Uranium Participation Corporation

2019 THIRD QUARTER REPORT

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FOR THE THREE AND NINE MONTHS ENDED NOVEMBER 30, 2018

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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 10, 2019, and should be read in conjunction with the Corporation's unaudited interim consolidated financial statements and related notes for the three and nine months ended November 30, 2018.

The unaudited interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB'), applicable to the preparation of the interim financial statements, including International Accounting Standards ('IAS') 34, *Interim Financial Reporting*. Readers are also encouraged to consult the audited consolidated financial statements and the MD&A for the year ended February 28, 2018. 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

During the three months ended November 30, 2018, the uranium price continued to appreciate. During the quarter, the spot price for uranium rose steadily from an opening price of US$26.20 per pound U_3O_8, breaking through the US$29.00 threshold at the beginning of November 2018. Since that time the spot price has remained stable, ending the quarter at US$29.10 per pound U_3O_8, with general market sentiment remaining positive.

The upward pressure on the uranium spot price has been driven by a record volume of uranium transactions in calendar 2018, with more than 85 million pounds U_3O_8 transacted as of the end of November 2018 (47 million pounds U_3O_8 during the same period in 2017). The year-to-date transaction volumes include significant spot market purchases by Cameco Corp. ('Cameco'), which are in line with its publicly announced plans following the decision to indefinitely shut down their McArthur River Mine. Heading into 2019, the spot market will continue to look to Cameco as an important source of demand, with the company recently raising its expected range of purchase volumes for 2019 from 9-11 million to 10-12 million pounds U_3O_8.

Also on the demand side, some clarity has now been provided to the long anticipated French energy plan, which was released recently. Since President Macron took office, there has been some uncertainty around plans proposed, by previous French President Hollande, to reduce the country's reliance on nuclear energy. Under the new plan, the goal to reduce the country's reliance on nuclear energy from 75% to 50% has been deferred by a decade, from 2025 to 2035.

On the supply side, Rio Tinto PLC has agreed to sell its 68.62% share in Rössing Uranium Ltd ('Rössing'), the owner and operator of the Rössing uranium mine in Namibia, to China National Uranium Corporation ('CNUC'), a subsidiary of China National Nuclear Corporation ('CNNC') – resulting in a major shift in the primary production landscape. The sale price includes $100 million in consideration contingent on uranium prices and Rössing's earnings over the next seven years. Production at the site has decreased in recent years, with 4.7 million pounds U_3O_8 produced in 2017. With this purchase, Chinese companies have officially become the preeminent uranium producers in Namibia, with CNNC's main competitor in China, China General Nuclear Power Group ('CGN'), operating the Husab mine next door to the Rössing mine.

In other industry news, the highly anticipated initial public offering ('IPO') of the world's largest uranium producer, Kazakhstan's National Atomic Company Kazatomprom ('Kazatomprom'), went ahead successfully in November 2018. Only 15% of the company was offered for sale through the IPO, and the transition to a publicly traded company has already resulted in added transparency into the company's operations, which is generally seen as positive for the market.

SUMMARY OF QUARTERLY FINANCIAL INFORMATION

	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	1.2809

	November 30, 2017	August 31, 2017	May 31, 2017	February 29, 2017
Uranium related gain (loss) (in thousands)	$ 52,695	$ (17,459)	$ (53,727)	$ 74,078
Net gain (loss) for the period (in thousands)	$ 52,560	$ (18,554)	$ (54,983)	$ 73,819
Net gain (loss) per common share – basic and diluted	$ 0.41	$ (0.15)	$ (0.45)	$ 0.61
NAV(1) per share	**$ 3.62**	**$ 3.22**	**$ 3.37**	**$ 3.83**
U_3O_8 spot price (US$)	$ 22.00	$ 20.00	$ 19.25	$ 22.25
UF_6 spot price (US$)	$ 62.00	$ 56.35	$ 55.55	$ 64.00
Foreign exchange rate (US$ to CAD$)	1.2888	1.2536	1.3500	1.3248

(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, 2018**	November 30, 2017	**November 30, 2018**	November 30, 2017
Unrealized gains (losses) on investments in uranium	$ 79,906	$ 52,664	$ 204,778	$ (18,665)
Income from lending and/or relocation of uranium	$ 136	$ 31	$ 370	$ 174
Operating expenses	$ (1,395)	$ (135)	$ (2,325)	$ (2,486)
Net gain (loss) for the period	$ 78,647	$ 52,560	$ 202,823	$ (20,977)
Net gain (loss) per common share – basic and diluted	$ 0.57	$ 0.41	$ 1.47	$ (0.17)

	At November 30, 2018	At February 28, 2018
Total Assets	$ 688,945	$ 465,711
Total Liabilities	$ (996)	$ (2,382)
NAV(1)	**$ 687,949**	$ 463,329

(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, 2018 was mainly driven by unrealized net gains on investments in uranium of $79,906,000 offset by net operating expenses of $1,395,000. The net gain for the nine months ended November 30, 2018 was mainly driven by unrealized net gains on investments in uranium of $204,778,000 offset by net operating expenses of $2,325,000.

Unrealized net gains on investments in uranium during the three and nine months ended November 30, 2018, were mainly due to the increase in the spot price of uranium, as well as the increase in the U.S. dollar to Canadian dollar exchange rate. The spot price of uranium increased to US$29.10 per pound U_3O_8 and US$89.25 per KgU as UF_6 at November 30, 2018, from US$26.20 per pound U_3O_8 and US$79.85 per KgU as UF_6 at August 31, 2018 and US$21.25 per pound U_3O_8 and US$62.00 per KgU as UF_6 at February 28, 2018. The U.S. dollar to Canadian dollar exchange rate increased to 1.3301 at quarter end from 1.3055 at August 31, 2018 and 1.2809 at February 28, 2018.

UPC's NAV per share increased to $4.98 at November 30, 2018, from $4.41 at August 31, 2018 and $3.50 at February 28, 2018.

The Corporation had an effective tax rate of nil for the three and nine months ended November 30, 2018, primarily due to the fact that the Corporation's available tax shelter gives 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 $678,000 and $1,857,000 during the three and nine months ended November 30, 2018 (November 30, 2017 - $506,000 and $1,483,000). The increase in storage fees during the three and nine months ended November 30, 2018, 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 $480,000 and $1,556,000 during the three and nine months ended November 30, 2018 (November 30, 2017 - $536,000 and $1,232,000). The decrease in management fees during the three months ended November 30, 2018 was predominantly due to a decrease in commission-based fees paid to the manager. During the third quarter of 2017, the Corporation paid $186,000 in purchase commissions, compared to $nil purchase commissions in the current quarter. The decrease in commission-based management fees was offset by an increase variable managements fees driven by an increase in the Corporation's NAV, on which the variable portion of the management fee is based. The increase in management fees during the nine months ended November 30, 2018 is due to an increase in total NAV-based fees, discretionary fees, and commissions. During the nine months ended November 30, 2018, the Corporation awarded a $50,000 discretionary fee to the Manager, which was approved by the Corporation's Board of Directors in recognition of the Manager's efforts in carrying out non-routine activities during the 2018 fiscal year (nine months ended November 30, 2017 – $nil discretionary fees).

During the nine months ended November 30, 2018, the Corporation recognized other income of $1,166,000 related to a non-cash derecognition of certain accruals, following the termination of a contractual arrangement with a storage related counterparty (November 30, 2017 – $nil other income).

Operating expenses of $1,447,000 (excluding the foreign exchange gain of $52,000), partially offset by income from lending and/or relocation of uranium of $136,000, for the three months ended November 30, 2018, represents approximately 0.2% of the NAV at November 30, 2018 and 0.3% of the NAV at February 28, 2018.

Operating expenses of $4,127,000 (excluding the foreign exchange gain of $636,000 and other income of $1,166,000), partially offset by income from lending and/or relocation of uranium of $370,000, for the nine months ended November 30, 2018, represents approximately 0.6% of the NAV at November 30, 2018 and 0.9% of the NAV at February 28, 2018.

Investment Portfolio

UPC's investment portfolio consists of the following as at November 30, 2018:

(in thousands, except quantity amounts)	Quantity	Cost		Fair Value	
Investments in Uranium:					
U_3O_8	14,159,354 lbs	$	644,673	$	548,051
UF_6	1,117,230 KgU	$	185,437	$	132,628
		$	830,110	$	680,679
U_3O_8 average cost and market value per pound:					
In Canadian dollars		$	45.53	$	38.71(1)
In United States dollars		$	41.03	$	29.10
UF_6 average cost and fair value per KgU:					
In Canadian dollars		$	165.98	$	118.71(1)
In United States dollars		$	153.86	$	89.25

(1) Translation to Canadian dollars calculated at period-end foreign exchange rate of 1.3301.

Uranium purchases

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.

Uranium Relocation Agreement

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

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

In March 2017, the counterparty to the uranium relocation agreement filed for Chapter 11 bankruptcy protection in the United States. Subsequent to the announcement, UPC entered into an agreement with the counterparty for the temporary return of 100,000 KgU (of the 300,000 KgU as UF_6 previously relocated under the agreement), and to defer the timing of the second and third relocation tranches under the agreement. In April 2017, the return of the 100,000 KgU as UF_6 was completed and in April 2018 this material was transferred back to the counterparty in accordance with the terms of the amended agreement. In August 2018, the counterparty successfully emerged from bankruptcy protection under new ownership.

In January and October 2018, the Corporation completed the relocation of the second and third tranches under this agreement, transferring a total of 400,000 KgU as UF_6 in exchange for an equivalent amount of KgU as UF_6 contained in 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.

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, 2018, the Corporation recorded $136,000 and $370,000 in income from the relocation of uranium (November 30, 2017 - $31,000 and $174,000).

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents were $8,009,000 at November 30, 2018 (February 28, 2018 – $4,836,000). The increase of $3,173,000 was predominantly due to $21,839,000 in cash provided by financing activities offset by $15,569,000 in cash used in investing activities and $3,710,000 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 $613,000. The cash provided by financing activities relates to the net proceeds from the $23,009,200 equity financing completed in May 2018. The cash used in investing activities was due to the $20,150,000 in cash paid to purchase 675,000 pounds of U_3O_8, offset by the receipt of cash consideration of $4,581,000 related to the fourth quarter fiscal 2018 sale of the conversion components contained in 786,241 KgU as UF_6.

The Corporation's capital structure consists of share capital and contributed surplus. Uranium purchases are normally funded through common share offerings, with at least 85% of the cumulative aggregate gross proceeds of all share offerings invested in, or set aside for, future purchases of uranium. At November 30, 2018, the Corporation has invested more than 85% of its aggregate gross proceeds of share offerings in uranium. In strictly limited circumstances, the Corporation can enter into short-term borrowing arrangements for up to 15% of its net asset value to facilitate the purchases of uranium. To date, the Corporation has not entered into any short-term borrowing arrangements.

On December 9, 2016, the Corporation filed a short form base shelf prospectus ('2016 Prospectus') with the securities regulatory authorities in each of the provinces of Canada, other than Québec. As a result, the Corporation may issue Securities, in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the 2016 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period ending January 9, 2019. As of November 30, 2018, the Corporation has issued $63,609,200 in Securities pursuant to the 2016 Prospectus. See Subsequent Events for discussion on the base shelf prospectus filed subsequent to November 30, 2018.

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.

RELATED PARTY TRANSACTIONS

Management Services Agreement with Denison Mines Inc.

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

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

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2018**	November 30, 2017	**November 30, 2018**	November 30, 2017
Fees incurred with the Manager:				
Base and variable fees	$ 480	$ 350	$ 1,303	$ 1,046
Discretionary fees	-	-	50	-
Commission fees	-	186	203	186
Total fees incurred with the Manager	**$ 480**	$ 536	**$ 1,556**	$ 1,232

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 (November 30, 2017 – $nil discretionary fees). 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 (November 30, 2017 - $186,000 commission fees).

As at November 30, 2018, trade and other payables included $206,000 (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 periods ended:

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2018**	November 30, 2017	**November 30, 2018**	November 30, 2017
Directors' fees & expense	$ 64	$ 80	$ 211	$ 220
Total key management personnel compensation	**$ 64**	$ 80	**$ 211**	$ 220

SUBSEQUENT EVENTS

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.

OUTSTANDING SHARE DATA

At January 10, 2019, 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 interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended February 28, 2018, except as described below.

New Accounting Policies

The Corporation has changed its accounting policies from those disclosed in its audited annual consolidated financial statements for the year ended February 28, 2018 for 'Financial Instruments', 'Impairment of Financial Instruments', 'Sale of Uranium', 'Sale of Conversion Components', and 'Relocation of Uranium' in light of the adoption of IFRS 9, *Financial Instruments* ('IFRS 9') and IFRS 15, *Revenue from Contracts with Customers* ('IFRS 15'), effective March 1, 2018. There were no transitional adjustments recorded on the adoption of these standards. The new accounting policies are as follows:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) Relocation of Uranium

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

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.

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, 2018 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 and other market factors and their potential impact on the Corporation's financial results; expectations regarding the effects of recent industry and political announcements; 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 14, 2018, 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.

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in thousands of Canadian dollars except for share amounts)	At November 30, 2018	At February 28, 2018
ASSETS		
Current		
Cash and cash equivalents	$ 8,009	$ 4,836
Trade and other receivables	257	5,117
	8,266	9,953
Non-Current		
Investments in uranium (note 4)	680,679	455,758
Total assets	**$ 688,945**	$ 465,711
LIABILITIES		
Current		
Trade and other payables	$ 996	$ 2,382
Total liabilities	996	2,382
EQUITY		
Share capital (note 6)	260,042	238,245
Contributed surplus	648,005	648,005
Deficit	(220,098)	(422,921)
Total equity	687,949	463,329
Total liabilities and equity	**$ 688,945**	$ 465,711
Common shares		
Issued and outstanding (note 6)	**138,060,713**	132,448,713

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

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE GAIN (LOSS)

(Expressed in thousands of Canadian dollars except for share and per share amounts)	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	Nine Months Ended November 30, 2018	Nine Months Ended November 30, 2017
URANIUM RELATED GAIN (LOSS)				
Unrealized gains (losses) on investments in uranium (note 4)	$ 79,906	$ 52,664	$ 204,778	$ (18,665)
Income from relocation of uranium (note 5)	136	31	370	174
	80,042	52,695	**205,148**	(18,491)
OPERATING EXPENSES				
Storage fees	(678)	(506)	(1,857)	(1,483)
Management fees (note 7)	(480)	(536)	(1,556)	(1,232)
Public company expenses	(135)	(106)	(467)	(434)
General office and miscellaneous	(122)	(93)	(200)	(238)
Legal and other professional fees	(54)	(43)	(187)	(159)
Interest income	22	57	140	76
Other income (note 5)	-	-	1,166	-
Foreign exchange income	52	1,092	636	984
	(1,395)	(135)	**(2,325)**	(2,486)
Net gain (loss) and comprehensive gain (loss) for the period	**$ 78,647**	$ 52,560	**$ 202,823**	$ (20,977)
Net gain (loss) per common share				
Basic and diluted	**$ 0.57**	$ 0.41	**$ 1.49**	$ (0.17)
Weighted average number of common shares outstanding				
Basic and diluted	**138,060,713**	128,114,647	**136,183,244**	123,253,077

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, 2017	$ 841,243	$ 6,762	$ (385,660)	$ 462,345
Stated capital reduction	(641,243)	641,243	-	-
Common shares issued (note 6)	38,249	-	-	38,249
Net loss for the period	-	-	(20,977)	(20,977)
Balance at November 30, 2017	$ 200,000	$ 648,005	$ (406,637)	$ 479,617
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**

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
(Expressed in thousands of Canadian dollars)	**November 30, 2018**	November 30, 2017
Operating Activities		
Net gain (loss) for the period	$ 202,823	$ (20,977)
Adjustment for:		
Unrealized (gains) losses on revaluation of investments in uranium (note 4)	(204,778)	18,665
Non-cash other income (note 5)	(1,166)	-
Foreign exchange gain	(636)	(984)
Changes in non-cash working capital:		
Change in trade and other receivables, net of receivables arising from investing activities	237	258
Change in trade and other payables, excluding payables for uranium purchases	(190)	201
Net cash used in operating activities	**(3,710)**	(2,837)
Investing Activities		
Purchase of uranium investments (note 4)	(20,150)	(18,386)
Change in receivables from sale of conversion components	4,581	-
Net cash used in investing activities	**(15,569)**	(18,386)
Financing Activities		
Common shares issued, net of transaction costs (note 6)	21,839	38,249
Net cash generated by financing activities	**21,839**	38,249
Increase in cash and cash equivalents	2,560	17,026
Cash and cash equivalents – beginning of the period	4,836	5,109
Foreign exchange impact	613	886
Cash and cash equivalents – end of the period	**$ 8,009**	$ 23,021

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, 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 the company's wholly-owned subsidiaries.

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, 2018.

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

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

These financial statements were approved by UPC's Board of Directors on January 10, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these interim consolidated financial statements are consistent with those applied in the Corporation's audited annual consolidated financial statements for the year ended February 28, 2018, except as described in the 'New Accounting Policies' section below.

New Accounting Policies

The Corporation has changed its accounting policies from those disclosed in its audited annual consolidated financial statements for the year ended February 28, 2018 for 'Financial Instruments', 'Impairment of Financial Instruments', 'Sale of Uranium', 'Sale of Conversion Components', and 'Relocation of Uranium' in light of the adoption of IFRS 9, *Financial Instruments* ('IFRS 9') and IFRS 15, *Revenue from Contracts with Customers* ('IFRS 15'), effective March 1, 2018. There were no transitional adjustments recorded on the adoption of these standards. The standards were adopted retrospectively. The new accounting policies are as follows:

(f) 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:

(iii) 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).

(iv) 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.

(g) 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.

(h) 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.

(i) 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.

(j) Relocation of Uranium

IFRS 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards.

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 Standards Issued But Not Yet Adopted

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 which replaces existing standards and interpretations under IAS 17

'Leases'. IFRS 16 requires all leases, including financing and operating leases, to be reported on the balance sheet of the lessee with the intent of providing greater transparency on a company's lease arrangements. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted if IFRS 15 has been adopted.

The Corporation has 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. However, the Corporation is still completing its assessment and it may identify other matters in advance of the adoption of this standard. The Corporation expects to adopt this standard on March 1, 2019.

4. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:

(in thousands)		Cost		Fair Value Adjustment		Fair Value
Balance at February 28, 2018	$	809,967	$	(354,209)	$	455,758
Unrealized net gains on investments in uranium		-		198,795		198,795
Uranium purchases		20,143		5,983		26,126
Balance at November 30, 2018	**$**	**830,110**	**$**	**(149,431)**	**$**	**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	14,159,354 lbs	$	644,673	$	(96,622)	$	548,051
UF_6	1,117,230 KgU		185,437		(52,809)		132,628
Balance at November 30, 2018		**$**	**830,110**	**$**	**(149,431)**	**$**	**680,679**

Investments in uranium are categorized in Level 2 of the fair value hierarchy. Fair values as at November 30, 2018 reflect spot prices published by UxC of US$29.10 per pound U_3O_8 and US$89.25 per KgU as UF_6, translated to Canadian Dollars at the month-end indicative rate of 1.3301.

Uranium purchases

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 (see note 6 for further details).

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 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).

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

In March 2017, the counterparty to the uranium relocation agreement filed for Chapter 11 bankruptcy protection in the United States. Subsequent to the announcement, UPC entered into an agreement with the counterparty for the temporary return of 100,000 KgU (of the 300,000 KgU as UF_6 previously relocated under the agreement), and to defer the timing of the second and third relocation tranches under the agreement. In April 2017, the return of the 100,000 KgU as UF_6 was completed and in April 2018 this material was transferred back to the counterparty in accordance with the terms of the amended agreement. In August 2018, the counterparty successfully emerged from bankruptcy protection under new ownership.

In January and October 2018, the Corporation completed the relocation of the second and third tranches under this agreement, transferring a total of 400,000 KgU as UF_6 in exchange for an equivalent amount of KgU as UF_6 contained in 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.

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, 2018, the Corporation recorded $136,000 and $370,000, respectively, in income from the relocation of uranium (November 30, 2017 – $31,000 and $174,000).

Other Income

During the three and nine months ended November 30, 2018, the Corporation recognized other income of $nil and $1,166,000, respectively, related to the non-cash derecognition of certain liabilities following the termination of a contractual arrangement with a storage-related counterparty (November 30, 2017 – $nil other income).

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, 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 November 30, 2018	**138,060,713**	**$**	**260,042**

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 to be used to fund the operating expenses of the Corporation.

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

On December 9, 2016, the Corporation filed a short form base shelf prospectus (‘2016 Prospectus’) with the securities regulatory authorities in each of the provinces of Canada, other than Québec. The Corporation may issue common shares or warrants or any combination of such securities as units (‘Securities’), in amounts, at prices, and on terms to be determined based on market conditions at the time of sale and as set forth in the 2016 Prospectus, for an aggregate offering amount of up to $200,000,000 during the 25 month period ending January 9, 2019. As of November 30, 2018, the Corporation has issued $63,609,200 in Securities pursuant to the 2016 Prospectus.

7. RELATED PARTY TRANSACTIONS

Management Services Agreement with the Manager

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

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2018**	November 30, 2017	**November 30, 2018**	November 30, 2017
Fees incurred with the Manager:				
Base and variable fees	$ 480	$ 350	$ 1,303	$ 1,046
Discretionary fees	-	-	50	-
Commission fees	-	186	203	186
Total fees incurred with the Manager	**$ 480**	$ 536	**$ 1,556**	$ 1,232

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 (November 30, 2017 – $nil discretionary fees). 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 (November 30, 2017 - $186,000 commission fees). See note 4 for further details.

As at November 30, 2018, trade and other payables included $206,000 (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 outlines the compensation and expense reimbursements paid to key management personnel for the periods ending:

	Three Months Ended		Nine Months Ended	
(in thousands)	**November 30, 2018**	November 30, 2017	**November 30, 2018**	November 30, 2017
Directors’ fees & expenses	$ 64	$ 80	$ 211	$ 220
Total key management personnel compensation	**$ 64**	$ 80	**$ 211**	$ 220

8. SUBSEQUENT EVENTS

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

Uranium Participation Corporation

BOARD OF DIRECTORS

Paul J. Bennett
President and Chief Executive Officer
Energus Resources Ltd.

Thomas Hayslett
Independent Consultant; formerly Senior Consultant
The Ux Consulting Company, LLC.

Jeff Kennedy
Chairman of the Board
Managing Director, Equity Capital Markets and Operations
Cormark Securities Inc.

Garth A. C. MacRae
Independent Financial Consultant

Ganpat Mani
Independent Consultant; formerly Chief Executive Officer and President, ConverDyn Corp.

Dorothy Sanford
President, MFDA Investor Protection Corporation

OFFICERS

David Cates
President and Chief Executive Officer

Mac McDonald
Chief Financial Officer

Tim Gabruch
Chief Commercial Officer

Amanda Willett
Corporate Secretary

MANAGER

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STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading Symbol: U

Website: www.tmx.com

Managed by:

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