

Uranium Participation Corp. Announces Agreement with Sprott Asset Management to Modernize Business Structure and Pursue U.S. Listing

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TORONTO, April 28, 2021 - [Uranium Participation Corporation](#) ("UPC" or the "Corporation") (TSX:U) is pleased to announce that it has entered into an arrangement agreement (the "Arrangement Agreement") with Sprott Asset Management LP ("Sprott Asset Management"), a wholly owned subsidiary of Sprott Inc. ("Sprott") (NYSE/TSX: SII), pursuant to which UPC shareholders will become unitholders of the Sprott Physical Uranium Trust (the "Trust"), a newly formed entity to be managed by Sprott Asset Management (the "Transaction"). View PDF version

Transaction Highlights

- Modernized business structure with lower corporate operating costs - The trust structure offers lower annual corporate costs and aligns UPC's business with the world's leading physical commodity investment vehicles.
- Sprott Physical Uranium Trust to seek a US listing - UPC previously evaluated the potential for a US listing and determined that it would not meet listing requirements under its current corporate form. As a trust, the prospect of obtaining a US listing on the NYSE Arca or similar exchange, is significantly improved. Sprott Asset Management has a very good track record of listing physical commodity investment vehicles in the US and has committed to fund up to CAD\$1.5 million in costs associated with seeking a US listing. A listing in the US is expected to increase the profile of the Trust with US and international investors, potentially resulting in an increase both in trading liquidity and in access to capital, which could be used to support future uranium purchases.
- Access to Sprott's Robust Sales & Marketing Capabilities - Sprott is a global brand with a highly successful fund marketing platform and extensive client base providing access to more than 200,000 investors. Leveraging this platform is expected to grow UPC's shareholder base and increase liquidity.
- UPC to receive a cash contribution of ~CAD\$6.7 million - On closing of the Transaction, Sprott Asset Management will make a cash contribution equal to 1% of UPC's net asset value as of March 31, 2021 - the proceeds of which may be used by the Trust to purchase additional uranium holdings.
- Sprott Asset Management to fund UPC's transaction costs - As part of the Transaction, Sprott Asset Management will reimburse UPC for up to CAD\$1.0 million in direct transaction costs and to fund approximately CAD\$5.3 million in related management termination fees (see below).

Jeff Kennedy, Chairman of UPC, commented: "The Board of Directors has consistently prioritized the importance of delivering long-term value to UPC shareholders through the execution of the Corporation's accretion-based business strategy. Partnering with Sprott Asset Management brings immediate value to UPC shareholders through an upfront cash contribution and the potential for significant long-term value from the modernization of our business structure, integration into Sprott's industry-renowned portfolio of physical commodity trust products, and a potential future listing in the United States - which, taken together, are expected to reduce corporate costs, increase trading liquidity, and improve access to capital for our existing shareholders. We look forward to presenting the Transaction, which is the culmination of many months of combined efforts of UPC and Sprott Asset Management, for shareholder consideration and approval."

Transaction Details

Pursuant to a plan of arrangement under the Business Corporations Act (Ontario), each UPC common share will be exchanged for one unit of the newly formed Sprott Physical Uranium Trust. The Trust will be managed by Sprott Asset Management under the terms of a management agreement to be executed as part of the plan of arrangement.

The Arrangement Agreement provides for, among other things, customary representations, warranties and

covenants, including non-solicitation covenants and a "fiduciary out" that allows the UPC board to terminate the Arrangement Agreement to accept a superior proposal in certain circumstances, subject to a "right to match" in favour of Sprott Asset Management and payment by UPC of a termination fee of up to CAD\$3.0 million.

Effective upon closing of the Transaction, and the commencement of management of the Trust by Sprott Asset Management, the management services agreement ("MSA") between UPC and Denison Mines Inc. ("Denison") will be terminated. The parties have agreed in the Arrangement Agreement that Sprott Asset Management will fund the termination payment due from UPC to Denison, calculated in accordance with the termination provisions of the MSA, and currently estimated to be approximately CAD\$5.3 million.

The Transaction will require shareholder approval from 66 2/3% of the votes cast by the holders of UPC's common shares present in person or by proxy at a shareholder meeting to be held to consider the proposed Transaction (the "Meeting"). The Transaction is also subject to the receipt of certain regulatory, court, and stock exchange approvals and certain other closing conditions customary in transactions of this nature.

The full details of the Transaction will be included in the management information circular to be filed with the regulatory authorities and mailed to UPC shareholders in accordance with applicable securities laws. A copy of the Arrangement Agreement and the information circular will be filed on UPC's SEDAR profile at www.sedar.com.

The Transaction is expected to close in the late second or early third quarter of 2021.

Advisors & Counsel

Cormark Securities Inc. is serving as financial advisor to UPC and has delivered a fairness opinion to its Board of Directors that the consideration to be received by the UPC shareholders is fair from a financial point of view. UPC's legal advisors are Cassels Brock & Blackwell LLP for Canadian matters, Thorsteinssons LLP for tax matters, and Troutman Pepper Hamilton Sanders LLP for US matters.

About Sprott

Sprott is a global leader in precious metal and real asset investments. Through its subsidiaries in Canada, the US and Asia, Sprott is dedicated to providing investors with specialized investment strategies that include Exchange Listed Products, Managed Equities, Lending and Brokerage. Sprott's common shares are listed on the New York Stock Exchange under the symbol SII and Toronto Stock Exchange under the symbol SII. For more information, please visit www.sprott.com.

About Uranium Participation Corporation

[Uranium Participation Corp.](http://www.uraniumparticipation.com) 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. UPC provides investors with a unique opportunity to gain exposure to the price of uranium without the resource or project risk associated with investing in a traditional mining company. Additional information about Uranium Participation Corporation is available on SEDAR at www.sedar.com and on UPC's website at www.uraniumparticipation.com.

Caution Regarding Forward-Looking Information

This press release contains certain forward-looking statements and forward-looking information that are based on UPC's current internal expectations, estimates, projections, 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 and include statements with respect to: the proposed Transaction and the described elements thereof, including payments to be made by or to the

various parties, the expected benefits of the Transaction for UPC's shareholders and the potential US listing and the benefits thereof, the anticipated timing of closing and the ability of the parties to complete the Transaction as described.

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 statement. These factors include, but are not limited to, potential changes in the terms of the Transaction and/or Arrangement Agreement and/or the inability to satisfy the conditions to completion of the Transaction which could result in the termination of the Arrangement Agreement, including the inability to obtain the required approvals from UPC's shareholders at the Meeting and/or the emergence of a superior proposal. There is a risk that the currently anticipated benefits of a completed Transaction may not be achieved, such as if the Trust is unable to satisfy the conditions necessary to complete a US listing or otherwise achieve an increase in shareholder base or liquidity.

Readers are cautioned not to place undue reliance on forward-looking statements included in this news release, as there can be no assurance that the plans, intentions or expectations upon which the forward-looking statements are based will occur. For a description of the principal risks of UPC, see "Risk Factors" in UPC's Management's Discussion and Analysis dated April 1, 2021 for the fiscal year ended February 28, 2021, a copy of which is available 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 statement.

SOURCE [Uranium Participation Corp.](#)

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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