

# Uranium Participation Corporation Reports Financial Results For The Quarter Ended May 31, 2018

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TSX Trading symbol: U

TORONTO, June 27, 2018 /CNW/ - [Uranium Participation Corp.](#) ("UPC" or the "Corporation") today filed its Financial Statement and Management's Discussion & Analysis ("MD&A") for the period ended May 31, 2018. Both documents can be found on the Company's website ([www.uraniumparticipation.com](http://www.uraniumparticipation.com)) or on SEDAR ([www.sedar.com](http://www.sedar.com)). The highlights provided below are taken from these documents and should be read in conjunction with them. All amounts are in Canadian dollars, unless otherwise noted. [View PDF Version of News Release.](#)

#### Selected financial information:

	May 31, 2018	February 28, 2018	November 30, 2017	August 31, 2017
Net asset value (in thousands)	\$ 522,721	\$ 463,329	\$ 479,617	\$ 388,808
Net asset value per common share	\$ 3.79	\$ 3.50	\$ 3.62	\$ 3.22
U <sub>3</sub> O <sub>8</sub> spot price <sup>(1)</sup> (US\$)	\$ 22.75	\$ 21.25	\$ 22.00	\$ 20.00
UF <sub>6</sub> spot price <sup>(1)</sup> (US\$)	\$ 67.00	\$ 62.00	\$ 62.00	\$ 56.35
Foreign exchange rate (US\$ to CAD\$)	1.2948	1.2809	1.2888	1.2536

(1) Spot prices as published by Ux Consulting Company, LLC ("UxC").

#### Overall Performance

Total equity, or the value of the Corporation's assets minus its liabilities ("Net Asset Value" or "NAV"), increased by \$59.1 million during the three months ended May 31, 2018, mainly due to the \$37.6 million net gain recognized in the period and the \$21.5 million net proceeds of the May 2018 equity financing. This equates to an increase in the NAV per common share of \$0.37 per share for the quarter.

The net gain for three months ended May 31, 2018, of \$37.6 million, was primarily due to unrealized net gains on investments in uranium of \$38.4 million and foreign exchange income of \$0.3 million, offset by other operating expenses of \$1.2 million.

Unrealized net gains on investments in uranium, during the three months ended May 31, 2018, were caused by the increase in the spot price for uranium and the increase in the U.S. dollar to Canadian dollar exchange rates.

Operating expenses of \$1.2 million (excluding foreign exchange gains of \$0.3 million) for the three months ended May 31, 2018, partially offset by income from lending and/or relocation of uranium of \$0.1 million, represents approximately 0.2% of the Corporation's NAV at May 31, 2018 and 0.2% of the NAV at February 28, 2018.

#### Current Market Conditions

During the first quarter of fiscal 2019, the uranium spot price has reacted to a series of recent developments suggesting a shift in fundamentals for the uranium market. At the end of May 2018, the spot price for uranium reached a high of US\$22.75 per pound U<sub>3</sub>O<sub>8</sub>. Subsequent to the end of the quarter, uranium prices continued to rise, reaching a high of US\$23.40 per pound U<sub>3</sub>O<sub>8</sub> before retreating to US\$22.55 per pound U<sub>3</sub>O<sub>8</sub> as of the date of this MD&A.

The market narrative has turned more positive, in part, based on an acceleration of global production cuts. Based on recent announcements from uranium producers, upwards of 30 million pounds U<sub>3</sub>O<sub>8</sub> in annual uranium supply has been removed from the market since 2016. A growing number of uranium producers have decided to reduce production in light of low prices. The spot market remains below the production costs of the large majority of global uranium mines. The expiration of older uranium contracts has contributed to this trend, as production protected by higher price contracts is rolling off. UxC Consulting remains

worldwide production peaked in 2016 at 162 million pounds, fell to 154 million pounds in 2017, and is expected to drop million pounds in 2018. This is in comparison to projected 2018 uranium demand of 192 million pounds.

[Paladin Energy Ltd.](#) is the latest to producer to announce a reduction in supply, declaring that its Langer Heinrich Mine with an annual production level of over 3 million pounds U<sub>3</sub>O<sub>8</sub>, will go on care and maintenance, in response to prolonged uranium price levels.

The United States Department of Energy has also contributed to reduced supply by putting a hold on their uranium inventory sales, as a result of unrelenting pressure from the domestic uranium industry. This is expected to remove over 3 million U<sub>3</sub>O<sub>8</sub> in supply from the market on an annual basis.

[Cameco Corp.](#) ('Cameco') recently announced that it had yet to embark on the spot market purchases that will be required to meet its contracted delivery commitments, following the previously announced 10 month shutdown of its MacArthur River Mill complex. Cameco is also expected to make a decision later this year on whether to extend the shutdown of MacArthur River/Key Lake, beyond the originally announced 10 month period ending October 2018.

Also contributing to the rebalancing of the uranium market has been the continued production constraint demonstrated by Atomic Company Kazatomprom ('Kazatomprom') and operations in Kazakhstan, which account for 40% of global uranium production. Kazatomprom recently disclosed that its announced 10% production decrease for 2017 proved to be closer to 5.5% given the implementation of the cuts at various operating centers and joint ventures. Kazatomprom has, however, restated its intent to reduce production by 20% from 2018-2020 planned production levels, and is taking a more consultative approach with its partners to better achieve its objective. In fact, recent Kazakh government and industry announcements are indicating 2018 production targets that are expected to amount to a reduction of 3.4 million pounds compared to 2017 actual production.

#### Subsequent Event

The Corporation has entered into commitments to purchase 675,000 pounds of uranium at an average price of US\$22.50 per pound for delivery in June and July of 2018.

#### Outstanding Share Data

At June 27, 2018, there were 138,060,713 common shares issued and outstanding. There are no stock options or other instruments issued and outstanding.

#### About Uranium Participation Corporation

[Uranium Participation Corp.](#) is a company that invests substantially all of its assets in uranium oxide in concentrates ("UO<sub>2</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 through increases in the uranium price. Additional information about Uranium Participation Corporation is available on SEDAR at [www.sedar.com](http://www.sedar.com) and on [Uranium Participation Corp.](http://www.uraniumparticipation.com)'s website at [www.uraniumparticipation.com](http://www.uraniumparticipation.com).

#### Cautionary Statement Regarding Forward-Looking Statements

Certain information contained in this press release constitutes forward looking statements or forward looking information. Forward looking statements can be identified by the use of forward looking terminology such as "may", "will", "expect", "intend", "estimate", "anticipate", "plan", "should", "believe" or "continue" or the negative thereof or variations thereon or similar terminology. In particular, this press release contains forward-looking information pertaining to expectations regarding uranium purchases and the Corporation's ability to complete the transactions for which commitments have been made and the Corporation's investment objective.

By their very nature, forward looking statements involve numerous factors, assumptions and estimates. A variety of factors, many of which are beyond the control of UPC, may cause actual results to differ materially from the expectations expressed in the forward looking statements. For a list of the principal risks of an investment in UPC, please refer to the "RISK FACTORS" section in the Corporation's Annual Information Form dated May 14, 2018 available under UPC's profile at [www.sedar.com](http://www.sedar.com). There are other factors that 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 that could affect the Corporation's performance.

events may occur which render them inaccurate. Under such circumstances, future performance may differ materially from that expressed or implied by the forward looking statements. Except where required under applicable securities legislation, we do not undertake to update any forward looking information.

SOURCE [Uranium Participation Corp.](#)

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