Uranium Participation Corporation

MANAGEMENT'S DISCUSSION & ANALYSIS

FOR THE YEAR ENDED FEBRUARY 28, 2019

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This Management's Discussion and Analysis ('MD&A') of Uranium Participation Corporation and its subsidiaries (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, 2019 to those of the previous year. This MD&A is dated as of April 4, 2019 and should be read in conjunction with the Corporation's audited annual consolidated financial statements and related notes for the year ended February 28, 2019.

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

Aftershocks echoing throughout the nuclear fuel industry from the 2011 Fukushima Daichii nuclear incident, which led to the multi-year shutdown of all nuclear power generation in Japan, have produced several years of challenging market conditions. In fiscal 2019, however, several significant industry events have helped set the stage for sustained positive change in future years. Stability and a rising uranium price is a welcome change for the nuclear fuel industry, which has been plagued by volatility and a sustained multi-year decline in both the spot price and long-term contract price of uranium. During fiscal 2019, the uranium price declined from approximately US$21.25 per pound U_3O_8 (at the beginning of the year) to an intra-year low of US$20.50 per pound U_3O_8 in April 2018, before strengthening and climbing steadily through the balance of the fiscal year to end the 2019 fiscal year at US$28.00 per pound U_3O_8.

The recent strength in the market has been supported, in part, by a number of events on the supply side. Most significant of these events was Cameco Corp's ('Cameco') announcement that the temporary shutdown of the McArthur River mine would become indefinite, with the timing of a restart dependent on future contracting and market conditions. Tied to this statement was Cameco's confirmation of its continued commitment to meeting existing customer obligations by purchasing large volumes of uranium in the spot market. National Atomic Company Kazatomprom ('Kazatomprom') added to this supply-side shift by keeping its promise to curtail its own production, resulting in a 20% reduction from previously planned production levels. Kazatomprom also indicated that they will maintain this reduced level of production in calendar years 2019 and 2020. Other curtailment efforts have also occurred – including Paladin Energy Ltd. placing its Langer Heinrich operation in Namibia on care and maintenance. The primary production landscape changed further with the decision by Rio Tinto to sell its 68.2% share in the Rössing operation in Namibia to China National Uranium Corporation. This sale does not create a fundamental change to supply and demand in the near term, but it does likely mean that Rössing production, which had been a staple of western utilities for decades, will now likely be destined for Chinese consumption going forward.

According to the World Nuclear Association ('WNA'), as at the end of the 2019 fiscal year, there are 445 nuclear reactors operable in 30 countries. These reactors can generate almost 396 gigawatts of electricity ('GWe'), which equates to approximately 10% of the world's electrical requirements and 21% of electrical requirements in Organisation for Economic Co-operation and Development ('OECD') member countries. As at February 28, 2019, are also 57 nuclear reactors under construction in 15 countries, with the principal drivers of this expansion being China (13 reactors under construction), India (7), Russia (6), South Korea (5), UAE (4) and the United States (4). In addition, there are another 126 reactors currently being planned around the world. Importantly, in February 2019, the Chinese government announced, after a brief hiatus in the approval of new reactor projects in that country, the preliminary approval for the construction of four new domestically designed HPR1000 reactors.

According to UxC's Q1 2019 Uranium Market Outlook ('Q1 2019 Outlook'), global nuclear power capacities are projected to increase to 462 reactors, generating approximately 453 GWe in 35 countries by 2035. In the Q1 2019 Outlook, UxC estimates base case demand in 2019 to be 195 million pounds U_3O_8. UxC also estimates that annual uranium demand could grow to 210 million pounds U_3O_8 under their base case for 2035, and to more than 290 million pounds U_3O_8 in their high case for the same period.

The Japan story remains a slow moving one, but generally positive. Japan's restart effort continues to advance, with the country finally beginning to make meaningful progress in bringing its nuclear fleet back online. In fiscal 2019, Japan increased its total number of nuclear reactors in operation to nine, proving that there is a path to restart in the country. Perhaps more important was the fact that while Japan has struggled with timely restarts over the past eight years, the global nuclear energy industry has continued to advance and has now grown such that the current level of global nuclear power generation has recovered to the pre-Fukushima levels. From this point forward, additional Japanese restarts can be seen as an added bonus to global nuclear generation.

The steady price rise in fiscal 2019 can also be attributed to the high volume of uranium transacted in the spot market. In calendar year 2018, spot market volumes set a record – exceeding 88 million pounds U_3O_8 and surpassing the previously recorded high of 56 million pounds U_3O_8 in 2011. While certain nuclear utilities looked to take advantage of low-priced uranium available in the market, the increase in transaction volume was mostly fueled by producer and trader buying resulting from production cutbacks, as well as renewed interest from financial investors speculating in the physical market. While spot market volumes exceeded expectations, long-term contracting in the market continued to lag. Market participants have entered into long term contracts for less than 400 million pounds of U_3O_8 over the past five years – a period in which consumption exceeded 800 million pounds U_3O_8.

While uncertainty surrounding Fukushima has started to fade and signposts suggesting that buyers are planning to begin long-term contracting have emerged, a Section 232 trade petition in the United States has brought renewed uncertainty to the market over the last several months. The petition was submitted to the US Department of Commerce ('DOC') at the end of fiscal 2018 by US uranium producers Energy Fuels Inc. and UR Energy Inc., requesting that the DOC investigate whether uranium imports into the United States are detrimental to that country's national security. Uncertainty from the Section 232 trade petition has gradually increased as we approach the conclusion of the DOC investigation. The companies who introduced the trade petition proposed a 25% domestic purchase quota for US utilities as a potential remedy; however, the DOC has the discretion to propose any remedy that it may consider appropriate, ahead of a final decision by the US President as to the implementation of any trade measure. It is expected that the findings of the DOC, as well as an ultimate decision by the US President on whether a remedy will be imposed and what it will look like, could be announced as early as the second calendar quarter of 2019. The overhang created by this potential trade action has had a direct impact on utility procurement, especially those based in the US – causing them to retreat from the market until the impact of the petition is better understood. This slowed purchasing led UxC to revise its projections in its Q1 2019 Outlook, such that cumulative uncovered nuclear utility requirements are now 1.6 billion pounds of U_3O_8 through 2035.

Other important demand-side events in fiscal 2019 have contributed to shifting market sentiment including positive news from some of the world's leading economies. In November, France released its anticipated energy plan, answering questions that had emerged regarding potential plans by the country to reduce its reliance on nuclear energy. Under the new energy plan, France upheld its goal, introduced by previous French President Hollande, to reduce its reliance on nuclear energy to 50%, but extended the time frame for this change by a decade, from 2025 to 2035. This was seen as a considerable win for nuclear energy both in France, and globally. Closely following the news from France, was an announcement by the European Commission that it will adopt a long-term climate plan that calls for the European Union to become the first major 'climate neutral' economy by 2050. The plan focuses heavily on the energy sector, stating that renewables and nuclear power will be the backbone of a carbon-free European power system. As well, China continued building on its existing reactor portfolio by starting seven new reactors in fiscal 2019. Adding to this accomplishment, China became the first to commercially operate two new reactor designs – Westinghouse Electric Company's AP1000 and France's EPR. Completion of these new designs was a positive signal to the industry that the designs work and will aid deployment of these reactor designs in other jurisdictions.

SELECTED ANNUAL FINANCIAL INFORMATION

(in thousands, except per share amounts)		**February 28, 2019**		February 28, 2018		February 28, 2017
Unrealized gains (losses) on investments in uranium	$	174,201	$	(29,368)	$	(201,882)
Net gain (loss) for the year	$	170,652	$	(37,261)	$	(206,034)
Net gain (loss) per common share – basic and diluted	$	1.25	$	(0.30)	$	(1.75)
Total Assets	$	656,763	$	465,711	$	464,109
Total Liabilities	$	985	$	2,382	$	1,764
NAV[(1)]	**$**	**655,778**	$	463,329	$	462,345

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

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	February 28, 2019	November 30, 2018	August 31, 2018	May 31, 2018
Uranium related gain (loss) (in thousands)	$ (30,406)	$ 80,042	$ 86,628	$ 38,478
Net gain (loss) for the period (in thousands)	$ (32,171)	$ 78,647	$ 86,583	$ 37,593
Net gain (loss) per common share – basic and diluted	$ (0.23)	$ 0.57	$ 0.63	$ 0.28
NAV(1) per share	**$ 4.75**	**$ 4.98**	**$ 4.41**	**$ 3.79**
U_3O_8 spot price (US$)	$ 28.00	$ 29.10	$ 26.20	$ 22.75
UF_6 spot price (US$)	$ 87.00	$ 89.25	$ 79.85	$ 67.00
Foreign exchange rate (US$ to CAD$)	1.3169	1.3301	1.3055	1.2948

	February 28, 2018	November 30, 2017	August 31, 2017	May 31, 2017
Uranium related gain (loss) (in thousands)	$ (14,732)	$ 52,695	$ (17,459)	$ (53,727)
Net gain (loss) for the period (in thousands)	$ (16,284)	$ 52,560	$ (18,554)	$ (54,983)
Net gain (loss) 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

(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 gain or loss of the Corporation is primarily driven by the unrealized net gains or losses 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 gain for the year ended February 28, 2019 was mainly driven by unrealized net gains on investments in uranium of $174,201,000 and income from uranium relocation agreements of $541,000, offset by operating expenses of $4,090,000 (2018 – net loss due to 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).

Unrealized net gains on investments in uranium during the year ended February 28, 2019 were mainly due to the increase in the spot price for uranium. The spot prices during the fiscal year increased from US$21.25 per pound U_3O_8 and US$62.00 per KgU as UF_6 at February 28, 2018, to US$28.00 per pound U_3O_8 and US$87.00 per KgU as UF_6 at February 28, 2019. The unrealized net gain on investments in uranium was also positively impacted by a 3% increase in the U.S. dollar to Canadian dollar exchange rate during fiscal 2019. Unrealized net losses on investments in uranium during the year ended February 28, 2018 were mainly due to the decrease in spot prices 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.

During the fourth quarter of fiscal 2019, the Corporation recorded an unrealized net loss on investments in uranium of $30,577,000 and a net loss for the period of $32,171,000. The unrealized net loss on investments in uranium was predominantly driven by the decrease in the spot price of uranium from US$29.10 per pound U_3O_8 and US$89.25 per KgU as UF_6 at November 30, 2018, to US$28.00 and US$87.00, respectively at February 28, 2019. 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 recorded an unrealized net loss on investments in uranium of $10,703,000 and a net loss for the period of $16,284,000, 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, as well as the 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.

Total equity increased to $655,778,000 at February 28, 2019, from $463,329,000 at February 28, 2018. The increase in equity was due to the net proceeds of the Corporation's $23,009,200 equity financing, which resulted in the issuance of 5,612,000 common shares, as well as the net gain for the year.

The Corporation had an effective tax rate of nil for the years ended February 28, 2019 and February 28, 2018, primarily due to the Corporation's available tax shelter giving rise to a net deductible temporary difference – for which the Corporation does not recognize deferred tax assets.

Taken together, UPC's NAV per share increased to $4.75 at February 28, 2019, from $3.50 at February 28, 2018.

Operating Expenses

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

Storage fees were $2,691,000 during the year ended February 28, 2019 (2018 – $2,088,000). The increase in storage fees during fiscal 2019, compared to the prior year, was mainly due to the increase in the volume of stored uranium resulting from the purchase of 1,350,000 pounds of U_3O_8 during the second half of fiscal 2018 and the purchase of an additional 675,000 pounds of U_3O_8 during the second quarter of fiscal 2019. In addition, storage fees were also impacted by an increase in storage rates at two storage facilities, partially offset by the transfer of certain uranium holdings to lower cost storage facilities.

Management fees were $2,045,000 during the year ended February 28, 2019 (2018 – $1,824,000). The increase in management fees during fiscal 2019, as compared to the prior year, is due to an increase in variable management fees and discretionary fees, offset by a decrease in commission-based fees. The increase in variable management fees was due to an increase in the Corporation's NAV, on which the variable portion of the management fee is based. The increase in discretionary fees was due to a $50,000 fee awarded to the Manager during fiscal 2019 in recognition of the Manager's efforts in carrying out non-routine activities during the 2018 fiscal year. During fiscal 2018, there were $nil discretionary fees. The decrease in commission-based fees was due to a decrease in uranium purchases during fiscal 2019, as compared to fiscal 2018. The Manager earns a 1% commission on the gross value of the Corporation's uranium purchases and sales.

Public company and general, administrative and miscellaneous expenses were $1,075,000 during the year ended February 28, 2019 (2018 – $1,044,000). These costs are mainly comprised of director fees, legal fees, investor relations expenses, project costs, and all other costs related to operating a public company.

Operating expenses of $5,879,000 (excluding the foreign exchange gain of $623,000 and other income of $1,166,000), partially offset by income from lending and/or relocation of uranium of $541,000 for the year ended February 28, 2019, represents approximately 0.8% of the NAV at February 28, 2019 and 1.1% of the NAV at February 28, 2018.

Investment Portfolio

UPC's investment portfolio consists of the following as at February 28, 2019:

(in thousands, except quantity amounts)	Quantity	Cost		Fair Value	
Investments in Uranium:					
U_3O_8	14,159,354 lbs	$	644,673	$	522,101
UF_6	1,117,230 KgU	$	185,437	$	128,001
		$	830,110	$	650,102
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	45.53	$	36.87[1]
In United States dollars		$	41.03	$	28.00
UF_6 average cost and fair value per KgU:					
In Canadian dollars		$	165.98	$	114.57[1]
In United States dollars		$	153.86	$	87.00

(1) Translation to Canadian dollars calculated at period-end indicative foreign exchange rate of 1.3169.

Purchases of Uranium

During the year ended February 28, 2019, the Corporation purchased 675,000 pounds of U_3O_8 at an average price of US$22.76 per pound U_3O_8, resulting in an increase of $20,143,000 in the Corporation's investments in uranium at the time of purchase. The total cash consideration for the purchases was $20,150,000 (US$15,361,000) based on the foreign exchange rate on the payment dates. The Corporation recorded a $7,000 foreign exchange loss due to the unfavourable 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 May 2018.

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.

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, cash consideration of US$3,538,000, and a loss on sale of $4,079,000. 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, 2019, the Corporation had no sales of conversion components.

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 took 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.

As at February 28, 2019, the Corporation has completed the relocation of all three tranches, transferring a total of 700,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained in enriched uranium product

('EUP'). The terms of the agreement requires the return and transfer of the relocated 700,000 KgU as UF_6 back to the original storage facility in May 2020.

In March 2017, the counterparty to the uranium relocation agreement filed for Chapter 11 bankruptcy protection in the United States and in August 2018 the counterparty successfully emerged from bankruptcy protection under new ownership.

The Corporation continues to hold title to the UF_6 that is stored at this facility pursuant to the terms of the relocation agreement, and the counterparty is not permitted to transfer, sell, or assign the EUP containing the Corporation's UF_6 to any person.

For the year ended February 28, 2019, the Corporation recorded $541,000 in income from the relocation of uranium (February 28, 2018 – $224,000).

Other Income

For the year ended February 28, 2019, the Corporation recognized other income of $1,166,000, related to the non-cash derecognition of certain liabilities following the termination of a contractual arrangement with a storage-related counterparty (February 28, 2018 – $nil other income).

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $5,803,000 at February 28, 2019 (2018 - $4,835,000). The increase of $967,000 was predominantly due to $21,839,000 in cash provided by financing activities, arising from the net proceeds of the $23,009,200 equity financing completed in May 2018, offset by $15,569,000 in cash used in investing activities and $5,903,000 in cash used in operations. The increase in cash and cash equivalents was also impacted by the favourable foreign exchange movements on cash and cash equivalents of $600,000.

The Corporation's capital structure consists of share capital and contributed surplus. Uranium purchases are normally funded through common share offerings, and at least 85% of the gross proceeds of certain share offerings completed by the Corporation, in the aggregate, are invested in, or set aside for, purchases of uranium. At February 28, 2019, 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 21, 2018, the Corporation filed a short form base shelf prospectus ('2018 Prospectus') with the securities regulatory authorities in each of the provinces in Canada, other than Quebec. 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 2018 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period beginning December 24, 2018, the date of the receipt of the 2018 Prospectus by the Ontario Securities Commission. To date, the Corporation has not issued any securities pursuant to the 2018 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 '2016 MSA'), the Manager is entitled to 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.

Effective April 1, 2019, the Corporation entered in a new management services agreement with the Manager. See Subsequent Events for further details.

The following outlines the management fees paid to the Manager for the years ended:

(in thousands)	**February 28, 2019**	February 28, 2018
Fees incurred with the Manager:		
Base and variable fees	$ 1,788	$ 1,428
Discretionary fees	50	-
Commission fees	207	396
Total fees incurred with the Manager	**$ 2,045**	$ 1,824

As at February 28, 2019, trade and other payables included $155,000 (February 28, 2018 – $252,000) 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, 2019**	February 28, 2018
Directors' fees & expenses	$ 302	$ 281
Total key management personnel compensation	**$ 302**	$ 281

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, 2019, a 10% increase in the uranium spot price would have increased the Corporation's total equity by $63,000,000, 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, 2019, a 10% increase in the U.S. dollar to Canadian dollar exchange rate would have increased the Corporation's total equity by $65,000,000, while a 10% decrease would have the opposite effect.

From time to time, the Corporation raises funds through equity issuances, and the funds raised are denominated in Canadian dollars. The proceeds from the equity issuances are used, in part, to fund the purchase of uranium investments, which are denominated in U.S. dollars. In order to limit currency risk exposure arising from fluctuations in the Canadian dollar relative to the U.S. dollar in the time between the announcement of an equity financing and the receipt of the Canadian dollar proceeds, the Corporation enters into foreign currency swaps in order to lock in the rate of exchange.

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.

SUBSEQUENT EVENT

Effective April 1, 2019, the Corporation entered into a new management services agreement with the Manager (the '2019 MSA'). The management fee structure in the 2019 MSA is unchanged from the 2016 MSA, with the Manager being entitled to the following: 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 term of the 2019 MSA is for five years, ending on March 31, 2024. In addition, the 2019 MSA includes a termination provision whereby, subject to certain exceptions, if the 2019 MSA is terminated early by the Corporation, the Manager will receive a termination payment equal to the base and variable management fees that would otherwise be payable to the Manager (calculated based on the Corporation's current uranium holdings at the time of termination) for the lesser period of a) three years; or b) the remaining term of the 2019 MSA.

The remainder of the terms of the 2019 MSA are the same as the 2016 MSA.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTSTANDING SHARE DATA

At April 4, 2019, there were 138,060,713 common shares issued and outstanding. There are no stock options or other instruments issued and outstanding.

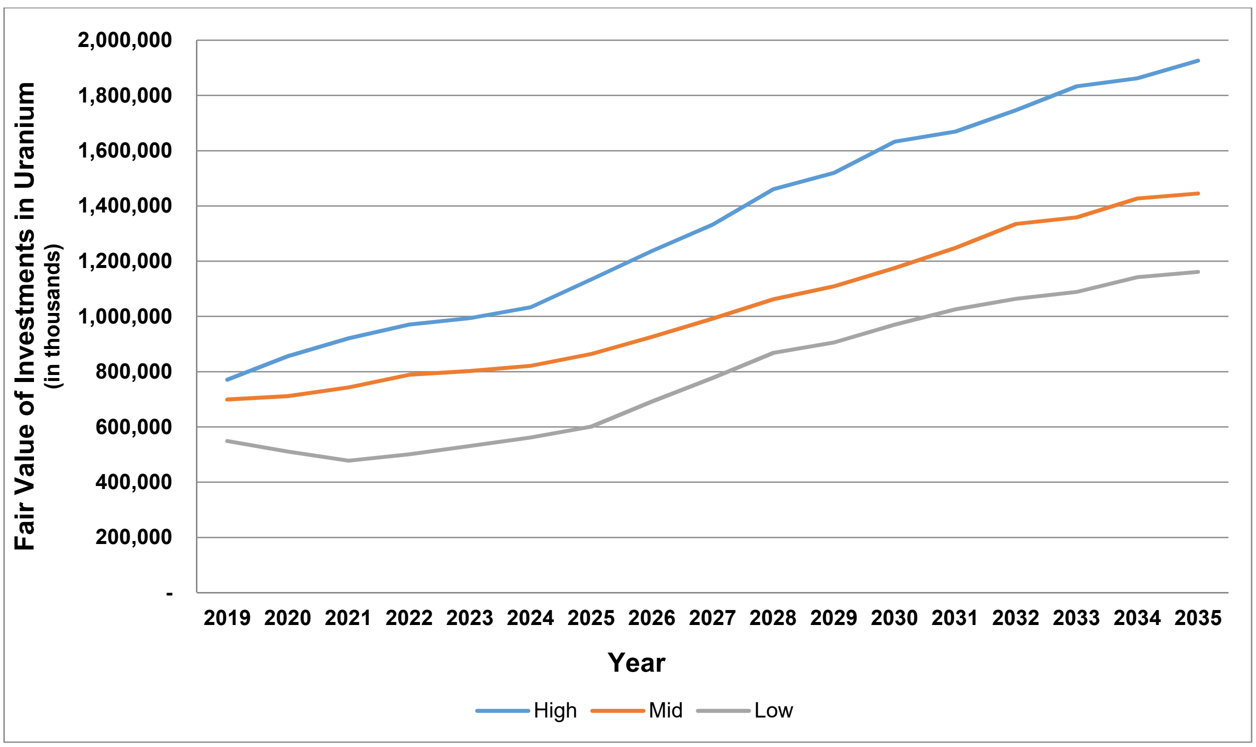
OUTLOOK

The Corporation's NAV is directly linked to the spot price of uranium published by UxC. According to UxC's 2019 Q1 Outlook, the spot price of U_3O_8 is projected to rise over the next 17 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, the Corporation's estimated future fair value of investments in uranium, based on the Corporation's current holdings, is projected to increase up to a high of more than $1.1 billion by 2025, and up to a high of almost $2.0 billion by 2035.

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

(in thousands)	2025 (1)	2030 (1)	2035 (1)
High Spot Price Projections (2)	$ 1,134,000	$ 1,633,000	$ 1,926,000
Mid Spot Price Projections (3)	$ 864,000	$ 1,175,000	$ 1,445,000
Low Spot Price Projections (4)	$ 601,000	$ 970,000	$ 1,161,000

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 2019 Q1 Outlook and noted in (2), (3) and (4) below;
- The US to Canadian dollar indicative foreign exchange rate at February 28, 2019 of 1.3169; and
- The investments in uranium held by the Corporation on February 28, 2019.

(2) High spot price projections per pound U_3O_8 for 2025, 2030 and 2035 were US$49.08, US$70.68, and US$83.36, respectively.
(3) Mid spot price projections per pound U_3O_8 for 2025, 2030 and 2035 were US$37.39, US$50.85 and US$62.54, respectively.
(4) Low spot price projections per pound U_3O_8 for 2025, 2030 and 2035 were US$26.02, US$41.99 and US$50.25, 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, 2019.

There has not been any change in the Corporation's internal control over financial reporting that occurred during the year ended February 28, 2019 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 period-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, 2019:

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases* ('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 completed its preliminary assessment of the impact of the adoption of this standard and does not expect the adoption to have a material impact on its financial results. The Corporation will adopt this standard on March 1, 2019.

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 and demand 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 and/or 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 compared to 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 UF_6 per KgU at the end of the last the five fiscal years(1).

	2015	2016	2017	2018	2019
U_3O_8(1)	$38.75	$32.15	$22.25	$21.25	$28.00
UF_6(1)	$107.00	$90.00	$64.00	$62.00	$87.00

(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 industries 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, renewables 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. Improvements in electricity storage and battery technologies could also have a significant impact on electricity generation and usage, thus impacting the importance of nuclear energy in the energy mix.

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.

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. In addition, purchases of uranium are generally made in U.S. dollars and the storage costs from the Facilities, at present, are paid in either U.S. dollars or Euros. The spot price for uranium quoted by Ux Consulting Company LLC ("UxC") is also quoted in U.S. dollars. As a consequence, the activities and the financial results of UPC are directly affected by changes in the relative exchange rates with the Canadian dollar. 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.

Industry Subject to Influential Political and Regulatory Factors

The international uranium industry, including the supply of uranium concentrates, is relatively small (compared to other minerals), 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. 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.

Restrictive trade agreements, governmental policies and/or trade restrictions are beyond the control of the Corporation and 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. 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.

Section 232 Investigation

In the United States, certain uranium producers filed a petition with the US Department of Commerce ('DOC') to investigate the import of uranium into the US under Section 232 of the 1962 Trade Expansion Act. The petition seeks a remedy which will set a quota to limit imports of uranium into the U.S. by reserving 25% of the US nuclear market for US uranium production. Additionally, the petition suggests implementation of a requirement for US federal utilities and agencies to buy US uranium in accordance with the current administration's Buy American Policy.

The DOC agreed to investigate the issue and its findings will be presented to the President of the United States, whom, under Section 232, is empowered to use tariffs or other means to adjust the imports of goods or materials from other countries if it deems the quantity or circumstances surrounding those imports to threaten national security. It is expected that the findings by the DOC, as well as an ultimate decision on whether a remedy will be imposed and what it will look like, may be made by the US President as early as the second quarter of calendar 2019, but no later than mid-July 2019. There remains significant uncertainty surrounding this trade action and what the DOC recommendation will be. Current predictions of the DOC's recommendations favour two potential outcomes: a tariff on non-US uranium or a quota requiring US utilities to purchase a certain amount of US produced uranium.

In the meantime, uncertainty over the DOC's recommendations and the actions, if any, the US administration may take, is believed to have impacted the uranium purchasing activities of nuclear utilities, especially in the US, and consequently negatively impacted the market price of uranium and the uranium industry as a whole. There are expectations that the certainty provided to market participants (such as US utilities) by any decision, no matter the outcome, could have a positive impact on the near-term market price of uranium. However, the potential long-term impact on the uranium market, including uranium prices, will not be known until a course of action has been declared by the President. For example, should the US apply a quota for domestic purchases by its utilities, or apply a tarrif on imports, a bi-furcated price could emerge in which a premium is attributed to US-origin or US-owned and/or located uranium. The impact on the Corporation of any Section 232 trade action could be significant, and the Corporation's assets, business, financial condition and results of operations could be materially adversely affected.

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 resolution options 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

Physical ownership of uranium, as a commodity, is heavily regulated, and 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 industry's various trading platforms do not offer a formal market, but rather act to facilitate 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.

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.

Lack of Operational Liquidity

During the fiscal year ended February 28, 2019, 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 the 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. Examples of such forward looking statements include: statements regarding the Corporation's investment objectives; projections regarding the uranium industry and of future uranium prices; expectations regarding the continuity of the Manager's services and the terms thereof; and the terms of UPC's contracts with third parties and the benefits to be derived from corporate transactions.

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.

This MD&A contains information regarding the uranium industry generally, and certain market participants therein, derived from third-party publications and reports which UPC believes are reliable but has not independently verified.

Uranium Participation Corporation

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED FEBRUARY 28, 2019

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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 4, 2019

Independent auditor's report

To the Shareholders of Uranium Participation Corporation

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Uranium Participation Corporation and its subsidiaries (together, the Company) as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of financial position as at February 28, 2019 and 2018;
- the consolidated statements of comprehensive gain (loss) for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2
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Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, 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.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Marelize Barber.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 4, 2019

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars except for share amounts)	At February 28, 2019	At February 28, 2018
ASSETS		
Current		
Cash and cash equivalents	$ 5,803	$ 4,836
Trade and other receivables	858	5,117
	6,661	9,953
Non-Current		
Investments in uranium (note 5)	650,102	455,758
Total assets	**$ 656,763**	**$ 465,711**
LIABILITIES		
Current		
Trade and other payables	$ 985	$ 2,382
Total liabilities	985	2,382
EQUITY		
Share capital (note 8)	260,042	238,245
Contributed surplus	648,005	648,005
Deficit	(252,269)	(422,921)
Total equity	655,778	463,329
Total liabilities and equity	**$ 656,763**	**$ 465,711**
Common shares		
Issued and outstanding (note 8)	**138,060,713**	**132,448,713**

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 GAIN (LOSS)

(Expressed in thousands of Canadian dollars except for share and per share amounts)	Years Ended February 28, 2019	February 28, 2018
URANIUM RELATED GAIN (LOSS)		
Unrealized gain (loss) on revaluation of investments in uranium (note 5)	$ 174,201	$ (29,368)
Realized loss on sale of conversion components (note 5)	-	(4,079)
Income from relocation of uranium (note 6)	541	224
	174,742	(33,223)
OPERATING EXPENSES		
Storage fees	(2,691)	(2,088)
Management fees (note 9)	(2,045)	(1,824)
Public company expenses	(606)	(512)
General office and miscellaneous	(469)	(532)
Legal and other professional fees	(249)	(211)
Interest income	181	102
Other income (note 6)	1,166	-
Foreign exchange gain	623	1,027
	(4,090)	(4,038)
Net gain (loss) before taxes	170,652	(37,261)
Income tax expense (note 7)	-	-
Net gain (loss) and comprehensive gain (loss) for the year	**$ 170,652**	$ (37,261)
Net gain (loss) per common share		
Basic and diluted	**$ 1.25**	$ (0.30)
Weighted average number of common shares outstanding		
Basic and diluted	**136,646,181**	125,520,494

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 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
Common shares issued (note 8)	21,797	-	-	21,797
Net gain for the year	-	-	170,652	170,652
Balance at February 28, 2019	**$ 260,042**	**$ 648,005**	**$ (252,269)**	**$ 655,778**

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in thousands of Canadian dollars)	Years Ended February 28, 2019	Years Ended February 28, 2018
Operating Activities		
Net gain (loss) for the year	$ 170,652	$ (37,261)
Adjustment for:		
Unrealized (gains) losses on revaluation of investments in uranium (note 5)	(174,201)	29,368
Realized loss on sale of conversion components (note 5)	-	4,079
Non-cash other income (note 6)	(1,166)	-
Foreign exchange gain	(623)	(1,027)
Changes in non-cash working capital:		
Change in trade and other receivables, net of receivables arising from investing activities	(364)	(102)
Change in trade and other payables	(201)	498
Net cash used in operating activities	**(5,903)**	**(4,445)**
Investing Activities		
Uranium purchases (note 5)	(20,150)	(34,967)
Change in receivables from sale of conversion components	4,581	-
Net cash used in investing activities	**(15,569)**	**(34,967)**
Financing Activities		
Common shares issued, net of transaction costs (note 8)	21,839	38,245
Net cash generated by financing activities	**21,839**	**38,245**
Increase (decrease) in cash and cash equivalents	367	(1,167)
Cash and cash equivalents – beginning of the year	4,836	5,109
Foreign exchange impact	600	894
Cash and cash equivalents – end of the year	**$ 5,803**	**$ 4,836**
Cash	224	3,145
Cash equivalents	5,579	1,691
Cash and cash equivalents – end of the year	**$ 5,803**	**$ 4,836**

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED FEBRUARY 28, 2019 AND 2018

(Expressed in Canadian dollars, unless otherwise noted)

1. URANIUM PARTICIPATION CORPORATION

Uranium Participation Corporation ('UPC') was established under the *Business Corporations Act* (Ontario) on March 15, 2005. The address of its registered head office is 40 University Avenue, Suite 1100, Toronto, Ontario, Canada, M5J 1T1. Uranium Participation Bermuda Limited and Uranium Participation Bermuda 2 Limited (together with UPC, the 'Corporation') are wholly-owned subsidiaries of UPC.

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

2. BASIS OF PRESENTATION

These audited annual consolidated financial statements of the Corporation as at and for the years ended February 28, 2019 and February 28, 2018 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.

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

These audited annual consolidated financial statements were approved by the Corporation's Board of Directors on April 4, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Consolidation

These consolidated financial statements consolidate the accounts of the Corporation and its wholly owned subsidiaries. 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 subsidiaries. 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).

(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) Investments in Uranium

Investments in uranium are initially recorded at cost, on the date that control 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 UxC and converted to Canadian dollars using the Bank of Canada's indicative foreign exchange rate at the date of the consolidated statement of financial position. 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.

(e) 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.

(f) 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.

(g) 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.

(h) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligations specified in the contract are discharged, cancelled or expire.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets at amortized cost

A financial asset is classified in this category if it is a debt instrument that is held within a business model whose objective is to hold the asset in order to collect the contractual cash flows that are solely payments of principal and interest. Financial assets in this category are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less a provision for impairment. Interest income is recorded in net gain (loss).

(ii) Financial liabilities at amortized cost

All financial liabilities that are not recorded as fair value through profit or loss are classified in this category and are initially recognized at fair value, less any directly attributable transaction costs. Subsequently, financial liabilities are measured at amortized cost using the effective interest method. Interest expense, when applicable, is recorded in net gain (loss).

The Company has designated its financial assets and liabilities as follows: ‘Cash and cash equivalents’, and ‘Trade and other receivables’ are classified as financial assets at amortized cost (previously loans and receivables); and ‘Accounts payable and accrued liabilities’ are classified as financial liabilities at amortized cost (previously financial liabilities at amortized cost).

All financial instruments’ fair values approximate their carrying values due to the short-term nature of these instruments.

(i) Impairment of financial assets

At each reporting date, the Company assesses the expected credit losses associated with its financial assets at amortized cost. Expected credit losses are calculated based on the difference between the contractual cash flows and the cash flows that the Company expects to receive, discounted, where applicable, based on the assets original effective interest rate.

For ‘Trade and other receivables’, the Company calculates expected credit losses based on historical credit loss experience, adjusted for forward-looking factors specific to debtors and the economic environment. In recording an impairment loss, the carrying amount of the asset is reduced by this computed amount either directly or indirectly through the use of an allowance account.

(j) Sale of Uranium

The sale of uranium is recognized when control of the uranium passes to the buyer. The realized gain or loss from the sale of uranium is calculated as the difference between the transaction price (including any variable consideration) and the historical cost of the uranium.

(k) Sale of Conversion Components

The sale of conversion components is recognized when control of the conversion components passes to the buyer. The realized gain or loss from the sale of conversion components is calculated as the difference between the transaction price (including any variable consideration) and the historical cost of the conversion components.

(l) Relocation of Uranium

At contract inception, the Corporation will estimate the expected total transaction price for the relocation agreement and calculate an average per unit transaction price that applies over the life of the contract. This unit price will be used to recognize income from the relocation agreement over the life of the contract.

Accounting Changes for Fiscal 2019

The Corporation adopted IFRS 9, *Financial Instruments* and IFRS 15, *Revenue from Contracts with Customers* on March 1, 2018, and applied both standards retrospectively.

There were no transitional adjustments recorded on the adoption of these standards.

Accounting Changes for Fiscal 2020

IFRS 16 – Leases

In January 2016, the IASB issued IFRS 16, *Leases* ('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 had been adopted.

The Corporation has completed its preliminary assessment of the impact of the adoption of this standard and does not expect the adoption to have a material impact on its financial results. The Corporation will adopt this standard on March 1, 2019.

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 period-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)	**February 28, 2019**	February 28, 2018
Opening balance	$ 455,758	$ 458,517
Additions – cost	20,143	35,038
Unrealized net gain (loss) on investments in uranium	174,201	(29,368)
Disposals – cost	-	(8,429)
Ending balance investments in uranium	**$ 650,102**	**$ 455,758**

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	**Quantity**	**Cost**	**Fair Value Adjustment**	**Fair Value**
U_3O_8	14,159,354 lbs	$ 644,673	$ (122,572)	$ 522,101
UF_6	1,117,230 KgU	185,437	(57,436)	128,001
Balance at February 28, 2019		**$ 830,110**	**$ (180,008)**	**$ 650,102**

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

(in thousands)	February 28, 2019	February 28, 2018
Canada	$ 76,143	$ 19,189
United States	299,599	208,974
Europe	274,360	227,595
Total investments in uranium	**$ 650,102**	**$ 455,758**

Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at February 28, 2019 reflect spot prices published by UxC of US$28.00 per pound U_3O_8 and US$87.00 per KgU as UF_6, translated to Canadian Dollars at the period-end indicative rate of 1.3169.

Uranium purchases

During the year ended February 28, 2019, the Corporation purchased 675,000 pounds of U_3O_8 at an average price of US$22.76 per pound U_3O_8, resulting in an increase of $20,143,000 in the Corporation's investments in uranium at the time of purchase. The total cash consideration for the purchases was $20,150,000 (US$15,361,000) based on the foreign exchange rate on the payment dates. The Corporation recorded a $7,000 foreign exchange loss due to the unfavourable 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 May 2018 (see note 8 for further details).

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.

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, cash consideration of US$3,538,000 ($4,349,000), and a loss on sale of $4,079,000. In connection with this transaction, the Corporation also amended its 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.

During the year ended February 28, 2019, the Corporation had no sales of conversion components.

6. URANIUM ARRANGEMENTS

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, 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 fee received is recorded as income from relocation of uranium in the statement of comprehensive gain (loss).

As at February 28, 2019, the Corporation has completed the relocation of all three tranches, transferring a total of 700,000 KgU as UF_6, in exchange for an equivalent amount of KgU as UF_6 contained in enriched uranium product ('EUP'). The terms of the agreement requires the return and transfer of the relocated 700,000 KgU as UF_6 back to the original storage facility in May 2020.

In March 2017, the counterparty to the uranium relocation agreement filed for Chapter 11 bankruptcy protection in the United States and in August 2018 the counterparty successfully emerged from bankruptcy protection under new ownership.

The Corporation continues to hold title to the UF_6 that is stored at this facility pursuant to the terms of the relocation agreement, and the counterparty is not permitted to transfer, sell, or assign the EUP containing the Corporation's UF_6 to any person.

For the year ended February 28, 2019, the Corporation recorded $541,000 in income from the relocation of uranium (February 28, 2018 – $224,000).

Other Income

For the year ended February 28, 2019, the Corporation recognized other income of $1,166,000, related to the non-cash derecognition of certain liabilities following the termination of a contractual arrangement with a storage-related counterparty (February 28, 2018 – $nil other income).

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, 2019	February 28, 2018
Net loss before taxes	$ 170,841	$ (37,261)
Combined federal and provincial income tax rate	26.50%	26.50%
Computed income tax expense	$ 45,273	$ (9,874)
Difference in current tax rates applicable in other jurisdictions	(42,614)	8,857
Change in deferred tax assets not recognized	(2,317)	1,634
Other	(342)	(617)
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, 2019	February 28, 2018
Deductible temporary differences	$ 619	$ 2,738
Tax losses	9,016	9,222
Total deferred tax assets not recognized	**$ 9,635**	$ 11,960

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, 2019	February 28, 2018
Tax losses – gross			
Canada	2030-2039	$ 34,023	$ 34,802
Tax benefit at the tax rate of 26.50%		9,016	9,222
Set-off against deferred tax liabilities		-	-
Total tax loss assets not recognized		**$ 9,016**	$ 9,222

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, 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
Common shares issued	5,612,000		23,009
Share issue costs	-		(1,212)
Balance at February 28, 2019	**138,060,713**	**$**	**260,042**

On December 21, 2018, the Corporation filed a short form base shelf prospectus ('2018 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 2018 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period beginning December 24, 2018, the date of the receipt of the 2018 Prospectus by the Ontario Securities Commission. To date, the Corporation has not issued any Securities pursuant to the 2018 Prospectus.

Previously, the Corporation had filed a short form base shelf prospectus with the securities regulatory authorities in each of the provinces of Canada, other than Québec, effective December 9, 2016 ('2016 Prospectus'). Prior to its expiry, the Corporation issued $63,609,200 in Securities pursuant to the 2016 Prospectus, as detailed below.

- On May 31, 2018, the Corporation completed a bought-deal equity financing and issued 5,612,000 common shares at a price of $4.10 per share, for gross proceeds of $23,009,200. The Corporation also incurred share issue costs of $1,212,000. The majority of the net proceeds have been used to fund the purchase of 675,000 pounds of U_3O_8, with the balance being used to fund the operating expenses of the Corporation.

- On October 4, 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 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, which was reclassified to contributed surplus.

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 '2016 MSA'), the Manager is entitled to 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, 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.

Effective April 1, 2019, the Corporation entered into a new management services agreement with the Manager. See note 11 for further details.

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

(in thousands)	February 28, 2019	February 28, 2018
Fees incurred with the Manager:		
Base and variable fees	$ 1,788	$ 1,428
Discretionary fees	50	-
Commission fees	207	396
Total fees incurred with the Manager	**$ 2,045**	$ 1,824

As at February 28, 2019, trade and other payables included $155,000 (February 28, 2018 – $252,000) 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, 2019	February 28, 2018
Directors' fees & expenses	$ 302	$ 281
Total key management personnel compensation	**$ 302**	$ 281

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, and at least 85% of the gross proceeds of certain share offerings completed by the Corporation, in the aggregate, are 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, 2019, 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, 2019, a 10% increase in the uranium spot price would have increased the Corporation's total equity by $63,000,000, 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, 2019, a 10%

increase in the U.S. dollar to Canadian dollar exchange rate would have increased the Corporation's total equity by $65,000,000, while a 10% decrease would have the opposite effect.

From time to time, the Corporation raises funds through equity issuances, and the funds raised are denominated in Canadian dollars. The proceeds from the equity issuances are used, in part, to fund the purchase of uranium investments, which are denominated in U.S. dollars. In order to limit currency risk exposure arising from fluctuations in the Canadian dollar relative to the U.S. dollar in the time between the announcement of an equity financing, and the receipt of the Canadian dollar proceeds, the Corporation enters into foreign currency swaps in order to lock in the rate of exchange.

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 period-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 the settlement date.

The Corporation has not offset financial assets with financial liabilities.

11. SUBSEQUENT EVENT

Effective April 1, 2019, the Corporation entered into a new management services agreement with the Manager (the '2019 MSA'). The management fee structure in the 2019 MSA is unchanged from the 2016 MSA, with the Manager being entitled to the following: 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 term of the 2019 MSA is for five years, ending on March 31, 2024. In addition, the 2019 MSA includes a termination provision whereby, subject to certain exceptions, if the 2019 MSA is terminated early by the Corporation, the Manager will receive a termination payment equal to the base and variable management fees that would otherwise be payable to the Manager (calculated based on the Corporation's current uranium holdings at the time of termination) for the lesser period of a) three years; or b) the remaining term of the 2019 MSA.

The remainder of the terms of the 2019 MSA are the same as the 2016 MSA.