

**Press Release**

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**URANIUM PARTICIPATION CORPORATION REPORTS FINANCIAL RESULTS  
FOR THE YEAR ENDED FEBRUARY 28, 2009**

TORONTO, April 23, 2009 -- Uranium Participation Corporation ("Uranium Corp") reports results for the year ended February 28, 2009. All amounts are in Canadian currency unless otherwise noted.

The Company recorded negative revenue for the year as a result of unrealized losses on its uranium investment due to the decline in the spot price of uranium during the year.

Revenue for the year was negative \$127.0 million (2008 - \$221.1 million negative) consisting of \$131.8 million in unrealized losses in the value of the Company's uranium investments (2008 - \$228.6 million unrealized loss), \$4.6 million (2008 - \$7.1 million) in income from investment lending and \$0.2 million (2008 - \$0.4 million) in interest earned on invested cash.

Expenses for the year totaled a net recovery of \$13.5 million (2008 - \$46.3 million recovery) which included a \$19.4 million recovery of future income taxes related to the unrealized loss and a \$1.0 million foreign exchange loss due to the decline in the value of the U.S. currency acquired and held for the purchase of uranium.

During the year the Company realized cash revenue of approximately \$4.8 million which approximately offset its cash expenses.

Net asset value decreased from \$582.5 million at February 29, 2008 to \$541.4 million at February 28, 2009. Basic net asset value per common share based upon the uranium spot price of US\$45.00 per pound decreased \$1.47 or 16% to \$7.49 at February 28, 2009.

***About Uranium Participation Corporation***

Uranium Participation Corporation is an investment holding company which 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. Additional information about Uranium Participation Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on Uranium Participation Corporation's website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com).

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**Uranium Participation Corporation  
Annual Management Report of Fund Performance  
February 28, 2009**

**DISCLOSURE**

This Annual Management Report of Fund Performance contains financial highlights but does not contain the complete Audited Annual Financial Statements of Uranium Participation Corporation ("Uranium Corp" or "Corporation"). You can get a copy of the Audited Annual Financial Statements at your request, and at no cost, by calling 416-979-1991, by writing to us at 595 Bay Street, Suite 402, Toronto, Ontario, M5G 2C2, or by visiting our website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com) or SEDAR at [www.sedar.com](http://www.sedar.com). You may also contact us to obtain a copy of Uranium Corp's quarterly portfolio disclosure.

Uranium Corp holds physical commodities and not equity security investments. As a result, Uranium Corp does not have an investment proxy voting disclosure record, nor does it have proxy voting policies and procedures.

This Annual Management Report of Fund Performance is current as of April 23, 2009. All amounts are in Canadian dollars unless otherwise indicated.

**CAUTION REGARDING FORWARD LOOKING INFORMATION**

This Annual Management Report of Fund Performance contains certain forward looking statements and forward looking information that are based on the company's current internal expectations, estimates, assumptions and beliefs. Forward looking statements generally can be identified by the use of forward looking terminology such as "may", "will", "expect", "intent", "estimate", "anticipate", "plan", "should", "believe" or "continue" or the negative thereof or variations thereon or similar terminology.

By their very nature, forward looking statements involve numerous assumptions and estimates. A variety of factors, many of which are beyond the control of Uranium Corp, may cause actual results to differ materially from the expectations expressed in the forward looking statements. See "RISK FACTORS" included later in the Annual Management Report of Fund Performance for a further description of the principal risks of Uranium Corp.

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, Uranium Corp does not undertake to update any forward looking information.

**URANIUM PARTICIPATION CORPORATION**

Uranium Corp was incorporated on March 15, 2005 under the Ontario Business Corporations Act. Uranium Corp was created to invest in, hold and sell uranium oxide in concentrates ("U<sub>3</sub>O<sub>8</sub>") and uranium hexafluoride ("UF<sub>6</sub>") (collectively "uranium"). Uranium Corp invests in and holds physical uranium through its wholly-owned subsidiaries, Uranium Participation Alberta Corp. and Uranium Participation Cyprus Limited (the "Subsidiaries"). Uranium Participation Alberta Corp. was

incorporated on May 4, 2005 under the Alberta Business Corporations Act and Uranium Participation Cyprus Limited (“UPCL”) was incorporated on September 10, 2006 under the laws of the Republic of Cyprus. In August 2007, UPCL obtained a business license and established a branch office in Luxembourg through which the operations of UPCL are conducted. Unless otherwise indicated or where the context otherwise requires, references to “Uranium Corp” or the “Corporation” includes the Subsidiaries.

Uranium Corp is governed by its board of directors (the “Board of Directors”) and administered by Denison Mines Inc. (the “Manager”) pursuant to a management services agreement (the “Management Services Agreement”). The common shares of Uranium Corp trade publicly on the Toronto Stock Exchange under the symbol “U”.

Uranium Corp established an Independent Review Committee (“IRC”) from its qualified independent Board members in October 2007. The IRC has adopted a mandate that provides that the IRC must provide a recommendation or approval of transactions in which there is a conflict of interest between the Corporation and its Manager, as contemplated by National Instrument 81-107, Independent Review Committee for Investment Funds of the Canadian Securities Administrators (“NI 81-107”). The IRC will prepare a report to shareholders on at least an annual basis. The report will be available on the Corporation’s website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com) and is also available to shareholders at no cost by contacting the Corporation at [info@uraniumparticipation.com](mailto:info@uraniumparticipation.com).

Uranium Corp is an investment fund as defined by the Canadian securities regulatory authorities in National Instrument 81-106 “Investment Fund Continuous Disclosure”. Unlike many investment funds, Uranium Corp does not qualify as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the “Act”) and, accordingly, follows the general corporate income tax provisions of the Act.

## **INVESTMENT OBJECTIVES AND STRATEGY**

The primary investment objective of Uranium Corp is to achieve long-term appreciation in the value of its uranium holdings through a buy and hold investment strategy and not actively speculate with regard to short-term changes in uranium prices. While it is not the current intention of Uranium Corp to do so in the short term, it may subsequently sell some or all of its uranium holdings. Ownership of the Corporation’s common shares represents an indirect interest in ownership of physical uranium. This provides an investment alternative for investors interested in investing in these commodities without incurring the risks associated with investments in companies that explore for, mine and process uranium related products.

In implementing the investment strategy of the Corporation, at least 85% of the gross proceeds of any common share offerings will be invested in, or set aside for future purchases of uranium. In strictly limited circumstances, the Corporation can enter into borrowing arrangements to facilitate the purchases of uranium where the current cash on hand is not adequate to cover such commitments. The maximum amount of any such borrowing cannot exceed 15% of the net assets of Uranium Corp. The Corporation may also enter into uranium lending transactions in order to earn additional returns.

For a more detailed description of the Corporation’s investment policies and by-laws, please refer to Uranium Corp’s Annual Information Form available on SEDAR.

## INVESTMENT RISK

There are a number of factors that could negatively affect Uranium Corp.'s business and the value of Uranium Corp.'s securities, including the factors listed below. Such factors could materially affect the Corporation's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Corporation. The following information pertains to the outlook and conditions currently known to Uranium Corp that could have a material impact on the financial condition of Uranium Corp. This information, by its nature, is not all-inclusive. It is not a guarantee that other factors will not affect Uranium Corp in the future.

### *Uranium Price Volatility from Demand and Supply Factors*

Since almost all of Uranium Corp's activities involve investing in uranium, the value of its securities will be highly sensitive to fluctuations in the spot prices of uranium. Historically, the fluctuations in these prices have been, and will continue to be, affected by numerous factors beyond Uranium Corp's control. Such factors include, among others: demand for nuclear power; improvements in nuclear reactor efficiencies; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tails; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; purchases and sales by brokers and traders of uranium; and production levels and production costs in key uranium producing countries.

Since UF<sub>6</sub> is a different commodity than U<sub>3</sub>O<sub>8</sub>, its price is affected by its own supply/demand balance as well as the supply/demand balances of U<sub>3</sub>O<sub>8</sub> and for conversion services. As a result, the UF<sub>6</sub> price may move differently than the spot price of U<sub>3</sub>O<sub>8</sub> or the spot conversion price alone. The factors that affect the UF<sub>6</sub> price will affect the net asset value per common share ("NAV") of the Corporation, which in turn may affect the price of the Corporation's securities.

Set out in the table below is the spot price for U<sub>3</sub>O<sub>8</sub> per pound, and the UF<sub>6</sub> price per KgU at December 31 for the five calendar years ended December 31, 2008, and as at February 28, 2009<sup>(1)</sup>.

	December 31					February 28
	2004	2005	2006	2007	2008	2009
U <sub>3</sub> O <sub>8</sub>	\$20.70	\$36.25	\$72.00	\$90.00	\$53.00	\$45.00
UF <sub>6</sub>	\$63.09 <sup>(2)</sup>	\$105.00	\$199.00	\$240.00	\$145.00	\$126.00

<sup>(1)</sup> As published by Ux Consulting Company, LLC ("UxCo") in U.S. dollars.

<sup>(2)</sup> UF<sub>6</sub> prices for 2004 were not published by UxCo. Amount shown for 2004 is the UF<sub>6</sub> value, which is obtained by adding (i) the spot price for U<sub>3</sub>O<sub>8</sub> multiplied by 2.61285; and (ii) the spot conversion price of UF<sub>6</sub>.

### *No Public Market for Uranium*

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

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

#### *Uranium Industry Competition and International Trade Restrictions*

The international uranium industry, including the supply of uranium concentrates, is competitive. Supplies are available from a relatively small number of western world uranium mining companies, from certain republics of the former Soviet Union and the People's Republic of China, from excess inventories, including inventories made available from decommissioning of nuclear weapons, from reprocessed uranium and plutonium, from used reactor fuel, and from the use of excess Russian enrichment capacity to re-enrich depleted uranium tails held by European enrichers in the form of  $UF_6$ . The supply of uranium from Russia and from certain republics of the former Soviet Union is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any similar future agreements, governmental policies or trade restrictions are beyond the control of the Corporation and may affect the supply of uranium available for sale and use in the United States and Europe, which are the largest markets for uranium in the world.

#### *Foreign Exchange Rates*

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

#### *Risks Associated with the Facilities*

Under the Management Services Agreement, the Manager is required to arrange for all uranium to be stored at licensed uranium conversion or enrichment facilities (the "Facilities") and to ensure that the Facilities provide satisfactory indemnities for the benefit of Uranium Corp or ensure that Uranium Corp has the benefit of insurance arrangements obtained on standard industry terms. There is no guarantee that either the indemnities or insurance in favour of Uranium Corp will fully cover or absolve Uranium Corp in the event of loss or damage. Uranium Corp may be financially and legally responsible for losses and/or damages not covered by indemnity provisions or insurance. Such responsibility could have a material adverse effect on the financial condition of Uranium Corp.

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

#### *Lack of Operational Liquidity*

The expenses of Uranium Corp are funded from cash on hand that is not otherwise invested in uranium and revenue from the lending of uranium. Once such cash available has been expended, Uranium Corp may either generate cash from the lending or sale of uranium, or the sale of additional equity securities. There is no guarantee that Uranium Corp will be able to sell additional equity or equity related securities on terms acceptable to Uranium Corp in the future, that Uranium Corp will be able to sell uranium in a timely or profitable manner or that Uranium Corp will be able to generate revenue through lending arrangements.

### *Competition from Other Energy Sources and Public Acceptance of Nuclear Energy*

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydro-electricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity, as well as the possibility of developing other low cost sources for energy, may result in lower demand for uranium.

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

### *Lack of Investment Liquidity*

Uranium Corp is not a mutual fund, and an investment in its common shares and warrants is not redeemable. Uranium Corp's liquidity will rely principally on sales or lending by Uranium Corp of uranium. Accordingly, Uranium Corp may not have the resources to declare any dividends or make other cash distributions unless and until a determination is made to sell a portion of its uranium holdings.

Since inception, the Corporation has not declared any dividends and the Corporation has no current intention to declare any dividends.

### *Net Asset Value*

The net asset value reported by Uranium Corp is based on the spot price of uranium published by UxCo. Accordingly, the net asset value may not necessarily reflect the actual realizable value of uranium held by Uranium Corp.

The NAV is calculated by deducting the Corporation's liabilities from its assets as at the relevant period end and dividing the result by the number of common shares outstanding. These liabilities include liabilities for future income taxes. Unlike most investment funds, the Corporation is not a mutual fund trust, making it subject to income tax on its taxable income.

### *Market Price of Common Shares*

It appears that the market price of the common shares is related to the NAV. Uranium Corp cannot predict whether the common shares will, in the future, trade above, at or below the NAV.

The market price of the common shares may also be affected by the management expense ratio, which is calculated for each reporting period as the total investment operation expenses (including income tax provisions) for the period over the average net asset value of the Corporation.

### *Reliance on Board of Directors and Manager*

Uranium Corp is a self-governing corporation that is governed by the Board of Directors appointed and elected by the holders of common shares. Uranium Corp will, therefore, be dependent on the services of its Board for investment decisions and the Manager for management services.

### *Resignation by Manager*

The Manager may terminate the Management Services Agreement after the initial term in accordance with the terms thereof. Uranium Corp may not be able to readily secure similar services to, or at management fees comparable to those under the Management Services Agreement, and its operations may therefore be adversely affected.

### *Conflict of Interest*

Directors and officers of Uranium Corp may provide investment, administrative and other services to other entities and parties. The directors and officers of Uranium Corp have devoted, and have undertaken to devote, such reasonable time as is required to properly fulfill their responsibilities in respect to the business and affairs of Uranium Corp as they arise from time to time.

### *Uranium Lending*

The Corporation has and may enter again into uranium lending arrangements. It has, and will in the future, ensure that adequate security is provided for any loaned uranium. However, there is a risk that the borrower may not be able to return the uranium and may, in lieu, repay the equivalent value of borrowed uranium in cash. In such circumstances, given the limited supply of U<sub>3</sub>O<sub>8</sub> and UF<sub>6</sub>, the Corporation may not be able to replace the uranium loaned from its portfolio.

### *Regulatory Change*

Uranium Corp may be affected by changes in regulatory requirements, customs, duties or other taxes. Such changes could, depending on their nature, benefit or adversely affect Uranium Corp.

## **RESULTS OF OPERATIONS**

Uranium Corp's basic NAV decreased from \$8.96 per share at February 29, 2008 to \$7.49 at February 28, 2009 representing a basic NAV loss of 16.4%. Over the comparable time period, Uranium Corp's benchmark, the S&P/TSX Composite Index, decreased by 40.2%.

Uranium Corp's net assets at February 28, 2009 were \$541,397,000 representing a 7.1% decrease from net assets of \$582,545,000 at February 29, 2008. Of the net asset value decrease of \$41,148,000 over the period, \$113,517,000 was attributable to the decrease in investment operation performance offset by after-tax net proceeds of additional equity issues and warrant exercises of \$72,369,000.

### *Equity Financing*

In March 2008, Uranium Corp issued 7,331,250 shares at \$10.20 per share for gross proceeds of \$74,779,000.

In October 2007, Uranium Corp issued 5,134,750 shares at \$11.20 per share for gross proceeds of \$57,509,000.

In April 2007, Uranium Corp issued 6,500,000 shares at \$14.60 per share for gross proceeds of \$94,900,000.

As at February 28, 2009, Uranium Corp had 72,328,591 common shares issued and outstanding. All outstanding unexercised warrants expired on September 15, 2008.

Since inception, Uranium Corp has raised gross proceeds of \$543,439,000 through common share and equity unit financings and \$31,202,000 from the exercise of warrants. Uranium Corp invested \$534,031,000 or 92.9% of these amounts into its portfolio of uranium investments.

#### *Investment Portfolio*

During the year, Uranium Corp increased its U<sub>3</sub>O<sub>8</sub> holdings by 950,000 pounds, raising its total holdings to 5,425,000 pounds at February 28, 2009. The total cost of this investment was \$262,565,000 or \$48.40 per pound. The fair value of this investment at February 28, 2009 was \$310,210,000 or \$57.18<sup>1</sup> per pound, representing an increase of 18.1%. On a U.S dollar basis, the fair value of this investment has increased by 3.8%.

During the year, Uranium Corp increased its UF<sub>6</sub> holdings by 75,000 KgU, raising its total holdings to 1,492,230 KgU at February 28, 2009. The total average cost of this investment was \$271,466,000 or \$181.92 per KgU. The fair value of this investment at February 28, 2009 was \$238,918,000 or \$160.11<sup>(1)</sup> per KgU, representing a decrease of 12.0%. On a U.S dollar basis, the fair value of this investment has decreased by 25.1%.

Uranium Corp entered into a lending arrangement effective January 1, 2007 to loan 500,000 KgU as UF<sub>6</sub> to a producer for a period of three years. This arrangement, which generates loan fee revenues and reduces storage costs, is collateralized by an irrevocable letter of credit.

#### *Investment Performance*

Investment operation results of a \$113,517,000 loss for the year ended February 28, 2009 have been largely driven by unrealized losses on uranium investments of \$131,753,000 net of tax recovery movements of \$19,417,000.

Unrealized losses on investments result from U<sub>3</sub>O<sub>8</sub> prices declining from US\$73.00 at February 29, 2008 to US\$45.00 at February 28, 2009, as reported by UxCo. Similarly, UF<sub>6</sub> spot prices declined from US\$200.00 per KgU at February 29, 2008 to US\$126.00 at February 28, 2009. Prices have declined further subsequent to this reporting date (refer to "RECENT DEVELOPMENTS" section below).

Uranium Corp is not a mutual fund trust therefore it is subject to income tax on its taxable income, computed in accordance with the ordinary rules and at rates ordinarily applicable to public corporations. Currently, Uranium Corp accrues future income taxes payable based on the unrealized gains on investments. Tax recovery movements reflect an effective tax rate of approximately 15 percent for the year compared to provision movements of approximately 24 percent in the prior year. Uranium investments made through its wholly owned subsidiary, UPCL, caused the decline in Uranium Corp's effective future tax rate. The resulting revaluation of Uranium Corp's future tax assets and liabilities using the substantively enacted lower tax rates of between 3% and 29% have resulted in a favourable impact on the in period effective tax rate.

## **RECENT DEVELOPMENTS**

As reported by UxCo as at April 20, 2009, the spot price of U<sub>3</sub>O<sub>8</sub> has declined to US\$42.00 per pound from US\$45.00 per pound on February 23, 2009 a decrease of 7%.

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<sup>1</sup> Reflects spot prices published by UxCo on February 23, 2009 of US\$45.00 per pound for U<sub>3</sub>O<sub>8</sub> and US\$126.00 per KgU for UF<sub>6</sub> translated at a foreign exchange rate of 1.2707.

## **INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In February 2008, the Canadian Accounting Standards Board (“AcSB”) announced that the changeover for publicly-listed companies to adopt IFRS, replacing Canada’s own GAAP, will be effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date for the Corporation will be February 29, 2012. This will require the restatement, for comparative purposes, of amounts reported by Uranium Corp for the year ended February 28, 2011.

In the 2009-2010 fiscal year, Uranium Corp will assess the impact of the transition to IFRS on the Corporation’s accounting policies and will establish a project plan to implement IFRS.

## **RELATED PARTY TRANSACTIONS**

Uranium Corp is a party to a Management Services Agreement with its Manager. Under the terms of the agreement, Uranium Corp will pay the following fees to the Manager: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board of Directors; b) a minimum annual management fee of \$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon Uranium Corp’s net asset value between \$100,000,000 and \$200,000,000 and 0.2% per annum based upon Uranium Corp’s net asset value in excess of \$200,000,000; c) a fee of \$200,000 upon the completion of each equity financing where proceeds payable to Uranium Corp exceed \$20,000,000; d) a fee of \$200,000 for each transaction or arrangement (other than the purchase or sale of uranium) of business where the gross value of such transaction exceeds \$20,000,000 (“an initiative”); e) an annual fee up to a maximum of \$200,000, at the discretion of the Board, for on-going maintenance or work associated with an initiative; and f) a fee equal to 1.5% of the gross value of any uranium held by Uranium Corp prior to the completion of any acquisition of at least 90% of the common shares of the Corporation.

In accordance with the Management Services Agreement, all uranium investments owned by Uranium Corp are held in accounts with conversion facilities in the name of Denison Mines Inc. as manager for and on behalf of Uranium Corp.

Uranium Corp had a credit agreement with the Manager for a revolving facility of up to \$15,000,000. The Corporation had drawn \$11,600,000 under the facility which was repaid and terminated on April 10, 2007.

In June 2007, Uranium Corp purchased 75,000 pounds of U<sub>3</sub>O<sub>8</sub> from the Manager at a price of US\$130.00 per pound for total consideration of \$10,368,000 (US\$9,750,000).

In August 2008, Uranium Corp purchased 50,000 pounds of U<sub>3</sub>O<sub>8</sub> from the Manager at a price of US\$64.50 per pound for total consideration of \$3,373,000 (US\$3,225,000).

The following additional transactions were incurred with related parties during the years ended:

(in thousands of Canadian dollars)	February 28, 2009	February 29, 2008
Fees incurred with the Manager:		
Management fees	\$ 1,560	\$ 1,901
Equity financing fees <sup>(1)</sup>	200	400
Transaction fees – uranium purchase commissions	1,246	2,246
Shareholder Information and other compliance	37	6
General office and miscellaneous	3	4
Interest and other debt related expenses		
Interest on loan payable	–	91
Standby fees on line of credit	–	4
<b>Total fees incurred with related parties</b>	<b>\$ 3,046</b>	<b>\$ 4,652</b>

(1) Equity financing fees incurred with the Manager have been recorded as share issue costs and are included in the value reported for common shares.

As at February 28, 2009, accounts payable and accrued liabilities included \$127,000 (February 29, 2008: \$162,000) due to the Manager with respect to the fees indicated above.

## PAST PERFORMANCE

The following tables show the past performance for the NAV attributable to common shares (“net asset value return”) and the past performance of the share price (“market value return”) of Uranium Corp and will not necessarily indicate how Uranium Corp will perform in the future. Net asset return is the best representation of the performance of Uranium Corp while market value return is the best representation of the return to a shareholder of the Uranium Corp.

### Year by Year Returns

The table below shows the annual performance in net asset value return and market value return of Uranium Corp for each period indicated. The table shows, in percentage terms, how much an investment held on the first day of each financial period would have increased or decreased by the last day of each financial year.

	February 2009 <sup>(1)</sup>	February 2008 <sup>(1)</sup>	February 2007 <sup>(1)</sup>	February 2006 <sup>(2)</sup>
Net asset value return (loss) – basic	(16.4%)	(25.0%)	110.0%	18.3%
Net asset value return (loss) – diluted	(16.4%)	(21.6%)	100.9%	18.3%
Market value return (loss)	(47.6%)	(18.4%)	94.1%	40.2%

(1) For the twelve months ended.

(2) Period from completion of initial public offering on May 10, 2005 through to February 28, 2006.

### Annual Compounded Returns

The table below shows the annual compounded return in net asset value return and market value return of Uranium Corp from inception through to the end of the indicated period, compared with the TSX Composite Index calculated on the same compounded basis.

	February 2009 <sup>(1)</sup>	February 2008 <sup>(1)</sup>	February 2007 <sup>(1)</sup>	February 2006 <sup>(1)</sup>
Net asset value return – basic	55.7%	86.28%	148.4%	18.3%
Net asset value return – diluted	55.7%	86.28%	137.6%	18.3%
Market value return	16.3%	122.1%	172.1%	40.2%
S&P / TSX Composite Index <sup>(2)</sup>	(14.4%)	43.1%	37.4%	23.1%

(1) Period from completion of initial public offering on May 10, 2005 through to February month-end of indicated year.

(2) The S&P / TSX Composite Index is a market capitalization-weighted index that provides a broad measure of performance of the Canadian equity market.

## SUMMARY OF INVESTMENT PORTFOLIO

Uranium Corp's investment portfolio consists of the following as at February 28, 2009:

(in thousands of Canadian dollars, except quantity amounts)	Quantity of Measure	Cost <sup>(3)</sup>	Market Value <sup>(1)</sup>
<b>Investments in Uranium:</b>			
Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ")	5,425,000 lbs	\$ 262,565	\$ 310,210
Uranium hexafluoride ("UF <sub>6</sub> ") <sup>(2)</sup>	1,492,230 KgU	\$ 271,466	\$ 238,918
		\$ 534,031	\$ 549,128
U <sub>3</sub> O <sub>8</sub> average cost and market value per pound:			
- In Canadian dollars		\$ 48.40	\$ 57.18
- In United States dollars		\$ 43.37	\$ 45.00
UF <sub>6</sub> average cost and market value per KgU:			
- In Canadian dollars		\$ 181.92	\$ 160.11
- In United States dollars		\$ 168.15	\$ 126.00

(1) The market values have been translated to Canadian dollars using the February 28, 2009 noon foreign exchange rate of 1.2707.

(2) Of the UF<sub>6</sub> holding described above, 500,000 KgU has been lent to a third party.

(3) The average cost of the portfolio has been adjusted to exclude transaction costs incurred since Uranium Corp's inception in March 2005.

## FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about Uranium Corp and is intended to help you understand Uranium Corp's financial performance for the last five reporting periods (if applicable). This information is derived from the Corporation's audited annual financial statements.

### Net Asset Value per Share

	February 2009 <sup>(1)</sup>	February 2008 <sup>(1)</sup>	February 2007 <sup>(1)</sup>	February 2006 <sup>(2)</sup>
<b>Net Asset Value per Share – Basic:</b>				
Net asset value, beginning of period <sup>(3)</sup>	\$ 8.96	\$ 11.95	\$ 5.69	\$ 4.81
Increase (decrease) from operations <sup>(3)</sup> :				
Total revenue	\$ 0.07	\$ 0.13	\$ 0.03	\$ 0.03
Total expenses before taxes <sup>(4)</sup>	\$ (0.08)	\$ (0.16)	\$ (0.15)	\$ (0.22)
Income tax provision	\$ 0.27	\$ 0.93	\$ (2.06)	\$ (0.38)
Realized gains (losses) for the period	\$ –	\$ –	\$ –	\$ –
Unrealized gains (losses) for the period <sup>(4)</sup>	\$ (1.83)	\$ (3.81)	\$ 8.45	\$ 1.30
Total increase (decrease) from operations	\$ (1.58)	\$ (2.91)	\$ 6.27	\$ 0.73
Net asset value, end of period <sup>(3)</sup>	\$ 7.49	\$ 8.96	\$ 11.95	\$ 5.69
<b>Net asset value per share – diluted:</b>				
Net asset value, beginning of period <sup>(3)</sup>	\$ 8.96	\$ 11.43	\$ 5.69	\$ 4.81
Increase (decrease) from operations <sup>(3)</sup> :				
Total revenue	\$ 0.07	\$ 0.13	\$ 0.03	\$ 0.03
Total expenses before taxes <sup>(4)</sup>	\$ (0.08)	\$ (0.16)	\$ (0.14)	\$ (0.22)
Income tax provision	\$ 0.27	\$ 0.93	\$ (1.97)	\$ (0.38)
Realized gains (losses) for the period	\$ –	\$ –	\$ –	\$ –
Unrealized gains (losses) for the period <sup>(4)</sup>	\$ (1.83)	\$ (3.81)	\$ 8.08	\$ 1.30
Total increase (decrease) from operations	\$ (1.58)	\$ (2.91)	\$ 6.00	\$ 0.73
Net asset value, end of period <sup>(3)</sup>	\$ 7.49	\$ 8.96	\$ 11.43	\$ 5.69

(1) For the twelve months ended.

(2) Period from completion of initial public offering on May 10, 2005 through to February 28, 2006.

(3) Net asset values are based upon the actual number of common shares outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of common shares outstanding over the financial period.

### **Ratios and Supplemental Data**

	February 2009 <sup>(1)</sup>	February 2008 <sup>(1)</sup>	February 2007 <sup>(1)</sup>	February 2006 <sup>(2)</sup>
Total net asset value, end of the period (000's)	\$541,397	\$582,545	\$579,364	\$175,010
Average net asset value for the period (000's)	\$585,072	\$708,476	\$336,589	\$116,015
Number of common shares outstanding (000's)	72,329	64,992	48,474	30,751
Management expense ratio <sup>(3)</sup>				
Total expenses before taxes <sup>(4)</sup>	0.79%	1.01%	1.11%	2.45%
Income tax provision	(3.32%)	(7.87%)	25.05%	7.26%
Portfolio turnover rate	—	—	—	—
Trading expense ratio <sup>(5)</sup>	0.22%	0.32%	0.73%	1.75%
Closing market price per common share on the TSX \$	\$ 6.05	\$ 11.55	\$ 14.15	\$ 7.29

(1) For the twelve months ended.

(2) Period from completion of initial public offering on May 10, 2005 through to February 28, 2006.

(3) The management expense ratio for total expenses represents total investment operation expenses for the period over the average net asset value of the fund for the period.

(4) Transaction costs are excluded from total expenses in calculating the management expense ratio. These costs are included in the trading expense ratio calculation.

(5) Represents total transaction costs for the period over the average net asset value of the fund for the period. Warehousing and custodian costs have been included in the expense amount for the management expense ratio calculation.

## **Responsibility for Financial Reporting**

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### **To the Shareholders of Uranium Participation Corporation,**

The Company's management is responsible for the integrity and fairness of presentation of these consolidated financial statements. The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles for review by the Audit Committee and approval by the Board of Directors.

The preparation of financial statements requires the selection of appropriate accounting policies in accordance with generally accepted accounting principles and the use of estimates and judgments by management to present fairly and consistently the consolidated financial position of the Company. Estimates are necessary when transactions affecting the current period cannot be finalized with certainty until future information becomes available. The Company's management is also responsible for maintaining systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide assurance that the financial information is accurate and reliable in all material respects and that the Company's assets are appropriately accounted for and adequately safeguarded. The Company's management believes that such systems are operating effectively and has relied on these systems of internal control in preparing these financial statements.

PricewaterhouseCoopers LLP, Chartered Accountants, are independent external auditors appointed by the shareholders to issue a report regarding the consolidated financial statements of the Company. PricewaterhouseCoopers' audit report outlines the extent and nature of their examination and expresses their opinion on the consolidated financial statements.

The Board of Directors of the Company is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements and the accompanying annual management report of fund performance. The Board carries out this responsibility principally through its Audit Committee, which is appointed annually and consists of three Directors, none of whom are members of management.

The Audit Committee meets at least twice per year with management, together with the independent auditors, to satisfy itself that management and the independent auditors are each properly discharging their responsibilities. The independent external auditors have full access to the Audit Committee with and without management present. The Committee, among other things, reviews matters related to the quality of internal control, audit and financial reporting issues. The Audit Committee reviews the consolidated financial statements and the independent auditors' report, and reports its findings to the Board of Directors, prior to the Board approving such information for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or reappointment of the Company's independent auditors.

*(Signed) "E. Peter Farmer"*

*(Signed) "James R. Anderson"*

E. Peter Farmer  
President

James R. Anderson  
Chief Financial Officer

April 23, 2009

## **Independent Auditors' Report**

### **To the Shareholders of Uranium Participation Corporation**

We have audited the accompanying consolidated statements of net assets of Uranium Participation Corporation (the Company) as at February 28, 2009 and February 29, 2008, the consolidated statements of operations, changes in net assets and cash flows for the years ended February 28, 2009 and February 29, 2008 and the consolidated statement of investment portfolio as at February 28, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2009 and February 29, 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

**(Signed) "PricewaterhouseCoopers LLP"**

**Chartered Accountants, Licensed Public Accountants**

Toronto, Canada  
April 23, 2009

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF NET ASSETS**

(in thousands of Canadian dollars, except per share amounts)	February 28, 2009	February 29, 2008
<b>Assets</b>		
Investments at market value (at cost: 2009-\$534,031; 2008-\$450,946)	\$549,128	\$597,796
Cash and cash equivalents	1,057	13,687
Sundry receivables and other assets	878	1,113
Income taxes receivable	-	23
Future income taxes (note 3)	13,084	10,570
	<b>\$564,147</b>	<b>\$623,189</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	1,399	1,030
Income taxes payable	108	390
Future income taxes (note 3)	21,243	39,224
<b>Net assets</b>	<b>\$541,397</b>	<b>\$582,545</b>
<b>Net assets represented by</b>		
Common shares (note 4)	\$553,576	\$481,203
Warrants (note 4)	-	2,455
Contributed surplus (note 4)	2,481	30
Retained earnings (deficit)	(14,660)	98,857
	<b>\$541,397</b>	<b>\$582,545</b>
<b>Common shares</b>		
Issued and outstanding (note 4)	72,328,591	64,991,841
<b>Net asset value per common share</b>		
Basic and diluted	\$ 7.49	\$ 8.96

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

ON BEHALF OF THE BOARD OF URANIUM PARTICIPATION CORPORATION

*"Richard H. McCoy"*

*"Garth A. C. MacRae"*

Richard H. McCoy  
Director

Garth A. C. MacRae  
Director

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Income</b>		
Interest	\$ 169	\$ 435
Income from investment lending (note 6)	4,581	7,080
Unrealized losses on investments	(131,753)	(228,594)
	(127,003)	(221,079)
<b>Operating expenses</b>		
Transaction fees (note 5)	1,290	2,246
Management fees (note 5)	1,560	1,901
Storage fees	1,350	954
Audit fees	78	49
Directors fees	102	120
Legal and other professional fees	25	188
Shareholder information and other compliance	220	206
General office and miscellaneous	354	242
Interest and other debt related expenses	—	95
Foreign exchange loss	952	3,403
	5,931	9,404
<b>Decrease in net assets from operations before taxes</b>	(132,934)	(230,483)
Income tax recovery (note 3)	(19,417)	(55,738)
<b>Decrease in net assets from operations after taxes</b>	(113,517)	(174,745)
Opening retained earnings	98,857	273,602
<b>Closing retained earnings (deficit)</b>	(14,660)	98,857
<b>Decrease in net assets from operations after taxes per common share</b>		
Basic and diluted	\$ (1.58)	\$ (2.91)
<b>Weighted average common shares outstanding (note 4)</b>		
Basic and diluted	72,020,143	60,007,756

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

**URANIUM PARTICIPATION CORPORATION**  
**STATEMENTS OF CHANGES IN NET ASSETS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Net assets at beginning of year</b>	\$582,545	\$579,364
Net proceeds from issue of units and shares, and exercise of warrants, after tax	72,369	177,926
Decrease in net assets from operations after taxes	(113,517)	(174,745)
<b>Net assets at end of year</b>	<b>\$541,397</b>	<b>\$582,545</b>

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands of Canadian dollars)	Year Ended February 28, 2009	Year Ended February 29, 2008
<b>Operating Activities</b>		
Decrease in net assets from operations after taxes	\$(113,517)	\$(174,745)
Adjustments for non-cash items:		
Unrealized losses on investments	131,753	228,594
Future income tax recovery	(19,482)	(56,027)
Changes in non-cash working capital:		
Change in sundry receivables and other assets	235	(75)
Change in income taxes receivable	23	252
Change in accounts payable and accrued liabilities	369	(1)
Change in income taxes payable	(282)	284
<b>Net cash used in operating activities</b>	<b>(901)</b>	<b>(1,718)</b>
<b>Investing Activities</b>		
Purchases of uranium investments	(83,085)	(149,720)
<b>Net cash used in investing activities</b>	<b>(83,085)</b>	<b>(149,720)</b>
<b>Financing Activities</b>		
Repayments of loans payable	-	(11,600)
Share and warrant issues net of issue costs	71,356	175,858
<b>Net cash generated by financing activities</b>	<b>71,356</b>	<b>164,258</b>
Increase (decrease) in cash and cash equivalents	(12,630)	12,820
Cash and cash equivalents – beginning of year	13,687	867
<b>Cash and cash equivalents - end of year</b>	<b>\$ 1,057</b>	<b>\$ 13,687</b>

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

**URANIUM PARTICIPATION CORPORATION**  
**CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO**  
**AS AT FEBRUARY 28, 2009**

(in thousands of Canadian dollars, except quantity amounts)	Quantity of Measure	Cost <sup>(3)</sup>	Market Value <sup>(1)</sup>
<b>Investments in Uranium:</b>			
Uranium oxide in concentrates ("U <sub>3</sub> O <sub>8</sub> ")	5,425,000 lbs	\$ 262,565	\$ 310,210
Uranium hexafluoride ("UF <sub>6</sub> ") <sup>(2)</sup>	1,492,230 KgU	\$ 271,466	\$ 238,918
		<b>\$ 534,031</b>	<b>\$ 549,128</b>
U <sub>3</sub> O <sub>8</sub> average cost and market value per pound:			
- In Canadian dollars		\$ 48.40	\$ 57.18
- In United States dollars		\$ 43.37	\$ 45.00
UF <sub>6</sub> average cost and market value per KgU:			
- In Canadian dollars		\$ 181.92	\$ 160.11
- In United States dollars		\$ 168.15	\$ 126.00

- <sup>(1)</sup> The market values have been translated to Canadian dollars using the February 28, 2009 noon foreign exchange rate of 1.2707.  
<sup>(2)</sup> Of the UF<sub>6</sub> holding described above, 500,000 KgU has been lent to a third party. See note 6 for further details of this arrangement.  
<sup>(3)</sup> The cost of the portfolio excludes transaction fees incurred since the Company's inception in March 2005.

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

**URANIUM PARTICIPATION CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Expressed in Canadian dollars, unless otherwise noted)

**1. URANIUM PARTICIPATION CORPORATION**

Uranium Participation Corporation (“Uranium Corp”) was established under the Business Corporations Act (Ontario) (“OBCA”) on March 15, 2005. Uranium Corp is an investment fund as defined by the Canadian securities regulatory authorities in National Instrument 81-106 “Investment Fund Continuous Disclosure”. Uranium Corp was created to invest substantially all of its assets in uranium oxide in concentrates (“U<sub>3</sub>O<sub>8</sub>”) and uranium hexafluoride (“UF<sub>6</sub>”) (collectively “uranium”) with the primary investment objective of achieving appreciation in the value of its uranium holdings. Uranium Corp trades publicly on the Toronto Stock Exchange under the symbol U.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying consolidated financial statements include the assets, liabilities, revenues and expenses of Uranium Corp and its wholly owned subsidiaries, Uranium Participation Alberta Corp. and Uranium Participation Cyprus Limited. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). All significant intercompany balances and transactions have been eliminated on consolidation.

**Use of Estimates**

The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ materially from those estimates.

**Significant Accounting Policies**

*(a) Investments*

The fair value of investments in uranium are based on the most recent spot prices for uranium published by Ux Consulting Company, LLC prior to the applicable reporting period converted to Canadian dollars using the month end foreign exchange rate.

The cost of investments in uranium is accounted for on the date that significant risks and rewards to the uranium passes to Uranium Corp and is converted to Canadian dollars at the rate of exchange prevailing on that date.

Realized and unrealized gains or losses in uranium represents the difference between the fair value and average cost of uranium investments, adjusted for foreign exchange rate fluctuations, in Canadian dollars.

*(b) Investments Lending*

Income earned from investments lending is included in the consolidated statement of operations and is recognized when earned.

*(c) Foreign Exchange Translation*

The financial statements of Uranium Corp are expressed in Canadian dollars. Foreign currency monetary assets and liabilities are translated to Canadian dollars at the rate of exchange prevailing on the date of the applicable reporting period. Foreign currency income and expense transactions are translated into

Canadian dollars at the rate of exchange prevailing on the date of the transaction. Changes in the foreign exchange rates between the transaction date and the applicable reporting period date used to value monetary assets and liabilities are reflected in the statement of operations as a foreign exchange gain or loss.

(d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of cash and highly liquid investments with a maturity of three months or less at the date of acquisition. Short-term investments are carried at cost which, together with accrued interest, approximates fair value.

(e) *Income Taxes Payable*

Uranium Corp follows the liability method of accounting for future income taxes. Under this method, current income taxes are recognized from the estimated income taxes payable for the current period. Future income tax assets and liabilities are determined based on temporary differences between financial reporting and tax bases of assets and liabilities, and are measured using the substantively enacted tax rates and laws that are expected to apply when the differences are expected to reverse. The benefit of tax losses which are available to be carried forward are recognized as assets to the extent that they are more likely than not to be recoverable from future taxable income.

**New Accounting Standards**

Uranium Corp adopted the following new Canadian Institute of Chartered Accountants (“CICA”) Handbook accounting standards effective March 1, 2008:

- (a) Section 1535 “Capital Disclosures” requires the disclosure of both qualitative and quantitative information that enable users to evaluate the company’s objectives, policies and processes for managing capital (see note 7).
- (b) Section 3862 “Financial Instruments – Disclosures” and Section 3863 “Financial Instruments – Presentation” replace Section 3861 “Financial Instruments – Disclosure and Presentation” and establish standards for increased disclosure and presentation regarding the nature and extent of risks arising from financial instruments and how the company manages those risks (see note 7).
- (c) Emerging Issues Committee Abstract 173 “Credit Risk and the Fair Value of Financial Assets and Financial Liabilities” requires the entity’s own credit risk and the credit risk of the counterparty to be taken into account when determining the fair value of financial assets and financial liabilities, including derivative instruments. Adoption of this standard did not have a significant impact on Uranium Corp’s consolidated financial statements.

**Accounting Standards Issued but not yet Adopted**

The CICA issued the following accounting standards that are effective for Uranium Corp’s fiscal years beginning on or after March 1, 2009

- (a) International Financial Reporting Standards – the CICA plans to converge Canadian GAAP with International Financial Reporting Standards (“IFRS”) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The impact on the transition to IFRS on Uranium Corp’s financial statements has not yet been determined.

### 3. INCOME TAXES

Unlike most investment funds, Uranium Corp is not a mutual fund trust, making it subject to income tax on its taxable income. Uranium Corp is also subject to varying rates of taxation due to its operations in multiple tax jurisdictions. A reconciliation of the combined Canadian federal and Ontario provincial income tax rate to Uranium Corp's effective rate of income tax is as follows:

(in thousands)	Year Ended February 28, 2009	Year Ended February 29, 2008
Increase (decrease) in net assets from operations before income taxes	\$(132,934)	\$(230,483)
Combined federal and Ontario provincial income tax rate	33.42%	35.69%
Computed income tax expense (recovery)	(44,427)	(82,259)
Difference between combined federal and Ontario provincial income tax rate and rates applicable to subsidiaries in other jurisdictions	20,814	17,000
Difference due to use of future tax rates rather than current tax rates in applicable jurisdictions	3,206	9,596
Tax losses not benefited	562	-
Taxable permanent differences	410	-
Operating loss carry-back	-	(23)
Other	18	(52)
Provision for (recovery of) income taxes	\$(19,417)	\$(55,738)
Provision for (recovery of) income taxes comprised of:		
Current tax expense (recovery)	\$ 65	\$ 289
Future tax expense (recovery)	(19,482)	(56,027)
	\$(19,417)	\$(55,738)

The components of the Company's future tax balances are as follows:

(in thousands)	February 28, 2009	February 29, 2008
Future tax assets:		
Tax benefit of share issue costs	\$ 3,511	\$ 4,095
Tax benefit of loss carryforwards	6,304	4,567
Unrealized loss on investments	4,971	1,908
	14,786	10,570
Valuation allowance	(1,702)	-
Future tax assets	\$ 13,084	\$ 10,570
Future tax liabilities:		
Unrealized gain on investments	\$ 22,203	\$ 39,953
Tax benefit of loss carryforwards	(960)	(729)
Future tax liabilities	\$ 21,243	\$ 39,224

At February 28, 2009, Uranium Corp has unused tax losses in Canada of \$25,576,000 which are scheduled to expire between 2026 and 2029.

#### 4. COMMON SHARES, WARRANTS AND INCREASE IN NET ASSETS PER SHARE

##### Common Shares

Uranium Corp is authorized to issue an unlimited number of common shares without par value. A continuity schedule of the issued and outstanding common shares and the associated dollar amounts is as follows:

(in thousands except common share balances)	Number of Common Shares	Amount
Balance at February 28, 2007	48,473,727	\$299,759
Common share financings		
Gross proceeds on new issues	11,634,750	152,409
Issue costs	–	(7,133)
Tax effect of issue costs	–	2,068
Warrant activity		
Gross proceeds from exercises	4,883,364	30,582
Fair value of exercises	–	3,518
Balance at February 29, 2008	64,991,841	\$481,203
Common share financings		
Gross proceeds on new issues	7,331,250	74,779
Issue costs	–	(3,489)
Tax effect of issue costs	–	1,013
Warrant activity		
Gross proceeds from exercises	5,500	66
Fair value of exercises	–	4
Balance at February 28, 2009	72,328,591	\$553,576

##### *Common share financings*

In March 2008, Uranium Corp issued 7,331,250 shares at \$10.20 per share for total gross proceeds of \$74,779,000.

In October 2007, Uranium Corp issued 5,134,750 shares at \$11.20 per share for total gross proceeds of \$57,509,000.

In April 2007, Uranium Corp issued 6,500,000 shares at \$14.60 per share for total gross proceeds of \$94,900,000.

## Warrants

A continuity schedule of the issued and outstanding warrants and the associated dollar amounts is as follows:

(in thousands except warrant balances)	Number of Warrants	Amount
Balance at February 28, 2007	7,753,624	\$ 6,003
Warrants exercised	(4,883,364)	(3,518)
Warrants expired	(41,461)	(30)
Balance at February 29, 2008	2,828,799	\$ 2,455
Warrants exercised	(5,500)	(4)
Warrants expired	(2,823,299)	(2,451)
Balance at February 28, 2009	–	\$ –

Each whole warrant issued as part of the May 2005 equity unit financing had an expiry date of May 10, 2007 and was convertible into one common share at an exercise price of \$6.25.

Each whole warrant issued as part of the September 2006 equity unit financing had an expiry date of September 15, 2008 and was convertible into one common share at an exercise price of \$12.00.

## Decrease in Net Assets from Operations After Taxes per Share

The calculation of the basic and diluted increase (decrease) in net assets from operations per common share is based on the following weighted average number of shares outstanding:

(in number of shares)	February 28, 2009	February 29, 2008
Weighted average number of shares outstanding:		
Basic	72,020,143	60,007,756
Warrant Dilution	–	–
Diluted	72,020,143	60,007,756

## 5. RELATED PARTY TRANSACTIONS

Uranium Corp is a party to a management services agreement with Denison Mines Inc., (the “Manager”). Under the terms of the agreement, Uranium Corp will pay the following fees to the Manager: a) a commission of 1.5% of the gross value of any purchases or sales of uranium completed at the request of the Board of Directors; b) a minimum annual management fee of \$400,000 (plus reasonable out-of-pocket expenses) plus an additional fee of 0.3% per annum based upon Uranium Corp’s net asset value between \$100,000,000 and \$200,000,000 and 0.2% per annum based upon Uranium Corp’s net asset value in excess of \$200,000,000; c) a fee of \$200,000 upon the completion of each equity financing where proceeds payable to Uranium Corp exceed \$20,000,000; d) a fee of \$200,000 for each transaction or arrangement (other than the purchase or sale of uranium) of business where the gross value of such transaction exceeds \$20,000,000 (“an initiative”); e) an annual fee up to a maximum of \$200,000, at the discretion of the Board, for on-going maintenance or work associated with an initiative; and f) a fee equal to 1.5% of the gross value of any uranium held by Uranium Corp prior to the completion of any acquisition of at least 90% of the common shares of the Company.

In accordance with the management services agreement, all uranium investments owned by Uranium Corp are held in accounts with conversion facilities in the name of Denison Mines Inc. as manager for and on behalf of Uranium Corp.

Uranium Corp had a credit agreement with the Manager for a revolving facility of up to \$15,000,000. The Company had drawn \$11,600,000 under the facility which was repaid and terminated on April 10, 2007.

In June 2007, Uranium Corp purchased 75,000 pounds of U<sub>3</sub>O<sub>8</sub> from the Manager at a price of US\$130.00 per pound for total consideration of \$10,368,000 (US\$9,750,000).

In August 2008, Uranium Corp purchased 50,000 pounds of U<sub>3</sub>O<sub>8</sub> from the Manager at a price of US\$64.50 per pound for total consideration of \$3,373,000 (US\$3,225,000).

The following additional transactions were incurred with the Manager for the years ended:

(in thousands)	February 28, 2009	February 29, 2008
Fees incurred with the Manager:		
Management fees	\$ 1,560	\$ 1,901
Equity financing fees <sup>(1)</sup>	200	400
Transaction fees – uranium purchase commissions	1,246	2,246
Shareholder Information and other compliance	37	6
General office and miscellaneous	3	4
Interest and other debt related expenses		
Interest on loan payable	–	91
Standby fees on line of credit	–	4
<b>Total fees incurred with the Manager</b>	<b>\$ 3,046</b>	<b>\$ 4,652</b>

<sup>(1)</sup> Equity financing fees incurred with the Manager have been recorded as share issue costs and are included in the value reported for common shares.

As at February 28, 2009, accounts payable and accrued liabilities included \$127,000 (February 29, 2008: \$162,000) due to the Manager with respect to the fees indicated above.

## 6. INVESTMENTS LENDING

As at February 28, 2009, the outstanding value of investments on loan and collateral held is as follows:

(in thousands except quantity amounts)	Quantity of Measure	Market Value of Investments on Loan	Collateral Held
Uranium hexafluoride ("UF <sub>6</sub> ")	500,000 KgU	\$ 80,054	\$ 108,146

The UF<sub>6</sub> loaned is subject to a loan fee of 5% per annum based upon the adjusted quarterly value of the material. Collateral held is in the form of an irrevocable letter of credit from a major financial institution, that is subject to adjustment on an annual basis. This agreement is due to expire on December 31, 2009 and the UF<sub>6</sub> will be returned on that date.

## 7. CAPITAL MANAGEMENT AND FINANCIAL INSTRUMENTS

### Capital Management

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

### Risks Associated with Financial Instruments

Investment activities of Uranium Corp expose it to a variety of financial instrument risks: credit risk, liquidity risk, price risk, and currency risk. The source of risk exposure and how each is managed is outlined below:

#### Credit Risk

Uranium Corp's primary exposure to credit risk arises from its uranium lending arrangements. The Company lends uranium exclusively to large organizations with strong credit ratings and ensures that adequate security is provided for any loaned uranium (see note 6).

#### Liquidity Risk

Financial liquidity represents Uranium Corp's ability to fund future operating activities. Uranium Corp may generate cash from the lending or sale of uranium, or the sale of additional equity securities. The Company's primary income source from uranium lending is currently sufficient to meet its operating cash requirements. Although Uranium Corp enters into commitments to purchase uranium periodically, the commitments are normally contingent on the Company's ability to raise funds through the sale of additional equity securities.

#### Commodity Price Risk

Uranium Corp's net asset value is directly tied to the spot price of uranium published by Ux Consulting Company, LLC. In addition, the uranium loan fee fluctuates quarterly, following uranium spot price movements.

At February 28, 2009, a 10% increase (decrease) in the uranium spot price would have increased (decreased) the Company's net asset value by approximately \$46,899,000.

## **Foreign Exchange Risk**

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

As the prices of uranium are quoted in U.S. currency, fluctuations in the U.S. dollar relative to the Canadian dollar can significantly impact the valuation of uranium and the associated purchase prices from a Canadian dollar perspective. At February 28, 2009, a 10% increase (decrease) in the U.S. to Canadian dollar exchange rate would have increased (decreased) the Company's net asset value by approximately \$46,899,000.