Uranium Participation Corporation

MANAGEMENT'S DISCUSSION & ANALYSIS
FOR THE THREE AND NINE MONTHS ENDED
NOVEMBER 30, 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 to those of the previous year. This MD&A is dated as of January 9, 2020 and should be read in conjunction with the Corporation's unaudited condensed interim consolidated financial statements and related notes for the three and nine months ended November 30, 2019.

The unaudited condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), applicable to the preparation of the interim financial statements, including International Accounting Standards ('IAS') 34, *Interim Financial Reporting*. Readers are also encouraged to consult the audited consolidated financial statements and the MD&A for the year ended February 28, 2019. All dollar amounts are expressed in Canadian dollars, unless otherwise noted. All uranium prices are based on prices published by UxC 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

The uranium spot price at the end of the fiscal quarter ended November 30, 2019 was US$26.00 per pound U_3O_8, an increase of US$0.70 per pound during the quarter, with the spot price trading within a narrow band of roughly US$2.00 per pound throughout the quarter.

Both spot and long-term uranium purchasing activity increased slightly during the quarter following a decision in the United States ('US'), during the last fiscal quarter, that no trade actions would be implemented after the investigation into the trade petition launched under Section 232 of the Trade Expansion act of 1962. The US Administration, however, ordered a further review of the nuclear supply chain in the US and commissioned the Nuclear Fuel Working Group ('NFWG') with a mandate to make 'recommendations to further enable domestic nuclear fuel production, if needed.' News reports have indicated that the NFWG report has been submitted to the US Administration for review and finalization, after an extension to the original mandate period. The continued uncertainty surrounding the outcome of the NFWG mandate is believed to have tempered the uranium purchasing activities of nuclear utilities, especially in the US.

In 2015, the US entered into the Joint Comprehensive Plan of Action with Iran, commonly known as the Iran Nuclear Deal. As part of the Iran Nuclear Deal, the US Administration issued waivers to certain of Iran's trading partners, allowing certain foreign companies, including Russian entities, to work with Iran on its civilian nuclear programs. In 2018, the US withdrew from the Iran Nuclear Deal, but the US Administration continued to renew these waivers until recently, when one of the waivers, related to work being conducted by foreign companies at Iran's Fordow Fuel Enrichment Plant, was terminated effective December 15, 2019. This decision has raised concern among market participants that the remaining waivers may also be revoked if tensions continue to escalate between the US and Iran. One of the waivers relates to the Bushehr Nuclear Power Plant, which is being developed with Russia's involvement. If further waivers are withdrawn and Russia continues its work in Iran, Russia could face sanctions in the US, which could have an impact on deliveries of Russian nuclear fuel to US utilities – an outcome that could have a considerable impact to the supply side of the uranium market. The uncertainty caused by the potential revocation of the waivers represented a significant supply-side development during the quarter, and is believed to have caused various nuclear fuel cycle participants to enter the market looking to mitigate this risk by entering into nuclear fuel purchases that could provide back-up if any issues arise with Russian nuclear fuel supply.

On the demand side, there were several positive announcements through the quarter. Of significant importance, European Union ('EU') leaders agreed that nuclear energy must be included as part of the solution required to meet the EU's goal of becoming carbon neutral by 2050. This "European Green Deal" officially acknowledged the importance of nuclear energy in meeting the EU's comprehensive climate action goals.

In Japan, Tohoku Electric's Unit 2 of the Onagawa nuclear plant was the latest to gain restart approval by the country's Nuclear Regulatory Authority ('NRA'). The utility still has safety upgrades to make before the plant restarts and approval will be formalized only following a one-month public comment period. Onagawa is home to three reactors, with plans underway to decommission Unit 1, and a decision still pending as to whether the utility will seek NRA approval to restart Unit 3.

India continued to demonstrate its commitment to increase its use of nuclear energy, indicating that the government has given administrative and financial support to build an additional 12 new reactors with a capacity of 9,000 MWe. The government's Union Minister for Atomic Energy, Jitendra Singh, confirmed that there are currently 9 reactors under construction in India, with 'pre-project' activities underway for these 12 new builds.

Mexico's nuclear utility the Federal Electricity Commission ('CFE') is also considering building four new reactors, to add to its existing two units at Laguna Verde. CFE shared its plans to present a feasibility study to management and the government in 2020. The study will examine a project to build 1,400 MWe reactors, with an estimated cost of US$7 billion each. The CFE noted that while the capital cost related to this project are high, the operating costs of the plant will be low, in direct contrast to conventional fossil fuel generated power plants.

With the longer-term future of nuclear in mind, the Canadian provincial governments of Ontario, New Brunswick, and Saskatchewan demonstrated support for future nuclear new builds. The premiers of these provinces announced that they had joined efforts to collaborate on advancing small modular reactor ('SMR') technologies. The leaders see SMR's as a practical solution to help curb carbon emissions, move away from coal-fired generation, and create an opportunity for new economic growth in the provinces.

Finally, on the demand side, Florida Power & Light's Turkey Point units 3 and 4 received approval for an additional 20 years of operating life from the US Nuclear Regulatory Commission ('NRC'). The additional renewal will take the reactors to a total of 80 years of operating life – the longest license ever issued by the NRC. Turkey Point 3 and 4 are now licensed to operate to July 19, 2052 and April 10, 2053, respectively.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	November 30, 2019	August 31, 2019	May 31, 2019	February 28, 2019
Uranium related gain (loss) (in thousands)	$ 17,779	$ 20,623	$ (66,697)	$ (30,406)
Net gain (loss) for the period (in thousands)	$ 16,307	$ 19,272	$ (68,047)	$ (32,171)
Net gain (loss) per common share – basic and diluted	$ 0.12	$ 0.14	$ (0.49)	$ (0.23)
NAV(1) per share	**$ 4.51**	**$ 4.40**	**$ 4.26**	**$ 4.75**
U_3O_8 spot price (US$)	$ 26.00	$ 25.30	$ 24.10	$ 28.00
UF_6 spot price (US$)	$ 89.90	$ 86.00	$ 80.50	$ 87.00
Foreign exchange rate (US$ to CAD$)	1.3289	1.3295	1.3527	1.3169

	November 30, 2018	August 31, 2018	May 31, 2018	February 28, 2018
Uranium related gain (loss) (in thousands)	$ 80,042	$ 86,628	$ 38,478	$ (14,732)
Net gain (loss) for the period (in thousands)	$ 78,647	$ 86,583	$ 37,593	$ (16,284)
Net gain (loss) per common share – basic and diluted	$ 0.57	$ 0.63	$ 0.28	$ (0.11)
NAV(1) per share	**$ 4.98**	**$ 4.41**	**$ 3.79**	**$ 3.50**
U_3O_8 spot price (US$)	$ 29.10	$ 26.20	$ 22.75	$ 21.25
UF_6 spot price (US$)	$ 89.25	$ 79.85	$ 67.00	$ 62.00
Foreign exchange rate (US$ to CAD$)	1.3301	1.3055	1.2948	1.280[illegible]

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

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

OVERALL PERFORMANCE

	Three Months Ended		Nine Months Ended	
(in thousands, except per share amounts)	**November 30, 2019**	November 30, 2018	**November 30, 2019**	November 30, 2018
Unrealized gains (losses) on investments in uranium	$ 17,643	$ 79,906	$ (35,183)	$ 204,778
Income from lending and/or relocation of uranium	$ 136	$ 136	$ 437	$ 370
Operating expenses	$ (1,472)	$ (1,395)	$ (4,173)	$ (2,325)
Net gain (loss) for the period	$ 16,307	$ 78,647	$ (32,468)	$ 202,823
Net gain (loss) per common share – basic and diluted	$ 0.12	$ 0.57	$ (0.24)	$ 1.47

(in thousands)	At November 30, 2019	At February 28, 2019
Total Assets	$ 624,554	$ 656,763
Total Liabilities	$ (1,244)	$ (985)
NAV(1)	**$** 623,310	$ 655,778

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

The net gain for the three months ended November 30, 2019 was mainly driven by unrealized net gains on investments in uranium of $17,643,000, slightly offset by net operating expenses of $1,472,000. The net loss for the nine months ended November 30, 2019 was mainly driven by unrealized net losses on investments in uranium of $35,183,000 and net operating expenses of $4,173,000, slightly offset by realized gains on the sale of conversion components of $6,451,000.

Unrealized net gains on investments in uranium during the three months ended November 30, 2019 were mainly due to the increase in the spot price of uranium. The spot price increased during the quarter from US$25.30 per pound U_3O_8 and US$86.00 per KgU as UF_6 at August 31, 2019 to US$26.00 per pound U_3O_8 and US$89.90 per KgU as UF_6 at November 30, 2019.

Unrealized net losses on investments in uranium during the nine months ended November 30, 2019 were mainly due to the decrease in the spot price of U_3O_8, partially offset by increases in the price of UF_6 and the U.S. dollar to Canadian dollar exchange rate. The spot price of uranium changed from US$28.00 per pound U_3O_8 and US$87.00 per KgU as UF_6 at February 28, 2019 to US$26.00 per pound U_3O_8 and US$89.90 per KgU as UF_6 at November 30, 2019, while the U.S. dollar to Canadian dollar exchange rate increased by 1%.

UPC's NAV per share accordingly decreased to $4.51 at November 30, 2019, from $4.75 at February 28, 2019.

The Corporation had an effective tax rate of nil for the three and nine months ended November 30, 2019, primarily due to the low tax rate in the jurisdiction of its subsidiaries as well as the fact that the Corporation's available tax shelter and cost basis related to its investments in uranium in Canada give rise to a net deductible temporary difference – for which the Corporation does not recognize deferred tax assets.

Operating Expenses

Operating expenses are comprised of storage costs, management fees, public company expenses, general and administrative expenses, as well as other miscellaneous items.

Storage fees were $522,000 and $1,776,000 during the three and nine months ended November 30, 2019 (November 30, 2018 - $678,000 and $1,857,000). The decrease in storage fees during the three and nine months ended November 30, 2019, compared to the prior year, was mainly due to the transfer of certain uranium holdings to storage facilities where the Corporation has negotiated lower storage fees.

Management fees were $591,000 and $1,495,000 during the three and nine months ended November 30, 2019 (November 30, 2018 - $480,000 and $1,556,000). The increase in management fees during the three months ended November 30, 2019, compared to the prior year, was predominantly due to the purchase commissions paid to the Manager in the quarter related to the purchase of 100,000 pounds of U_3O_8 as well as the sale of the conversion components contained in 417,230 KgU as UF_6, partially offset by a decrease in the average NAV, on which the variable portion of the management fee is based. The decrease in management fees during the nine months ended November 30, 2019 compared to the comparative period, was predominantly due to a decrease in the amount of commissions paid to the Manager on uranium transactions, as compared to the same period in the prior year. During the nine months ended November 30, 2018, the Corporation purchased 675,000 pounds of U_3O_8, compared to purchases of 100,000 pounds of U_3O_8 and the sale of the conversion components contained in 417,230 KgU as UF_6 during the same period in the current year.

Operating expenses of $1,472,000, partially offset by income from lending and/or relocation of uranium of $136,000, for the three months ended November 30, 2019, represents approximately 0.2% of the NAV at November 30, 2019 and 0.2% of the NAV at February 28, 2019.

Operating expenses of $4,173,000, partially offset by income from lending and/or relocation of uranium of $437,000, for the nine months ended November 30, 2019, represents approximately 0.6% of the NAV at November 30, 2019 and 0.6% of the NAV at February 28, 2019.

Investment Portfolio

UPC's investment portfolio consists of the following as at November 30, 2019:

(in thousands, except quantity amounts)	Quantity		Cost		Fair Value
Investments in Uranium:					
U_3O_8	15,349,516 lbs	$	712,981	$	530,347
UF_6	700,000 KgU	$	116,185	$	83,628
		$	829,166	$	613,975
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	46.45	$	34.55(1)
In United States dollars		$	41.94	$	26.00
UF_6 average cost and fair value per KgU:					
In Canadian dollars		$	165.98	$	119.47(1)
In United States dollars		$	153.86	$	89.90

(1) Translation to Canadian dollars calculated at period-end indicative foreign exchange rate of 1.3289.

Sale of Conversion Components

In October 2019, the Corporation entered into Commitments to sell the conversion components contained in 300,000 KgU as UF_6. This transaction will result in the exchange of 300,000 KgU as UF_6 for 783,856 pounds of U_3O_8 and cash consideration of US$6,087,000. The transaction will occur in three equal tranches of 100,000 KgU as UF_6 for delivery in January 2020, June 2020, and July 2020.

In August 2019, the Corporation also entered into an agreement with a primary UF_6 conversion supplier to sell the conversion components contained in 417,230 KgU as UF_6. This transaction resulted in the exchange of 417,230 KgU as UF_6 for 1,090,162 pounds of U_3O_8 as well as cash consideration of $5,489,000 (US$4,151,000) and beneficial storage and other arrangements valued at $5,264,000 (US$3,982,000). The gain on the sale of the conversion components was $6,451,000, based on the difference between the total value of the cash proceeds plus the beneficial storage and other arrangements received and the historical cost of the conversion components of $4,302,000. At the date of the transaction the fair value of the conversion components was $10,480,000. There were no transaction fees relating to this sale.

As at November 30, 2019, the statement of financial position included $4,986,000 in prepaid expenses and other related to beneficial storage and other arrangements arising from the August 2019 conversion sale which will reduce the Corporations storage and other fees over a five-year period.

During the three and nine months ended November 30, 2018, the Corporation had no sales of conversion components.

Uranium Purchases

During October 2019, the Corporation entered into a contract to purchase a total of 230,000 pounds of U_3O_8 at an average price of US$26.04. The transaction consists of three tranches of 100,000 pounds of U_3O_8, 76,300 pounds of U_3O_8, and 53,700 pounds of U_3O_8, for delivery in October 2019, January 2020, and June 2020, respectively. During the three and nine months ended November 30, 2019, UPC took delivery of the first tranche of 100,000 pounds of U_3O_8, resulting in an increase of $3,358,000 (US$2,570,000) in the Corporation's investments in uranium at the time of purchase.

During the nine months ended November 30, 2018, 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.

Pro-Forma Uranium Holdings

Following the completion of the various pending uranium transactions described above, UPC expects to hold a total of 16,263,372 pounds U_3O_8, and 400,000 KgU as UF_6. Additionally, UPC expects that its cash position will have increased by approximately US$2,700,000.

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

Pursuant to the relocation agreement, the Corporation transferred 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 require the return and transfer of the relocated 700,000 KgU as UF_6 back to the original storage facility in May 2020. The Corporation has negotiated the early return of 100,00 KgU as UF_6 in January 2020 in order to facilitate the first tranche of the forthcoming sale of conversion components (see Sale of Conversion Components above).

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.

During the three and nine months ended November 30, 2019, the Corporation recorded $136,000 and $437,000 in income from the relocation of uranium (November 30, 2018 - $136,000 and $370,000).

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $4,704,000 at November 30, 2019 (February 28, 2019 – $5,803,000). The decrease of $1,099,000 during the nine months ended November 30, 2019, was predominantly due to $3,175,000 in cash used in operations, offset by $2,131,000 in net cash provided by investing activities. The net cash provided by investing activities is due to $5,489,000 in cash received as partial consideration for the sale of the conversion components contained in 417,230 KgU as UF_6, offset by $3,357,000 in cash used to purchase 100,000 pounds of U_3O_8. See Investment Portfolio above for further details.

The Corporation's capital structure consists of share capital and contributed surplus. Uranium purchases are normally funded through common share offerings, with the gross proceeds of share offerings generally invested in, or set aside for, purchases of uranium. At November 30, 2019, the Corporation has invested in or committed to purchase uranium with a cost of acquisition of more than 85% of its aggregate gross proceeds of share offerings since incorporation. 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.

RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

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 previous 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 of Directors, for on-going monitoring or work associated with a transaction or arrangement (other than a financing, or the acquisition of or sale of U_3O_8 or UF_6); and d) a commission of 1.0% of the gross value of any purchases or sales of U_3O_8 or UF_6, or gross interest fees payable to the Corporation in connection with any uranium loan arrangements.

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

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2019**	November 30, 2018	**November 30, 2019**	November 30, 2018
Fees incurred with the Manager:				
Base and variable fees	$ 451	$ 480	$ 1,355	$ 1,303
Discretionary fees	-	-	-	50
Commission fees	140	-	140	203
Total fees incurred with the Manager	**$ 591**	**$ 480**	**$ 1,495**	**$ 1,556**

Management fees for the three and nine months ended November 30, 2019 included $140,000 in commission fees related to the purchase of 100,000 pounds of U_3O_8 as well as the sale of conversion components contained in 417,230 KgU as UF_6. Management fees for the nine months ended November 30, 2018 included a discretionary fee of $50,000 for non-routine activities carried out by the Manager during the 2019 fiscal year. In addition, during the nine months ended November 30, 2018, the Corporation incurred $203,000 in commission fees related to the purchase of 675,000 pounds of U_3O_8.

As at November 30, 2019, trade and other payables included $186,000 (February 28, 2019 – $155,000) due to the Manager with respect to the fees indicated above.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. The Corporation's key management personnel are the members of its Board of Directors.

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

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2019**	November 30, 2018	**November 30, 2019**	November 30, 2018
Directors' fees & expense	$ 70	$ 64	$ 228	$ 211
Total key management personnel compensation	**$ 70**	**$ 64**	**$ 228**	**$ 211**

OUTSTANDING SHARE DATA

At January 9, 2020, there were 138,060,713 common shares issued and outstanding. There are no stock options or other equity instruments issued and outstanding.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of the condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended February 28, 2019, with the exception of the adoption, on March 1, 2019, of the provisions of IFRS 16, Leases ('IFRS 16'). The Corporation adopted IFRS 16 using the retrospective approach. There were no transitional adjustments recorded on adoption, as the Corporation has not identified any leases. The new accounting policy for leases is as follows:

(a) Leases

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Corporation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either: (a) the Corporation has the right to operate the asset; or (b) the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, a right-of-use asset and a corresponding lease liability will be set-up at the date at which the leased asset is available for use by the Corporation. The lease payments will discounted using either the interest rate implicit in the lease, if available, or the Corporation's incremental borrowing rate. Each lease payment will be allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance. The Corporation will account for lease and non-lease components separately. The right-of-use asset will depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

CONTROLS AND PROCEDURES

The Corporation's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to the financial statement preparation and presentation.

There has not been any change in the Corporation's internal control over financial reporting that occurred during the three and nine months ended November 30, 2019 that has materially affected, or is reasonably likely to materially affect, the Corporation's internal control over financial reporting.

NON-IFRS FINANCIAL PERFORMANCE MEASURES

This MD&A contains references to 'Net Asset Value' or 'NAV', which is a non-IFRS financial performance measure. The NAV is calculated as the value of total assets less the value of total liabilities. To arrive at NAV per share, the NAV is then divided by the total number of common shares outstanding as at a specific date. The term NAV does not have any standardized meaning according to IFRS and therefore may not be comparable to similar measures presented by other companies. The NAV equals the Corporation's total equity balance as reported in the Corporation's consolidated financial statements. NAV per share does not have a comparable IFRS financial measure presented in UPC's consolidated financial statements and thus there is no applicable quantitative reconciliation for this non-IFRS financial performance measure. The Corporation has calculated NAV and NAV per share consistently for many years and believes these measures provide information useful to its shareholders in understanding UPC's performance and may assist in the evaluation of the Corporation's business relative to that of its peers.

ADDITIONAL INFORMATION

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Certain information contained or incorporated by reference in this MD&A constitutes forward looking statements or forward-looking information. These statements can be identified by the use of forward looking terminology such as 'may', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'should', 'believe' or 'continue' or the negative thereof or variations thereon or similar terminology. In particular, this MD&A contains forward-looking information pertaining to uranium spot prices, foreign exchange fluctuations, developments in the uranium industry and anticipated results thereof and other market factors and their potential impact on the Corporation's financial results; agreements with third parties and expectations regarding the Corporation's ability to benefit from such transactions, and the pro forma information contained herein with respect to the Corporation's uranium holdings; the Corporation's investment objectives; and the Corporation's agreements and relationship with the Manager.

By their very nature, forward looking statements involve numerous factors, assumptions and estimates. A variety of factors, many of which are beyond the control of UPC, may cause actual results to differ materially from the expectations expressed in the forward-looking statements. For a list of the principal risks of an investment in UPC, please refer to the 'RISK FACTORS' section in the Corporation's Annual Information Form dated May 6, 2019, available under the Corporation's profile on SEDAR at www.sedar.com.

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

Uranium Participation Corporation

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2019

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CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars except for share amounts)	At November 30, 2019	At February 28, 2019
ASSETS		
Current		
Cash and cash equivalents	$ 4,704	$ 5,803
Trade and other receivables	117	202
Prepaid expenses and other (note 4)	2,143	656
	6,964	6,661
Non-Current		
Prepaid expenses and other (note 4)	3,615	-
Investments in uranium (note 4)	613,975	650,102
Total assets	**$ 624,554**	$ 656,763
LIABILITIES		
Current		
Trade and other payables	$ 1,244	$ 985
Total liabilities	1,244	985
EQUITY		
Share capital (note 6)	260,042	260,042
Contributed surplus	648,005	648,005
Deficit	(284,737)	(252,269)
Total equity	623,310	655,778
Total liabilities and equity	**$ 624,554**	$ 656,763
Common shares		
Issued and outstanding (note 6)	**138,060,713**	138,060,713

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE GAIN (LOSS)

	Three Months Ended		Nine Months Ended	
(Expressed in thousands of Canadian dollars except for share and per share amounts)	**November 30, 2019**	November 30, 2018	**November 30, 2019**	November 30, 2018
URANIUM RELATED GAIN (LOSS)				
Unrealized gains (losses) on investments in uranium (note 4)	$ 17,643	$ 79,906	$ (35,183)	$ 204,778
Realized gain on sale of conversion components (note 4)	-	-	6,451	-
Income from relocation of uranium (note 5)	136	136	437	370
	17,779	**80,042**	**(28,295)**	**205,148**
OPERATING EXPENSES				
Storage fees	(522)	(678)	(1,776)	(1,857)
Management fees (note 7)	(591)	(480)	(1,495)	(1,556)
Public company expenses	(120)	(135)	(491)	(467)
General office and miscellaneous	(46)	(43)	(112)	(121)
Legal and other professional fees	(144)	(133)	(367)	(266)
Interest income	14	22	53	140
Other income (note 5)	-	-	-	1,166
Foreign exchange gain (loss)	(63)	52	15	636
	(1,472)	**(1,395)**	**(4,173)**	**(2,325)**
Net gain (loss) and comprehensive gain (loss) for the period	**$ 16,307**	**$ 78,647**	**$ (32,468)**	**$ 202,823**
Net gain (loss) per common share				
Basic and diluted	**$ 0.12**	**$ 0.57**	**$ (0.24)**	**$ 1.49**
Weighted average number of common shares outstanding				
Basic and diluted	**138,060,713**	**138,060,713**	**138,060,713**	**136,183,244**

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Deficit	Total Equity
Balance at February 28, 2018	$ 238,245	$ 648,005	$ (422,921)	$ 463,329
Common shares issued (note 6)	21,797	-	-	21,797
Net gain for the period	-	-	202,823	202,823
Balance at November 30, 2018	$ 260,042	$ 648,005	$ (220,098)	$ 687,949
Balance at February 28, 2019	$ 260,042	$ 648,005	$ (252,269)	$ 655,778
Net loss for the period	-	-	(32,468)	(32,468)
Balance at November 30, 2019	**$ 260,042**	**$ 648,005**	**$ (284,737)**	**$ 623,310**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
(Expressed in thousands of Canadian dollars)	**November 30, 2019**	November 30, 2018
Operating Activities		
Net (loss) gain for the period	$ (32,468)	$ 202,823
Adjustment for:		
Unrealized losses (gains) on revaluation of investments in uranium (note 4)	35,183	(204,778)
Non-cash other income (note 5)	-	(1,166)
Realized gain on sale of conversion components (note 4)	(6,451)	-
Foreign exchange gain	(15)	(636)
Changes in non-cash working capital:		
Change in trade and other receivables, net of receivables arising from investing activities	118	237
Change in prepaid expenses and other, net of prepaid expenses arising from investing activities	187	-
Change in trade and other payables	271	(190)
Net cash used in operating activities	**(3,175)**	**(3,710)**
Investing Activities		
Purchase of uranium investments (note 4)	(3,358)	(20,150)
Proceeds from the sale of conversion components (note 4)	5,489	-
Change in receivables from sale of conversion components	-	4,581
Net cash used in investing activities	**2,131**	**(15,569)**
Financing Activities		
Common shares issued, net of transaction costs (note 6)	-	21,839
Net cash generated by financing activities	**-**	**21,839**
Increase (decrease) in cash and cash equivalents	(1,044)	2,560
Cash and cash equivalents – beginning of the period	5,803	4,836
Foreign exchange impact	(55)	613
Cash and cash equivalents – end of the period	**$ 4,704**	**$ 8,009**

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2019

(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 condensed interim consolidated financial statements of the Corporation have been prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), applicable to the preparation of interim financial statements, including International Accounting Standard ('IAS') 34, *Interim Financial Reporting.* These condensed interim consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended February 28, 2019.

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

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

These financial statements were approved by UPC's Board of Directors on January 9, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

Significant Accounting Policies and Accounting Changes in Fiscal 2020

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended February 28, 2019, with the exception of the Corporation's accounting for leases.

On March 1, 2019, the Corporation adopted the provisions of IFRS 16 Leases ('IFRS 16') using the retrospective approach. There were no transitional adjustments recorded on adoption, as the Company has not identified any leases.

The Corporation's new accounting policy for leases is as follows:

a. Leases

At the inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Corporation has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and
- the Corporation has the right to direct the use of the asset. The Corporation has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Corporation has the right to direct the use of the asset if either: (a) the Corporation has the right to operate the asset; or (b) the Corporation designed the asset in a way that predetermines how and for what purpose it will be used.

If the contract contains a lease, a right-of-use asset and a corresponding lease liability are set-up at the date at which the leased asset is available for use by the Corporation. The lease payments are discounted using either the interest rate implicit in the lease, if available, or the Corporation's incremental borrowing rate. Each lease payment is allocated between the liability and the finance cost (i.e. accretion) so as to produce a constant rate of interest on the remaining lease liability balance. The Corporation accounts for the lease and non-lease components separately. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

4. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

	Nine Months Ended	
(in thousands)	**November 30, 2019**	November 30, 2018
Opening balance	$ 650,102	$ 455,758
Additions – cost	3,358	20,143
Unrealized net (loss) gain on investments in uranium	(35,183)	204,778
Disposals – cost	(4,302)	-
Ending balance investments in uranium	**$ 613,975**	$ 680,679

The balance of investments in uranium consists of:

(in thousands, except quantity amounts)	Quantity	Cost	Fair Value Adjustment	Fair Value
U_3O_8	15,349,516 lbs	$ 712,981	$ (182,634)	$ 530,347
UF_6	700,000 KgU	116,185	(32,557)	83,628
Balance at November 30, 2019		**$ 829,166**	**$ (215,191)**	**$ 613,975**

Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at November 30, 2019 reflect spot prices published by UxC of US$26.00 per pound U_3O_8 and US$89.90 per KgU as UF_6, translated to Canadian Dollars at the period-end indicative rate of 1.3289.

Sale of Conversion Components

During October 2019, the Corporation entered into commitments to sell the conversion components contained in 300,000 KgU as UF_6. This transaction with result in the exchange of 300,000 KgU as UF_6 for 783,856 pounds of U_3O_8 and cash consideration of US$6,087,000. The transaction will occur in three equal tranches of 100,000 KgU as UF_6 for delivery in January 2020, June 2020, and July 2020.

In August 2019, the Corporation also entered into an agreement with a primary UF_6 conversion supplier to sell the conversion components contained in 417,230 KgU as UF_6. This transaction resulted in the exchange of 417,230 KgU as UF_6 for 1,090,162 pounds of U_3O_8 as well as cash consideration of $5,489,000 (US$4,151,000) and beneficial storage and other arrangements valued at $5,264,000 (US$3,982,000). The gain on the sale of the conversion components was $6,451,000, based on the difference between the total value of the cash proceeds plus the fair value of the beneficial storage and other arrangements received and the historical cost of the conversion components. At the date of the transaction the fair value of the conversion components was $10,480,000. There were no transaction fees relating to this sale.

As at November 30, 2019, the statement of financial position included $4,986,000 in prepaid expenses and other related to the August 2019 conversion sale. The amount recorded as prepaid expenses and other reflects the value of beneficial storage and other arrangements which will reduce the Corporations storage fees over a five-year period.

During the three and nine months ended November 30, 2018, the Corporation had no sales of conversion components.

Uranium purchases

During October 2019, the Corporation entered into a contract to purchase a total of 230,000 pounds of U_3O_8 at an average price of US$26.04. The transaction consists of three tranches of 100,000 pounds of U_3O_8, 76,300 pounds of U_3O_8, and 53,700 pounds of U_3O_8, for delivery in October 2019, January 2020, and June 2020, respectively. During the three and nine months ended November 30, 2019, UPC took delivery of the first tranche of 100,000 pounds of U_3O_8, resulting in an increase of $3,358,000 (US$2,570,000) in the Corporation's investments in uranium at the time of purchase.

During the nine months ended November 30, 2018, 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.

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

Pursuant to the relocation agreement, the Corporation transferred 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 require the return and transfer of the relocated 700,000 KgU as UF_6 back to the original storage facility in May 2020. The Corporation has negotiated the early return of 100,00 KgU as UF_6 in January 2020 in order to facilitate the first tranche of the forthcoming sale of conversion components (see Note 4).

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.

During the three and nine months ended November 30, 2019, the Corporation recorded $136,000 and $437,000, respectively, in income from the relocation of uranium (November 30, 2018 – $136,000 and $370,000).

Other Income

During the three and nine months ended November 30, 2018, 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.

6. COMMON SHARES

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

(in thousands, except common share amounts)	Number of Common Shares		Amount
Balance at 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
Balance at November 30, 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 were 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.

7. RELATED PARTY TRANSACTIONS

Management Services Agreement with the Manager

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

	Three Months Ended				Nine Months Ended			
(in thousands)	**November 30, 2019**		November 30, 2018		**November 30, 2019**		November 30, 2018	
Fees incurred with the Manager:								
Base and variable fees	$	451	$	480	$	1,355	$	1,303
Discretionary fees		-		-		-		50
Commission fees		140		-		140		203
Total fees incurred with the Manager	**$**	**591**	**$**	**480**	**$**	**1,495**	**$**	**1,556**

Management fees for the three and nine months ended November 30, 2019 included $140,000 in commission fees related to the purchase of 100,000 pounds of U_3O_8 as well as the sale of conversion components contained in 300,000 KgU as UF_6. Management fees for the nine months ended November 30, 2018 included a discretionary fee of $50,000 for non-routine activities carried out by the manager during the 2018 fiscal year. In addition, during the nine months ended November 30, 2018, the Corporation incurred $203,000 in commission fees related to the purchase of 675,000 pounds of U_3O_8. See note 4 for further details.

As at November 30, 2019, trade and other payables included $186,000 (February 28, 2019 – $155,000) due to the Manager with respect to the fees indicated above.

Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Corporation, directly or indirectly. The Corporation's key management personnel are the members of its Board of Directors.

The following outlines the compensation and expense reimbursements paid to key management personnel for the periods ending:

(in thousands)	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018	Nine Months Ended November 30, 2019	Nine Months Ended November 30, 2018
Directors' fees & expenses	$ 70	$ 64	$ 228	$ 211
Total key management personnel compensation	**$ 70**	$ 64	**$ 228**	$ 211

8. COMPARATIVE FINANCIAL STATEMENTS

Certain balances in the comparative condensed interim consolidated financial statements have been reclassified from the condensed interim consolidated financial statements previously presented to conform to the presentation of the 2019 condensed interim consolidated financial statements in accordance with IFRS.