

Uranium Participation Corporation Reports Financial Results for the Six Months Ended August 31, 2012

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TORONTO, ONTARIO -- ([Marketwire](#) - Oct. 3, 2012) - [Uranium Participation Corporation](#) ("UPC" or the "Corporation") (TSX:U) reports results for the six months ended August 31, 2012. All amounts are in Canadian currency unless otherwise noted.

Net asset value decreased \$41.8 million to \$670.4 million at August 31, 2012 from \$712.2 million at February 29, 2012 primarily due to unrealized losses on uranium holdings. As reported by Ux Consulting Company, LLC, spot prices for U3O8 and UF6 decreased to US\$48.50 per pound and US\$133.75 per KgU at August 31, 2012 from US\$52.00 per pound and US\$141.00 per KgU at February 29, 2012, respectively. This resulted in net asset value per common share decreasing to \$6.30 at August 31, 2012 from \$6.70 at February 29, 2012.

The Company recorded \$42.2 million in unrealized losses on its uranium investment due to the decline in the spot price of uranium during the period. This was offset by \$0.4 million in income from investment lending and interest.

Expenses totaling \$2.1 million due primarily to management and storage fees was offset by \$2.0 million in future income tax recoveries related to the unrealized losses.

About Uranium Participation Corporation

Uranium Participation Corporation is an investment holding company which invests substantially all of its assets in uranium oxide in concentrates (U3O8) and uranium hexafluoride (UF6) (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 and on Uranium Participation Corporation's website at www.uraniumparticipation.com.

URANIUM PARTICIPATION CORPORATION INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE AUGUST 31, 2012

DISCLOSURE

This Interim Management Report of Fund Performance contains financial highlights but does not contain either the interim financial report or annual consolidated financial statements of Uranium Participation Corporation ("UPC" or the "Corporation"). You can get a copy of the interim financial report or annual consolidated 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 or SEDAR at www.sedar.com. You may also contact us to obtain a copy of UPC's quarterly portfolio disclosure.

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

This Interim Management Report of Fund Performance is current as of October 3, 2012, and has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise noted. All amounts are in Canadian dollars unless otherwise indicated.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Interim Management Report of Fund Performance contains certain forward-looking statements and forward-looking information that are based on the Corporation'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", "intend", "estimate", "anticipate", "plan", "should", "believe" or "continue" or the negative thereof or variations thereon or similar terminology.

By their very nature, forward-looking statements involve numerous 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 of UPC's Annual Information Form dated April 26, 2012.

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.

RESULTS OF OPERATIONS

UPC's basic net asset value per common share ("NAV") decreased from \$6.70 per share at February 29, 2012 to \$6.30 at August 31, 2012 representing a basic NAV loss of 6.0%. Over the comparable time period, UPC's benchmark, the S&P/TSX Composite Index, decreased by 5.5%.

UPC's net asset value at August 31, 2012 was \$670,350,000 representing a 5.9% decrease from its net asset value of \$712,160,000 at February 29, 2012. The entire net asset value decrease of \$41,810,000 was attributable to investment operation performance.

Investment Portfolio

UPC did not acquire any additional uranium oxide in concentrates ("U3O8") or uranium hexafluoride ("UF6") in the period.

The total cost of UPC's U3O8 holdings at August 31, 2012 remains \$342,495,000 or \$47.24 per pound (US\$43.23 per pound), compared to its fair value of \$346,808,000 or \$47.841 per pound (US\$48.501 per pound). This represents an increase of 1.3% relative to its cost or 12.2% on a U.S. dollar basis.

The total cost of UPC's UF6 holdings at August 31, 2012 remains \$389,998,000 or \$164.26 per KgU (US\$152.06 per KgU), compared to its fair value of \$313,203,000 or \$131.921 per KgU (US\$133.751 per KgU). This represents a decrease of 19.7% relative to its cost or 12.0% on a U.S. dollar basis.

1 Reflects spot prices published by Ux Consulting Company, LLC ("UxCo") on August 31, 2012 of US\$48.50 per pound for U3O8 and US\$133.75 per KgU for UF6 translated at a foreign exchange rate of 0.9863.

Investment Performance

Investment operation losses of \$41,810,000 in the six months ended August 31, 2012 were largely driven by the change in unrealized losses on uranium investments of \$42,218,000, net of tax recoveries of \$2,034,000.

The change in unrealized losses on investments reflects the weakening of U3O8 and UF6 spot prices. As reported by UxCo, spot prices for U3O8 decreased from US\$52.00 per pound at February 29, 2012 to US\$48.50 per pound at August 31, 2012. UF6 similarly decreased from US\$141.00 at February 29, 2012 to US\$133.75 at August 31, 2012. Prices have decreased subsequent to this reporting date (refer to "RECENT DEVELOPMENTS" section below).

RECENT DEVELOPMENTS

In July 2012, UPC filed a normal course issuer bid ("NCIB") with the Toronto Stock Exchange authorizing the Corporation to purchase up to 9,273,299 common shares of the Corporation during the 12-month period commencing July 31, 2012 and ending July 30, 2013 or on such earlier date as UPC completes its purchases. The purpose of the NCIB is to provide the Corporation with a mechanism to decrease the

potential spread between the NAV and the market price of the shares. At October 3, 2012, UPC has not repurchased any of its common shares under this NCIB.

In August 2012, the maturity date of the outstanding loan of the conversion component of 1,332,230 KgU as UF6 was extended to December 2013 with an option to further extend the loan to December 2014, at the borrower's discretion.

As reported by UxCo as at October 1, 2012, the spot price of U3O8 has decreased to US\$45.75 per pound from US\$48.50 per pound on August 31, 2012, a decrease of 5.7% while the value of UF6 has decreased to US\$128.542 per KgU from US\$133.75 per KgU on August 31, 2012, a decrease of 3.9%.

RELATED PARTY TRANSACTIONS

The following outlines income earned and fees paid to Denison Mines Inc. (the "Manager") in the six months ended August 31, 2012 and 2011:
(in thousands) 2012 2011

Income from investment lending with the Manager \$ - \$ 35

Fees incurred with the Manager:

Management fees \$ 863 \$ 915

Net fees incurred with the Manager \$ 863 \$ 880

As at August 31, 2012, accounts payable and accrued liabilities included \$163,000 due to the Manager with respect to the fees indicated above.

2 UF6 value is obtained by adding (i) the spot price for U3O8 multiplied by 2.61285; and (ii) the spot conversion price.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about UPC and are intended to help you understand UPC's financial performance for the six months ended August 31, 2012 and the past five reporting periods ended February 2008 to 2012. This information is derived from the Corporation's unaudited interim and audited annual consolidated financial statements.

Net Asset Value per Share

August 2012¹ February

2012² February

2011² February

2010² February

2009² February 2008²

NAV - Basic:

NAV, beginning of period \$ 6.70 \$ 8.79 \$ 5.95 \$ 7.49 \$ 8.96 \$ 11.95

Increase (decrease) from operations³:

Total revenue \$ - \$ 0.01 \$ 0.01 \$ 0.04 \$ 0.07 \$ 0.13

Total expenses before taxes \$ (0.02) \$ (0.04) \$ (0.08) \$ (0.06) \$ (0.08) \$ (0.16)

Income tax recovery (expense) \$ 0.02 \$ 0.17 \$ (0.29) \$ 0.18 \$ 0.27 \$ 0.93

Realized gains (losses) for the period \$ - \$ - \$ - \$ - \$ - \$ -

Unrealized gains (losses) for the period \$ (0.40) \$ (2.23) \$ 3.24 \$ (1.77) \$ (1.83) \$ (3.81)

Total increase (decrease) from operations \$ (0.40) \$ (2.09) \$ 2.88 \$ (1.61) \$ (1.58) \$ (2.91)

NAV, end of period \$ 6.30 \$ 6.70 \$ 8.79 \$ 5.95 \$ 7.49 \$ 8.96

NAV - Diluted:

NAV, beginning of period \$ 6.70 \$ 8.76 \$ 5.95 \$ 7.49 \$ 8.96 \$ 11.43

Increase (decrease) from operations³:

Total revenue \$ - \$ 0.01 \$ 0.01 \$ 0.04 \$ 0.07 \$ 0.13

Total expenses (recovery) \$ (0.02) \$ (0.04) \$ (0.08) \$ (0.06) \$ (0.08) \$ (0.16)

Income tax recovery (expense) \$ 0.02 \$ 0.17 \$ (0.29) \$ 0.18 \$ 0.27 \$ 0.93

Realized gains (losses) for the period \$ - \$ - \$ - \$ - \$ - \$ -

Unrealized gains (losses) for the period \$ (0.40) \$ (2.23) \$ 3.24 \$ (1.77) \$ (1.83) \$ (3.81)

Total increase (decrease) from operations \$ (0.40) \$ (2.09) \$ 2.88 \$ (1.61) \$ (1.58) \$ (2.91)

NAV, end of period \$ 6.30 \$ 6.70 \$ 8.76 \$ 5.95 \$ 7.49 \$ 8.96

1 For the six months ended August 31, 2012.

2 For the twelve months ended.

3 NAV is based on 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

(in millions, except for ratios, NAV and TSX market prices) August 2012 1 February

2012 2 February

2011 2 February

2010 2 February

2009 2 February

2008 2

Total net asset value, end of period \$ 670.4 \$ 712.2 \$ 934.5 \$ 509.6 \$ 541.4 \$ 582.5

Number of common shares outstanding 106.4 106.4 106.3 85.7 72.3 65.0

Average net asset value for the period \$ 705.9 \$ 760.7 \$ 729.5 \$ 555.8 \$ 585.1 \$ 708.5

Management expense ratio³

Excluding income tax expense (recovery) 0.29 % 0.61 % 0.68 % 0.61 % 0.79 % 1.01 %

Including income tax expense (recovery) - (1.89 %) 4.81 % (2.06 %) (2.53 %) (6.86 %)

Trading expense ratio⁴ - - 0.46 % 0.23 % 0.22 % 0.32 %

Portfolio turnover rate - - - - -

NAV, end of period \$ 6.30 \$ 6.70 \$ 8.79 \$ 5.95 \$ 7.49 \$ 8.96

Closing TSX market price per common share \$ 5.38 \$ 6.03 \$ 9.03 \$ 6.16

\$ 6.05 \$ 11.55

1 For the six months ended August 31, 2012.

2 For the twelve months ended.

3 The management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of the average net asset value during the period.

4 The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of the average net asset value during the period.

PAST PERFORMANCE

The following tables and graphs illustrate the past performance of the NAV Return (Loss) and share price ("Market Value Return (Loss)") of UPC and will not necessarily indicate how UPC will perform in the future. NAV Return (Loss) is the best representation of the performance of UPC while Market Value Return (Loss) is the best representation of the return to a shareholder of UPC.

Year-by-Year Returns

The table and graph below shows the annual and interim performance, in NAV Return (Loss) and Market Value Return (Loss) of UPC for each period indicated. The table and graph shows, in percentage terms, how much an investment made on the first day of each financial period would have increased or decreased by the last day of each financial period.

Feb-
ruary

2006 1 Feb-
ruary

2007 2 Feb-
ruary

2008 2 Feb-
ruary

2009 2 Feb-
ruary

2010 2 Feb-
ruary

2011 2 Feb-
ruary

2012 2 August 2012 3

NAV Return (Loss) - basic 18.3% 110.0% (25.0%) (16.4%) (20.6%) 47.7% (23.8%) (6.0%)

NAV Return (Loss) - diluted 18.3% 100.9% (21.6%) (16.4%) (20.6%) 47.2% (23.5%) (6.0%)

Market Value Return (Loss) 40.2% 94.1% (18.4%) (47.6%) 1.8% 46.6% (33.2%) (10.8%)

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

2 For the twelve months ended.
3 For the six months ended August 31, 2012.

To view the figure associated with this press release, please view the following link:
<http://media3.marketwire.com/docs/UPCfigure1.pdf>

SUMMARY OF INVESTMENT PORTFOLIO

UPC's investment portfolio consists of the following as at August 31, 2012:
(in thousands, except quantity amounts) Quantity of
Measure Cost¹ Market Value²

Investments in Uranium:

U3O8 7,250,000 lbs \$ 342,495 \$ 346,808
UF6 2,374,230 KgU \$ 389,998 \$ 313,203
\$ 732,493 \$ 660,011

U3O8 average cost and market value per pound:

- In Canadian dollars \$ 47.24 \$ 47.84
- In United States dollars \$ 43.23 \$ 48.50
UF6 average cost and market value per KgU:
- In Canadian dollars \$ 164.26 \$ 131.92
- In United States dollars \$ 152.06 \$ 133.75

1 The cost of the portfolio excludes transaction fees incurred.

2 The market values have been translated to Canadian dollars using the August 31, 2012 noon foreign exchange rate of 0.9863.

3 The Corporation has transferred 1,332,230 KgU as UF6 and taken in exchange 3,480,944 pounds of U3O8, effectively lending the conversion component of the UF6.

Due to on-going transactions of the Corporation, this summary of investment portfolio may be inaccurate after August 31, 2012. Please check UPC's most recently announced NAV for updated information on UPC's holdings.

URANIUM PARTICIPATION CORPORATION INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

(in thousands of Canadian dollars, except per share amounts) At August 31, 2012 At February 29, 2012

Assets

Investments at market value (note 3) \$ 660,011 \$ 702,229
Cash and cash equivalents 12,595 14,321
Sundry receivables and other assets 287 294
Total assets \$ 672,893 \$ 716,844

Liabilities

Accounts payable and accrued liabilities 1,436 1,529
Income taxes payable 120 134
Deferred tax liabilities (note 4) 987 3,021
Total liabilities \$ 2,543 \$ 4,684

Equity - Net assets represented by:

Share capital (note 5) \$ 776,174 \$ 776,174
Contributed surplus 4,564 4,564
Deficit (110,388) (68,578)
Total equity 670,350 712,160
Total liabilities and equity \$ 672,893 \$ 716,844

Common shares

Issued and outstanding (note 5) 106,350,413 106,350,413

Net asset value per common share

Basic and diluted \$ 6.30 \$ 6.70

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

SIX MONTHS ENDED AUGUST 31, 2012 and 2011

(in thousands of Canadian dollars, except per share amounts) 2012 2011

Income

Change in unrealized losses on investments (note 3) \$ (42,218) \$ (272,924)

Income from investment lending (note 7) 357 379

Interest 86 90

(41,775) (272,455)

Expenses

Management fees (note 6) 863 915

Storage fees 860 1,004

Audit fees 22 34

Directors' fees 75 86

Legal and other professional fees 42 55

Shareholder information and other compliance 189 205

General office and miscellaneous 87 134

Foreign exchange loss (gain) (69) 32

2,069 2,465

Decrease in net assets from operations before taxes (43,844) (274,920)

Income tax recovery (note 4) (2,034) (24,010)

Decrease in net assets from operations after taxes (41,810) (250,910)

Decrease in net assets from operations after taxes per common share

Basic and diluted \$ (0.39) \$ (2.33)

Weighted average common shares outstanding

Basic and diluted 106,350,413 107,456,688

**INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)
SIX MONTHS ENDED AUGUST 31, 2012 and 2011**

(in thousands of Canadian dollars) Share

capital Contributed surplus Retained earnings (deficit) Total equity

Balance at February 29, 2012 \$ 776,174 \$ 4,564 \$ (68,578) \$ 712,160

Decrease in net assets from operations after taxes - - (41,810) (41,810)

Balance at August 31, 2012 \$ 776,174 \$ 4,564 \$ (110,388) \$ 670,350

Balance at February 28, 2011 \$ 775,942 \$ 3,588 \$ 154,925 \$ 934,455

Stock options exercised 9,058 (1,107) - 7,951

Decrease in net assets from operations after taxes - - (250,910) (250,910)

Balance at August 31, 2011 \$ 785,000 \$ 2,481 \$ (95,985) \$ 691,496

**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
SIX MONTHS ENDED AUGUST 31, 2012 and 2011**

(in thousands of Canadian dollars) 2012 2011

Operating Activities

Decrease in net assets from operations after taxes \$ (41,810) \$ (250,910)

Adjustments for non-cash items:

Change in unrealized losses on investments (note 3) 42,218 272,924

Deferred income tax recovery (note 4) (2,034) (24,010)

Changes in non-cash working capital:

Change in sundry receivables and other assets 7 63

Change in accounts payable and accrued liabilities (93) 124

Change in income taxes payable (14) -

Net cash used in operating activities (1,726) (1,809)

Financing Activities

Stock option exercises - 7,951

Net cash generated by financing activities - 7,951

Increase (decrease) in cash and cash equivalents (1,726) 6,142
Cash and cash equivalents - beginning of period 14,321 16,659
Cash and cash equivalents - end of period \$ 12,595 \$ 22,801

INTERIM CONSOLIDATED STATEMENT OF INVESTMENT PORTFOLIO (UNAUDITED) AS AT AUGUST 31, 2012

(in thousands of Canadian dollars, except quantity amounts) Quantity of Measure Cost¹ Market Value²

Investments in Uranium:

Uranium oxide in concentrates ("U3O8") 7,250,000 lbs \$ 342,495 \$ 346,808
Uranium hexafluoride ("UF6") 3 2,374,230 KgU \$ 389,998 \$ 313,203
\$ 732,493 \$ 660,011

U3O8 average cost and market value per pound:

- In Canadian dollars \$ 47.24 \$ 47.84

- In United States dollars \$ 43.23 \$ 48.50

UF6 average cost and market value per KgU:

- In Canadian dollars \$ 164.26 \$ 131.92

- In United States dollars \$ 152.06 \$ 133.75

1 The cost of the portfolio excludes transaction fees incurred.

2 The market values have been translated to Canadian dollars using the August 31, 2012 noon foreign exchange rate of 0.9863.

3 The Corporation has transferred 1,332,230 KgU as UF6 to a third party and taken in exchange 3,480,944 pounds of U3O8, effectively lending the conversion component of the UF6. See note 7 for further details of this arrangement.

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(Expressed in Canadian dollars, unless otherwise noted)

1. URANIUM PARTICIPATION CORPORATION

Uranium Participation Corporation ("UPC") was established under the Business Corporations Act (Ontario) ("OBCA") on March 15, 2005. The address of its registered head office is 595 Bay Street, Suite 402, Toronto, Ontario, Canada, M5G 2C2.

UPC, including its subsidiary (collectively, the "Corporation") is a non-redeemable investment fund as defined by the Canadian securities regulatory authorities in National Instrument 81-106-Investment Fund Continuous Disclosure. The Corporation was created to invest substantially all of its assets in U3O8 and UF6 (collectively "investments in uranium") with the primary investment objective of achieving appreciation in the value of its uranium holdings. Denison Mines Inc. (the "Manager"), under the direction of the Corporation's board of directors, provides general administration and management services to the Corporation. The common shares of UPC trade publicly on the Toronto Stock Exchange under the symbol U.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These interim consolidated financial statements 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 interim consolidated financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's year ended February 29, 2012 consolidated financial statements. The accounting policies used in preparing these interim consolidated financial statements are consistent with those used in the Corporation's year ended February 29, 2012 consolidated financial statements.

These financial statements were authorized for issue by the Corporation's board of directors on October 3, 2012.

3. INVESTMENTS IN URANIUM

The investments continuity summary is as follows:
(in thousands) Cost Fair Value Adjustment Market Value

Balance at beginning of period \$ 732,493 \$ (30,264) \$ 702,229
Change in unrealized losses on investments - (42,218) (42,218)
Balance at end of period \$ 732,493 \$ (72,482) \$ 660,011

4. INCOME TAXES

Unlike most investment funds, the Corporation is not a mutual fund trust, making it subject to income tax on its taxable income. The Corporation is also subject to varying rates of taxation due to its operations in multiple tax jurisdictions. Reconciliations of the income tax recovery for the six months ended August 31, 2012 and 2011 are as follows:

(in thousands) 2012 2011

Current tax expense \$ - \$ -
Deferred tax recovery (2,034) (24,010)
Total income tax recovery \$ (2,034) \$ (24,010)

Reconciliations of the combined Canadian federal and Ontario provincial income tax rate to the Corporation's effective rate of income tax for the six months ended August 31, 2012 and 2011 are as follows:
(in thousands) 2012 2011

Increase (decrease) in total equity from operations, before income taxes \$ (43,844) \$ (274,920)
Combined federal and Ontario provincial income tax rate¹ 26.50 % 27.92 %
Computed income tax expense (recovery) (11,619) (76,758)

Difference in current tax rates applicable in other jurisdictions 8,233 47,008
Difference between deferred and current tax rates - 1,176
Change in deferred tax assets not recognized 1,048 4,818
Impact of legislative changes 173 -
Other 131 (254)
Income tax recovery \$ (2,034) \$ (24,010)

1 The combined federal and Ontario provincial income tax rate for the six months ended August 31, 2012 declined due to: 1) federal tax rate decrease from 16.5% to 15.0% effective January 1, 2012; and 2) Ontario tax rate decrease from 12.0% to 11.5% effective July 1, 2011.

The components of the Corporation's deferred tax balances are comprised of temporary differences as presented below:

| (in thousands) | At August 31, 2012 | At February 29, 2012 |
|--|--------------------|----------------------|
| Deferred tax assets: | | |
| Tax benefit of share issue costs | \$ 485 | \$ 662 |
| Tax benefit of operating loss carryforwards | 3,387 | 2,780 |
| Other | 75 | 73 |
| Gross deferred tax assets | 3,947 | 3,515 |
| Deferred tax assets set off against deferred tax liabilities | (3,947) | (3,515) |
| Deferred tax assets | \$ - | \$ - |
| Deferred tax liabilities: | | |
| Unrealized gain on investments | \$ 4,934 | \$ 6,536 |
| Gross deferred tax liabilities | 4,934 | 6,536 |
| Deferred tax assets set off against deferred tax liabilities | (3,947) | (3,515) |
| Deferred tax liabilities | \$ 987 | \$ 3,021 |

The Corporation believes that it is not probable that sufficient taxable income will be available in future years

to allow the benefit of the following deferred tax assets to be utilized:

| (in thousands) | Expiry Date | At August 31, 2012 | At February 29, 2012 |
|--|-------------|-----------------------|-------------------------|
| Deductible temporary differences | Unlimited | \$ 5,467 | \$ 4,431 |
| Income tax losses | Unlimited | 51 | 39 |
| Total deferred tax assets not recognized | | \$ 5,518 | \$ 4,470 |

COMMON SHARES

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

| (in thousands except common share balances) | Number of Common Shares | Amount |
|--|----------------------------|------------|
| Balance at February 29, 2012 and August 31, 2012 | 106,350,413 | \$ 776,174 |

Normal Course Issuer Bid

In July 2012, a normal course issuer bid ("NCIB") was filed with the Toronto Stock Exchange authorizing the Corporation to purchase up to 9,273,299 of the Corporation's common shares during the 12-month period commencing July 31, 2012 and ending July 30, 2013 or on such earlier date as the Corporation completes its purchases. The purpose of the NCIB is to provide the Corporation with a mechanism to decrease the potential spread between the net asset value per common share and the market price of the shares. At August 31, 2012, UPC had not repurchased any of its outstanding shares under the NCIB.

6. RELATED PARTY TRANSACTIONS

The following outlines the income earned and fees paid to the Manager in the six months ended August 31, 2012 and 2011:

| (in thousands) | 2012 | 2011 |
|---|--------|--------|
| Income from investment lending with the Manager | \$ - | \$ 35 |
| Fees incurred with the Manager: | | |
| Management fees | \$ 863 | \$ 915 |
| Net fees incurred with the Manager | \$ 863 | \$ 880 |

As at August 31, 2012, accounts payable and accrued liabilities included \$163,000 due to the Manager with respect to the fees indicated above.

UPC did not employ any personnel during the period, as its affairs were administered by the personnel of the Manager.

7. INVESTMENT LENDING

The Corporation entered into a loan of the conversion component of 1,332,230 KgU as UF6 in December 2009. The conversion component loaned is subject to a loan fee of 4.5% per annum based on the greater of the adjusted monthly value and US\$15,654,000. To facilitate the loan of the conversion component, 1,332,230 KgU as UF6 was transferred to the borrower with 3,480,944 pounds of U3O8 and an irrevocable letter of credit of US\$15,700,000 from a major financial institution sent to UPC as collateral. In November 2010, the irrevocable letter of credit was increased to US\$17,835,000. In August 2012, the loan was extended to December 2013 with an option to further extend the loan to December 2014, at the borrower's discretion. At August 31, 2012, the conversion component loaned had a market value of \$9,192,000 (US\$9,326,000).

Contact

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