairment will need to be recognized based upon an expected credit loss model under IFRS 9. The changes are expected to be nominal and the adoption of IFRS 9 will not have a material impact on UPC's reported financial results.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service. The standard replaces IAS 18 "Revenue" and IAS 11 "Construction Contracts" and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018.

The Corporation has reviewed its contracts and does not expect that the timing or amount of revenue currently recognized related to its uranium lending and relocation agreements will be impacted by the transition to IFRS 15. The Corporation will adopt IFRS 15 on March 1, 2018.

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16 which replaces existing standards and interpretations under IAS 17 "Leases". IFRS 16 requires all leases, including financing and operating leases, to be reported on the balance sheet of the lessee with the intent of providing greater transparency on a company's lease arrangements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has been adopted.

The Corporation has not evaluated the impact of adopting this standard.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of consolidated financial statements in conformity with IFRS requires management to make accounting estimates and judgements that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and income and expenses during the reporting period. Actual results could differ materially from these estimates. Significant estimates and judgements made by management include:

(a) Investments in Uranium

Investments in uranium are measured at fair value at each reporting period-end based on the month end spot prices for uranium published by UxC and converted to Canadian dollars using the month-end indicative foreign exchange rate. The Corporation may also adjust the fair value of the investments in uranium based on its assessment of the valuation impact of risks associated with the third party storage facilities at which the Corporation's uranium is held.

5. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

(in thousands)		Cost		Fair Value Adjustment		Fair Value (1)(2)
Balance at February 29, 2016	$	766,348	$	(124,235)	$	642,113
Unrealized net loss on investments in uranium		-		(202,853)		(202,853)
Uranium purchases		17,010		971		17,981
USEC UF_6 fair value adjustment (2)		-		1,276		1,276
Balance at February 28, 2017	$	783,358	$	(324,841)	$	458,517
Unrealized net losses on investments in uranium		-		(33,706)		(33,706)
Uranium purchases		35,038		1,708		36,746
Sale of conversion components		(8,429)		2,630		(5,799)
Balance at February 28, 2018	**$**	**809,967**	**$**	**(354,209)**	**$**	**455,758**

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value Adjustment		Fair Value (1)(2)
U_3O_8	13,484,354 lbs	$	624,530	$	(257,498)	$	367,032
UF_6 (2)	1,117,230 KgU		185,437		(96,711)		88,726
Balance at February 28, 2018		**$**	**809,967**	**$**	**(354,209)**	**$**	**455,758**

(1) Fair values as at February 28, 2018 reflect spot prices published by UxC of US$21.25 per pound U_3O_8 and US$62.00 per KgU as UF_6, translated at the month-end indicative foreign exchange rate of 1.2809.
(2) Included in the fair value at February 28, 2016 was a fair value adjustment of $1,276,000 reducing the fair value to reflect the risks associated with the Corporation's UF_6 held with the United States Enrichment Facility ("USEC Facility"). During the year ended February 28, 2017, the fair value adjustment was reduced to $nil, to reflect the transfer of all the remaining material from the USEC facility.

The following is an analysis of the Corporation's investments in uranium by location:

(in thousands)		February 28, 2018		February 28, 2017
Canada	$	19,189	$	20,781
United States		208,974		163,007
Europe		227,595		274,729
Total investments in uranium	**$**	**455,758**	$	458,517

Uranium purchases

During the year ended February 28, 2018, the Corporation purchased 1,350,000 pounds of U_3O_8 at an average price of US$20.40 per pound U_3O_8, resulting in an increase of $35,038,000 in the Corporation's investments in uranium at the time of purchase. The total cash consideration for the purchases was $34,967,000 (US$27,540,000) based on the foreign exchange rate on the payment dates. The Corporation recorded a $71,000 foreign exchange gain due to the favourable movement in the U.S. dollar to Canadian dollar exchange rate between the date the Corporation received the shipments of U_3O_8 and the date that the payments were made. The purchases were funded by the proceeds from the bought-deal equity financing completed by the Corporation in October 2017 ("October 2017 Financing").

During the year ended February 28, 2017, the Corporation purchased 610,000 pounds of U_3O_8 at an average price of US$20.75 per pound U_3O_8, resulting in an increase of $17,010,000 in the Corporation's investments in uranium. The total cash consideration for the purchases was $17,008,000 (US$12,657,500) based on the foreign exchange rate on the payment dates. The Corporation recorded a $2,000 foreign exchange gain due to the favourable movement in the U.S. dollar to Canadian dollar exchange rate between the date the Corporation received the shipments of U_3O_8 and the date that the payments were made.

Sale of Conversion Components

In December 2017, the Corporation entered into an agreement with a primary UF_6 conversion supplier for the sale of the conversion component contained in 786,241 KgU as UF_6. This transaction resulted in the exchange of 786,241 KgU as UF_6 for 2,054,330 pounds of U_3O_8 and cash consideration of US$3,538,000 ($4,349,000). The transaction was completed in January 2018. As at February 28, 2018, trade and trade receivables includes $4,532,000 related to the sale of conversion components.

The loss on the sale of the conversion components was $4,079,000, based on the difference between the cash proceeds received and the historical cost of the conversion components of $8,429,000. The fair value of the conversion components at the date of the transaction was $5,799,000. This transaction also included amendments to the Corporation's storage agreements with respect to a significant portion of the Corporation's uranium holdings, which will provide storage cost certainty for a period of eleven years. There were no transaction fees relating to this sale.

Transfer of UF_6 held with the USEC Facility to another storage facility

During the year ended February 28, 2017, the Corporation transferred a total of 378,566 KgU UF_6 held with the USEC Facility to an alternate storage facility. The cost associated with the transfer amounted to $1,427,000, of which $1,276,000 was applied against the fair value adjustment loss recorded as at February 29, 2016, and the remaining $151,000 was recorded to storage fees in the consolidated statement of comprehensive loss. The transfers reduced the Corporation's holdings of UF_6 with the USEC Facility to nil.

6. 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 to 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 agreements with the counterparty for the temporary return of 100,000 KgU as UF_6 (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. This material is expected to be re-transferred to the counterparty in the first quarter of fiscal 2019. 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.

On January 31, 2018, the Corporation completed the relocation of the second of the three tranches, transferring a total of 200,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained EUP.

For the year ended February 28, 2018, the Corporation recorded $224,000 in income from the relocation of uranium (February 28, 2017 – $234,000). As at February 28, 2018, trade and other receivables included $73,000 related to the relocation of uranium (February 28, 2017 – $64,000).

7. INCOME TAXES

The Corporation is subject to varying rates of taxation due to its operations in multiple tax jurisdictions.

Reconciliations of the combined Canadian federal and provincial income tax rates in effect in Ontario, Canada to the Corporation's effective rate of income tax for the years then ended are as follows:

(in thousands)	February 28, 2018	February 28, 2017
Net loss before taxes	$ (37,261)	$ (206,034)
Combined federal and provincial income tax rate	26.50%	26.50%
Computed income tax expense	$ (9,874)	$ (54,599)
Difference in current tax rates applicable in other jurisdictions	8,857	48,224
Change in deferred tax assets not recognized	1,634	4,700
Permanent differences	-	1,963
Other	(617)	(288)
Total income tax expense	**$ -**	**$ -**

The Corporation believes that it is not probable that sufficient taxable income will be available in future years to allow the benefit of its deferred tax assets not recognized to be utilized:

(in thousands)	February 28, 2018	February 28, 2017
Deductible temporary differences	$ 2,738	$ 3,873
Tax losses	9,222	6,453
Total deferred tax assets not recognized	**$ 11,960**	$ 10,326

A geographic split of the Corporation's tax losses not recognized and the associated expiry dates of those losses are as follows:

(in thousands)	Expiry Date	February 28, 2018	February 28, 2017
Tax losses – gross			
Canada	2030-2038	$ 34,802	$ 24,350
Tax benefit at the tax rate of 26.50%		9,222	6,453
Set-off against deferred tax liabilities		-	-
Total tax loss assets not recognized		**$ 9,222**	$ 6,453

In March 2016, the Corporation's wholly owned subsidiary, Uranium Participation Cyprus Limited (UPCL) migrated to Bermuda under the name Uranium Participation Bermuda (UPBL). At the time of the migration, UPCL's branch office in Luxembourg was also closed. As a result, the Corporation is no longer subject to income tax in Cyprus and Luxembourg, and any Cyprus and Luxembourg tax attributes accumulated prior to the migration have been reduced to $nil.

8. 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 29, 2016	115,648,713	$ 822,343
Common shares issued	5,200,000	20,020
Share issue costs	-	(1,120)
Balance at February 28, 2017	120,848,713	$ 841,243
Stated capital reduction	-	(641,243)
Common shares issued	11,600,000	40,600
Share issue costs	-	(2,355)
Balance at February 28, 2018	**132,448,713**	**$ 238,245**

In October 2017, the Corporation completed a bought-deal equity financing and issued 11,600,000 common shares at a price of $3.50 per share, for gross proceeds of $40,600,000. The Corporation also incurred share issue costs of $2,355,000. The majority of the net proceeds were used to fund the purchase of 1,350,000 pounds of U_3O_8, with the balance to be used to fund the operating expenses of the Corporation.

On June 29, 2017 at the Annual and Special Meeting of Shareholders, a special resolution was passed by the shareholders of UPC, which approved a reduction in the stated capital of the common shares of the Corporation by $641,243,000. As a result, the Corporation reduced its share capital to $200,000,000 and reclassified $641,243,000 to contributed surplus.

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. The Corporation has issued $40,600,000 in Securities pursuant to the 2016 Prospectus.

In October 2016, the Corporation completed a bought-deal equity financing and issued 5,200,000 common shares, at a price of $3.85 per share, for gross proceeds of $20,020,000. The Corporation also incurred share issue costs of $1,120,000. The majority of the net proceeds were used to fund the purchase of 610,000 pounds of U_3O_8, with the balance to be used to fund the operating expenses of the Corporation.

On October 31, 2014, the Corporation filed a short form base shelf prospectus ("2014 Prospectus") with the securities regulatory authorities in each of the provinces of Canada, other than Québec. Accordingly, the

Corporation could have issued 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 2014 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period ended November 30, 2016. In October 2016, the Corporation issued $20,020,000 in Securities pursuant to the 2014 Prospectus.

In January 2016, the Corporation filed a normal course issuer bid (“2016 NCIB”) 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 ended on January 17, 2017. The Corporation did not make any purchases of its outstanding shares under the 2016 NCIB.

9. RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

Pursuant to its management services agreement with the Manager dated April 1, 2016, the Corporation incurred the following fees to the Manager: 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, 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 years ended:

(in thousands)	February 28, 2018	February 28, 2017
Fees incurred with the Manager:		
Base and variable fees	$ 1,428	$ 1,538
Discretionary fees	-	100
Commission fees	396	173
Total fees incurred with the Manager	**$ 1,824**	$ 1,811

As at February 28, 2018, trade and other payables included $252,000 (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 years ended:

(in thousands)	February 28, 2018	February 28, 2017
Directors’ fees & expenses	$ 281	$ 293
Total key management personnel compensation	**$ 281**	$ 293

10. CAPITAL MANAGEMENT AND FINANCIAL RISK

Capital Management

The Corporation’s capital structure consists of share capital and contributed surplus. The Corporation’s primary objective is to achieve long-term appreciation in the value of its uranium holdings through a buy and hold investment strategy and not to actively speculate with regard to short-term changes in uranium prices. Uranium purchases are normally funded through common share offerings with at least 85% of the gross proceeds of share offerings invested in, or set aside for future purchases of uranium. In strictly limited circumstances, the Corporation can enter into borrowing arrangements for up to 15% of its net asset value to facilitate the purchases of uranium.

At February 28, 2018, the Corporation has invested more than 85% of its aggregate gross proceeds of share offerings in uranium. The Corporation has no outstanding borrowing arrangements for the purchase of uranium.

Financial Risk

The Corporation examines the various financial risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include commodity price risk, currency risk, credit risk and liquidity risk.

Commodity Price Risk

The Corporation's net asset value is directly tied to the spot price of uranium published by UxC. At February 28, 2018, a 10% increase in the uranium spot price would have increased the Corporation's total equity by $44,700,000, while a 10% decrease would have the opposite effect.

Currency Risk

Changes in the value of the Canadian dollar compared to foreign currencies will affect the value, as reported, of the Corporation's foreign denominated investments in uranium, cash and cash equivalents, trade and other receivables, and trade and other payables.

As the prices of uranium are quoted in U.S. currency, fluctuations in the Canadian dollar relative to the U.S. dollar can significantly impact the valuation of uranium from a Canadian dollar perspective. At February 28, 2018, a 10% increase in the U.S. dollar to Canadian dollar exchange rate would have increased the Corporation's total equity by $45,600,000, while a 10% decrease would have the opposite effect.

Credit Risk

Credit risk is the risk of loss due to a counterparty's inability to meet its obligations under a financial instrument or contractual agreement that will result in a financial loss to the Corporation. The Corporation's credit risk exposure includes the carrying amounts of cash and cash equivalents, trade and other receivables, and investments in uranium.

To limit the credit risk exposure on its cash and cash equivalents, the Corporation holds all of its cash and cash equivalents in credit worthy financial institutions, while investments in uranium are held with storage facilities owned by organizations that are credible, financially stable, and/or essential to the global nuclear fuel cycle. Credit risk exposure on its trade and other receivables related to uranium loans is limited since the Corporation lends uranium exclusively to large organizations and ensures that adequate security is provided for any loaned uranium. The Corporation regularly assesses the credit profile of these organizations for any indications of financial difficulty.

Liquidity Risk

Financial liquidity represents the Corporation's ability to fund future operating activities. The Corporation may generate cash from the lending, relocation, or sale of uranium, or the sale of additional equity securities. The Corporation funds its ongoing operations with its existing cash balance and has the ability to sell some of its investments in uranium to generate additional cash if required. Although the Corporation enters into commitments to purchase uranium periodically, the commitments are normally funded by the Corporation's available cash or are contingent on its ability to raise funds through the sale of additional equity securities.

Fair Value of Investments, Financial Assets and Financial Liabilities

IFRS requires disclosures about the inputs to fair value measurements, including their classification within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Investments in uranium are categorized in Level 2. Investments in uranium are measured at fair value at each reporting period based on the most recent month end spot prices for uranium published by UxC and converted to Canadian dollars using the month-end indicative foreign exchange rate. The Corporation may also adjust the fair value of the investments in uranium based on its assessment of the valuation impact of risks associated with the third party storage facilities at which the Corporation's uranium is held.

All financial instruments' fair values approximate their carrying values due to the short-term nature of these instruments. All purchases and sales of financial assets are accounted for at settlement date.

The Corporation has not offset financial assets with financial liabilities.

11. 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 consolidated financial statements in accordance with IFRS.