

Uranium Participation Corporation Reports Financial Results for the Year Ended February 28, 2021

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TORONTO, April 1, 2021 - [Uranium Participation Corp.](#) ("UPC" or the "Corporation") today filed its Financial Statements and Management's Discussion & Analysis ("MD&A") for the year ended February 28, 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:

	February 28, 2021	February 29, 2020
Net asset value (in thousands)	\$ 622,729	\$ 597,105
Net asset value per common share	\$ 4.61	\$ 4.32
U ₃ O ₈ spot price ⁽¹⁾ (US\$)	\$ 28.20	\$ 24.70
UF ₆ spot price ⁽¹⁾ (US\$)	\$ 94.00	\$ 85.95
Foreign exchange rate (US\$ to CAD\$)	1.2685	1.3429

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

Overall Performance

The net gain for the year ended February 28, 2021 was mainly driven by unrealized net gains on investments in uranium of \$40,370,000, realized gains on the sale of conversion components of \$5,154,000, and income from uranium lending and relocation agreements of \$1,536,000, slightly offset by operating expenses of \$6,914,000 (2020 - net loss due to unrealized net losses on investments in uranium of \$61,160,000 and operating expenses of \$6,150,000, offset by realized gains from the sale of conversion components of \$8,095,000 and income from uranium relocation agreements of \$542,000).

Unrealized net gains on investments in uranium during the year ended February 28, 2021 were mainly due to the increase in the spot prices for uranium. The spot prices during the fiscal year increased from US\$24.70 per pound U₃O₈ and US\$85.95 per KgU as UF₆ at February 29, 2020, to US\$28.20 per pound U₃O₈ and US\$94.00 per KgU as UF₆ at February 28, 2021. The impact of the increase in spot prices on the unrealized net loss on investments in uranium was slightly offset by a 6% decrease in the U.S. dollar to Canadian dollar exchange rate during fiscal 2021. Unrealized net losses on investments in uranium during the year ended February 29, 2020 were mainly due to the decrease in spot prices from US\$28.00 per pound U₃O₈ and US\$87.00 per KgU as UF₆ at February 28, 2019, to US\$24.70 per pound U₃O₈ and US\$85.95 per KgU as UF₆ at February 29, 2020. The impact of the decrease in spot prices on the unrealized loss on investment in uranium in fiscal 2020 was slightly offset by a 2% increase in the U.S. dollar to Canadian dollar exchange rate.

During the fourth quarter of fiscal 2021, the Corporation recorded an unrealized net loss on investments in uranium of \$42,738,000, realized gains on the sale of conversion components of \$1,695,000, and a net loss for the period of \$43,197,000. The unrealized net loss on investments in uranium was predominantly driven by the decrease in the spot prices for uranium from US\$29.45 per pound U₃O₈ and US\$97.00 per KgU as UF₆ at November 30, 2020, to US\$28.20 and US\$94.00, respectively at February 28, 2021. The unrealized

net loss on investment in uranium was also impacted by a 1% decrease in the U.S. dollar to Canadian dollar foreign exchange rate in the period. During the fourth quarter of fiscal 2020, the Corporation recorded an unrealized net loss on investments in uranium of \$25,977,000, realized gains on the sale of conversion components of \$1,644,000, and a net loss for the period of \$26,205,000. The unrealized net loss on investments in uranium was predominantly driven by the decrease in the spot prices for uranium from US\$26.00 per pound U₃O₈ and US\$89.90 per KgU as UF₆ at November 30, 2019, to US\$24.70 and US\$85.95, respectively at February 29, 2020. The impact of the decrease in spot prices on the unrealized net loss on investments in uranium was slightly offset by a 1% increase in the U.S. dollar to Canadian dollar foreign exchange rate in the period.

Total equity increased to \$622,729,000 at February 28, 2021, from \$597,105,000 at February 29, 2020.

The Corporation had an effective tax rate of nil for the years ended February 28, 2021 and February 29, 2020, primarily due to the Corporation's available tax shelter giving rise to a net deductible temporary difference - for which the Corporation does not recognize deferred tax assets.

Taken together, UPC's NAV per share increased to \$4.61 at February 28, 2021, from \$4.32 at February 29, 2020.

Current Market Conditions

Fiscal 2021 was an eventful year for the uranium industry. At the start of the year, the uranium market was impacted by significant and unexpected supply disruptions resulting from the COVID-19 pandemic. While uranium demand remained relatively steady as the world responded to the pandemic and nuclear power plants continued to operate largely without disruption, the supply side of the market experienced significant disruptions from the world's largest and most influential uranium producers. This supply disruption marked the beginning of a meaningful price recovery through the first quarter of the fiscal year. The unexpected supply reaction catalyzed by the pandemic was layered on top of a uranium supply/demand picture that had already begun to change over the past couple of years, with demand outstripping supply from primary production and the shortfall being made up by inventories and other secondary supplies. As this dynamic has played out, sentiment regarding a recovery in the uranium price has improved, particularly with the high-profile shutdown and curtailment of many supply sources across the industry, including the world's largest and highest grade uranium mine, Cameco Corporation's ('Cameco') McArthur River Mine in northern Saskatchewan, Canada, which was placed into care and maintenance indefinitely in July 2018.

COVID-19's short term effect on uranium supply has been dramatic, with additional production cuts announced by several of the world's largest uranium producers. In March 2020, Cameco and Orano announced the closure of the lone remaining uranium production centre in Canada - the Cigar Lake Mine and the McClean Lake Mill. In April 2020, the world's largest producer of uranium, National Atomic Company Kazatomprom ('Kazatomprom'), announced that it would reduce operational activities across all its uranium mines for an expected period of three months. Kazatomprom indicated that production was expected to decrease by up to 4,000 tU (10.4 million pounds U₃O₈) over this period. Together, these supply shocks resulted in the uranium price quickly rising almost 38%, from the fiscal year opening price of US\$24.70 per pound U₃O₈ in mid-March 2020, to a high of US\$34.00 per pound U₃O₈ in May 2020.

In July 2020, Cameco announced that it would reopen its Cigar Lake mine in September. This news surprised many market participants and moving into August the uranium price slowly fell from above US\$32.20 at the time of the announcement, to US\$30.65 by month end. The spot price remained relatively stable for the remainder of the calendar year, with the market registering the highest ever spot market volumes for a single year. By the end of December, the spot volume transacted during calendar 2020 reached 93.6 million pounds U₃O₈, breaking the previous annual spot volume record from 2018 of 88.7 million pounds U₃O₈.

In August 2020, Kazatomprom announced that it had decided to maintain its 20% reduction in production below the planned levels in its subsoil use contracts through 2022. Kazatomprom also confirmed that it had purchased uranium in the spot market and could continue to do so through the rest of the year. These announcements seemed to help stabilize general market sentiment following the unexpected restart of Cigar Lake.

Based on these events, and other significant COVID-19 related production disruptions, large volumes of

inventories and other secondary supplies were depleted faster than expected in fiscal 2021, accelerating the supply-demand rebalancing that was put into motion with the shutdown of the McArthur River mine in 2018. This, coupled with the fact that nuclear power plants around the globe have remained online operating largely without disruption, is expected to help move the market towards a long-term sustainable price increase sooner than it otherwise would have, absent COVID-19.

In December 2020, Cameco announced another temporary suspension of production at Cigar Lake as a result of rising COVID-19 cases in Saskatchewan's far north. While the uranium price increased immediately following this decision, the lack of buying activity, as the market slowed for the holiday season, seemingly flattened the impact of the announcement.

Going into calendar 2021, the spot market saw continued demand weakness, attributed, in part, to low levels of utility uncovered requirements in 2021 and 2022. This demand weakness resulted in competition among sellers which led to a further weakening in the spot price, which fell to US\$28.20 per pound U_3O_8 at the end of the fiscal year, before rebounding to US\$30.65 per pound U_3O_8 in the second half of March 2021 following announcements from several industry participants regarding plans for strategic uranium purchases.

Several trade issues in the United States ('US') have impacted the nuclear fuel market over the past few years, and the resolution of those matters in 2020 has brought growing market stability. In 2018, a petition was filed with the US Department of Commerce ('DOC') to investigate the import of uranium into the US under Section 232 of the 1962 Trade Expansion Act. In July 2019, the US President ultimately concluded that uranium imports do not threaten national security and no trade actions were implemented. In conjunction with this, a further review was ordered of the nuclear supply chain in the US, and the Nuclear Fuels Working Group ('NFWG') was established. The NFWG reported its findings in April 2020, which, among other recommendations, included a plan to budget US\$150 million per year, in each of the next 10 years, for uranium and conversion purchases from US producers to stock the nation's strategic reserve. In December 2020, review and discussion around this matter ended when the US Congress passed a Bill that included initial funding of US\$75 million to begin building a US uranium reserve. The Bill passed the US House and Senate with bipartisan support, and was signed into law in late December 2020.

The review of the Agreement Suspending the Antidumping Investigation on Uranium from the Russian Federation (also known as the Russian Suspension Agreement or 'RSA') also created uncertainty in the uranium market during 2020, as the RSA was due to expire at the end of the year. A draft amendment, however, was announced in September 2020 and finalized in October 2020. The new arrangement extends the agreement until 2040 and aims to reduce US reliance on Russian uranium products over the next 20 years. The deal negotiated between the US DOC and Russian government reduces Russian exports of the enrichment component from the current level of approximately 20% of US enrichment demand to an average of 17% over the 20-year period, and limits Russian uranium concentrates and conversion components contained in the enriched uranium product to an average equivalent of approximately 7% of US enrichment demand. The agreement's conclusion brought significant clarity and stability to many nuclear fuel market participants.

Overall, uranium demand has grown in recent years as new reactors have been started around the world and demand now exceeds the annual levels that existed prior to Japan shutting down all its nuclear units following the 2011 Fukushima Daichii nuclear incident. As of March 2021, there were 437 nuclear reactors operable in 31 countries capable of generating 389 GWe - together supplying over 10% of the world's electrical requirements. In addition, there are 54 nuclear reactors being constructed in 19 countries, with several countries acting as principal drivers of this expansion, including China, India, South Korea, Russia, and the United Arab Emirates ('UAE'). By 2035, UxC forecasts, under its base case, that operating reactors will increase to 460, generating around 448 GWe. Through this period, annual uranium demand is expected to grow from 181 million pounds U_3O_8 in 2020 to around 213 million pounds U_3O_8 by 2035. Importantly, uncovered utility uranium requirements in this period, not including typical inventory building, are over 1.35 billion pounds U_3O_8 .

Early in 2020, the UxC outlook for annual global uranium production was expected to be approximately 142 million pounds U_3O_8 . This changed materially with the curtailment of additional production as a result of COVID-19. Actual production for 2020 is now estimated by UxC to have been 124 million U_3O_8 pounds which has created an even greater shortfall to 2020 estimated global annual demand of 181 million pounds U_3O_8 . Though rebounding a little from 2020, UxC estimates that primary production in 2021 will remain low at 127 million pounds U_3O_8 as COVID-19 restarts are offset by the planned shutdown of long-standing production sources at Energy Resources of Australia's Ranger mine and Orano's COMINAK project in Niger.

With annual demand projected by UxC to be 175 million pounds U_3O_8 in 2021, the 2021 differential between primary production and annual demand is projected to remain high, at approximately 48 million pounds U_3O_8 .

With primary mine production in 2020 estimated by UxC to have supplied approximately 67% of the year's estimated base case demand, the balance of demand is expected to have been supplied from secondary sources. These sources include commercial inventories, reprocessing of spent fuel, sales by uranium enrichers and inventories held by governments, such as those held by the US Department of Energy, and the Russian government. Secondary supplies remain a complex aspect of the uranium market. UxC estimated that 64 million pounds U_3O_8 entered the market from secondary supplies in 2020, leaving a surplus of approximately 7 million pounds U_3O_8 compared to annual demand of 181 million pounds - meaning that the market demand would be met by those secondary sources of supply and that there would not be an imminent supply shortage. That being the case, UxC expects that secondary sources of supply will fall significantly from this level to 17 million pounds U_3O_8 per year by 2035 - which suggests that increased primary sources of production will be important in the market over the next decade.

The process of inventory drawdowns is indicative of a market that is approaching an inflection point - where the surplus material that has been easy to procure in past years is diminished and end-users of uranium begin to question where long-term uranium supplies will come from and how secure that supply will be over the long lives of their nuclear reactors. There is a growing sense that market participants are beginning to look beyond near-term market conditions in an attempt to understand what the supply environment will look like in the mid-2020s and beyond. With a renewed focus on nuclear energy as a critical element in the 'energy transition' that many nations are looking to in order to battle climate change, it is expected that global utilities will be looking to source future supply from operations that are not only low-cost, reliable, and situated in stable jurisdictions (the typical criteria for a good supplier), but also those which are flexible and environmentally responsible.

Future and growing reliance on nuclear energy is again being considered by policy makers and interest groups around the world. As many industries were shut down around the globe in fiscal 2021 under the strain of COVID-19 related problems, nuclear electricity generation worldwide remained steadfast, providing the secure, baseload electricity needed to drive key infrastructure, including hospitals - all the while producing little to no carbon emissions. Building on the growing world view of the reliability and clean nature of nuclear power, there continued to be many positive news stories emerging on the demand side of the nuclear fuel market throughout fiscal 2021, including the following:

The UAE announced that its first nuclear power plant, Barakah unit 1 achieved initial criticality in July 2020. By December, the unit reached 100% power and is now generating 1400 MW of electricity. Once the other units are operational, the four-unit plant will generate around 25% of the UAE's electricity, preventing the release of up to 21 million tonnes of carbon emissions annually.

China National Nuclear Corp ('CNNC') has seen several of its reactor projects reach significant milestones in fiscal 2021. In July 2020, CNNC announced that Unit 5 at its Tianwan nuclear power plant, had attained initial criticality. Construction of the unit began in December 2015. Unit 6 at the site began construction in September 2016. Both are expected to attain full commercial operation before the end of 2021. In addition, the Fuqing 5 reactor, whose construction commenced in May 2015, at the Fuqing Nuclear Power Plant, attained initial criticality in October 2020, was connected to the grid in November 2020, and achieved first commercial operation in 2021.

China continues to be a bright spot in the industry having recently reiterated in-country nuclear growth plans. The government indicated that it would build six to eight nuclear reactors each year between 2020 and 2025 in an effort to get back on track with past goals - aiming to have total capacity installed and under construction to be around 200 GW by 2035. And in March 2021, China's National People's Congress released details from the country's 14th Five Year Plan, which includes an ambitious goal of achieving 70 GWe of gross nuclear power capacity by 2025, and increase of almost 50% from its current levels. According to the World Nuclear Association, as of March 2021, China has approximately 49 nuclear reactors in operation, generating approximately 47 GWe, and 16 under construction. According to China's Nuclear Energy Association, Chinese nuclear reactors produced 366.2 TWh of electricity in 2020, which represents an increase of roughly 5% compared to 2019. Nuclear power's share of electricity in China was 4.9% in 2020.

Russia's Rosatom reported, in August 2020, that Unit 2 of the Leningrad II plant successfully reached the

minimum controlled power level, meaning that a controlled, self-sustaining reaction had begun in the new reactor, and in late February 2021, the reactor entered its final testing phase.

In the US, Southern Companies' Georgia Power reached a milestone in the completion of its new reactor when it took delivery of the first nuclear fuel for Vogtle unit 3. The AP1000 reactor is approximately 96% complete, with fuel loading expected in April 2021. The company also added itself to a growing list of US utilities to announce a commitment to a long-term reduction in greenhouse gas emissions to net-zero emissions by 2050 - its ability to reach that goal will be enhanced by completion of its new Vogtle Units 3 & 4.

In Canada, following the recent reconnection of Unit 2 at Ontario Power Generation's ('OPG') Darlington Nuclear Generating Station, OPG announced another major milestone in September when work commenced on the refurbishment of Unit 3 following a brief postponement related to the COVID-19 pandemic.

OPG also added its name to the list of utilities committing to achieving net-zero carbon emissions - committing to reach that goal by 2040 and committing to help the markets in which they operate achieve net-zero carbon economies by 2050. The company also announced in November that it would begin advancing plans to locate a small modular reactor ('SMR') at its Darlington site in order to support its net-zero goals. This built on an earlier announcement that OPG would leverage its more than 50 years of nuclear experience to advance engineering and design work with three grid-scale SMR developers - GE Hitachi Nuclear Energy, Terrestrial Energy Inc., and X-Energy LLC.

The Canadian federal government also reinforced its support for nuclear energy and the development of SMRs, as a pillar in its plans for achieving the country's climate change goals. Federal energy minister, Seamus O'Regan, highlighted the importance of nuclear power multiple times in 2020, including as part of a statement while releasing Canada's national SMR Action Plan which calls for the development, demonstration, and deployment of SMRs. Provincial governments in Canada have also continued to show their support for SMRs, most recently with the Government of New Brunswick announcing that it would invest another \$20 million to advance development of ARC Clean Energy Canada Inc.'s ('ARC Canada') SMR technology. This funding is contingent on ARC Canada obtaining matching funding for other investors.

Positive nuclear news also emerged from Japan late in 2020 as the country's new leader, Prime Minister Yoshihide Suga, pledged that the country will become carbon neutral by 2050. Japan's current energy plan, set in 2018, calls for 22-24% of its energy to come from renewables, 20-22% from nuclear power, and 56% from fossil fuels. Suga, did not provide details on how Japan would reduce carbon emissions to zero, but said it would promote renewable energy and prioritize safety as it seeks a bigger role for nuclear.

France's President Macron indicated that nuclear will remain a key part of the country's energy mix, highlighting that the nuclear industry will remain the cornerstone of France's strategic autonomy. Though France has previously said it will cut its reliance on nuclear energy from 75% to 50% by 2035, it is also considering building next-generation EPR nuclear reactors.

In Poland, the country's deputy prime minister has indicated that the country is in discussion with several suppliers to construct up to six nuclear reactors in that country by 2043. Poland does not currently have any nuclear power plants.

In February 2021, it was announced the first unit at Belarus' first nuclear power plant, Ostrovets 1 is expected to be accepted for operation in April or May of 2021. When the unit begins operating, Belarus will become the 32nd nuclear power generating country.

In other nuclear industry news, also in February 2021, Honeywell International Inc. announced its intention to start its Metropolis Works plan, restarting US domestic production of UF₆. The Metropolis facility was shutdown indefinitely in October 2017 as a result of a global oversupply of UF₆ which had resulted in weak prices for UF₆ conversion services. ConverDyn, the marketing agent for the plant's output, has been meeting its supply contracts through the purchase of conversion from various sources since the 2017 shut down of the Metropolis plant. These purchasing efforts, along with the supply impact of shutting down one of only three uranium conversion facilities in Western Europe and North America, and the only facility in the U.S., have resulted in the price of conversion services increasing almost 380% from US\$4.50 at the time of the announcement of the plant closure, to US\$21.50 at the time of the restart announcement. Honeywell expects

the plant to be ready for full production by 2023.

Taken together, the market sentiment towards nuclear energy has seen a marked uptick in the last months of the fiscal year, in part due to the impact of renewed and high-profile support for the industry by climate change enthusiasts, including Bill Gates and the new US Administration, which has reentered the Paris Agreement and identified nuclear power as a critical clean energy technology.

Outstanding Share Data

At April 1, 2021, there were 134,939,651 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 Regarding 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.

This press release contains information regarding the uranium industry generally, and certain market participants therein, derived from third-party publications and reports which UPC believes are reliable but has not independently verified.

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 MD&A dated April 2, 2020 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.

SOURCE [Uranium Participation Corp.](#)

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