

September 18, 2009



Mr. Keith I McConnell, Deputy Director
Decommissioning and Uranium Recovery Licensing Directorate
Division of Waste Management and Environmental Protection
Office of Federal and State Materials and
Environmental Management Programs
U.S. Nuclear Regulatory Commission
11545 Rockville Pike
Rockville, Maryland 20852-2738

Ref: Source Material License SUA-1341, Docket No. 40-8502
Application for Change of Control

Dear Mr. McConnell:

As noted in Cogema Mining's correspondence to the NRC dated August 26, 2009, a Share Purchase Agreement has been entered into whereby all of the shares in Cogema Mining, Inc., a subsidiary of Cogema Resources, Inc., and all of the shares in Malapai Resources Co., a subsidiary of Fuel International Trading Corporation, will be acquired by Uranium One Exploration U.S.A., Inc. The change of ownership will result in a change of control of the activities of Cogema Mining, Inc.

As the current holder of the above referenced license, Cogema Mining, Inc. hereby requests the NRC's approval of the change of control of Cogema Mining, Inc. It appears that the license itself only requires an amendment to reflect the final replacement letter of credit that Uranium One will be providing prior to the transfer. Upon the completion of the share purchase final closing, the current licensee name, Cogema Mining, Inc., will be unchanged.

Enclosed with this request for approval of transfer are five copies of a Notice of Change of Control and Ownership Information with attachments including a copy of the current Source Material License SUA-1341 for reference purposes, a diagram of the purchase transaction, financial information on Uranium One, the current Cogema Mining organization chart and the replacement organization chart under Uranium One, a copy of the February 24, 2009, correspondence from the NRC approving the current surety amount under SUA-1341, a copy of the current surety letter of credit, and the draft replacement letter of credit.

The anticipated closing date on the purchase is prior to December 31, 2009. We are prepared to offer any assistance necessary to facilitate the NRC's review and final approval of this change of control.

COGEMA MINING, INC.

935 PENDELL BLVD., P.O. BOX 730 MILLS, WYOMING 82644, U.S.A.
TEL.: 307 234 5019 FAX: 307 473 7306 WWW.US.AREVA.COM

Letter, COGEMA Mining, Inc. to K. McConnell, USNRC, re. License SUA-1341 Transfer, September 18, 2009, p. 2.

A

Sincerely,


Bernard Bonifas
General Manager

Encls.

Cc: Bill Von Till, U.S. NRC w/o encls.
Ron Linton, U.S. NRC w/o encls.

From: Origin ID: CPRA (307) 234-5019
 Mr. T.W. Hardgrove
 COGEMA Mining, Inc.
 935 Pendell Blvd.
 P.O. Box 730
 Mills, WY 82644



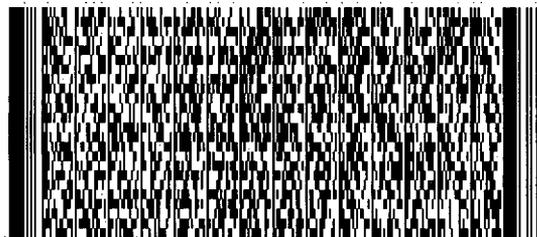
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Mr. Ron Linton, Project Manager
U.S. Nuclear Regulatory Commission
11545 ROCKVILLE PIKE
DECOMM. & U RECOV. LIC. DIR. DWMEP
ROCKVILLE, MD 20852

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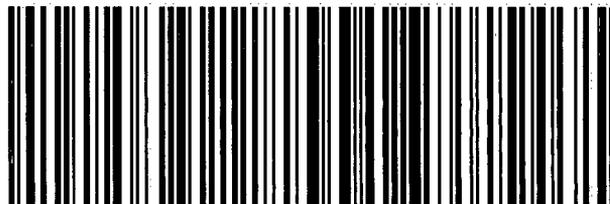


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**NOTICE OF CHANGE OF CONTROL AND
OWNERSHIP INFORMATION**

MATERIAL LICENSE

SUA-1341

COGEMA MINING, INC.

**IRIGARAY & CHRISTENSEN RANCH FACILITIES
JOHNSON & CAMPBELL COUNTIES, WYOMING**

September 18, 2009

**NOTICE OF CHANGE OF CONTROL AND
OWNERSHIP INFORMATION**

**MATERIAL LICENSE
SUA-1341**

COGEMA MINING, INC.

**IRIGARAY & CHRISTENSEN RANCH FACILITIES
JOHNSON & CAMPBELL COUNTIES, WYOMING**

September 18, 2009

I. INTRODUCTION

Cogema Mining, Inc., a Delaware corporation ("Cogema Mining") operates the Irigaray Facility in Johnson County, Wyoming ("Irigaray") and the Christensen Ranch Facility in Johnson and Campbell County, Wyoming ("Christensen Ranch") under Nuclear Regulatory Commission ("NRC") Materials License SUA-1341 ("License"), a copy of which is attached hereto as **Exhibit 1**. The License is currently in operating status under timely renewal, subject to the renewal application submitted to the NRC by Cogema Mining on May 31, 2008.

Cogema Mining is a wholly owned subsidiary of Cogema Resources, Inc. ("Cogema Resources"). Cogema Resources is a wholly owned subsidiary of Areva NC. Cogema Resources has agreed to sell Cogema Mining to Uranium One Exploration U.S.A. Inc., a Delaware corporation ("Uranium One Exploration"). Pursuant to U.S. Code of Federal Regulations 10 C.F.R. § 40.46, the License may not be transferred, assigned, or in any manner disposed of, directly or indirectly, through transfer or change of control without first receiving NRC consent. For this purpose, Cogema Mining along with Uranium One Exploration (collectively referred to as "Applicants"), submit this Notice of Change of Control and Ownership Information ("Notice") for Irigaray and Christensen Ranch and the License to the NRC for approval.

Pursuant to the change of control requirements adopted by the NRC and set forth in Nuclear Regulatory Commission, Consolidated Guidance About Materials Licenses, NUREG-1556 Volume 15 ("NRC Guidance"), this Notice sets forth information regarding the (1) nature of the transaction; (2) training, experience and qualifications of management and safety personnel; (3) change of location, equipment and procedures as a result of the change of control; (4) status of surveillance program and records; (5) transfer and maintenance of decommissioning records; and (6) Cogema Mining's commitment to abide by the constraints, conditions, commitments, and requirements of the License. In addition, this Notice outlines Cogema Mining's proposed surety arrangement for the License.

II. CHANGE OF CONTROL REQUIREMENTS

A. Description of Transaction. Applicants are instructed to provide a complete description of the proposed transaction, including the new name and contact information for the organization gaining control of the license (NRC Guidance Criteria 5.1).

1. Transaction. Pursuant to a Share Purchase Agreement, dated August 7, 2009, Uranium One Exploration has agreed to purchase all of the issued and outstanding shares of Cogema Mining from Cogema Resources ("Transaction"). In addition, under the Share Purchase Agreement, Uranium One Exploration has agreed to purchase from Fuel International Trading Corporation all of the issued and outstanding shares of Malapai Resources Company, an Arizona Corporation ("Malapai") which owns certain real property assets related to Irigaray and Christensen Ranch. Attached hereto as **Exhibit 2** is a diagram of the Transaction.

2. Licensee. Cogema Mining is the current licensee under the License. As of the date of this Notice and prior to the closing of the Transaction, Cogema Mining is a wholly

owned subsidiary of Cogema Resources. Following the approval of this Notice by the NRC and the closing of the Transaction, Cogema Mining will become a wholly owned subsidiary of Uranium One Exploration. Although Cogema Mining will remain the licensee when the Transaction is completed, for ease of reference, this Application refers to the company, post-Transaction, as “New Cogema Mining.”

Uranium One Exploration’s ultimate parent corporation is Uranium One Inc., a Canadian corporation publicly traded on the Toronto Stock Exchange with a secondary listing on the JSE Limited (the Johannesburg stock exchange). Uranium One is engaged in the exploration and development of uranium resource properties throughout the world. Uranium One currently owns and operates uranium mining, milling and exploration projects in the United States, Kazakhstan, South Africa and Australia. Attached hereto as **Exhibit 3** are copies of Uranium One’s (i) Annual Information Form, (ii) Audited Annual Financial Statements, and (iii) Management’s Discussion and Analysis, all for the year ending December 31, 2008. Additional information about Uranium One can be found at <http://www.uranium1.com>. All statements and representations in this Notice made for and on behalf of New Cogema Mining are made by Uranium One Exploration as the parent of New Cogema Mining effective as of the closing of the Transaction. Uranium One Exploration has executed this Notice for and on behalf of New Cogema Mining. Contact information for Uranium One concerning this application is as follows:

Donna Wichers
Senior Vice President, ISR Operations
Uranium One Exploration
907 North Poplar, Suite 260
Casper, Wyoming 82601
307.234.8235
donna.wichers@uranium1.com

3. Required NRC Findings. Under the Atomic Energy Act of 1954, as amended, the NRC is required to make a finding that the change of control of the License proposed in this Notice will not be “inimical to the common defense and security, and would not constitute unreasonable risk to the health and safety of the public.” See 42 U.S.C. § 2093(b); 10 C.F.R. § 40.38. The change of control of Cogema Mining from Cogema Resources to Uranium One Exploration meets this standard. Under the transaction, there will be no change to Cogema Mining’s corporate structure, key operating personnel (except as otherwise described in Section II.B. of this Notice), licensed activities or location of operations.

B. Changes of Personnel. Applicants are directed to provide information concerning changes in personnel that have control over licensed activities, including pertinent training, experience and qualifications of the individuals (NRC Guidance Criteria 5.2).

Larry Arbogast is the current Radiation Safety Officer (“RSO”) under the License. After the closing of the Transaction, Larry Arbogast will remain as the RSO under the License. Larry Arbogast has been employed by Cogema Mining at Irigaray and Christensen Ranch since 1994.

Larry Arbogast, as the RSO, will report directly to the New Cogema Mining Operations Manager, who will work in cooperation with the RSO and the NRC to continue the safe operations at Irigaray and Christensen Ranch. Information concerning the organization of Cogema Mining and New Cogema Mining as it relates to control over licensed material is attached hereto as **Exhibit 4**.

C. Changes of Location, Equipment and Procedures. Applicants are instructed to provide a description of planned changes in location, facilities, equipment, or procedures that would normally require a license amendment (NRC Guidance Criteria 5.3).

A renewal application for the License is currently under review by the NRC. New Cogema Mining does not currently propose additional changes in the location, facilities, equipment or procedures used at Irigaray and Christensen Ranch under the License. New Cogema Mining proposes to operate Irigaray and Christensen Ranch under the current Standard Operating Procedures.

D. Surveillance Records. Applicants must submit a statement that all required surveillance has been performed, documented and reviewed. If there are surveillance items that are not or will not be completed by the date of the license transfer, the licensee must submit to the NRC the reasons the items will not be completed, any corrective actions required and the date these corrective actions will be completed (NRC Guidance Criteria 5.4).

Cogema Mining, as the current Licensee, states that all required surveillance for Irigaray and Christensen Ranch has been performed, documented and reviewed with one exception: the completion of the five year mechanical integrity testing within the prescribed timeframe for Mine Unit 6 at Christensen Ranch. The wells in Mine Unit 6 are currently being tested for mechanical integrity. As of this submittal date, 38 percent of them have been tested, and it is projected that the testing will be completed in Mine Unit 6 by December 4, 2009.

E. Decommissioning and Related Records Transfers. Applicants are required to arrange for the transfer and maintenance of records important to the safe and effective decommissioning of facilities involved in the licensed activities and to describe herein the method and proposed timetable for the transfer of records. As part of the transfer Applicants must disclose the current status of the licensed facility with regard to ambient radiation levels and fixed and removable contamination as a result of the licensed activities thus far conducted at the facility. To the extent contamination is present at the licensed facility, Applicants must describe how and when decontamination will occur or state that decommissioning has yet to be determined. After a disclosure of the status of the facility, the transferee must confirm in writing that it accepts full responsibility for the decommissioning of the site, including all contaminated facilities and equipment (NRC Guidance Criteria 5.5).

1. Records Transfer. Under the Transaction all of Cogema Mining's records relating to Irigaray and Christensen Ranch and the License will remain in the possession of New Cogema Mining. New Cogema Mining commits to maintain the records for Irigaray and

Christensen Ranch and the License and to continue diligent monitoring and recordkeeping in full compliance with NRC rules and regulations and the laws of the United States of America after the closing of the Transaction.

2. Contamination Status of Irigaray and Christensen Ranch. As required by License Condition 12.1 and 10 C.F.R. § 40.65, Cogema Mining has submitted periodic reports to the NRC describing the current ambient radiation levels and fixed and removable contamination at Irigaray and Christensen Ranch. The current contamination status of Irigaray and Christensen Ranch is documented in the routine periodic radiation safety monitoring records maintained on site, and additional relevant information can be found in the following document which has been submitted to the NRC: The 2008 Annual Effluent and Monitoring Report, February, 2009.

3. Decommissioning Commitment. The Applicants are aware of the current status of Irigaray and Christensen Ranch with regard to ambient radiation levels and fixed and removable contamination as described above and in the referenced documents. New Cogema Mining assumes full responsibility for the decommissioning of Irigaray and Christensen Ranch and all associated facilities and equipment after the closing of the Transaction in accordance with the approved Decommissioning Plan referenced in License Condition 9.3. In the course of the due diligence process conducted by Uranium One, management personnel with extensive experience with in situ uranium recovery operations and decommissioning reviewed relevant decommissioning records, plans, and procedures provided by Cogema Mining. In addition, Uranium One obtained the services of an independent consultant to review all relevant information and perform a confirmatory site inspection at Irigaray and Christensen Ranch. This site inspection included obtaining field measurements of radiological conditions at both sites. Uranium One is confident that this process has resulted in a thorough understanding of the current radiological status of the Irigaray and Christensen Ranch sites.

F. Transferee's Commitment to Abide by the Transferor's Commitments. The transferee in a change of control application must either provide (i) an agreement to abide by all constraints, license conditions, requirements, representations, and commitments identified in and attributed to the existing license; or (ii) a description of the transferee's program to ensure compliance with the license and regulations. In addition, if any unresolved enforcement or inspections issues exist under the license the transferee must address the action to be taken to resolve such issues (NRC Guidance Criteria 5.6).

New Cogema Mining agrees to abide by all of the constraints, conditions, requirements, representations and commitments of the License after the closing of the Transaction. There are no unresolved enforcement or inspection issues currently existing under the License.

III. SURETY ARRANGEMENT

A. Surety Requirements. Under 10 C.F.R. § 40, Appendix A, Criterion 9, and License Condition 9.5 the licensee is required to provide a financial surety sufficient to carry out decommissioning and decontamination, offsite disposal of radioactive solid process or evaporation pond residues and ground-water restoration as warranted, along with soil and water sampling analysis necessary to confirm the accomplishment of decontamination

("Reclamation"). The current Reclamation cost estimate for Irigaray and Christensen Ranch, approved by the NRC on February 24, 2009, is \$9,714,299.00. A copy of the NRC's February 24, 2009 letter is attached hereto as **Exhibit 5**.

B. Current Surety Arrangement. Cogema Mining's current surety arrangement consists of an Irrevocable Standby Letter of Credit issued by USA Credit Industriel et Commercial (CIC) to Areva NC on behalf of Cogema in the amount of \$10,396,238.00 in favor of the State of Wyoming, Department of Environmental Quality ("WDEQ"), a copy of which is attached hereto as **Exhibit 6** ("Existing Letter of Credit").

C. Proposed Surety Arrangement. To replace the Existing Letter of Credit, New Cogema Mining will secure, effective as of the closing of the Transaction, a letter of credit issued by the Bank of Nova Scotia in favor of the WDEQ, in the amount of \$9,714,299.00, the current Reclamation cost estimate approved by NRC on February 25, 2009 ("Replacement Letter of Credit"). A draft copy of the Replacement Letter of Credit is attached hereto as **Exhibit 7**. If the amount of the required Letter of Credit increases before the Transaction closes, New Cogema Mining will secure, effective as of the closing of the Transaction, a letter of credit in such higher amount.

For the convenience of the Applicants this Notice may be executed in counterparts, which together with this Notice shall constitute one and the same instrument.

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EXECUTED this 18th day of September, 2009.

Cogema Mining Inc.



Name: BERNARD BONIFAS

Its: GENERAL MANAGER

Uranium One Exploration U.S.A. Inc.



Name: DONNA L. WITHERS

Its: Sr. Vice President,
ISR Operations

EXHIBIT 1

to

**Notice of Change of Control
and Ownership Information**

(Material License -SUA-1341)

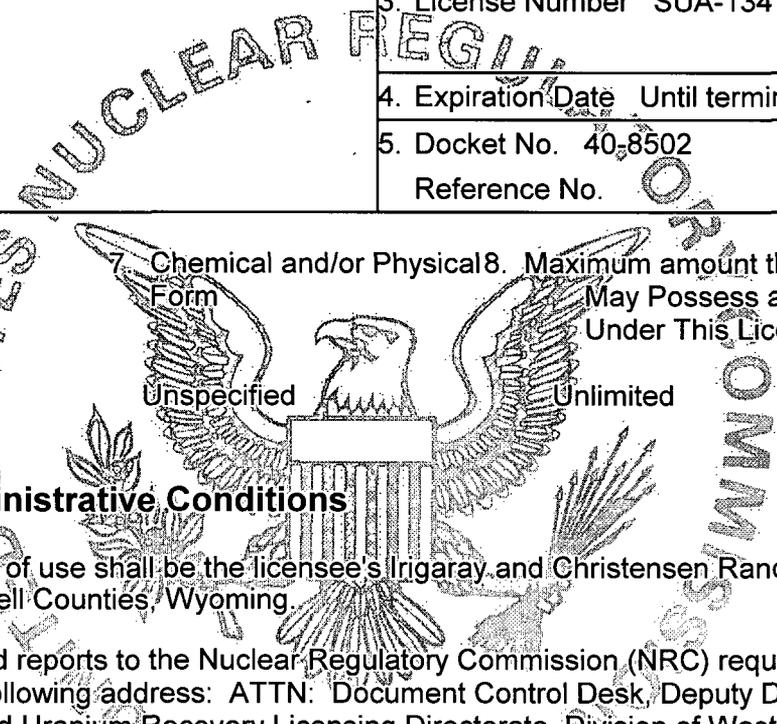
U.S. NUCLEAR REGULATORY COMMISSION

MATERIALS LICENSE

Pursuant to the Atomic Energy Act of 1954, as amended, the Energy Reorganization Act of 1974 (Public Law 93-438), and the applicable parts of Title 10, Code of Federal Regulations, Chapter I, Parts 19, 20, 30, 31, 32, 33, 34, 35, 36, 39, 40, 70, and 71, and in reliance on statements and representations heretofore made by the licensee, a license is hereby issued authorizing the licensee to receive, acquire, possess, and transfer byproduct, source, and special nuclear material designated below; to use such material for the purpose(s) and at the place(s) designated below; to deliver or transfer such material to persons authorized to receive it in accordance with the regulations of the applicable Part(s). This license shall be deemed to contain the conditions specified in Section 183 of the Atomic Energy Act of 1954, as amended, and is subject to all applicable rules, regulations, and orders of the Nuclear Regulatory Commission now or hereafter in effect and to any conditions specified below.

<p style="text-align: center;">Licensee</p> <p>1. COGEMA Mining, Inc.</p> <p>2. P.O. Box 730 Mills, Wyoming 82644</p>	<p>3. License Number SUA-1341, Amendment No. 14</p> <p>4. Expiration Date Until terminated or renewed</p> <p>5. Docket No. 40-8502 Reference No.</p>
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<p>6. Byproduct Source, and/or Special Nuclear Material</p> <p>Uranium and 11e.(2) byproduct</p>	<p>7. Chemical and/or Physical Form</p> <p>Unspecified</p>	<p>8. Maximum amount that Licensee May Possess at Any One Time Under This License</p> <p>Unlimited</p>
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SECTION 9: Administrative Conditions

9.1 The authorized place of use shall be the licensee's Irigaray and Christensen Ranch Satellite facilities in Johnson and Campbell Counties, Wyoming.

9.2 All written notices and reports to the Nuclear Regulatory Commission (NRC) required under this license, shall be sent to the following address: ATTN: Document Control Desk, Deputy Director, Decommissioning and Uranium Recovery Licensing Directorate, Division of Waste Management and Environmental Protection, Office of Federal and State Materials and Environmental Management Programs, Washington, DC 20555-0001, Mail-Stop T-8-F5, or by express delivery to 11545 Rockville Pike, Rockville, Maryland 20852-2738.

Required telephone notification shall be made to the NRC Operations Center at (301) 816-5100, unless otherwise specified in license conditions.

[Applicable Amendments: 4, 12]

9.3 The licensee shall conduct operations in accordance with the commitments, representations, and statements contained in the January 5, 1996, license renewal application submittal as revised by the September 3, 1997, "Responses to NRC Comments on the License Renewal Application for Source Materials License SUA-1341," and as supplemented by the December 13, 1996, submittal, requesting a performance based license condition for approval of the startup of new well fields, including standard operating procedures, and hereinafter referred to as the "approved license application." The approved license application is hereby incorporated by reference except where superseded by license conditions below.

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The land and structures will be decommissioned according to the Decommissioning Plan submitted December 19, 2000, as revised by submittals dated June 15, June 18, and August 31, 2001 and in accordance with 10 CFR 40.42. Whenever the word "will" is used in the above referenced documents, it shall denote a requirement.

[Applicable Amendments: 4, 6, 13]

9.4 Performance Based License Condition

- a) The licensee may, without obtaining a license amendment pursuant to §40.44, and subject to conditions specified in Part b of this condition:
- (i) Make changes in the facility as described in the license application (as updated);
 - (ii) Make changes in the procedures as described in the license application (as updated); and
 - (iii) Conduct tests or experiments not described in the license application (as updated).
- b) The licensee shall obtain a license amendment pursuant to §40.44 prior to implementing a proposed change, test, or experiment if the change, test, or experiment would:
- (i) Result in more than a minimal increase in the frequency of occurrence of an accident previously evaluated in the license application (as updated);
 - (ii) Result in more than a minimal increase in the likelihood of occurrence of a malfunction of a structure, system, or component (SSC) important to safety previously evaluated in the license application (as updated);
 - (iii) Result in more than a minimal increase in the consequences of an accident previously evaluated in the license application (as updated);
 - (iv) Result in more than a minimal increase in the consequences of a malfunction of an SSC important to safety previously evaluated in the license application (as updated);
 - (v) Create a possibility for an accident of a different type than any previously evaluated in the license application (as updated);
 - (vi) Create a possibility for a malfunction of an SSC important to safety with a different result than previously evaluated in the license application (as updated);
 - (vii) Result in a departure from the method of evaluation described in the license application (as updated) used in establishing the final safety evaluation report (FSER), or the environmental assessment (EA), or technical evaluation reports (TERs), or other analysis and evaluations for license amendments.
 - (viii) The change, test, or experiment is consistent with the NRC conclusions, or the basis of,

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or analysis leading to the conclusions of, actions, designs, or design configurations analyzed and selected in the site or facility safety evaluation report, TER, and environmental impact statement (EIS), or EAs, including all supplements and amendments, and TERs, EAs, EISs issued with amendments to this license.

- c) The licensee's determinations concerning Part b of this condition, shall be made by a Safety and Environmental Review Panel (SERP). The SERP shall consist of a minimum of three individuals. One member of the SERP shall have expertise in management (e.g., Plant Manager) and shall be responsible for financial approval for changes; one member shall have expertise in operations and/or construction and shall have responsibility for implementing any operational changes; and one member shall be the radiation safety officer (RSO) or equivalent, with the responsibility of assuring changes conform to radiation safety and environmental requirements. Additional members may be included in the SERP, as appropriate, to address technical aspects such as ground water, hydrology, surface water hydrology, specific earth sciences, and other technical disciplines. Temporary members or permanent members, other than the three above-specified individuals, may be consultants.
- d) The licensee shall maintain records of any changes made pursuant to this condition until license termination. These records shall include written safety and environmental evaluations made by the SERP that provide the basis for determining changes are in compliance with Part b of this condition. The licensee shall furnish, in an annual report to the NRC, a description of such changes, tests, or experiments, including a summary of the safety and environmental evaluation of each. In addition, the licensee shall annually submit to the NRC changed pages, which shall include both a change indicator for the area changed, e.g., a bold line vertically drawn in the margin adjacent to the portion actually changed, and a page change identification (date of change or change number or both), to the operations plan and reclamation plan of the approved license application (as updated) to reflect changes made under this condition.

[Applicable Amendments: 4-6]

- 9.5 The licensee shall maintain an NRC-approved financial surety arrangement, consistent with 10 CFR 40, Appendix A, Criterion 9, adequate to cover the estimated costs, if accomplished by a third party, for decommissioning and decontamination, offsite disposal of radioactive solid process or evaporation pond residues, and ground-water restoration as warranted. The surety shall also include the costs associated with all soil and water sampling analyses necessary to confirm the accomplishment of decontamination.

Within 3 months of NRC approval of a revised decommissioning plan and its cost estimate, the licensee shall submit, for NRC review and approval, a proposed revision to the financial surety arrangement if estimated costs in the newly approved Decommissioning Plan exceed the amount covered in the existing financial surety. The revised surety shall then be in effect within 3 months of written NRC approval.

Annual updates to the surety amount, required by 10 CFR 40, Appendix A, Criterion 9, shall be provided to the NRC by August 18 of each year. Financial surety coverage for the full amount of the NRC-approved decommissioning cost estimate shall not lapse for any time period prior to license termination. If the NRC has not approved a proposed revision 30 days prior to the expiration date of the existing surety arrangement, the licensee shall extend the existing arrangement, prior to expiration, for one year. Along with each proposed revision or annual update, the licensee shall submit supporting

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documentation, showing a breakdown of the costs and the basis for the cost estimates with adjustments for inflation, maintenance of a minimum 15 percent contingency, changes in engineering plans, activities performed, and any other conditions affecting estimated costs for site closure.

At least 90 days prior to beginning construction associated with any planned expansion or operational change which was not included in the annual surety update, the licensee shall provide, for NRC approval, an updated surety to cover the expansion or change.

The licensee shall also provide the NRC with copies of surety-related correspondence submitted to the State of Wyoming, a copy of the State's surety review, and the final approved surety arrangement. The licensee must also ensure that the surety, where authorized to be held by the State, expressly identifies the NRC-related portion of the surety and covers the cost of above-ground decommissioning and decontamination, offsite disposal, soil and water sample analyses, and ground-water restoration associated with the site. The basis for the cost estimate is the NRC-approved site closure plan or the NRC-approved revisions to the plan. The reclamation/decommissioning plan, cost estimates, and annual updates should follow the outline in the Appendix C to NUREG-1569 (NRC, 2003), entitled, "Recommended Outline for Site-Specific *In Situ* Leach Facility Reclamation and Stabilization Cost Estimates."

The licensee's currently approved surety, Irrevocable Standby Letter of Credit issued by USA Credit Industriel et Commercial (CIC) in favor of the State of Wyoming Department of Environmental Quality (WDEQ) shall be continuously maintained in an amount no less than \$9,714,299 for the purpose of complying with 10 CFR 40, Appendix A, Criterion 9, until a replacement is authorized by both the State of Wyoming and the NRC.

[Applicable Amendments: 1, 2, 4, 6, 7, 9, 10, 11, 12, 13, 14]

- 9.6 Written standard operating procedures (SOPs) shall be established and followed for all operational process activities involving radioactive materials that are handled, processed, stored, or transported by the licensee at or between the Irigaray and Christensen Ranch sites. SOPs for operational activities shall enumerate pertinent radiation safety practices to be followed in accordance with 10 CFR Part 20. Additionally, written procedures shall be established and followed for non-operational activities to include in-plant and environmental monitoring, bioassay analyses, and instrument calibrations. An approved, up-to-date copy of each written procedure shall be kept in specified locations in the process area to which it applies.

All written procedures for both operational and non-operational activities shall be reviewed and approved in writing by the RSO before implementation and whenever a change in a procedure is proposed to ensure that proper radiation protection principles are being applied. Additionally, the RSO shall perform a documented review of all operating procedures at least annually.

- 9.7 The licensee shall dispose of 11e.(2) byproduct material, including evaporation pond residues, from the Irigaray and Christensen Ranch Satellite facilities at a site licensed by the NRC or an NRC Agreement State to receive 11e.(2) byproduct material. The licensee shall identify the disposal facility to the NRC in writing. The licensee's approved waste disposal agreement must be maintained onsite. In the event the agreement expires or is terminated, the licensee shall notify the NRC in writing, in accordance with License Condition 9.2, within 7 days after the date of expiration or termination. A new agreement shall

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be submitted for NRC approval within 90 days after expiration or termination, or the licensee will be prohibited from further lixiviant injection. If the licensee is not able to secure this agreement, then the licensee must increase the surety to include disposal at a commercial 11e.(2) disposal facility.

[Applicable Amendments: 4, 13]

- 9.8 Release of equipment, materials, or packages from the restricted area shall be in accordance with the NRC guidance document entitled, "Guidelines for Decontamination of Facilities and Equipment Prior to Release for Unrestricted Use or Termination of Licenses for Byproduct, Source, or Special Nuclear Material," dated August 1987, or suitable alternative procedures approved by the NRC prior to any such release, or in accordance with Section 5.1 of the approved Decommissioning Plan.

[Applicable Amendments: 4, 6]

- 9.9 Before engaging in any developmental activity not previously assessed by the NRC, the licensee shall administer a cultural resource inventory. All disturbances associated with the proposed development will be completed in compliance with the National Historic Preservation Act of 1966 (as amended) and its implementing regulations (36 CFR Part 800), and the Archaeological Resources Protection Act of 1979 (as amended) and its implementing regulations (43 CFR Part 7).

To ensure that no unapproved disturbance of cultural resources occurs, any work resulting in the discovery of previously unknown cultural artifacts shall cease. The artifacts shall be inventoried and evaluated in accordance with 36 CFR Part 800, and no disturbance shall occur until the licensee has received authorization from the NRC to proceed.

[Applicable Amendment: 4]

- 9.10 The licensee shall maintain restricted area boundaries at the Irigaray and Christensen Ranch facilities as described in Section 5.8.1 of the approved license application. Additionally, the Irigaray and Christensen Ranch well field buildings shall be restricted, if required, based on the results of radiological surveys.
- 9.11 The licensee is hereby exempted from the requirements of Section 20.1902(e) of 10 CFR 20 for areas within the Irigaray and Christensen Ranch facilities, provided that all entrances to the facility are conspicuously posted in accordance with Section 20.1902(e) and with the words, "**ANY AREA WITHIN THIS FACILITY MAY CONTAIN RADIOACTIVE MATERIAL.**"
- 9.12 The RSO shall have the health physics authorities, responsibilities, and technical qualifications identified in Regulatory Guide 8.31.
- 9.13 Sage Grouse leks at the Irigaray and Christensen Ranch sites shall be monitored on an annual basis. The licensee shall consult with the Fish and Wildlife Service or the Bureau of Land Management for mitigative measures to reduce potential impacts.

[Applicable Amendments: 4, 13]

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SUPPLEMENTARY SHEET**

License Number
SUA-1341

Docket or Reference Number
40-8502

Amendment No. 14

SECTION 10: Operations, Controls, Limits, and Restrictions

10.1 The licensee shall use a lixiviant composed of native groundwater, with added sodium bicarbonate and/or CO2 gas and oxygen or hydrogen peroxide, as described in the approved license application.

[Applicable Amendments: 4, 13]

10.2 The licensee shall construct all wells in accordance with methods described in Section 3.3.2 of the approved license application.

The licensee shall perform well integrity tests on each injection and production well before the wells are utilized and on wells that have been serviced with equipment or procedures that could damage the well casing. Additionally, each well shall be retested at least once every five years. Integrity tests shall be performed in accordance with Section 3.3.2.2 of the approved license application. Any failed well casing that cannot be repaired to pass the integrity test shall be appropriately plugged and abandoned, using procedures set out in Section 3.3.2 of the approved license application.

[Applicable Amendments: 4, 13]

10.3 The licensee shall establish pre-operational baseline water quality data for all production units. Baseline water quality sampling shall provide representative pre-mining ground water quality data and restoration criteria as described in the approved license application. The data shall be from wells established in the mining zone, the mining zone perimeter, the upper aquifer and the lower aquifer where present, with spacing and locations as specified in the approved license application. The data shall, at a minimum, consist of the sample analyses shown in Table 5.25 of Section 5.8.2.2 of the approved license application.

The wells used for obtaining baseline ground water quality in current and future production areas shall be established at the following minimal density:

<u>Monitored Unit</u>	<u>Density</u>
Ore Zone Monitors	All
Ore Zone Baseline (restoration)	1 well per 4 acres of pattern area
Shallow Zone Monitors	1 well per 3.5 acres of pattern area
Deep Zone Monitors (where zone present)	1 well per 3.5 acres of pattern area

Wells utilized to establish baseline ground water quality for past Irigaray production areas were as follows:

<u>Monitored Unit</u>	<u>Wells per Monitored Unit</u>
Irigaray Unit 1 Sandstone	2
Irigaray deep monitor zone	2
Irigaray perimeter and trend monitor wells (Units 1-9)	70 percent of installed wells

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Docket or Reference Number
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Amendment No. 14

Baseline ground water quality in previously approved production areas shall be the mean data values (well field average) from the following submittals:

Irigaray	
Units 1-5	April 16, 1990 (refers to WDEQ permit 478)
Unit 6	April 4, 1988
Unit 7	November 2, 1987 (Table 4)
Units 8-9	January 28, 1988

<u>Christensen Ranch</u>	
Unit 3 and Module 2 expansion	December 1, 1988 (Table 2)
Unit 3 expansion and Module 4A expansion	August 8, 1991 (Table 6)
Unit 2 south portion	November 27, 1992 (Table 2)
Unit 2 north portion	April 16, 1992 (Table 2)
Unit 4	April 1, 1994 (Table 6)
Unit 5	February 28, 1995 (Table 7)

[Applicable Amendment: 4]

- 10.4 Prior to mining in each production unit, the licensee shall collect ground water samples and establish Upper Control Limits (UCLs) in accordance with Section 5.8 of the approved license application. UCLs for monitor wells established prior to the issuance of the Performance Based License Condition (PBLC) in December 1996, are provided in Table 5.26 for the Irigaray site and Table 5.27 for the Christensen Ranch site in Section 5.8 of the approved license application. UCLs shall be applied to all monitor wells in conformance with the approved license application and appropriate SOPs. The UCL parameters shall be chloride, conductivity, and total alkalinity.

[Applicable Amendment: 4]

- 10.5 The licensee is authorized to conduct operations at a maximum flow rate of 4000 gallons per minute, exclusive of restoration flow. Annual dried yellowcake production shall not exceed 2.5 million pounds.

[Applicable Amendments: 5, 13]

- 10.6 Solution evaporation ponds A, B, C, D and E, shall have at least 2 feet of freeboard. Ponds RA and RB shall have at least 8 feet of freeboard. The 8-foot freeboard may be temporarily changed to a 2-foot freeboard in either RA or RB as long as sufficient reserve capacity is available in the overall pond system to accept the contents of one of the ponds in case of leakage. The Christensen Ranch permeate storage pond, brine ponds and filter backwash pond (if constructed) shall have at least 2 feet of freeboard.

Additionally, the licensee shall, at all times, maintain sufficient reserve capacity in the evaporation pond system to enable the transfer of the contents of a pond to other ponds. In the event of a leak and subsequent transfer of liquid, the freeboard requirements shall be suspended during the repair period.

[Applicable Amendments: 4, 13]

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- 10.7 All liquid effluents from process buildings and other process waste streams, with the exception of sanitary wastes, shall be returned to the process circuit, discharged to the solution evaporation ponds, or disposed of as allowed by NRC regulations.

Additionally, the licensee is authorized to dispose of process solutions, injection bleed, and restoration brine in the following wells:

COGEMA DW No. 1
Christensen 18-3
DW-1
DW-2

The licensee shall maintain a record of the volumes of solution disposed in these wells and submit this information in the annual monitoring report.

[Applicable Amendment: 4]

- 10.8 The licensee shall maintain effluent control systems, as specified in Section 4.0 of the approved license application, with the following additions:

- A. Operations shall be suspended within 1 hour in the dry/pack area of the plant if any of the emission control equipment for the yellowcake drying or packaging areas is not operating within the ranges permitted by WDEQ Air Quality Permit No. OP-254.
- B. The licensee shall, during all periods of yellowcake drying operations, assure that the scrubber is operating within the recommended ranges for water flow and air pressure differential. This shall be accomplished by use of continuous monitoring equipment which will record the scrubber flow rate and differential pressure, and signal an audible alarm if they fall below the recommended ranges in the permit. Manual readings and alarm checks will be documented once per 12-hour shift.
- C. The furnace draft pressure shall be read and documented once per 12-hour shift, and maintained within the design specification of -0.1 to -0.5 inches of water.

[Applicable Amendment: 4]

- 10.9 The licensee shall use a Radiation Work Permit (RWP) for all work or non-routine maintenance jobs where the potential for significant exposure to radioactive material exists and for which no standard written operating procedure exists. All RWPs shall be accompanied by a breathing zone air sample or applicable area air sample. The RWP shall be issued by the RSO or designee, qualified by way of specialized radiation protection training, and RWPs shall include, as a minimum, the information described in Section 2.2 of Regulatory Guide 8.31.

- 10.10 The licensee shall sample particulates and radon progeny on a monthly frequency at the Irigaray and Christensen Ranch Satellite locations shown on Figures 5.2 and 5.3 of the approved license application. Additional sampling locations can be added by the licensee through the SERP.

[Applicable Amendment: 4]

- 10.11 If employees do not shower prior to leaving the restricted area, they shall monitor themselves with an alpha survey instrument prior to exiting in conformance with Regulatory Guide 8.30.

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10.12 The licensee shall implement the bioassay program discussed in Regulatory Guide 8.22. Exceedance of the administrative or actions levels and corrective actions performed will be documented in the ALARA Audit Report.

[Applicable Amendment: 4]

10.13 All radiation monitoring, sampling, and detection equipment shall be recalibrated after each repair and as recommended by the manufacturer, or at least annually, whichever is more frequent. In addition, all radiation survey instruments shall be operationally checked with a radiation source each day when in use.

10.14 DELETED BY Amendment 4.

10.15 The licensee shall incorporate the restoration data for the 517 and USMT sites into the Irigaray completion report.

[Applicable Amendment: 4]

10.16 The licensee shall conduct ground water restoration and post-restoration monitoring as described in Section 6.1 of the approved license application. The primary goal of restoration shall be to return the ground water quality on a production-unit average, to baseline concentrations on a parameter-by-parameter basis. If the primary goal cannot be achieved, the ground water will, at a minimum, be returned to an alternate standard approved by the NRC.

Changes to ground water restoration or post-restoration monitoring plans shall be submitted to the NRC for review and approval at least 2 months prior to ground water restoration in a mining unit.

[Applicable Amendment: 13]

10.17 The licensee shall include the following as part of the ground water monitoring program: Annual sampling and analysis for chloride and conductivity from 517 and USMT Wells M-1, NM-3, M-4, SM-1, M-219, M-220, and M-221.

10.18 The licensee shall implement the respiratory protection program, as described in the approved license application.

10.19 The licensee is hereby authorized to receive contaminated process equipment for reuse from licensed uranium recovery operators. Records of all receipts shall be maintained.

[Applicable Amendments: 4, 13]

10.20 The licensee is hereby authorized to transfer source material to any facility licensed by NRC or an NRC Agreement State to receive source material for purposes of drying and storage. The licensee shall follow Standard Operation Procedure No. E-11 in the event of a transportation or storage accident.

[Applicable Amendments: 4, 13]

10.21 Prior to initiating vanadium separation processing, the licensee's Safety and Environmental Review Panel (SERP), in accordance with License Condition 9.4 shall assess the potential safety and environmental impacts of that process. If those impacts are outside the scope of the impacts considered by NRC in the EA as part of the license renewal review, the licensee shall submit a license amendment request to NRC for review and approval.

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[Applicable Amendments: 4, 13]

- 10.22 The licensee shall use its SOP PBL-02, approved by NRC in December 1996, including the guidance for evaluating hydrologic connectivity between aquifers, in assessing the potential start up of new mine units.

[Applicable Amendments: 4, 13]

SECTION 11: Monitoring, Recording, and Bookkeeping Requirements

- 11.1 Injection manifold pressures and flow rates shall be measured and recorded daily. During well-field operations, injection pressures shall not exceed 120 psi at the Irigaray site, and 140 psi at the Christensen Ranch site. Also, during maintenance tasks, injection pressures shall not exceed the integrity test pressures.
- 11.2 All designated monitor wells shall be sampled and tested for the UCLs established in accordance with Condition 10.4. Sampling shall be performed on the routine sampling schedule in the approved license application.

If the routine sampling results indicate an exceedance of at least two UCLs, a second sample shall be collected from that well within 48 hours and analyzed for chloride, conductivity, and total alkalinity. The well shall be placed on excursion status if the results from the second sample also exceed at least two of the established UCLs.

If the results from the second sample do not confirm the initial exceedance, a third sample shall be collected within 48 hours of receiving the results from the second sampling, and analyzed. The routine sampling shall be considered in error if the second and third samples do not confirm the initial exceedance. The well shall be placed on excursion status if the results from the second or third samples exceed at least two of the established UCLs.

Upon confirming an excursion, the licensee shall implement corrective actions, and increase the sampling frequency for the excursion indicators to weekly. Written progress reports of the excursion status shall be submitted to the NRC, in accordance with Condition 9.2, on a quarterly basis, until the excursion has been mitigated. An excursion is considered mitigated when the concentrations of at least two excursion indicators remain below the established UCLs for three consecutive samples.

[Applicable Amendments: 4, 8, 13]

- 11.3 The licensee shall conduct effluent, personnel, and environmental monitoring programs in accordance with Sections 5.7 and 5.8 of the approved license application.

[Applicable Amendments: 6, 13]

- 11.4 The licensee shall perform and document weekly visual inspections of the Irigaray and Christensen Ranch Satellite evaporation pond embankments, fences and liners, as well as measurements of pond freeboard and checks of the leak detection system. Any time 6 vertical inches or more of fluid is detected in the leak detection system standpipes, it shall be analyzed for chloride, conductivity, pH and

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uranium. If analyses indicate that the pond is leaking, the licensee shall lower the pond fluid level by transferring its contents to an alternate cell, and undertake repairs, as needed. If standpipe water exists, quality samples shall be analyzed for the above parameters weekly during the leak period and for at least 2 weeks following repairs.

[Applicable Amendment: 4]

- 11.5 The licensee shall conduct the weekly in-plant inspection and audit programs described in Section 5.3 of the approved license application. In addition, the RSO or designee shall document a daily walk-through of the Irigaray and Christensen Ranch Satellite facilities to determine that radiation control practices are being implemented appropriately.

[Applicable Amendments: 4, 13]

- 11.6 The results of the following activities, operations, or actions shall be documented: sampling, analyses, surveys and monitoring, survey/monitoring equipment calibration, results of reports on audits and inspections, all meetings and training courses required by this license, and any subsequent reviews, investigations and corrective actions. Unless otherwise specified in the NRC regulations, all such documentation shall be maintained for a period of at least five (5) years.

- 11.7 The licensee shall monitor for external exposure in accordance with 10 CFR 20.1502(a)(1), and Section 5.7.2 of the approved license application. The licensee shall monitor for internal exposure in accordance with 10 CFR 20.1502(b)(4) and Section 5.7.3 of the approved license application.

[Applicable Amendment: 13]

SECTION 12.

Reporting Requirements

- 12.1 Effluent and environmental monitoring program results provided in the annual report and in accordance with 10 CFR 40.65 "Effluent monitoring reporting requirements," shall be reported in the format shown in Table 3 of Regulatory Guide 4.14, (Rev. 1) entitled "Sample Format for Reporting Monitoring Data." The report shall also include injection rates, recovery rates and injection manifold pressures.

[Applicable Amendments: 4, 13]

- 12.2 Spill, Leak, Excursion, and Incident/Event Reporting

Until license termination, the licensee shall maintain documentation of unplanned releases of source or 11e.(2) byproduct materials (including extraction solutions) and process chemicals. Documented information shall include, but not be limited to: date, volume, total activity of each radionuclide released, radiological survey results, soil sample results (if taken), corrective actions, results of post remediation surveys (if taken), and a map showing the spill/event location and the impacted area.

The licensee shall have procedures which will evaluate the consequences of the spill or incident/event against 10 CFR 20, Subpart "M," and 10 CFR 40.60 reporting criteria. If the criteria are met, the licensee must report this information to the NRC Operations Center as required.

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If the licensee is required to report any spills, leaks, or excursions of source, 11e.(2) byproduct material, or process chemicals because of impact on the environment, or to report any other incidents/events to State or Federal agencies, a report shall be made to the Region IV Branch Chief for Uranium Recovery Inspection and the NRC Project Manager, by telephone or electronic mail, within 48 hours. This notification shall be followed, within 30 days of the notification, by submittal of a written report, according to Condition 9.2, detailing the conditions leading to the release or incident/event, corrective actions taken, and results achieved.

[Applicable Amendment: 4]

12.3 DELETED BY Amendment No. 4.

12.4 DELETED BY Amendment No. 4.

12.5 DELETED BY Amendment No. 4.

12.6 An annual report will be submitted to the NRC in accordance with License Condition 9.2, that includes the ALARA audit report, land use survey, monitoring data, and the SERP information required under License Condition 9.4(d). The report shall include a summary of the daily walk-through inspections.

[Applicable Amendments: 4, 13]

12.7 DELETED BY Amendment No. 4.



Date: 02/24/2009

IRA
Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

EXHIBIT 2

to

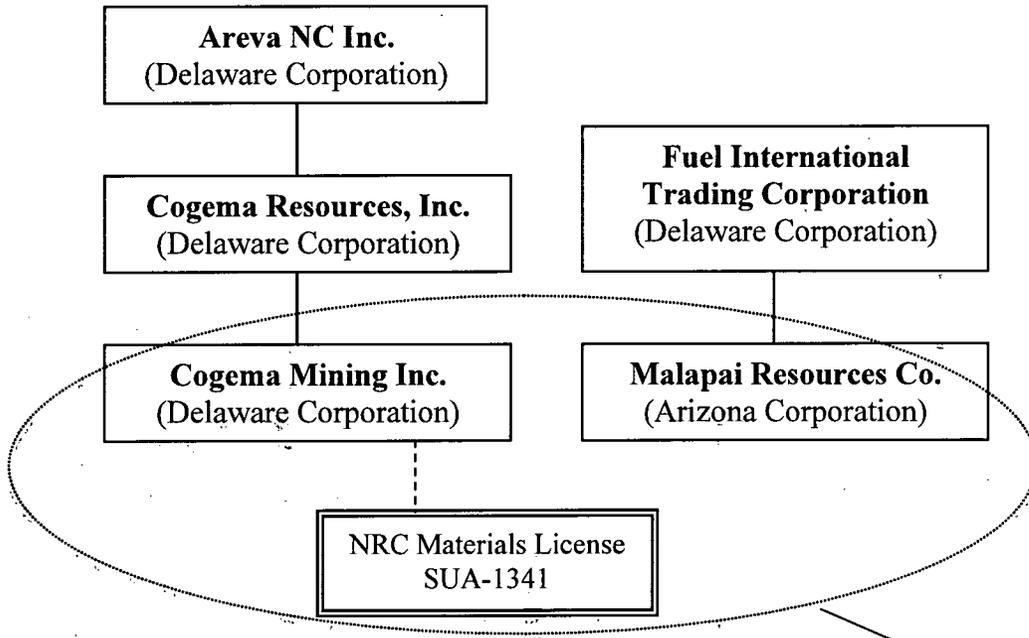
**Notice of Change of Control
and Ownership Information**

(Transaction Diagram)

Transaction Diagram

(Purchase of Cogema Mining Inc. & Malapai Resources Co. by Uranium One Exploration U.S.A. Inc.)

Pre-Closing



Post-Closing

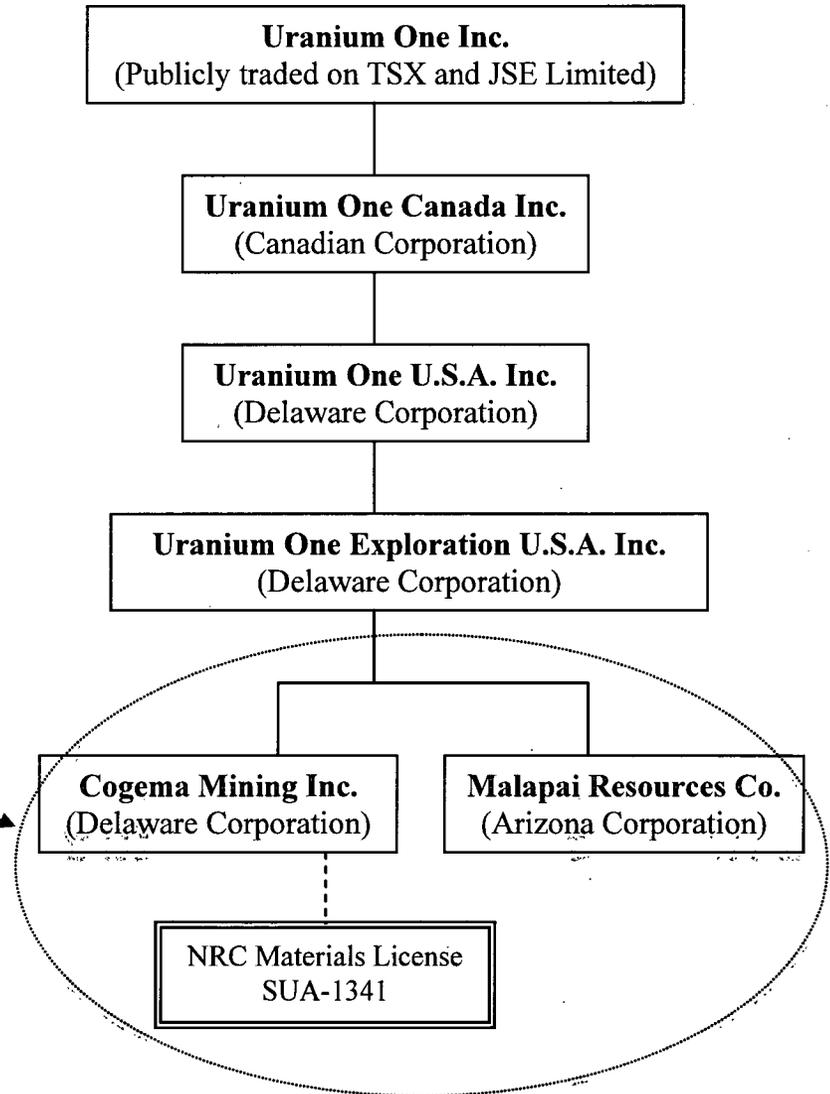


EXHIBIT 3

to

**Notice of Change of Control
and Ownership Information**

**(2008 Annual Information Form
2008 Audited Annual Financial Statements
2008 Management's Discussion and Analysis)**



URANIUM ONE INC.
ANNUAL INFORMATION FORM
Year Ended December 31, 2008

March 11, 2009

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SCHEDULE "A" - CHARTER OF THE AUDIT COMMITTEE

ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

1.1 Explanatory Notes

In this Annual Information Form, references to the “**Corporation**” or “**Uranium One**” include the subsidiaries of Uranium One Inc. unless the context otherwise requires. Unless otherwise stated in this Annual Information Form, the information contained herein is at December 31, 2008 and all currency references are in Canadian dollars.

1.2 Forward-Looking Information

Included in this Annual Information Form, and the documents incorporated by reference herein, are forward-looking statements (within the meaning of applicable securities laws) with respect to Uranium One. Such forward-looking statements or forward looking information include, but are not limited to, statements with respect to:

- estimates of the future prices of or demand for uranium;
- the estimation of the Corporation’s mineral reserves and mineral resources and mine life;
- estimates of the timing and amount of future uranium production from the Corporation’s current and future operations and estimates of metallurgical recovery rates;
- statements as to the projected development of certain ore deposits, including estimated future production and operating costs, capital expenditures, exploration expenditures, royalties and other expenses for specific operations;
- the nature and type of permits required to bring the Corporation’s mineral projects into production and the time lines required to obtain such permits;
- exploration, mining and development risks and costs of future environmental compliance including reclamation and rehabilitation costs and clean-up of any environmental impacts;
- availability of sulphuric acid;
- the risks of litigation;
- the value of the currencies in which the Corporation incurs expenditures or is expected to generate revenue, including the United States dollar, Canadian dollar, South African Rand, Australian dollar and Kazakh tenge;
- the requirements for additional capital, and the timing of such requirements;
- timing for the receipt, and the nature, of governmental approvals, consents and waivers and contractual commitments; and
- the impact of competition for mineral projects.

Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Corporation’s actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- the actual price of uranium, including the demand for, and supply of, such commodity;
- discrepancies between actual and estimated production, between actual and estimated mineral resources and mineral reserves, and between actual and estimated metallurgical recoveries;
- changes to the cost of commencing production and the time when production commences, and actual ongoing operating costs;
- the occurrence of risks associated with the development and commencement of mining operations;
- unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions;
- the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licences and permits;
- unforeseen changes in the costs of material inputs, including, acid, fuel, steel and other construction materials;
- the unforeseen impact of competition for mineral projects;
- the loss of key employees; and
- the loss of, or defective title to, exploration and mining claims, rights, leases or licences;

as well as those factors described in the section entitled “*Description of the Business - Risk Factors*” in this Annual Information Form.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Corporation’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Corporation’s actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this Annual Information Form.

Although the Corporation has attempted to identify factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. Forward-looking statements are based upon the beliefs, estimates and opinions of the Corporation’s management at the time they are made and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

1.3 Mineral Reporting Standards

CIM Standards

The disclosure in this Annual Information Form in respect of the Corporation’s Mineral Reserves and Mineral Resources is based on technical reports prepared on the Corporation’s principal projects as set out under the heading “*Description of the Business*”. Such information has been prepared in accordance with

the Canadian requirements under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* promulgated by the Canadian Securities Administrators (“**NI 43-101**”) and has been reviewed by qualified persons, as such term is defined in NI 43-101. The Mineral Reserves and Mineral Resources included in this document are current to the dates on which they were estimated.

Unless otherwise noted, the estimated Mineral Reserves and Mineral Resources for the Corporation’s various mines and mineral projects, as disclosed in this Annual Information Form, have been calculated in accordance with the definitions and guidelines for the reporting of exploration information, Mineral Resources and Mineral Reserves determined by the Canadian Institute of Mining, Metallurgy & Petroleum (“**CIM**”) Standards on Mineral Resources and Reserves Definitions and Guidelines adopted under NI 43-101 (the “**CIM Standards**”). Pursuant to NI 43-101, a qualified person’s classification of a mineral deposit as a Mineral Resource or Mineral Reserve must follow the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2003, as amended. The following definitions are reproduced from those guidelines.

The term “**Mineral Resource**” means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth’s crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term “**Inferred Mineral Resource**” means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term “**Indicated Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term “**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

The term “**Mineral Reserve**” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting

materials and allowances for losses that may occur when the material is mined. Mineral Reserves are subdivided in order of increasing confidence into Probable and Proven categories.

The term “**Probable Mineral Reserve**” means the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term “**Proven Mineral Reserve**” means the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

Historical Resources

This document contains references to “historical resources”. Historical resource estimates do not comply with categories of mineralization prescribed by NI 43-101. Historical resource estimates are based on prior data and reports obtained and prepared by previous operators and certain other information, and should not be relied upon. No qualified person (as defined by NI 43-101) has done sufficient work to classify the historical estimates as current Mineral Resources or Mineral Reserves. The Corporation has not completed the work necessary to verify the classification of the historical resource estimates. The Corporation is not treating the historical estimates as current Mineral Resources or Mineral Reserves as defined in NI 43-101. Properties containing historical resource estimates will require further evaluation.

Interests in Kazakh joint ventures

In this document, where tables refer to a portion of resources attributable to the Corporation’s equity interest in the Betpak Dala joint venture and the Kyzylkum joint venture, this is a notional attribution because under the laws of Kazakhstan, which do not recognize the concept of beneficial ownership, only Joint Venture Betpak Dala Limited Liability Partnership (“**Betpak Dala**” or the “**Betpak Dala Joint Venture**”) and Kyzylkum Limited Liability Partnership (“**Kyzylkum**” or the “**Kyzylkum Joint Venture**”) have any right to receive in kind the minerals produced from the Akdala Mine or the South Inkai Mine (in the case of Betpak Dala) and the Kharasan Project (in the case of Kyzylkum). The Corporation, through its equity interests in Betpak Dala and Kyzylkum, is only entitled to the relevant percentage of any dividends or other distributions declared to the participants in these joint ventures.

1.4 Certain Technical Terms

The following is a glossary of certain technical terms that appear in this Annual Information Form:

cm	centimetre (0.01 metres)
coffinite	a uranium silicate mineral, represented by the formula $U(SiO_4)_{1-x}(OH)_{4x}$, and which is an ore of uranium;
kg	kilogram
kV	kilovolt;
lb	pound avoirdupois;
m	metre
m^3	cubic metre
pitchblende	a uranium oxide mineral (uranium dioxide - UO_2 - or uranium trioxide - UO_3) which is an ore of uranium;
t or tonne	metric tonne (1,000 kilograms);
tpa	tonnes per annum (year);
U	uranium;
U_3O_8	uranium oxide, commonly known as “yellowcake”;
uraninite	uranium dioxide, an ore of uranium represented by the formula UO_2
yellowcake	a common name for uranium oxide or U_3O_8 ;

ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The Corporation was incorporated under the name “Southern Cross Resources Inc.” under the laws of the Province of Ontario by articles of incorporation dated January 2, 1997. Effective March 17, 2005, the Corporation continued under the *Canada Business Corporations Act* (Canada) (the “CBCA”).

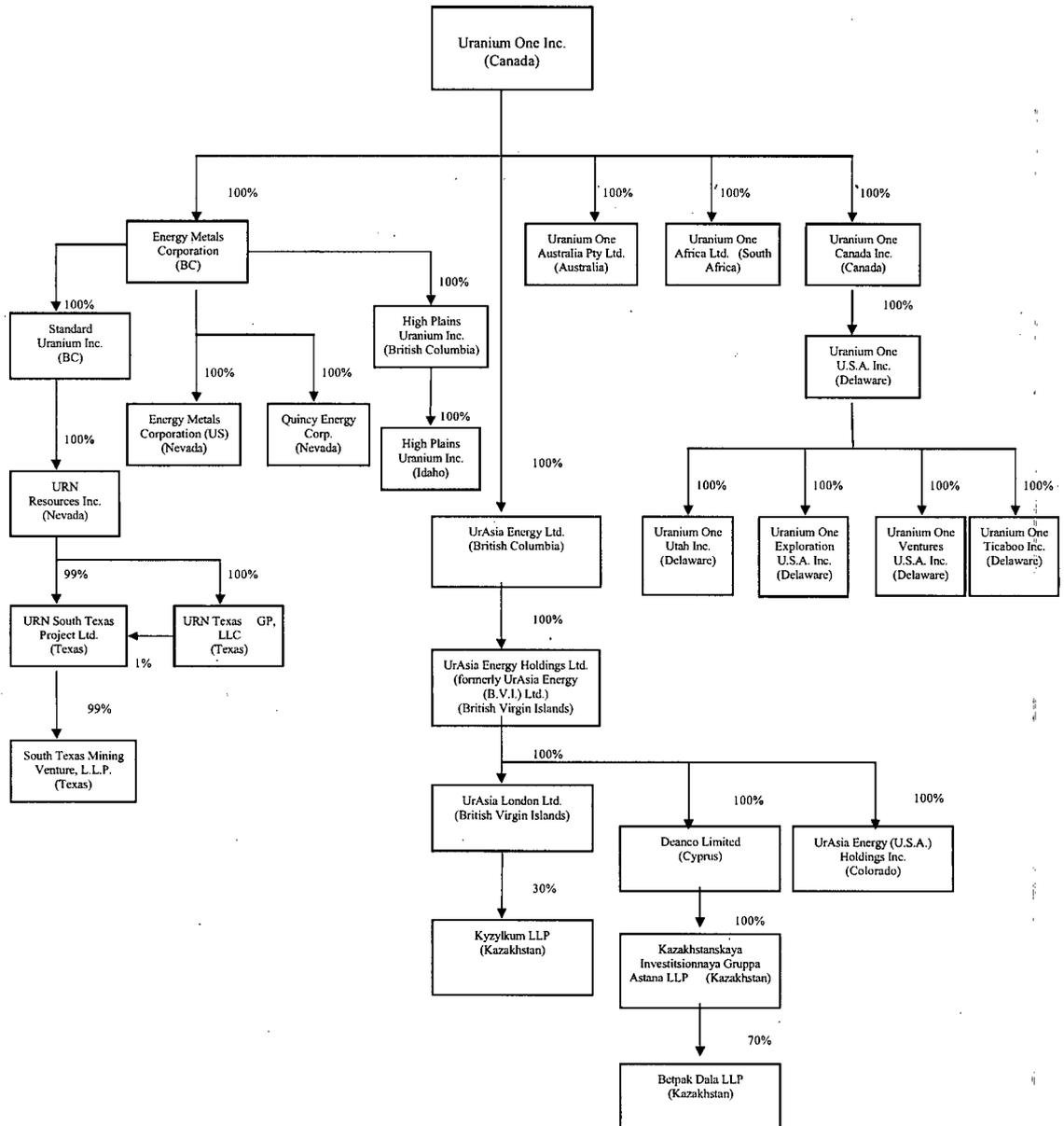
In connection with the acquisition of Aflase Gold and Uranium Resources Limited, subsequently renamed Uranium One Africa Limited (“**Uranium One Africa**”), the Corporation filed articles of amendment under the CBCA effective December 6, 2005 to change its corporate name to “srx Uranium One Inc.” and to consolidate its common share capital on a 5:1 basis.

The Corporation filed articles of amendment under the CBCA effective June 8, 2007, to change its name to “Uranium One Inc.”.

Uranium One’s registered office is located at 66 Wellington Street West, Suite 3600, Toronto, Ontario, M5K 1N6. Uranium One’s website address is www.uranium1.com. Uranium One’s head office is located at Suite 900, 1285 West Pender Street, Vancouver, British Columbia, V6E 4B1. Uranium One also maintains offices in Toronto, Canada, Denver and Edmond, United States, Almaty, Kazakhstan, Adelaide, Australia and Johannesburg, South Africa.

2.2 Inter-corporate Relationships

The following chart indicates the corporate structure of Uranium One and its material subsidiaries, the percentage of voting securities held, and the jurisdiction of incorporation of each entity.



ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is the result of a merger between the former Southern Cross Resources Inc. (“Southern Cross”) and Alease Gold and Uranium Resources Limited of South Africa (subsequently renamed

Uranium One Africa Limited), which was completed in December 2005. The Corporation subsequently expanded through the acquisition of UrAsia Energy Ltd. (“UrAsia”) in April 2007 and the acquisition of Energy Metals Corporation (“EMC”) in August 2007.

3.1 Three Year History

Merger of Southern Cross and Uranium One Africa. The Corporation and Uranium One Africa entered into a definitive acquisition agreement on September 14, 2005, providing for the acquisition by way of a scheme of arrangement under the South African *Companies Act* of all the ordinary shares of Uranium One Africa on the basis of 0.18 of a common share of the Corporation (0.90 of a common share after the consolidation) for each outstanding Uranium One Africa ordinary share, as well as a 5:1 consolidation of the Corporation’s common shares and a change in corporate name. Following the receipt of applicable regulatory and shareholder approvals, the Corporation consolidated its common share capital on a 5:1 basis and changed its name to “sxr Uranium One Inc.”. The acquisition was completed pursuant to a final order of the High Court of South Africa on December 27, 2005. As a consequence, Uranium One acquired the Dominion uranium project (“**Dominion**” or “**Dominion Uranium Project**”) in South Africa (now on care and maintenance) and the Bonanza gold project (now inactive), and certain gold properties in South Africa that were subsequently transferred to Alease Gold Limited (“**Alease Gold**”). Uranium One already owned the Honeymoon uranium project in Australia (“**Honeymoon**” or the “**Honeymoon Project**”) at the time of this acquisition.

Sub Nigel Take-over. In January 2006, Uranium One Africa transferred all of the shares of its subsidiary New Kleinfontein Mining Company Limited and related subsidiaries to Sub Nigel Gold Mining Company (“**Sub-Nigel**”), a JSE listed company, in exchange for shares of Sub Nigel. This transaction resulted in Sub-Nigel being held as to approximately 79.9% by Uranium One and as to the balance by the former Sub Nigel shareholders. Sub-Nigel subsequently changed its name to “Alease Gold Limited”. As a result of subsequent issuances of shares by Alease Gold and sales by Uranium One of Alease Gold shares, Uranium One’s interest in Alease Gold was diluted to approximately 6% as at February 17, 2009.

Private Placement of Shares. On February 17, 2006, the Corporation issued 22,300,000 common shares for aggregate gross proceeds of \$170,595,000 in a private placement conducted in Canada and internationally pursuant to an agency agreement dated February 17, 2006 between the Corporation and a syndicate of agents led by BMO Nesbitt Burns Inc. The net proceeds of the private placement were used by the Corporation for the continued development of the Dominion Uranium Project, the development of the Honeymoon Project and general corporate purposes.

Uranium One Africa Financing. On August 30, 2006, Uranium One Africa completed a financing for ZAR350 million (approximately US\$50 million at the exchange rate then in effect) on the security of its ordinary shares of Alease Gold by means of a futures-related term facility entered into with Nedcor Securities of South Africa. This facility was fully repaid in the fourth quarter of 2007.

Public Offering of Shares. On October 31, 2006, the Corporation completed the public offering of 20,815,000 common shares at a price of \$8.30 per common share for gross proceeds of \$172,764,500. The net proceeds of this offering were used or allocated by the Corporation to finance the construction of the Dominion Uranium Project, the development of the Honeymoon Project, and for exploration and general corporate purposes.

Public Offering of Convertible Unsecured Debentures. On December 20, 2006, the Corporation completed a public offering of \$155,250,000 aggregate principal amount of 4.25% convertible unsecured

subordinated debentures due December 31, 2011. The proceeds of this offering were used to finance the construction and development of the Dominion Uranium Project, the development of the Honeymoon Project, the development of the Corporation's US projects and for exploration and general corporate purposes. For the terms of these debentures, see "*Description of Capital Structure - Description of the Convertible Debentures*".

Acquisition of UrAsia. On April 20, 2007, Uranium One acquired all of the issued and outstanding common shares of UrAsia pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") in exchange for 217,164,830 common shares of Uranium One on the basis of 0.45 of a common share of Uranium One for each common share of UrAsia (rounded down to the nearest whole share). UrAsia's outstanding stock options and warrants were replaced by options to purchase 9,763,502 common shares of Uranium One and warrants to acquire 6,964,200 common shares of Uranium One.

As a consequence of the arrangement, UrAsia became a wholly-owned subsidiary of Uranium One, and Uranium One acquired an interest in the Akdala uranium mine ("**Akdala**" or the "**Akdala Mine**"), the South Inkai uranium mine ("**South Inkai**" or the "**South Inkai Mine**") and the Kharasan uranium project ("**Kharasan**" or the "**Kharasan Project**"), all in Kazakhstan, as well as certain uranium exploration licences in Kyrgyz Republic (which were divested in December 2008). Following the acquisition, the Corporation changed its name to "Uranium One Inc.". Immediately following the completion of the arrangement, Uranium One was owned approximately 60% by the former UrAsia shareholders and approximately 40% by the then-existing Uranium One shareholders. See "*Akdala Mine*", "*South Inkai Mine*" and "*Kharasan Project*" under the heading "*Description of the Business*", below.

Acquisition of Shootaring Mill. On April 30, 2007, Uranium One completed the purchase from U.S. Energy Corp. and certain of its affiliates of the Shootaring Canyon Uranium Mill in Utah (the "**Shootaring Mill**"), as well as a land package comprising approximately 38,763 acres of uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information with respect to an additional 1,582,036 acres within a five mile zone surrounding the purchased properties. Under the terms of the asset purchase agreement, Uranium One issued 6,607,605 Uranium One common shares as partial consideration for the purchase.

Acquisition of EMC. On August 10, 2007, Uranium One acquired all of the issued and outstanding common shares of EMC pursuant to a plan of arrangement under the BCBCA in exchange for 100,444,543 common shares of Uranium One on the basis of 1.15 common shares of Uranium One for each common share of EMC (rounded down to the nearest whole share). EMC's outstanding stock options and contingent share issuance obligations were replaced by options to purchase 8,399,106 common shares of Uranium One and obligations to issue 2,017,100 common shares of Uranium One.

As a consequence of the arrangement, EMC became a wholly-owned subsidiary of Uranium One, and Uranium One acquired the Hobson uranium processing plant (the "**Hobson Plant**") and the Palangana uranium project ("**La Palangana**" or the "**Palangana Project**") in Texas, the Moore Ranch uranium project ("**Moore Ranch**" or the "**Moore Ranch Project**") in Wyoming, as well as certain other exploration properties in Wyoming, Arizona, Colorado, Nevada, New Mexico, Oregon, South Dakota, Texas and Utah. See "*Description of the Business - Other Projects*".

Suspension of Development at Honeymoon. During the first quarter of 2008, the Corporation suspended development activities at the Honeymoon Project to allow for evaluation of corporate development opportunities for the project. The Corporation subsequently agreed in October 2008 to create joint

ventures in relation to its Australian assets with Mitsui and Co., Ltd. (“**Mitsui**”) and the joint venture transactions closed on December 24, 2008.

Sale of Non-Core Assets. During the second quarter of 2008, Uranium One Africa disposed of its shareholding of 8.6 million shares in Randgold and Exploration Company Limited for proceeds of approximately \$13.0 million. The Corporation sold other available for sale securities for net cash proceeds of \$11.9 million during 2008.

Credit Facility. On June 27, 2008, the Corporation concluded a US\$100 million senior secured revolving credit facility with the Bank of Montreal and the Bank of Nova Scotia. The facility has a two year term, and may be extended for a further year with lender consent. Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions.

Suspension of Operations at Dominion. The Corporation suspended operations at the Dominion Uranium Project and placed the project on care and maintenance as of October 22, 2008. The Corporation decided to place Dominion on care and maintenance due to the significant deterioration in the project's economics associated with the continuing decline in uranium prices over 2008 and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production. After the completion of the Corporation's detailed life of mine planning process and budget for the project, the Corporation concluded that Dominion would require a sustained recovery in uranium prices, as well as significant additional capital investment, in order to become economically viable. The Corporation is exploring strategic alternatives for Dominion, including a sale or other disposition of its interest in the project and, absent any improvement in project economics, the potential closure of the project. The Corporation has, in accordance with the requirements of applicable South African legislation, completed the necessary consultations with its unionized workforce and other employees and as at February 28, 2009, 785 employees had been retrenched. See “*Description of the Business – Other Projects*”.

Dividend from Betpak Dala Joint Venture. In November 2008, the Corporation received a dividend of US\$40 million (net of Kazakh withholding taxes) from its Betpak Dala Joint Venture. This was the first dividend from the Betpak Dala Joint Venture to its shareholders.

Suspension of Operations at La Palangana. In November 2008, the Corporation decided to defer further capital expenditure and related expenses at the Palangana Project pending receipt of all necessary permits and the identification of additional development areas to feed the Hobson Plant. See “*Description of the Business – Other Projects*”.

South Inkai Production Approvals. On December 23, 2008, the Kazakh Ministry of Energy and Mineral Resources (“**MEMR**”) formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement. See “*South Inkai Mine*” under the heading “*Description of the Business*” below

Mitsui Joint Venture. On December 24, 2008, the Corporation completed joint venture transactions with Mitsui. Under the terms of the joint ventures, Mitsui acquired a 49% interest in the Honeymoon Project and the Corporation's portfolio of Australian exploration properties for a minimum cash commitment of approximately US\$73 million (A\$104 million). The majority of these funds will be used to advance the development of the Honeymoon Project through to commercial production. See “*Description of the Business – Other Projects*”.

Private Placement and Strategic Relationship Transaction with Japanese Consortium. On February 10, 2009, the Corporation announced that it had entered into a subscription agreement with a corporation formed by The Tokyo Electric Power Company, Incorporated, Toshiba Corporation, and The Japan Bank for International Cooperation providing for the private placement of an aggregate of 117,000,000 common shares of the Corporation, for gross proceeds of approximately \$270 million. Concurrently with the execution of the subscription agreement, the Corporation also entered into a long-term offtake agreement and a strategic relationship agreement with the Japanese consortium, both of which will become effective on the closing of the private placement. The offtake agreement provides the consortium with an option to purchase, on industry-standard terms, up to 20% of the Corporation's available production from assets in respect of which the Corporation has the marketing rights. The strategic relationship agreement provides the Japanese consortium with the right to appoint two directors to the Corporation's board and a right of first opportunity to invest in any uranium mining asset or project which the Corporation may in its discretion decide to make available to third parties. The strategic relationship agreement also contains a standstill provision under which the consortium has agreed, subject to certain exceptions, not to acquire without the Corporation's prior approval more than 19.95% of the Corporation's issued common shares. The Japanese consortium has also agreed not to dispose of any significant portion of the Corporation's shares except by way of a broad market distribution or pursuant to certain other limited exceptions. The rights granted under both the offtake agreement and the strategic relationship agreement are generally subject to the consortium continuing to meet certain equity ownership thresholds.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

Uranium One is engaged, through its subsidiaries and joint ventures, in the mining and production of uranium and in the acquisition, exploration and development of uranium properties. Uranium One's principal projects are the Akdala Mine, the South Inkai Mine and the Kharasan Project in Kazakhstan. Uranium One has identified such properties and projects as being material. The Corporation's other projects include the Moore Ranch Project in Wyoming, the Honeymoon Project in Australia, the Dominion Uranium Project in South Africa, as well as other early stage development projects in the United States and various exploration properties in the United States, South Africa, Australia and Kazakhstan.

Uranium One is currently producing uranium from the Akdala Mine and the South Inkai Mine. Pilot production has commenced at the Kharasan Project and Uranium One and its joint venture partners plan to continue the ramp up of production at this operation.

The Corporation's internal growth initiatives include the following:

- continuing the ramp-up of production at the South Inkai Uranium Mine in Kazakhstan to full capacity of 5.2 million pounds U_3O_8 (of which the Corporation's attributable production is expected to be 3.6 million pounds (U_3O_8) by 2011);
- advancing the development of, and obtaining the industrial production approval for, the Kharasan Project;
- advancing the development and permitting of the Moore Ranch Project in the Powder River Basin of Wyoming and the development and permitting of the JAB / Antelope Projects in the Great Divide Basin of Wyoming; and
- continuing resource delineation drilling across the Corporation's global property portfolio, with a view to proving up additional resources and upgrading existing resources to a higher confidence level.

The Corporation is focused on low cost and low technical risk projects with existing, near-term or medium-term production visibility in some of the world's largest uranium resource jurisdictions. Currently, the Corporation's focus is on assets located in Kazakhstan and the United States.

The Corporation's strategic objectives are to expand current levels of production, to progress its advanced development projects to commercial production, to generate increased levels of cash flow to fund its operations and development, to grow both organically and through acquisitions, if appropriate, and to maximize shareholder returns through capital appreciation.

In 2009, the Corporation is focussed on (i) ensuring that the Akdala Mine continues to meet its production and cost targets; (ii) completing the commissioning of all components of the South Inkai Mine and ramping up production; (iii) continuing the ramp-up of pilot production at the Kharasan Project; and (iv) remaining a reliable supplier of U₃O₈ to the nuclear fuel industry.

Principal Product, Production and Sales

In 2008 the Corporation produced uranium from the Akdala Mine, the South Inkai Mine, the Kharasan Project and the Dominion Uranium Project. The attributable production from the Corporation's producing properties in 2008 totalled 2.9 million lbs of U₃O₈, consisting of 1.9 million lbs of U₃O₈ from the Akdala Mine, 792,000 lbs of pre-commercial production of U₃O₈ from the South Inkai Mine, 9,400 lbs of pre-commercial production of U₃O₈ from the Kharasan Project and 189,500 lbs of pre-commercial production of U₃O₈ from the Dominion Uranium Project. The production statements for the Akdala Mine and the South Inkai Mine and the Kharasan Project represent the portion of total production attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture and 30% equity interest in the Kyzylkum Joint Venture, respectively.

The Corporation's revenue is entirely derived from the sale of uranium concentrates to customers who are not controlling shareholders of the Corporation or of the joint ventures in which the Corporation is a participant. Generally, the Corporation sells its uranium to major nuclear utilities in North America, Europe and Japan under long term supply agreements and in limited circumstances, to third parties such as hedge funds in small quantities. The long term agreements include pricing terms based upon published market prices in effect at the time of each individual delivery under the agreements. The majority of long term supply agreements include floor price protection for the Corporation. As of the date hereof, the Corporation has contracts in place for the sale of approximately 3.9 million lbs of U₃O₈ during the period 2009 – 2012 associated with production from the Dominion Uranium Project. These contracts are not site specific, however, and therefore allow for the delivery of any open-origin material, so long as such material is legally useable in the customer's reactors. The Corporation intends to meet its obligations for delivery of material under these contracts by either purchasing such material on the open market or using its own production from other operations. The Corporation does not anticipate any difficulty or problem in making all of these delivery commitments on time, nor does it anticipate it will incur any financial loss as the result of making these deliveries as described. For the Betpak Dala Joint Venture, which operates the Akdala and South Inkai mines, the Corporation has executed long term uranium supply agreements for approximately 29 million lbs of U₃O₈ over the 2009-2020 period. A very small percentage of Betpak Dala's 2008 production was sold to intermediaries at fixed prices. One long term supply agreement has been executed for delivery of production from the Corporation's U.S. projects, covering approximately 1.8 million lbs of anticipated production from the Corporation's U.S. projects. Approximately 50% of anticipated production from Honeymoon is currently contracted for at a discount to spot market prices at time of delivery. For Kyzylkum's production at Kharasan, six agreements have been entered into providing for the sale of up to 20% of production beginning in 2010. The pricing under these agreements is based on

published long term price indicators. In 2008, the Corporation also executed its first base-escalated contract which calls for deliveries over a five-year period at a base price which escalates beginning in December 2008. This base price is substantially higher than the spot market price as at December 31, 2008.

The Uranium Market

Uranium is supplied from primary production (the mining of uranium ores) and secondary sources, which include excess inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and the down-blending of highly enriched uranium ("HEU") from Russia. The primary uranium production industry is international in scope, with a small number of companies operating in relatively few countries. According to the Ux Consulting Company LLC and the World Nuclear Association, in 2008, world uranium mine supply totalled approximately 114 million lbs of U_3O_8 . Approximately 67% of total uranium mine supply was produced by 12 mines, with the five largest mines accounting for approximately 48% of total 2008 mine supply. Approximately 89% of estimated world production was sourced from seven countries (in order of production, from greatest to least) - Canada, Australia, Kazakhstan, Namibia, Russia, Niger, and Uzbekistan.

The principal use for U_3O_8 is as a fuel for nuclear power plants. Demand for U_3O_8 is directly linked to the level of electricity generated by nuclear power plants. According to the Nuclear Energy Institute, as of December 31, 2008 there were 436 commercial nuclear power plants operating worldwide, with an aggregate installed generating capacity of approximately 372,000 MWe, requiring approximately 170 million lbs of U_3O_8 per year. These plants are currently supplying approximately 16% of the world's electricity requirements. Another 44 commercial nuclear power plants are currently under construction in 14 countries, and 99 others are planned. The trend towards increased demand for uranium as the result of new plants coming on line and increasing capacity factors at existing plants may be offset to some extent by the closing of some older nuclear power plants.

Each year since 1985, the consumption of uranium has exceeded primary production by a substantial margin. To date, the supply gap has been accommodated by sales from existing inventories of uranium, stockpiles of HEU and recycling programs. The shortfall between anticipated world uranium requirements and production is increasing, however, as existing inventories and other sources of secondary supply are depleted. The largest single source of secondary supplies is the Russian-American HEU Agreement, under which Russia downblends HEU extracted from nuclear warheads into low enriched uranium for nuclear fuel. Russia currently supplies the world market with 24 million pounds worth of U_3O_8 from this program, which ends in December 2013. Russia has stated that it will not continue downblending HEU for use as commercial nuclear fuel after this date.

Utilities secure a substantial proportion of their uranium requirements by entering into medium and long term contracts with producers. Contract prices are established by a number of methods, including base price levels adjusted by inflation indices, reference prices and annual price negotiations. Contracts may contain floor prices, ceiling prices and other negotiated provisions which affect the price paid.

Based on data provided by Ux Consulting Company LLC, during 2008 the spot price for U_3O_8 decreased by approximately 41%, ending the year at US \$53.00 per pound (compared to US \$90.00 per pound at the end of 2007), and the term contract price for U_3O_8 decreased by approximately 26%, ending the year at US \$70.00 per pound (compared to US \$95.00 per pound at the end of 2007).

Competitive Conditions

The uranium exploration and mining business is highly competitive. The Corporation competes with numerous other companies and individuals in the acquisition, exploration, financing and development of mineral properties. Many of these companies are larger and better capitalized than the Corporation. There is significant competition for the limited number of uranium acquisition and exploration opportunities. The Corporation's competitive position depends on its ability to successfully and economically explore, acquire and develop new and existing mineral properties. Factors that allow producers to remain competitive in the market over the long term include the quality and size of ore bodies, costs of operation and the acquisition and retention of qualified employees. The Corporation competes with other mining companies for skilled mining engineers, mine and processing plant operators and mechanics, geologists, geophysicists and other technical personnel. The Corporation also competes with other producers, traders and market participants in the spot and term contract markets for the sale of its U₃O₈ production.

Environmental Protection

The current and future operations of the Corporation, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Environmental protection requirements have not had a material effect on the capital expenditures, earnings and competitive position of the Corporation in the current financial year.

Employees

As at March 1, 2009, the Corporation had 427 employees and 96 contract employees. The total includes 243 employees and 78 contract employees at Dominion and 8 employees at the principal office in Johannesburg, 2 employees at the corporate office in Toronto, 21 employees and 1 contract employee at the corporate office in Vancouver, 30 employees and 10 contract employees at the Almaty office, 37 employees and 3 contract employees in Australia, and 86 employees and 4 contract employees in the United States. In addition, Bepak Dala employs 299 employees at the Akdala Mine, 279 employees at the South Inkai Mine and 61 employees at its Almaty office, and Kyzylkum employs 203 employees at the Kharasan Project and 53 employees at its Almaty office.

Foreign Operations

The Corporation's principal assets are located outside of Canada, in Kazakhstan, with the majority of the other assets being located in the United States of America, Australia and South Africa.

4.2 Risk Factors

The Corporation's operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Corporation. Certain of these risk factors are described below.

The risks described below are not the only ones facing the Corporation. Additional risks not currently known to Uranium One, or that Uranium One currently considers immaterial, may also adversely impact the Corporation's business, operations, financial results or prospects, should any such other events occur.

Risks Related to the Current Global Financial Markets

Current global financial markets have been subject to increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Access to financing has been negatively impacted by both the sub-prime mortgage market in the United States and elsewhere and the liquidity crisis affecting the asset-backed commercial paper market. As such, the Corporation is subject to counter-party risk and liquidity risk. The Corporation is exposed to various counter-party risks including, but not limited to: (i) through financial institutions that hold the Corporation's cash; (ii) through companies that have payables to the Corporation, including the Corporation's customers for uranium concentrates; (iii) through the Corporation's insurance providers; (iv) through the Corporation's lenders; and (v) through companies that have received deposits from the Corporation for the future delivery of equipment. The Corporation is also exposed to liquidity risks in meeting its operating expenditure requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the ability of the Corporation to obtain loans and other credit facilities in the future and, if obtained, on terms favourable to the Corporation. If these increased levels of volatility and market turmoil continue, the Corporation's planned growth could be adversely impacted and the trading price of the Corporation's securities could be adversely affected.

Risks Related to the Uranium Mining Industry

The Corporation's mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry

The Corporation's business is subject to a number of inherent risks and hazards, including: environmental hazards; industrial accidents; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations or the implementation of new laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technological failure of mining methods. The Corporation may also contract for the transport of uranium and uranium products which will expose the Corporation to risks inherent in transportation including loss or damage of transportation equipment and spills of cargo. There is no assurance that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Corporation, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the properties or impairment of the Corporation's exploration or development activities, which could result in unforeseen costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse impact on the Corporation's cash flows, earnings, results of operations and financial condition and prospects.

Economic extraction of minerals from uranium deposits may not be commercially viable

Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size and grade; the price of the relevant mineral; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Corporation not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn,

could have a material and adverse impact on the Corporation's cash flows, earnings, results of operations and financial condition and prospects.

There is significant uncertainty in any mineral resource and mineral reserve estimate

The figures presented for both mineral resources and mineral reserves in this document and the Corporation's other public disclosure documents are only estimates. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Corporation's estimates.

In the case of mineral reserves and mineral resources relating to the Akdala Mine, the South Inkai Mine and the Kharasan Project, the relevant technical reports have highlighted certain limitations in the process relating to the preparation of the mineral reserve and mineral resource information for these projects which may mean that the estimates need to be re-assessed. Any re-assessment which results in a decreased estimate of mineral reserves or mineral resources could have a material and adverse effect on the business and prospects of the Corporation, and its financial position and results of operations. Further details are set out in the sections headed "*Description of the Business - Akdala Mine – Mineral Resources*" and "*Description of the Business - South Inkai Mine – Mineral Resources*" and "*Description of the Business, Kharasan Project – Mineral Resources*".

Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in uranium prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for uranium, increased production costs or reduced recovery rates or other factors may render the Corporation's present reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write-downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

No assurances can be given that future mineral production estimates will be achieved

Estimates of future production for the Corporation's mining operations are derived from the Corporation's mining plans. These estimates and plans are subject to change. The Corporation cannot give any assurance that it will achieve its production estimates. The Corporation's failure to achieve its production estimates could have a material and adverse effect on any or all of the Corporation's future cash flows, results of operations, production cost, financial condition and prospects. The plans are developed based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions, hydrologic conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of production. Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above, and as set out below, including:

- actual ore mined varying from estimates in grade, tonnage, metallurgical and other characteristics;
- mining dilution;
- pit wall failures or cave-ins;
- ventilation and adverse temperature levels underground;
- accidents;
- equipment failures;
- natural phenomena such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- encountering unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation, including sulphuric acid, explosives, fuels, chemical reagents, water, equipment parts and lubricants;
- loss of leached solution to the environment;
- strikes and other actions by labour at unionized locations; and
- regulatory restrictions imposed by government agencies.

Such occurrences could, in addition to stopping or delaying mineral production, result in damage to mineral properties, injury or death to persons, damage to the Corporation's property or the property of others, monetary losses and legal liabilities. These factors may also cause a mineral deposit that has been mined profitably in the past to become unprofitable. Estimates of production from properties not yet in production or from operations that are to be expanded are based on similar factors (including, in some instances, feasibility studies prepared by the Corporation's personnel and outside consultants) but it is possible that actual operating costs and economic returns will differ significantly from those currently estimated. It is not unusual in new mining operations to experience unexpected problems during the start-up phase. Delays often can occur in the commencement of production.

Further exploration by the Corporation may not result in economically viable mining operations or yield new reserves

Exploration for uranium involves many risks and uncertainties and success in exploration is dependent on a number of factors including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Major expenses may be required to establish reserves by drilling, constructing mining or processing facilities at a site, developing metallurgical processes and extracting uranium from ore. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration program is successful and economically recoverable uranium is found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and uranium that was economically recoverable at the time of discovery ceases to be. There can be no assurance that uranium recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of uranium projects.

The Corporation cannot assure that exploration and development programs will result in profitable commercial mining operations. The economics of developing uranium properties are affected by many factors including the cost of operations, fluctuations in the price of uranium, costs of processing equipment and such other factors as government regulations. In addition, the quantity of uranium ultimately extracted may differ from that indicated by drilling results and such differences could be material.

Development projects have no operating history and the development of any of the Corporation's projects into commercially viable mines cannot be assured

The Corporation's ability to sustain or increase levels of uranium production is dependent in part on the successful completion of its existing development projects, the discovery of new ore bodies and/or expansion of existing mining operations. The Corporation's principal and development projects have limited or no operating histories upon which to base estimates of future commercial viability. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future uranium prices. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drill holes and other sampling techniques and feasibility studies. Capital and operating cost estimates are based on many factors, including the estimated mineral resources and mineral reserves, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of uranium from the ore, comparable facility and equipment operating costs and anticipated environmental and regulatory compliance costs.

Each of the foregoing factors involves uncertainties and is subject to material changes. As a result, it is possible that the actual capital costs, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects, or could result in a determination not to proceed with the development of a project into a mine. There can also be no assurance that the Corporation will be able to complete the development of its mining projects, on time or at all, or on budget due to, among other things in addition to those factors described above, changes in the economics of the mineral projects, delays in receiving required consents, permits and licences (including mining licences), the need to amend existing consents, permits and licences, changes in development plans, the delivery and installation of plant and equipment and cost overruns. In addition, the Corporation's current personnel, systems, procedures and controls may not be adequate to support the development of the Corporation's projects into commercially viable mines.

The Corporation faces competition from other mining companies for the acquisition of new properties

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Corporation is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. The Corporation may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Corporation will be able to compete successfully with its industry competitors.

Competition in the uranium industry is high and the Corporation may find it difficult to operate because of government policies and international trade agreements

The international uranium industry is highly competitive. The Corporation intends to market uranium to utilities and other buyers in direct competition with supplies available from a relatively small number of mining companies, from excess inventories, including inventories made available from the decommissioning of nuclear weapons, from reprocessed uranium and plutonium derived from used reactor fuel and from the use of excess enrichment capacity to re-enrich depleted uranium tails. The supply of uranium from the Commonwealth of Independent States (the former USSR - "CIS") is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any future agreements, governmental policies or trade restrictions are beyond the control of the Corporation and may affect the supply of uranium available to the market, particularly in the United States and Europe, which are the largest markets for uranium in the world. If the Corporation is unable to supply uranium to important markets in the United States or Europe, its business, financial condition and results of operations may be materially and adversely affected.

The Corporation's future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other governments will not enact legislation restricting to whom the Corporation can sell uranium or that the United States or other governments will not increase the supply of uranium by decommissioning nuclear weapons.

Deregulation of the Electrical Utility Industry May Affect the Demand for Uranium

The Corporation's future prospects are tied directly to the electrical utility industry worldwide. Deregulation of the utility industry, particularly in the U.S. and Europe, is expected to impact the market for nuclear and other fuels for years to come, and may result in the premature shutdown of some nuclear reactors. Experience to date with deregulation indicates that utilities are improving the performance of their reactors, achieving record capacity factors. There can be no assurance that this trend will continue.

The Corporation's expansion strategy will depend on its ability to identify suitable targets and integrate them successfully within the Corporation

The Corporation evaluates from time to time opportunities to acquire uranium mining assets and businesses. These acquisitions may be significant in size, may change the scale of the Corporation's business and may expose it to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Corporation's ongoing business; the inability of management to maximize the financial and strategic position of the Corporation through the successful integration within the Corporation of acquired assets and businesses; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, suppliers, customers and contractors as a result of any integration of new management personnel; dilution of the Corporation's shareholders or of its interest in its subsidiaries as a result of the issuance of shares to pay for acquisitions; and the potential unknown liabilities associated with assets and businesses acquired by the Corporation. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions and the Corporation's pursuit of any future

acquisition may accordingly have a material and adverse effect on its business, results of operations, financial condition, cash flows and liquidity.

There may be no right for shareholders to evaluate the merits or risks of any future acquisition undertaken by the Corporation except as required by applicable laws and regulations.

Competition from other energy sources; public acceptance of nuclear energy

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates which in turn may result in lower market prices for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world or an accident relating to the transportation of new or spent nuclear fuel could negatively impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on the Corporation.

The Corporation's future revenues are highly dependent on and sensitive to the price of uranium

The majority of the Corporation's revenues are derived from the sale of uranium products. The Corporation's financial condition, results of operations, earnings and operating cash flow are closely related and sensitive to fluctuations in the long and short term market price of U_3O_8 . Historically, these prices have fluctuated widely. Between 1970 and 2008 the spot price of U_3O_8 has fluctuated between approximately US\$7 per pound and approximately US\$136 per pound and the price as at December 31, 2008 was US\$53 per pound.

Uranium prices are and will continue to be affected by numerous factors beyond the Corporation's control. Such factors include, among others, the demand for nuclear power; political and economic conditions in uranium producing and consuming countries such as Canada, the United States, Russia and other CIS countries; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tailings; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production in countries such as Russia and other CIS countries, Africa and Australia. The effect of these factors, individually or in the aggregate, is impossible to predict with accuracy. However, any adverse change in such factors could have a material and adverse impact on the Corporation, its financial position and results of operations.

If, after the commencement of commercial production, uranium prices fall below the costs of production at the Corporation's uranium mines for a sustained period, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Corporation's results of operation and financial position. A decline in uranium prices may also require the Corporation to write down its mineral reserves and mineral resources, which would have a material adverse effect on its earnings and profitability. Should any significant write-down in reserves and resources be required, material write downs of the Corporation's investment in the affected mining properties and increased amortization, reclamation and closure charges may be required.

The Corporation's activities are subject to extensive legislation in respect of environment, health and safety

The Corporation's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. In addition, the uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Corporation is required to obtain governmental permits and provide associated financial assurance to carry on certain activities. The Corporation is also subject to various reclamation and other bonding requirements under federal, provincial, state or local air, water quality and mine reclamation rules and permits. Although the Corporation makes provision for reclamation costs, where appropriate, there is no assurance that these provisions will be adequate to discharge its obligations for these costs. Environmental and employee health and safety laws and regulations have tended to become more stringent over time. Any changes in such laws or in the environmental conditions at the Corporation's properties could have a material adverse effect on the Corporation's financial condition, cash flow or results of operations.

Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of licences or permits and the imposition of penalties. There can be no assurance that the Corporation has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not adversely affect the Corporation's business, results of operations, financial condition or prospects.

The Corporation's activities are subject to risks related to climate change

Extreme weather events (such as unusually heavy snowfall or flooding) have the potential to disrupt the Corporation's operations. Where appropriate, emergency plans have been developed for managing extreme weather conditions; however, extended disruptions to supply lines could result in interruptions to production.

The Corporation's operations depend on regular supplies of consumables (sulphuric acid, diesel, tires, etc.) and reagents to operate efficiently. In the event that the effects of climate change cause prolonged disruption to the delivery of essential commodities, the Corporation's production could be reduced.

Government regulation may have an adverse effect on the Corporation's exploration, development and mining operations

The current and future mining operations and exploration and development activities of the Corporation, particularly uranium mining, processing, sale and transport, are subject to laws and regulations governing worker health and safety, employment standards, mine development, mine safety, exports, imports, taxes and royalties, waste disposal, toxic substances, land claims of indigenous peoples, protection and remediation of the environment, mine decommissioning and reclamation, transportation safety and emergency response and other matters. Each jurisdiction in which the Corporation has properties regulates mining activities. It is possible that future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits, licences and approvals applicable to the Corporation or its projects, the implementation of which could increase costs of the Corporation and have a material and adverse impact on the Corporation's current mining operations or planned development projects.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies, and any change in these regulations or policies may have a negative impact on the Corporation's business or financial condition.

Mineral exploration and the development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending on the location of the project, involve multiple governmental agencies. The receipt, duration, amendment or renewal of such approvals, licences and permits are subject to many variables outside the Corporation's control, including potential legal challenges from various stakeholders such as environmental groups, non-governmental organizations, aboriginal groups or other claimants. The costs and delays associated with obtaining necessary approvals, licences and permits and complying with these approvals, licences and permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or approvals, licences or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations, or material fines, penalties or other liabilities.

The Corporation may not be able to enforce its legal rights

In the event of a dispute arising at the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in Canada. The Corporation may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a material and adverse impact on the Corporation's business, prospects, financial condition and results of operations.

Litigation risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Corporation's financial position and results of operations.

Risks related to the Corporation's business and operations

If production costs increase or if the Corporation is unable to obtain key supplies or services, this could impact production and result in changes to the reserve and resource estimates of the Corporation

Changes in the Corporation's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials, personnel costs and energy. Changes in the costs of the Corporation's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability and/or reserve and resource estimates. Many of these factors may be beyond the Corporation's control.

The significant expansion of oil and gas and mineral exploration in recent years has significantly increased demand for drilling operators and drill rigs. No assurance can be given that the Corporation will in the future be able to secure drill rigs and their operators in a timely manner in order to meet current exploration program schedules in the countries in which it operates or that such operators will be able to perform their drilling services in a timely manner. As well, the cost of securing drilling services may be materially higher

than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, this may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows.

The Corporation is dependent on its relations with third party service providers

The Corporation's operations depend on products and services provided by third parties including contractors, surveyors and consultants. In particular, Betpak Dala is heavily reliant on services provided by JSC NAK Kazatomprom, Kazakhstan's state-owned uranium mining company ("Kazatomprom"). Most of the services used in production at Akdala are either purchased or leased from Kazatomprom or companies owned or associated with Kazatomprom. The provision of services by Kazatomprom may mean that actual or potential conflicts of interest arise between the joint venture parties and that the Corporation does not obtain the most competitive prices for services provided to the Corporation by Kazatomprom. Also, if there is a breakdown in relations with Kazatomprom or if there is any interruption to the products or services provided by Kazatomprom or other third parties, the Corporation's business and operations may be adversely affected, and the Corporation may be unable to find adequate replacement products or services on a timely basis or at all. This, in turn, could have a material and adverse effect on the profitability, results of operations and financial position of the Corporation.

No assurance can be given that estimates of commodity prices and exchange rates used in feasibility studies will actually be realized

The estimates of commodity prices and the currency exchange rates used in the Corporation's technical reports and/or feasibility studies are based on conditions prevailing at the time of writing of such reports. These conditions can change significantly over relatively short periods of time and, as such, there can be no assurance that the estimates of uranium prices and currency exchange rates used in such reports will remain accurate.

The Corporation does not hedge a material amount of its future uranium production and is exposed to changes in the market price of uranium

The prices negotiated with respect to certain sales contracts entered into by the Corporation in relation to production are market-related at the time of delivery with escalating floor prices and without any upper limit on price which may expose the Corporation to movements in the market price of uranium.

In addition, the Corporation currently does not hedge a material amount of its future uranium production although it may engage in additional hedging activities in the future. Hedging activities would be intended to protect the Corporation from fluctuations in the price of uranium and to minimize the effect of declines in uranium prices on results of operations for a period of time. Although hedging activities may protect the Corporation against lower uranium prices, they may also limit the price that can be realized on uranium that is subject to forward sales and call option contracts where the market price of uranium exceeds the uranium price in a forward sale or call option contract.

Although the Corporation intends to take full advantage of what it anticipates will be a continuing favourable uranium price environment by selling most of its uranium under long-term contracts that offer market-related pricing at the time of delivery, there is no guarantee that this will be the case.

The Corporation may be unable to hire and retain qualified personnel

The Corporation's success depends to a significant degree upon the contributions of qualified technical personnel. Its future success will depend in large part upon its ability to attract and retain highly skilled personnel (in particular with respect to Kazakhstan, where the Betpak Dala and Kyzylkum joint ventures are subject to requirements that they employ a certain minimum number of Kazakh employees). Non-compliance with this requirement may be considered grounds for termination of the Corporation's subsoil use contracts. Competition for personnel in the industry in which the Corporation operates is intense, and the Corporation may not be successful in attracting and retaining qualified personnel locally or in obtaining the necessary work permits to hire qualified expatriates. Its inability to do so in the future may materially and adversely affect its business, prospects, financial condition and results of operations, and its ability to comply with the employment requirements of its mining contracts.

The Corporation's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business, and certain risks are uninsured or insurable

While the Corporation may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Corporation cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Corporation and potentially its financial condition and results of operations.

No assurance can be given that the Corporation's insurance will be available at economically feasible premiums or at all, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

Any uncertainties in the Corporation's title to any of its material properties may result in future losses or additional expenditures

The Corporation's rights to explore and extract minerals from its material properties are, to the best of its knowledge, other than as set out below, in good standing. No assurance can be given, however, that the Corporation will be able to secure the grant or the renewal of existing mineral rights and tenures on terms satisfactory to it, or that governments in the jurisdictions in which the Corporation operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, aboriginal peoples or other claimants. Although the Corporation is not currently aware of any existing title uncertainties with respect to any of its material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition. No assurance can be given that title to the Corporation's properties will not be challenged or revoked in the future.

The Corporation holds its interests in the Akdala Mine, the South Inkai Mine and the Kharasan Project through two joint venture agreements

The rights and obligations of the Corporation in relation to each of its uranium projects in Kazakhstan are set forth in a foundation agreement with the other joint venture parties. The Corporation has a 70% interest in Betpak Dala, the entity that holds the right to the Akdala Mine and South Inkai Mine (see "Description

of the Business - Material Properties - Akdala Mine” and “Description of the Business - Material Properties - South Inkai Mine”). Betpak Dala is overseen by a supervisory board on which the Corporation holds two-thirds of the available seats. The Corporation has a 30% interest in Kyzylkum, the entity that holds the rights to the Kharasan Project (see *“Description of the Business - Material Properties - Kharasan Project”*). Kyzylkum is overseen by a supervisory board on which the Corporation holds two-sevenths of the available seats (the other joint venture participants in the Kyzylkum Joint Venture hold two-sevenths and three-sevenths of the seats, respectively). In both joint ventures decisions made by the supervisory boards require a 75% majority vote, which means that consensus must be reached between participants. As a result, the Corporation is not able to exert a controlling influence over strategic and major operational decisions that could be made in respect of either joint venture. Accordingly, any dispute with the Corporation’s joint venture partners may adversely affect the operation of the projects which, in turn, could materially and adversely affect the Corporation’s operations, financial condition and results of operations.

The Corporation’s assets in Kazakhstan have been subject to security interests which, if exercised, may result in the loss or reduction of the Corporation’s interest in such assets

Jeffcott Group Ltd. (“**Jeffcott**”) has a security interest over the ordinary shares of the Corporation’s indirect wholly-owned subsidiary UrAsia London Limited (“**UrAsia London**”) held by the Corporation’s indirect wholly-owned subsidiary UrAsia Energy Holdings Ltd. (formerly UrAsia Energy (BVI) Limited) (“**UrAsia Holdings**”) which secures certain payments due to Jeffcott under the Kharasan Acquisition Agreement (as hereinafter defined) relating to the acquisition by UrAsia of 100% of the ordinary shares of UrAsia London. If UrAsia Holdings were to default on its obligations to make these payments under the Kharasan Acquisition Agreement (as hereinafter defined), Jeffcott could attempt to realize its security and UrAsia Holdings could lose its interest in the ordinary shares of UrAsia London and consequently its indirect interest in Kyzylkum and the Kharasan Project. See *“Description of the Business - Material Properties - Kharasan Project - Encumbrances”*.

As security for the obligation of UrAsia Holdings to make future payments to Widley Worldwide Inc. (“**Widley**”) under the Akdala and South Inkai Acquisition Agreement relating to the acquisition of 100% of the shares of the Corporation’s indirect wholly-owned subsidiary Deanco Limited (“**Deanco**”) by UrAsia Holdings, Widley has a security interest over all of the ordinary shares of Deanco, over the 70% interest of Deanco’s wholly-owned subsidiary Kazakhstanskaya Investitsionnaya Gruppa Astana LLP (“**Astana**”), in Betpak Dala and over UrAsia Holding’s share of uranium products from the Akdala Mine and the South Inkai Mine. If Widley were to attempt to realize on its security, UrAsia Holdings could lose any or all of those assets and its indirect interest in the Akdala Mine and the South Inkai Mine. See *“Description of the Business - Material Properties - Akdala Mine - Encumbrances”* and *“Description of the Business - Material Properties - South Inkai Mine - Encumbrances”*.

Any loss by the Corporation of its interest in any of these mines could have a material and adverse effect on the Corporation’s business and operations, financial position and results of operations.

The Corporation’s other assets are subject to security interests which, if exercised, may result in the loss or reduction of the Corporation’s interest in such assets

The Corporation’s lenders under its US\$100 million senior secured revolving credit facility, the Bank of Montreal and the Bank of Nova Scotia, have security interests over the shares of a number of the Corporation’s subsidiaries, including the subsidiaries which hold the Corporation’s interest in the Moore Ranch Project, the Hobson facility and the Palangana Project, which secure repayment of amounts owing

under the credit facility. If the Corporation were to default on its obligations to make these payments, the lenders could attempt to realize their security and the Corporation could lose its interest in such projects.

Any loss by the Corporation of its interest in these subsidiaries or projects could have a material and adverse effect on the Corporation's business and operations, financial position and results of operations.

The Corporation requires further licences to exploit its uranium resources

The Corporation's exploration and mining activities, including the export of uranium, are dependent upon the grant of appropriate licences, permits and consents (the "Authorizations"), which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. The Corporation requires numerous further Authorizations for the conduct of its operations, particularly in relation to the Kharasan Project and its US projects. There can be no assurance that all necessary Authorizations will be granted to the Corporation, or that Authorizations already granted will not be withdrawn or made subject to limitations.

The Government of Kazakhstan has a right to requisition uranium from licence holders at prices not exceeding world market prices

The Government of Kazakhstan possesses the pre-emptive right to purchase part or all of the uranium produced at the Corporation's Akdala, South Inkai and Kharasan properties at prices not exceeding world market prices. Were those rights to be exercised, the Corporation could be put in a position where it would breach obligations owed to other third parties, which could materially adversely affect the Corporation's business and operations, financial position and results of operations.

The Government of Kazakhstan has a pre-emptive right to acquire a share in assets held by the Corporation or in relation to transfers of shares in the Corporation's subsidiaries

The Government of Kazakhstan has a statutory pre-emptive right, exercisable in the event that the Corporation attempts to sell or otherwise transfer (i) any subsoil use rights under its Kazakh subsoil use contracts or (ii) any shares or other equity interest in (A) a legal entity holding a Kazakh subsoil use right or (B) a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user if the main activity thereof is connected to subsoil use in Kazakhstan, to purchase such rights or equity interests on terms no less beneficial than those offered to the current purchasers. While it is unclear whether such a pre-emptive right is valid at law in respect of offshore transactions, it purports to have extra-jurisdictional effect. Consequently, as a matter of Kazakh public policy, future acquisitions of assets and/or equity interests in such assets in Kazakhstan will be subject to such law. Furthermore, the Government of Kazakhstan has the unilateral right to terminate a subsoil use contract for a violation of its pre-emptive right. Accordingly, the Government of Kazakhstan will be able to enforce extra-territorial breaches of its pre-emptive right by terminating the underlying subsoil use contract in the event of any such breach. In the event that the Government of Kazakhstan exercises its pre-emptive rights in respect of any transfer of subsoil use rights or related equity interests within, to or from the Corporation, such exercise may have a material adverse effect on the Corporation, its financial position, results of operations and the trading price of the common shares.

The Corporation's mineral rights in Kazakhstan may be terminated if the Corporation's joint venture entities do not comply with the terms of their respective subsoil contracts

In Kazakhstan, mineral title (subsoil use rights) is granted by means of a contract entered into with the MEMR which grants rights for the exploration or production of minerals. Such contracts are required to be registered with the MEMR and are subject to numerous terms and conditions related to, among other things, drilling obligations, investments, use of Kazakh personnel and services, tax obligations, insurance coverage, environmental monitoring and mineral (uranium) production. If Betpak Dala (the joint venture entity in respect of the Akdala Mine and the South Inkai Mine) or Kyzylkum (the joint venture entity in respect of the Kharasan Project) were to be in breach of such obligations under the Akdala Contract (as hereinafter defined), the South Inkai Contract (as hereinafter defined) or the Kharasan Contract (as hereinafter defined), as the case may be, or if those contracts are not properly registered with the MEMR, those contracts could be suspended or terminated with a resultant loss of the Corporation's interests in the underlying properties which, in turn, could have a material and adverse effect on the Corporation's business, financial position and results of operations. No assurance can be given that the MEMR would not take action to suspend or cancel the above-mentioned contracts as a result of any alleged breaches. Although the Corporation would intend to seek waivers of any breaches of or the renegotiation of the terms of these commitments, no assurance can be given that it would be successful in doing so.

The mineral rights for the Dominion Uranium Project may be suspended or cancelled while the project is on care and maintenance

The Corporation continues to incur care and maintenance expenditures at the Dominion Uranium Project in order to comply with its obligations under applicable South African legislation and to keep critical mining and plant infrastructure in satisfactory condition while the Corporation explores strategic alternatives for the project.

No assurance can be given that the Corporation's mineral rights and, in particular, its mining rights will not be suspended or cancelled as a result of the decision to place the Dominion Uranium Project on care and maintenance. Any such suspension or cancellation could limit the strategic alternatives available for the project. Although the Corporation would intend to dispute any such suspension or cancellation, no assurance can be given that it would be successful in doing so.

Risks Relating to the Countries in which the Corporation Operates

Recent amendments to Kazakhstan's Subsoil Use Law may increase the Kazakh government's ability to expropriate the Corporation's properties in Kazakhstan in certain circumstances

On October 24, 2007, Kazakhstan's Law No. 2828 "On Subsoil and Subsoil Use" dated January 27, 1996 was amended to allow the Government of Kazakhstan (through the MEMR) to introduce amendments and/or revisions to a subsoil use contract if the actions of a subsoil user when conducting operations on "strategically important" subsoil property have a material negative impact on Kazakhstan's economic interests and potentially constitute a threat to the national security. There are no guidelines or criteria as to how to determine what is a negative impact or how to measure the materiality of such changes. Such determinations appear to be within the Government's exclusive discretion. In the event that the country's economic interests are at stake, MEMR is entitled to unilaterally terminate the relevant subsoil use contract in the following instances: (i) when two months' warning notice period has elapsed; (ii) if within two months following the date on which MEMR issues a notice, the subsoil user fails to confirm in writing its consent to negotiations regarding amendments or refuses to negotiate; (iii) if within four months from the

date the subsoil user has announced its consent to negotiations, the parties have not come to any agreement on amendments to be made to a subsoil use contract; or (iv) if within six months following the date on which the parties agree on amendments to a subsoil use contract, the parties fail to make such amendments.

At present, only oil properties are contemplated in the legislation as being of “strategic importance”. Additional types of properties may be designated as being of “strategic importance” by the Government of Kazakhstan. There is no assurance that uranium properties will not be designated as being of “strategic importance” or that the Government of Kazakhstan will not invoke this power with respect to the Corporation’s properties, or if it does invoke this power, that the Corporation will be able to negotiate satisfactory terms with the Government.

As well, a new draft law “On Subsoil and Subsoil Use” is being considered by the Government of Kazakhstan. It is not yet known whether the new law will be adopted and what will be contained in the new law. It is premature to make any assessment but changes to the law could have a material and adverse effect on the profitability, results of operations and financial position of the Corporation.

Significant improvements to local infrastructure will be required in the countries in which the Corporation operates

Expansion and development of the Corporation’s uranium projects will require the financing and construction of additional infrastructure, including roads, power lines and power plants. The government of the host country may assume some costs associated with infrastructure expansion and development; however, this cannot be assured. If the Corporation is required to finance the expansion and development of infrastructure without governmental assistance, it will require significant additional capital, which may not be available or may not be available on commercially acceptable terms. If funding cannot be secured, expansion and development of the Corporation’s uranium projects may be delayed or halted, which could have a material and adverse effect on the Corporation’s business, prospects, financial condition and results of operations.

The Corporation’s business is subject to the risks associated with operations in foreign jurisdictions

The Corporation conducts exploration, development and mining operations in a number of countries including Kazakhstan, the United States, South Africa, and Australia and may in the future operate in other countries. The Corporation’s foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Corporation’s future cash flows, earnings, results of operations, financial condition and prospects. Risks include, among others, labour disputes, arbitrary invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual obligations, foreign taxation, delays in obtaining or the inability to obtain necessary government permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, foreign exchange controls, currency devaluations, import and export regulations including limitations on uranium exports, instability due to economic underdevelopment, inadequate infrastructure and increased financing costs, changes in relation to the foreign control of mining assets; changes with respect to taxes, royalty rates, import and export tariffs, and withholding taxes on distributions to foreign investors; changes in anti-monopoly legislation or its enforcement; and interruption or blockage of the export of uranium. In addition, the Corporation may face disadvantages of competing against companies from countries that are not subject to laws, such as the Foreign Corrupt Practices Act of

the United States, or restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. These risks may disrupt or limit the Corporation's operations, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that industries deemed to be of national or strategic importance such as mineral production, and in particular, uranium mining, will not be nationalized. Government policy may change to discourage foreign investment, nationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented.

Kazakhstan's foreign investment, subsoil use, licensing, corporate, tax, customs, currency, banking and anti-monopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to its parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even the Corporation's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences disproportionate to the violation. The uncertainties, inconsistencies and contradictions in the laws of Kazakhstan and their interpretation and application could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations.

Existing contracts or licences with respect to the Corporation's operations may be subject to selective or arbitrary government action

The Corporation's contracts and licences in foreign countries may be susceptible to arbitrary revision and termination. Legal redress for such actions may be uncertain, delayed or unavailable. In addition, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. In some cases, failure to follow the actions may call into question the validity of the entity or the action taken. Examples include corporate registration or amendments, capital contributions, transfers of assets or issuances or transfers of capital stock. Ensuring the Corporation's ongoing rights to uranium properties will require a careful monitoring of performance of its contracts and other licences and monitoring the evolution of the laws and practices of the countries in which the Corporation operates. Failure to comply with the terms of the necessary licences or contracts or show compliance against official records may result in their revocation which may have an adverse effect on the Corporation's operations.

The process of obtaining radioactive materials licences from the United States Nuclear Regulatory Commission allows for public participation. If a third party chooses to object to the issuance of a radioactive material licence or permit required by the Corporation, significant delays may occur before the Corporation is able to secure a radioactive material licence permit. Generally, problems arising from public participation can be overcome with the passage of time and through the procedures set out in the applicable permitting legislation. However, the regulatory agencies must also allow and fully consider public comment according to such procedures and there can be no assurance that the Corporation will be successful in obtaining any radioactive material licence or permit. The failure to obtain any required licence or permit could have a material and adverse effect on the Corporation, its prospects, financial position and results of operations.

If foreign exchange controls are imposed, it may be difficult for dividends to be paid from Kazakhstan to the Corporation

Although the Kazakh tenge is not a freely convertible currency outside of Kazakhstan, there are currently no restrictions on the exchange of Kazakh tenge for other currencies within Kazakhstan or on the repatriation of funds by companies operating within Kazakhstan. However, if foreign exchange controls are imposed by the Government of Kazakhstan, it may not be possible for Astana, Betpak Dala or Kyzylkum to service debt obligations or to distribute any funds to their shareholders outside of Kazakhstan and could limit their ability to carry on business.

Changes in the political environment in Kazakhstan

Kazakhstan declared its independence in 1991 after the dissolution of the Soviet Union. Since Kazakhstan has little history of political stability as an independent nation, there is significant potential for social, political, economic, legal and fiscal instability. The Corporation cannot predict the possibility of any future changes in the political environment in Kazakhstan that would have an impact on Kazakh laws and regulations, their interpretation or enforcement, the effect of such changes on the Corporation's business, prospects, results of operations and financial condition. The risks include, among other things:

- local currency devaluation;
- civil disturbances;
- exchange controls or availability of hard currency;
- changes in export and transportation regulations relating to uranium;
- changes in national fiscal regulations;
- changes in anti-monopoly legislation or its exercise;
- nationalization or expropriation of property; and
- interruption or blockage of the export of uranium.

There can be no assurance that changes in the political environment will not affect governmental regulation and policy.

The Corporation's mining operations and exploration activities may be affected by political instability and governmental regulations and bureaucracy

The Corporation's mining operations and exploration activities are affected in varying degrees by political instability and governmental regulations relating to foreign investment and the mining industry. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, extreme fluctuations in currency rates and high inflation in Central Asia and the CIS. In certain of the countries in which the Corporation may carry on business, there may be a risk that bureaucratic requirements, processes and potentially corruption could preclude the Corporation from carrying out business activities fairly in such countries, which could have a material and adverse impact on the Corporation, its prospects, financial condition and results of operations.

The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties

All legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate. Taxes in Kazakhstan include an income tax, value-added tax, an excise tax, a social tax, a land tax, a property tax, a transport tax, as well as required contributions to various funds, duties and fees for licences.

Kazakhstan tax laws are not clearly determinable and have not always been applied in a consistent manner. In addition, the tax laws are continually changing and evolving. A new Tax Code (the “**New Tax Code**”) came into force on January 1, 2009. Among other things, the New Tax Code reduces the corporate income tax rate from 30% to 20% for 2009, amends the basis for determining excess profits tax and replaces royalty charges with a mineral extraction tax (“**MET**”). The New Tax Code also abolished the former contractual “stabilization” regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan. Akdala has a stability clause in its subsoil use contract; the subsoil use contracts for South Inkai and Kharasan, which are of more recent date, do not have such provisions.

The Corporation is currently assessing the impact of the New Tax Code on its operations. There is currently no consensus or official guidance on how the New Tax Code will be interpreted and applied by the Kazakh Ministry of Finance and there is no assurance that the New Tax Code and regulations and the current administrative practices of the tax authorities will not be construed or modified in a way that would adversely affect the Corporation. At the request of the MEMR, Betpak Dala and Kyzylkum will be entering into discussions with the MEMR later this year on the application of the New Tax Code to their operations. Pending the outcome of these discussions, the Corporation, together with its joint venture partners and its tax advisers, will continue to evaluate the impact of the New Tax Code on its operations in Kazakhstan.

The inconsistent enforcement and the evolution of tax laws create a risk of excessive payment of tax or penalties by the Corporation if it fails to comply with tax legislation.

The Corporation could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production as specified in certain of its subsoil use contracts

The taxation system in Kazakhstan is still developing. The tax risks with respect to the Corporation’s operations and investment in Kazakhstan are significant. Tax legislation is subject to different and changing interpretations as well as inconsistent enforcement at both local and state levels.

There are specific taxes, such as excess profits tax, and certain other mandatory payments of subsoil users, comprising MET and bonus (subscription bonus and commercial discovery bonus) payments. These taxes and mandatory payments are determined in the New Tax Code and the respective subsoil contracts. As mentioned above, there is currently no consensus or official guidance on how the New Tax Code will be interpreted or applied by the Kazakh Ministry of Finance or how the New Tax Code will affect the Akdala Contract (as hereinafter defined).

Proposed Amendments to the United States General Mining Law of 1872 may have an adverse effect on the Corporation’s business in the United States

Some of the Corporation’s mineral properties comprise unpatented mining claims in the United States. There is a risk that a portion of the Corporation’s unpatented mining claims could be determined to be

invalid, in which case the Corporation could lose the right to mine mineral reserves contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the General Mining Law of 1872. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the General Mining Law of 1872. Unpatented mining claims are always subject to possible challenges of third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law.

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Corporation's cash flow, results of operations and financial condition.

The Corporation has experienced sulphuric acid supply constraints that affect production from its properties in Kazakhstan

Sulphuric acid supply constraints have been an issue for the Corporation and other uranium mining companies in Kazakhstan during the past two years.

It is expected that sulphuric acid supplies for the short term will be sufficient to meet production targets. To address long term supply constraints, the Corporation has established a joint venture with Kazatomprom and other parties to build a sulphuric acid plant at Zhanakorgan, which is close to Kharasan. The Corporation's ownership percentage in the joint venture is expected to be 19%. Construction of the plant is expected to be completed in 2011.

However, sulphuric acid supplies may also be impacted by logistical constraints including a shortage of railcars to ship the acid to and within Kazakhstan.

Shortages of sulphuric acid or logistical constraints which slow down the distribution of acid may result in lower production than anticipated from Akdala, South Inkai and Kharasan. No assurance can be given that the Corporation will be able to secure necessary supplies in a timely manner in the event of future shortages in such supplies, including sulphuric acid, in order to meet current exploration program and production schedules. As well, the cost of necessary supplies may be materially higher than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, it may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows.

Risks Related to Financial Matters

Financial Condition and Liquidity

Recent disruptions in global credit and financial markets have resulted in a deteriorating economic climate. These macro-economic events have negatively affected the mining and minerals sector in general. Access to financing has been negatively impacted and although these circumstances will likely improve over the

longer term, the short term impact upon the Corporation's liquidity and its ability to raise capital required to execute its business plans going forward could be negative. These factors may impact the ability of the Corporation to obtain equity or debt financing in the future and, if obtained, on terms favourable to the Corporation.

In response to these conditions, the Corporation has taken a number of steps to ensure it has sufficient liquidity and to reduce or defer previously planned capital and corporate expenditures, including placing the Dominion Uranium Project on care and maintenance, deferring project start-up at the Hobson Plant, obtaining a partner to fund the development of Honeymoon, agreeing on a private placement with a Japanese consortium for gross proceeds of approximately \$270 million and implementing significant reductions in exploration expenditure and corporate costs across all operations. The Corporation will continue to re-evaluate expenditures to ensure liquidity objectives are met.

There is a history of operating losses at the Corporation

The Corporation and its predecessors have sustained operating losses during recent fiscal years. The Corporation may continue to sustain operating losses in the future and cannot provide any assurance as to future profitability.

The Corporation's business requires substantial capital expenditure and there can be no assurance that such funding will be obtained on a timely basis, or at all

The development and operation of mines requires a substantial amount of capital. Such capital requirements relate to the costs of, among other things, acquiring mining rights and properties, obtaining government permits, exploration and delineation drilling to determine the underground configuration of a deposit, designing and constructing the mine and processing facilities, purchasing and maintaining mining equipment and complying with financial assurance requirements established by various regulatory agencies for the future restoration and reclamation activities for each project. In addition, the Corporation may incur unanticipated liabilities or expenses. The Corporation will accordingly have further capital requirements as it proceeds to expand its present mining activities and operations or to take advantage of opportunities for acquisitions. There can be no assurance that the Corporation will be able to obtain necessary financing on a timely basis on acceptable terms, or at all. Volatile demand for uranium and the volatile price for U_3O_8 may make it extremely difficult for the Corporation to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its uranium projects with the possible loss of the rights to such properties. If exploration or the development of any mine is delayed, such delay would have a material and adverse effect on the Corporation's business, financial condition and results of operation.

Fluctuations in the value of local currencies against the U.S. dollar and the Canadian dollar may materially adversely affect the Corporation's results of operations

Currency fluctuations may affect the costs that the Corporation incurs at its operations which may adversely affect the Corporation's cash flows, results of operations and financial condition. Uranium is sold throughout the world at prices set principally in U.S. dollars, but the majority of the Corporation's expenditures are incurred in non-U.S. dollar currencies including Kazakh tenge, South African Rand, Australian dollars and Canadian dollars. The appreciation of non-U.S. dollar currencies in those countries where the Corporation has exploration and mining activities would increase the costs of uranium production at such operations which could materially and adversely affect the Corporation's profitability,

results of operations and financial condition. The Corporation currently does not hedge against currency exchange risks, although it may do so from time to time in the future.

Risks Relating to the Common Shares

Shareholders' interest in the Corporation may be diluted in the future

The Corporation may require additional funds to fund the Corporation's exploration and development programs and potential acquisitions. If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders.

The Corporation may issue additional common shares in the future to raise capital or on the exercise of outstanding stock options and warrants

Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Corporation's securities. A decline in the market prices of the Corporation's securities could impair its ability to raise additional capital through the sale of new common shares should the Corporation desire to do so.

The market price for common shares cannot be assured

Securities markets have recently experienced an extreme level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's profitability and reputation.

The Corporation has never paid dividends and may not do so in the foreseeable future

The Corporation has never paid cash dividends on its common shares. Currently, the Corporation intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any common shares in the foreseeable future. The Corporation's dividend policy will be reviewed from time to time by the board of directors.

4.3 Material Properties

Mr. M.H.G. Heyns, Pr.SCI.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President of Uranium One, is the qualified person who prepared or supervised the preparation of the information that forms the basis of the scientific and technical disclosure on the Corporation's mineral properties contained in this Annual Information Form.

4.3.1 Akdala Mine

The Akdala Mine is an operating in-situ recovery ("ISR") uranium mine located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. Betpak Dala, a 70%

owned indirect subsidiary of the Corporation, owns a 100% interest in the Akdala Mine pursuant to a contract (the “**Akdala Contract**”) dated March 28, 2001 (as subsequently amended) with the MEMR and Kazatomprom. The remaining 30% interest in Betpak Dala is owned by Kazatomprom. The Akdala Contract confers upon Betpak Dala the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Akdala Mine until March 28, 2026. The Akdala Mine is operated by Betpak Dala.

The Akdala Mine has been in production since January 2004.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Akdala Mine is derived from the independent technical report titled “Technical Report on the Akdala Mine, Kazakhstan” dated March 21, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of Roscoe Postle Associates Inc. (now known as Scott Wilson RPA - “**RPA**”) (the “**Akdala Report**”). The authors of the Akdala Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Akdala Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Akdala Report which is available for review on SEDAR under the profile for UrAsia Energy Ltd. located at the following website: www.sedar.com.

Property Description and Location

The Akdala Mine is located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. The property is comprised of three non-contiguous adjacent blocks, totalling 31.54 km² and centered on Longitude 68°37'E, Latitude 45°30'. The Akdala Contract gives Betpak Dala the right to mine uranium deposits to a depth of 220 m.

The Akdala Contract

The Akdala Contract dated March 28, 2001 and made between MEMR and Kazatomprom (subsequently assigned to Betpak Dala) sets out Betpak Dala's rights and obligations with respect to the Akdala Mine. The Akdala Contract was first amended on May 23, 2002 to reflect changes in the Kazakhstan tax code regarding the rates of royalties, value added tax, social tax and payments of pension contributions. It was amended on June 7, 2004 to replace Kazatomprom with Betpak Dala, then on April 25, 2005 to reflect changes in the tax code, and it was last amended on December 29, 2006 to reflect further changes to its working program. Kazatomprom transferred to Betpak Dala the rights and obligations under the Akdala Contract pursuant to the amendment No. 1423 dated June 7, 2004 to the Akdala Contract.

The Akdala Contract is valid for a period of 25 years commencing on March 28, 2001 and expiring on March 28, 2026. This period consists of an exploration period of five years that commenced on March 28, 2001 and expired on March 27, 2006 and a production period of 20 years. The term of the Akdala Contract may be extended by the mutual agreement of the parties, and upon such renewal, the terms and conditions of the agreement may be changed by written agreement between the parties. The Akdala Contract may not be assigned, nor can the subsoil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

Pre-emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the right to requisition uranium from the Akdala Mine in times of war, natural disaster or as set out in force majeure legislation, subject to compensation calculated by reference to the market price.

The Republic of Kazakhstan also has a priority right to purchase up to 10% of the annual production volume of uranium from the Akdala Mine at prices not exceeding the world market price of uranium. However the Akdala Contract does not provide a formula or guidelines for calculating the annual production volume or the world market price.

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Betpak Dala's interest in the Akdala Contract.

Payments to the Government of Kazakhstan

The Akdala Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Akdala Contract, Betpak Dala is required to make a further payment of approximately US\$1,500,000 in equal quarterly instalments commencing on January 1, 2008 and ending on December 31, 2017 to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

Betpak Dala is required to make a fixed payment to the Government of Kazakhstan of 0.05% of the value of approved extractable reserves (i.e. reserves approved by the Kazakhstan Government Commission on Mineral Reserves) as a commercial discovery bonus upon each commercial discovery within the area covered by the terms of the contract that results in an increase to the previously approved extractable reserves. This commercial discovery bonus was paid on August 23, 2004. The Akdala Contract does not provide a formula or further guidelines for calculating this bonus.

Mineral Extraction Tax/Royalty Payments

Under the New Tax Code, royalty payments are to be replaced with a MET which is based on the value of the minerals extracted by a subsoil user. For those subsoil users that transfer such extracted minerals to another person for further processing, such tax may be applied on a tax base of actual production and primary processing costs in accordance with the prescribed method of determining extractive costs within the Akdala Contract, increased by 20%. The MET rate for uranium is levied at a rate of 22% for 2009, increasing to 23% in 2010 and 24% in 2011.

Under the stability clause in the Akdala Contract (if applicable), Betpak Dala is required to make royalty payments on its uranium production at various rates based on the weighted average selling price of uranium concentrate, excluding indirect taxes and transportation costs up to the point of delivery (provided that in the event of the sale of uranium in U₃O₈ form processing costs are deductible). Since December 29, 2006 the royalty on the Akdala Contract has been payable at the rates set out in the table below. The weighted average price of the uranium concentrate equals 31.7% of the weighted average price of natural uranium in U₃O₈ for a tax reporting period. The Akdala Contract does not prescribe minimum or maximum amounts of royalty, only rates.

Royalties are also payable on the production of base minerals and underground water, at the rates stipulated by the tax legislation in effect when the liability to pay accrues.

Price in US dollars for one imperial pound of U₃O₈	Percentage royalty rate
Less than US\$10	1.3%
From US\$10 to US\$12	1.7%
From US\$12 to US\$15	1.8%
More than US\$15	2.2%

As mentioned previously, the Corporation is continuing to evaluate the impact of the New Tax Code and there is considerable uncertainty surrounding the interpretation and application of the New Tax Code and its effect on the stability clause in the Akdala Contract. The Corporation will continue to base its accounting on the former tax code until such uncertainty is resolved. See *“Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties”*.

Taxation and General Stability

Under the Akdala Contract, the Republic of Kazakhstan has undertaken that the taxation regime as specified in the contract will remain fixed for the duration of the contract. To the extent that the present or a future Government of Kazakhstan passes legislation that makes it impossible to maintain the rates of taxation payable by Betpak Dala under the Akdala Contract, Betpak Dala and the MEMR must agree to any amendment to the contract provided that the amendment does not result in a change in the primary economic interests of the parties under the contract. These taxation stability provisions are supported by a general stability undertaking, which provides that all other provisions of the contract will remain unchanged for the duration of the contract, except for such changes as may be agreed by both parties and which do not change the initially established balance of economic interests of Betpak Dala and the Republic of Kazakhstan.

As mentioned previously, the New Tax Code abolished the contractual “stabilization” regime but there is considerable uncertainty surrounding the interpretation and application of the New Tax Code and its effect on the stability clause in the Akdala Contract. For information on certain risks relating to taxation, see *“Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties”*

Social Obligations

The Akdala Contract contains various social obligations for the benefit of its employees. These social obligations include investing at least 0.05% of Betpak Dala’s operating expenses per annum in training programs for its Kazakhstani employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the Akdala Mine whenever possible provided that such goods and services are competitive with those that are available outside Kazakhstan and are of at least comparable quality. Currently most services are supplied not by Kazatomprom itself, but by its affiliates. The Akdala Contract does not provide for specific thresholds as to procurement from Kazakh businesses.

Dispute Resolution

To the extent that there are any disputes that cannot be resolved through negotiations between Betpak Dala and the Government of Kazakhstan, the Akdala Contract provides that these are to be submitted to the courts of Kazakhstan rather than to an independent international arbitration body.

Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to a share purchase agreement dated November 7, 2005 (the “**Akdala and South Inkai Acquisition Agreement**”) whereby Widley sold its 100% interest in Deanco to UrAsia Holdings for a price of US\$350,000,000. Deanco owns all of the outstanding shares of Astana, which owns a 70% interest in Betpak Dala. Under the Akdala and South Inkai Acquisition Agreement, Widley is also entitled to a bonus payment equal to 70% of 6.25% (being an effective rate of 4.375%) of the weighted average spot price per pound of U₃O₈ for the month in which the reserves are discovered for all Russian C1 and C2 category reserves on the South Inkai Mine in excess of 66,000 t U, expressed in pounds of U₃O₈, that are discovered after November 7, 2005, payable no later than 60 days following the end of the applicable fiscal year. The payment of these bonuses is secured by (i) the pledge to Widley of a portion of Betpak Dala’s share of uranium products from the Akdala Mine and the South Inkai Mine; (ii) the pledge to Widley of Astana’s participatory 70% interest in Betpak Dala; (iii) the pledge to Widley of all of the issued ordinary shares of Deanco.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The property is accessible by a 240 km road which runs northeast from Suzak, and by a 470 km road from Shymkent. The railway passes through Taukent. The closest airports with scheduled local service are at Shymkent or Kyzylorda.

The Stepnoye Mining Company town site, Kyzymshek, 45 km south of the mine, provides housing for the workers and their families for all the nearby mining activities. A 35 kV power line is connected to the site. Both plant and potable water is obtained from the local aquifers.

On site are several office buildings, a cafeteria, a work shop, and a processing plant with associated pregnant and barren solution ponds, well fields, and pump houses connected with the ISR operation.

The property is located in the Betpak-Dala desert plateau with elevations of 245 m to 265 m. The ground consists of extensive sand deposits. There are no significant rivers in the area and vegetation is limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 170 mm, occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -40° C in January to 40° C in July. The climate does not unduly affect production, although during extreme cold, if the solutions are not continually pumped, there is a chance of freezing the pipes and losing production until the pipes are thawed.

History

In 1956, geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium ore to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young uplifted mountains adjacent to the basin. Drilling in the region began in 1961 and resulted in the discovery of a few small deposits, and in 1963 Uvanas was discovered (8,100 tons of uranium reserves as of 2004). The

Mynkuduk deposit, which extends over a 65 km length, was explored between 1975 and 1989. The Inkai deposit, which covers an area of 55 km in length and up to 17 km wide, was explored between 1976 and 1991. Parts of this deposit are currently being prepared for production.

Akdala was initially discovered in 1982 as part of the Mynkuduk deposit, which was actively explored during the period 1982 to 1987. The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Exploration work included the implementation of a pilot plant for the ISR of the uranium which resulted in the extraction of 1,027.7 tonnes (2.67 million lbs) of uranium over a period of two years and three months. The mine commenced official production in January 2004.

Geological Setting

Regional Geology

The Akdala deposit is located in the Chu-Sarysu depression which represents a large Cretaceous age basin up to 250 km wide and which extends northward for more than 1,000 km from the foothills of the Tien Shan Mountains. The basin is underlain by folded Proterozoic and Early Paleozoic formations which flank the basin and are exposed at the southwest margin, where the Karatau Mountains separate the Chu-Sarysu basin from the parallel Syrdarya basin. The platform sediments are continental sediments up to 320 m thick and marine Palaeogene sediments of up to 200 m that are overlain by red-coloured sandy-clay Oligocene to Quaternary sediments.

The basin is an asymmetric syncline with a broad gently sloping northeast limb and an uplifted south limb which form the Karatau Mountains. The axis of the basin is parallel to its southwest margin.

Property Geology

The mineralized horizons extend for over 45 km along strike. As the mineralized horizons occur as sinuous structures, the lineal length is much greater. The property covers a minimum strike length of approximately 25 km and are underlain by Cretaceous to Cenozoic sediments, predominately sands, with occasional pebble and gravel layers, clay and loamy soils up to 190 m thick. The sediments are gently dipping to the southeast. The Jalpak horizon is host to the main body of mineralization. The various plans and sections observed by RPA do not indicate the presence of any significant faulting.

The lower Jalpak horizon consists of medium-grained grey sand and gravel with an average of 85% silica content. Thickness varies from 15 m to 20 m. The upper horizon consists of fine- to medium-grained sands, intercalated with mottled clays up to 2 m in thickness and densely cemented carbonaceous sandstones. Thickness of the upper horizon varies from 40 m to 45 m. Organic content varies between 0.05% and 0.5%.

Exploration

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is disclosed under the heading "History" above. Exploration consisted of diamond drilling to discover mineralization at depths of 100 m to 250 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections which were originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, approximately 1.0 km apart, with widely spaced drill holes approximately 200 m apart on

each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

Mineralization

Mineralization on Akdala occurs at depths varying between 136 m to 190 m over a distance of 25 km. The Jalpak horizon hosts the two main deposits, Blizhnii and Letnii, which contain 97% of the indicated resources and 90% of the inferred resources and all of the probable reserves. At least one other mineralized occurrence has been discovered to date on this horizon. The mineralized body I7, hosted in the finer grained Intymak horizon at a depth of 70 m to 90 m contains approximately 10% of the inferred resources. Mineralization has also been intersected in widespaced drilling on the Mynkuduk horizon in three areas at a depth of about 220 m. The number 1 Deposit in the Blizhnii mine area is currently in production from several resource blocks.

Roll fronts are continuous along strike and have widths from 30 m to 60 m. The uranium content varies from 0.01% to 0.3% uranium with an overall average of 0.058% uranium. Thickness varies between 0.5 m to 12 m at the thickest part of the roll front, averaging 7 m.

The principal ore minerals are pitchblende (36%) and coffinite (64%), often accompanied by selenium, rhenium, yttrium, molybdenum, arsenic, and phosphorus.

Drilling

The Corporation has not carried out any historical exploration drilling on the property. Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan, and other entities. Rotary mud drilling, using Russian equipment, was supplemented by core drilling using the same rigs. The core produced by these rigs was about 9 cm in diameter. About 50% to 70% of the holes drilled on the property are cored through the mineralized horizons. All holes are electrically logged.

The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Total drilling on the deposit during the period 1982 to 2003 is reported to amount to 252,531 m in 1,433 drill holes. This figure includes exploration drilling along the mineralized horizon and as such may include some drilling beyond the current licence boundaries. Stated exploration drill hole totals on the Blizhnii and Letnii deposits amount to 595 holes totalling 110,984 m and 482 holes totalling 77,871 m respectively. Total length of core recovered is reported to be 2,868 m. In addition, 49 hydrological holes totalling 8,652 m were completed on the two deposits and 205 holes totalling 36,714 m were drilled for well field exploitation within the currently producing licence.

Sampling and Analysis; Security of Samples

The Corporation has not carried out any sampling on the property. RPA was provided with a summary of the sampling methods carried out by previous workers. Kazatomprom reports that mineralized intervals (greater than 40 microroentgens per hour) in the core portions of the holes were split in half. The sample intervals ranged in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core were sent to different laboratories for assays by chemical methods. Samples submitted for uranium and radium chemical assays for the Blizhnii deposit amounted to 4,173 samples totalling 1,994 m and 504 samples totalling 172 m for the Letnii deposit.

Mineralized core is chemically assayed for uranium, radium, rhenium, yttrium, scandium, and total rare earths. Kazatomprom reports that chemical analyses on mineralized intervals in the diamond drill holes were carried out at the Central Analytical Laboratory PGO "Volkovgeologia" using the roentgen-spectral method on a fluorescent roentgen analyzer. On the entire Akdala exploration project, a total of 11,041 samples were analysed for uranium and radium. Protocols for internal standards and external control assays at other laboratories were in place. A total of 756 uranium analyses were rerun for internal control and 563 samples were submitted to other laboratories in Kazakhstan; Central Analytical Laboratory VIMS and the Central Scientific Research Laboratory KGRK. Reproducibility on both internal and external controls is shown to be well within standard limits, but RPA has not verified this statement.

All drill holes are probed with electric logs, with results including gamma counts, calliper, deviation measurements, and self potential. Chemical assay results are used to calibrate the gamma data to account for possible disequilibrium. All reserves and resource calculations are then based on calibrated gamma data.

The gamma calibration process is detailed. Each portion of approximately six sectors of the mineralized uranium roll front is assigned a specific chemical to gamma correction factor based on statistical analysis of the chemical assay data. Overall correlation between corrected gamma and chemical values is reported to be within approximately 5%. RPA has not verified this raw data associated with this statement but considers the results to be satisfactory and the data suitable for use in a database used to estimate resources and reserves.

Data Verification

RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections of the Akdala geologic database. The Akdala geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the Commission on Mineral Resources for the Republic of Kazakhstan.

Based on past experience with data collection in the USSR and the former Soviet Union, in the opinion of RPA, there is no more exhaustive process of uranium drill hole data collection and evaluation in use anywhere in the world than the process developed and used in the former Soviet Union and its now independent states, such as Kazakhstan. RPA has accepted the basic drill hole data upon which mineral reserves and resources are calculated.

Mineral Resources and Mineral Reserves

Mineral Reserves

The following table sets out the estimated attributable Mineral Reserves for the Akdala Mine as at July 31, 2006.

Akdale - Proven And Probable Mineral Reserves ^(1,2,3)						
Mineralized Lens	Resource Category	Ore ⁽²⁾ (tonnes)		Grade (% U)	Contained U (tonnes)	
		70% interest ⁽⁴⁾	100% interest		70% interest ⁽⁴⁾	100% interest
Jalpak horizon	Proven	2,786,700	3,981,000	0.057	1,589	2,270
	Probable	8,966,300	12,809,000	0.057	5,110	7,300
Total Proven and Probable Reserves		11,753,000	16,790,000	0.057	6,699	9,570

Notes:

1. Mineral reserve estimate from the Akdale Report, as subsequently updated and revised by RPA to take into consideration loss of Mineral Reserves due to production during the period July 1, 2005 to July 31, 2006, and any increase in Mineral Reserves due to the conversion of resources to reserves as the result of production drilling. RPA originally produced an estimate of Mineral Reserves as at June 30, 2005 and adjusted the statement of reserves in the Akdale Report to account for production in 2004 and the first half of 2005. As the actual recovery rate had not been provided, in the Akdale Report RPA back-calculated the tonnage for that period assuming a constant grade. As more information becomes available, the Corporation will be in a position to more accurately estimate the grade and tonnage. It is expected that the initial yield (% U) will exceed the average grade of 0.057% U and that the yield (% U) in later years will be below the average grade as the ore body is depleted.
2. RPA is of the opinion that the classification of Mineral Reserves as reported above meets the definitions of Proven and Probable Mineral Reserves as stated by NI 43-101 and defined by the CIM Standards.
3. Mineral reserves estimate does not take into account production since July 31, 2006. For recent production levels, see "Mining Operations - Historical Operations", below.
4. Represents the portion of total resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

Mineral Resources

The following table sets out the estimated attributable Mineral Resources for the Akdale Mine as at July 31, 2006.

Akdale - Indicated And Inferred Mineral Resources ^(1,2,3,4,5)						
Mineralized Lens	Resource Category	Ore (tonnes)		Grade (% U)	Contained U (tonnes)	
		70% interest ⁽⁶⁾	100% interest		70% interest ⁽⁶⁾	100% interest
Jalpak horizon	Indicated	12,010,600	17,158,000	0.057	6,846	9,780
	Inferred	6,778,100	9,683,000	0.062	4,214	6,020

Notes:

1. Mineral resource estimate from the Akdale Report, including mineral reserves, as subsequently updated and revised by RPA to take into consideration loss of mineral reserves due to production during the period January 1, 2004 to July 31, 2006.
2. RPA is of the opinion that the classification of Mineral Resources as reported in the table above meets the definition of Indicated and Inferred Mineral Resources as stated by NI 43-101 and defined by the CIM Standards.
3. The mineral reserves stated above are included in the total estimate of mineral resources as stated above.
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
5. Mineral resources estimate does not take into account production since July 31, 2006. For recent production levels, see "Mining Operations - Historical Operations", below.
6. Represents the portion of total resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

Cut-off criteria for uranium production in Kazakhstan is specified by the Government of Kazakhstan Commission in accordance with the criteria developed in the former Soviet Union relative to the reserve

calculation methodology termed “method of geological blocks”, pursuant to which the cut-off grade is set at 0.01% uranium. Historically, within the former Soviet Union and its satellite states, resource recovery was much more important than the economics of recovery. Hence, cut-off criteria were set by law to maximize resource recovery with no regard for whether or not such recovery was economic. This practice remains unchanged in Kazakhstan today. It is the opinion of RPA that the cut-off criteria used for reserve/resource calculations at Akdala is too low and that some portion of the reserves/resources included in the project totals is uneconomic under current market conditions. This is particularly true for grade. The grade cut-off of 0.01% uranium does not represent an economic cut-off. Nevertheless, the total resource/reserve at Akdala is, on average, economic based on current market conditions and offers an opportunity for economic optimization should it be possible to amend or adjust the existing legislation.

RPA believes that the uneconomic portion of the Akdala reserve/resource is relatively small; probably less than 5%, and perhaps as low as 1% or 2%.

Considering that (1) the cut-off criteria has been set by legislation; (2) the reserve/resource base, on average, is economic under current market conditions; and (3) the potential correction is well within the potential margin or error for the overall calculation; RPA believes that an adjustment in the reserve/resource base is not warranted at this time.

Since those resources were approved by the Government of Kazakhstan Committee, additional production drilling increased the drill hole density to 50 m centres. RPA consider that this spacing is sufficient to classify the resulting resource as measured and as it meets the criteria above, it can be classified as a Proven Reserve.

Mining Operations

Historical Operations

Akdala is an operating ISR project which produces sodium uranate, a wet yellowcake uranium product. Commercial operations commenced on January 1, 2004, following a 2.25 year pilot plant testing program conducted during the period from October 1, 2000 through to December 31, 2002. Uranium production during the pilot plant program totalled 1,027.7 t U. Uranium production during the period 2004-2006 amounted to 3,427 t U, production for 2007 was 1,004 t U and production for 2008 was 1,030 t U.

Approved Mining Program

Under the Akdala Contract, Betpak Dala has undertaken to comply with a detailed mining program, which was submitted for review and approved by a territorial department of “Yuzhkaznedra”, a state agency that is part of the MEMR, responsible for approving such programs, on an annual basis. The work program as set out in the Akdala Contract requires among other things, the production of 1,019.4 t U per year between 2007 and 2017. Between 2010 and 2012, Betpak Dala is expected to carry out additional exploration and drilling at a cost of US\$1,666,700 per year. Betpak Dala is obliged to submit annual updates of the program for approval. Yuzhkaznedra also evaluates Betpak Dala’s compliance with the terms of its obligations. Betpak Dala has full responsibility for financing the work program.

In accordance with its expansion plan, between 2004 and 2006, the Akdala Mine increased production from 600 t U per annum to 1,000 t U per annum and it is expected that production will continue at the rate of 1,000 t U per annum until exhaustion of reserves. Further details on the expansion are set out under “*Current Exploration and Development Activities*”, below.

Production

Uranium production at Akdala is by means of ISR. Leaching solution is injected into the uranium-bearing formation at maximum depths of about 220 m through a series of injection wells, passes through uranium-bearing material, and is recovered through a series of extraction wells.

Uranium-bearing solutions are pumped from the well fields into sedimentation ponds and onward to the processing plant where these solutions are passed through a series of 50 m³ ion exchange columns loaded with a uranium-selective resin. Uranium from the solutions is adsorbed onto the resin until a loading of about 20 kg U per m³ of resin is reached. Uranium-bearing resin is transferred to 100 m³ desorption columns where uranium is stripped from the resin with an ammonium nitrate solution. Strip solution is treated on-site with sodium hydroxide to precipitate a wet yellowcake product. Excess fluids in the precipitate are removed in a filter press and the resultant wet yellowcake is loaded into 2.0 m³ containers for shipment to final processing and refining facilities.

Stripped resin is regenerated with sulphuric acid and returned to the ion exchange columns. Further processing of the wet yellowcake product is necessary in order to produce a product which meets international commercial specifications. Western fuel cycle facilities typically require a product with a minimum uranium content of about 70% U₃O₈. This content is easily reached by most in situ leach producers with a simple vacuum drying process which is always accomplished at the initial production facility. Certain Russian fuel cycle facilities require a product of much higher purity, approximately 98% U₃O₈, which can only be achieved by calcining. Calcining facilities available to in situ leach uranium producers in Kazakhstan are located at Stepnogorsk and Ustkamenogorsk, Kazakhstan, and at Kara Balta in the Kyrgyz Republic.

Wet yellowcake produced at the Akdala facility is further processed by solvent extraction, reprecipitation, and calcining to a finished U₃O₈ yellowcake product at the Tselinni (Stepnogorsk) facility.

In 2009 a drying facility will be constructed at the South Inkai Mine and the wet yellowcake produced at Akdala will be shipped to South Inkai for processing. A finished product will be produced on site, drummed and shipped directly to converters. It will not be a calcined product, but will meet the ASTM specification for converters.

By the end of 2008, a total of 188 wells, comprising production, injection and monitoring wells, were completed during the year. There were 197 production wells in operation at the end of December 2008. The average flow rate for the year was 1,439 m³/hour and the average U concentration in the solution was 83.6 mg/l during the year. The number of wells in operation, and the flow from each well, is adjusted based on uranium content in the flow from each well, to produce the targeted production rate.

Sales

For the Betpak Dala Joint Venture, operating the Akdala and South Inkai mines, the Corporation has executed long term uranium supply agreements for approximately 29 million lbs of U₃O₈ over the 2009-2020 period. A very small percentage of Betpak Dala's 2008 production has been sold to intermediaries at fixed prices. See "*Description of the Business - General - Principal Product, Production and Sales*".

Taxation

Taxation is an important element in the assessment of uranium projects in Kazakhstan. The three major elements are: corporate income tax, excess profits tax, and dividend withholding tax. A corporate income

tax will be levied at 30% of taxable income (calculated in accordance with the former tax code) for the 2008 taxation year. The New Tax Code reduces the corporate income tax rate to 20% for 2009, 17.5% for 2010 and 15% from 2011 onwards.

Betpak Dala has previously been liable for an excess profits tax on its profit to the extent that its internal rate of return on net income exceeded certain specified thresholds. Under the tax stability clause contained in the Akdala Contract (if applicable), the relevant thresholds are set out below:

Internal Rate of Return (per cent.)	Excess Profits⁽¹⁾ Tax Rate (per cent.)
Up to 20	0
More than 20 but not more than 22	4
More than 22 but not more than 24	8
More than 24 but not more than 26	12
More than 26 but not more than 28	18
More than 28 but not more than 30	24
In excess of 30	30

Note:

1. The basis for the excess profits tax at the above rates is the net income (taxable income less the corporate profit tax) of Betpak Dala from the Akdala Mine.

As mentioned previously, the Corporation is continuing to evaluate the impact of the New Tax Code and there is considerable uncertainty surrounding the interpretation and application of the New Tax Code and its effect on the stability clause in the Akdala Contract. Under the New Tax Code, excess profits tax is similarly based on the taxation of profit to the extent that the ratio of aggregate annual income to deductions exceeds certain specified thresholds. The relevant thresholds under the New Tax Code are set out below:

Ratio of Aggregate Annual Income to Deductions	Excess Profits Tax Rate (per cent.)
Less than 1.25	0
More than 1.25 but not more than 1.3	10
More than 1.3 but not more than 1.4	20
More than 1.4 but not more than 1.5	30
More than 1.5 but not more than 1.6	40
More than 1.6 but not more than 1.7	50
In excess of 1.7	60

Under the New Tax Code a dividend withholding tax of 15 is payable on the payment of a dividend out of Kazakhstan. A reduced 5% withholding tax rate is applicable if such dividend is paid to certain countries which have a tax treaty with Kazakhstan.

See “*Risk Factors — Risks relating to countries in which Uranium One operates — Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*” and “*The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Environmental Considerations

Reclamation procedures in Kazakhstan are currently focused on a natural attenuation process over a period of a decade or more after which the Kazakh government accepts custody of the site.

RPA did not carry out an environmental audit at the properties. The general impression during the visit was that the operations were clean and well run. The mine is in a sparsely populated desert area and the aquifers are not used for drinking or livestock. There will be surface disturbance during production, and reclamation is required. Contaminated equipment will be buried, capped, and revegetated. The underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 years based on results from similar operations. The aquifers affected contain radium and other total dissolved solids well above drinking standards. Monitor wells will be used to observe the process.

As of December 2008, the asset retirement obligations for Akdala (on an undiscounted basis) have been estimated at US \$6.3 million for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the Akdala Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including but not limited to monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Prior to commencing operations under the contract, Betpak Dala was required to obtain the approval of the state environmental authorities, which was obtained on January 4, 2006. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired and that the contract area is suitable for future use.

In addition, Betpak Dala is obliged to transfer an amount equal to 0.1% of its operating expenses per annum into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Betpak Dala's clean-up obligation, Betpak Dala is obliged to fund any such shortfall.

Current Exploration and Development Activities

Expansion of the process plant, auxiliary facilities and administration building was completed in 2006 increasing the flow capacity of the process plant and therefore increasing the production rate at the Akdala Mine from the original 600 t U to 1,000 t U per annum. In addition to maintaining production at a rate of 1,000 t per annum, the further expansion program provided for the necessary equipment to produce a wet yellowcake product on site and thereby eliminate the transportation of the strip solution to other facilities for processing. The yellowcake precipitation and filtration plant at the Akdala Mine commenced construction in April 2007 and was completed in the first quarter of 2008, and was fully commissioned and operational in the second quarter of 2008. This plant enables the Corporation to produce yellowcake on site, reducing its dependency on external processing facilities, decreasing transport lead times and reducing costs. During 2008, four new production blocks were acidified, three were commissioned and the well installation program was completed with a total of 188 wells installed in 2008 (comprising production, injection and monitoring wells). Well installation will resume in 2009. All capital expenditure on Akdala is funded by Betpak Dala out of operations.

The 2009 production from the Akdala Mine attributable to the Corporation is expected to be approximately 1.8 million lbs of U₃O₈.

Additional exploration activity at Akdala is scheduled to commence in 2012.

4.3.2 South Inkai Mine

The South Inkai Mine is an operating ISR uranium mine located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan. Betpak Dala owns a 100% interest in the South Inkai Mine pursuant to a contract (the “**South Inkai Contract**”) dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The South Inkai Contract confers on Betpak Dala the exclusive right to explore, develop, extract, mine and export uranium at the South Inkai Mine until July 8, 2029. The South Inkai Mine is operated by Betpak Dala.

The South Inkai Mine commenced pilot production in October 2007 with the first circulation of fluid through the adsorption columns. In December, 2008, the MEMR formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the South Inkai Mine is derived from the independent technical report titled “Technical Report on the South Inkai Uranium Project” dated March 20, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA (the “**South Inkai Report**”). The authors of the South Inkai Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the South Inkai Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the South Inkai Report which is available for review on SEDAR under the profile for UrAsia Energy Ltd. located at the following website: www.sedar.com.

Property Description and Location

The South Inkai Mine is located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan, covers a total area of 192.2 km² and is centered at approximately Longitude 67°30'E, Latitude 45°07'.

The South Inkai Contract

The South Inkai Contract sets out Betpak Dala's rights and obligations with respect to the South Inkai Mine. In September 2005, Kazatomprom transferred to Betpak Dala the rights and obligations under the South Inkai Contract pursuant to Amendment No. 1 (registration No. 1830) dated September 15, 2005 to the South Inkai Contract. Amendment No. 2 (registration No. 2906) to the South Inkai Contract was executed on December 19, 2008 between Betpak Dala and the MEMR and extended the exploration period until July 8, 2011 and approved the commencement of industrial production. Amendment No. 2 also amended the approved mining program in respect of exploration drilling works and pilot production and set 2011 as the date for attainment of the planned productivity of 2,000 tons of uranium per year.

The South Inkai Contract is for a period of 24 years commencing on July 8, 2005 and expiring on July 8, 2029. It provides for an exploration period of six years which commenced on July 8, 2005 and a production period of 20 years. The exploration period may be extended twice for a two year period each

time. The production period may be extended until full development of the South Inkai Mine. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The contract may also be extended and, upon renewal, its conditions may be changed by written agreement between the parties. The South Inkai Contract may not be assigned, nor can the sub-soil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

Pre-Emptive Rights of the Government of Kazakhstan

The Government of Kazakhstan has a priority right to purchase uranium from the South Inkai Mine at prices not exceeding the world market price of uranium defined as the sum of the monthly spot price reported by TradeTech and Ux Consulting Company LLC, or as reported in such other recognized international publication as the parties may agree on.

The Republic of Kazakhstan also has the right to requisition uranium from the project in times of war, natural disaster or as set out in the force majeure legislation, subject to compensation calculated by reference to a similar spot price.

The Republic of Kazakhstan has a right of first refusal on any proposed sale or assignment of Betpak Dala's interest in the South Inkai Contract on the same terms as are offered to the third party.

Payments to the Government of Kazakhstan

The South Inkai Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the South Inkai Contract, Betpak Dala is required to make further payments of approximately US\$1,800,000 at the rate of US\$135.30 per tonne of produced uranium from the South Inkai Mine to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

As a commercial discovery bonus, Betpak Dala is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery which results in increase of initially approved mineable balance reserves) within the area covered by the contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 45.9% of the weighted average sale price of U₃O₈ for the relevant tax period.

Mineral Extraction Tax

Betpak Dala will be required to pay MET in respect of the South Inkai Mine as described under "*Akdala Mine – Mineral Extraction Tax/Royalty Payments*"

Taxation and General Stability

The South Inkai Contract contains a general stability undertaking, which provides that the Betpak Dala is guaranteed against any changes to legislation which would have a detrimental effect on its position. No

guarantee is given with respect to changes to laws dealing with defence, national security, environment safety and health.

As previously mentioned, the Corporation is continuing to evaluate the impact of the New Tax Code and there is considerable uncertainty surrounding the interpretation and application of the New Tax Code to the operation of Betpak Dala and Kyzylkum. For information on certain risks relating to taxation, see *“Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties”*.

Social Obligations

The South Inkai Contract contains various social obligations for the benefit of its employees, which include investing at least 1% of Betpak Dala’s exploration expenses during the exploration period and at least 1% of Betpak Dala’s operating expenses during the operating period in training programs for its Kazakh employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the South Inkai Mine. In particular, at least 40% of the cost of equipment and materials purchased must be for equipment and materials of Kazakh origin; at least 90% of the cost of contract work must be of Kazakh origin; at least 95% of employees must be Kazakh; and 100% of expenditures for processing of field materials and laboratory studies must be to Kazakh companies.

Dispute Resolution

The South Inkai Contract contains provisions on dispute resolution that are the same as those described in *“Akdala Mine – Dispute Resolution”*

Termination

Pursuant to the South Inkai Contract, MEMR is entitled to suspend operations under the contract if continuing such operations would be hazardous to human health or the environment. MEMR is also entitled to suspend the contract for a period of up to six months where: (i) Betpak Dala breaches the terms and conditions of the contract; or (ii) Betpak Dala violates the state laws regarding Kazakh involvement, subsoil protection, environmental protection and safety in the course of its operations. MEMR is entitled to terminate the contract unilaterally when: (i) Betpak Dala refuses to eliminate the grounds causing the suspension of the exploration and production or fails to eliminate such grounds within the period given; (ii) it is impossible to eliminate the grounds causing such suspension associated with risk to human life or health or the environment; (iii) Betpak Dala is in material default of obligations stipulated by the contract or work program; or (iv) Betpak Dala is declared insolvent in accordance with the laws of Kazakhstan.

Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to the Akdala and South Inkai Acquisition Agreement. UrAsia’s obligations to make further bonus payments to Widley under the Akdala and South Inkai Acquisition Agreement are secured by UrAsia’s share of the uranium product from the South Inkai Mine and its interests in Betpak Dala and Deanco, as described under *“Akdala Mine - Encumbrances”* above.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The deposit site straddles an unimproved road, approximately 180 km from Shieli, which is on the main paved highway and railroad that joins Shymkent with Kyzylorda. The nearest town is Taikonur, the headquarters of the Seventh Unit of Volkovgeologia, located on the northern boundary of the South Inkai Mine. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power line parallels the road, and water is readily available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

The area is divided into two morphologically diverse regions; the sandy brackish delta of the Shu and Sarysu Rivers and the Betpakdala desert plateau. The delta is characterized by a maximum relief of 5 m to 25 m, with numerous lacustrine basins, dry rivers, and aeolian sands. The area underlain by water is not extensive and is not expected to hinder development of the well fields required for ISR mining. The desert plateau represents a gently sloping plain with a maximum relief of 150 m to 200 m. The ground consists of extensive sand deposits, with vegetation limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 140 mm and occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 40° C in July. The region is also characterized by strong winds. The climatic conditions are not expected to unduly hinder exploration and mining programs.

History

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young uplifted mountains adjacent to the basin. Initial reconnaissance drilling was carried out on lines spaced 25.6 km apart.

The Inkai mineralization was discovered in 1978. During the period from 1979 to 1984, detailed exploration and drilling were carried out over the length of the mineralized horizon which extends for 55 km from north to south and is 17 km wide. Between 1984 and 1991 detailed drilling and a pilot plant test were carried out on Section 1 which adjoined South Inkai to the north. Cameco's Inkai Joint Venture is currently in the construction stage for an ISR mine on Section 1.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Rotary mud drilling was supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Drilling was carried out on a northeast-trending grid of 800 m with holes spaced 100 m to 50 m apart. Total drilling on the Inkai Uranium Field is reported to be 2,027,382 m. 70% of the holes were cored through the mineralized zone, which amounted to 15% extraction, amounting to approximately 300,000 m of core, with core recovery of 82%. All holes were logged with geophysical equipment. The drilling statistics reported above include drilling statistics for the entire Inkai Uranium Field. Based on information obtained by RPA, it is reported that drilling on UrAsia's South Inkai property consisted of 600 holes totalling 294,000 m. Based on the total statistics, RPA has estimated that about 420 holes would have been cored and would result in about 31,000 m of core. Unfortunately none of this core is available as the entire mineralized sections are used for analyses and quality assurance/quality control.

Exploration has consisted of diamond drilling to discover mineralization at depths of 400 m to 600 m. RPA has reviewed geological drill logs, plan maps, cross sections and representative electric logs from the South Inkai geologic database, which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced (approximately 1.0 km) fences with widely spaced (approximately 200 m) drill holes on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

During the exploration and drilling programs, the Kazakhstan geological expedition that completed the work did not subdivide the work into the various licences that now exist and a digital database of the work is not available.

Geological Setting

Regional Geology

The geology of the region is as described under "*Akdala Mine – Geological Setting, Regional Geology*".

Property Geology

Overlying the basement rocks are the Cretaceous sediments that host the mineralization. They are comprised of fine-grained sands to gravels, 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into three horizons. The lowest Mynkuduk horizon is located about 500 m below surface and consists of coarse-grained grey alluvial sediments at the base, where it hosts the uranium mineralization, grading upward to fine-grained sands. Total thickness of the horizon is 40 m to 90 m. The Mynkuduk horizon is host to the #3 and #4 deposits at South Inkai.

The Inkuduk horizon is comprised of lower coarse gravels grading up to fine- to medium-grained sands with interbedded clays totalling 105 m to 130 m. Overlying it is the Jalpak horizon, consisting of medium-grained grey to green sands grading upwards to red and brown clays totalling 20 m to 80 m. The Jalpak horizon hosts mineralization at the Akdala deposit, 80 km to the east. The Inkuduk horizon is not confined by a continuous impermeable clay layer as are many of the ISR applicable deposits but experimental leaching on other deposits in the area has successfully recovered uranium using ISR methods and the lack of confining units does not appear to be a problem.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There is up to 60 m of Quaternary alluvial sands, clays, and loam.

Mineralization

The South Inkai deposit is located at the southern end of the Inkai deposit which extends over a strike length of 55 km and a width of 17 km. The South Inkai deposit covers a 17 km length of the trend. There are eight mineralized beds identified to date; three are in the Mynkuduk horizon and five are in the Inkuduk horizon. Not all of the mineralized areas have been drilled in sufficient detail to establish resources.

Two resource areas, #3 and #4, have been delineated in the Mynkuduk horizon by drilling on 800 m fences with drill hole spacing of 50 m to 100 m. The mineralization is found at depths of 450 to 510 m below surface. The mineralization in the Mynkuduk horizon is in the form of pitchblende and coffinite occurring interstitially in the sandstones and to a lesser extent, the clay layers. The main roll fronts may reach a thickness of 20 m, but more commonly they average 7 m to 10 m at their thickest and 1m to 2 m on the limbs. The grade ranges from 0.02% to 0.07% U, averaging 0.043% U for the deposit.

Mineralization has also been found in the Inkuduk horizon at depths of 425 m to 450 m below the surface but insufficient drilling has been completed to establish resources. The grades are similar to that in the Mynkuduk horizon.

Exploration and Drilling

Prior to UrAsia acquiring an interest in the property, drilling was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

A delineation drilling program to convert 39,000,000 lbs of U_3O_8 (15,000 tonnes U) from the Russian C2 category to the C1 category was completed on schedule in December 2007. C1 category resources increased as a consequence with a concomitant decrease in C2 category resources. The drilling program spanned periods both before and after RPA's resource estimate update of October 2, 2006. A total of 413 exploration holes were drilled for this purpose. The State Committee on Reserves approved the conversion in December 2008 and the MEMR formally approved the commencement of industrial production at South Inkai by way of an amendment to the South Inkai subsoil use agreement

Sampling and Analysis; Security of Samples

The Corporation has not carried out any sampling on the property. Kazatomprom reports that all holes are logged with electrical logs that include gamma counts, calliper, deviation and self potential measurements as discussed below under the heading "*Security of Samples*". About 70% of the holes are cored through the mineralized zones which are sampled for chemical assays in addition to the geophysical logging.

Kazatomprom reports that mineralized intervals with greater than 70% core recovery and radioactivity greater than 40 microrentgens per hour are split in half. The sample intervals range in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core are taken and sent to different laboratories for chemical analyses. The exact number of samples submitted for the #4 area was not provided but is in the order of several thousands.

RPA was not provided with information on the sample preparation and methodology for the South Inkai. Some 70% of all exploration drill holes are cored through the mineralized horizon. RPA was not provided with detailed information on the sample preparation and methodology for the South Inkai Mine but based on information obtained from Kazatomprom the analyses were carried out at the Central Analytical Laboratory PGO "Volkovgeologia" using the roentgen-spectral method on a fluorescent roentgen analyzer. The core is sent through a jaw crusher and then a roll crusher for pulverization. Mineralized core is chemically assayed for uranium, radium, rhenium, yttrium, scandium, and total rare earths. Internal standards and external control assays at other laboratories including the Central Analytical Laboratories VIMS, Nevski PGO and the Central Scientific Research Laboratory KGRK, were used to ensure proper quality control which met industry standards at the time. Geological reports document exhaustive statistics that evaluate the results of the control samples. RPA considers the database suitable for use in the estimation of Mineral Resources.

All drill holes are probed with electric logs, with results including gamma counts, calliper, deviation measurements, and self potential. For quality control purposes, about 15% of the holes are relogged. Assay results are used to calibrate the gamma data to account for possible disequilibrium. All reserves and resource calculations are based on calibrated gamma data.

The gamma calibration process is detailed and exhaustive. Each portion of the six sectors that the mineralized uranium roll front is divided into is assigned a specific chemical to gamma correction factor based on statistical analysis of the chemical assay data. It is reported that overall the disequilibrium factor varies from 0.6 to 0.8, that is, the chemical uranium content is 60% to 80% of the radiometric measurement.

Data Verification

RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. As discussed above, the entire mineralized core is submitted for chemical analyses and quality control protocols. RPA has reviewed sample drill logs, cross sections, plan maps, and electric logs for the South Inkai geologic database. The geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently taken over by the Commission on Mineral Resources for the Republic of Kazakhstan.

Unfortunately the database is not digital and time prevented RPA from verifying the complete database. However, based on past experience with data collection in the USSR and the former Soviet Union, in the opinion of RPA, there is no more exhaustive process of uranium drill hole data collection and evaluation in use anywhere in the world than the process developed and used in the former Soviet Union and its now independent states, such as Kazakhstan. RPA has accepted the basic drill hole data upon which reserves and resources are calculated. For the resource estimates RPA verified the methodology and compared the reported resource estimates with RPA estimates for selected resource blocks.

Mineral Resources

The following table sets out the Inferred Mineral Resources at the South Inkai Mine as at October 2, 2006.

South Inkai - Inferred Mineral Resources^(1,2,3,4,5)					
	Ore (tonnes)		Grade (% U)	Contained U (tonnes)	
	70% interest⁽⁶⁾	100% interest		70% interest⁽⁶⁾	100% interest
Total Inferred Mineral Resources	40,390,700	57,701,000	0.041	16,716	23,880

Notes:

1. Mineral resource estimate from the South Inkai Report, as subsequently updated and revised by RPA as at October 2, 2006 to take into consideration mineral resources from an area within the South Inkai Mine which were certified by the State Commission for Mineral Resources of the Republic of Kazakhstan after the date of the South Inkai Report.
2. RPA is of the opinion that the classification of Mineral Resources as reported in the table above meets the definitions as stated by NI 43-101 and defined by the CIM Standards. The methodology used for estimating the updated Mineral Resources as at October 2, 2006 was the same as that used in the South Inkai Report.
3. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
4. RPA understood that the increase in resources reported in the South Inkai Report was the result of certification of resources from an area within the property that was drilled during the period 1991 to 1993. RPA has confirmed that the drill holes that are included in the 'new' resource blocks are shown on sections received from the Government of Kazakhstan in the year preceding the completion of the South Inkai Report, but were not included in the resources audited by RPA at the time.
5. Mineral resources estimate does not take into account production from the property as reported under "*Mining Operations – Historical Operations*".
6. Represents the resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

The parameters of resource calculation at South Inkai have been approved by the State Commission for Mineral Resources of the Republic of Kazakhstan, on January 11, 1991. The cut-off grade established by the Commission is 0.01% uranium. It is the opinion of RPA that the cut-off criteria used for resource calculations at South Inkai is too low and that some portion of the resources outlined may be uneconomic under current market conditions. RPA does not have sufficient information currently available to accurately assess the uneconomic portion of the South Inkai reserve/resource. Nevertheless, the total resource at South Inkai does offer an opportunity for economic optimization should it be possible to amend or adjust the existing legislation that requires a low cut-off.

Given that: (1) cut-off criteria has been set by legislation; (2) the resource base, on average, is economic under current market conditions; and (3) the potential correction is likely to be within the potential margin or error for the overall resource estimation, RPA does not consider this situation to be of major concern.

Mining Operations

Approved Mining Program

Under the South Inkai Contract, Betpak Dala must comply with a detailed exploration program, approved by a territorial department of "Yuzhkaznedra," a state agency which is part of the MEMR, responsible for approving such programs, on an annual basis. Under the exploration program pursuant to Amendment #2 to the South Inkai Contract, Betpak Dala must undertake exploration drilling of 1,414 holes totalling a minimum of 700,445 linear metres; pilot production of an aggregate of 300 tonnes of uranium at an estimated cost of US\$14,709,000; expend at least US\$41,000,000; and commence industrial production in 2008 with output reaching 2,000 tonnes of uranium per year by 2011.

All of the above milestones are being completed on schedule. South Inkai is expected to ramp up production over the next two years to reach 2,000 tonnes of uranium production in 2011.

Historical Operations

The South Inkai Mine is an operating ISR project which produces a wet yellowcake uranium product. Commercial production commenced on January 1, 2009, following a 15 month pilot plant testing program conducted during the period from October 2007 to December 2008. Uranium production during the pilot plant program totalled 457 t U. A 2,000 tpa plant was substantially completed in December 2008 and an expansion to 4000 tpa may be considered in the future.

The 2009 production from the South Inkai Mine is expected to be 825 t U subject to sufficient acid deliveries being made during the year. Please see, "*Description of the Business – Risk Factors – The Corporation has experienced acid supply shortages that affect production from its properties in Kazakhstan*".

Sales Contracts

For the Betpak Dala Joint Venture, operating the Akdala and South Inkai mines, the Corporation has executed long term uranium supply agreements for approximately 29 million lbs of U₃O₈ over the 2009-2020 period. A very small percentage of Betpak Dala's 2008 production has been sold to intermediaries at fixed prices. See "*Description of the Business - General - Principal Product, Production and Sales*".

Taxation

Betpak Dala will be required to pay corporate income tax, excess profits tax and dividend withholding tax in respect of the South Inkai Mine under the New Tax Code. The taxes payable are as described under “*Akdala Mine – Taxation*”

See “*Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*” and “*The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Environmental Considerations

RPA did not carry out an environmental audit at the properties. There is no infrastructure, the property is located in a sparsely populated area and the aquifers are not used for drinking, livestock or irrigation. There will be surface disturbance during exploration and production and reclamation will be required. Contaminated equipment will be buried, capped, and revegetated. The aquifers affected currently contain radium and other total dissolved solids well above drinking standards. Under the current mining agreements at other projects, the underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 to 20 years based on results from similar operations. Monitor wells will be used to observe the process.

As of December 2008, the asset retirement obligations for South Inkai (on an undiscounted basis) have been estimated at US \$6.9 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the South Inkai Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including, but not limited to, monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Prior to commencing operations under the contract, Betpak Dala will be required to obtain the approval of the state environmental authorities. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired at its own cost and that the contract area is suitable for future use save that it will not be liable for costs associated with earlier commercial operations prior to the effective date of the contract.

In addition, Betpak Dala must transfer an amount equal to 1% of its exploration expenses during the exploration period and 1% of its operating expenses during the production period into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Betpak Dala’s clean-up obligation, Betpak Dala is obliged to fund any such shortfall.

Current Exploration and Development Activities

By the end of 2008, a total of 362 wells were completed, comprising production, injection and monitoring wells. There were 46 production wells in operation at the end of December 2008. The average flow rate for the year was 303 m³/hour and the average U concentration in the solution was 166 mg/l during the year. The number of wells in operation, and the flow from each well, is adjusted based on uranium content in the flow from each well, to produce the targeted production rate.

During 2008, Betpak Dala planned to drill 286 holes out of a 545 hole drill program in order to convert the Russian / CIS P1 category resources at South Inkai into C2 category resources. A total of 291 holes were actually completed leaving 254 holes to be completed in the program in 2009. On completion of this program a further 463 hole program to convert C2 category resources to C1 category resources will be conducted during the remainder of 2009, 2010 and 2011.

Uranium processing facilities constructed at South Inkai are similar to the ISR processing plant that has been constructed at the Akdala Mine. Construction of the industrial complex is substantially complete and the complex is fully operational.

Due to ongoing transportation and logistics constraints in Kazakhstan, South Inkai did not receive sufficient quantities of sulphuric acid during Q3 and early Q4 2008 to acidify production blocks as planned and the resulting lower than expected acid deliveries negatively affected the concentration of uranium in the solution as well as production. By year end, the acid supply constraints had been addressed with sufficient acid being supplied in late December 2008. The acid supply constraints in Q4 2008 resulted in the acidification of block #5 being delayed until the beginning of 2009. The shortage of sulphuric acid during the last half of 2008 is expected to have an impact on production levels in the first half of 2009, although it is expected that the shortfall will be made up later in the year.

Capital costs to build the 2,000 tpa plant and shift camp were estimated at approximately US\$44.7 million. As of December 31, 2008, approximately US\$61 million had been disbursed and further capital expenditure of approximately \$3 million is expected to be required. The construction costs have been, and will continue to be, funded exclusively from revenue generated by the Akdala Mine. If a decision is made to proceed with the expansion of the plant to 4,000 tpa, a second 2,000 tpa facility will need to be constructed.

The 2009 production from the South Inkai Mine attributable to the Corporation is expected to be approximately 1.5 million lbs of U₃O₈.

4.3.3 Kharasan Project

The Kharasan Project is an ISR uranium development project located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan and covers 70.8 square kilometres. Kyzylkum, a 30% owned indirect subsidiary of the Corporation, owns a 100% interest in the Kharasan Project pursuant to a contract (“the **Kharasan Contract**”) dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The remaining interest in Kyzylkum is owned 30% by Kazatomprom and 40% by Energy Asia (BVI) Limited, which is owned by a consortium of Japanese utilities and a trading company. The Kharasan Contract confers on Kyzylkum the exclusive right to carry out exploration, development, extraction, mining and sales of uranium from the Kharasan Project until July 7, 2034 (subsequently extended to July 7, 2054).

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Kharasan Project is derived from the independent technical report titled “Technical Report On The North Kharasan Uranium Project, Kazakhstan” dated March 20, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA (the “**Kharasan Report**”). The authors of the Kharasan Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Kharasan Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Kharasan Report which is available

for review on SEDAR under the profile for UrAsia Energy Ltd. located at the following website: www.sedar.com.

Property Description and Location

The Kharasan Uranium Field is located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan, covers 70.8 km² and is centered approximately Longitude 66° 50'E, Latitude 43° 53'N.

The Kharasan Contract

The Kharasan Contract sets out Kyzylkum's rights and obligations with respect to the Kharasan Project. Kazatomprom transferred to Kyzylkum the rights and obligations under the Kharasan Contract pursuant to Amendment No. 1 (Registration No. 1829) dated September 15, 2005. Amendment No. 2 (Registration No. 2265) to the Kharasan Contract dated December 29, 2006 increased the contract area from 70.8 km² to 82.2 km². Amendment No. 3 (Registration No. 2524) to the Kharasan Contract dated December 26, 2007 extended the Kharasan Contract to a period of 49 years commencing on July 8, 2005 and expiring on July 8, 2054. Amendment No. 4 (Registration No. 2935) to the Kharasan Contract dated December 29, 2008 provides for industrial production to commence in 2009, subject to pilot production of 380 t U and the approval of sufficient reserves by the State Committee on Mineral Reserves, and a ramp up of production to 2,000 t U in 2012 and 3,000 t U in 2014.

The contract provides for an exploration period of four years which commenced on July 8, 2005 and will expire on July 7, 2009 and a production period of 45 years. The exploration period may be extended twice for a two-year period each time. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The production period may be extended until full development of the Kharasan Project. The contract may be extended and, upon renewal, its conditions may be changed by written agreement between the parties. The Kharasan Contract may not be assigned, nor can the sub-soil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

During the exploration period a yearly work program must be submitted to the MEMR for approval. Further details of the current exploration program are set out below.

Pre-Emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the same priority rights to purchase or requisition uranium from the Kharasan Project as for the South Inkai Mine, as described under "*South Inkai Mine – Pre-Emptive Rights of the Government of Kazakhstan*".

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Kyzylkum's interest in the Kharasan Contract.

Payments to the Government of Kazakhstan

The Kharasan Contract provides that Kyzylkum is required to make certain payments to the Republic of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Kharasan Contract, Kyzylkum is required to make a further payment of approximately US\$2,100,000 at the rate of US\$66 per tonne of produced uranium from the Kharasan Project to the Republic of Kazakhstan as reimbursement for historical geological exploration and surveys.

As a commercial discovery bonus, Kyzylkum is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery of a deposit with reasonable prospects for commercial production) within the area covered by the contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 47% of the weighted average sale price of U₃O₈ for the relevant tax period.

Mineral Extraction Tax

Kyzylkum will be required to pay MET in respect of the Kharasan Project as described under “*Akdala Mine – Mineral Extraction Tax/Royalty Payments*”.

Taxation and General Stability

The Kharasan Contract contains provisions on taxation and stability covenants substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Mine – Taxation and General Stability*”.

As previously mentioned, the Corporation is continuing to evaluate the impact of the New Tax Code and there is considerable uncertainty surrounding the interpretation and application of the New Tax Code to the operation of Betpak Dala and Kyzylkum. For information on certain risks relating to taxation, see “*Risk Factors – Risks relating to countries in which Uranium One Operates - The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*”.

Social Obligations

The Kharasan Contract contains provisions on social obligations substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Mine – Social Obligations*”.

Dispute Resolution

The Kharasan Contract contains dispute resolution provisions substantially the same as the ones in the South Inkai Contract, as described under “*Akdala Mine – Dispute Resolution*”.

Termination

The Kharasan Contract contains termination provisions substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Mine – Termination*”.

Encumbrances

UrAsia acquired its interest in Kyzylkum pursuant to a share purchase agreement dated October 28, 2005 between Jeffcott, UrAsia London and UrAsia Holdings (the “**Kharasan Acquisition Agreement**”), pursuant to which UrAsia Holdings acquired all of the issued and outstanding ordinary shares of UrAsia London. UrAsia London holds a 30% equity interest in Kyzylkum. The Kharasan Acquisition Agreement

also provides for the payment to Jeffcott of a bonus payment equal to 30% of 12.5% (being an effective rate of 3.75%) of the weighted average spot price in dollars per pound of U₃O₈ for the last business day of each year after 2008 for annual increases in Russian C1 and C2 category reserves on the Kharasan Project, expressed in pounds of U₃O₈, discovered on the Kharasan Project during each such year in excess of 55,000 tonnes of uranium, payable on or before the expiration of 60 days after December 31 of each such year. Under the Kharasan Acquisition Agreement, UrAsia Holdings is also responsible for arranging project financing of US\$80,000,000 for the construction and commissioning of a mine at the Kharasan Project. As security for this obligation and the obligation to make the bonus payments referred to above, UrAsia Holdings has granted Jeffcott a security interest over the shares of UrAsia London.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The deposit site is approximately 37 km from Zhanakorgan and approximately 100 km south of Shieli. Shieli is the administration centre for Mining Company No 6 which operates the North and South Karamurun Deposits. There are two nearby villages, Kargaly and Baigenje with populations of 1,500 and 700 respectively. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power line crosses the property and potable water is available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

The area extends from the valley of the Syrdarya River to a sandy plain in the south. The area is characterized by elevations of 155 m to 185 m above sea level and maximum relief of 25 m to 30 m, with numerous lacustrine basins, dry rivers and aeolian sands. The ground consists of extensive sand deposits with vegetation limited to grasses and occasional low bushes. The climate is continental with annual precipitation amounting to 120 mm to 200 mm, occurring mostly in the spring. Snow cover averages 20 cm during November through February. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 45° C in July. The region is also characterized by strong winds and dust storms are common. The climatic conditions are not expected to unduly hinder exploration and mining programs.

History

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. Exploration in the Kharasan area commenced in 1979 with widely spaced drilling which identified mineralization in two horizons over a strike length of 20 km. Between 1980 and 1982, additional drilling with line spacing between 3.6 km and 1.6 km with drill holes 800 m to 200 m apart identified an additional mineralized horizon. In 1982, the area was divided into north and south deposits and in 1983 drilling was carried out on 800 m to 1600 m profiles. Drilling continued between 1984 and 1990 to establish resources by drilling at closer spacing. The total number of hole and metres drilled is not reported. A total of 400,079 m of drilling in 703 holes was carried out during the period between 1991 and 1996 when work stopped.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Under the former Soviet system, these entities can not be considered truly independent. Rotary mud drilling is supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Exploration has consisted of diamond drilling to discover mineralization at depths of 500 m to 750 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections from the Kharasan geologic database which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, approximately 1.0 kilometre apart, with widely spaced drill holes approximately 200 meters apart on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced. The north Kharasan property has been drilled with 400 m fences with drill holes spaced at 50 m to 100 m intervals. The central part of the deposit has been drilled on a 100 m by 50 m grid with a smaller area drilled on 50 m centres in preparation for pilot plant leach testing.

Exploration drilling statistics during the period 1979 to 1991, which were carried out on a larger area comprising both north and south Kharasan, were not provided to RPA at the time of the site visit RPA made in preparation for the Kharasan Report. Drilling on the north Kharasan property during the period 1991 and 1996 is reported as shown on the available drill plans.

In the Kharasan Report, RPA stated that it believes that based on parameters from other projects in the area, approximately 70% of the holes drilled on the property were cored through the mineralized horizon with recovery reported to average 70%. Unfortunately none of this core is available as the entire mineralized sections were used for quality analyses and quality control.

Geological Setting

Regional Geology

The Kharasan deposit is located in north-eastern part of the Syrdarya basin which is underlain and flanked by folded Proterozoic and early Paleozoic formations which are exposed at the northeast margin where the Karatau Mountains separate the Syrdarya basin from the parallel Chu-Sarysu basin which hosts the Inkai and Akdala deposits. The basin is considered to be a monocline complicated by gently folded synclines.

Property Geology

The basement rocks are comprised of folded Proterozoic formations overlain by later carbonaceous, carbonate and sandstones of Paleozoic age.

Overlying the basement rocks are the Upper Cretaceous, Paleogene and Pliocene sediments, host to the mineralization which does not outcrop. The sediments are comprised of fine-grained sands to gravels, and 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into a number of mineralized horizons. The lower units, Senoman, Turon, Cognac and most of the Santon horizon have not been drilled on the Kharasan property due to their depth below surface, in excess of 700 m. The horizons, up to 450 m in total thickness, are reported to be comprised of red to grey siltstones, sandstones and occasional clay layers.

The three mineralized horizons investigated in some detail on the Kharasan property, are the Santon, Campan and Maastricht. The Santon horizon that hosts Body #1 is primarily a greenish-grey to grey sandstone with minor clay interbeds totalling 65 m to 70 m in thickness.

Overlying the Santon are the sediments of the Campan horizon which are lithologically complex and consist of grey to red oxidized interbedded sands and clays of alluvial origin, 15 m to 25 m thick.

The Maastricht horizon occurring at 600 m to 650 m depth has been divided into two cycles totalling 38 m to 45 m in thickness. The lower cycle makes up about one third of the total thickness and is comprised of grey sandy alluvial sediments. The upper cycle is predominately red to multi-coloured siltstones and clayey sandstones.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There are 100 m to 200 m of Quaternary alluvial sands, clays and loam overlying the older sediments with an angular unconformity.

Mineralization

The Kharasan deposit is located at the north end of a 30 km mineralized trend. There are potentially up to eight mineralized horizons on the property but the lowest horizons have not been evaluated due to their depth, 750 m to 850 m below surface. The three main mineralized horizons are the Maastricht, Campan and Santon. The Maastricht horizon consists of two cycles, each one about 10 m to 15 m in thickness. The average thickness of the mineralization is 3 m with a width of about 150 m and grades ranging from 0.07% uranium to 0.2% uranium. The Maastricht horizon contains about 60% of the stated mineral resources on the property.

The Campan horizon is 100 m wide, 2 m in thickness with an average grade of 0.1% uranium. This horizon contains about 20% of the total mineral resources on the property.

The Santon horizon has had limited exploration but it contains some of the mineral resources at grades ranging from 0.07% uranium to 0.2% uranium averaging 0.08% uranium.

The grades of the Kharasan deposit are unusually high for a typical roll front deposit with an average grade of the mineralized resource blocks as high as 0.25% uranium.

The main ore minerals are 40% to 50% pitchblende and 50% to 60% coffinite. Selenium grade ranges from 0.05% to 0.07%. The selenium intervals have been modelled on the cross sections but resources have not been estimated. Other minerals include rhenium, scandium, yttrium, vanadium and rare earths.

Exploration

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is described under the heading "*History*", above.

Drilling

At the time of the Kharasan Report, the only drilling that had been done on the Kharasan Project was the drilling to establish the resource that was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

Sampling and Analysis; Security of Samples

The Corporation has not carried out any sampling on the property. Kazatomprom reported that all holes are logged with electrical logs that include gamma counts, calliper, deviation and self potential measurements in the same manner as the South Inkai Mine, as described under the heading "*South Inkai Mine – Sampling and Analysis; Security of Samples*". About 70% of the holes are cored through the mineralized zones which are sampled for chemical assays in addition to the geophysical logging.

Kazatomprom reports that mineralized intervals with greater than 70% core recovery and radioactivity greater than 40 microroentgens per hour are split in half. The sample intervals range in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core are taken and sent to different laboratories for chemical analyses. The exact number of samples submitted for the #4 area was not provided but is in the order of several thousands.

RPA was not provided with detailed information on the sample preparation and methodology for the Kharasan Project but assumes that based on information obtained from Kazatomprom on procedures used for the other properties in Kazakhstan, the analyses were carried out all their analysis at the Central Analytical Laboratory PGO “Volkovgeology / Volkovgeologia” using the roentgen-spectral method on a fluorescent roentgen analyzer. In other respects the same sampling, analysis and security procedures are followed as for the South Inkai Mine. See “*South Inkai Mine – Sampling and Analysis; Security of Samples*”.

Data Verification

RPA’s findings with respect to data verification on the Kharasan Project were the same as for the South Inkai Mine. See “*South Inkai Mine – Data Verification*”

Mineral Resources

The following table sets out the Indicated and Inferred Mineral Resources at the Kharasan Project as at March 20, 2006.

Kharasan - Indicated and Inferred Mineral Resources^(1,2,3,4)						
Mineralized Lens	Resource Category	Ore (tonnes)		Grade (% U)	Contained U (tonnes)	
		30% interest⁽⁵⁾	100% interest		30% interest⁽⁵⁾	100% interest
Deposit 8	Indicated Mineral Resources	790,590	2,635,300	0.201	1,590	5,300
Other Lenses	Inferred Mineral Resources	9,159,510	30,531,700	0.095	8,715	29,050

Notes:

1. Mineral resource estimate from the Kharasan Report.
2. RPA is of the opinion that the classification of Indicated and Inferred Mineral Resources as reported above meets the definitions as stated by NI 43-101 and defined by the CIM Standards.
3. RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed drill logs, cross sections, plan maps and electric logs for the Kharasan geologic database. The geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the State Commission for Mineral Resources of the Republic of Kazakhstan.
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
5. Represents the portion of total resource notionally attributable to the Corporation’s 30% equity interest in the Kyzylkum Joint Venture.

The cut-off grade mandated for the Kharasan Project by the Commission on Mineral Resources of the Republic of Kazakhstan is 0.01% uranium. It was the opinion of RPA that the cut-off criteria used for resource calculations at Kharasan is too low and that some portion of the resources outlined in this project may be uneconomic under current market conditions. RPA did not have sufficient information available to accurately assess the uneconomic portion of the Kharasan reserve/resource. Nevertheless, the total resource

at Kharasan offered an opportunity for economic optimization should it be possible to amend or adjust the existing legislation that requires a low cut-off. Given that: (1) cut-off criteria has been set by legislation; (2) the resource base, on average, is economic under current market conditions; and (3) the potential correction is likely to be within the potential margin or error for the overall resource estimation, RPA did not consider this situation to be of major concern.

Mining Operations

Approved Work Program

Under the Kharasan Contract, Kyzylkum must comply with a detailed exploration program, approved by a territorial department of "Yuzhkaznedra," a state agency that is part of the MEMR, responsible for approving such programs, on an annual basis.

Pursuant to Amendment #4, a drill program comprising 802 holes totalling a minimum of 513,619 linear metres is required to be completed by the end of 2011 at a cost of US\$44.4 million of which 338 holes target the conversion of approximately 9,000 t U from C2 category resources to C1 category resources and 464 holes target the conversion of P1 category resources to C2 category resources. The conversion of 9,000 t U from the C2 category resource to C1 category resource will increase the currently approved 6,586 t U of C1 category resources to approximately 15,000 t U of C1 category resources, sufficient to support the application for approval to commence industrial production.

At the end of 2008, 256 holes had been completed (163 in 2008) in respect of the C2/C1 conversion program and the remaining 82 holes are expected to be completed in Q1 2009. The drilling in 2008 was done by Kyzylkum's drilling contractors in Kazakhstan, Vokovgeology and Joint Drilling LLP. The drill program in respect of the P1/C2 conversion program is expected to start in April 2009 and continue into 2011.

As mentioned previously, pilot production of 380 t U is also required in order to obtain approval to commence industrial production. If Kyzylkum does not satisfy the foregoing requirements, MEMR can suspend and/or terminate the Kharasan Contract.

The Corporation expects Kharasan to achieve industrial production in 2010. It will be necessary to request a further amendment to the Kharasan Contract in order to provide sufficient time to produce the necessary uranium to meet industrial production requirements.

Taxation

Kyzylkum will be required to pay corporate income tax, excess profits tax and dividend withholding tax in respect of the Kharasan Project under the New Tax Code. The taxes payable are as described under "*Akdala Mine – Taxation*"

See "Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts" and "The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties".

Sales Contracts

For Kyzylkum's production at Kharasan, six agreements have been entered into providing for the sale of 20% of production beginning in 2010. The pricing for these agreements is based on published long term price indicators. See "*Description of the Business - General - Principal Product, Production and Sales*".

Environmental Considerations

The Kharasan Project is subject to substantially the same environmental obligations as the South Inkai Mine and the Kharasan Contract contains environmental protection and remediation provisions substantially the same as the ones in the South Inkai Contract, all as described under "*South Inkai Mine – Environmental Considerations*".

As of December 2008, the asset retirement obligations for Kharasan (on an undiscounted basis) have been estimated at US \$6.2 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Current Exploration and Development Activities

The industrial complex, including the first phase with annual production of 1,000 tpa U, has been developed on the basis of an annual production rate of 2,000 tpa U. An additional facility, (a satellite plant) with capacity of 1,000 tpa U is expected to be constructed to allow for production to increase from 2,000 tpa U to 3,000 tpa U.

Sulphuric acid shortages have caused delays in acidifying production blocks although no acid shortages are expected in 2009.

The major operating facilities of the 2,000 tpa production complex have been inspected by the necessary regulatory authorities and approval of such facilities is expected in Q2 2009. The process plant and related facilities will continue to be completed as required to meet production target requirements, with completion of the first phase for 1,000 t U expected in 2009 and ongoing construction through 2010-2014 as production ramp up continues.

The new road and bridge have been opened with minor paving and additional construction remaining to be completed. Until the transshipment base is available for shipment of U_3O_8 it will be necessary to store the product on site, as it is not legally approved to ship U_3O_8 through the villages on the alternative routes to other shipping points. The necessary State inspection and approval is scheduled for March 2009 for the storage and handling sections of the transshipment base. The transshipment base will also be used for reagent transfer. The construction of a railroad switching station was completed in the second quarter of 2008 and the first phase of the railroad transshipment base to meet the requirement for pilot production is expected to be operational in March after State inspection and approval.

Pilot mining commenced in September 2008, with production fluids from the first test production block and some of the wells in the second production block being delivered to the processing plant. Acidification of an additional two production blocks commenced and the ion exchange and desorption circuits were completed and became operational during the third quarter of 2008. The precipitation and filtration circuit was completed and commissioned during the 4th quarter.

By the end of 2008, a total of 193 wells, comprising production, injection and monitoring wells, were completed. There were 44 production wells in operation at the end of December 2008. By the end of the

year the flow rate was 93.7 m³/hour in December compared to a plan of 325 m³/hour. The concentration was 35 mg/l versus the plan of 58.7 mg/l.

The construction schedule for the process plant and shift camp had been designed to deliver initial pilot production in the first half of 2008 but the rate of acidification was slower than expected and commencement of production was delayed. There were further delays in well field construction and piping. As of the end of the third quarter of 2008, new well maintenance equipment and personnel required to improve the well maintenance procedures were on site. The well field maintenance work was not as effective as expected and a more detailed study involving a review of the current well layouts, geology, screen placement and compliance with design was in progress at year end in order to identify the cause of the underperformance of the wellfield. Well maintenance work is also continuing. A program to install 20 wells to replace wells with restricted flow and shortening of screens in other wells to improve acid distribution and collection is also expected to have a major improvement on performance of the well field. This work will be ongoing during the first half of 2009. As of the end of 2008 only 12 t of U had been produced.

The 2009 production from the Kharasan Project attributable to the Corporation is expected to be to be 195,000 lbs of U₃O₈.

The Corporation completed its obligation to provide financing of US\$80 million for funding the construction and commissioning of the Kharasan Project by April 2007. The maximum rate of interest on such loans is LIBOR plus 1.5%. The Kyzylkum Joint Venture entered into an unsecured bank loan facility totalling US\$100 million for additional project financing. US\$70 million of this facility was provided by the Japan Bank for International Cooperation and US\$30 million was provided by Citibank Corp. In late 2008, Citibank agreed to increase its existing loan facility to US\$90 million bringing the total loan facilities available to Kyzylkum to US\$160 million of which US\$120 million had been drawn as of December 31, 2008. These loan facilities, when drawn down, will be repayable after full repayment of the existing US\$80 million loan from the Corporation of which US\$46.7 million remained outstanding as of December 31, 2008. The Corporation's proportionate share of the new unsecured bank loan facility will be US\$48 million when fully drawn down. The interest rates payable under Japan Bank for International Cooperation and Citibank loan facilities are LIBOR plus 0.25% and 0.35%, respectively.

4.4 Other Projects

4.4.1 Development and Exploration Projects

United States

The Corporation has a number of medium term development projects in the Powder River Basin in Wyoming, including the Moore Ranch, Peterson, Ludeman, Allemand-Ross and Barge projects, and in the Great Divide Basin in Wyoming, including the JAB and Antelope projects. The Corporation continues to progress licensing, permitting and delineation drilling at these projects.

The Corporation has a number of exploration properties located in Arizona, Colorado and Utah. The Corporation does not intend to incur any material expenditure on these properties during 2009.

Australia

The Honeymoon Project is an ISR uranium project located in the north-eastern section of the State of South Australia, approximately 75 kilometres northwest of Broken Hill.

The Honeymoon Project has a design capacity of 880,000 pounds of U₃O₈ per year, with an expected mine life of six years.

On December 24, 2008, the Corporation completed joint venture transactions with Mitsui. Under the terms of the joint ventures, Mitsui acquired a 49% interest in the Honeymoon Project and the Corporation's portfolio of Australian exploration properties for a minimum cash commitment of approximately US\$73 million (A\$104 million). The majority of these funds will be used to advance the development of the Honeymoon Project through to commercial production. Site development work is expected to commence early in 2009 and production is expected to commence in late 2010.

4.4.2. Care and Maintenance Projects

Dominion Uranium Project

The Dominion Uranium Project suspended operations and was placed on care and maintenance as of October 22, 2008. The Corporation decided to place Dominion on care and maintenance due to the significant deterioration in the project's economics associated with the continuing decline in uranium prices over 2008 and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production. After the completion of the Corporation's detailed life of mine planning process and budget for the project, the Corporation concluded that Dominion would require a sustained recovery in uranium prices, as well as significant additional capital investment, in order to become economically viable for the Corporation. The Corporation expects to incur care and maintenance costs at Dominion of approximately \$1 million per month.

As a result of the determination by the Corporation that the Dominion Uranium Project is not economically viable and a subsequent reinterpretation of the project's mineral resources, the previously published reserves for the project can no longer be considered reserves.

Hobson Facility and La Palangana

The Hobson facility is an ISR uranium processing facility located about one mile south of the town of Hobson in Karnes County, Texas. The refurbishment of the processing plant to a capacity of a nominal 1,000,000 lbs of U₃O₈ per year was completed in July 2008.

The Palangana Project is located about five miles north of the town of Benavides in Duval County, Texas.

The Corporation decided in 2008 to conduct further resource delineation drilling and exploration in Texas prior to starting operations at the Hobson facility and also to defer further capital expenditure and related expenses for La Palangana. The Corporation has also determined that, due to extensive faulting on and near the Palangana salt dome, reliance should no longer be placed on its previously published inferred resource.

ITEM 5. DIVIDENDS

There have been no dividend payments on the common shares of the Corporation. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no restrictions on the ability of the Corporation to pay dividends except as set out under its governing statute. The Corporation does not intend to pay dividends at the present time.

ITEM 6. DESCRIPTION OF CAPITAL STRUCTURE

6.1 Common Shares

The Corporation is authorized to issue an unlimited number of common shares, of which 469,612,956 were issued and outstanding as at December 31, 2008.

The holders of the common shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the Board of Directors out of funds legally available therefore and to receive pro rata the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation.

6.2 Other Securities

As of March 11, 2009, the Corporation also has outstanding:

- (a) 155,250 \$1,000 principal amount 4.25% convertible debentures due December 31, 2011, convertible into up to 7,762,500 common shares in the aggregate (see “*General Development of the Business - Three Year History - Public Offering of Convertible Unsecured Debentures*”);
- (b) warrants to acquire 6,964,200 common shares of the Corporation for no additional consideration upon commencement of commercial production from the Kharasan Project (see “*General Development of the Business – Significant Acquisitions – Acquisition of UrAsia*”);
- (c) property option and joint venture agreements of EMC under which (see “*General Development of the Business – Significant Acquisitions - Acquisition of EMC*”) up to 407,100 common shares of the Corporation are issuable;
- (d) options to purchase 14,265,689 common shares of the Corporation at exercise prices ranging from \$0.78 to \$16.59 per share, exercisable for periods ending between March 12, 2008 and March 30, 2017; and
- (e) restricted share rights to acquire 577,254 common shares of the Corporation at the end of such restricted period of time as determined by the Corporation’s Compensation Committee at the time of grant, during which the right cannot be exercised.

Description of the Convertible Debentures

On December 20, 2006, Uranium One issued Cdn \$155,250,000 aggregate principal amount of Debentures. The Debentures are due on December 31, 2011 and bear interest on the principal amount at the rate per annum of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The Debentures are listed for trading on the Toronto Stock Exchange (the “TSX”) under the symbol “UUU.DB”.

The following description of the Debentures is a brief summary of their material attributes and characteristics and is qualified in its entirety by reference to the provisions of the December 20, 2006 trust indenture, as amended (the “**Indenture**”) entered into between Uranium One and Computershare Trust Company of Canada as Indenture Trustee which is available for review under Uranium One’s profile on SEDAR. All capitalized terms are as defined in the Indenture unless otherwise defined herein.

The Debentures are general unsecured obligations of Uranium One and are subordinated in right of payment of the principal portion of all present and future senior indebtedness (being secured debt, unsecured bank or other institutional debt, and project debt, or renewals, extensions and refunding of such indebtedness) of Uranium One. The Debentures are direct senior unsecured indebtedness of Uranium One, ranking equally and rateably with all other senior unsecured indebtedness and senior to all subordinated indebtedness of Uranium One.

Each Debenture is convertible into Uranium One common shares at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the maturity date or, if called for redemption, on the business day immediately preceding the date fixed for redemption, into 50 Uranium One common shares for each Cdn\$1,000 principal amount of Debentures, representing a conversion price of Cdn\$20.00 per share, subject to adjustment in certain circumstances.

The Debentures may not be redeemed by Uranium One prior to January 1, 2010. On and after January 1, 2010 and prior to the maturity date, the Debentures may be redeemed by Uranium One, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is at least 130 percent of the conversion price.

Uranium One has the option, subject to regulatory approval, to satisfy its obligations to repay the principal amount of the Debentures upon redemption or at maturity, provided no event of default under the Indenture has occurred and is continuing at such time, upon not less than 40 days and not more than 60 days prior notice, by issuing and delivering that number of freely tradable Uranium One common shares obtained by dividing the principal amount of the Debentures by 95 percent of the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days before the date fixed for redemption or maturity, as the case may be.

Within 30 days of the occurrence of a "Change of Control", defined as the acquisition of voting control or direction over at least $66\frac{2}{3}$ percent of the aggregate voting rights attached to the Uranium One common shares then outstanding, Uranium One must commence an offer to purchase all Debentures then outstanding, in whole or in part, at a price equal to 101 percent of the principal amount of the Debentures plus accrued and unpaid interest thereon. In the event of a Change of Control that is a transaction in respect of which 10 percent or more of the aggregate fair market value of the consideration for the transaction consists of the fair market value of (i) cash, (ii) other property or (iii) equity securities that are not traded or scheduled to be traded immediately following such transaction on a recognized stock exchange, holders of the Debentures may elect to convert their Debentures and receive, in addition to the number of Uranium One common shares they otherwise would have been entitled to, an additional number of Uranium One common shares not exceeding the specified amount of common shares per Cdn\$1,000 principal amount of Debentures, as further described in the Indenture, and provided that the conversion price is not less than permitted discounts to the market price. The arrangement with UrAsia is not a Change of Control for the purposes of the Indenture.

ITEM 7. MARKET FOR SECURITIES

The common shares of the Corporation are listed on the TSX and (since December 19, 2005) the JSE Limited (the Johannesburg stock exchange) under the symbol "UUU" on both exchanges.

The following table sets forth the price ranges and volume of trading of the common shares on the TSX for each month during the year ended December 31, 2008:

Month	High \$	Low \$	Volume
January	\$9.61	\$6.60	83,157,445
February	\$7.59	\$4.50	162,020,302
March	\$5.15	\$3.04	99,096,351
April	\$5.18	\$3.16	151,173,720
May	\$5.00	\$4.05	108,620,814
June	\$4.99	\$3.96	74,427,993
July	\$5.04	\$3.15	84,293,296
August	\$4.55	\$3.27	91,261,906
September	\$4.50	\$2.26	124,126,320
October	\$2.45	\$0.60	172,124,921
November	\$1.79	\$0.75	195,755,094
December	\$1.80	\$0.98	194,905,880

ITEM 8. DIRECTORS AND OFFICERS

8.1 List of Directors and Officers

The following table sets forth, for each of the directors and executive officers of the Corporation, the individual's name, municipality of residence, position held with the Corporation, principal occupation and, in the case of the directors, the period during which the individual has served as a director of the Corporation.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Director Since
IAN TELFER ⁽¹⁾⁽²⁾ West Vancouver, British Columbia	Chairman of the Board	Chairman, Goldcorp Inc. (a gold mining company)	April 2007
ANDREW ADAMS ⁽¹⁾⁽²⁾⁽³⁾ Oakville, Ontario	Director	Corporate Director	December 2005
DR. MASSIMO CARELLO ⁽³⁾ London, England	Director	Corporate Director	June 2007
DAVID HODGSON ⁽⁴⁾⁽⁵⁾ Johannesburg, South Africa	Director	Corporate Director	July 2006
D. JEAN NORTIER ⁽⁶⁾ West Vancouver, British Columbia	President and Chief Executive Officer and Director	President and Chief Executive Officer, Uranium One Inc	August 13, 2008

TERRY ROSENBERG ⁽²⁾⁽³⁾ Kloof, South Africa	Director	Chairman, Oakbrook Investments (an investment company)	December 2005
PHILLIP SHIRVINGTON ⁽⁴⁾⁽⁵⁾ San Francisco, California	Director	Corporate Director	April 2007
MARK WHEATLEY ⁽⁴⁾⁽⁵⁾ North Manly, New South Wales, Australia	Director	Corporate Director	September 2003
KENNETH WILLIAMSON ⁽¹⁾⁽³⁾ Toronto, Ontario	Director	Corporate Director	December 2005
GREGORY COCHRAN Adelaide, Australia	Executive Vice- President (Australia and Asia)	Executive Vice-President (Australia and Asia), Uranium One Inc.	-
STEVE MAGNUSON Denver, Colorado	Chief Operating Officer	Chief Operating Officer, Uranium One Inc.	-
ROBIN MERRIFIELD North Vancouver, British Columbia	Executive Vice-President and Chief Financial Officer	Chief Financial Officer, Uranium One Inc.	-
FLETCHER NEWTON Denver, Colorado	Executive Vice-President (Corporate and Strategic Affairs)	Executive Vice-President (Corporate and Strategic Affairs), Uranium One Inc.	-
JOHN M. SIBLEY West Vancouver, British Columbia	Executive Vice- President, General Counsel and Secretary	Executive Vice-President, General Counsel and Secretary, Uranium One Inc.	-
DR. DENNIS STOVER Edmond, Oklahoma	Executive Vice-President, Americas	Executive Vice-President, Americas	-
ROBERT VAN NIEKERK Johannesburg, South Africa	Executive Vice-President (Africa)	Executive Vice-President (Africa), Uranium One Inc.	-

Notes:

- (1) Member of the Compensation Committee.
- (2) Member of the Corporate Governance and Nominating Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Safety, Health and Environment Committee.
- (5) Member of the Technical Operations Committee.
- (6) Mr. Nortier was the interim Chief Executive Officer from February 21, 2008 until August 13, 2008, when he was appointed President and Chief Executive Officer and became a director of the Corporation.

Directors are elected at each annual meeting of the Corporation's shareholders and serve as such until the next annual meeting or until their successors are elected or appointed.

Principal Occupations

The principal occupations of each of the Corporation's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

Ian Telfer, Chairman of the Board and Director. Mr. Telfer is currently Chairman of Goldcorp Inc., and was Chief Executive Officer and President of Goldcorp Inc. prior to November 2006 and Chairman and Chief Executive Officer of Wheaton River Minerals Ltd. prior to its merger with Goldcorp in 2005. He was also the Chairman of UrAsia prior its acquisition by the Corporation in April 2007. Mr. Telfer currently serves as an independent non-executive director of New Gold Ltd. and Sprott Inc. and has over 25 years experience as an executive in the mining industry.

Andrew Adams, Director. Mr. Adams is a corporate director. He has been a Chartered Accountant since 1981. Prior to 1999, Mr. Adams was Chief Financial Officer of AngloGold North America Inc. From 1999 to 2003, Mr. Adams was Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd.

Dr. Massimo Carello, Director. Dr. Carello is a corporate director. He was a director of UrAsia prior to its acquisition by the Corporation in April 2007. Dr. Carello has over 30 years of international senior management and board level experience. Dr. Carello was Non-Executive Director of Anker plc from 2004 to 2005, Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, and Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001. Dr. Carello currently serves as an independent non-executive director of Canaccord Capital Inc. and Orsu Metals Corporation.

David Hodgson, Director. Mr. Hodgson is a corporate director and was the Acting Chief Operating Officer of the Corporation from February 21, 2008 until November 30, 2008. Prior to joining Uranium One, Mr. Hodgson had a distinguished career in the mining industry, spanning more than 30 years with the Anglo American and DeBeers group of companies. From November 2001 to April 2005, Mr. Hodgson served as Chief Operating Officer for AngloGold Ashanti with responsibility for overseeing the production of approximately six million ounces of gold per annum from a total of 22 operations. He is also a non-executive director of Moto Goldmines Limited.

Jean Nortier, President and Chief Executive Officer. Mr. Nortier is currently the President and Chief Executive Officer of the Corporation as well as a director. Prior to his appointment to that office on August 13, 2008, he was the Interim Chief Executive Officer of the Corporation from February 2008; the Executive Vice-President of the Corporation (Corporate Development) from April 2007; and the Chief Financial Officer of the Corporation from December 2005. From 2004 to 2005, he was Chief Financial Officer of Uranium One Africa and served on that company's board of directors from 2002 to 2005. Prior to 2004, Mr. Nortier was managing director of Reitron (Proprietary) Limited, a private corporate finance and private equity consulting business; from 1999 to 2001, he was chief executive officer of the Sovereign Group, the financial services division of TBB Holdings, a South African bank.

Terry Rosenberg, Director. Mr. Rosenberg is a South African businessman. He is currently the Chairman of Oakbrook Investments Limited, a South African investment company. From 1992 to 1999, Mr. Rosenberg was Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate. Prior thereto, he was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. He serves as Chairman of SA Bioproducts (an amino acid company) and Doral Properties (a property development company).

Phillip Shirvington, Director. Mr. Shirvington is a corporate director. Mr. Shirvington was the President and Chief Executive Officer of UrAsia prior to its acquisition by the Corporation in April 2007. He was the Managing Director of Energy Resources of Australia Ltd., the third largest uranium mining company in the world, for a period of six years commencing in 1994. Mr. Shirvington later became a consultant to the mining and energy industry in which he has over 20 years experience. Earlier in his career he was a nuclear scientist and First Secretary Atomic Energy at the Australian Embassy in Washington, D.C.

Mark Wheatley, Director. Mr. Wheatley is a corporate director. Since July 10, 2006, Mr. Wheatley has been Managing Director and CEO of BMA Gold Limited. He was CEO of Southern Cross from September 2003 to December 2005 and Chairman of Southern Cross from June 2004 to December 2005. Mr. Wheatley also served as non-executive director of St. Barbara Limited from November 2003 to August 2006. Prior to 2003, Mr. Wheatley was General Manager, Corporate Development for Aurion Gold Limited (previously Goldfields Limited); prior thereto, Mr. Wheatley held executive positions with Bankers Trust Australia Limited and BHP Limited.

Kenneth Williamson, Director. Mr. Williamson is a corporate director and former investment banker. He joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as a director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Bioteq Environmental Technologies Inc. and Quadra Mining Ltd.

Gregory Cochran, Executive Vice-President (Australia and Asia). Mr. Cochran is the Executive Vice-President (Australia and Asia) of the Corporation. He has over 20 years experience in the international mining industry. Prior to joining Uranium One, he was responsible for global uranium and metallurgical and thermal coal business development activities at Mitsubishi Development (Pty) Limited.

Steve Magnuson, Chief Operating Officer. Mr. Magnuson is the Chief Operating Officer of the Corporation. He is a professional engineer with 30 years mining experience, primarily in uranium ISR operations. Most recently, Mr. Magnuson was Vice-President of Operations for a U.S. subsidiary of Cameco Corporation, with responsibility for ISR operations in Wyoming and Nebraska as well as the Inkai Joint Venture in Kazakhstan.

Robin Merrifield, Chief Financial Officer. Mr. Merrifield is the Chief Financial Officer of Uranium One. He was the Chief Financial Officer of UrAsia prior to its acquisition by the Corporation in April 2007. Mr. Merrifield is a Chartered Accountant; he obtained his professional designation while working for Deloitte and Touche LLP in South Africa. Mr. Merrifield has previously held the position of Controller for Cameco, as well as the position of Vice-President Finance for Cameco's Kumtor Operating Company.

Fletcher Newton, Executive Vice-President (Corporate and Strategic Affairs). Mr. Newton is the Executive Vice-President (Corporate and Strategic Affairs) of the Corporation. He provides strategic guidance for Uranium One's international relations and oversees all marketing of Uranium One's production. Mr. Newton has over 20 years of experience in the nuclear fuel industry and worked for Cameco Corporation from 1997 until June of 2007. From 2004 until 2007 he was the Chief Executive Officer for Power Resources Inc., the U.S. subsidiary of Cameco Corporation. He was part of the original team that negotiated the HEU Feed Agreement among Tenex, Cameco, Areva and Nukem, and helped to negotiate the agreement between Cameco and Kazatomprom for the creation of the Inkai Joint Venture. Most recently, Mr. Newton has worked with the U.S. Congress and Department of Energy to develop a strategy for the future use of U.S. government uranium inventories.

John Sibley, Executive Vice-President, General Counsel and Secretary. Mr. Sibley is the Executive Vice-President, General Counsel and Secretary of Uranium One. Prior to assuming those roles in September, 2006, he was a partner with the Canadian law firm of Davis LLP between 2001 and August 2006; previously thereto Mr. Sibley was a partner with several other major Canadian law firms. During his career in private practice, Mr. Sibley advised numerous Canadian and foreign companies involved in the mining sector on a wide range of matters including public offerings and mergers and acquisitions. Mr. Sibley was a director of Uranium One Africa from 2003 to 2005.

Dr. Dennis Stover, Executive Vice-President (Americas). Dr. Stover is the Executive Vice President (Americas) of the Corporation. He was previously the Chief Operating Officer of EMC. Dr. Stover is a recognized expert in ISR process with over 30 years of experience in the ISR uranium extraction field. Dr. Stover served as Chief Engineer for Everest Minerals Corporation over a period of 11 years during which he managed the design and engineering of the Highland ISR Uranium Project in Wyoming and also oversaw the development of several ISR projects in Texas, including the Hobson Plant currently being refurbished by the Corporation. Dr. Stover has also served as Vice President, Engineering and Project Development for Rio Algom Mining Corp., where he directed the design, construction and start-up of the Smith Ranch ISR Project in Wyoming.

Robert van Niekerk, Executive Vice-President (Africa). Mr. van Niekerk is the Executive Vice-President, Africa of Uranium One. Prior to that appointment, Mr. van Niekerk was Executive Vice-President of Aflase Gold Limited. Prior thereto, Mr. van Niekerk was employed by Anglo Platinum, as mine manager of the RPM Upper Mine and business manager of Watervaal UG2 Mine; from 2000 to 2001 he was mine manager of Evander 3, 5 and 6 Shafts at Harmony Gold Mining Company.

Shareholdings of the Directors and Officers as a Group

As at March 11, 2009, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 2,197,163 common shares of the Corporation, representing approximately 0.47% of the total number of common shares outstanding before giving effect to the exercise of options or warrants to purchase common shares held by such directors and executive officers. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Corporation as a group is based upon information furnished by the directors and executive officers.

8.2 Audit Committee

The Corporation's Audit Committee is responsible for monitoring the Corporation's accounting and financial reporting practices, the adequacy of its internal accounting systems, controls and procedures and liaising and reviewing accounting matters with the Corporation's external auditors. The Audit Committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors of the Corporation (unaudited quarterly financial statements are approved by the Audit Committee). A copy of the charter of the Audit Committee is attached to this Annual Information Form as Schedule "A".

The members of the Corporation's current Audit Committee are Mr. Andrew Adams (Chairman), Dr. Massimo Carello, Mr. Terry Rosenberg and Mr. Kenneth Williamson. Mr. William Lupien was a member of the Audit Committee until his resignation as a director of the Corporation on November 13, 2008.

Each of Messrs. Adams, Carello, Rosenberg and Williamson are (and Mr. Lupien during his tenure on the Committee was) independent and financially literate within the meaning of Multilateral Instrument 52-110 - *Audit Committees* ("MI 52-110"). In addition to being independent as described above, no member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fees or other payments from the Corporation other than annual retainer and meeting fees and regular benefits that other non-employee Directors receive.

In 2008, the Audit Committee met 4 times. Each meeting was attended by all of the members of the Committee, except for Mr. Lupien, who attended 3 of the 4 meetings.

Relevant Education and Experience

Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Committee:

Andrew Adams - Mr. Adams qualified as a chartered accountant in the United Kingdom in 1981. He was previously Chief Financial Officer of AngloGold North America Inc. and the Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd.

Dr. Massimo Carello - Dr. Carello has over 30 years of international senior management and board level experience, including as Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001 and Non-Executive Director of Anker plc from 2004 to 2005. Dr. Carello was a member of the Audit Committee of Anker plc.

Terry Rosenberg - Mr. Rosenberg holds an MBA degree and has over 25 years experience in accounting and business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. From 1989 to 1992, Mr. Rosenberg was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business, and from 1992 to 1999, Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate.

Kenneth Williamson - Mr. Williamson has extensive experience in the investment banking business, having joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Bioteq Environmental Technologies Inc. and Quadra Mining Ltd. Mr. Williamson holds an MBA degree from the University of Western Ontario.

William Lupien (former member of the Audit Committee) - Mr. Lupien is a financial equity market consultant and private investor with over 40 years of financial markets experience. Mr. Lupien was Chief Executive Officer of the brokerage firm Mitchum, Jones and Templeton and Chief Executive Officer of two online trading companies, Instinet and Optimark. Mr. Lupien has served as director of numerous public companies including Midway Gold Corp., Potash One Inc., and Aflase Gold Limited. Mr. Lupien holds a dual degree in marketing and finance from San Diego State University.

Pre-Approval Policies and Procedures

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Corporation's external auditors. In August 2007 the Corporation adopted a pre-approval policy that sets out all pre-approved audit and permitted non-audit services to be performed by the external auditors and identifies the types of non-audit services or mandates that are considered incompatible with the principles underlying the independence of the external auditors.

External Auditor Fees

Deloitte & Touche LLP, Chartered Accountants, the Corporation's external auditors, has prepared the audit report dated March 11, 2009 on the Corporation's audited consolidated financial statements for its most recently completed financial year, December 31, 2008. Deloitte & Touche LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Following are the audit fees, audit-related fees, tax fees and all other fees billed by the external auditors in each of the last two fiscal years:

Fiscal Year	Audit Fees⁽¹⁾ (\$)	Audit-Related Fees⁽²⁾ (\$)	Tax Fees⁽³⁾ (\$)	All Other Fees⁽⁴⁾ (\$)
2008	1,640,000	309,538	232,530	22,000
2007	1,649,000	185,000	78,200	155,000

Notes:

- (1) "Audit Fees" refer to fees billed for audit services.
- (2) "Audit-Related Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the Corporation's financial statements and are not reported under 'Audit Fees'.
- (3) "Tax Fees" refer to fees billed for advice related to tax compliance, tax advice and tax planning.
- (4) "All Other Fees" refer to fees billed for services not included in the categories of 'Audit Fees', 'Audit-Related Fees' and 'Tax Fees'.

8.3 Cease Trade Orders, Bankruptcies, Penalties and Sanctions

No director or executive officer of the Corporation is, or within the ten years prior to the date hereof has been, a director or chief executive officer or chief financial officer of any company (including the Corporation) that, (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Corporation, or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, (i) is, or within ten years

prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, other than (a) Ian Telfer who was Vice-Chairman of a technology company when it made an assignment in bankruptcy on July 31, 2001; (b) Andrew Adams who was a director of a mining company when it sought protection under the *Companies' Creditors Arrangement Act* in January 2008; (c) Jean Nortier who was a director of a private South African company when it was liquidated in 2001 as a result of the financial restructuring of its parent company; and (d) Mark Wheatley who was Managing Director and Chief Executive Officer of a mining company listed on the Australian Stock Exchange (the "ASX") when it was placed into voluntary administration on January 30, 2007 (trading of the company's shares on the ASX was also suspended on January 30, 2007; during 2007, all creditors of the company were paid in full, the company was released from administration and trading of the company's shares on the ASX recommenced on December 3, 2007); or (ii) has, within ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

8.4 Conflicts of Interest

In the event conflicts arise at a meeting of the Board of Directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be "independent" within the meaning of MI 52-110) to review a matter in which one or more directors, or management, may have a conflict.

Except as disclosed in this Annual Information Form, to the best of the Corporation's knowledge there are no other known existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except that certain of the directors of the Corporation serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

ITEM 9. LEGAL PROCEEDINGS

The Corporation and its subsidiaries are not a party to any material legal proceedings. However, from time to time, the Corporation and its subsidiaries may become parties to disputes arising in the ordinary course of business.

ITEM 10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than the interests of certain directors, officers and shareholders of the Corporation as described elsewhere in this Annual Information Form, none of the directors or officers of the Corporation, nor any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three years prior to the date hereof or proposed transaction which has materially affected or will materially affect the Corporation.

ITEM 11. TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common shares in Canada is Computershare Investor Services Inc. at its principal office in Toronto, Ontario. The co-transfer agent and registrar is Computershare Investor Services 2004 (Proprietary) Limited at its principal office in Johannesburg, South Africa.

ITEM 12. MATERIAL CONTRACTS

There are no other contracts, other than those disclosed in this Annual Information Form and those entered into in the ordinary course of the Corporation's business, that are material to the Corporation and which were entered into in the most recently completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this Annual Information Form.

- (a) Trust Indenture dated as of December 20, 2006 between Uranium One and Computershare Trust Company of Canada, which governs the 4.25% senior convertible unsecured subordinated debentures of the Corporation due December 31, 2011; and
- (b) Subscription Agreement dated February 9, 2009 between Uranium One and Japan Uranium Management Inc. relating to the private placement by the Corporation of 117,000,000 common shares for gross proceeds of approximately \$270 million.

ITEM 13. INTERESTS OF EXPERTS

Except as otherwise stated, information of an economic, scientific or technical nature in respect of the Akdala Mine, the South Inkai Mine and the Kharasan Project included in this Annual Information Form is based upon independent technical reports prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA.

To the best knowledge of management of the Corporation, as at the date hereof, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or its predecessor entities when the experts prepared their respective reports.

ITEM 14. ADDITIONAL INFORMATION

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular to be prepared in connection with the Corporation's annual meeting of shareholders to be held on May 8, 2009 which will be available on SEDAR at www.sedar.com. Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the financial year ended December 31, 2008.

SCHEDULE "A"
URANIUM ONE INC.
CHARTER OF THE AUDIT COMMITTEE

Uranium One Inc.
Charter of the Audit Committee of the Board of Directors

1. General

- 1.1 The Audit Committee (the “**Committee**”) assists the Board of Directors in its oversight role with respect to the quality and integrity of the Corporation’s financial statements, the performance, qualifications and independence of the Corporation’s independent auditors, the performance of the Corporation’s internal audit function and the Corporation’s compliance with legal and regulatory requirements.
- 1.2 The Committee shall have the resources and authority appropriate to discharge fully its functions, duties and responsibilities, including the authority to (i) select, retain, terminate and approve the fees of, and other terms of retention of, special or independent counsel, accountants, auditors or other experts and advisers, and (ii) communicate directly with the internal and independent auditors, as it deems necessary or appropriate in connection with its functions, duties and responsibilities without seeking approval of the Board or management. The Committee will have unrestricted access to management, employees and information it believes will be relevant to the proper discharge of its functions, duties and responsibilities.
- 1.3 Each member of the Committee will be “independent” and “financially literate” for the purposes of Multilateral Instrument 52-110 - Audit Committees, as amended from time to time (“**MI 52-110**”), and will satisfy such other applicable criteria for independence and financial expertise as may be contained in the laws, rules, regulations and listing requirements to which the Corporation is subject and the applicable Corporate Governance Guidelines of the Board.
- 1.4 No Director may serve as a member of the Committee if such Director serves on the audit committees of more than two other public companies unless the Board determines that such service would not impair the ability of the Director to effectively serve on the Committee, and discloses this determination in the Corporation’s annual proxy circular and statement.
- 1.5 No member of the Committee may receive directly or indirectly any consulting, advisory or other compensatory fees or other payments from the Corporation other than (a) annual retainer and meeting fees, which may be received in cash, common shares or deferred stock units, and stock options or any other in-kind consideration ordinarily payable to non-employee Directors for serving as a Director and a chair or member of any committee of the Board and (b) other regular benefits that other non-employee Directors receive.
- 1.6 The Committee will operate under the guidelines applicable to all committees of Board as set out in the Corporate Governance Guidelines of the Board of Directors.
- 1.7 To the extent that this Charter sets out responsibilities and duties that are in addition to the requirements of MI 52-110, such responsibilities and duties are guidelines, rather than inflexible rules, and the Committee will adopt such additional procedures and standards from time to time as it deems appropriate to help fulfill its responsibilities. Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Corporation.

2. Meetings

- 2.1 The Committee will meet at least quarterly with each of management and the independent auditors, with management not present for an allotted part of the meeting. As part of its job to foster open communication, the Committee will meet periodically with management and the internal accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.
- 2.2 The Committee may request that any directors, officers or other employees of the Corporation, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The independent auditors will be entitled to

attend each meeting of the Committee at the Corporation's expense. The Committee may exclude from its meetings any person it deems appropriate.

3. Responsibilities and Duties

3.1 In carrying out its responsibilities and duties, the Committee shall:

Independent Auditors

- (1) Have the sole authority to recommend the appointment of the independent auditors and, subject to the nomination of such independent auditors by the Board and the approval thereof by the shareholders, appoint, retain and oversee the work of the independent auditors, and approve the audit fees and other significant compensation to be paid to the independent auditors.
- (2) Pre-approve, or adopt appropriate procedures to pre-approve, all audit and permitted non-audit services to be provided by the independent auditors. Pre-approval of non-audit services is satisfied if:
 - (a) the aggregate amount of non-audit services not pre-approved is expected to constitute no more than 5% of total fees paid by the Corporation and its subsidiaries to the independent auditors during the fiscal year in which the services are provided;
 - (b) the Corporation or subsidiary did not recognize services as non-audit at the time of the engagement; and
 - (c) the services are promptly brought to the Committee's attention and approved prior to completion of the audit.
- (3) Ensure disclosure of any specific policies or procedures adopted by the Committee to satisfy pre-approval requirements for non-audit services by the Corporation's independent auditors.
- (4) On a periodic basis and at least annually, review and discuss with the independent auditors all significant relationships the auditors have with the Corporation in order to satisfy itself that the auditors are independent of management. Identify and review the types of non-audit services or mandates that it considers incompatible with the principles underlying the independence of the auditors and approve and provide for disclosure of any material non-audit services provided to the Corporation by the independent auditors.
- (5) Review and approve the independent auditors' audit plan and engagement letter. Discuss and approve audit scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- (6) At least annually obtain and review a report from the independent auditors a report describing their internal quality control procedures, any material issues raised by their most recent internal quality control review or by any inquiry or investigation within the preceding five years by governmental or professional authorities, including the Canadian Public Accountability Board, respecting one or more audits carried out by the firm, any steps taken to deal with any such issues, and all relationships between the independent auditors and the Corporation including non-audit services.
- (7) Periodically consult with the independent auditors out of the presence of management about significant risks or exposures, internal controls and other steps management has taken to control such risks, and the fullness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transaction or procedures which might be deemed illegal or otherwise improper.
- (8) Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors, including matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- (9) Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information or significant disagreements with management and the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.

- (10) Oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditors regarding financial reporting.
- (11) Review the performance of the independent auditors and approve any proposed discharge and replacement of the independent auditors when circumstances warrant.
- (12) Arrange for the independent auditors to be available to the Committee and the full Board as needed. Ensure that the independent auditors report directly to the Committee and are made accountable to the Committee and the Board, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (13) Review and approve hiring policies regarding partners, employees and former partners and employees of the past and present independent auditors.

Review Procedures

- (14) Review with management and the independent auditors, and approve, the Corporation's interim financial statements and interim management's discussion and analysis and interim earnings press releases prior to filing or otherwise publicly disclosing this information, and report thereon to the Board.
- (15) Review the Corporation's annual audited financial statements and the notes thereto, management's discussion and analysis of financial condition and results of operations and related documents and annual earnings press releases prior to filing or otherwise publicly disclosing this information, and make recommendations to the Board with respect to their approval.
- (16) Review the draft annual report, annual information form and such other financial information as may be required by the Corporation to be prepared under applicable legislation and make recommendations to the Board with respect to their approval.
- (17) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.
- (18) Review with management prior to distribution news releases or other disclosures containing material financial information that has not been previously reviewed in accordance with the procedures described in this charter.
- (19) Periodically and in any event at least annually review the process that management has in place to fulfill the role of the internal audit function.
- (20) Ensure that management has in place a process to ensure adherence to the Corporation's Confidentiality, Disclosure and Insider Policy and Complaints (Whistleblower) Policy.
- (21) Review at least quarterly or more frequently as circumstances dictate capital and exploration spending in relation to approved budgets.

Financial Reporting Processes/Process Improvements

- (22) In consultation with the independent auditors and management, review the quality, integrity and appropriateness of the Corporation's accounting policies and financial reporting processes and internal controls, including a review of the independent auditors' written comments to management regarding these matters, if any, and management's responses to comments, both internal and external. Review the confirmation of compliance with the Corporation's policies on controls over financial reporting.
- (23) Review the principal risks of the businesses of the Corporation and its subsidiaries, associates and joint venturers as identified by management and oversee the implementation and operation of appropriate systems to identify, evaluate and manage such risks, as they affect the Corporation's financial reporting and application of this charter.
- (24) Establish and maintain regular and separate systems of reporting to the Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

- (25) Periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Corporation.
- (26) Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have subsequently been implemented.

Internal Controls and Legal Compliance

- (27) Review and assess any reports prepared or caused to be prepared by management regarding internal controls and discuss with management its response, including the status of previous reviews.
- (28) At least quarterly, review with the Corporation's counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulatory or governmental agencies.
- (29) Ensure management has established a system to monitor compliance with the Corporation's Code of Business Conduct and Ethics.
- (30) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (31) Review management's reports on directors' and officers' related party transactions and conflicts of interest, if any.

General

- (32) Periodically review financial and accounting personnel succession planning within the Corporation and its major subsidiaries.
- (33) Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law as the Committee or the Board deems necessary or appropriate.

4. Other Matters

- 4.1 Annual Assessment. At least annually, the Committee shall review its own performance and reassess the adequacy of this Charter in such manner as it deems appropriate, and report the results thereof, including any recommendations for change, to the Board.

The Committee's role, as described in this Charter, is an important part of monitoring the quality and integrity of the Corporation's financial reporting. This role does not replace the responsibility of the Corporation's management for the preparation and presentation of financial statements in accordance with generally accepted accounting principles, for significant accounting estimates and judgments and for ensuring compliance by the Corporation with applicable laws relating to its financial reporting. Nor does the role of the Committee detract from the responsibility of the auditors to plan and conduct an audit in accordance with Canadian generally accepted auditing standards or from the fact that the independent auditors are ultimately responsible to the Board of Directors and the Committee as representatives of the shareholders.



financial
statements

**Annual Consolidated Financial Statements
for the year ended December 31, 2008**



management's responsibility for financial reporting

Management's Responsibility for Financial Reporting

The consolidated financial statements have been prepared by management, in accordance with Canadian generally accepted accounting principles, who, when necessary, have made informed judgments and estimates of the outcome of events and transactions. Management acknowledges its responsibility for the fairness, integrity and objectivity of all information in the consolidated financial statements.

As a means of fulfilling its responsibility, management relies on the company's system of internal control. This system has been established to ensure, within reasonable limits, that the assets are safeguarded, transactions are properly recorded and are executed in accordance with management's authorization and that the accounting records provide a solid foundation from which to prepare the consolidated financial statements.

Any system of internal control has inherent limitations, therefore even those systems determined to be effective can provide only reasonable assurance with respect to financial statement presentation and presentation.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, consisting solely of non-management independent directors. This committee meets periodically, reviews the scope of the external audit, the adequacy of the system of internal control and the appropriateness of the financial reporting and then makes its recommendations to the Board of Directors. Based on those recommendations, the Board of Directors approves the consolidated financial statements.

The consolidated financial statements have been audited by the Company's independent auditors, Deloitte & Touche LLP. The Auditors' Report to the Shareholders of Uranium One Inc., outlines the scope of their examination and opinion on the consolidated financial statements.

"Jean Nortier"
Jean Nortier
President & Chief Executive Officer

"Robin Merrifield"
Robin Merrifield
Executive Vice President & Chief Financial Officer

March 11, 2009

auditors' report

Auditors' Report to the Shareholders

To the Shareholders of Uranium One Inc.

We have audited the consolidated balance sheets of Uranium One Inc. as at December 31, 2008 and 2007 and the consolidated statements of operations, changes in equity, comprehensive (loss) income, accumulated other comprehensive (loss) income and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
March 11, 2009
Vancouver, B.C., Canada

Uranium One Inc.
Consolidated Balance Sheets

As at December 31, 2008 and 2007
(in United States dollars)

	Notes	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	7	176,225	159,592
Accounts and other receivables	8	39,926	70,318
Current portion of loans to joint ventures	9.2	19,158	32,867
Inventories	10	17,390	20,952
Other assets	12	12,043	19,150
Discontinued operations	3	-	94,986
		264,742	397,865
Non-current assets			
Mineral interests, plant and equipment	11	1,285,415	4,827,353
Loans to joint ventures	9.2	14,000	24,359
Other assets	12	53,952	76,707
Discontinued operations	3	9,024	286,614
		1,362,391	5,215,033
Total assets		1,627,133	5,612,898
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	14	47,423	70,802
Income taxes payable		12,639	4,237
Discontinued operations	3	-	5,245
		60,062	80,284
Non-current liabilities			
Long term debt	13	61,275	-
Convertible debentures	15	118,042	136,548
Asset retirement obligations	16	12,999	13,927
Future income tax liabilities	17	375,293	1,496,060
Other long term payables	18	48,924	20,029
Discontinued operations	3	-	183,145
		616,533	1,849,709
SHAREHOLDERS' EQUITY			
Share capital	19	3,522,824	3,496,884
Contributed surplus	20	131,602	134,387
Equity component of convertible debentures	5	46,480	46,480
Accumulated other comprehensive (loss) / income		(247,708)	51,967
Deficit		(2,502,660)	(46,813)
		950,538	3,682,905
Total shareholders' equity and liabilities		1,627,133	5,612,898

Basis of presentation and principles of consolidation (note 2.1), commitments (note 26(iii)), contingencies (note 29) & subsequent events (note 30)

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Approved on behalf of the board of directors

"Ian Telfer"
Ian Telfer
Director

"Andrew Adams"
Andrew Adams
Director

Uranium One Inc.
Consolidated Statements of Operations

For the years ended December 31, 2008 and 2007
(in United States dollars)

	Notes	Year ended	
		Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Revenues		149,776	134,024
Operating expenses		(30,490)	(17,282)
Depreciation and depletion		(22,566)	(14,899)
Earnings from mine operations		96,720	101,843
General and administrative ⁽¹⁾		(48,689)	(68,645)
Exploration expense		(14,881)	(16,796)
Impairment of mineral interests, plant and equipment and closure costs	11.1	(3,322,222)	-
Care and maintenance		(1,868)	-
Operating (loss) / earnings		(3,290,940)	16,402
Interest and other	21	(7,376)	(514)
Gain / (loss) on available for sale securities		4,345	(932)
Foreign exchange loss	22	(11,709)	(13,022)
Other		2,650	5,418
(Loss) / earnings from continuing operations before income taxes		(3,303,030)	7,352
Current income tax expense	17	(44,191)	(41,211)
Future income tax recovery	17	1,013,634	17,621
Loss from continuing operations		(2,333,587)	(16,238)
Loss from discontinued operations	3	(122,260)	(1,371)
Net loss		(2,455,847)	(17,609)
⁽¹⁾ Stock option and restricted share expense (non-cash) included in general and administrative	20	15,423	37,660
Loss per share from continuing operations			
Basic and diluted		\$(4.98)	\$(0.05)
Loss per share from discontinued operations			
Basic and diluted		\$(0.26)	\$(0.00)
Net loss per share			
Basic and diluted		\$(5.24)	\$(0.05)
Weighted average number of shares (in thousands)			
Basic and diluted	24	468,424	360,656

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Changes in Equity

For the years ended December 31, 2008 and 2007

(in United States dollars)

	Share capital \$'000	Contributed surplus \$'000	Equity component of convertible debentures \$'000	Accumulated other comprehen- sive income / (loss) \$'000	Deficit \$'000	Total \$'000
Balance as at January 1, 2007	613,607	31,286	-	-	(29,204)	615,689
Net loss for the year	-	-	-	-	(17,609)	(17,609)
Stock options and restricted shares vested	-	37,660	-	-	-	37,660
Exercise of warrants	2,115	(1,035)	-	-	-	1,080
Exercise of stock options and restricted shares	54,912	(30,873)	-	-	-	24,039
Uranium One Inc / UrAsia Energy Ltd business combination	1,709,647	62,042	46,480	-	-	1,818,169
U.S. Energy Corp asset purchase consideration	99,401	-	-	-	-	99,401
Energy Metals Corporation asset purchase consideration	1,013,215	35,307	-	-	-	1,048,522
Unrealized gains recognized on translation of self-sustaining foreign operations	-	-	-	47,536	-	47,536
Unrealized gains recognized on translation of self-sustaining foreign discontinued operations	-	-	-	4,243	-	4,243
Shares issued for services rendered	3,987	-	-	-	-	3,987
Fair value adjustments on available for sale securities, net of tax	-	-	-	188	-	188
Balance as at December 31, 2007	3,496,884	134,387	46,480	51,967	(46,813)	3,682,905
Net loss for the year	-	-	-	-	(2,455,847)	(2,455,847)
Stock options and restricted shares vested	-	15,423	-	-	-	15,423
Exercise of warrants	15,791	(11,460)	-	-	-	4,331
Exercise of stock options and restricted shares	10,149	(6,748)	-	-	-	3,401
Unrealized loss recognized on translation of self-sustaining foreign operations	-	-	-	(282,170)	-	(282,170)
Unrealized loss recognized on translation of self-sustaining foreign discontinued operations	-	-	-	(27,480)	-	(27,480)
Realized loss on sale of Alease Gold (note 3)	-	-	-	10,163	-	10,163
Fair value adjustments on available for sale securities and realized loss on sale	-	-	-	(188)	-	(188)
Balance as at December 31, 2008	3,522,824	131,602	46,480	(247,708)	(2,502,660)	950,538

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Comprehensive (Loss) / Income

For the years ended December 31, 2008 and 2007
(in United States dollars)

	Notes	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Net loss		(2,455,847)	(17,609)
Unrealized (loss) / gain recognized on translation of self-sustaining foreign operations		(282,170)	47,536
Unrealized (loss) / gain recognized on translation of self-sustaining foreign discontinued operations		(27,480)	4,243
Realized loss on sale of Alease Gold	3	10,163	-
Fair value adjustments on available for sale securities		(188)	188
Comprehensive (loss) / income		(2,755,522)	34,358

Consolidated Statements of Accumulated Other Comprehensive (Loss) / Income

As at December 31, 2008 and 2007
(in United States dollars)

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Accumulated other comprehensive income at January 1	51,967	-
Other comprehensive (loss) / income for the year	(299,675)	51,967
	(247,708)	51,967
Components of accumulated other comprehensive (loss) / income at the end of the year:		
Unrealized foreign exchange adjustment - continuing operations ⁽¹⁾	(234,634)	47,536
Unrealized foreign exchange adjustment - discontinued operations	(13,074)	4,243
Available for sale marketable securities and investments	-	188
	(247,708)	51,967

⁽¹⁾ Includes foreign exchange losses of \$244.8 million relating to the translation of the investment in Uranium One Africa Limited (11.1)

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Consolidated Statements of Cash Flows

For the years ended December 31, 2008 and 2007

(in United States dollars)

	Notes	Year ended	
		Dec 31, 2008	Dec 31, 2007
		\$'000	\$'000
Net loss from continuing operations		(2,333,587)	(16,238)
Items not affecting cash:			
- Depreciation and depletion		22,566	14,899
- Impairment of mineral interest plant and equipment	11.1	3,306,001	-
- Gain / (loss) on available for sale securities		(4,345)	932
- Stock option and restricted share expense	20	15,423	37,660
- Interest accrued on loans and debentures		10,195	4,585
- Unrealized foreign exchange loss	22	1,339	28,958
- Future income tax recovery	17	(1,013,634)	(17,621)
- Other		(562)	400
Movement in non-cash working capital	23	32,730	(32,383)
Cash flows from operating activities		36,126	21,192
Acquisition of Uranium One Inc., net of acquisition costs		-	271,670
Acquisition of Energy Metals Corporation, net of acquisition costs		-	76,706
Acquisition of mineral interests, plant and equipment	11	(216,757)	(265,993)
Advance cash payments for other assets		(1,036)	(2,606)
Proceeds on sale of Honeymoon, net of costs	4	34,098	-
Cash advance for sulphuric acid plant investment	12	(5,959)	-
Advance cash receipts for sale of portion of Alease Gold	3	3,100	-
Proceeds on sale of Alease Gold	3	44,542	-
Proceeds on sale of available for sale securities		24,927	-
Cash proceeds from / (advances to) joint ventures	9.2	23,767	(4,053)
Other		-	2,100
Cash flows (used in) / from investing activities		(93,318)	77,824
Common shares issued, net of issue costs	19	7,732	25,119
Loans received by Kyzylkum	9.1	18,000	17,769
Draw-down on credit facility	13	60,467	-
Short term loan repaid		-	(53,131)
Cash flows from / (used in) financing activities		86,199	(10,243)
Effects of exchange rate changes on cash and cash equivalents		(12,374)	21,858
Net (decrease) / increase in cash and cash equivalents from continuing operations		16,633	110,631
Cash and cash equivalents at the beginning of the year		159,592	48,961
Cash and cash equivalents at the end of the year		176,225	159,592
Cash flows of discontinued operations			
Cash flows from operating activities		-	878
Cash flows used in investing activities		-	(13,377)
Cash flows used in financing activities		-	(89,506)

Supplemental cash flow information (note 23)

The accompanying notes form an integral part of these Annual Consolidated Financial Statements

Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007
(in United States dollars)

1 NATURE OF OPERATIONS

Uranium One Inc. ("Uranium One"), its subsidiaries and joint ventures (collectively, the "Corporation") is a Canadian corporation engaged through subsidiaries and joint ventures in the mining and production of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, the United States, Australia and South Africa.

Uranium One owns through the Betpak Dala Joint Venture a 70% interest in both the producing Akdala Mine and the South Inkai Project. The Kharasan Project in Kazakhstan, in which the Corporation owns a 30% interest, is being developed by the Kyzylkum Joint Venture. In the United States, the Corporation owns projects in the Powder River and Great Divide Basins in Wyoming. The Corporation has suspended development of its Dominion Project in South Africa and placed it on care and maintenance while evaluating strategic alternatives for the project. The Corporation owns a 51% interest in the Honeymoon Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in South Africa, the western United States and South Australia.

2 SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of presentation and principles of consolidation**

The consolidated financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

The consolidated financial statements include the accounts of Uranium One, its subsidiaries and the proportionate share of its interests in joint ventures. All intercompany balances and transactions have been eliminated.

The consolidated balance sheet, statement of operations, cash flow and certain comparative figures has been restated for discontinued operations (note 3).

The following are the Corporation's principal mineral properties as at December 31, 2008:

Operating mine:				
Entity	Mineral property/Operation	Location	Ownership	Status
Betpak Dala LLP	Akdala Mine	Kazakhstan	70%	Proportionately consolidated
Advanced development projects:				
Entity	Mineral property/Operation	Location	Ownership	Status
Betpak Dala LLP	South Inkai Project ⁽¹⁾	Kazakhstan	70%	Proportionately consolidated
Kyzylkum LLP	Kharasan Project	Kazakhstan	30%	Proportionately consolidated

The Corporation is also developing the following mineral properties:

Entity	Mineral property/Operation	Location	Ownership	Status
Energy Metals Corporation (US)	United States development projects	United States	100%	Consolidated
Uranium One Australia (Proprietary) Limited	Honeymoon Project	Australia	51%	Proportionately consolidated

The Corporation has suspended development of the following mineral properties:

Entity	Mineral property/Operation	Location	Ownership	Status
Uranium One Africa Ltd	Dominion Project	South Africa	100%	Consolidated
South Texas Mining Venture	Hobson Facility and La Palangana Project	United States	99%	Consolidated

⁽¹⁾ The South Inkai Project commenced commercial operations on January 1, 2009

Uranium One Inc.
Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007
(in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new standards

Effective January 1, 2008, the Corporation adopted new accounting standards for Capital Disclosures (CICA Handbook Section 1535), Inventories (CICA Handbook Section 3031), and Financial Instruments – Disclosure and Presentation (CICA Handbook Sections 3862 and 3863).

Under Section 1535, the Corporation discloses its objectives, policies and procedures for managing capital, any summary quantitative data about what the Corporation manages as capital, whether the Corporation has complied with any externally imposed capital requirements and, if the Corporation has not complied with them, any consequences of non-compliance with these capital requirements.

The new Sections 3862 and 3863 replaced Section 3861 Financial Instruments – Disclosure and Presentation. Disclosure requirements were revised and enhanced, while presentation requirements remained essentially unchanged. The new disclosure requirements expanded discussion around the significance of financial instruments for the Corporation's financial position and performance, the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date and how the entity manages those risks.

Section 3031 established standards for the measurement and disclosure of inventories and provided a Canadian equivalent to International Accounting Standard IAS 2 - Inventories. The main recommendations of the new Section 3031 were:

- Measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overheads and other costs to inventory.
- Specific identification of cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects.
- Consistent use (by type of inventory with similar nature and use) of either first-in, first-out (FIFO) or weighted average cost formula to measure the cost of other inventories.
- Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories.

The adoption of Section 3031 on January 1, 2008, did not have a material impact on the Corporation's financial position or operating results.

2.3 Measurement and reporting currency

Items included in the financial statements of each entity in the Corporation are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency").

The Corporation's reporting currency is the United States dollar. Uranium One, its subsidiaries and joint ventures operate in Kazakhstan, the United States, Australia, South Africa and Canada.

The financial statements of the entities that are determined to be integrated foreign operations have been translated into United States dollars by translating foreign currency denominated monetary assets and liabilities, which includes future income tax, at rates of exchange in effect at the balance sheet date. Non-monetary items are translated at historical exchange rates and revenues and expenses at average rates of exchange during the period. Exchange gains and losses arising on translation are included in the consolidated statements of operations.

The financial statements of the entities that are determined to be self-sustaining foreign operations have been translated into United States dollars by translating all assets and liabilities, which includes future income tax, at rates of exchange in effect at the balance sheet date. Revenues and expenses are translated at average exchange rates for the period. All resulting exchange differences are included in accumulated other comprehensive income / (loss) on the balance sheet.

2.4 Inventories

Inventories of solutions and uranium concentrates are valued at the lower of average production cost or net realizable value. Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation and depletion of mineral interests.

Materials and supplies are valued on the weighted average basis and recorded at the lower of average cost or replacement cost.

Uranium One Inc.
Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007
(in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Mineral interests, plant and equipment

Mineral interests, plant and equipment are recorded at cost less accumulated depreciation and depletion.

Mineral interests, plant and equipment includes capitalized expenditures related to the development of mineral properties and related plant and equipment. Capitalized costs and plant and equipment are depreciated and depleted using either a unit-of-production method, over the estimated economic life of the mine to which they relate, or using the straight-line method over their estimated useful lives.

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value allocated to reserves is depreciated on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine. The reserve value is noted as depletable mineral properties for operations in commercial production in note 11. The resource value represents the property interests that are believed to potentially contain economic mineralized material such as inferred material; measured, indicated, and inferred resources with insufficient drill spacing to qualify as proven and probable reserves; and inferred resources in close proximity to proven and probable reserves.

Resource value and exploration potential value is noted as non-depletable mineral properties for operations in commercial production in note 11. At least annually or when otherwise appropriate, value from the non-depletable category will be transferred to the depletable category as a result of an analysis of the conversion of resources or exploration potential into reserves. Costs related to property acquisitions are capitalized until the viability of the mineral property is determined. Resource value and exploration potential for development projects not in commercial production is noted as non-depletable mineral properties. When it is determined that a property is not economically viable the capitalized costs are written down. Exploration expenditures on properties not advanced enough to identify their development potential are charged to operations as incurred.

Mining expenditures incurred either to develop new ore bodies or to develop mine areas in advance of current production are capitalized. Commercial production is deemed to have commenced when management determines that the completion of operational commissioning of major mine and plant components is completed, operating results are being achieved consistently for a period of time and that there are indicators that these operating results will be continued. Mine development costs incurred to sustain current production are capitalized.

Upon sale or abandonment of any mineral interest, plant and equipment, the cost and related accumulated depreciation or accumulated depletion, are written off and any gains or losses thereon are included in the statement of operations.

2.6 Impairment of long-lived assets

The Corporation reviews the carrying values of its mineral interests, plant and equipment when changes in circumstances indicate that those carrying values may not be recoverable. Estimated future net cash flows are calculated using estimated recoverable reserves, estimated future commodity prices and the expected future operating and capital costs. An impairment loss is recognized when the carrying value of an asset held for use exceeds the sum of undiscounted future net cash flows. An impairment loss is measured as the amount by which the asset's carrying amount exceeds its fair value.

2.7 Asset retirement obligations

The Corporation recognizes liabilities for statutory, contractual or legal obligations associated with the retirement of mineral property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, the net present value of the liability for an asset retirement obligation is recognized in the period incurred. The net present value of the liability is added to the carrying amount of the associated asset and amortized over the asset's useful life. The liability is accreted over time through periodic charges to earnings and is reduced by actual costs of reclamation. Subsequent to the initial measurement, the asset retirement obligation is adjusted at the end of each year to reflect changes in the estimated future cash flows underlying the obligation.

2.8 Revenue recognition

Revenue from uranium sales is recognized when: (i) persuasive evidence of an arrangement exists; (ii) the risks and rewards of ownership pass to the purchaser, including delivery of the product; (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

Uranium One Inc.
Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007
(in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

In a uranium supply arrangement, the Corporation is contractually obligated to provide uranium concentrates to its customers. Uranium that was produced by the Corporation is delivered to conversion facilities ("Converters") where the Converter will credit the Corporation's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Corporation instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supply. The Corporation does not recognize revenue in circumstances where it delivers borrowed or purchased material into contracts.

Interest income is recognized on a time proportion basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Corporation.

2.9 Future income and mining taxes

The Corporation uses the liability method of accounting for income and mining taxes. Under the liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and for tax losses and other deductions carried forward. For business acquisitions, the liability method results in a gross up of mining interests to reflect the recognition of the future tax liabilities for the tax effect of such differences.

Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. A reduction in respect of the benefit of a future tax asset (a valuation allowance) is recorded against any future tax asset if it is not more likely than not to be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in the statement of operations in the period in which the change is substantively enacted.

2.10 Stock based compensation

The Corporation uses the fair value method of accounting for all stock based compensation awards ("Awards"). Under this method, the Corporation determines the fair value of the compensation expense for all Awards on the date of grant using an option pricing model. The fair value of the Awards is expensed over the vesting period of the Awards.

Upon exercise of the Awards, the related amount of stock based compensation previously expensed is transferred from contributed surplus and together with consideration received, is recorded as share capital.

The Corporation's stock based compensation plans consist of the following:

Options

Under Uranium One's Stock Option Plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider and not exceeding 1% of the issued and outstanding shares to any non-employee director on a non-diluted basis) and any vesting period which, pursuant to the stock option plan was previously one-third on the grant date, one-third on the first anniversary of the grant date and the remainder on the second anniversary of the grant date. On December 8, 2006 the Board of Directors decided to adopt an amended vesting schedule such that any options granted on and after December 8, 2006, would vest as to one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and one-third on the third anniversary of the grant date. The maximum number of shares of Uranium One that are issuable pursuant to the plan is limited to 7.2% of issued and outstanding shares.

Restricted shares

Under the Uranium One Restricted Share Plan, restricted share rights are granted to eligible employees, contractors and directors. Each restricted share right is exercisable for one common share of Uranium One at the end of the restricted period for no additional consideration. The vesting period for restricted shares that is currently in issue is either two-thirds on the first anniversary of the grant date and the remainder on the second anniversary of the grant date, or total vesting on the third anniversary of the grant date. The aggregate maximum number of shares available for issuance under the restricted share plan was initially capped at one million and subsequently increased to three million at Uranium One's annual and special meeting held on June 7, 2007. The number of shares for issuance to non-employee directors may not exceed 0.5% of the total number of common shares outstanding on a non-diluted basis.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Earnings / loss per share

Earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the year. The calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of Uranium One at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share. The impact of outstanding share options and warrants are excluded from the diluted share calculation for loss per share amounts, because it is anti-dilutive. The if-converted method is used to compute the dilutive effect of convertible debt. The dilutive effect of contingently issuable shares is computed by comparing the conditions required for issuance of shares against those existing at the end of the period.

2.12 Financial instruments

The Corporation's financial instruments primarily consist of cash, short-term money market investments, marketable securities, accounts receivable, accounts payable and accrued liabilities, loans to joint ventures, draw downs against the credit facility, other loans, and convertible debentures. The fair value of these financial instruments, except for the convertible debentures, approximates their carrying values, due primarily to their immediate or short-term maturity. Fair values of other financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

Comprehensive income comprises the Corporation's net income and other comprehensive income. Comprehensive income represents changes in shareholders' equity during a period arising from non-owner sources and, for the Corporation; other comprehensive income includes currency translation adjustments on its net investment in self-sustaining foreign operations, and unrealized gains and losses on available-for-sale securities.

Financial assets and financial liabilities are recognized on the balance sheet when the Corporation has become party to the contractual provisions of the instruments. Financial instruments are initially measured at fair value, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Investments

Purchases and sales of marketable investments are recognized on the trade date at market value, which is the date that the Corporation commits to purchase or sell the asset. After initial recognition, the investments are classified as available for sale investments carried at market value, with the market value adjustments accounted for in other comprehensive income. When available for sale investments are sold, the cumulative market rate adjustment previously recorded in other comprehensive income is recognized in the statement of operations.

The Corporation accounts for its other investments using the cost basis of accounting whereby investments are initially recorded at cost and earnings from such investments are recognized only to the extent received or receivable.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits held at call and certificates of deposits, money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper with a remaining maturity of three months or less at date of purchase, and are carried at fair value.

Financial assets

Financial assets that are classified, as held for trading are recognized on the trade date at market value, which is the date that the Corporation commits to purchase or sell the asset. After initial recognition, the assets are carried at fair market value, with the fair value adjustments accounted for in the statement of operations.

Accounts receivable

Accounts receivable are carried at amortized cost unless a provision has been recorded for uncollectability of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of receivables.

Uranium One Inc.
Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007
(in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its discounted estimated recoverable amount, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated statement of operations for the year.

For investments included under financial instruments, if there is an other than temporary decline in the value of the investment, such reduction is included in the consolidated statement of operations.

Financial liabilities

After initial recognition, financial liabilities, other than held for trading liabilities, are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Financial liabilities that are classified as held for trading are recognized on the trade date at fair value, which is the date that the Corporation commits to the contract. After initial recognition, the liabilities are carried at fair market value, with the fair value adjustments accounted for in the statement of operations.

Accounts payable

Liabilities for trade and other payables which are normally settled on 30 to 90 day terms are carried at amortized cost.

Loans payable

Loans payable are recognized initially at the proceeds received, net of transaction costs incurred. Loans payable are subsequently measured at amortized cost using the effective interest rate method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the statement of operations over the period of the loan.

Offset

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or settle on a net basis, all related financial effects are offset.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the face value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Embedded derivatives

Derivatives may be embedded in other financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivatives within interest and other in the consolidated statement of operations.

2.13 Equity instruments

Equity instruments issued by Uranium One are recorded at the proceeds received, net of direct issue costs.

2.14 Use of estimates

The preparation of financial statements in conformity with Canadian GAAP requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of accounts receivable and investments, the proven and probable reserves, resources and exploration potential of mineral interests and the related depletion and depreciation, the estimated net realizable value of inventories, impairment of mineral interests, plant and equipment, determination of fair values of financial instruments, the fair value for stock-based compensation, the valuation of investments, the provision for income taxes and composition of income tax assets and liabilities, the expected economic lives of and the estimated future operating results and net cash flows from mining interests, the anticipated costs of reclamation and closure cost obligations, and the fair value of assets and liabilities acquired in business combinations and asset acquisitions.

2.15 Non-controlling interest

Non-controlling interests exist with respect to less than wholly-owned subsidiaries of the Corporation and represent the outside interest's share of the carrying values of the subsidiaries' net assets. When the subsidiary company issues its own shares to outside parties, a dilution gain or loss arises as a result of the difference between the Corporation's share of the proceeds and the carrying value of the underlying equity.

2.16 Variable interest entities

Variable interest entities ("VIE's") as defined by the Accounting Standards Board in Accounting Guideline ("AcG") 15, "Consolidation of Variable Interest Entities" are entities in which equity investors do not have characteristics of a "controlling financial interest" or there is not sufficient equity at risk for the entity to finance its activities without additional subordinated financial support. VIE's are subject to consolidation by the primary beneficiary who will absorb the majority of the entity's expected losses and/or expected residual returns. The Corporation has determined that none of its equity investments qualify as VIE's.

2.17 Recent accounting pronouncements – effective January 1, 2009 and October 1, 2011

International Financial Reporting Standards (IFRS)

In February 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS for fiscal years beginning on or after January 1, 2011, with earlier adoption permitted. Accordingly, the conversion to IFRS will be applicable to the Corporation's reporting no later than in the first quarter of 2011, with restatement of comparative information presented. The conversion to IFRS will impact the Corporation's accounting policies, information technology and data systems, internal control over financial reporting, and disclosure controls and procedures. The transition may also impact business activities, such as foreign currency, certain contractual arrangements, debt covenants and capital requirements. The Corporation is currently evaluating the future impact of IFRS on its financial statements and will continue to invest in training and additional resources to ensure a successful conversion.

Goodwill and intangible assets

Effective January 1, 2009, the Corporation will be adopting the new CICA Handbook Section 3064 – Goodwill and Intangible Assets, which aligns Canadian GAAP for goodwill and intangible assets with IFRS. The new standard provides more comprehensive guidance on intangible assets, in particular for internally developed intangible assets. The Corporation has not yet determined the impact of the adoption of this change on its consolidated financial statements.

Business combinations

Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. This standard is effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Corporation has not yet determined the impact of the adoption of this change on its consolidated financial statements.

Consolidated financial statements and non-controlling interests

Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting, for a non-controlling interest in a subsidiary in consolidated financial statements, subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards are effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Corporation has not yet determined the impact of the adoption of these changes on its consolidated financial statements.

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3 DISCONTINUED OPERATIONS – AFLEASE GOLD

During January 2008, the Board of Directors approved the disposal of the Corporation's interest in Alease Gold. The assets and liabilities of Alease Gold, previously disclosed as the Modder East Gold Project, have been classified as discontinued operations for all periods presented in these financial statements.

On April 8, 2008 the Corporation sold 152.2 million Alease Gold shares for \$41.3 million, decreasing the Corporation's ownership to 38% of the common shares of Alease Gold. An option granted to the purchaser to acquire Uranium One Africa's remaining shareholding in Alease Gold lapsed on May 8, 2008. Subsequently, the Corporation sold an additional 12.5 million Alease Gold shares for \$3.2 million, decreasing the Corporation's shareholding to 34%. The result of the above transactions, and recording the impairment of the remaining interest in Alease Gold, is a loss of \$121.3 million.

Subsequent to December 31, 2008, the Corporation sold a further 153.5 million Alease Gold shares for proceeds of \$16.2 million (including a deposit of \$3.1 million received in 2008), decreasing the Corporation's shareholding in Alease Gold to 6%.

The financial statement effects on the net investment in Alease Gold and the statement of operations are illustrated below:

	Balance sheet	Statement of operations
	\$'000	\$'000
January 1, 2008	193,210	-
Loss from discontinued operations	(1,004)	(1,004)
Impairment	(121,256)	(121,256)
Net carrying value sold during the year	(34,446)	-
Effect of foreign exchange	(27,480)	-
December 31, 2008	9,024	(122,260)

Selected financial information of the discontinued operations included in the comparative periods of the Consolidated Statement of Operations is as follows:

	Year ended Dec 31, 2007
	\$'000
Net loss from discontinued operations	-
Revenues	-
Loss from discontinued operations	(6,137)
Interest and other income	961
Non-controlling interest	3,805
	(1,371)

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3 DISCONTINUED OPERATIONS – AFLEASE GOLD (continued)

The major classes of assets and liabilities of the discontinued operations are as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Assets		
Cash and cash equivalents	-	92,623
Accounts receivable and other receivables	-	2,321
Inventories	-	42
Current assets of discontinued operations	-	94,986
Mineral interests, plant and equipment	-	285,553
Investment	9,024	-
Other assets	-	1,061
Non-current assets of discontinued operations	9,024	286,614
Total assets of discontinued operations	9,024	381,600
Liabilities		
Accounts payable, accrued liabilities and other	-	5,080
Income taxes payable	-	165
Current liabilities of discontinued operations	-	5,245
Future income tax liabilities	-	80,201
Convertible debentures	-	90,551
Other long term payables	-	1,085
Non-controlling interest	-	11,308
Non-current liabilities of discontinued operations	-	183,145
Total liabilities of discontinued operations	-	188,390

4 SALE OF INTEREST IN THE HONEYMOON PROJECT

On October 15, 2008, the Corporation entered into an agreement with Mitsui & Co., Ltd. ("Mitsui & Co.") to create joint ventures in relation to the Australian assets of the Corporation. The transaction was completed on December 24, 2008 when the last required regulatory approval was obtained. Under the agreement, Mitsui & Co. acquired a 49% interest in the Honeymoon project and the Corporation's Australian exploration portfolio.

The minimum cash commitment from Mitsui is approximately \$72.6 million (A\$ 104.0 million)⁽¹⁾ for its share of Uranium One Australia's business. The majority of these funds will be used to advance the development of the Honeymoon Project through to commencement of production in 2010.

Pursuant to the terms of the Honeymoon joint venture agreement, the Corporation committed up to \$34.8 million (A\$ 49.8 million) of the proceeds from the investment by Mitsui to fund its share of Honeymoon's development expenditures.

The Corporation accounts for its remaining share in the Honeymoon Project on the proportional consolidation method.

Carrying value of assets before sale	\$'000
Carrying value of assets and liabilities sold on transaction date	281,491
Impairment to fair value based on transaction value	(195,358)
Foreign exchange	(16,545)
Carrying value after impairment, at 100%	69,588
Assets and liabilities sold:	
Mineral interest, plant and equipment	34,707
Accounts receivables and prepayments	26
Accounts payables and other short term payables	(356)
Non-current liabilities	(279)
Carrying value of assets and liabilities sold	34,098
Carrying value after sale	35,490

(1) A\$: Australian dollar

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5 BUSINESS COMBINATION BETWEEN URANIUM ONE AND URASIA ENERGY

On February 11, 2007, Uranium One entered into a definitive arrangement agreement whereby Uranium One agreed to acquire all of the outstanding common shares of UrAsia Energy Limited ("UrAsia Energy"). Under the agreement, each UrAsia Energy share was exchanged for 0.45 Uranium One common shares. Each UrAsia Energy warrant and stock option, which previously gave the holder the right to acquire common shares of UrAsia Energy, was exchanged for a warrant or stock option. This gave the holder the right to acquire common shares of Uranium One on the same basis as the shareholders of UrAsia Energy, with all other terms of such warrants and options (such as term and expiry) remaining unchanged.

The shareholders of UrAsia Energy approved the arrangement at a Special Meeting held on April 5, 2007, with the transaction closing on April 20, 2007. Upon completion of the transaction, Uranium One was held approximately 60% by former UrAsia Energy shareholders and approximately 40% by former Uranium One shareholders. Accordingly, this business combination was accounted for as a reverse takeover under Canadian GAAP with UrAsia Energy being identified as the acquirer and Uranium One as the acquiree.

The cost of acquisition included the fair value of the deemed issuance of the following instruments: 307.0 million UrAsia Energy common shares at \$5.57 per share, plus 6.1 million share purchase warrants with an average exercise price of \$1.57 per share and a fair value of \$26.4 million, plus 12.0 million stock options, of which 8.0 million were exercisable at the date of acquisition, with an average exercise price of \$2.66 per share and a fair value of the vested portion of \$34.8 million, plus 0.8 million restricted shares with a fair value of \$0.9 million, plus the fair value of the equity component of the Uranium One convertible debenture of \$46.5 million plus UrAsia Energy's transaction costs of \$19.4 million, providing a total purchase price of \$1,837.6 million.

The value of the deemed issuance of UrAsia Energy shares was calculated using the weighted average share price of UrAsia Energy shares two days before, the day of, and two days after the date of the announcement of the arrangement. The following weighted average assumptions were used for the Black-Scholes option pricing model for the fair value of the stock options, warrants, restricted shares and equity component of the convertible debentures:

Risk-free interest rate	4.17%
Expected volatility of the share price	61%
Expected life	3.79 years
Dividend rate	Nil

The aggregate fair values of assets acquired and liabilities assumed were as follows on acquisition date:

	\$'000
Purchase price:	
Common shares	1,709,647
Options, warrants and restricted shares	62,042
Equity component of convertible debentures	46,480
Acquisition costs	19,418
	1,837,587
Net assets acquired:	
Cash and cash equivalents	291,088
Other current assets	33,442
Mineral interests, plant and equipment	2,459,355
Other assets	13,502
Accounts payable and accrued liabilities	(57,223)
Short term loans	(54,130)
Asset retirement obligations	(4,602)
Convertible debentures	(118,450)
Future income tax liabilities	(713,732)
Non-controlling interest	(11,663)
	1,837,587

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6 ASSET PURCHASES**6.1 U.S. Energy**

On April 30, 2007, Uranium One completed the purchase, from U.S. Energy Corporation ("U.S. Energy"), of the Shootaring Canyon Uranium Mill in Utah, as well as a land package comprising uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information for consideration equal to 6,607,605 Uranium One common shares valued at \$99.4 million, a cash payment of \$6.5 million, and transaction costs of \$2.6 million including \$750,000 paid in cash by Uranium One on the execution of an exclusivity agreement with the vendor. The purchase agreement provides for further payments by Uranium One of \$27.5 million dependent on the achievement of certain production targets. U.S. Energy will receive a royalty equal to 5% of the gross proceeds from the sale of commodities produced at the Shootaring Canyon Mill, to a maximum amount of \$12.5 million.

The transaction was accounted for as an asset purchase and the cost of each item of property, plant and equipment acquired as part the group of assets acquired was determined by allocating the price paid for the group of assets to each item based on its relative fair value at the time of acquisition. The summarized result of the allocation is indicated in the table below:

Purchase price:	\$'000
6.6 million common shares of Uranium One	99,401
Cash payment	6,515
Acquisition costs, including exclusivity fee	2,603
	108,519
Allocation of purchase price to assets:	
Mineral interests, plant and equipment	104,290
Stockpiles	7,772
Asset retirement obligations	(3,543)
	108,519

Pursuant to the asset purchase agreement, the reclamation bonds and guarantees given by U.S. Energy in connection with the acquired assets were substituted by Uranium One surety bonds with the appropriate Governmental Entity to provide coverage for the reclamation obligations of the acquired assets. The bond payments of \$9.3 million are included in other assets as part of the asset retirement fund. The asset retirement obligation was assessed and accounted for on acquisition date (Refer note 16).

6.2 Energy Metals Corporation

On June 3, 2007, Uranium One and Energy Metals Corporation ("EMC") entered into a definitive agreement whereby Uranium One agreed to acquire all of the issued and outstanding common shares and options to purchase common shares of EMC. The agreement was approved by the shareholders of EMC on July 31, 2007 and the acquisition was completed on August 10, 2007. Under the agreement, Uranium One exchanged 1.15 common shares of Uranium One for each common share of EMC. A total of 100,444,543 Uranium One common shares were issued in exchange for 87,343,081 EMC common shares.

The cost of the acquisition included the fair value of the issuance of 100,444,543 Uranium One common shares at \$10.09 per share, plus 8,382,546 stock options of Uranium One, of which 5,380,458 were exercisable at the date of acquisition, with an average exercise price of \$8.14 per share and a fair value of the vested portion of \$35.3 million plus Uranium One's transaction costs of \$9.3 million for a total purchase price of \$1,057.8 million.

The value of the Uranium One common shares issued was calculated using the share price of Uranium One's shares on the date of acquisition.

The following weighted average assumptions were used for the Black-Scholes option pricing model for fair value of the stock options:

Risk-free interest rate	4.57%
Expected volatility of the share price	60%
Expected life	3.07 years
Dividend rate	Nil

The transaction was accounted for as an asset purchase and the cost of each item of mineral interests, plant and equipment acquired as part of the group of assets acquired was determined by allocating the price paid for the group of assets to each item based on its relative fair value at the time of acquisition.

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6 ASSET PURCHASES (continued)

6.2 Energy Metals Corporation (continued)

The summarized results of the allocation are indicated in the table below:

Purchase price:	\$'000
100.4 million common shares of Uranium One	1,013,215
Options of Uranium One	35,307
Acquisition costs	9,311
	1,057,833
Net assets acquired:	
Cash and cash equivalents	86,017
Marketable securities	6,909
Other current assets	12,497
Mineral interests, plant and equipment	1,441,077
Other non-current assets	23,662
Accounts payable and accrued liabilities	(5,627)
Asset retirement obligation	(2,281)
Future income tax liability	(504,421)
	1,057,833

7 CASH AND CASH EQUIVALENTS

	Dec 31, 2008	Dec 31, 2007
	\$'000	\$'000
Cash	134,444	147,532
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	41,781	12,060
	176,225	159,592

Cash and cash equivalents do not include any asset backed commercial paper.

8 ACCOUNTS AND OTHER RECEIVABLES

	Dec 31, 2008	Dec 31, 2007
	\$'000	\$'000
Trade receivables	26,194	55,520
Value added tax and general sales tax	5,886	7,446
Prepayments and advances	4,151	5,558
Other receivables	3,695	1,794
	39,926	70,318

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9 JOINT VENTURES**9.1 Proportionate interests in joint ventures**

The Corporation owns the following interests in joint ventures:

Betpak Dala	70%
Kyzylkum	30%
Honeymoon	51%
Australia Exploration	51%

The Corporation's proportionate share of the assets and liabilities of the joint ventures are as follows:

As at December 31, 2008	Betpak Dala	Kyzylkum	Honeymoon	Australia exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	725	92	-	-	817
Other current assets	8,641	656	16	-	9,313
Mineral interests, plant and equipment	700,006	193,019	26,017	12,603	931,645
Other assets	703	4,005	-	-	4,708
Current liabilities	(18,098)	(3,084)	(653)	-	(21,835)
Long term debt ⁽¹⁾	(54)	(35,453)	(11)	-	(35,518)
Other	(1,582)	(556)	-	-	(2,138)
Future income taxes	(270,411)	(72,019)	(3,271)	-	(345,701)
Asset retirement obligation	(4,609)	(117)	(223)	-	(4,949)
Net Assets	415,321	86,543	21,875	12,603	536,342

(1) In addition to the \$33.2 million loan (note 9.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling \$100 million in 2007 and another \$60 million in 2008. One facility, in the amount of \$70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of \$90 million, was obtained from Citibank. Total draw downs against these facilities amounted to \$120 million as at December 31, 2008, of which the Corporation's share is \$36 million.

As at December 31, 2007	Betpak Dala	Kyzylkum	Total
	\$'000	\$'000	\$'000
Cash	1,643	3,659	5,302
Other current assets	73,039	291	73,330
Mineral interests, plant and equipment	680,046	182,740	862,786
Other assets	4,070	4,771	8,841
Current liabilities	(19,395)	(900)	(20,295)
Long term debt	-	(18,205)	(18,205)
Other long term liabilities	(1,567)	(135)	(1,702)
Future income taxes	(280,075)	(72,486)	(352,561)
Asset retirement obligation	(3,377)	-	(3,377)
Net Assets	454,384	99,735	554,119

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9 JOINT VENTURES (continued)**9.1 Proportionate interests in joint ventures (continued)**

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows for the years ended December 31, 2008 and 2007 are as follows:

Year ended December 31, 2008

	Betpak Dala \$'000	Kyzylkum \$'000	Honeymoon \$'000	Australian exploration \$'000	Total \$'000
Revenue	149,776	-	-	-	149,776
Expenses and other income	(50,680)	132	-	(56)	(50,604)
Foreign exchange (loss) / gain	(18)	660	-	-	642
Earnings / (loss) before income taxes	99,078	792	-	(56)	99,814
Current income tax expense	(42,065)	(42)	-	-	(42,107)
Future income tax recovery	7,122	186	-	-	7,308
Earnings / (loss)	64,135	936	-	(56)	65,015
Cash flows from / (used in) operating activities	64,344	(78)	-	-	64,266
Cash flows used in investing activities	(53,347)	(21,489)	-	-	(74,836)
Cash flows (used in) / from financing activities	(11,915)	18,000	-	-	6,085
Net decrease in cash	(918)	(3,567)	-	-	(4,485)

Year ended December 31, 2007

	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	134,024	-	134,024
Expenses and other income	(29,664)	(962)	(30,626)
Foreign exchange loss	(5,774)	(432)	(6,206)
Earnings / (loss) before income taxes	98,586	(1,394)	97,192
Current income tax expense	(43,932)	-	(43,932)
Future income tax recovery	5,276	-	5,276
Earnings / (loss)	59,930	(1,394)	58,536
Cash flows from / (used in) operating activities	77,544	(12)	77,532
Cash flows used in investing activities	(47,711)	(23,736)	(71,447)
Cash flows (used in) / from financing activities	(33,736)	24,120	(9,616)
Net (decrease) / increase in cash	(3,903)	372	(3,531)

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9 JOINT VENTURES (continued)**9.2 Loans to joint ventures**

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Current portion		
Betpak Dala	-	5,175
Kyzylkum	19,158	27,692
	19,158	32,867
Long term portion		
Betpak Dala	-	-
Kyzylkum	14,000	24,359
	14,000	24,359
Total	33,158	57,226

During 2007 the Corporation advanced \$5.2 million to Betpak Dala on behalf of its joint venture partner which was repaid during the year ending December 31, 2008.

Kyzylkum loan

The Corporation made loans to Kyzylkum pursuant to its obligation to provide project financing for construction and commissioning of the Kharasan Project in the amount of \$80 million. The loans bear interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis, commencing within two years of initial funding.

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Balance at January 1	73,333	80,000
Repaid during the year	(26,667)	(6,667)
	46,666	73,333
Interest accrued	702	1,025
Balance at December 31	47,368	74,358
Less: elimination of proportionate share – 30%	(14,210)	(22,307)
	33,158	52,051
Less: current portion	(19,158)	(27,692)
Long term portion	14,000	24,359

The loans to Kyzylkum are unsecured.

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10 INVENTORIES

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Finished uranium concentrates	5,401	10,093
Solutions and concentrates in process	2,584	5,128
Product inventory	7,985	15,221
Materials and supplies	9,405	5,731
Stockpiles	-	7,772
	17,390	28,724
Less: non-current inventory included in other assets (note 12)	-	7,772
	17,390	20,952

11 MINERAL INTERESTS, PLANT AND EQUIPMENT

December 31, 2008	Cost \$'000	Accumulated amortization \$'000	Net carrying amount \$'000
Mineral interests	1,035,043	(46,850)	988,193
Plant and equipment	312,360	(15,138)	297,222
	1,347,403	(61,988)	1,285,415

December 31, 2007	Cost \$'000	Accumulated amortization \$'000	Net carrying amount \$'000
Mineral interests	4,291,594	(32,771)	4,258,823
Plant and equipment	574,846	(6,316)	568,530
	4,866,440	(39,087)	4,827,353

A summary by property of the net book value is as follows:

December 31, 2008		Mineral interests			Plant and equipment \$'000	Total \$'000
Country	Depletable \$'000	Non- depletable \$'000	Total \$'000			
Akdala Mine	92,739	74,358	167,097	28,622	195,719	
South Inkai Project	-	396,963	396,963	107,017	503,980	
Kharasan Project	-	144,722	144,722	48,296	193,018	
Dominion Project ⁽¹⁾	-	-	-	44,586	44,586	
United States development projects	-	90,255	90,255	15,589	105,844	
United States exploration projects ⁽¹⁾	-	122,586	122,586	-	122,586	
Hobson Facility and La Palangana project ⁽¹⁾	-	-	-	22,026	22,026	
United States conventional mining projects ⁽¹⁾⁽²⁾	-	39,215	39,215	1,497	40,712	
Honeymoon Project ⁽¹⁾	-	25,652	25,652	12,967	38,619	
Corporate and other ⁽¹⁾	-	1,703	1,703	16,622	18,325	
Total	92,739	895,454	988,193	297,222	1,285,415	

⁽¹⁾ Refer to note 11.1

⁽²⁾ Previously Shooting Canyon Mill

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11 MINERAL INTERESTS, PLANT AND EQUIPMENT (continued)

December 31, 2007		Mineral interests				
	Country	Depletable \$'000	Non- depletable \$'000	Total \$'000	Plant and equipment \$'000	Total \$'000
Akdala Mine	Kazakhstan	103,068	74,358	177,426	24,140	201,566
South Inkai Project	Kazakhstan	-	422,631	422,631	31,388	454,019
Kharasan Project	Kazakhstan	-	146,538	146,538	29,376	175,914
Dominion Project	South Africa	-	1,756,018	1,756,018	350,146	2,106,164
United States development projects	United States	-	278,654	278,654	7,184	285,838
United States exploration projects	United States	-	1,073,130	1,073,130	1,285	1,074,415
Hobson Facility and La Palangana Project	United States	-	56,869	56,869	33,503	90,372
United States conventional mining projects ⁽¹⁾	United States	-	50,009	50,009	47,614	97,623
Honeymoon Project	Australia	-	276,087	276,087	23,951	300,038
Corporate and other		-	21,461	21,461	19,943	41,404
Total		103,068	4,155,755	4,258,823	568,530	4,827,353

⁽¹⁾ Previously Shootaring Canyon Mill

11.1 Impairment of mineral interests, plant and equipment

	Impairment and closure costs \$'000	Future income tax recovery \$'000	Net impairment \$'000
Dominion Project	1,805,452	474,735	1,330,717
United States development projects	204,289	68,679	135,610
United States exploration projects	936,556	331,619	604,937
Hobson Facility and La Palangana Project	83,409	19,024	64,385
United States conventional mining projects	65,310	4,070	61,240
Honeymoon Project	195,358	59,196	136,162
Corporate and other assets	31,848	5,701	26,147
	3,322,222	963,024	2,359,198

Dominion Project

On October 20, 2008, the Corporation's board of directors decided to place the Dominion Project ("Dominion") on care and maintenance. A significant deterioration in Dominion's economics in conjunction with a continuing decline in uranium prices over the last year were the major factors that contributed to the Corporation's decision to place the Dominion project on care and maintenance.

The Corporation has valued Dominion at its salvage value of \$44.6 million. Included in the Dominion Project impairment is \$17.5 million to place the project on a care and maintenance basis.

The Corporation carries foreign exchange translation losses of \$244.8 million in accumulated other comprehensive losses relating to the translation to US dollars of its investment in Uranium One Africa Limited ("Uranium One Africa"), the wholly owned subsidiary which owns Dominion. The foreign exchange losses were not taken into consideration in calculating the impairment value and would only be realized in the statement of operations if the Corporation sells its investment in Uranium One Africa. The value of the losses is calculated based on the South African rand and US dollar exchange rates and will change as exchange rates change.

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11 MINERAL INTERESTS, PLANT AND EQUIPMENT (continued)

11.1 Impairment of mineral interests, plant and equipment (continued)

United States development projects

The Corporation revised the mine plans and economic models for its ISR mining projects in Wyoming, resulting in an impairment of the carrying value of the Corporation's United States development projects.

United States exploration projects

Impairments were recognized on certain United States exploration projects, due to various factors including economic feasibility, cancellation of option agreements, metallurgical recovery factors, licensing and environmental issues.

Hobson Facility and La Palangana Project

From the mine planning process in the United States the Corporation concluded that the La Palangana project was impaired as its estimated fair value of \$6.2 million was lower than its carrying value. The decrease in value was due to substantially lower than anticipated recoverable resources at La Palangana. The Corporation placed the Hobson facility on care and maintenance and postponed the development of the La Palangana.

United States conventional mining projects

The Corporation concluded that the Shootaring Canyon Mill cannot be operated economically with the current available resource base and fully impaired the carrying value of the mill to a negligible salvage value.

Honeymoon Project

The Corporation sold a 49% interest in the Honeymoon Project and the Corporation's Australian exploration portfolio to Mitsui & Co. during December 2008 (note 4).

As the fair value of the assets sold were below the carrying value of the Honeymoon Project and the Australian exploration properties, they were written down to fair value based on the transaction value.

Corporate and other assets

Impairments were recognized on corporate and other assets including a \$9.6 million impairment on drill rigs and related parts due to the termination of the existing revenue generating lease agreement and the associated decline of their fair market value.

12 OTHER ASSETS

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Current		
Purchased uranium concentrates	9,743	18,056
Future income tax assets	1,206	-
Reclamation bond payment on behalf of UPC joint venture	1,094	1,094
	12,043	19,150
Non-current		
Asset retirement fund	19,939	20,316
Advances for future services	10,054	10,629
Borrowed uranium concentrates	8,621	-
Advances for investment in sulphuric acid plant	5,959	-
Advances for plant and equipment	3,938	12,643
Long term deposits and guarantees	2,489	3,220
Available for sale securities	593	21,257
Long term inventory (note 10)	-	7,772
Other	2,359	870
	53,952	76,707

Borrowed uranium concentrates

The Corporation entered into an uranium concentrates borrowing agreement to mitigate the risk of delivery delays enabling the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The asset represents the borrowed uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value. A corresponding liability has been recognized (note 18).

A portion of the borrowed uranium concentrates has been delivered into a sales contract on behalf of Betpak Dala during December 2008. The Corporation did not recognize revenue for this transaction, in line with the revenue recognition policy. The revenue will be recognized by Betpak Dala once they return the uranium concentrates to the Corporation, which occurred shortly after year-end.

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12 OTHER ASSETS (continued)*Purchased uranium concentrates*

The Corporation entered into uranium concentrates purchasing agreements to ensure that it could meet its short-term contractual obligations in terms of uranium sales contracts for Dominion. The asset represents the balance of the purchased uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value.

Available for Sale Securities

During the year, the Corporation disposed of its investment in Randgold and Exploration Company Limited ("Randgold"). The securities had a carrying value of \$Nil. No value was allocated to the investment as part of the purchase price allocation on April 20, 2007, due to the suspension of Randgold on the Johannesburg stock exchange. Proceeds on the sale of these securities amounted to \$13.0 million which resulted in a pre-tax gain on sale of securities of \$13.0 million. Capital gains tax of \$1.5 million on the sale was offset against the assessed losses of Uranium One Africa.

The Corporation disposed of further available for sale securities with a carrying value of \$17.4 million (2007 - \$Nil). The securities had a cost basis of \$17.2 million and fair value gains included in accumulated other comprehensive income of \$0.2 million. Proceeds on the sale of these securities were \$11.9 million which resulted in a loss on sale of securities of \$5.5 million. Capital gains tax recovery of \$0.9 million was offset against the Corporation's assessed losses.

During the year, there was an impairment on available for sale securities of \$3.1 (2007- \$0.9 million).

By holding these long-term investments the Corporation is inherently exposed to various risk factors including currency risk, market price risk and liquidity risk.

13 LONG TERM DEBT

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Drawn down during the year	65,000	-
Financing fees	(3,876)	-
Interest paid	(386)	-
Interest accrued	537	-
Closing balance	61,275	-

On June 27, 2008, the Corporation established a \$100 million bank debt senior secured revolving credit facility (the "facility"). Under the terms of the facility, the Corporation has the ability to borrow up to \$100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia (the "Banks"). The facility has a two year term, and may be extended for a further year with lender consent.

Draw downs under the facility can be made at interest rates based on either the US dollar LIBOR rate or the Bank of Montreal base rate for US dollar denominated loans (note 26). Undrawn amounts are subject to a commitment fee currently at 0.40% per annum.

Letters of credit can be issued under the facility at a fee of between 1.25% and 2.00% per annum.

The Corporation has made a drawdown of \$65 million under the credit facility on October 20, 2008. The loan bears interest at 3.5% as at December 31, 2008. A letter of credit in the amount of \$12.9 million was issued under the credit facility on September 25, 2008 as security for a uranium concentrates loan of 200,000 pounds of U₃O₈ (note 18).

The debt is payable with no notice, anytime before June 27, 2010.

The Corporation has a balance of \$21.7 million available to draw down from the credit facility after the drawdown and letter of credit issued against it.

The margins over the base interest rates, the commitment fee and the letter of credit fee, are dependent on the ratio of the Corporation's net debt (consisting of total debt less certain cash balances) to its earnings before interest, taxes, stock based compensation, depreciation and depletion and other non-cash items.

Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions.

Financing fees relate to upfront costs and other costs incurred associated with establishing the credit facility, and are expensed over the term of the facility.

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14 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Trade payables	18,222	25,334
Accruals	19,874	24,461
Commodity and other taxes payable	4,148	11,280
Deposit received for sale of Alease Gold shares (note 3)	3,100	-
Other	2,079	9,727
	47,423	70,802

15 CONVERTIBLE DEBENTURES

As part of the Uranium One / UrAsia Energy business combination on April 20, 2007, the Corporation acquired convertible unsecured subordinated debentures maturing December 31, 2011 (the "debentures") with a face value of Cdn \$155.3 million (\$133.2 million). The debentures were originally issued at Cdn \$1,000 per debenture and the underwriters' fees amounted to Cdn \$30 per debenture, which resulted in the net proceeds of Cdn \$970 per debenture. The debentures bear interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2007. The June 30, 2007 interest payment represented accrued interest from the closing of the offering to June 30, 2007. The conversion price was set at Cdn \$20 per share, which is equivalent to 50 common shares for each Cdn \$1,000 principal amount of debentures.

The debt and equity components were revalued on acquisition, and were included as part of the purchase price for the Uranium One/UrAsia Energy business combination (note 5).

The table below indicates the breakdown of the liability:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Opening balance	136,548	118,450
Interest incurred	15,075	11,641
Coupon payment	(5,989)	(6,564)
Foreign exchange movement	(27,592)	13,021
Liability as at the end of the year	118,042	136,548

16 ASSET RETIREMENT OBLIGATIONS

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Opening balance	13,927	2,856
Acquired in Uranium One/UrAsia business combination (note 5)	-	4,602
Acquisition of U.S. Energy assets (note 6.1)	-	3,543
Acquisition of EMC assets (note 6.2)	-	2,281
Revision of estimates	(68)	423
Accretion expense	1,407	1,000
Sale of 49% interest in Honeymoon (note 4)	(307)	-
Other	(727)	-
Reallocated to discontinued operations	-	(1,085)
Foreign exchange movement	(1,233)	307
Closing balance	12,999	13,927

	Dec 31, 2008	Dec 31, 2007
Undiscounted and uninflated amount of estimated cash flows (\$'000)	24,864	28,074
Payable in years	7 - 45	4 - 27
Inflation rate	2.69% - 8.50%	2.30% - 8.60%
Discount rate	8.50% - 15.90%	7.39% - 14.75%

Security of \$19.9 million for reclamation obligations has been provided in the form required by the relevant country's authorities (note 12).

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17 INCOME TAXES

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Current income tax expense	44,191	41,211
Future income tax recovery	(1,013,634)	(17,621)
	(969,443)	23,590

Reconciliation between the average effective tax rate and the applicable statutory tax rate.

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
(Loss) / earnings before income taxes	(3,303,030)	7,352
Canadian federal and provincial income tax rates	31.00%	34.12%
Expected income tax (recovery) / expense	(1,023,939)	2,509
Permanent differences, including share based compensation and foreign exchange	6,075	5,362
Effect of tax rate changes	1,150	2,954
Change in valuation allowance	143,661	9,121
Differences in tax rates in foreign jurisdictions	(101,439)	3,994
Other	5,049	(350)
	(969,443)	23,590

Future income tax

The significant components of the Corporation's future income tax assets and liabilities are as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Future income tax assets		
Mineral interests, plant & equipment	151,815	30,803
Other	12,105	31,249
Non-capital losses	69,080	58,134
Future income tax assets before valuation allowance	233,000	120,186
Valuation allowance	(163,827)	(20,166)
Future income tax assets, net of valuation allowance	69,173	100,020
Future income tax liabilities		
Mineral interests, plant & equipment ⁽¹⁾	435,096	1,577,461
Other	8,164	18,619
Future income tax liabilities	443,260	1,596,080
Net current portion of future income tax assets	1,206	-
Net long term portion of future income tax liabilities	(375,293)	(1,496,060)
Net future income tax liability	(374,087)	(1,496,060)

⁽¹⁾ Subsequent to year end, the Kazakhstan tenge was devalued by 25% against the US dollar, which will have an impact on the US dollar equivalent of the future income tax liabilities for the Kazakhstan operations in the first quarter of 2009 (note 26 (i))

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17 INCOME TAXES (continued)

Tax loss carry-forwards

Canada and provincial tax jurisdictions

At December 31, 2008, the Corporation had Canadian federal and provincial net operating loss carry-forwards totaling \$65.7 million that expire from 2009 through 2028. A valuation allowance of \$17.3 million has been applied against the future tax asset representing these losses.

United States federal and state tax jurisdictions

At December 31, 2008, the Corporation had United States federal and state net operating loss carry-forwards totaling \$64.4 million that expire from 2020 through 2028. A valuation allowance of \$Nil has been applied against the future tax asset representing these losses.

South Africa tax jurisdictions

At December 31, 2008, the Corporation had South Africa net operating loss carry-forwards totaling \$69.6 million with no expiry. A valuation allowance of \$24.4 million has been applied against future tax asset representing these losses.

Kazakhstan tax jurisdictions

At December 31, 2008, the Corporation had Kazakhstan net operating loss carry-forwards totaling \$12.1 million that expire from 2009 through 2011. A valuation allowance of \$1.8 million has been applied against the future tax asset representing these losses.

Australia tax jurisdictions

At December 31, 2008, the Corporation had Australian net operating loss carry-forwards totaling \$6.8 million with no expiry. A valuation allowance of \$Nil has been applied against the future tax asset representing these losses.

18 OTHER LONG TERM PAYABLES

	Dec 31, 2008	Dec 31, 2007
	\$'000	\$'000
Uranium concentrates loan	10,692	-
Kyzylkum external loan facility (note 9)	35,453	18,205
Due to the Republic of Kazakhstan	2,138	1,824
Other	641	-
	48,924	20,029

Uranium concentrates loan

On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of U₃O₈ to be repaid on September 30, 2010. Under the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed U₃O₈. In addition to the loan agreement, the Corporation incurred \$0.4 million in loan arrangement fees, which has been expensed. The Corporation recognized the borrowed uranium as an Other asset (note 12). The loan which was classified as a financial liability held for trading, and the other asset are carried at fair value.

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19 SHARE CAPITAL

Issued and outstanding common shares	Number of shares	Value of shares \$'000
Common shares on January 1, 2007	480,240,704	613,607
Exercise of warrants	481,000	82
Exercise of stock options	1,866,807	7,601
Common shares on April 20, 2007	482,588,511	621,290
Conversion of UrAsia Energy shares to Uranium One shares at a ratio of 0.45	217,164,830	621,290
Shares of Uranium One owned by Uranium One shareholders at acquisition	138,129,435	1,709,647
Exercise of warrants	150,000	2,033
Exercise of stock options and restricted shares	4,354,617	47,311
U.S. Energy asset purchase consideration	6,607,605	99,401
EMC asset purchase consideration	100,444,543	1,013,215
Shares issued for services rendered	322,393	3,987
Common shares on December 31, 2007	467,173,423	3,496,884
Exercise of warrants	1,190,000	15,791
Exercise of stock options	1,043,016	7,358
Exercise of restricted shares	206,517	2,791
Issued and outstanding common shares at December 31, 2008	469,612,956	3,522,824

On February 9, 2009, Uranium One entered into a subscription agreement with a corporation formed by The Tokyo Electric Power Company, Incorporated ("TEPCO"), Toshiba Corporation, and The Japan Bank for International Cooperation ("JBIC") providing for the private placement of an aggregate of 117,000,000 common shares of Uranium One, for gross proceeds of approximately C\$270 million.

The private placement issue price of C\$2.30 per share represented a 15% premium to the 20-day volume weighted average price of Uranium One common shares on the Toronto Stock Exchange prior to the announcement of the transaction. Upon closing of the private placement, the consortium will have a 19.95% equity stake in Uranium One.

Closing of the subscription agreement is subject to the receipt of certain regulatory approvals, including Toronto Stock Exchange approval, Australian Foreign Investment Review Board approval and Republic of Kazakhstan Ministry of Energy and Mineral Resources approval, and to other usual and customary closing conditions.

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20 CONTRIBUTED SURPLUS

The following table details the movement of contributed surplus during the year:

	Warrants \$'000	Restricted shares \$'000	Options \$'000	Total \$'000
As at January 1, 2007	-	-	31,286	31,286
Issued on Uranium One / UrAsia Energy business combination	26,407	853	34,782	62,042
Issued on EMC asset acquisition	-	-	35,307	35,307
Stock options issued and vested	-	-	33,734	33,734
Stock options exercised	-	-	(29,213)	(29,213)
Restricted shares vested	-	3,926	-	3,926
Restricted shares exercised	-	(1,660)	-	(1,660)
Warrants exercised	(1,035)	-	-	(1,035)
As at December 31, 2007	25,372	3,119	105,896	134,387
Stock options issued and vested	-	-	14,145	14,145
Stock options exercised	-	-	(3,957)	(3,957)
Restricted shares issued and vested	-	1,278	-	1,278
Restricted shares exercised	-	(2,791)	-	(2,791)
Warrants exercised	(11,460)	-	-	(11,460)
As at December 31, 2008	13,912	1,606	116,084	131,602

Assumptions

The fair value of stock options and restricted shares used to calculate the compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

	December 31, 2008	December 31, 2007
Risk free interest rate	2.52% - 3.60%	3.69% - 4.57%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	66% - 120%	40% - 69%
Expected life	5 years	5 years

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20 CONTRIBUTED SURPLUS (continued)

Stock options

The following is a summary of options granted under the stock-based compensation plan:

	Number of options	Weighted average exercise price Cdn \$
Outstanding options as at January 1, 2007	21,658,500	2.90
Granted up to April 20, 2007	1,935,000	5.99
Exercised up to April 20, 2007	(1,866,807)	2.11
Forfeitures of stock options up to April 20, 2007	(30,000)	1.80
Outstanding options as at April 20, 2007	21,696,693	3.29
Converted UrAsia Energy stock options on date of business combination	9,763,498	7.33
Existing Uranium One share options on April 20, 2007	5,390,754	6.67
EMC replacement options	8,382,546	8.14
Granted subsequent to April 20, 2007	1,867,817	15.27
Exercised subsequent to April 20, 2007	(4,228,640)	5.14
Forfeitures of stock options subsequent to April 20, 2007	(351,187)	13.14
Outstanding options as at December 31, 2007	20,824,788	8.55
Granted options	2,559,948	3.56
Exercised options	(1,043,016)	3.74
Forfeitures of stock options	(6,483,203)	9.12
Outstanding options as at December 31, 2008	15,858,517	7.82

The stock option compensation expense for the year ended December 31, 2008 was \$14.1 million and for the year ended December 31, 2007 it was \$33.7 million. As at December 31, 2008, the aggregate unexpensed fair value of unvested stock options granted amounted to \$6.2 million. The fair value of options granted during the year amounts to \$5.5 million.

The following table summarizes stock options outstanding at December 31, 2008:

Range of exercise prices Cdn \$	Options outstanding			Options exercisable		
	Number outstanding as at December 31, 2008	Weighted average remaining life (years)	Weighted average exercise price Cdn \$	Number exercisable as at December 31, 2008	Weighted average remaining life (years)	Weighted average exercise price Cdn \$
0.78 to 2.74	1,332,190	1.52	2.08	1,150,617	1.00	2.28
2.75 to 4.76	4,265,566	3.91	3.86	2,312,428	3.63	4.02
4.77 to 7.79	2,602,872	2.99	6.77	2,464,574	2.92	6.87
7.80 to 9.90	3,249,309	6.28	8.46	3,206,812	6.32	8.46
9.91 to 12.93	2,547,751	3.20	12.10	1,983,875	2.93	12.11
12.94 to 15.63	744,242	3.11	14.04	410,810	2.86	14.23
15.64 to 16.59	1,116,587	3.33	16.52	399,312	3.27	16.50
	15,858,517	3.85	7.82	11,928,428	3.80	7.75

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20 CONTRIBUTED SURPLUS (continued)

Restricted share rights

The following is a summary of Uranium One's restricted shares issued under the Restricted Share Plan:

	Number of restricted shares
Balance at January 1, 2007	404,231
Granted	20,000
Exercised during the year	(125,977)
Expired	(2,722)
Balance at December 31, 2007	295,532
Granted	609,000
Exercised during the year	(206,517)
Expired	(74,520)
Balance at December 31, 2008	623,495

The following is a summary of the outstanding restricted share rights:

	Number of restricted shares	
	Dec 31, 2008	Dec 31, 2007
Grant date		
June 7, 2006	72,083	225,092
December 8, 2006	9,245	50,440
July 1, 2007	6,667	20,000
April 7, 2008	510,500	-
April 28, 2008	25,000	-
Balance at the end of the year	623,495	295,532

Restricted share rights will not expire while the rights holder is an employee of the Corporation.

The restricted share rights expense for the year ended December 31, 2008 was \$1.3 million and for the year ended December 31, 2007 was \$3.9 million. As at December 31, 2008 the aggregate unexpensed fair value of unvested restricted share rights granted amounted to \$1.6 million. The fair value of restricted shares granted during the year amounts to \$2.4 million.

Warrants

	Number of warrants	Allocated value \$'000
Balance at January 1, 2007	2,731,619	26,407
Exercised during the year	(150,000)	(1,035)
Balance at December 31, 2007	2,581,619	25,372
Exercised during the year	(1,190,000)	(11,460)
Lapsed during the year	(1,391,619)	-
Balance at December 31, 2008	-	13,912

Warrants	Number of warrants		Average exercise price	
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
2008 Warrants	-	2,431,619	-	3.55
Series D Warrants	-	150,000	-	6.95
Total	-	2,581,619	-	3.75

The series D warrants expired on January 4, 2008 and the 2008 warrants expired on September 24, 2008.

Contingently issuable shares

The Corporation assumed all of the obligations of EMC and its subsidiaries arising under certain option and joint venture agreements with third parties. Uranium One has reserved a total of 407,100 common shares for issuance pursuant to the assumed obligations under contingent share rights agreements.

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21 INTEREST AND OTHER

	Year ended	
	Dec 31, 2008	Dec 31, 2007
	\$'000	\$'000
Interest income	10,315	11,982
Interest paid	(505)	(2,835)
Convertible debenture interest (note 15)	(15,075)	(9,661)
Credit facility charges	(1,677)	-
Interest and costs incurred on uranium concentrates loan (note 18)	(224)	-
Costs incurred in relation to letters of credit (note 13)	(210)	-
	(7,376)	(514)

22 FOREIGN EXCHANGE LOSS

A summary of the foreign exchange loss by item is as follows:

	Year ended Dec 31, 2008	
	Dec 31, 2008	Dec 31, 2007
	\$'000	\$'000
Unrealized foreign exchange gain / (loss) on future income tax liabilities	1,340	(18,727)
Unrealized foreign exchange loss on other items	(2,679)	(10,231)
Realized foreign exchange (loss) / gain on other items	(10,370)	15,936
	(11,709)	(13,022)

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23 CASH FLOW INFORMATION

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Changes in non-cash working capital excluding business combinations:		
Decrease / (increase) accounts and other receivables	28,818	(2,872)
Decrease / (increase) in prepaid expenses and other	2,651	(8,396)
Increase in inventories	(910)	(3,442)
Decrease in accounts payable and accrued liabilities	(6,279)	(21,042)
Increase in income taxes payable	8,450	3,369
	32,730	(32,383)
Significant non-cash investing activities		
EMC asset purchase	-	1,048,522
-common shares	-	1,013,215
-options	-	35,307
Uranium One business combination	-	1,818,169
-common shares	-	1,709,647
-options, warrants and restricted share rights	-	62,042
-equity component of convertible debentures	-	46,480
U.S. Energy asset purchase	-	99,401
Shares issued for services rendered	-	3,987
Supplemental cash flow information		
Cash interest paid	7,288	6,564
Cash tax paid	35,740	36,107

Short term loans

During 2007, the Corporation repaid short term loans from Nedcor Securities for a total cash consideration of \$55.2 million including accrued interest of \$2.1 million, with the security over the Corporation's investments in Randgold and Alease Gold being released upon repayment.

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24 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	Year ended	
	Dec 31, 2008	Dec 31, 2007
Basic weighted-average number of shares outstanding ('000)	468,424	360,656
Effect of dilutive securities:		
-stock options	-	-
-warrants	-	-
Diluted weighted-average number of shares outstanding	468,424	360,656

For the years ended December 31, 2008 and 2007, convertible debentures, stock options, warrants and restricted shares were not included in the dilutive weighted average number of shares outstanding as they were anti-dilutive.

25 CAPITAL DISCLOSURES

The Corporation's objectives when managing capital are to:

- (i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- (ii) Continue the development and exploration of its mineral properties; and
- (iii) Support any expansion plans.

In the management of capital, the Corporation includes shareholders' equity, long term debt, cash and the current portion of loans to joint ventures.

The Corporation manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics. The Corporation has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives.

The Corporation monitors the following ratios in this respect: total debt to total capitalization and net debt to total capitalization.

The Corporation must maintain an interest coverage ratio of greater than 2.5 to meet the credit facility's debt covenants. The interest coverage ratio is calculated as the ratio of the Corporation's earnings before interest, taxes, share based compensation, depreciation and depletion and other non-cash items ("EBITDA") to interest paid.

For years ended

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Total liabilities (excluding future income tax liabilities)	301,302	433,933
Net liabilities (total liabilities less cash, receivables, and current portion of loans to joint ventures)	65,993	171,156
Total capitalization (total shareholders' equity)	950,538	3,682,905
Total liabilities as a percentage of shareholders' equity	32%	12%
Net liabilities as a percentage of shareholders' equity	7%	5%
<i>Credit facility:</i>		
EBITDA (rolling 4 quarters)	69,755	91,905
Interest coverage ratio	10.5	7.4

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26 FINANCIAL INSTRUMENTS

Convertible debentures	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Liability component	118,042	136,548
Equity component	46,480	46,480
	164,522	183,028
Fair value	86,222	145,888

The Corporation's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The global nature of the Corporation's business exposes the reported financial results and cash flows of operating segments to risks arising from fluctuations in exchange rates.

The Corporation continuously monitors its exposure to risk. The risk management carried out by the Corporation is approved by the Board of Directors. The following describes the type of risks that the Corporation is exposed to and its objectives and policies for managing those risk exposures.

(i) Foreign exchange risk

The foreign exchange risk relates to the risk that the value of financial commitments, recognized assets or liabilities will fluctuate due to changes in foreign currency rates.

The most significant impact of foreign exchange on the Corporation's net earnings and other comprehensive income is the translation of foreign operations into US dollars. The effect of translating the financial statements of the entities that are determined to be integrated foreign operations are included in the consolidated statements of operations, and the effect of translating the financial statements of entities that are determined to be self-sustaining are included in other comprehensive income.

The Corporation is also exposed to foreign exchange risk arising from:

- Cash balances held in foreign currencies;
- borrowings denominated in foreign currencies; and
- firm commitments or highly probable forecasted transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies.

The Corporation does not hedge its exposure to foreign currency exchange risk.

The Corporation is primarily exposed to foreign currency risk through the following assets and liabilities denominated in currencies other than US dollars:

December 31, 2008	Financial assets and liabilities				Non-financial assets and liabilities	
	Cash and cash equivalents \$'000	Accounts receivable \$'000	Accounts payable and accrued liabilities \$'000	Convertible debentures \$'000	Mineral interests plant and equipment (1) \$'000	Future income tax liabilities \$'000
Canadian dollar	438	2,436	3,477	118,042	-	-
South African rand	5,227	4,821	17,506	-	44,586	-
Kazakhstan tenge	1,251	5,978	11,515	-	-	342,430
Australian dollar	44,597	1,212	7,558	-	38,619	3,271
	51,513	14,447	40,056	118,042	83,205	345,701

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26 FINANCIAL INSTRUMENTS (continued)

December 31, 2007	Financial assets and liabilities				Non-financial assets and liabilities	
	Cash and cash equivalents \$'000	Accounts receivable \$'000	Accounts payable and accrued liabilities \$'000	Convertible debentures \$'000	Mineral interest plant and equipment ⁽¹⁾ \$'000	Future income tax liabilities \$'000
Canadian dollar	78,938	3,683	10,357	136,548	21,216	5,831
South African rand	1,330	9,606	33,168	-	2,106,164	567,577
Kazakhstan tenge	2,787	3,128	16,411	-	-	351,207
Australian dollar	24,966	558	5,540	-	300,038	69,039
	108,021	16,975	65,476	136,548	2,427,418	993,654

⁽¹⁾ Only includes mineral interests, plant and equipment of self-sustaining operations.

The following table shows the effect on earnings and other comprehensive income after tax as at December 31, 2008 of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above mentioned financial and non-financial assets and liabilities of the Corporation.

	Other comprehensive income	Net earnings
A 10% appreciation in all foreign currencies against the US dollar, with all other variables held constant.	3,529	(35,769)

A 10% depreciation in exchange rates would have the exact opposite effect on other comprehensive income and net earnings.

The National bank of Kazakhstan has announced on February 4, 2009 that it has ceased to maintain the Kazakhstan Tenge ("Tenge") within the previous range of 117-123 Tenge to the US dollar and suggested the rate be set within a range of 145-155 Tenge to the US dollar. The devaluation amounts to approximately 25% and will affect the translated values of monetary assets and liabilities in the first quarter of 2009, with the effect processed through the statement of operations in 2009.

(ii) Credit risk

Credit risk is primarily associated with trade receivables, and to a lesser extent, cash equivalents.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation sells its products exclusively to organizations with strong credit ratings. Cash and cash equivalents are held through large international financial institutions. Cash and cash equivalents are comprised of financial instruments issued by Canadian banks and companies with high investment-grade ratings. The majority of these investments mature within 90 days of the balance sheet date.

The Corporation's maximum exposure to credit risk at the balance sheet date is as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
Cash and cash equivalents	176,225	159,592
Accounts receivable	39,926	73,538
Available for sale securities	593	21,257
	216,744	254,387

Uranium One Inc.
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26 FINANCIAL INSTRUMENTS (continued)

(iii) **Liquidity risk**

The Corporation has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Corporation's operating requirements on an ongoing basis and its expansion plans. The Corporation manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 25.

The Corporation has established a credit facility (note 13) as part of its liquidity risk management process. The Corporation has made its first draw down against the facility in the amount of \$65 million on October 20, 2008. A letter of credit amounting to \$12.9 million was issued against the facility as part of the uranium concentrates loan (note 18). The following table summarizes the contractual maturities of the Corporation's significant financial liabilities and capital commitments, including contractual obligations:

	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total
Lease obligations	511	4,042	1,370	1,491	7,414
Kyzylkum long term debt	-	19,750	15,703	-	35,453
Capital commitments	9,543	29,000	-	-	38,543
Asset retirement obligations	-	-	-	12,999	12,999
Accounts payable and accrued liabilities	47,423	-	-	-	47,423
Credit facility repayments	-	65,000	-	-	65,000
Uranium concentrates loan (note 18)	-	10,692	-	-	10,692
Convertible debentures	-	126,797	-	-	126,797
Other	149	-	-	1,402	1,551
	57,626	255,281	17,073	15,892	345,872

The convertible debenture is convertible in cash or shares, and may not result in a cash outflow. The uranium concentrates loan requires settlement with uranium concentrates, and may not result in a cash outflow.

The Corporation has interests in joint ventures, and is responsible for partial funding of these joint ventures pursuant to the terms of the joint venture agreements. The Corporation does not bear direct liquidity risk for liquidity of these joint ventures, except for the risk relating to the repayment to loans made to the joint ventures. The Corporation can only utilize cash generated by the joint ventures when the joint ventures pay dividends.

On January 19, 2009, in connection with the construction of a sulphuric acid plant through an established joint venture in which the Corporation is expected to have a 19% ownership, the Corporation provided a guarantee to a third party in respect of 19% of the construction cost of the plant, limited to a maximum amount of \$7.6 million (Euro 5.5 million).

The Corporation is exposed to liquidity risk from fluctuating commodity prices with respect to repayment of the uranium concentrates loan. On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of uranium concentrates to ensure timely delivery of certain sales commitments. Under the terms of the loan agreement, the Corporation received 200,000 pounds of uranium concentrates into its account on September 30, 2008 and is required to repay 200,000 pounds of uranium concentrates on September 30, 2010 (note 12).

The Corporation is exposed to liquidity risk from fluctuating commodity prices when the 200,000 pounds of uranium concentrates received as part of a uranium loan transaction are utilized against contracts. As the market value of the liability to deliver the uranium concentrates, fluctuates based on commodity prices, so will the market value of the uranium concentrates held by the Corporation. The effect that market fluctuations in the uranium price have on the asset and liability will offset, except in circumstances where the borrowed uranium has been utilized to make a delivery into a contract. In these circumstances, the Corporation will recognize a net fair market value adjustment. As at year end, the Corporation has utilized a portion of the borrowed material and is thus exposed to the fluctuations of the uranium price on the market.

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26 FINANCIAL INSTRUMENTS (continued)

A 10% change in commodity prices, should the Corporation be exposed, would impact the Corporation's liquidity risk due to the uranium concentrates loan (note 18), as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
A 10% appreciation in commodity prices, with all other variables held constant:		
- current	198	-
- maximum exposure	1,060	-

A 10% depreciation in the commodity price would have the exact opposite effect on net earnings.

(iv) Interest rate risk

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The only outstanding interest-bearing borrowings as at December 31, 2008 are the loan facility obtained by Kyzylkum (note 9.1) which bears interest at floating rates, the drawn-down amount on the credit facility which bears interest at floating rates (note 13), and the convertible debentures, with a fixed interest rate.

A 100 basis point change in the interest rate would impact the Corporation's net earnings as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
A 100 basis point appreciation in interest rates, with all other variables held constant	811	1,172

A 100 basis point depreciation in the interest rate would have the exact opposite effect on net earnings.

(v) Commodity price risk

The Corporation is exposed to price risk with respect to commodity prices. The Corporation does not hedge its exposure to price risk, other than having market related pricing structures in the long term sales contracts which the Corporation has entered into. Increases in uranium prices would have a positive impact on profitability given that the majority of the Corporation's sales contracts are priced based on market values for uranium.

A 10% change in commodity prices would impact the Corporation's net earnings as follows:

	Dec 31, 2008 \$'000	Dec 31, 2007 \$'000
A 10% appreciation in commodity prices, with all other variables held constant	14,978	13,402

A 10% depreciation in the commodity price would have the exact opposite effect on net earnings.

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27 SEGMENTED INFORMATION

The Corporation's reportable operating segments are summarized in the table below:

For the year ended December 31, 2008: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	149,776	(30,490)	(22,566)	-	61,902	10,651
South Inkai Project	Kazakhstan	-	-	-	-	26	43,139
Kharasan Project	Kazakhstan	-	-	-	-	875	19,466
Dominion Project ⁽¹⁾	South Africa	-	-	-	(1,412)	(1,325,938)	94,211
United States development projects	United States	-	-	-	-	(135,666)	11,455
United States exploration projects ⁽¹⁾	United States	-	-	-	(6,979)	(536,905)	1,013
Hobson Facility and La Palangana Project ⁽¹⁾	United States	-	-	-	(690)	(65,077)	17,056
United States conventional mining projects ⁽¹⁾⁽²⁾	United States	-	-	-	(1,189)	(85,104)	3,854
Honeymoon Project ⁽¹⁾	Australia	-	-	-	(2,339)	(139,236)	13,525
Corporate and other ⁽¹⁾		-	-	-	(2,272)	(108,464)	2,387
Total		149,776	(30,490)	(22,566)	(14,881)	(2,333,587)	216,757

⁽¹⁾ Refer note 11.1⁽²⁾ Previously Shooting Canyon Mill**For the year ended December 31, 2007: (in \$'000)**

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	134,024	(17,282)	(14,899)	-	56,305	9,108
South Inkai Project	Kazakhstan	-	-	-	-	110	39,243
Kharasan Project	Kazakhstan	-	-	-	-	(1,410)	21,135
Dominion Project	South Africa	-	-	-	(1,913)	(1,225)	137,954
United States development projects	United States	-	-	-	-	-	5,907
United States exploration projects	United States	-	-	-	(5,077)	(5,079)	248
Hobson Facility and La Palangana Project	United States	-	-	-	(1,608)	(2,764)	14,674
United States conventional mining projects ⁽¹⁾	United States	-	-	-	(32)	(63)	2,966
Honeymoon Project	Australia	-	-	-	(1,987)	(1,745)	21,349
Corporate and other		-	-	-	(6,179)	(60,367)	13,409
Total		134,024	(17,282)	(14,899)	(16,796)	(16,238)	265,993

⁽¹⁾ Previously Shooting Canyon Mill

Notes to the Consolidated Financial Statements

as at December 31, 2008 and 2007

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27 SEGMENTED INFORMATION (continued)

As at December 31, 2008: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Mine	Kazakhstan	195,719	200,497	66,156	81,385
South Inkai Project	Kazakhstan	503,980	506,648	204,255	212,082
Kharasan Project	Kazakhstan	193,018	197,561	72,019	111,230
Dominion Project	South Africa	44,586	69,253	-	28,629
United States development projects	United States	105,844	107,538	-	724
United States exploration projects	United States	122,586	123,532	24,182	24,418
Hobson Facility and La Palangana Project	United States	22,026	24,064	-	1,506
United States conventional mining projects ⁽¹⁾	United States	40,712	55,098	5,410	8,282
Honeymoon Project	Australia	38,619	38,858	3,271	4,158
Corporate and other		18,325	295,060	-	204,181
Total		1,285,415	1,618,109	375,293	676,595

⁽¹⁾ Previously Shooting Canyon Mill

As at December 31, 2007: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Mine	Kazakhstan	201,566	266,240	73,623	94,710
South Inkai Project	Kazakhstan	454,019	457,510	205,053	207,461
Kharasan Project	Kazakhstan	175,914	184,283	72,486	92,422
Dominion Project	South Africa	2,106,164	2,111,565	567,577	598,102
United States development projects	United States	285,838	285,838	90,517	92,187
United States exploration projects	United States	1,074,415	1,079,794	370,229	374,210
Hobson Facility and La Palangana Project	United States	90,372	91,879	19,729	22,639
United States conventional mining projects ⁽¹⁾	United States	97,623	112,894	18,613	21,186
Honeymoon Project	Australia	300,038	300,043	69,040	86,613
Corporate and other		41,404	341,252	9,193	152,073
Total		4,827,353	5,231,298	1,496,060	1,741,603

⁽¹⁾ Previously Shooting Canyon Mill

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28 CONTINGENT SALE OF AN INTEREST IN THE DOMINION PROJECT

On June 7, 2005, Uranium One Africa and Micawber 397 (Proprietary) Limited ("Micawber 397"), a company owned by historically disadvantaged South Africans, entered into a definitive purchase and sale agreement, a management and skills transfer agreement and a joint venture agreement.

Pursuant to these agreements, Uranium One Africa agreed to sell to Micawber 397 an undivided 26% interest in the Dominion Project for cash consideration equal to 26% of the net present value of the Dominion assets at the date when Micawber elects to pay at least 20% of the purchase price. This election must occur within three years after receipt of Micawber 397 of their first profit distribution from the joint venture. After the first payment, Micawber is obliged to pay at least 20% of the purchase price during each subsequent three-year period, so that the purchase price is paid in full within twelve years of the date of the first payment.

The parties agreed to contribute their interests in the assets, to a joint venture, to be managed by Uranium One Africa, and to fund the development and operation of those assets in accordance with their respective joint venture interests. Uranium One agreed to lend to Micawber 397 the funds required to contribute their share under the joint venture agreement. The aggregate amount of that loan, plus accrued interest, is repayable from Micawber 397's share of joint venture profits.

Uranium One Africa's shareholders approved the Micawber transaction in September 2005, following which the South African Department of Minerals and Energy granted a "new order" mining right to the Corporation for the Dominion Project in October 2006. The Micawber 397 transaction will be accounted for in Uranium One's consolidated financial statements when the risks and rewards of the transaction are deemed to have passed to Micawber 397. Management has determined that this event will occur on the day that Micawber 397 elects to pay at least 20% of the purchase price, prompting the determination of the purchase price. As at December 31, 2008, Micawber 397 has not paid any part of the purchase price.

29 CONTINGENCIES

Due to the size, complexity and nature of the Corporation's operations, various legal and tax matters arise in the ordinary course of business. The Corporation accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Corporation.

Betpak Dala acquisition

As part of the original acquisition of the interest in Betpak Dala on November 7, 2005, it was agreed that the Corporation is liable for a bonus payment payable in cash based on uranium reserves discovered on the South Inkai property in excess of 66,000 tonnes. The payment is based on the Corporation's share of U_3O_8 in excess of 66,000 tonnes times the average spot price of U_3O_8 times 6.25%. This payment is to be calculated at the end of 2011 and each year thereafter, and paid 60 days after the end of the year in which a payment is due. No payment was due at December 31, 2008 (December 31, 2007 - \$Nil).

As security for the bonus payment, the Corporation has pledged its participatory interest in Betpak Dala (including the shares of a subsidiary) and its share of uranium products produced by Betpak Dala.

Kyzylkum acquisition

As part of the original acquisition of the interest in Kyzylkum on November 7, 2005, it was agreed that the Corporation is liable for a bonus payment, which is due upon commencement of commercial production. The seller initially had an option, exercisable until October 31, 2006, to elect to receive this bonus payment as a cash payment of \$24 million or receive 15,476,000 shares of UrAsia Energy. The seller elected under the terms of the arrangement, to receive 15,476,000 shares of UrAsia Energy upon commencement of commercial production. The 15,476,000-bonus payment shares of UrAsia Energy have been converted to 6,964,200 Uranium One shares as part of the UrAsia Energy acquisition. The fair value of the contingently issuable shares was not been included as part of the purchase price for Kyzylkum as commencement of commercial production could not be reasonably determined.

An additional bonus payment of 30% of 12.5% (being an effective 3.75%) of the weighted average spot price of U_3O_8 will be paid on incremental reserves in excess of 55,000 tonnes of U_3O_8 discovered during each fiscal year with payment beginning within 60 days of the end of the 2008 calendar year. No payment was due at December 31, 2008 (December 31, 2007 - \$Nil).

Hobson Plant

Production payments are due under the purchase agreement for the Hobson Processing plant and related exploration properties. The agreement provides for a payment of \$0.75 per pound for the first eight million pounds produced from the Hobson facility, for a total maximum payment of \$6 million.

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30 SUBSEQUENT EVENTS

South Inkai commercial production

The Kazakh Ministry of Energy and Mineral Resources formally approved the commencement of industrial production at South Inkai in December 2008. The approval was given by way of an amendment to the South Inkai subsoil use agreement and permits South Inkai to ramp up production over the next three years to 5,200,000 pounds U_3O_8 per year. As a result of the approval, commercial production for accounting purposes will commence at South Inkai on January 1, 2009.

Other subsequent events

Material transactions occurring subsequent to December 31, 2008 are described in notes 3, 19, 26 (i) and 26 (iii).

management's discussion and analysis

Management's Discussion and Analysis

Set out below is a review of the activities, results of operations and financial condition of Uranium One Inc. ("Uranium One") and its subsidiaries (collectively, the "Corporation") for the year ended December 31, 2008, together with certain trends and factors that are expected to impact its 2009 financial year. Information herein is presented as of March 11, 2008 and should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended December 31, 2008 and the notes thereto, on file with the Canadian provincial securities regulatory authorities (referred to herein as the "consolidated financial statements"). The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in US dollars and tabular amounts are in thousands, except where otherwise indicated. Canadian dollars are referred to herein as C\$. South African rands are referred to herein as ZAR. Australian dollars are referred to herein as A\$.

Uranium One completed a business combination with UrAsia Energy Limited ("UrAsia Energy") on April 20, 2007. The transaction was treated as a reverse take-over under GAAP, with UrAsia Energy identified as the acquirer and Uranium One as the acquiree. Consequently, the historic figures used herein for periods up to and including March 31, 2007 are those of UrAsia Energy. References herein to "the 2007 financial year" and "the 2008 financial year" refer to the years ended December 31, 2007 and December 31, 2008, respectively.

The common shares of Uranium One are listed on the Toronto and Johannesburg stock exchanges ("TSX" and "JSE", respectively). Uranium One's convertible unsecured subordinated debentures due December 31, 2011 are also listed on the TSX.

Additional information about the Corporation and its business and operations can be found in its continuous disclosure documents. These documents are available under the Corporation's profile at www.sedar.com.

This Management's Discussion and Analysis includes certain forward-looking statements. Please refer to "Forward-Looking Statements and other information".

HIGHLIGHTS

- Total production during 2008 was 2,864,700 pounds of U₃O₈, an increase of 41% from total production of 2,038,700 pounds of U₃O₈ during 2007.
- Attributable sales volumes during 2008 were 2,210,900 pounds of U₃O₈, an increase of 37% compared to attributable sales volumes of 1,608,700 pounds of U₃O₈ during 2007.
- Average realized U₃O₈ sales price during 2008 was \$68 per pound, generating revenue of \$149.8 million, compared to an average realized U₃O₈ sales price of \$83 per pound, generating revenue of \$134.0 million during 2007.
- Earnings from mine operations were \$96.7 million during 2008, a 5% decrease over earnings from mine operations of \$101.8 million during 2007, primarily due to a lower realized U₃O₈ sales price.
- In June 2008, the Corporation concluded a \$100 million senior secured revolving credit facility with Bank of Montreal and The Bank of Nova Scotia.
- In November 2008, the Corporation received an inaugural dividend of \$40 million (net of Kazakh withholding taxes) from its Betpak Dala joint venture.
- In December 2008, the Corporation entered into joint venture agreements under which Mitsui & Co., Ltd. acquired a 49% interest in the Australian assets of Uranium One, including the Honeymoon Project for a minimum cash commitment of approximately \$73 million (A\$104 million).
- The Corporation wrote down mineral interests, plant and equipment by \$2.4 billion (net of future income tax recoveries) in 2008: \$1.3 billion on Dominion; \$1.0 billion on properties in the United States; and \$0.1 billion on Honeymoon and Australian exploration.
- In February 2009, the Corporation announced a C\$270 million private placement and formation of a strategic relationship with a Japanese consortium.

OPERATIONS AND PROJECTS

- Akdala - attributable production during 2008 was 1,873,600 pounds of U₃O₈; cash operating costs for 2008 were \$14 per pound of U₃O₈ sold.
- South Inkai – received industrial production approval in December 2008 to ramp up production over the next three years to attributable production of 3,600,000 pounds of U₃O₈ and commenced commercial production on January 1, 2009; attributable pre-commercial production during 2008 was 792,200 pounds of U₃O₈.
- Kharasan – commenced mining on a pilot production basis in September 2008; attributable pre-commercial production during 2008 of 9,400 pounds of U₃O₈.
- United States - continued with permitting activities at the Moore Ranch, Antelope and JAB projects in Wyoming; in late 2008, the start-up of the Hobson, Texas ISR processing facility was deferred pending the delineation of additional resources and the receipt of all required permits.
- Dominion - pre-commercial production during 2008 was 189,500 pounds of U₃O₈; on October 22, 2008, operations were suspended and the project was placed on care and maintenance pending the evaluation of available strategic alternatives.

FINANCIAL CONDITION AND LIQUIDITY

Recent disruptions in global credit and financial markets have resulted in a significantly deteriorating economic climate, which contributed to the asset impairments discussed elsewhere in this document.

In response to these conditions, the Corporation has taken a number of steps, following the initial sustained drop in the uranium price, to reduce or defer previously planned capital and corporate expenditures, including placing the Dominion Project on care and maintenance, deferring project start-up at Hobson, obtaining a partner to fund the development of Honeymoon and implementing significant reductions in exploration expenditure and corporate costs across all operations.

In October 2008, the Corporation drew down \$65 million under its credit facility as an internal cash reserve and in February 2009 negotiated a C\$270 million private placement with a Japanese consortium. The Corporation will therefore have cash resources sufficient to sustain capital and corporate expenditures planned for 2009. Capital expenditures by the Betpak Dala and Kyzylkum joint ventures are funded through the joint ventures' operating cash flow or by way of third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$73 million (A\$104 million) from Mitsui in 2009.

The Corporation is currently evaluating the application of the proceeds from the private placement with the Japanese consortium. The potential uses of these proceeds include acceleration of the Corporation's growth and development plans, the reduction of debt and working capital.

OUTLOOK

- In 2009 to the end of February, Betpak Dala has received more than its full allocation of sulphuric acid and Betpak Dala and Kyzylkum are expected to have sufficient sulphuric acid supplies to meet their 2009 production targets at Akdala, South Inkai and Kharasan.
- Total production for 2009 is estimated to be 3.5 million pounds of U_3O_8 , comprising 1.8 million pounds from Akdala, 1.5 million pounds from South Inkai and 0.2 million pounds from Kharasan.
- Total production for 2010 is estimated to be 5.6 million pounds of U_3O_8 .
- During 2009, the average cash cost per pound of U_3O_8 sold is expected to be approximately \$15 per pound at Akdala and \$28 per pound at South Inkai.
- The Corporation currently has contracts for the sale of an aggregate of 26 million attributable pounds of U_3O_8 ; 16 million pounds of this material are contracted at weighted average floor prices of approximately \$47 per pound. The remainder of contracted attributable sales is not subject to floors and such sales are therefore directly related to the spot price of U_3O_8 , except for 910,000 pounds, which will be sold at an average fixed price of \$79 per pound, subject to escalation.
- For 2009, the Corporation expects to sell an aggregate of 2.8 million attributable pounds of U_3O_8 . The Corporation has already contracted for the sale of 2.2 million attributable pounds of U_3O_8 in 2009, of which 700,000 pounds have weighted average floor prices of approximately \$43 per pound.
- Attributable inventory levels at Betpak Dala are expected to increase from approximately 1.2 million pounds of U_3O_8 at December 31, 2008 to approximately 1.8 million pounds of U_3O_8 by the end of 2009.
- In 2009, the Corporation expects to incur capital expenditures of \$21 million for the development of its assets in Wyoming and to contribute \$6 million to the costs of constructing a sulphuric acid plant at Zhanakorgan in Kazakhstan.
- General and administrative expenses, excluding stock-based compensation, are expected to be approximately \$28 million for 2009; care and maintenance costs at Dominion are expected to be \$12 million for 2009.
- The Corporation carries unrealized foreign exchange translation losses of \$244.8 million relating to its investment in Uranium One Africa Limited on its balance sheet. The foreign exchange losses were not taken into consideration in calculating the impairment on Dominion and would only be realized in the statement of operations if the Corporation sells its investment in Uranium One Africa Limited.

KEY STATISTICS

TOTAL PRODUCTION	2008	2007
Attributable production from Akdala (lbs of U ₃ O ₈)	1,873,600	1,827,200
Attributable pre-commercial production from South Inkai (lbs of U ₃ O ₈)	792,200	40,200
Pre-commercial production from Dominion (lbs of U ₃ O ₈)	189,500	171,300
Attributable pre-commercial production from Kharasan (lbs of U ₃ O ₈)	9,400	-
Total production	2,864,700	2,038,700

FINANCIAL	2008	2007
Attributable production (lbs of U ₃ O ₈) ⁽¹⁾	1,873,600	1,827,200
Attributable sales (lbs of U ₃ O ₈) ⁽¹⁾	2,210,900	1,608,700
Average realized sales price (\$ per lb of U ₃ O ₈) ⁽²⁾	68	83
Average cash cost of production sold (\$ per lb of U ₃ O ₈) ⁽²⁾	14	11
Revenues (\$ millions)	149.8	134.0
Earnings from mine operations (\$ millions)	96.7	101.8
Net loss from continuing operations (\$ millions)	(2,333.6)	(16.2)
Loss per share from continuing operations – basic and diluted (\$ per share)	(4.98)	(0.05)
Loss from discontinued operations (\$ millions)	(122.3)	(1.4)
Loss per share from discontinued operations – basic and diluted (\$ per share)	(0.26)	(0.00)
Net loss (\$ millions)	(2,455.8)	(17.6)
Net loss per share – basic and diluted (\$ per share)	(5.24)	(0.05)
Adjusted net earnings (\$ millions) ⁽²⁾	22.3	3.4
Adjusted net earnings per share – basic (\$ per share) ⁽²⁾	0.05	0.01

Notes:

(1) Attributable production and sales are from assets that are in commercial production – therefore only Akdala in 2007 and 2008.

(2) The Corporation has included non-GAAP performance measures: average realized sales price per pound of U₃O₈, cost per pound of U₃O₈ sold, adjusted net earnings and adjusted net earnings per share. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. See "Non-GAAP Measures".

OVERVIEW

Uranium One is a Canadian corporation engaged through subsidiaries and joint ventures in the mining and production of uranium, and in the acquisition, exploration and development of properties for the production of uranium in Kazakhstan, the United States, Australia, South Africa and Canada.

Through the Betpak Dala joint venture, Uranium One owns a 70% interest in the Akdala and South Inkai uranium mines in Kazakhstan. The Corporation holds a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project in Kazakhstan. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation has suspended operations at its Dominion Project in South Africa and placed it on care and maintenance while evaluating strategic alternatives for the project. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia and South Africa.

The following are the Corporation's principal mineral properties and operations (discussed in more detail below):

Operating mines

Entity	Project	Location	Status	Ownership
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	Producing	70% J.V. interest
Betpak Dala LLP	South Inkai Uranium Mine	Kazakhstan	Producing	70% J.V. interest

Advanced development project

Entity	Project	Location	Status	Ownership
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	Commissioning ⁽¹⁾	30% J.V. interest

The Corporation is also developing the following mineral properties:

Entity	Project	Location	Status	Ownership
Energy Metals Corporation (US)	Powder River Basin, Wyoming (Moore Ranch, Peterson, Ludeman, Allemand-Ross, and Barge)	USA	Development	100% interest
Energy Metals Corporation (US)	Great Divide Basin, Wyoming (JAB and Antelope)	USA	Development	100% interest
Uranium One Australia (Proprietary) Ltd.	Honeymoon Uranium Project	Australia	Development	51% interest

The Corporation has suspended development of the following projects:

Entity	Project	Location	Status	Ownership
Uranium One Africa Limited	Dominion Project	South Africa	Care and maintenance	100% interest ⁽²⁾
South Texas Mining Venture	Hobson Facility and La Palangana Project, Texas	USA	Standby	99% interest

Notes:

- (1) The Kharasan Uranium Project is in the commissioning stage; production has commenced but the mine has not yet achieved commercial production. Commercial production is achieved when a pre-defined operating level, based on the design of the plant, is maintained and the Kazakhstan Government has issued an operating license.
- (2) Uranium One's 100% interest is subject to a definitive purchase and sale agreement of an undivided 26% interest in the Dominion Project to its Black Economic Empowerment partner, Micawber 397 (Proprietary) Limited ("Micawber 397"). The Micawber 397 transaction will be accounted for in the Corporation's financial statements when the risks and rewards of the transaction are deemed to have passed to Micawber 397.

REVIEW OF OPERATIONS

AKDALA URANIUM MINE

Akdala is an operating acid in situ recovery ("ISR") uranium mine located in the Suzak region of South Kazakhstan, owned indirectly as to 70% by the Corporation through the Betpak Dala joint venture, a Kazakhstan registered limited liability partnership ("Betpak Dala"). The other 30% interest is owned by JSC NAC Kazatomprom ("Kazatomprom"), a Kazakhstan state-owned company responsible for the mining and exporting of uranium in Kazakhstan.

Pursuant to the terms of its subsoil use contract, the permitted production rate at the Akdala Mine is 2,600,000 pounds of U₃O₈ (1,000 tonnes uranium ("U")) per year.

Production: In line with the production plan for 2008, Akdala produced 2,676,600 pounds of U₃O₈ (1,030 tonnes U) during 2008, of which 1,873,600 pounds of U₃O₈ (721 tonnes U) is attributable to the Corporation.

Production from Akdala in 2009 is estimated to be 2,600,000 pounds of U₃O₈ (1,000 tonnes U), of which 1,820,000 pounds of U₃O₈ (700 tonnes U) will be attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Akdala over the last four quarters:

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U ₃ O ₈)
Q1 2008	70	162	1,152	96.9	616,400
Q2 2008	89	167	1,359	83.6	621,800
Q3 2008	29	190	1,571	78.6	689,300
Q4 2008	-	185	1,614	79.3	749,100

A total of 188 wells were installed during 2008. The program for 2009, which is expected to commence during Q2 2009, provides for the installation of 164 wells to achieve the production target for the year.

During 2008, three new production blocks were acidified and commissioned. Production block #24 was acidified in Q4 2008 and will be commissioned when the concentration from the current production blocks reaches sub-optimal levels. Higher quantities of solution were pumped at lower head grades in order to achieve the production in 2008, as the existing production blocks are still achieving economic uranium levels.

Due to the fact that it is still economical to produce uranium from the existing production blocks at lower concentrations and higher flow rates, the processing capacity of the Akdala plant was expanded during Q4 2008. A seventh ion-exchange column and additional main productive solution pumps were installed in the processing plant to cope with the increased flow rate. The plant can now operate at lower concentration levels and still achieve 1,000 tonnes U capacity. The cost of the plant expansion was \$3.1 million and was financed from operations.

The construction of the precipitation and filtration circuit at Akdala was completed in Q1 2008. The circuit enables Akdala to produce yellowcake slurry on site, with only the drying and packaging to be performed by external processing facilities. Due to technical issues experienced by the external processing facilities when introducing the yellowcake slurry produced at Akdala into their drying process, the production of yellowcake at Akdala was suspended and, as in the past, rich eluate was shipped to the external processing facility in Q2 and Q3 2008. During Q4 2008, the production of yellowcake on site resumed after successful resolution of the technical issues experienced by the external processing facility.

AKDALA URANIUM MINE - continued

Financial information: The following table shows the attributable production, sales and production cost trends for Akdala over the prior eight quarters:

(All figures are the Corporation's attributable share)	3 months ended							
	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
Production of U ₃ O ₈ in lbs	524,400	482,400	435,300	431,500	435,400	451,600	452,200	488,000
Sales of U ₃ O ₈ in lbs	393,900	848,100	685,600	283,300	689,200	70,000	244,300	605,200
Inventory U ₃ O ₈ in lbs	345,000	232,800	620,500	886,500	748,900	1,007,000	636,800	436,500
Revenues (\$000's)	21,146	56,723	49,390	22,517	61,010	8,019	23,265	41,730
Sales (\$/lb of U ₃ O ₈ sold)	54	67	72	79	89	115	95	69
Operating expenses (\$000's)	5,918	11,793	9,487	3,292	7,521	660	2,058	7,043
Operating expenses (\$/lb of U ₃ O ₈ sold)	15	14	14	12	11	9	8	12
Depreciation and depletion (\$000's)	4,370	8,305	6,960	2,931	6,966	1,058	2,016	4,859
Depreciation and depletion (\$/lb of U ₃ O ₈ sold)	11	10	10	10	10	15	8	8

Uranium revenues are recorded upon delivery of product to utilities and intermediaries and do not occur evenly throughout the year. Timing of deliveries is usually at the contracted discretion of customers within a quarter or similar time period. Annual sales of product from a mine, which is normally determined from opening inventory plus a percentage of forecast production for the year, does not always occur evenly throughout the year and could vary significantly from quarter to quarter as illustrated in the table above.

Changes in revenues, net earnings / loss and cash flow are therefore affected primarily by fluctuations in contracted delivery of product from quarter to quarter as well as by changes in the price of uranium.

Operating expenses are directly related to the quantity of U₃O₈ sold and are lower in periods when the quantity of U₃O₈ sold is lower. There is a corresponding build-up of inventory in periods when the quantity of U₃O₈ sold is lower.

The cost of production for the year at \$14 per pound of U₃O₈ sold was in line with the Corporation's revised forecast.

SOUTH INKAI URANIUM MINE

South Inkai is an operating ISR uranium mine located in the Suzak region of South Kazakhstan, owned indirectly as to 70% by the Corporation through the Betpak Dala joint venture. The other 30% interest is held by Kazatomprom.

The design capacity of the South Inkai mine is 5,200,000 pounds of U₃O₈ (2,000 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2011.

Pre-commercial production: Pre-commercial production from South Inkai was 1,131,800 pounds of U₃O₈ (435 tonnes U) in 2008, of which 792,200 pounds of U₃O₈ (305 tonnes U) is attributable to the Corporation.

Production from South Inkai in 2009 is estimated to be 2,140,000 pounds of U₃O₈ (825 tonnes U), of which 1,500,000 pounds of U₃O₈ (577 tonnes U) will be attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for South Inkai over the last four quarters:

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U ₃ O ₈)
Q1 2008	53	24	163.5	229.0	206,400
Q2 2008	90	30	253.0	258.2	367,300
Q3 2008	114	36	341.3	108.1	209,100
Q4 2008	105	46	430.4	136.8	349,000

A total of 362 wells were installed in 2008. The program for 2009 provides for the installation of 343 wells to achieve the production target for the year.

Due to ongoing transportation and logistics constraints in Kazakhstan, South Inkai did not receive sufficient quantities of sulphuric acid during Q3 and early in Q4 2008 to acidify production blocks as planned and the resulting lower than expected acid deliveries negatively affected the concentration of uranium in the solution as well as production in Q3 and Q4 2008. By year end, the acid supply shortfall was eliminated with sufficient acid being supplied in late December 2008. The acid shortages in Q4 2008 resulted in the acidification of block #5 being delayed until beginning of 2009.

Industrial production: The Kazakh Ministry of Energy and Mineral Resources ("MEMR") formally approved the commencement of industrial production at South Inkai in December 2008. The approval, which was given by way of an amendment to the South Inkai subsoil use agreement, permits South Inkai to ramp up production over the next three years to 5,200,000 pounds U₃O₈ per year. As a result of the approval, commercial production for accounting purposes commenced at South Inkai on January 1, 2009. Inventory at South Inkai attributable to the Corporation was 808,400 pounds U₃O₈ as at January 1, 2009 at an average cash cost of production of \$18 per pound.

At full capacity, Uranium One's attributable production from South Inkai is expected to be 3,640,000 pounds U₃O₈ per year.

Construction: State acceptance of the industrial complex at South Inkai was completed in December 2008, with some landscaping and asphalt work remaining to be completed in 2009 once warmer weather permits completion.

To date, expenditure incurred by Betpak Dala (on a 100% basis) relating to the construction of South Inkai is \$61 million; further capital expenditure (on a 100% basis) to complete the project to design capacity is expected to be \$3 million.

The capital expenditure on South Inkai is being funded by Betpak Dala out of operating cash flow from Akdala.

REVIEW OF DEVELOPMENT PROJECTS - KAZAKHSTAN

KHARASAN URANIUM PROJECT

Kharasan is an ISR uranium development project located in the Suzak region of South Kazakhstan, owned indirectly as to 30% by the Corporation through the Kyzylkum joint venture, a Kazakhstan registered limited liability partnership ("Kyzylkum"). The remaining interests are owned as to 30% by Kazatomprom and as to 40% by Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company.

The design capacity of Kharasan is 5,200,000 pounds of U₃O₈ (2,000 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2012.

Pre-commercial production: Pre-commercial production from Kharasan was 31,200 pounds of U₃O₈ (12 tonnes U) in 2008, of which 9,400 pounds of U₃O₈ (4 tonnes U) is attributable to the Corporation.

Production from Kharasan in 2009 is estimated to be 650,000 pounds of U₃O₈ (250 tonnes U), of which 195,000 pounds of U₃O₈ (75 tonnes U) will be attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Kharasan over the last four quarters:

	Drill rigs on site ⁽¹⁾	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U ₃ O ₈)
Q1 2008	10	30	-	-	-	-
Q2 2008	10	58	-	-	-	-
Q3 2008	10	74	28	6.9	47.8	-
Q4 2008	10	31	36	76.9	41.6	31,200

Note:

(1) As at end of quarter for well field development

Acidification of the first well field at Kharasan commenced in March 2008. Although the flow rate has continued to increase, both flow rate and concentration of U in solution remains low at 76.9m³/hour and 41.6 mg U/l, respectively. Well field maintenance work commenced at the end of Q3 2008, but was not as effective as expected. By the beginning of December 2008, a more detailed study was initiated to identify other factors contributing to wellfield underperformance. The study includes a full investigation of the original data and a review of all drilling logs to verify vertical location of screens and layout of the wellfield. Wellfield maintenance work is continuing.

In November 2008, Kyzylkum appointed a new Kharasan general manager, with over 20 years experience in ISL operations in the region. In December 2008, Kyzylkum also appointed a new general director, who is recruiting experienced personnel to assist in addressing wellfield underperformance.

Well installation for future well fields continued in 2008. In accordance with the plan for the year, an additional 193 wells were installed in 2008.

Industrial production: A delineation drilling program to convert a sufficient amount of resources from the Russian C2 category to the Russian C1 category, consisting of a drilling program of 338 holes, is ongoing. 163 drill holes were completed in 2008 for delineation purposes, compared to a plan of 169 holes.

Kyzylkum intends to make an interim application for permission to move to industrial production based on the results of an ISR operation in close proximity to Kharasan which operates under similar geological conditions. The 256 exploration holes already drilled, together with 82 holes to be completed in Q1 2009 (for a total of 338 holes), as well as the performance of the pilot production block, will serve as the basis for the application. It is expected that the application will be made later in 2009 when sufficient information from the pilot production block is available. Industrial production approval is expected for Kharasan in 2010.

Construction: The major operating facilities of the production complex have been inspected by the necessary regulatory authorities and final acceptance of the facilities is expected by Q2 2009.

To date, expenditure incurred by Kyzylkum (on a 100% basis) relating to the construction of the industrial complex at Kharasan is \$47.8 million. Further capital expenditure (on a 100% basis) to complete the project to design capacity of 2,000 tonnes per year is expected to be \$18 million.

The capital expenditure on Kharasan is funded by Kyzylkum from the project finance facility with Japan Bank for International Cooperation ("JBIC") and Citibank.

KHARASAN URANIUM PROJECT - continued

Infrastructure development: The railroad switching station was completed in Q2 2008 and a new section of line adjacent to the main line to Moscow was transferred to the State of Kazakhstan. Private entities are not allowed to own railroad installations, except on private land. The main facilities of the transshipment base for production ramp up in 2009, including storage facilities for sulphuric acid, ammonium nitrate and caustic storage will be commissioned in Q1 2009.

Total expenditure incurred by Kyzylkum (on a 100% basis) to date relating to infrastructure development at Kharasan amounts to \$60.0 million with further capital expenditure (on a 100% basis) to complete the required infrastructure expected to be \$2 million. A consortium agreement was concluded with an adjacent uranium ISR development joint venture to share in the development cost of the local infrastructure required to support both operations (road, bridge, rail and marshalling facilities). The agreement resulted in a return of \$22.6 million in capital to Kyzylkum relating to infrastructure amounts expended to date.

The development of infrastructure is jointly funded by an adjacent uranium ISR development joint venture and by Kyzylkum from a project finance facility provided by the JBIC and Citibank.

Project finance facility: In addition to the original \$80 million loan from the Corporation, Kyzylkum negotiated unsecured bank loan facilities in Q2 2007 totalling \$100 million. One facility, in the amount of \$70 million, was obtained from JBIC and the other facility, in the amount of \$30 million, was obtained from Citibank. During December 2008, Citibank agreed to increase its facility by \$60 million to \$90 million, increasing the total unsecured bank loan facilities to \$160 million. Total draw downs against these facilities amounted to \$120 million as at December 31, 2008.

The original \$80 million loan from the Corporation (principal of \$46.7 million outstanding as at December 31, 2008) must be repaid in full before the JBIC and Citibank facilities can be repaid. As the Corporation proportionately consolidates its 30% interest in Kyzylkum, the Corporation's share of these facilities amounts to \$36 million. When the \$160 million facility is fully drawn down, the Corporation's share of these facilities will amount to \$48 million. The loan facilities have floating interest rates of LIBOR plus 0.25% and 0.35%, respectively.

SULPHURIC ACID SUPPLY IN KAZAKHSTAN

Kazakhmys commissioned a new sulphuric acid plant located at Balkhash in eastern Kazakhstan in June 2008. This plant, which has an annual capacity of 1.2 million tonnes of sulphuric acid, provides Kazakh uranium producers, including the Corporation's Betpak Dala and Kyzylkum joint ventures, with a significant additional source of sulphuric acid in the country. The Corporation does not expect the production of sulphuric acid from the Balkhash plant to be affected by Kazakhmys' reduced copper production and expects that Balkhash will remain a reliable supplier of sulphuric acid in Kazakhstan. The logistical constraints experienced earlier in 2008 eased towards the end of 2008 and the early part of 2009 and are not expected to delay sulphuric acid deliveries in Q1 2009. Given the recent worldwide economic downturn, the Corporation expects a decline in demand for sulphuric acid over the short to medium term, with supply remaining largely intact and that additional sources of sulphuric acid may therefore become available to the Corporation.

Betpak Dala entered into a contract for the supply of 35,000 tonnes of sulphuric acid at market related prices during 2009. Together with the 60,000 tonnes allocated to Betpak Dala in 2009 by Kazatomprom, Betpak Dala should have sufficient supply of sulphuric acid to meet the 2009 production targets for both Akdala and South Inkai. Betpak Dala received the first delivery under this contract in February 2009 according to the agreed schedule.

Kyzylkum received a sufficient sulphuric acid allocation during Q4 2008 to enable Kharasan to continue planned wellfield acidification and to facilitate its planned production ramp-up. Kyzylkum's allocation of sulphuric acid from Kazatomprom is expected to be sufficient to meet the 2009 production target for Kharasan.

To ensure long term sulphuric acid supply continuity, the Corporation has established a joint venture with Kazatomprom and other affected parties to build a sulphuric acid plant near Kharasan at Zhanakorgan. The Corporation's ownership percentage in this joint venture is expected to be 19%. The total construction cost of the plant is expected to be approximately \$217 million, of which approximately 30% will be funded by the joint venture partners during Q4 2008 and the first half of 2009 and the balance potentially funded through debt financing. Construction of the plant is expected to be completed in 2011.

The Corporation contributed \$6.0 million in Q4 2008 towards construction of the sulphuric acid plant and will contribute \$6 million from working capital in the first half of 2009, with the balance of approximately \$29 million to be funded in 2010 and 2011.

Engineering design is already in progress with the Italian construction company Desmet Ballestra, including cooperation with LLP Joint Venture "Soyuzcomplex" for engineering work on the power plant. Equipment orders are in progress, with delivery of equipment starting in mid-2009.

NEW TAX CODE IN KAZAKHSTAN

Kazakhstan adopted a new Tax Code effective January 1, 2009. Among other things, the new Code reduces the corporate income tax rate from 30% to 20% for 2009, amends the basis for determining excess profits tax and replaces royalty charges with a mineral extraction tax. Mineral extraction tax, which has a different tax basis from the system of royalty charges it replaced, is levied at a rate of 22% for 2009. For uranium, the mineral extraction tax is calculated according to a formula related to the cost of production, rather than revenue. The new Tax Code also abolished the former contractual "stabilization" regime relating to the taxation of subsoil users, except for those operating under product sharing agreements and subsoil use contracts approved by the President of Kazakhstan (Akdala has a stability clause in its subsoil use contract; the subsoil use contracts for South Inkai and Kharasan, which are of more recent date, do not have such provisions).

There is considerable uncertainty surrounding the interpretation and application of the new Tax Code to the operations of Betpak Dala and Kyzylkum, including with respect both to excess profits tax and the effect on the stability clause in Akdala's subsoil use contract. At the request of the MEMR, Betpak Dala and Kyzylkum will be entering into discussions with the MEMR later this year on the application of the new Tax Code to their operations. Pending the outcome of these discussions, the Corporation, together with its joint venture partners and its tax advisers, will continue to evaluate the impact of the new Code on its operations in Kazakhstan.

Given the current uncertainty relating to the interpretation and application of the new Tax Code, the Corporation has not given effect to the provisions of the new Tax Code in its 2008 consolidated financial statements.

REVIEW OF DEVELOPMENT PROJECTS – UNITED STATES

The Corporation is proceeding with the planned development of new uranium production centres in the western United States. In Wyoming, the Corporation is focussed on permitting two ISR central processing plants, one at Moore Ranch in the Powder River Basin and the other at Antelope in the Great Divide Basin. In Texas, the Corporation has completed renovation of the Hobson central processing plant; operation of that facility has, however, been suspended pending the delineation of additional resources and the receipt of all required permits.

POWDER RIVER BASIN, WYOMING

The Powder River Basin in Wyoming hosts several of the Corporation's uranium projects. The most advanced project in the Powder River Basin is the Moore Ranch Project, located in Campbell County, 25 miles east of Edgerton, Wyoming. Moore Ranch has a NI 43-101 compliant measured resource suitable for in situ recovery. The Corporation intends to construct an in situ uranium recovery facility at Moore Ranch with capacity of 2,000,000 pounds of U_3O_8 per year. Uranium extraction is planned to commence at Moore Ranch in 2010. Any excess plant capacity would be used to process uranium bearing resins from other properties owned by the Corporation in the Powder River Basin.

In October 2007, the Corporation submitted an application to the U.S. Nuclear Regulatory Commission ("NRC") for a license to construct and operate an in situ uranium recovery facility at Moore Ranch. The application was the first of its kind received by the NRC since 1988. The Corporation also submitted at the same time an application to the Wyoming Department for Environmental Quality ("WDEQ") for a mining permit. The NRC and WDEQ technical reviews of the application to build and operate an in situ uranium recovery facility at the Moore Ranch Project are currently in progress. The Corporation is continuing to progress these applications and expects to receive the license and permit during Q4 2009.

Baseline characterization efforts in support of similar license and permit applications for the Ludeman project in Converse County have been completed and will be submitted to the NRC and WDEQ in March 2009. Assuming a two year licensing process, the Corporation anticipates receiving the license and permit during early 2011, with initial production from Ludeman late in 2011. The Ludeman project will be licensed as three satellite operations that can feed either the Moore Ranch central processing plant or another plant.

The Corporation resumed wellfield development drilling at Moore Ranch in January 2009. In 2009, 90 drill holes are planned to complete delineation of the first well field. Another 270 drill holes are planned this year to extend existing mineralized trends on the property. Monitor well ring installation is also planned for this year after receipt of regulatory approval and finalization of the design of the first and second well field. Cased well installation in the well field will follow after issuance of the required licenses and permits.

The Corporation has revised its mine plans and economic models for its United States development assets during Q4 2008 and concluded that the carrying values of its United States development assets exceeded their fair value. The carrying value of Moore Ranch and the Corporation's other United States development assets were therefore written down by \$204.3 million.

The Corporation intends to complete additional delineation drilling and data purchases at its Ludeman and Peterson properties during 2009. Delineation drilling and data collection for permitting purposes are also scheduled in 2009 at other Powder River Basin properties, including the Allemand-Ross and Barge projects.

In total, capital expenditure of approximately \$17 million is planned in 2009 for the Corporation's Powder River Basin properties.

GREAT DIVIDE BASIN, WYOMING

The Corporation's principal properties in the Great Divide Basin are the JAB and Antelope projects. JAB has a NI 43-101 compliant measured and indicated resource suitable for in situ recovery.

A central processing facility is planned for construction at the Antelope project, with a satellite facility at JAB. The central processing facility has a design capacity of 2,000,000 pounds of U_3O_8 per year. In addition to processing resin from the satellite plant on JAB, the Antelope central processing facility would have the capacity to accept resins from other Uranium One projects in the Great Divide Basin. Those potential projects include Twin Buttes, Cyclone Rim, West JAB, Stewart Creek, Crooks Creek and Bull Springs. In July 2008, the Corporation submitted licensing and permit applications for Antelope and JAB to the NRC and WDEQ. Delineation drilling is ongoing at Antelope; since August 2008 a total of 254 holes have been drilled, and another 400 drill holes are planned in 2009 to further define and delineate proposed well field areas.

In total, capital expenditure of approximately \$4 million is planned in 2009 for the Corporation's Great Divide Basin properties.

HOBSON AND LA PALANGANA

The Hobson Facility is an ISR uranium processing facility located near to the town of Hobson in Karnes County, Texas. The refurbishment of the processing plant, to a capacity of a nominal 1,000,000 pounds of U₃O₈ per year of dried natural uranium concentrate, was completed in July 2008.

The Palangana Uranium Project is an ISR amenable deposit located five miles north of the town of Benavides in Duval County, Texas. During 2008, a better understanding of the extensive faulting on and near the Palangana salt dome led the Corporation to re-interpret the previously reported inferred resource of 5.8 million pounds U₃O₈, with the result that this resource was re-classified and removed from the Corporation's resource inventory. An impairment of \$83.4 million was recognized on Hobson and La Palangana in 2008, to account for the reduction in the fair value of the Hobson facility and the reduction in the recoverable resources in the Palangana mine plan.

Operation of the Hobson plant, and further capital expenditure at La Palangana, were suspended in late 2008 pending the delineation of additional resources and the completion of the permitting process. In the meantime, the Corporation will continue with planned delineation drilling and the acquisition of additional potential development areas.

UNITED STATES CONVENTIONAL URANIUM PROPERTIES

The Corporation is continuing to assess the resource potential of conventional uranium properties mainly in Utah, Colorado and Arizona. These properties include the Corporation's Frank M, Velvet, Woods and Breccia Pipes properties.

In 2008, the Corporation concluded that the Shootaring Canyon Mill could not be operated economically with the currently available resource base and fully wrote down the carrying value of the mill, due to its negligible salvage value. The Corporation evaluated the economic feasibility of its conventional mining properties as well and concluded that certain of its properties cannot be put to economic use in the current economic environment. The total associated impairment was \$65.3 million. Care and maintenance costs for the Shootaring mill are expected to be approximately \$1.3 million per year.

The Corporation does not plan any capital expenditure on its conventional uranium properties during 2009.

REVIEW OF DEVELOPMENT PROJECTS – AUSTRALIA

HONEYMOON URANIUM PROJECT

The Honeymoon Uranium Project is located in South Australia, approximately 75 kilometres northwest of the City of Broken Hill, New South Wales. The project has a design capacity of 880,000 pounds of U₃O₈ per year, with an expected mine life (including production ramp-up) of six years. The revised capital expenditure estimate for the completion of construction at Honeymoon is A\$118 million, of which A\$39 has been spent to date, on a 100% basis. The Corporation received approval to commence construction at Honeymoon in January 2008 from the South Australian regulatory authorities.

In Q1 of 2008, the Corporation postponed the development of Honeymoon pending a review of strategic options for its Australian business. In October 2008 the Corporation reached an agreement with Mitsui & Co., Ltd. under which Mitsui would acquire a 49% interest in the Honeymoon project and the company's Australian exploration portfolio. This transaction closed in December 2008, after receipt of required regulatory approvals. Under this agreement, the total minimum cash commitment from Mitsui is approximately A\$104 million for its share of Uranium One Australia's assets. The majority of these funds will be used to advance the development of the Honeymoon project through to commercial production which is scheduled for 2010. Pursuant to the terms of the Honeymoon joint venture agreement, the Corporation committed up to A\$49.8 million of the proceeds from the investment by Mitsui to fund its share of Honeymoon's development expenditures.

An impairment of \$195.4 million was recorded against the Corporation's Australian assets in 2008, to reflect the fair value ascribed to these assets in the Mitsui transaction.

REVIEW OF PROJECTS – SOUTH AFRICA

DOMINION

The Dominion Project is situated in the North West Province of South Africa, approximately 150 kilometres west-southwest of Johannesburg. The Project was placed on care and maintenance on October 22, 2008. The decision to place Dominion on care and maintenance reflected the significant deterioration in the Project's economics associated with the continuing decline in uranium prices during 2008 and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production. The decision followed the completion of the Corporation's detailed life of mine planning process and budget for the Project, which showed that the Project would require a sustained recovery in uranium prices, as well as significant additional capital investment, in order to become economically viable. As a result of the determination by the Corporation that the Dominion Project is not economically viable and a subsequent reinterpretation of the project's mineral resources, the previously published reserves for the project can no longer be considered reserves. The majority of the workforce at Dominion has been retrenched in accordance with the requirements of applicable South African legislation; a core team of employees has been retained to oversee care and maintenance activities.

The costs associated with the suspension of operations were \$17.5 million in Q4 2008, with further potential suspension costs of approximately \$3 million, and care and maintenance costs of approximately \$12 million per year thereafter. Care and maintenance activities will include limited development activities.

As Dominion was placed on care and maintenance without certainty as to when or whether production might be resumed, an impairment of \$1.8 billion was recognized in 2008. The Corporation carries unrealized foreign exchange translation losses of \$244.8 million in accumulated other comprehensive losses relating to the translation to US dollars of its investment in Uranium One Africa Limited ("Uranium One Africa"), the wholly owned subsidiary which owns the Project. The foreign exchange losses were not taken into consideration in calculating the impairment on Dominion and would only be realized in the statement of operations if the Corporation sells its investment in Uranium One Africa. The value of the losses is calculated based on the South African rand and US dollar exchange rates and will change as exchange rates change.

EXPLORATION PROJECTS

The Corporation is exploring its other properties and has current exploration programs in progress on its properties in South Africa, the western United States and Australia. During 2008, impairments of \$936.6 million were recognized on various United States exploration properties due to a range of factors including economic feasibility, cancellation of option agreements, metallurgical recovery, licensing and environmental issues.

CORPORATE

PRIVATE PLACEMENT WITH JAPANESE CONSORTIUM

On February 9, 2009, Uranium One entered into a subscription agreement with a special purpose corporation formed by The Tokyo Electric Power Company, Incorporated ("TEPCO"), Toshiba Corporation, and The Japan Bank for International Cooperation ("JBIC") (collectively, the "Consortium") providing for the private placement of an aggregate of 117,000,000 common shares of Uranium One, for gross proceeds of approximately C\$270 million. TEPCO and Toshiba Corporation will each have a 40% equity interest in the special purpose corporation; JBIC will have a 20% equity interest.

Concurrently with the execution of the subscription agreement, Uranium One has also entered into a long-term offtake agreement and a strategic relationship agreement with the Consortium, both of which will become effective upon closing of the private placement.

Under the offtake agreement, the Consortium may elect to purchase, on industry-standard terms, up to 20% of the Corporation's available production from the Corporation's existing uranium projects for which it has marketing rights and will have access to production of the Corporation's future projects if it maintains its equity interest in Uranium One above certain equity ownership levels. Deliveries under the offtake agreement to the Consortium members will commence in 2014.

Under the strategic relationship agreement, the Consortium may appoint two directors to the Uranium One board and has a right of first opportunity to invest in any uranium mining asset or project which the Corporation may in its discretion decide to make available to third parties. In addition, the Consortium may second two employees to Uranium One, and will have representation on an inter-company coordinating committee. This agreement also contains a standstill provision under which the Consortium has agreed, subject to certain exceptions, not to acquire without Uranium One's prior approval more than 19.95% of Uranium One's issued common shares. The rights granted under both the offtake agreement and the strategic partnership agreement are generally subject to the Consortium continuing to meet certain equity ownership thresholds.

The private placement issue price of C\$2.30 per share represented a 15% premium to the 20-day volume weighted average price of Uranium One common shares on the Toronto Stock Exchange prior to the announcement of the transaction. Upon closing of the private placement, the Consortium will have a 19.95% equity stake in Uranium One. The proceeds from the private placement are expected to be used for general corporate purposes, to accelerate the Corporation's growth and development plans and will allow the Corporation to take advantage of any value-enhancing acquisition or partnership opportunities that may arise. Closing of the transaction is subject to the receipt of certain regulatory approvals.

CREDIT FACILITY

The Corporation concluded a senior secured revolving credit facility with Bank of Montreal and The Bank of Nova Scotia at the end of Q2 2008. Under the terms of the facility, the Corporation has the ability to borrow up to \$100 million; the facility has a two year term, and may be extended for a further year with lender consent.

The Corporation drew down \$65 million under the credit facility on October 20, 2008. The effective interest rate on the loan up to December 31, 2008 was 4.1% per year and the loan currently bears interest at 1.8% per year. Additionally, a letter of credit in the amount of \$12.9 million was issued under the credit facility on September 25, 2008 as security for a uranium loan of 200,000 pounds of U₃O₈. Undrawn amounts under the facility are currently subject to a commitment fee of 0.40%.

Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions. The credit facility requires the Corporation to maintain an interest coverage ratio, measured on a rolling four quarter basis, of at least 2.5:1. The interest coverage ratio is calculated as the ratio of the Corporation's earnings before interest, taxes, share based compensation, depreciation and depletion and other non-cash items to interest paid. The Corporation's interest coverage ratio at December 31, 2008, calculated in accordance with the credit agreement, was 10.5:1.

SALE OF SHAREHOLDING IN AFLEASE GOLD

On April 8, 2008 the Corporation sold 152.2 million Alease Gold shares for \$41.3 million (ZAR320 million). An option granted to the purchaser to acquire Uranium One Africa's remaining shareholding in Alease Gold lapsed on May 8, 2008. Prior to year end, the Corporation sold an additional 12.5 million Alease Gold shares for \$3.2 million (ZAR25.9 million), decreasing the Corporation's shareholding to 34% at year end.

The assets and liabilities of Alease Gold have been classified as discontinued operations for all periods presented in the consolidated financial statements. The Corporation wrote down the investment to its fair market value as at December 31, 2008, resulting in an impairment of \$121.3 million.

Subsequent to December 31, 2008, the Corporation sold a further 153.5 million Alease Gold shares for proceeds of \$16.2 million (including a deposit of \$3.1 million received in 2008), decreasing the Corporation's shareholding in Alease Gold to 6%.

SALE OF NON-CORE ASSETS

During Q2 2008, Uranium One Africa disposed of its shareholding of 8.6 million shares in Randgold and Exploration Company Limited ("Randgold") for proceeds of approximately \$13.0 million. In 2005 Randgold was de-listed by the NASDAQ and suspended by the JSE for failure to file audited financial statements for its 2004 financial year. The Corporation therefore attributed no value to these shares during the business combination between Uranium One and UrAsia Energy on April 20, 2007. Taxes of \$1.5 million on the capital gain realized on the sale were set off against tax loss carry-forwards of Uranium One Africa.

The Corporation sold other available for sale securities for net cash proceeds of \$11.9 million during the year. A loss of \$5.5 million was realized on the sale of these securities. Tax of \$0.9 million on the capital gain was set off against the Corporation's tax loss carry-forwards.

URANIUM LOAN AGREEMENT

On September 22, 2008, the Corporation entered into a two year loan agreement to borrow 200,000 pounds of U_3O_8 to provide the Corporation with flexibility to meet its long term contractual obligations in terms of future uranium sales contracts. Pursuant to the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed material. In December 2008, the Corporation delivered 37,300 pounds of this material into a sales contract on behalf of Betpak Dala, to assist them in dealing with unexpected shipping delays over the holiday period. Betpak Dala returned the material to the Corporation after year end.

SUMMARY OF QUARTERLY RESULTS

(US dollars in thousands except per share and per lb amounts)

	3 months ended							
	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sep 30, 2007	Jun 30, 2007	Mar 31, 2007
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	21,146	56,723	49,390	22,517	61,010	8,019	23,265	41,730
Net (loss) / earnings from continuing operations ⁽²⁾	(241,393)	(2,013,684)	(68,195)	(10,315)	5,879	(16,980)	(13,108)	7,971
Basic and diluted (loss) / earnings per share from continuing operations ⁽¹⁾⁽²⁾	(0.51)	(4.30)	(0.15)	(0.02)	0.01	(0.04)	(0.04)	0.04
(Loss) / earnings from discontinued operations ⁽²⁾	(17,412)	(567)	274	(104,555)	(508)	(277)	(586)	-
Basic and diluted (loss) / earnings per share from discontinued operations ⁽¹⁾⁽²⁾	(0.04)	(0.00)	0.00	(0.22)	(0.00)	(0.00)	(0.00)	-
Net (loss) / earnings	(258,805)	(2,014,251)	(67,921)	(114,870)	5,371	(17,257)	(13,694)	7,971
Basic and diluted (loss) / earnings per share ⁽¹⁾	(0.55)	(4.30)	(0.15)	(0.24)	0.01	(0.04)	(0.04)	0.04
Total assets	1,627,133	1,995,911	4,970,117	5,052,346	5,612,898	5,710,605	4,247,176	999,950

Notes:

- (1) The basic and diluted earnings / loss per share are computed separately for each quarter presented and therefore may not sum to the years ended December 31, 2007 and December 31, 2008.
- (2) With the classification of Alease Gold as a discontinued operation in Q1 2008, the operating results of Alease Gold for periods up to Q1 2008 were reclassified from previously reported headings to earnings / (loss) from discontinued operations. The net impairment on Alease Gold of \$121.3 million in 2008 is also reported under this heading.

THREE MONTHS ENDED DECEMBER 31, 2008

The following items and events affected the Corporation's financial condition, cash flows and results of operations in Q4 2008.

mitsui transaction

The Corporation received the proceeds from the sale of 49% of its Australian business during Q4 2008. The majority of the proceeds will be used to advance the development of the Honeymoon project to production in 2010.

ALEASE GOLD IMPAIRMENT

The carrying value of the Corporation's investment in Alease Gold exceeded its fair value on December 31, 2008 and the Corporation regards this reduction in value as permanent. The loss from discontinued operations on \$14.4 million in Q4 2008 therefore consists mainly of a further write-down of the Corporation's investment in Alease Gold.

CREDIT FACILITY DRAWDOWN

The Corporation drew down \$65 million under the credit facility on October 20, 2008 and incurred interest charges of \$0.5 million up to December 31, 2008. Further costs relating to the credit facility, including availability fees and amortization of up-front costs, amounted to \$0.8 million Q4 2008, for a total cost of \$1.7 million for the year.

KYZYLKUM PROJECT FINANCE FACILITY

Kyzylkum increased its project finance facility with Citibank from \$30 million to \$90 million during the quarter and made a drawdown of \$20 million against the extended facility during Q4 2008. The Corporation's proportionate share of the draw down amounts to \$6 million.

IMPAIRMENT OF MINERAL INTERESTS, PLANT AND EQUIPMENT

The Corporation revised the mine plans and economic models for its ISR mining projects in Wyoming, resulting in an impairment of the carrying value of the Corporation's United States development properties of \$204.3 million. The impairment, net of future income tax recoveries of \$68.7 million, was \$135.6 million.

The Corporation cancelled option agreements pursuant to which it could earn into properties in New Mexico and re-evaluated the economic feasibility of certain of its United States exploration properties. This resulted in a write down of the carrying value of United States exploration properties of \$135.4 million, which is \$86.2 million net of future income tax recoveries of \$49.2 million. The review also resulted in further write downs in the carrying value of certain United States conventional mining assets of \$17.5 million, which is \$13.4 million net of future income tax recoveries of \$4.1 million. Included in this amount is the write off of a stockpile previously valued at \$6.6 million, due to a significant reduction in an external toll milling facility's ore buying rates.

During Q4 2008, the Corporation cancelled the agreement whereby it leased its 8 GEFCO SS40 drill rigs to a drilling company in Kazakhstan. The Corporation has not concluded a lease agreement with another drilling company and impaired the drill rigs to their salvage value. The related impairment charge was approximately \$9.7 million.

URANIUM SALES, INVENTORY AND OPERATING COSTS

The Corporation had attributable sales of 393,900 pounds of U₃O₈ during Q4 2008, compared to 689,200 pounds of U₃O₈ in Q4 2007. The Corporation's attributed share of revenue from sales in Q4 2008 amounted to \$21.1 million, compared to \$61.0 million in Q4 2007. The decrease in revenue is due to a 43% lower sales volume and a 39% decrease in the average realized uranium price per pound of U₃O₈ compared to Q4 2007. The average realized price per pound of U₃O₈ sold in Q4 2008 was \$54, compared to an average spot price per pound of U₃O₈ of \$51 in the quarter.

Earnings from mining operations were \$10.9 million in Q4 2008 after the deduction of operating expenses of \$5.9 million (\$15 per pound of U₃O₈ sold) and depreciation and depletion charges of \$4.4 million (\$11 per pound of U₃O₈ sold). During Q4 2008, attributable inventory increased by 112,200 pounds of U₃O₈ as less U₃O₈ was delivered into sales contracts than the production for the quarter.

CARE AND MAINTENANCE

In Q4 2008, the Corporation suspended development activities at La Palangana and placed the Hobson facility on standby pending the identification of additional resources in Texas. In addition, the Corporation placed the Shootaring mill on care and maintenance, having concluded it could not be economically operated with the current resource base. The cost of maintaining these properties and facilities (recognized as care and maintenance costs on the Corporation's statement of operations) was \$1.9 million for Q4 2008.

With the exception of limited development activities, all mining and processing activities at the Dominion Project have been suspended and the cost of suspension of operations is recognized as Impairment of mineral interests, plant and equipment and closure costs in the Corporation's statement of operations. Costs incurred after the operations have been fully suspended will be recognized as care and maintenance costs. Closure costs amounted to \$17.5 million in Q4 2008.

FUTURE INCOME TAX RECOVERY

In addition to the future income tax recovery on the future income tax liability associated with the Akdala uranium mine of \$1.5 million in Q4 2008 and future income tax recoveries on impairments to mineral interests, plant and equipment of \$122.0 million, future income tax recoveries of \$43.6 million were recorded, relating to future income tax assets raised in respect of temporary differences and the Corporation's net operating losses.

NON-GAAP MEASURES

ADJUSTED NET EARNINGS / LOSS

The Corporation has included non-GAAP performance measures, adjusted net earnings / loss and adjusted net earnings / loss per share throughout this document. Adjusted net earnings / loss and adjusted net earnings / loss per share do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures reported by other companies. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation of, or as a substitute for, measures of performance prepared in accordance with GAAP.

Adjusted net earnings / loss is calculated by adjusting the net profit / loss from continuing operations with unrealized foreign exchange gains / losses on future income tax liabilities, impairments, cost of suspension of operations and gains / losses from the sale of assets. These items are added back due to their inherent volatility and/or infrequent occurrence. Adjusted net earnings / loss previously were not adjusted for impairments, cost of suspension of operations and gains / losses from the sale of assets, as these items were not material in previous financial years.

The following table provides a reconciliation of adjusted net earnings / loss to the financial statements:

	Year ended	
	Dec 31, 2008 \$(000's)	Dec 31, 2007 \$(000's)
Net loss from continuing operations	(2,333,587)	(16,238)
Unrealized foreign exchange (gain) / loss on future income tax liabilities	(1,340)	18,727
(Gain) / loss on sale of available for sale securities (net of tax of \$2,397)	(1,948)	932
Impairment of mineral interests, plant and equipment and closure costs (net of future income tax recovery of \$963,024)	2,359,198	-
Adjusted net earnings	22,323	3,421
Adjusted net earnings per share – basic (\$)	0.05	0.01
Weighted average number of shares (thousands) – basic	468,424	360,656

AVERAGE REALIZED SALES PRICE PER POUND OF U₃O₈ AND COST PER POUND OF U₃O₈ SOLD

The Corporation has included non-GAAP performance measures throughout this document: average realized sales price per pound of U₃O₈ and cost per pound of U₃O₈ sold. The Corporation reports total cash costs on a sales basis. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation of, or as a substitute for, measures of performance prepared in accordance with GAAP.

As in previous periods, sales per pound of U₃O₈ and cost per pound of U₃O₈ sold are calculated by dividing the Revenues and Operating expenses found in the Statement of Operations in the Consolidated Financial Statements by the pounds of U₃O₈ sold in the period.

RESULTS OF OPERATIONS AND DISCUSSION OF FINANCIAL POSITION

SELECTED FINANCIAL INFORMATION

The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with GAAP. Uranium One and its operating subsidiaries use the United States dollar, the South African rand, the Australian dollar and the Canadian dollar as measurement currencies.

(US dollars in thousands except per share and per lb amounts)	Year ended		5 months ended ⁽²⁾	Year ended
	Dec 31, 2008	Dec 31, 2007	Dec 31, 2006	Jul 31, 2006
	\$	\$	\$	\$
Revenue	149,776	134,024	50,449	23,507
(Loss) / earnings from continuing operations	(2,333,587)	(16,238)	19,684	(48,939)
Loss from discontinued operations	(122,260)	(1,371)	-	-
Net (loss) / earnings	(2,455,847)	(17,609)	19,684	(48,939)
Adjusted net earnings / (loss)	22,323	3,421	(5,052)	(6,337)
Cash flows from / (to) operating activities	36,126	21,192	(11,375)	(1,437)
(Loss) / earnings per share from continuing operations	(4.98)	(0.05)	0.09	(0.27)
Loss per share from discontinued operations	(0.26)	(0.00)	-	-
(Loss) / earnings per share	(5.24)	(0.05)	0.09	(0.27)
Adjusted net (loss) / earnings per share	0.05	0.01	(0.02)	(0.03)
Product inventory carrying value ⁽¹⁾	7,985	15,221	10,826	10,760
Total assets	1,627,133	5,612,898	971,618	951,025
Long term financial liabilities	616,533	1,849,709	341,964	368,490
Average realized uranium price per lb of U ₃ O ₈	68	83	51	29
Average U ₃ O ₈ spot price per lb	62	99	60	38
	lbs of U ₃ O ₈			
Attributable sales volume	2,210,900	1,608,700	980,000	811,700
Attributable production volume	1,873,600	1,827,200	939,600	1,192,800
Attributable inventory ⁽¹⁾	345,000	748,900	565,400	637,000

Notes:

(1) Inventory as at December 31, 2008 is attributable to the Akdala Uranium Mine. Pre-commercial production from the Corporation's development projects are capitalized to the project as pre-production capital expenditure.

(2) The Corporation changed its year end from July to December in 2006.

Uranium One completed a business combination with UrAsia Energy on April 20, 2007. The transaction was treated as a reverse take-over under GAAP, with UrAsia Energy identified as the acquirer and Uranium One as the acquiree. Consequently, the historic figures used herein for periods up to and including March 31, 2007 are those of UrAsia Energy. The fair value net assets acquired by UrAsia Energy were \$1.8 billion.

On April 30, 2007, the Corporation completed the purchase, from U.S. Energy Corporation of the Shooting Canyon Uranium Mill in Utah, as well as a land package comprising uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information. The fair value of net assets acquired by the Corporation pursuant to this transaction was \$108.5 million.

On August 10, 2007, the Corporation completed the purchase of Energy Metals Corporation ("EMC"). The transaction resulted in the addition of a large portfolio of uranium exploration properties located throughout the western United States, including the Corporation's Powder River Basin and Great Divide Basin properties, and the Hobson ISR processing facility in Texas. The fair value of net assets acquired by the Corporation pursuant to this transaction was \$1.1 billion.

Aflease Gold was classified as a discontinued operation in Q1 2008 and the operating results of Aflease Gold for periods up to Q1 2008 were reclassified from previously reported headings to earnings / (loss) from discontinued operations. The net loss from discontinued operations in 2008 includes an impairment charge, net of tax, of \$121.3 million.

The Corporation wrote down mineral interests, plant and equipment by \$3.3 billion in 2008 - \$1.8 billion on Dominion; \$0.9 billion on United States exploration properties; \$0.2 billion on United States development properties; \$0.2 billion on Honeymoon and Australian exploration; \$0.1 billion on United States conventional mining properties; and \$0.1 billion on Hobson and La Palangana. The future income tax recovery on the write down was \$1.0 billion, resulting in a net total impairment of \$2.4 billion.

RESULTS OF OPERATIONS

URANIUM SALES, INVENTORY AND OPERATING COSTS

The spot price of U₃O₈ reached record levels during Q2 2007, with a closing price of \$136 per pound of U₃O₈ on June 30, 2007. Since then it has steadily declined, reaching a monthly low of \$45 per pound of U₃O₈ in October 2008 and closing at \$53 per pound of U₃O₈ on December 31, 2008. As the majority of the Corporation's sales contracts are related to the spot price of U₃O₈ at the time of delivery, fluctuations in the spot price of U₃O₈ have a direct impact on the Corporation's revenue.

The Corporation's sales volumes are determined by the terms of long term sales contracts with customers and the delivery schedules which customers are allowed to select each given year. The Corporation forecasts the amount of U₃O₈ to be produced from its mines over the medium to long term and enters into long term sales contracts (i.e., contracts for delivery more than 12 months from the date of execution) with customers for specific yearly quantities. The Corporation commits a relatively high degree of its projected production for delivery into contracts in the immediate future, with progressively lower percentages being committed to contracts with delivery dates more than four to five years in the future. The Corporation also maintains a 'cushion' between projected production and committed sales to ensure that it can meet all delivery commitments even in the event of lower than projected production. Sales contracts normally provide for delivery of a fixed quantity of uranium concentrates per year. Delivery schedules are generally fixed, with minor allowances for customers to select the exact month of delivery depending on their refuelling schedules. Customers normally schedule deliveries to ensure the U₃O₈ is delivered in time to correspond to their schedules for conversion, enrichment, and fabrication, which in turn depend on their schedule for reloading of fuel at their nuclear power plants. The exact timing of sales is therefore not entirely at the Corporation's discretion and sales are often uneven from quarter to quarter depending on the exact dates that customers choose for delivery of their uranium.

Customers take delivery of U₃O₈ at conversion facilities and the Corporation ships the U₃O₈ produced at its mines to converters in time for scheduled deliveries to customers. In situations where deliveries are scheduled shortly after a quarter end, the Corporation often has low sales in that quarter, with higher inventory levels in anticipation of the delivery. Where deliveries are scheduled shortly before a quarter end, sales for the quarter could be higher, with relatively low inventory balances at the end of the quarter. Depending on the location of the conversion facility, shipping times from Kazakhstan can be up to four months and the lead time between production of U₃O₈ and sales therefore has a significant impact on inventory levels at any given time.

Pursuant to existing contracts, the Corporation had attributable sales of 2,210,900 pounds of U₃O₈ during 2008, compared to 1,608,700 pounds of U₃O₈ in 2007. The Corporation's attributed share of revenue from sales in 2008 amounted to \$149.8 million, compared to \$134.0 million in 2007, with the 37% higher sales volume partially offset by a 19% decrease in the average realized uranium price per pound of U₃O₈ compared to 2007.

The average realized price per pound of U₃O₈ sold in 2008 was \$68, compared to an average spot price per pound of U₃O₈ of \$62 over the year. The average realized price per pound of U₃O₈ sold in 2007 was \$83, compared to an average spot price per pound of U₃O₈ of \$99 during 2007.

Earnings from mining operations were \$96.7 million in 2008 after the deduction of operating expenses of \$30.5 million (\$14 per pound of U₃O₈ sold) and depreciation and depletion charges of \$22.6 million (\$10 per pound of U₃O₈ sold). The Corporation initially expected the average cash cost per pound of U₃O₈ sold in 2008 to be \$12 per pound and the increase to \$14 per pound of U₃O₈ was largely due to increased costs of sulphuric acid caused by sulphuric acid shortages in Kazakhstan for extended periods in 2008.

During 2008 attributable inventory decreased by 403,900 pounds of U₃O₈ as more U₃O₈ was delivered into sales contracts than the production for the year.

In 2007, earnings from mining operations were \$101.8 million after the deduction of operating expenses of \$17.3 million (\$11 per pound of U₃O₈ sold) and depletion costs of \$14.9 million (\$9 per pound of U₃O₈ sold).

GENERAL AND ADMINISTRATIVE COSTS

The main drivers of the cash component of general and administrative expenses are salaries, directors' fees, consulting and advisor fees, travel expenses and office rent. Non-cash stock option and restricted share expenses are normally a significant contributor to general and administrative expenditure as a significant contributing factor to Uranium One's future success is its ability to attract and retain qualified and competent personnel. To accomplish this, Uranium One adopted a stock option plan and a restricted share plan to advance its interests by encouraging directors, officers and employees to have equity participation in Uranium One.

General and administrative expenses, including stock option and restricted share expenses of \$15.4 million, amounted to \$48.7 million for 2008, compared to \$68.6 million for 2007, including stock option and restricted share expenses of \$37.7 million. The expense in 2007 was higher than usual mainly due to the increased costs associated with the business combinations between Uranium One, UrAsia Energy and EMC. Stock-based compensation was unusually high in 2007, due to the revaluation of options acquired during the business combinations. The general and administrative expense for 2008 includes salaries and directors' fees of \$19.1 million, consulting and advisor fees of \$7.3 million, travel expenses of \$2.1 million and office rent of \$2.0 million.

EXPLORATION

The Corporation has a significant resource base and does not rely on exploration success for current and future production activities. Exploration expenditure is therefore purely discretionary and the extent of exploration programs is determined by the amount of cash available for exploration. Exploration expenditure relates to exploration programs undertaken on the Corporation's licence areas in the United States, South Africa, Canada, Australia and the Kyrgyz Republic and amounted to \$14.9 million during 2008 compared to \$16.8 million during 2007.

IMPAIRMENT OF MINERAL INTERESTS, PLANT AND EQUIPMENT AND CLOSURE COSTS

The Corporation completed a detailed planning process in 2008, including life of mine planning and a three year budget. Due to several indicators of impairment, the Corporation performed impairment testing during this period and impairments were recognized on several projects. The total impairment of mineral interests, plant and equipment for 2008 amounted to \$3.3 billion, with future income tax recoveries of \$1.0 billion. The impairment, net of future income tax recoveries, amounted to \$2.4 billion.

Dominion

A significant deterioration in Dominion's economics associated with the continuing decline in uranium prices over the last year and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production were the major factors contributing to the Corporation's decision to place the Dominion project on care and maintenance. The fair value of Dominion at December 31, 2008 has been estimated as its salvage value of \$44.6 million and an impairment of \$1.8 billion has been recognized. A future income tax recovery of \$474.7 million has been recorded, reducing the net impairment to \$1.3 billion. The cost of suspension of operations at Dominion amounted to \$17.5 million in 2008.

Honeymoon

The Corporation agreed with Mitsui & Co., Ltd. to create joint ventures in relation to the Australian assets of the Corporation. Under the agreement, Mitsui acquired a 49% interest in the Honeymoon project and the company's Australian exploration portfolio. As the transaction value was below the carrying value of these assets, Honeymoon and the Australian exploration properties were written down to fair value. An impairment of \$195.4 million has been recorded. A future income tax recovery of \$59.2 million reduced the net impairment to \$136.2 million.

Hobson and La Palangana

During mine planning in 2008, it was concluded that the La Palangana project has an estimated fair value of \$6.2 million, which was substantially lower than its carrying value. The downward revision in value was due to substantially lower than anticipated recoverable resources at La Palangana. In light of the reduced recoverable resources, the Corporation decided to place the Hobson facility on care and maintenance and postpone the development of La Palangana until additional feed for Hobson has been identified. An impairment of \$83.4 million has been recognized on Hobson and La Palangana, with an associated future income tax recovery of \$19.0 million, for a net impairment of \$64.4 million.

United States development projects

The Corporation revised the mine plans and economic models for its ISR mining projects in Wyoming, resulting in an impairment of the carrying value of the Corporation's United States development properties of \$204.3 million. The impairment, net of future income tax recoveries of \$68.7 million, was \$135.6 million.

United States conventional mining projects

The Corporation concluded that the Shootaring Canyon Mill cannot be operated economically with the current available resource base when taking the total cost of operation and associated contingent payments into account and has fully written down the carrying value of the mill, due to its having a negligible salvage value. The Corporation evaluated the economic feasibility of its conventional mining properties as well and concluded that certain of its properties cannot be put to economic use in the current economic environment. The total resultant impairment was \$65.3 million, with an associated future income tax recovery of \$4.1 million for a net impairment of \$61.2 million.

United States exploration projects

Further impairments of \$936.6 million were recognized on various United States exploration properties due to a range of factors including economic feasibility, cancellation of option agreements, metallurgical recovery, licensing and environmental issues. The impairment net of a future income tax recovery of \$331.7 million was \$604.9 million.

Corporate and other

During Q4 2008, the Corporation cancelled an agreement to lease 8 GEFCO SS40 drill rigs to a drilling company in Kazakhstan. The Corporation has not concluded a lease agreement with another drilling company and has accordingly impaired the drill rigs to their salvage value. The related impairment charge of \$9.7 million is included in the \$31.8 million impairment on corporate and other assets.

CARE AND MAINTENANCE

The cost to maintain Hobson, La Palangana and Shootaring are recognized as care and maintenance costs on the Corporation's statement of operations and was \$1.9 million for 2008.

INTEREST AND OTHER

Interest income amounted to \$10.3 million in 2008, compared to \$12.0 million in 2007. In addition to the interest earned on loans to joint ventures, interest is earned on funds held on deposit by the Corporation.

Interest accrued on the Corporation's convertible debentures was \$15.1 million in 2008. The expense of \$9.7 million in 2007 represents the expense from April 20, 2007, the date on which the debentures were acquired in the Uranium One / UrAsia business combination.

The interest expense on the \$65 million drawn down under the Corporation's credit facility on October 20, 2008 was \$0.5 million up to December 31, 2008. The loan currently bears interest at 1.8%. Other charges related to the credit facility, including amortization of upfront costs and the availability fee were \$1.7 million in 2008.

Other interest paid in 2007 of \$2.8 million, included interest paid on short term loans which were repaid in September 2007.

GAIN / LOSS ON SALE OF AVAILABLE FOR SALE SECURITIES

The Corporation owns shares in several junior uranium exploration companies. These companies were severely affected by the recent disruptions in global credit and financial markets. A permanent decline in the value of these shares resulted in a \$3.1 million impairment of available for sale securities in 2008.

A gain of \$7.5 million was realized on the disposal of available for sale securities, including the Corporation's investment in Randgold during 2008. Taxes of \$2.4 million on the profits realized were offset against available tax loss carry forwards. In 2007, the Corporation recognized a \$0.9 million loss on available for sale securities.

FOREIGN EXCHANGE LOSS

The net foreign exchange loss for 2008 amounted to \$11.7 million and consisted of a realized loss of \$13.0 million, offset by a \$1.3 million unrealized exchange gain arising from translation of the future income tax liability in respect of the Corporation's investment in Kazakhstan, which increased as result of a weakening of the Kazakhstan tenge against the US dollar during the year. For the 2007 year, a foreign exchange loss of \$13.0 million was recorded.

The National Bank of Kazakhstan announced on February 4, 2009 that it will cease to maintain the Kazakhstan tenge within the previous corridor of 117-123 tenge to the US dollar and suggested that the rate be set to between 145 and 155 tenge to the US dollar. This amounted to a devaluation of 25%, which will impact the translated values of monetary assets and liabilities, with the effect being processed through the statement of operations in Q1 2009.

The devaluation was necessitated by a general devaluation of most currencies against the US dollar in 2008. According to the National Bank of Kazakhstan, for the period from January 2008 to January 2009, the national currencies of a number of other countries all significantly weakened against the U.S. dollar: Russia (44%), Belarus (28%), Ukraine (52.5%), the United Kingdom (38%), Europe (13%), Norway (28%), Brazil (31%), Australia (27%) and Canada (26%).

INCOME TAXES

Current income tax expense for 2008 was \$44.2 million represents taxes paid and payable in Kazakhstan on profits from the Corporation's Akdala Uranium Mine. For 2007 a \$41.2 million income tax expense was recorded, mainly for the Akdala Uranium Mine.

The future income tax recovery for 2008 of \$1.0 billion arises from a recovery of the future income tax liability related to the acquisition of the Akdala mine of \$7.9 million, a future income tax recovery of \$963.0 million on impairments recognized on mineral interests, plant and equipment as well as an increase of \$42.6 million in future income tax assets due to temporary differences and tax loss carry forwards. In 2007, a recovery of future income taxes of \$17.6 million was recorded, being a recovery of the future income tax liability related to the acquisition of the Akdala mine of \$5.3 million and an increase of \$12.3 million in future income tax assets due to temporary differences and tax loss carry forwards.

LOSS FROM DISCONTINUED OPERATIONS

Aflease Gold was classified as a discontinued operation in Q1 2008 and all items related to Aflease Gold in the Statement of Operations were separated from normal operations. The net loss from discontinued operations of \$122.3 million includes an impairment charge, net of tax, of \$121.3 million.

NET LOSS FOR THE YEAR

The net loss for 2008 amounted to \$2.5 billion or \$5.24 per share, compared to a net loss of \$17.6 million or \$0.05 per share for 2007.

FINANCIAL CONDITION

On December 31, 2008, the Corporation had cash and cash equivalents of \$176.2 million, compared to \$159.6 million at December 31, 2007.

Inventories decreased to \$17.4 million from the \$21.0 million held at December 31, 2007, due to a decrease of \$7.2 million in finished uranium concentrates and solutions and concentrates in process. The decrease was partially offset by an increase in materials and supplies of \$3.7 million. Materials and supplies increased in line with higher inventories of spares used in the maintenance of the Corporation's drill rigs deployed in Kazakhstan and increased consumables inventory at Kharasan and South Inkai in line with increased activity levels.

As at December 31, 2008 the Corporation had attributable inventory of 345,000 pounds of U₃O₈ of which approximately 226,200 pounds is held in the form of saleable product. The saleable product on hand as at December 31, 2008, is committed for delivery under existing sales contracts subsequent to year end. Shipping times for finished product can be up to four months, depending on the distance between the mine site and conversion facility, where sales are concluded through transfer of legal title and ownership.

Inventory as at December 31, 2008 is attributable to the Akdala Uranium Mine. Pre-commercial production from the Corporation's development projects are not accounted for as inventory. Attributable material produced and on hand from the Corporation's development projects at December 31, 2008 amounted to 808,400 pounds of U₃O₈ at South Inkai, 132,500 pounds of U₃O₈ at Dominion and 9,400 pounds of U₃O₈ at Kharasan. In addition to the material produced, Dominion held 164,000 pounds of U₃O₈ purchased to deliver into sales contracts subsequent to year end, accounted for as purchased uranium concentrates in other assets.

A summary of Akdala's attributable inventory carried at the end of 2008 is as follows:

Category	Location	Lbs of U ₃ O ₈ (000's)
In process	Mine site	34.6
In process	External processing facilities	84.2
Finished product ready to be shipped	External processing facilities	-
Finished product In transit	In transit	161.9
Finished product at conversion facility	Conversion facilities	64.3
Total inventory		345.0

Short term loans advanced to Betpak Dala, of which \$17.0 million was outstanding at December 31, 2007, were repaid in full by February 9, 2008. Scheduled repayments on the loan to Kyzylkum of \$26.7 million plus interest were received from Kyzylkum during the year, resulting in an outstanding loan balance of \$46.7 million as at December 31, 2008. Scheduled repayments from Kyzylkum during 2009 are expected to be \$26.7 million.

Impairments to mineral interests, plant and equipment were \$3.3 billion in 2008, with an associated future income tax recovery of \$1.0 billion.

A further decrease in the reporting values of mineral interests, plant and equipment due to a 36% weakening of the South African rand against the US dollar and a 26% weakening of the Australian dollar against the US dollar during the year, were offset by cash additions to mineral interests, plant and equipment of \$216.8 million.

Available for sale securities with a carrying value of \$17.4 million were disposed of during the year and a permanent impairment of \$3.1 million was recognized in the statement of operations. A further temporary decline in value of \$0.2 million was recognized in other comprehensive income during the year.

Due to the Corporation's decision in Q1 2008 to dispose of Aflase Gold, it has been treated as a discontinued operation in comparative periods and its assets and liabilities are therefore presented as follows in December 31, 2007: current assets of \$95.0 million; non-current assets of \$286.6 million; current liabilities of \$5.2 million; and non-current liabilities of \$183.1 million, for a net asset value of \$193.2 million. The decrease in the December 31, 2007 carrying value to the carrying value of \$9.0 million as at December 31, 2008 is mainly due to the sale of shares with a carrying value of \$34.4 million and an impairment of \$121.3 million. The \$27.5 million unrealized foreign exchange loss due to the 36% weakening of the South African rand against the US dollar was accounted for as other comprehensive income.

The Corporation borrowed 200,000 pounds of U₃O₈ pursuant to a uranium loan agreement to provide the Corporation with flexibility to meet its long term contractual obligations in terms of future uranium sales contracts. As 37,300 pounds of the material were delivered into a sales contract on behalf of Betpak Dala, which experienced unexpected shipping delays over the year-end holiday period, a non-current asset of \$8.6 million is accounted for in respect of the borrowed uranium concentrates of 162,700 pounds of U₃O₈ on hand as at December 31, 2008. The corresponding non-current liability of \$10.7 million reflects the full liability to repay the 200,000 pounds of U₃O₈ on September 30, 2010.

The debt component of the convertible debentures decreased by \$18.5 million due to an unrealized foreign exchange gain of \$27.6 million, which is included in other comprehensive income, partially offset by the net increase in accrued interest of \$9.1 million. The convertible debentures are denominated in Canadian dollar and unrealized foreign exchange gain was caused by the 24% weakening of the Canadian dollar against the US dollar during the year.

The Corporation drew down \$65 million against its \$100 million credit facility during the year. The upfront costs associated with the credit facility of \$5.7 million are being amortized over the initial period of the loan and the balance of \$3.9 million as at December 31, 2008 have been offset against the proceeds of the loan, in line with the Corporation's accounting policies.

Future income tax liabilities decreased by \$1.1 billion from December 31, 2007 due to a future income tax recovery on the impairment of mineral interests, plant and equipment of \$963.0 million, the recovery of future income taxes on Akdala of \$7.9 million, an increase of \$42.6 million in future income tax assets due to temporary differences and tax loss carry forwards and fluctuations in foreign exchange rates.

The Corporation's 30% proportionate share of the Kyzylkum finance facility increased to \$35.5 million as Kyzylkum increased their drawdown against the facility from \$60 million to \$120 million during the year.

Changes in shareholders' equity consist mainly of the net loss for the year of \$2.5 billion and a foreign translation loss on the translation of continuing self-sustaining foreign operations during the year, of \$282.2 million.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2008 the Corporation had working capital of \$204.7 million. Included in this amount is cash and cash equivalents of \$176.2 million, which includes the proportionate share of the Corporation's cash and cash equivalents at its joint venture operations in Kazakhstan. The interest earned on these cash balances will be applied to existing commitments in respect of the Corporation's development projects and other current commitments. Approximately 70% of the Corporation's total cash balances were held in United States dollars with 5 Canadian banks with a credit rating of at least A-1/P-1/R-1 high at December 31, 2008.

Cash held by the Corporation's joint venture operations is applied to the business of the joint ventures and cash flows between the Corporation and the joint ventures normally only occur through loans to the joint ventures and dividends declared by the joint ventures. The Corporation received its first dividend of \$40 million from Betpak Dala in November 2008 and expects regular dividend payments from Betpak Dala from 2009 onwards. The Corporation expects that Betpak Dala will fund its capital requirements from operations, without the need for finance from the Corporation or third parties.

Kyzylkum has \$40 million available under its Citibank project finance facility. The Corporation expects that Kyzylkum will require additional funding to the undrawn facility in the second half of 2009 to finance its activities until the generation of positive cash flow from operations. If Kyzylkum is unsuccessful in obtaining further third party finance, the Corporation may have to defer a portion of the \$26.7 million repayment on the loan Kyzylkum received from the Corporation due in 2009.

The Corporation expects that its Australian operations will be self-funding in 2009, utilizing the proceeds from the Mitsui transaction for the development of Honeymoon and for general corporate purposes.

In addition to working capital at hand and the approximately \$220 million (C\$270 million) which will be available to the Corporation on the closing of the private placement to a Japanese consortium announced on February 10, 2009, the Corporation has access to an additional \$21.5 million through its credit facility, which was concluded with Bank of Montreal and The Bank of Nova Scotia at the end of Q2 2008. Under the credit agreement, the Corporation is required to maintain an interest coverage ratio of more than 2.5:1 on a rolling four quarters basis. The interest coverage ratio is the ratio of the Corporation's earnings before interest, tax, share based compensation, depreciation and depletion and other non-cash items to interest paid. The Corporation's interest coverage ratio as at December 31, 2008, calculated in accordance with the credit agreement, was 10.5:1.

During 2008, the Corporation received cash proceeds of \$69.5 million through the sale of non-core investments, including a portion of its shareholding in Alease Gold (\$44.5 million), Randgold (\$13.0 million) and other available for sale securities (\$11.9 million). Subsequent to year end, the Corporation received approximately \$16.2 million from the sale of Alease Gold shares.

The Corporation earns revenue from the sale of uranium from the operating Akdala and South Inkai uranium mines in Kazakhstan. Additional sales revenue will be earned from uranium sales when the Corporation's development projects reach commercial production.

Attributable inventory levels at Betpak Dala are expected to increase from approximately 1.2 million pounds of U₃O₈ at December 31, 2008 to approximately 1.8 million pounds of U₃O₈ by the end of 2009.

Uranium is sold under forward long-term delivery contracts. Contracted deliveries are planned to be filled from the Corporation's mining operations. The ability to deliver contracted product is therefore dependent upon the continued operation of the mining operations as planned. The Corporation has entered into market related sales contracts with price mechanisms that reference the spot price in effect at or near the time of delivery. In addition, the Corporation has negotiated floor price protection in most of its sales contracts.

At December 31, 2008, there were outstanding sales commitments for 3,925,000 pounds of U₃O₈ in respect of sales contracts for the Dominion project. The Corporation plans to meet these commitments by selling inventory on hand from Dominion of approximately 132,500 pounds of U₃O₈, delivering 164,000 pounds which were purchased for this purpose in 2008, the additional purchase of material in the spot market, and the possible assignment of certain of these sales contracts to other group entities. The Corporation has floor price protection in all the Dominion contracts and does not expect to incur material losses in honouring the sales commitments for Dominion.

For 2009, committed sales under contract represent approximately 62% of expected production, without taking any available inventory into account.

Recent disruptions in global credit and financial markets have resulted in a significantly deteriorating economic climate, which contributed to the asset impairments discussed elsewhere in this document.

In response to these conditions, the Corporation has taken a number of steps, following the initial sustained drop in the uranium price, to reduce or defer previously planned capital and corporate expenditures, including placing the Dominion Project on care and maintenance, deferring project start-up at Hobson, obtaining a partner to fund the development of Honeymoon and implementing significant reductions in exploration expenditure and corporate costs across all operations.

In October 2008, the Corporation drew down \$65 million under its credit facility as an internal cash reserve and in February 2009 negotiated a C\$270 million private placement with a Japanese consortium. The Corporation will therefore have cash resources sufficient to sustain capital and corporate expenditures planned for. Capital expenditures by the Betpak Dala and Kyzylkum joint ventures are funded through the joint ventures' operating cash flow or by way of third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$73 million (A\$104 million) from Mitsui in 2009.

The Corporation is currently evaluating the application of the proceeds from the private placement with the Japanese consortium. The potential uses of these proceeds include acceleration of the Corporation's growth and development plans, the reduction of debt and working capital.

The Corporation's short term investments have not been affected by current financial market disruptions as these investments are primarily held in bearer deposit notes issued and guaranteed mainly by Canadian chartered banks. The Corporation plans on reinvesting the proceeds of these notes on their maturity in similar short term instruments.

The outstanding amount under the credit facility is repayable on June 27, 2010, and the repayment date may be extended, if needed, to June 27, 2011, with lenders' consent. The \$65 million drawdown under the credit facility currently attracts interest of 1.8% per annum, payable on a monthly basis. Uranium One's convertible debentures mature on December 31, 2011. Fixed interest of 4.25% on the debentures is payable semi-annually in arrears.

In addition to the factors described above, Uranium One's ability to raise capital is highly dependent on the commercial viability of its projects and the underlying price of uranium. Other risk factors including the Corporation's ability to develop its projects into commercially viable mines, international uranium industry competition, public acceptance of nuclear power and governmental regulation, can also adversely affect Uranium One's ability to raise additional funding. There is no assurance that additional sources of funding, if required, will be forthcoming. Please refer to "Risks and Uncertainties".

CONTRACTUAL OBLIGATIONS

Contractual obligations (\$'000)	Total	Payments due by period			
		Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Lease obligations	7,414	511	4,042	1,370	1,491
Kyzylkum long term debt	35,453	-	19,750	15,703	-
Convertible debenture	126,797	-	126,797	-	-
Credit facility repayments	65,000	-	65,000	-	-
Capital commitments	38,543	9,543	29,000	-	-
Asset retirement obligation	12,999	-	-	-	12,999
Other	1,551	149	-	-	1,402
Total contractual obligations	287,757	10,203	244,589	17,073	15,892

COMMITMENTS AND CONTINGENCIES

Due to the size, complexity and nature of the Corporation's operations, various legal and tax matters arise in the ordinary course of business. The Corporation accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Corporation.

ACQUISITION OF THE SHOOTARING MILL

Further payments due under the purchase agreement for the Shootaring Mill and related uranium exploration properties are:

- \$27.5 million depending on the achievement of certain production targets; and
- the payment of a royalty to U.S. Energy of 5% of the gross proceeds from the sale of commodities produced at the Mill, to a maximum amount of \$12.5 million.

ACQUISITION OF INTEREST IN BETPAK DALA

A bonus payment is payable in cash based on uranium reserves discovered on the South Inkai property in excess of 66,000 tonnes. The payment is based on the Corporation's share of pounds of U₃O₈ in excess of 66,000 tonnes times the average spot price of U₃O₈ times 6.25%. This payment is initially to be calculated at the end of 2011 and each year thereafter, and paid 60 days after the end of the year in which a payment is due. As security for the bonus payments, the Corporation pledged its participatory interest in Betpak Dala (including the shares of a subsidiary) and its share of uranium products produced by Betpak Dala.

ACQUISITION OF INTEREST IN KYZYLKUM

A bonus payment is due upon commencement of commercial production. The seller elected, under the terms of the arrangement, to receive 6,964,200 shares of Uranium One upon commencement of commercial production. An additional bonus payment of 30% of 12.5% (being an effective 3.75%) of the weighted average spot price of U₃O₈ will be paid on incremental reserves in excess of 55,000 tonnes of U₃O₈ discovered during each fiscal year end, with payments beginning within 60 days of the end of the 2008 calendar year.

ACQUISITION OF EMC

The Corporation has assumed all of the obligations of EMC and its subsidiaries arising under certain option and joint venture agreements with third parties. Uranium One has reserved a total of 407,100 common shares of Uranium One for issuance pursuant to the assumed obligations under the Contingent Share Rights Agreements.

Production payments are due under the purchase agreement for the Hobson Processing plant and related exploration properties. The agreement provides for a payment of \$0.75 per pound for the first eight million pounds produced from the Hobson facility, for a total maximum payment of \$6 million.

CONSTRUCTION OF A SULPHURIC ACID PLANT AT ZHANAKORGAN

To ensure long term supply continuity of sulphuric acid in Kazakhstan, the Corporation has established a joint venture with Kazatomprom and other affected parties to build a sulphuric acid plant near Kharasan at Zhanakorgan. The Corporation's ownership percentage in this joint venture is expected to be 19%. On January 19, 2009, the Corporation provided a guarantee to Desmet Ballestra in respect of 19% of the value of orders placed by Desmet Ballestra for certain long lead items, limited to a maximum amount of \$7.6 million (€ 5.5 million).

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of March 11, 2009, there were issued and outstanding 469,616,197 common shares

A warrant was issued in connection with the acquisition of the Corporation's interest in Kyzylkum entitling the holder to acquire 6,964,200 shares in Uranium One for no additional consideration upon commencement of commercial production from the Kharasan Uranium Project. Uranium One has reserved a total of 407,100 common shares for issuance to third parties under certain property option and joint venture agreements.

As of March 11, 2009, there were 14,265,689 stock options outstanding under Uranium One's stock option plan and the security based compensation plans assumed by the Corporation pursuant to its acquisitions, at exercise prices ranging from C\$0.78 to C\$16.59 and 577,254 restricted shares outstanding.

Uranium One has 155,250 convertible debentures outstanding, each convertible to 50 common shares of Uranium One, representing 7,762,500 common shares.

DIVIDENDS

There have been no dividend payments on the common shares of Uranium One. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no restrictions on Uranium One's ability to pay dividends except as set out under its governing statute.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Note 2 to the Corporation's consolidated financial statements for the year ended December 31, 2008 describes all of the Corporation's significant accounting policies.

The preparation of financial statements in conformity with Canadian GAAP requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the financial statements. Actual results may differ from those estimates.

MINERAL INTERESTS, PLANT AND EQUIPMENT

Depreciation and depletion of mineral interests, plant and equipment is primarily calculated using the unit of production method. This method allocates the cost of an asset to each period based on the current period's production as a portion of the total expected production of the life of the mine, or a portion of the estimated recoverable ore reserves. Estimates of the production over the life of the mine and amounts of recoverable reserves are subject to judgment and significant change over time. If actual mineral reserves prove to be significantly different than the estimates, there could be a material impact on the amounts of depreciation and depletion charged to the statement of operations.

ASSET RETIREMENT OBLIGATIONS

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of the productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves may result in a material change in the amount charged to earnings.

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation assesses the carrying value of mineral interests, plant and equipment annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of the mineral interest, plant and equipment cannot be recovered, the unrecoverable amounts are written off. Recoverability is dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable reserves. A material change in assumptions may significantly impact the potential impairment of these assets.

TAXES

The Corporation operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, valuation allowances, changes in tax laws and management's expectations of future results.

The Corporation estimates future income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as future tax assets or liabilities in the consolidated financial statements. The calculation of income taxes requires the use of judgment and estimates. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted. The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset future income tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether the Corporation is "more likely than not" to benefit from these prior losses and other future tax assets.

Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses. In the event that it is determined that certain of the losses are not likely to be utilized, a valuation allowance would have to be recorded against the recognized future tax assets through a charge to the statement of operations. Conversely, where amounts that are considered not likely to be utilized to reduce future tax payable are determined to be likely to be utilized in the future, the valuation allowances against these losses would be removed by recording a future income tax recovery in the statement of operations.

STOCK BASED COMPENSATION

The Corporation grants stock options and restricted share rights to employees of the Corporation under its stock option and restricted share rights plans. The Corporation uses the fair value method of accounting for all stock based compensation awards ("Awards"). Under this method, the Corporation determines the fair value of the compensation expense for all Awards on the date of grant using the Black-Scholes pricing model. The fair value of the Awards is expensed over the vesting period of the Awards. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

NEW / CHANGES IN ACCOUNTING POLICIES

The Corporation's accounting policies have been consistently followed except that the Corporation has adopted the following CICA standards effective January 1, 2008, none of which had a material impact on the Corporation's consolidated financial statements:

(a) *Section 3031 – Inventories*

The new Section 3031 on inventories replaces Section 3030 and converges with the International Accounting Standard Board's recently amended standard IAS 2, Inventories. The standard introduces significant changes to the measurement and disclosure of inventory. Changes apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The main differences between the new section and Section 3030 include measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overhead expenses and other costs to inventory. The new section also requires consistent use of either first in, first out (FIFO) or weighted average cost formula to measure the cost of other inventories and the reversal of previous write downs to net realizable value when there is a subsequent increase in the value of inventories. Inventory policies, carrying amounts, amounts recognized as an expense, write downs and the reversals of write downs are required to be disclosed.

(b) *Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation*

These sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 3862 establishes standards for disclosures about financial instruments and non-financial derivatives. The main features of this Section are requirements for an entity to disclose the significance of financial instruments for its financial position and performance, revised from those of Section 3861. The requirements for disclosures about fair value are revised, but not substantially different, from those of Section 3861. The revised requirements for the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments are more extensive than those of Section 3861. The qualitative disclosures describe management's objectives, policies and processes for managing such risks. The quantitative disclosures provide information about the extent to which the entity is exposed to credit risk, liquidity risk and market risk (i.e., currency risk, interest rate risk, and other price risk). Section 3863 carries forward, unchanged from Section 3861, standards for presentation of financial instruments and non-financial derivatives.

(c) Section 1535 – Capital Disclosures

The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This section will require the Corporation to disclose qualitative information about its objectives, policies and processes for managing capital and quantitative data about what the Corporation regards as capital. It will also be a requirement to disclose whether the Corporation has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

Effective January 1, 2009 and October 1, 2001, the Corporation will adopt the following CICA standards:

(a) Section 3064 – Goodwill and Intangible Assets

Effective January 1, 2009, the Corporation will be adopting the new CICA Handbook Section 3064 – Goodwill and Intangible Assets which aligns GAAP for goodwill and intangible assets with IFRS. The new standard provides more comprehensive guidance on intangible assets, in particular for internally developed intangible assets. The Corporation has determined that there will be no financial reporting impact upon adoption of this standard.

(b) Section 1582 - Business Combinations

Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. This standard is effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. The Corporation has not yet determined the impact of the adoption of this change on its consolidated financial statements.

(c) Section 1601 - Consolidated Financial Statements and Section 1602 - Non-controlling Interests

Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests replaces Section 1600. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards are effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. The Corporation has not yet determined the impact of the adoption of these changes on its Consolidated Financial Statements.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the fiscal year immediately preceding the year in which they first adopt IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed.

To ensure a smooth transition to IFRS, the Corporation established an IFRS conversion project team to achieve a clearly scoped conversion of financial reporting from Canadian GAAP to IFRS by Q1 2011. The project team comprises representatives from as many stakeholder groups as possible to ensure complete information transfer and consideration of the implications as the project progresses. Stakeholders include senior management from finance, treasury, tax, the Corporation’s regional business units, information technology, human resources, the Board of Directors through the Audit Committee, among others.

The Corporation has a multi-year transition plan that comprises three major phases, including a scope and planning phase, a design and build phase and an implement and review phase culminating in the reporting of financial information in accordance with IFRS for Q1 2011.

The Corporation is in the scope and planning phase and is also assessing the impact of policy alternatives on its consolidated financial statements, systems, processes and controls. As the transition progresses, the Corporation will provide increased clarity into the expected effects of accounting policy changes. The Corporation is in the process of developing a detailed project plan for 2009 and 2010, which will include staff communications, a training plan and an external stakeholder communication plan. The design and build phase will be completed in 2009 and implementation will begin during 2009 and will be completed by the end of 2010.

The Corporation is implementing new accounting and consolidation systems in various parts of its business in 2009 and expected changes in accounting policies, processes and collection of additional information for disclosure are being incorporated in the design and implementation of these systems. The impact on internal controls over financial reporting and disclosure controls and procedures will be determined during the design and implementation phases.

RISKS AND UNCERTAINTIES

The Corporation’s operations and results are subject to various risks and uncertainties. These include, but are not limited to, the following: exploration and mining involves operational risks and hazards; mineral resources and mineral reserves are estimates only; there is no certainty that further exploration will result in new economically viable mining operations or yield new reserves to replace and expand current reserves; Uranium One cannot give any assurance that any of its development projects will become operating mines; or that the Shootaring Canyon Mill, the Hobson Uranium ISR Processing Facility or the Palangana Uranium Project will become operational; mineral rights and tenures may not be granted or renewed on satisfactory terms and may be revoked, altered or challenged by third

parties; limited supply of desirable mineral lands for acquisition; risks and problems associated with integrating acquisitions; competition in marketing uranium; competition from other sources of energy and public acceptance of nuclear energy; volatility and sensitivity to uranium prices; the capital requirements to complete the Corporation's current projects and expand its operations are substantial; currency fluctuations; potential conflicts of interest; the Corporation's operations and activities are subject to environmental risks; government regulation may adversely affect the Corporation; the risks of obtaining and maintaining necessary licences and permits; risks associated with foreign operations including, in relation to Kazakhstan, the risk of future sulphuric acid constraints and the risk that the new tax code introduced by the Kazakhstan Ministry of Finance effective from January 1, 2009 may adversely affect the Corporation; and the Corporation is dependent on key personnel.

In November 2007, the parliament of Kazakhstan enacted legislation, giving the government the right in certain circumstances to re-negotiate previously concluded subsoil use permits. Together with its joint venture partner, Kazatomprom, the Corporation has been reviewing the potential impact and application of this legislation. Based on these discussions, the Corporation understands that the legislation is not directed at the uranium mining industry in Kazakhstan.

Uranium One's risk factors are discussed in detail in its Annual Information Form for the year ended December 31, 2008, which is available on SEDAR at www.sedar.com, and should be reviewed in conjunction with this document.

STOCK OPTION AND RESTRICTED SHARE PLANS

Under the Corporation's stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The aggregate maximum number of common shares available for issuance under the stock option plan may not exceed 7.2% of the common shares outstanding from time to time on a non-diluted basis and the aggregate maximum number of common shares available for issuance to non-employee directors under the plan may not exceed 1.0% of the total number of common shares outstanding on a non-diluted basis.

Under the Corporation's restricted share plan, restricted share rights exercisable for common shares of Uranium One at the end of a restricted period, for no additional consideration, are granted by the Board of Directors in its discretion to eligible directors, officers and employees. The aggregate maximum number of common shares available for issuance under the restricted share plan is capped at three million. The number of shares available for issuance to non-employee directors may not exceed 0.5% of the total number of common shares outstanding on a non-diluted basis.

During 2008 stock options and restricted share rights activity was as follows:

- 2,559,948 options were granted during the year.
- 1,043,016 options were exercised and 6,483,203 lapsed.
- 609,000 restricted shares were granted, 206,517 were exercised during the year and 74,520 expired.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including Uranium One's President and Chief Executive Officer and Chief Financial Officer, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, the President and Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Uranium One's annual filings and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the President and Chief Executive Officer and Chief Financial Officer as appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation, the President and Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There have been no material changes in the Corporation's internal control over financial reporting during the year ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During 2009, the Corporation is focused on maintaining production of U_3O_8 from Akdala at current levels, ramping up production at South Inkai towards a level of 5,200,000 pounds of U_3O_8 (2,000 tonnes U) in 2011, achieving commercial production from its development projects, controlling costs at its operations and remaining a reliable supplier of U_3O_8 to the nuclear fuel industry.

In 2009 to the end of February, Betpak Dala and Kyzylkum have received more than their full allocation of sulphuric acid and production at Akdala, South Inkai and Kharasan is on target to meet the Corporation's guidance for 2009. The Corporation's attributable production estimate for 2009 is 3.5 million pounds of U_3O_8 , made up as follows:

Operation	Status	Total estimated production (lbs of U_3O_8)	Ownership %	Estimated attributable production (lbs of U_3O_8)
Akdala	Producing	2,600,000	70%	1,820,000
South Inkai	Producing	2,140,000	70%	1,500,000
Kharasan	Pre-commercial	650,000	30%	195,000
Totals:		5,390,000		3,515,000

Attributable production for 2010 is estimated to be 5.6 million pounds of U_3O_8 . Attributable production estimates assume that Betpak Dala and Kyzylkum receive their projected allotments of sulphuric acid from sources in Kazakhstan and outside the country.

The 25% devaluation of the Kazakhstan tenge in February 2009 is not expected to have an immediate impact on the Corporation's cash costs per pound of U_3O_8 sold from Kazakhstan due to the fact that opening inventory balances are translated to US dollars at historic exchange rates and the change in exchange rate will therefore not have a significant impact on the cost of U_3O_8 sold in Q1 2009. The Corporation will continue to monitor the inflationary effect of the devaluation and its effect on the Corporation's Kazakh cost base. The new Tax Code in Kazakhstan, as discussed elsewhere in this document, replaced the payment of royalty charges with a mineral extraction tax. As with royalty charges in the past, the mineral extraction tax will be included in the cash cost per pound of U_3O_8 sold. As soon as the calculation of mineral extraction tax is clarified, the impact of mineral extraction tax on the cash cost per pound of U_3O_8 sold will be assessed. In the meantime, the Corporation is maintaining its 2009 guidance on average cash cost per pound of U_3O_8 sold, which is expected to be approximately \$15 per pound of U_3O_8 sold from Akdala. The cash cost per pound of U_3O_8 sold from South Inkai is expected to be on average approximately \$28 in 2009.

The Corporation currently has contracts for the sale of an aggregate of 26 million attributable pounds of U_3O_8 ; 16 million pounds of this material is contracted at weighted average floor prices, subject to escalation, of approximately \$47 per pound. The remainder of contracted attributable sales is not subject to floors and such sales are therefore directly related to the spot price of U_3O_8 , except for 910,000 pounds, which will be sold at an average fixed price of \$79 per pound, subject to escalation. For 2009, the Corporation expects to sell an aggregate of 2.8 million attributable pounds of U_3O_8 . The Corporation has already contracted for the sale of 2.2 million attributable pounds of U_3O_8 in 2009, of which 700,000 pounds have weighted average floor prices of approximately \$43 per pound.

For 2009, the Corporation expects to incur capital expenditures of \$21 million on fully owned development projects in the United States, including \$17 million on Moore Ranch and other Powder River Basin properties and \$4 million on JAB and Antelope in the Great Divide Basin. The Corporation is currently evaluating the application of the proceeds from the private placement with the Japanese consortium. The potential uses of these proceeds include acceleration of capital expenditure in the United States, external growth opportunities, delevering the Corporation's balance sheet and working capital.

The Corporation expects to make contributions to the construction of a sulphuric acid plant in Kazakhstan of approximately \$6 million in the first half of 2009. Capital expenditures by Betpak Dala and Kyzylkum are funded through the joint ventures' working capital or third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$73 million (A\$104 million) from Mitsui in 2009.

General and administrative expenses, excluding stock based compensation, are expected to be approximately \$28 million and exploration expenditure is expected to be \$12 million for 2009.

FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium and gold, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, the timing of uranium processing facilities being fully operational, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible shortages of sulphuric acid in Kazakhstan, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions, to international operations, to prices of uranium and gold as well as those factors referred to in the section entitled "Risk factors" in Uranium One's Annual Information Form for the year ended December 31, 2008 which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Readers are advised to refer to independent technical reports for detailed information on the Corporation's material properties. Those technical reports, which are available at www.sedar.com under Uranium One's profile, and also under UrAsia Energy's profile, provide the date of each resource or reserve estimate, details of the key assumptions, methods and parameters used in the estimates, details of quality and grade or quality of each resource or reserve and a general discussion of the extent to which the estimate may be materially affected by any known environmental, permitting, legal, taxation, socio-political, marketing, or other relevant issues. The technical reports also provide information with respect to data verification in the estimation.

This document and the Corporation's other publicly filed documents use the terms "measured", "indicated" and "inferred" resources as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. United States investors are advised that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Scientific and technical information contained herein has been reviewed on behalf of the Corporation by Mr. M.H.G. Heyns, Pr.Sci.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President Technical Services of the Corporation, a qualified person for the purposes of NI 43-101.

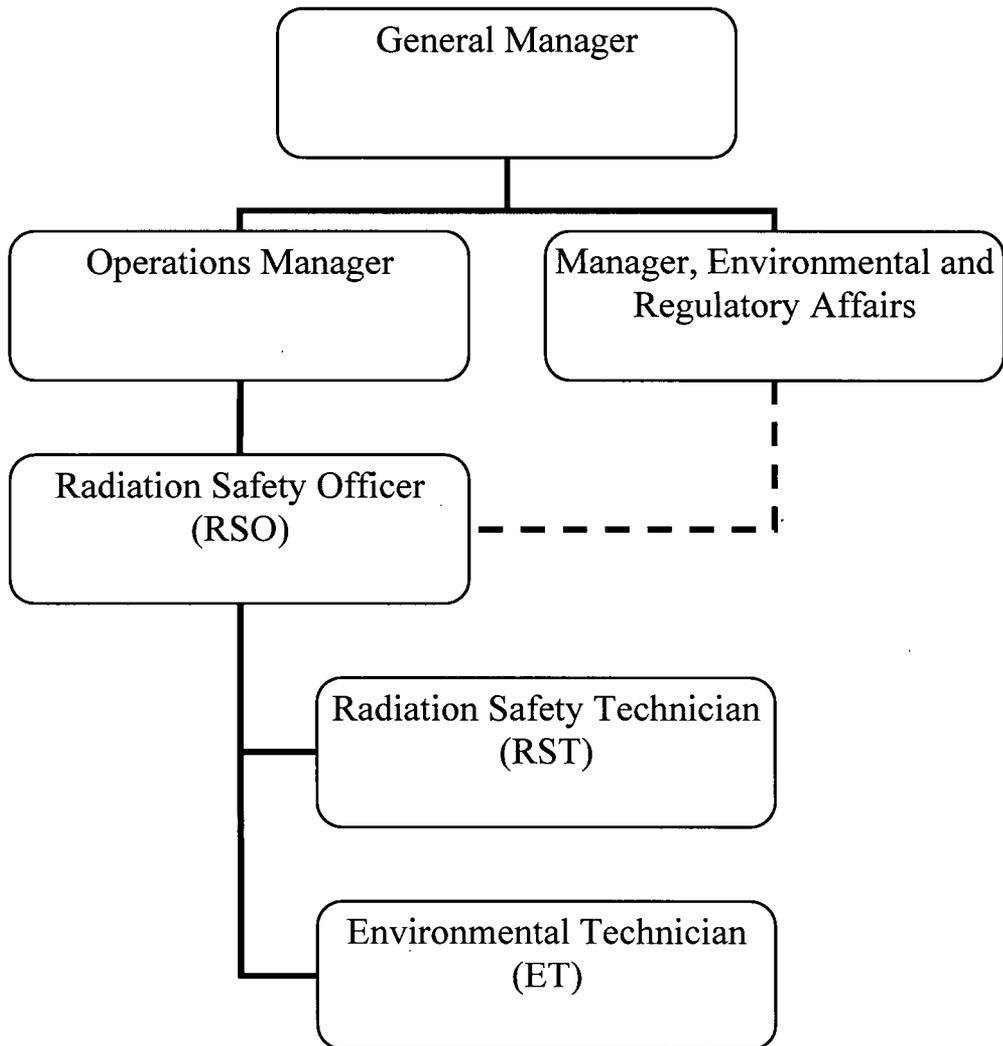
EXHIBIT 4

to

**Notice of Change of Control
and Ownership Information**

**(Cogema Mining Organization Chart
New Cogema Mining Organization Chart)**

COGEMA MINING ORGANIZATION CHART



NEW COGEMA MINING ORGANIZATION CHART

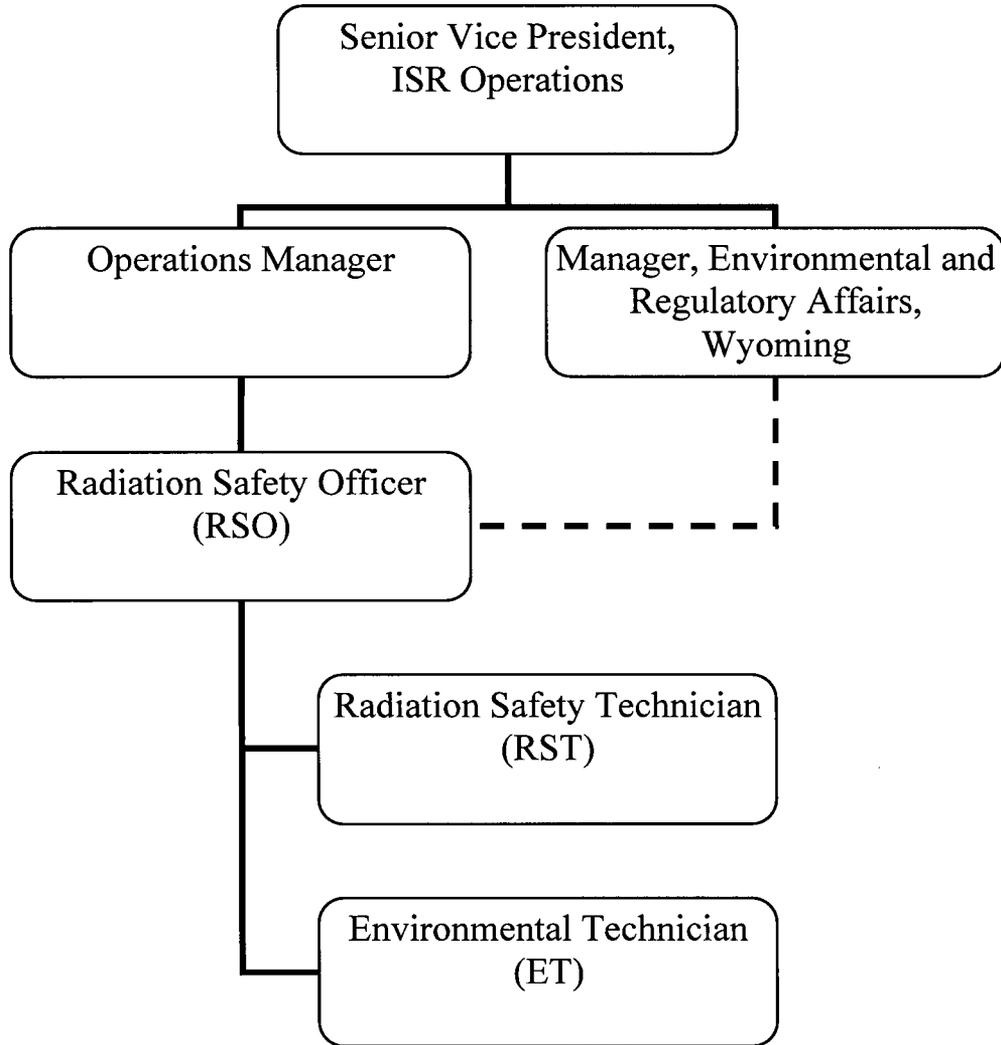


EXHIBIT 5

to

**Notice of Change of Control
and Ownership Information**

(NRC's February 24, 2009 Letter)



UNITED STATES
NUCLEAR REGULATORY COMMISSION
WASHINGTON, D.C. 20555-0001

cc L.A.
J.R.

RECEIVED

MAR 03 2009

TWH

Mr. Tom Hardgrove
Manager, Environmental and Regulatory Affairs
COGEMA Mining, Inc.
935 Pendell Boulevard
P.O. Box 730
Mills, WY 82644

SUBJECT: COGEMA MINING, INC., IRIGARAY AND CHRISTENSEN RANCH PROJECT,
CAMPBELL AND JOHNSON COUNTIES, WYOMING, SOURCE MATERIALS
LICENSE SUA-1341, AMENDMENT NO. 14 - ANNUAL SURETY ESTIMATE
ADJUSTMENT (TAC NO. J00578)

Dear Mr. Hardgrove:

By letter dated September 11, 2008, COGEMA Mining Inc., (COGEMA) submitted its annual surety update for the Irigaray and Christensen Ranch Project for the U.S. Nuclear Regulatory Commission (NRC) staff's review and approval. After initial review by the staff on October 9, it was determined that one of the pages was either missing or mislabeled. Subsequently, in a letter dated October 11, 2008, COGEMA resubmitted the corrected page. The surety update package was made publicly available in NRC's Agencywide Documents Access and Management System (ADAMS) on December 30, 2008. The surety estimate was accepted for review on December 30, 2008. This revised surety is approved in the amount of \$9,714,299 which represents a \$378,110 increase from the previously approved surety of \$9,336,189 in License Amendment 13.

The NRC staff reviewed the surety update estimate per Criteria 9 and 10 of 10 CFR Part 40, Appendix A, which requires the licensee to supply sufficient information to the NRC staff to verify that the amount provided by the financial assurance will permit the completion of all decontamination and reclamation of the site. Additionally, the surety estimate must be based on the completion of all decommissioning and reclamation activities by a third party, and must be updated annually. The NRC staff also utilized guidance in NUREG-1569, "Standard Review Plan for In-Situ Leach Uranium Extraction License Applications," to complete this review. The NRC staff reviewed the supporting assumptions and spreadsheets provided in the submittal. The primary reason for the increase in surety was an adjustment for inflation.

On September 30, 2008, COGEMA was granted approval to change from restoration and decommissioning status to an operating (uranium production) status. In the approval letter, it is stipulated that COGEMA is required to update its surety estimate prior to startup of operations to reflect decommissioning costs based on the operational status of the facility. The surety estimate update associated with License Amendment 14 does not meet that requirement as it only updates the surety based on inflation. In its letter dated September 11, 2008, COGEMA confirmed its commitment to update its surety before a resumption of operations by stating, "Prior to any future startup of operations, COGEMA will request an increase in the surety to reflect restoration costs attendant to a resumption of operations."

T. Hardgrove

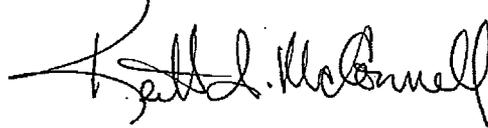
2

Based on the staff's review, COGEMA has provided adequate justification for the current surety estimate. Therefore, the surety amount in License Condition 9.5 is revised and License Amendment No. 14 is enclosed.

This licensing action meets the categorical exclusion provision for surety changes in 10 CFR Part 51.22(c)(10)(i). Therefore, this amendment does not require either an environmental assessment or an environmental impact statement. If you have any questions regarding this letter, or the enclosure, please contact Mr. Ron C. Linton, Project Manager, at (301) 415-7777, or at ron.linton@nrc.gov.

In accordance with 10 CFR 2.390 of the NRC's "Rules of Practice for Domestic Licensing Proceedings and Issuance of Orders," a copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from ADAMS. ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/NRC/reading-rm/adams.html>.

Sincerely,



Keith I. McConnell, Deputy Director
Decommissioning and Uranium Recovery
Licensing Directorate
Division of Waste Management
and Environmental Protection
Office of Federal and State Materials
and Environmental Management Programs

Docket No.: 040-08502
License No.: SUA-1341

Enclosure: Amendment No. 14

cc: G. Mooney (WYDEQ)

EXHIBIT 6

to

**Notice of Change of Control
and Ownership Information**

(Existing Letter of Credit)

Except as otherwise expressly stated, this documentary credit is subject to the "Uniform Customs and Practice for Documentary Credits" issued by the International Chamber of Commerce, (Publication No. 500)



Credit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cable: CICINUSA, New York
Telex: 62160 CICNY
Raphax (212) 715-4477

ACKNOWLEDGEMENT

IRREVOCABLE LETTER OF CREDIT NO. [REDACTED]

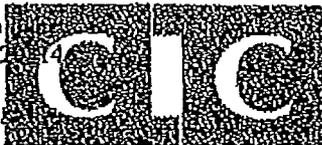
Date of issue: August 03, 2007

Date of Expiry: Expires at the counters of Credit Industriel et Commercial,
520 Madison Avenue, New York, NY 10022 on August 03, 2008.

Beneficiary: Wyoming Department of Environmental Quality and the
United States Department of Interior
Herschler Building
122 West 25th Street
Cheyenne, Wyoming 82002

Attn: Doanna Hill
Phone: (307) 777-6910

Applicant: Areva NC Inc.
4800 Hampden
Bethesda, MD 20814



On behalf of: Cogema Mining
P.O. Box 730
Mills, Wyoming 82644

Amount: US\$10,369,238.00 (United States Dollars Ten Million Three Hundred
Sixty Nine Thousand Two Hundred Thirty Eight and 00/100).

Re: Irigaray and Christenson Project
Reclamation/Restoration Costs, Permit to Mine No. 478 (Formerly Permit
No. 478 and Research and Development License 14RD) and the requirement
of The Wyoming Environmental Quality Act, Section 35-11-421

Gentlemen:

We hereby establish our Irrevocable Letter of Credit in your favor, available by your
drafts at sight drawn on Credit Industriel et Commercial, 520 Madison Avenue, New
York, NY 10022 (the "Bank"), accompanied by the following document:

Continued on page 2, which forms an integral part of this Standby Letter of Credit.



Credit Industriel et Commercial
210 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cable: CICHUSA New York
Telex: 61140 CICHNY
Raphax (212) 715-4477

Our [redacted] for US\$10,369,238.00

Page 2

1. A signed and dated statement from the Director of the Department of Environmental Quality and the Land Quality Administrator in any one of three following forms:

- a. "The undersigned hereby advise that an order in an amount identical to the amount of the sight draft which this statement accompanies has been entered by the Environmental Quality Council pursuant to W.S. '35-11-421, forfeiting all or part of the amount of the credit because of any violation of the Wyoming Environmental Quality Act, the state program, the permit, or the United States Department of Interior rules and regulations, by Cogema Mining, Inc., Permit No. 478. A certified copy of the order of forfeiture is attached."
- b. "The undersigned hereby advise that a Settlement Agreement in an amount identical to the amount of the sight draft which this statement accompanies has been signed on [redacted] Department of Environmental Quality and on behalf of the operator, Cogema Mining, Inc., Permit No. 478, in which the parties have agreed [redacted] the settlement because of a violation of the Wyoming Environmental Quality Act, the state program, the permit, and that Cogema Mining, Inc. has failed to pay the amount due within the period of time specified in the agreement."
- c. "The undersigned certify that the operator, Cogema Mining, Inc., Permit No. 478, has not filed with the Department an extension of this Letter of Credit, a substitute Letter of Credit or other acceptable evidence of financial responsibility in the place of the Letter of Credit; and that it is thirty (30) days or less until the current or any amended expiration date of this Irrevocable Letter of Credit; OR

Pursuant to Chapter 20, Land Quality Division Coal Regulations, the Bank shall give immediate notice to the permittee and the Director of the Department of Environmental Quality of: (a) any notice received or action filed alleging the insolvency or bankruptcy of the Bank; or (b) alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business; or (c) the Bank, for any reason, becomes unable to fulfill its obligation under the Letter of Credit.

Continued on page 3, which forms an integral part of this Standby Letter of Credit.

Except as otherwise expressly stated, this documentary credit is subject to the "Uniform Customs and Practice for Documentary Credits" issued by the International Chamber of Commerce (Publication No. 500)



Crédit Industriel et Commercial
520 Madison Avenue
New York, NY 10022
Phone (212) 715-4400
Cables: CICINUSA New York
Telex: 62160 CICNY
Rapifax: (212) 715-4477

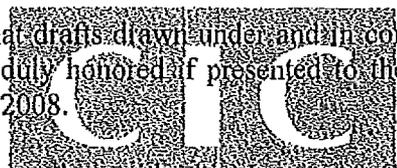
Our S [redacted] for US\$10,369,238.00

Page 3

Each draft must bear upon its face the clause "Drawn under Letter of Credit No. [redacted] dated August 03, 2007, and the total of this draft and all other drafts previously drawn under this Letter of Credit does not exceed US\$10,369,238.00 (United States Dollars Ten Million Three Hundred Sixty Nine Thousand Two Hundred Thirty Eight and 00/100)".

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one year from the present or any future expiration date hereof, unless ninety (90) days prior to any such date we shall notify the Director of the Wyoming Department of Environmental Quality in writing by overnight courier service at the above mentioned address that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder.

We hereby agree with you that drafts drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the above-mentioned drawee bank on or before August 03, 2008.



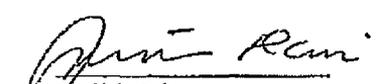
All questions arising in connection with this Letter of Credit shall be determined according to the laws of the State of Wyoming.

This Letter of Credit is subject to the Uniform Customs and Practice for Documentary Credits, 1993 Revision, International Chamber of Commerce Publication No. 500, except to the extent it is inconsistent with the laws of State of Wyoming.

Very truly yours,

For Credit Industriel et Commercial, New York


Leon Lalite
Vice President


Judith Dixon
Vice President

Date: August 03, 2007

EXHIBIT 7

to

**Notice of Change of Control
and Ownership Information**

(Draft Replacement Letter of Credit)

DRAFT

IRREVOCABLE LETTER OF CREDIT NO.

Date of Issue:

Date of Expiry: Expires at the counters of The Bank of Nova Scotia, New York Agency, One Liberty Plaza, New York, NY 10006 on _____

Beneficiary: Wyoming Department of Environmental Quality and the
United States Department of Interior
Herschler Building
122 West 25th Street
Cheyenne, Wyoming 82002

Attn: Deanna Hill
Phone (307) 777-6190

Applicant: Uranium One Inc.
1285 West Pender Street, Suite 900
Vancouver, V6E 4B1
Canada

On behalf of: Cogema Mining, Inc.
907 North Poplar
Suite 260
Casper, Wyoming 82601

Amount: US\$9,714,299.00 (United States Dollars Nine Million Seven Hundred Fourteen Thousand Two Hundred Ninety Nine and 00/100)

Re: Irigaray and Christensen Project
Reclamation/Restoration Costs, Permit to Mine No. 478 (Formerly Permit No 478 and Research and Development License 14RD) and the requirement of the Wyoming Environmental Quality Act, Section 35-11-421

Gentleman:

We, The Bank Nova Scotia, New York Agency located at One Liberty Plaza, New York, NY 10006 (the "Bank") hereby establish our Irrevocable Letter of Credit in your favor, available by your draft(s) at sight drawn on The Bank of Nova Scotia, New York Agency, One Liberty Plaza, New York, NY 10006 (the "Bank") accompanied by the following document:

A signed and dated statement from the Director of the Department of Environmental Quality and the Land Quality Administrator in any one of the three following forms:

- a. "The undersigned hereby advise that an order in an amount identical to the amount of the sight draft which this statement accompanies has been entered by the Environmental Quality Council pursuant to W.S. §35-11-421, forfeiting all or part of the amount of the credit because of any violation of the Wyoming Environmental Quality Act, the state program, the permit, or the United States Department of Interior rules and regulations, by Cogema Mining, Inc., Permit No. 478. A certified copy of the order of forfeiture is attached."
- b. "The undersigned hereby advise that a Settlement Agreement in an amount identical to the amount of the sight draft which this statement accompanies has been signed on behalf of the Department of Environmental Quality and on behalf of the operator, Cogema Mining, Inc., Permit No. 478, in which the parties have agreed to an amount due to the Department because of a violation of the Wyoming Environmental Quality Act, and that Cogema Mining, Inc. has failed to pay the amount due within the period of time specified in the agreement."
- c. "The undersigned certify that the operator Cogema Mining, Inc. Permit No. 478, has not filed with the Department an extension of this Letter of Credit, a substitute Letter of Credit or other acceptable evidence of financial responsibility in the place of the Letter of Credit; and it is thirty (30) days or less until the current or any amended expiration date of this Irrevocable Letter of Credit ; OR

Pursuant to Chapter 20, Land Quality Division Coal Regulations, the Bank shall give immediate notice to the permittee and the Director of the Department of Environmental Quality of: (a) any notice received or action filed alleging the insolvency or bankruptcy of the Bank; or (b) alleging any violations of regulatory requirements which could result in suspension or revocation of the Bank's charter or license to do business; or (c) the Bank, for any reason, becomes unable to fulfill its obligation under the Letter of Credit.

Each draft must bear upon its face the clause, "Drawn under Letter of Credit No. _____, dated _____", and the total of this draft and all other drafts previously drawn under this Letter of Credit does not exceed US\$9,714,299.00 (United States Dollars Nine Million Seven Hundred Fourteen Thousand Two Hundred Ninety Nine and 00/100),"

It is a condition of this Letter of Credit that it shall be deemed automatically extended without amendment for one (1) year from the present or any future expiration date hereof, unless at least

ninety (90) days prior to any such date we shall notify the Director of the Wyoming Department of Environmental Quality in writing by overnight courier service at the above mentioned address that we elect not to consider this Letter of Credit renewed for any such additional period. Upon receipt by you of such notice, you may draw hereunder.

We hereby agree with you that draft(s) drawn under and in compliance with the terms of this Letter of Credit will be duly honored if presented to the above-mentioned drawee bank on or before _____“Expiration Date”.

All questions arising in connection with this Letter of Credit shall be determined according to the laws of the State of Wyoming.

This Letter of Credit is subject to the Uniform Customs and Practice of Documentary Credits, 2007 Revision, International Chamber of Commerce Publication No. 600, except to the extent it is inconsistent with the laws of Wyoming.

Very truly yours,

The Bank of Nova Scotia,
New York Agency

Authorized Signature

Name:

Title:

Date:

Authorized Signature

Name:

Title: