

Uranium Participation Corp. Reports Financial Results for the Quarter Ended May 31, 2021

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TORONTO, July 7, 2021 - [Uranium Participation Corp.](#) ('UPC' or the 'Corporation') today filed its Financial Statements and Management's Discussion & Analysis ('MD&A') for the period ended May 31, 2021. Both documents can be found on the Company's website (www.uraniumparticipation.com) or on SEDAR (www.sedar.com). The highlights provided below are derived from these documents and should be read in conjunction with them. All amounts are in Canadian dollars, unless otherwise noted. View PDF version.

Selected financial information:

	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
Net asset value (in thousands)	\$ 732,035	\$ 622,729	\$ 668,624	\$ 701,662
Net asset value per common share	\$ 4.87	\$ 4.61	\$ 4.93	\$ 5.16
U ₃ O ₈ spot price ⁽¹⁾ (US\$)	\$ 31.40	\$ 28.20	\$ 29.45	\$ 30.65
UF ₆ spot price ⁽¹⁾ (US\$)	\$ 102.00	\$ 94.00	\$ 97.00	\$ 98.25
Foreign exchange rate (US\$ to CAD\$)	1.2072	1.2685	1.2965	1.3042

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

Overall Performance

The net gain for the three months ended May 31, 2021 was mainly driven by unrealized net gains on the revaluation of investments in uranium of \$35,894,000, slightly offset by operating expenses of \$3,490,000.

Unrealized net gains on investments in uranium during the three months ended May 31, 2021 were mainly due to the increase in the spot price for uranium. The spot price increased during the quarter from US\$28.20 per pound U₃O₈ and US\$94.00 per KgU as UF₆ at February 28, 2021, to US\$31.40 per pound U₃O₈ and US\$102.00 per KgU as UF₆ at May 31, 2021. The impact of the increase in the spot price of uranium on the unrealized net gain on investments in uranium was slightly offset by a 5% decrease in the U.S. dollar to Canadian dollar foreign exchange rate in the quarter.

Total equity increased to \$732,035,000 at May 31, 2021, from \$622,729,000 at February 28, 2021.

The Corporation had an effective tax rate of nil for the three months ended May 31, 2021, primarily due to the low tax rate in the jurisdiction of its subsidiaries, as well as the fact that the Corporation's available tax shelter and cost basis related to its investments in uranium in Canada give rise to a net deductible temporary difference for which the Corporation does not recognize deferred tax assets.

Taken together, UPC's NAV per share at May 31, 2021 increased to \$4.87 from \$4.61 at February 28, 2021.

Current Market Conditions

During the first quarter of fiscal 2022, the spot price of U₃O₈ increased from US\$28.20 per pound U₃O₈ at February 28, 2021 to US\$30.65 per pound U₃O₈ by the end of March 2021. The spot price retreated to

US\$28.65 per pound U₃O₈ at the end of April 2021, before rising yet again in May 2021 to end the quarter at US\$31.40 per pound U₃O₈. The price has continued to rise after quarter end, to US\$32.10 per pound U₃O₈ as of the end of June 2021.

Much of the price fluctuation during the quarter was driven by periods of increased demand in the spot market, arising from multiple secondary sources: investment entities (including UPC), uranium producers, and uranium exploration and development companies. Estimates suggest that more than 12.5 million pounds U₃O₈ were acquired by these sources in the first 125 days of 2021.

In many cases, the increase in purchasing by these non-end user entities appears to have been supported by a widespread increase in investor interest in the uranium sector, believed to have largely been driven by a renewed focus on global net-zero carbon emissions goals, and the potential role for nuclear energy in a post-COVID-19 pandemic "energy transition". In assessing the potential paths to reduce carbon emissions many nations, including the United States, have recognized the role of their existing, or future nuclear power plants, as a critical element necessary to achieve decarbonization objectives. This positive attention for the nuclear power sector builds on the well-established fundamental supply-demand analysis that has defined the uranium sector in recent years, where uranium prices are believed by many to be too low to sustain the production that will be necessary to fuel existing, let alone growing, future demand for nuclear power.

In April 2021, the U.S. President held a virtual Leaders Summit on Climate, which was attended by 40 world leaders. This summit was highlighted by many countries committing to new and more ambitious climate targets in order to meet an overall goal of limiting the increase in global temperatures to only 1.5°C by 2050. Among some of the ambitious new targets carbon emission reduction targets came from the U.S. (50-52% reduction in greenhouse gases ('GHG') from 2005 levels by 2030), Japan (46-50% reduction in emissions from 2013 levels by 2030); Canada (40-45% reduction in emissions from 2005 levels by 2030), UK (78% reduction in GHG from 1990 levels by 2035), and the European Union (55% reduction in GHG by 2030, net zero target by 2050).

In the U.S., the House Committee on Energy and Commerce tabled the Climate Leadership and Environmental Action for our Nation's (CLEAN) Future Act, which would require all retail electricity providers to generate 100% of their supplies from zero-emissions sources, including nuclear power, renewables, and hydropower, by 2035. The US budgetary proposal for fiscal year 2022, which was issued in late May 2021, included more than US\$1 billion in funding dedicated to nuclear energy research, development, and demonstration programs.

The importance of the role of the US's current nuclear fleet in achieving the country's emissions targets has been publicly supported by several high-ranking members of the current U.S. Administration, including the Chairman of the U.S. Senate Committee on Energy and Natural Resources, the National Climate Adviser, and the U.S. Secretary of Energy, all of whom have been quoted stating that the nuclear fleet must be protected if the US is to meet its climate goals without sacrificing reliability. This support took concrete form in the U.S. budgetary proposal for fiscal year 2022, which included tax credits to support operating nuclear power plants that are in financial distress.

The push to protect embattled US nuclear power plants, which compete with cheap natural gas and subsidized renewables in deregulated markets, is evident in Illinois where legislators are currently advancing the Consumers and Climate First Act which, among other things, is expected to provide financial support for Exelon Energy's Byron and Dresden nuclear power plants, and other nuclear power facilities in the state. In addition, in New Jersey, the New Jersey Board of Public Utilities voted unanimously to extend Zero Emission Certificates for the state's three nuclear power plants.

This positive news for the future of the nuclear industry in the U.S. has been echoed recently in many other countries.

In China, the country's 14th Five Year Plan, which was published in March 2021, included the goal to increase nuclear capacity to 70 GWe by the end of 2025. China's Premier, Li Keqiang, reiterated that in order to reduce carbon emissions China must 'actively and orderly develop nuclear power'. It has been estimated that China must complete all 16 reactors currently in operation, and construct an estimated three additional reactors, to reach its 70 GWe target on time. Further, Party Secretary of the Chinese Academy of Atomic Energy, Secretary Luo Qi, stated that China would need to build six to eight nuclear reactors each

year in order to meet the target of net-zero emissions by 2060.

In Japan, Japan Electric Power Development Co. announced it would reduce its CO₂ emissions by 40% by 2030, and among its stated plans to reach this goal are plans to complete construction of its Ohma nuclear power plant, the construction of which was halted in 2011 due to the Fukushima Daiichi incident.

In France, EDF has submitted a final plan to construct an additional six reactors across the country to support France's future clean-energy mix.

In Canada, the Canadian Nuclear Association released a report in April 2021 studying the role of small modular reactors ('SMRs') in Canada's high-emitting heavy industries, which showed the potential for SMRs to reduce GHG emissions in Canadian heavy industry by 18% by 2050, to lower the cost of reaching net zero emissions by more than 5%, and to contribute up to \$5 billion annually to Canada's gross domestic product. It was also announced in April 2021 that Alberta has joined with Ontario, New Brunswick, and Saskatchewan in signing a Memorandum of Understanding to cooperate on the development of SMRs.

As an outlier to these recent global announcements in favour of nuclear energy, news from South Korea, which remains one of the world's most successful nuclear power nations, suggests that, despite ambitious carbon reduction goals, the government continues to promote its plan to reduce the country's reliance on nuclear power - including a ban on reactor life extensions beyond their current 40 year terms and a ban on the building of any new units that had not commenced construction prior to the election of the government of President Moon Jae-in in 2017.

SUBSEQUENT EVENTS

On June 3, 2021, UPC provided notice to the Manager that, conditional on the successful completion of the Sprott Transaction, the 2019 MSA would be terminated effective immediately prior to such completion. Pursuant to the termination provisions in the 2019 MSA, the Manager will receive an estimated termination payment of \$5,850,000, which payment SAM LP has agreed to fund.

In June 2021, UPC purchased a total of 1,825,000 pounds of U₃O₈ at an average price of US\$30.70 (\$38.10), which was funded by the proceeds of the May 2021 Financing.

At a special meeting of the shareholders of UPC on July 7, 2021, shareholders approved the proposed plan of arrangement among UPC, the shareholders of UPC, Sprott Asset Management LP ("SAM LP"), a wholly owned subsidiary of Sprott Inc. (NYSE/TSX: SII), Sprott Physical Uranium Trust (the "Trust"), a newly formed trust to be managed by SAM LP, and 2834819 Ontario Inc., a newly formed Ontario subsidiary of the Trust (the "Transaction"). Completion of the Transaction remains conditional upon approval of the Ontario Superior Court of Justice and certain other customary closing conditions. Assuming that all conditions to closing of the Transaction are satisfied or waived, the Transaction is expected to be completed in the early third quarter of 2021.

Outstanding Share Data

At July 7, 2021, there were 150,420,951 common shares issued and outstanding. There are no stock options or other equity 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 ('U₃O₈') and uranium hexafluoride ('UF₆') (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 and on [Uranium Participation Corp.](http://www.uraniumparticipation.com)'s website at www.uraniumparticipation.com.

Cautionary Statement & Forward-Looking Statements

Certain information contained in this press release constitutes forward looking statements or forward looking information. These statements can be identified by the use of forward looking terminology such as 'may', 'will', 'expect', 'intend', 'estimate', 'anticipate', 'plan', 'should', 'believe' or 'continue' or the negative thereof or variations thereon or similar terminology. In particular, this press release contains forward-looking information pertaining to the value of the Corporation's investments and expectations regarding uranium spot prices and uranium market factors, including expectations regarding uranium production levels, reactor restarts, levels of uncommitted utility reactor requirements, anticipated market supply and demand, the development of new nuclear power projects, the potential impact of international trade actions, and other statements regarding the outlook for the uranium industry and market.

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 3, 2021 available under UPC's profile at www.sedar.com. These and other factors should be considered carefully, and readers are cautioned not to place undue reliance on these forward looking statements. Although management reviews the reasonableness of its assumptions and estimates, unusual and unanticipated events may occur which render them inaccurate. Under such circumstances, future performance may differ materially from those expressed or implied by the forward looking statements. Except where required under applicable securities legislation, UPC does not undertake to update any forward looking information.

This press release also contains information relating to third parties, including regulatory agencies, companies and other industry participants, derived from third-party publications and reports which UPC believes are reliable but have not been independently verified by UPC.

SOURCE [Uranium Participation Corp.](http://www.uranium-participation.com)

Contact

David Cates, President & Chief Executive Officer, (416) 979-1991 Ext. 362; Mac McDonald, Chief Financial Officer, (416) 979-1991 Ext. 242

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