



Management's Discussion and Analysis Quarter Ended March 31, 2012

Set out below is a review of the activities, results of operations and financial condition of Uranium One Inc. ("Uranium One") and its subsidiaries and joint ventures (collectively, the "Corporation") for the three months ended March 31, 2012, together with certain trends and factors that are expected to impact the rest of its 2012 financial year. Information herein is presented as of May 7, 2012, and should be read in conjunction with the consolidated financial statements of the Corporation for the three months ended March 31, 2012 and the notes thereto (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 International Financial Reporting Standards ("IFRS" or "GAAP"). All amounts are in US dollars and tabular amounts are in millions, except where otherwise indicated. Canadian dollars are referred to herein as C\$, Russian Rubles are referred to herein as Rubles or RUB, and Australian dollars are referred to herein as A\$. The functional currency of Uranium One is the US dollar.

All references herein to pounds are pounds of U₃O₈.

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 March 13, 2015 are also listed on the TSX and its unsecured Ruble-denominated bonds are listed on the Moscow Interbank Currency Exchange ("MICEX") in Russia.

Additional information about the Corporation and its business and operations can be found in its continuous disclosure documents. These documents, including the Corporation's annual information form, are filed with Canadian securities regulatory authorities and 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

OPERATIONAL

- Total attributable production during Q1 2012 was 2.8 million pounds, 18% higher than total attributable production of 2.4 million pounds during Q1 2011.
- The average total cash cost per pound sold was \$14 per pound for both Q1 2012 and 2011.

FINANCIAL

- Attributable sales volumes for Q1 2012 were 1.8 million pounds, compared to 1.7 million pounds sold during Q1 2011.
- Revenue was \$95.9 million in Q1 2012, compared to \$101.9 million in Q1 2011. The average realized sales price during Q1 2012 was \$53 per pound compared to \$61 per pound in Q1 2011. The average spot price in Q1 2012 was \$52 per pound.
- Earnings from mine operations were \$49.3 million during Q1 2012, a 4% decrease compared to earnings from mine operations of \$51.2 million in Q1 2011.
- The net earnings for Q1 2012 were \$4.5 million or \$0.00 per share, compared to net earnings of \$14.0 million or \$0.01 per share for Q1 2011.
- The adjusted net earnings for Q1 2012 were \$15.1 million or \$0.02 per share, compared to adjusted net earnings of \$15.0 million or \$0.02 per share for Q1 2011.

CORPORATE

- On March 15, 2012, the Corporation paid \$150 million to acquire 13.9% of Mantra and to extend its option to acquire the remaining interest in Mantra until June 7, 2013.
- Mitsui has notified the Corporation of its decision to withdraw from the Honeymoon Uranium Project. The parties are currently negotiating the terms of Mitsui's withdrawal. The Corporation intends to continue with the Project.

Outlook

- The supply and demand consequences of the March 2011 earthquake and tsunami at the Fukushima nuclear power plant in Japan have substantially been factored into the uranium market. Global demand for uranium continues to grow as a result of the increasing reliance on nuclear power in emerging markets including those of China, India, Russia, South Korea and the Middle East.
- The Corporation's total attributable production guidance for 2012 and 2013 remains at 11.6 million and 12.5 million pounds respectively.
- During 2012, the Corporation's guidance for the average cash cost per pound sold remains \$19 per pound.
- The Corporation expects attributable sales to be approximately 11.0 million and 12.5 million pounds in 2012 and 2013 respectively.
- The Corporation expects to incur attributable capital expenditures in 2012 of \$114 million for wellfield development and \$115 million for plant and equipment, totalling \$229 million for its assets in Kazakhstan, the United States and Australia.
- In 2012, general and administrative expenses, excluding non-cash items, are expected to be approximately \$39 million and exploration expenses are expected to be \$11 million.

Key Statistics

TOTAL ATTRIBUTABLE PRODUCTION	Q1 2012	Q4 2011	Q3 2011	Q2 2011	Q1 2011
Attributable commercial production (lbs)					
Akdala	437,000	644,100	496,100	480,100	407,500
South Inkai	779,000	836,400	690,800	620,700	669,800
Karatau	650,000	933,100	691,900	568,800	633,000
Akbastau	435,300	483,400	261,700	325,000	366,900
Zarechnoye	271,200	259,200	211,400	246,300	231,000
Subtotal	2,572,500	3,156,200	2,351,900	2,240,900	2,308,200
Attributable production during commissioning (lbs)					
Kharasan	95,800	92,600	90,400	78,700	71,100
Willow Creek	102,300	98,000	57,500	42,800	16,500
Honeymoon	48,500	28,300	22,700	-	-
Subtotal	246,600	218,900	170,600	121,500	87,600
Total attributable production	2,819,100	3,375,100	2,522,500	2,362,400	2,395,800

FINANCIAL	Q1 2012	Q1 2011
Attributable production (lbs) ⁽¹⁾	2,572,500	2,308,200
Attributable sales (lbs) ⁽¹⁾	1,809,400	1,681,700
Average realized sales price (\$ per lb) ⁽²⁾	53	61
Average total cash cost of production sold (\$ per lb) ⁽²⁾	14	14
Revenues (\$'millions)	95.9	101.9
Earnings from mine operations (\$'millions)	49.3	51.2
Net earnings (\$'millions)	4.5	14.0
Net earnings per share – basic and diluted (\$ per share)	0.00	0.01
Adjusted net earnings (\$'millions) ⁽²⁾	15.1	15.0
Adjusted net earnings per share – basic (\$ per share) ⁽²⁾	0.02	0.02

Notes:

(1) Attributable production and sales are from assets owned and in commercial production during the period.

(2) The Corporation has included non-GAAP performance measures: average realized sales price per pound, cash cost per pound 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, Tanzania, the United States and Australia.

Uranium One is a controlled company, with JSC Atomredmetzoloto (“ARMZ”), a Russian state-owned mining company, owning 51.4% of the outstanding common shares. In Kazakhstan, the Corporation holds a 70% interest in the Betpak Dala joint venture, which owns the Akdala and South Inkai Uranium Mines, a 50% interest in the Karatau joint venture, which owns the Karatau Uranium Mine, a 50% interest in the Akbastau joint venture, which owns the Akbastau Uranium Mine, a 49.67% interest in the Zarechnoye joint venture, which owns the Zarechnoye Uranium Mine, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Uranium Project. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation became the operator of the Mkuju River project in Tanzania in June 2011, and acquired a 13.9% interest in Mantra Resources Pty Limited (“Mantra”), which owns the Mkuju River project, on March 15, 2012. The Corporation owns, either directly or through joint ventures, uranium exploration properties in the western United States and South Australia.

The following are the Corporation’s principal mineral properties and operations (discussed in more detail below):

OPERATING MINES

ENTITY	MINE	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
Karatau LLP	Karatau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
Akbastau LLP	Akbastau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
Zarechnoye LLP	Zarechnoye Uranium Mine	Kazakhstan	Producing	49.67% J.V. interest

ADVANCED DEVELOPMENT PROJECTS

ENTITY	PROJECT	LOCATION	STATUS	OWNERSHIP
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	Commissioning ⁽¹⁾	30% J.V. interest
Uranium One U.S.A., Inc.	Willow Creek Uranium Project	USA	Commissioning ⁽¹⁾	100% interest
Uranium One Australia (Proprietary) Ltd.	Honeymoon Uranium Project	Australia	Commissioning ⁽¹⁾	51% J.V. interest

The Corporation is also developing the following mineral properties:

ENTITY	PROJECT	LOCATION	STATUS	OWNERSHIP
Uranium One Americas, Inc.	Powder River Basin, Wyoming (Moore Ranch, Ludeman, Allemand-Ross, and Barge)	USA	Development	100% interest
Uranium One Americas, Inc.	Great Divide Basin, Wyoming (JAB and Antelope)	USA	Development	100% interest

Notes:

⁽¹⁾ Production has commenced but the project is in the commissioning stage. Commissioning will be completed when a pre-defined operating level, based on the design of the plant, is maintained.

Review of Operations

Kazakhstan

AKDALA URANIUM MINE

Akdala is an operating in situ recovery (“ISR”) uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, 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 current production capacity of the Akdala Mine is 2,600,000 pounds (1,000 tonnes uranium (“U”)) per year.

Production: Akdala produced 624,300 pounds (240 tonnes U) during Q1 2012, of which 437,000 pounds (168 tonnes U) was 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 NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	86	220	1,885	65	685,800
Q3 2011	68	232	1,885	67	708,700
Q4 2011	16	253	2,159	72	920,200
Q1 2012	66	250	2,057	59	624,300

A total of 66 wells were installed during Q1 2012, compared to the budget of 63. The program for 2012 provides for the installation of 274 wells to achieve the production target for the year.

Acidification of 2 new production blocks has commenced during Q1 2012 and no new blocks were placed into production.

Construction of a satellite plant to facilitate treatment of solutions from production blocks located approximately 15 kilometres to the east of the current central processing facilities in an area known as Letniy commenced in 2011. Construction of the satellite plant is scheduled for completion in 2012. Production from new well fields in the Letniy area is expected to commence by the end of 2012.

Capital expenditure incurred during Q1 2012 was \$5 million, compared to the budget of \$9 million. The difference relates to the deferral of certain of the satellite plant construction costs, which are still planned to be incurred for the year. Capital expenditure incurred by Betpak Dala at Akdala in 2012 is expected to be approximately \$27 million on a 100% basis, of which \$17 million is planned to be spent on the construction of the satellite plant and fixed asset purchases, with the balance expected to be spent on wellfield development.

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							
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010	SEP 30, 2010	JUN 30, 2010
Production in lbs	437,000	644,100	496,100	480,100	407,500	453,200	448,000	489,200
Sales in lbs	724,400	347,700	728,900	258,200	73,400	870,800	214,000	611,700
Inventory in lbs	935,200	1,227,000	936,800	1,173,800	956,000	626,300	1,047,700	808,000
Revenues (\$'millions)	39.3	17.0	38.3	15.8	4.5	47.9	11.3	25.9
Operating expense (\$'millions)	9.1	4.9	9.5	3.7	0.9	10.9	2.6	7.3
Operating expense (\$/lb sold)	13	14	13	14	12	13	12	12
Depreciation (\$'millions)	7.3	3.8	7.5	2.7	0.8	9.0	2.3	6.2
Depreciation (\$/lb sold)	10	11	10	11	11	10	11	10

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 achieved from opening inventory plus a percentage of forecast production for the year, does not always occur evenly throughout the year and can 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 deliveries 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 than production.

The cash cost of production for Q1 2012 at \$13 per pound of U₃O₈ sold was below the Corporation's guidance of \$16 per pound sold. The decrease is partially due to the increase in production during Q4 2011 which decreased the unit cost of inventory on hand at December 31, 2011.

SOUTH INKAI URANIUM MINE

South Inkai is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 70% by the Corporation through the Betpak Dala joint venture. The other 30% interest is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the South Inkai mine is 5,200,000 pounds (2,000 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2012.

Production: Production from South Inkai was 1,112,900 pounds (428 tonnes U) in Q1 2012, of which 779,000 pounds (300 tonnes U) was 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 NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	156	309	2,787	57	886,700
Q3 2011	148	360	3,230	55	986,800
Q4 2011	114	381	3,505	57	1,194,900
Q1 2012	207	429	3,616	59	1,112,900

A total of 207 wells were installed during Q1 2012, compared to the budget of 146. Additional wells were installed to compensate for the lower than expected concentration in solution from the new well fields. The program for 2012 provides for the installation of 620 wells to achieve the production target for the year.

Acidification of 2 new production blocks were completed and these blocks were placed into production during Q1 2012.

Capital expenditure incurred during Q1 2012 was \$14 million, compared to the budget of \$19 million. The difference is due to delays in governmental approvals for the expansion of the drying facility. Capital expenditure incurred by Betpak Dala at South Inkai in 2012 is expected to be approximately \$51 million on a 100% basis, of which \$21 million is planned to be spent on the installation of dryers and fixed asset purchases, with the balance expected to be spent on reserves definition and wellfield development.

Financial information: The following table shows the attributable production, sales and production cost trends for South Inkai over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010	SEP 30, 2010	JUN 30, 2010
Production in lbs	779,000	836,400	690,800	620,700	669,800	782,700	770,300	769,700
Sales in lbs	458,600	1,304,700	666,800	726,800	924,100	965,300	436,400	645,800
Inventory in lbs	1,014,100	693,700	1,162,000	1,138,100	1,245,400	1,500,200	1,684,900	1,360,200
Revenues (\$'millions)	25.1	66.9	37.4	43.0	60.6	50.8	20.6	28.6
Operating expense (\$'millions)	8.6	24.4	12.5	12.0	15.3	15.2	8.1	13.1
Operating expense (\$/lb sold)	19	19	19	17	17	16	19	20
Depreciation (\$'millions)	4.8	14.8	7.1	8.1	9.9	10.9	5.5	7.6
Depreciation (\$/lb sold)	10	11	11	11	11	11	13	12

The cash cost of production at South Inkai for Q1 2012 of \$19 per pound sold was in line with guidance of \$20 per pound sold.

KARATAU URANIUM MINE

Karatau is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 50% by the Corporation through the Karatau joint venture. The other 50% interest is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Karatau Mine is 5,200,000 pounds (2,000 tonnes U) per year.

Production: Production from Karatau was 1,300,000 pounds (500 tonnes U) in Q1 2012, of which 650,000 pounds (250 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Karatau over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	97	114	1,283	157	1,137,500
Q3 2011	111	128	1,637	149	1,383,700
Q4 2011	89	146	1,848	167	1,866,200
Q1 2012	68	147	1,379	183	1,300,000

A total of 68 wells were installed during Q1 2012, compared to the budget of 81. The program for 2012 provides for the installation of 330 wells to achieve the production target for the year.

No production blocks were acidified during Q1 2012. The production rate in Q4 2011 was increased in order to produce 1.9 million pounds during Q4 2011, which was achieved by placing an additional production block into operation.

Capital expenditure incurred during Q1 2012 was \$4 million, compared to the budget of \$9 million. The difference is due to the deferral of wellfield development to later in the year. Capital expenditure incurred by Karatau in 2012 is expected to be approximately \$52 million on a 100% basis, of which \$26 million is related to wellfield development and the remainder for construction activities and fixed asset purchases.

Financial information: The following table shows the attributable production, sales and production costs for Karatau over the prior eight quarters:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED							
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010	SEP 30, 2010	JUN 30, 2010
Production in lbs	650,000	933,100	691,900	568,800	633,000	769,500	473,300	521,100
Sales in lbs	326,500	824,400	1,084,700	211,900	448,400	899,000	1,050,900	260,000
Inventory in lbs	983,300	659,900	551,200	944,000	587,200	402,600	533,800	1,111,300
Revenues (\$' millions)	16.6	40.1	51.4	10.5	23.2	47.3	41.2	11.4
Operating expense (\$' millions)	3.4	8.7	9.9	1.7	3.6	7.5	9.0	1.8
Operating expense (\$/lb sold)	10	11	9	8	8	8	9	7
Depreciation (\$' millions)	4.6	7.3	17.7	3.6	7.7	16.2	17.8	5.6
Depreciation (\$/lb sold)	14	9	16	17	17	18	17	22

Depreciation for the quarter ended December 31, 2011 includes an adjustment to the depreciation rate for the current and previous quarters, due to an increase in the reserve base used for depreciation calculations. Depreciation for 2010 includes fair value adjustments recognized against finished product on hand on the acquisition date. The fair value adjustment is recognized as non-cash depreciation and depletion with the subsequent sale of the inventory. The depreciation per pound sold decreased, as the revalued finished product on hand on the acquisition date was sold during Q1 2010 and Q2 2010.

The cash cost of production for Q1 2012 at \$10 per pound sold was below the Corporation's guidance of \$13 per pound sold. The decrease is partially due to the increase in production during Q4 2011 which decreased the unit cost of inventory on hand at December 31, 2011.

AKBASTAU URANIUM MINE

Akbastau is an operating ISR uranium mine located in the Chu-Sarysu basin in the Suzak region, South Kazakhstan province, Kazakhstan, owned indirectly as to 50% by the Corporation through the Akbastau joint venture. The other 50% interest is held by Kazatomprom.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Akbastau Mine is 4,992,000 pounds (1,920 tonnes U) per year from sections 1, 3 and 4 of the Budenovskoye deposit. Akbastau is currently producing from sections 1 and 3 and plans to commence production from section 4 of the Budenovskoye deposit following receipt of required regulatory approvals. Akbastau is adjacent to the Karatau mine, which is licensed to mine section 2 within the southern subfield of the Budenovskoye deposit. Akbastau entered into a toll processing agreement with Karatau, under which all of the solutions mined at Akbastau are currently processed at Karatau.

Production: Production from Akbastau was 870,600 pounds (335 tonnes U) of which 435,300 pounds (167 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Akbastau over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	69	62	500	229	650,000
Q3 2011	20	62	560	165	523,400
Q4 2011	-	88	616	263	966,700
Q1 2012	81	98	676	246	870,600

A total of 81 wells were installed during Q1 2012, below the budget of 100. The program for 2012 provides for the installation of 285 wells to achieve the production target for the year.

One production block was acidified during Q1 2012 and placed into production.

Capital expenditure incurred during Q1 2012 was \$7 million, compared to the budget of \$18 million. The difference is due to the delay of the construction of the processing plant and facilities at section 3. Capital expenditure incurred by Akbastau in 2012 is expected to be approximately \$114 million on a 100% basis, of which \$38 million is related to wellfield development and the remainder relates to construction activities and fixed asset purchases.

Financial information: The following table shows the attributable production, sales and production costs for Akbastau since acquisition on December 27, 2010:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED					
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010 ⁽¹⁾
Production in lbs	435,300	483,400	261,700	325,000	366,900	16,700
Sales in lbs	193,800	436,900	303,700	491,000	129,600	-
Inventory in lbs	663,200	421,800	382,500	425,900	594,800	360,500
Revenues (\$'millions)	9.5	21.5	14.4	25.1	8.2	-
Operating expense (\$'millions)	2.0	5.0	4.0	5.7	1.7	-
Operating expense (\$/lb sold)	10	11	13	11	13	-
Depreciation (\$'millions)	2.4	4.4	5.0	4.9	6.4	-
Depreciation (\$/lb sold)	12	10	16	10	49	-

Note:

⁽¹⁾ Attributable values since the acquisition date of December 27, 2010.

Up to Q1 2011, depreciation recognized includes fair value adjustments processed against finished product on hand on the acquisition date. The fair value adjustment is recognized as non-cash depreciation with the subsequent sale of the inventory.

The cash cost of production for Q1 2012 at \$10 per pound sold was below the Corporation's guidance of \$18 per pound sold. The Corporation expects the cash cost to increase over the year.

ZARECHNOYE URANIUM MINE

Zarechnoye is an operating ISR uranium mine located in the Syr darya basin in the Otrar district, South Kazakhstan province, Kazakhstan. The Corporation has a 49.67% indirect interest in the Zarechnoye uranium mine through its 49.67% interest in the Zarechnoye joint venture. Kazatomprom owns a 49.67% share of the Zarechnoye joint venture and the remaining shareholding is held by a Kyrgyz company.

Pursuant to the terms of its subsoil use contract, the current production capacity of the Zarechnoye Mine is 2,522,000 pounds (970 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2012.

Production: Production from Zarechnoye was 546,000 pounds (210 tonnes U) for Q1 2012, of which 271,200 pounds (104 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Zarechnoye over the past four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	85	166	2,382	38	495,800
Q3 2011	128	162	2,462	32	425,600
Q4 2011	127	173	2,636	35	521,800
Q1 2012	112	167	2,552	43	546,000

A total of 112 wells were installed during Q1 2012, compared to the budget of 112. The program for 2012 provides for the installation of 489 wells to achieve the production target for the year.

Acidification of 3 new production blocks was completed during Q1 2012 and two blocks were placed into production.

Capital expenditure incurred during Q1 2012 was \$7 million, compared to the budget of \$9 million. Capital expenditure incurred by Zarechnoye in 2012 is expected to be approximately \$42 million on a 100% basis, of which \$28 million is related to wellfield development and the remainder for construction activities and fixed asset purchases.

Financial information: The following table shows the attributable production, sales and production costs for Zarechnoye since acquisition on December 27, 2010:

(ALL FIGURES ARE THE CORPORATION'S ATTRIBUTABLE SHARE)	3 MONTHS ENDED					
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010 ⁽¹⁾
Production in lbs	271,200	259,200	211,400	246,300	231,000	16,300
Sales in lbs	106,100	247,500	302,400	264,200	106,100	143,300
Inventory in lbs	279,100	117,800	109,400	202,900	224,000	103,100
Revenues (\$'millions)	5.4	12.4	16.2	18.5	5.4	6.3
Operating expense (\$'millions)	2.5	5.6	6.3	5.4	1.8	2.3
Operating expense (\$/lb sold)	24	23	21	20	17	16
Depreciation (\$'millions)	1.9	3.0	4.5	3.4	2.6	3.9
Depreciation (\$/lb sold)	18	12	15	14	22	27

Note:

⁽¹⁾ Attributable values since the acquisition date of December 27, 2010.

Up to Q1 2011, depreciation includes fair value adjustments processed against finished product on hand on the acquisition date. The fair value adjustment was recognized as non-cash depreciation with the subsequent sale of the inventory.

The average cash cost of production at \$24 per pound sold for Q1 2012 is higher than the guidance of \$22 per pound sold. The Corporation expects the cost to decrease to the guidance during the remainder of the year.

Review of Development Projects

Kazakhstan

KHARASAN URANIUM PROJECT

Kharasan is an ISR uranium development project located in the Syr darya basin in the Suzak region, South Kazakhstan province, Kazakhstan. The Corporation has an indirect 30% interest in the Kharasan Uranium Project through its 30% interest in the Kyzylkum joint venture (“Kyzylkum”), a Kazakhstan registered limited liability partnership. Kazatomprom has a 30% interest in Kyzylkum and Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company, has the remaining 40% interest in Kyzylkum.

Pursuant to the terms of its subsoil use contract, the production capacity of the Kharasan Project is 7,800,000 pounds (3,000 tonnes U) per year, with a current installed capacity of 2,600,000 pounds (1,000 tonnes U) per year.

Production in commissioning: Production in commissioning from Kharasan was 319,300 pounds (123 tonnes U) during Q1 2012, of which 95,800 pounds (37 tonnes U) was attributable to the Corporation.

Operations: The following is a summary of the operational statistics for Kharasan (on a 100% basis) over the last four quarters:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	114	86	581	80	262,300
Q3 2011	85	88	642	84	301,300
Q4 2011	66	105	663	79	308,700
Q1 2012	-	127	855	73	319,300

No new wells were installed during Q1 2012, in accordance with the plan. The current wells are sufficient to maintain production during commissioning, and the planned installation rate for 2012 has been lowered as a result.

Acidification of three new production blocks was completed during Q1 2012 and two blocks were placed into production.

The Corporation is preparing for the submission of the industrial production license application at the end of the year, and expect approval by the end of 2013.

Capital expenditure incurred during Q1 2012 was \$3 million, compared to the budget of \$5 million. The difference is mostly due to the deferral of delineation drilling due to delays in the permitting and approvals for the drilling program. Capital expenditure incurred by Kharasan in 2012 is expected to be approximately \$67 million on a 100% basis, of which \$13 million is related to delineation drilling, with the remainder to be spent on construction activities and fixed asset purchases.

SULPHURIC ACID SUPPLY IN KAZAKHSTAN

In Kazakhstan, ISR uranium operations are highly dependent on sulphuric acid for the extraction of uranium from the host ore body. The supply of sulphuric acid is therefore of critical importance to the Corporation's operations in Kazakhstan.

Although the supply of sulphuric acid is not a cause of immediate concern to the Corporation, the Corporation has identified logistical and transport issues which influence the availability of sulphuric acid to its mines. With the ongoing increase in uranium production in Kazakhstan, the ability to handle supplies, in particular sulphuric acid, is limited by storage capacity at transshipment locations.

In addressing this storage problem, Kazatomprom has built additional storage facilities, and domestic sulphuric acid supplies in Kazakhstan are supplemented by imports from Russia.

SULPHURIC ACID PLANT

The Corporation's SKZ-U joint venture with Kazatomprom and its other joint venture partners continues to advance the development of a sulphuric acid plant near Kharasan at Zhanakorgan which will be an additional source of sulphuric acid for its operations. The Corporation's ownership percentage in SKZ-U is 19%. The total construction cost of the plant is expected to be approximately \$199 million of which 70% has been spent up to March 31, 2012. Production of sulphuric acid is expected to commence in the second half of the year. The Corporation has funded \$28.6 million of its debt obligation to date towards the construction of the sulphuric acid plant.

The construction and installation activities at the sulphuric acid plant are 95% complete. All construction activities are expected to be completed by the second half of the year. The design capacity of the plant is 500,000 tonnes of sulphuric acid per year.

Capital expenditure incurred in Q1 2012 was \$3 million compared with the budget of \$7 million. The construction was delayed by personnel shortages and a delay in the delivery of material. Capital expenditures for 2012 of \$11 million are planned to complete the construction, which includes commissioning costs.

United States

WILLOW CREEK URANIUM PROJECT

Willow Creek is an ISR uranium development project located in Johnson and Campbell Counties in the Powder River Basin of Wyoming, U.S.A. The project includes the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated uranium ore bodies, collectively referred to as the Willow Creek Project.

The current design capacity of Willow Creek is 1,300,000 pounds U₃O₈ (500 tonnes U) per year. The Corporation plans to expand the processing capacity at the Willow Creek central plant in line with the U.S. Nuclear Regulatory Commission ("NRC") licensed capacity of 2,500,000 pounds U₃O₈ (962 tonnes U) per year by incorporating a vacuum dryer that was purchased for use at the Corporation's Moore Ranch project.

Production in commissioning: Production in commissioning from Willow Creek was 102,300 pounds (39 tonnes U) during Q1 2012.

Operations: The following is a summary of the operational statistics for Willow Creek:

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q2 2011	68	49	302	26	42,800
Q3 2011	74	80	391	26	57,500
Q4 2011	84	136	553	32	98,000
Q1 2012	230	150	614	30	102,300

A total of 230 wells were completed during Q1 2012, compared to the budget of 315. The program for 2012 provides for the installation of 599 wells to achieve the production target for the year, with an additional 438 wells planned for installation in new mine areas that will be placed into production in 2013.

Well installation and surface construction in Mine Unit 8 commenced in Q4 2011. The first two modules of Mine Unit 8 are now in operation, and the remainder will be constructed and placed in production by the end of 2012.

Capital expenditure incurred during Q1 2012 was \$9 million, in line with the budget of \$9 million. Capital expenditure in 2012 is expected to be approximately \$33 million on a 100% basis, of which \$32 million is planned to be spent on wellfield development.

Australia

HONEYMOON URANIUM PROJECT

The Honeymoon Uranium Project is an ISR uranium development project located in South Australia, approximately 75 kilometres northwest of the city of Broken Hill, New South Wales. The Corporation owns 51% of the Honeymoon Uranium Project Joint Venture, which owns the Honeymoon Uranium Project. The remaining 49% of the joint venture is currently owned by Mitsui & Co., Ltd (“Mitsui”) but Mitsui has notified the Corporation of its decision to withdraw from the joint venture in accordance with the terms of the joint venture agreement between the parties. The parties are currently negotiating the terms of Mitsui's withdrawal.

The project has a design capacity of 880,000 pounds (339 tonnes U) per year.

Production in commissioning: Production in commissioning from Honeymoon was 95,100 pounds (37 tonnes U) during Q1 2012, of which 48,500 pounds (19 tonnes U) is attributable to the Corporation.

Operations: The following is a summary of the operational statistics for Honeymoon (on a 100% basis):

	TOTAL WELLS COMPLETED (INCLUDING PRODUCTION WELLS)	AVERAGE NUMBER OF PRODUCTION WELLS IN OPERATION	AVERAGE FLOW RATE (m ³ /hour)	CONCENTRATION IN SOLUTION (mg U/l)	PRODUCTION (lbs)
Q3 2011	-	10	175	86	44,500
Q4 2011	-	22	300	70	55,500
Q1 2012	13	30	487	56	95,100

An additional 13 production wells were put into production in Q1 2012. The program for 2012 provides for the installation of 96 wells and associated surface facilities to achieve the production target for the year.

Decreased concentration during Q1 is attributed to dilution from the third wellfield and declining grade from the first wellfield associated with depletion of its lower production zone. Two wellfields are in full production, while a third wellfield is currently being brought on-line. Work on the installation of a fourth wellfield will commence in the next quarter.

Capital expenditure incurred during Q1 2012 was \$1 million, compared to the budget of \$4 million. Capital expenditure in 2012 is expected to be approximately \$25 million on a 100% basis, of which \$17 million is planned to be spent on fixed asset purchases, with the balance expected to be spent on wellfield development.

CORPORATE

OPTION AGREEMENT TO ACQUIRE MANTRA

Uranium One and ARMZ are parties to an option agreement which allows Uranium One to acquire Mantra from ARMZ. Mantra's core asset is the Mkuju River Project in Tanzania. Uranium One is also the operator of the Project pursuant to agreements entered into with ARMZ. On January 16, 2012, Uranium One elected to partially exercise its option to acquire Mantra and pay \$150 million to ARMZ in order to extend the term of the Mantra call option from June 7, 2012 to June 7, 2013 and acquire a 13.9% stake in Mantra from ARMZ, which was completed on March 15, 2012.

As operator of the Mkuju River Project, Uranium One is responsible to provide funding for the project and consequently entered into a loan agreement with Mantra on June 6, 2011. The loan agreement is guaranteed by ARMZ and provides for a loan of \$150 million which will increase after receipt of a special mining license for the Mkuju River Project. A further drawdown of \$12.0 million has been made against the facility during Q1 2012, bringing the total funds extended to Mantra to \$18.0 million since June 2011.

The purchase price to be paid by Uranium One for the remainder of the Mantra shares will be equal to ARMZ's original acquisition cost of Mantra (approximately \$1.0 billion), together with any additional expenditures contributed by ARMZ to Mantra or its properties, and interest thereon at a rate of 2.65% per annum.

MKUJU RIVER PROJECT

The Mkuju River Project is a large scale uranium development project located in southern Tanzania. Current activity at the Project is focused on licensing and permitting. Early in 2011, the Tanzanian Government submitted an application to the UNESCO World Heritage Committee ("WHC") for a minor adjustment of the boundary of the adjacent Selous Game Reserve to ensure Project activities did not adversely impact the Reserve, a World Heritage Site comprising some 5 million hectares. At its annual meeting in June 2011, the WHC referred the application for further review, including a visit by the International Union for Conservation and Nature ("IUCN") to the Project area late in 2011. An advisory mission was led by two experts to the Project area in October 2011. The IUCN experts also met with national government and other stakeholders and submitted a report to the Tanzanian Government in November 2011. On January 31, 2012, the Tanzanian Government re-submitted to the WHC its request for a minor boundary adjustment, together with Mantra's updated environmental and social impact assessment, revised to take into account the comments of the Tanzanian Government as well as the IUCN expert mission.

In the meantime, additional exploration work on the Project is being conducted in the area of the expected Special Mining License. During Q4 2011, a single rig was operated, with a second rig being mobilized to the site. Drilling was focused on brownfields exploration and resource upgrade drilling to enable conversion of inferred material within the pit designs to an indicated classification. A definitive feasibility study relating to the Project is being prepared by Uranium One and is expected to be finalized by the mid-2012.

URANIUM MARKET

The one-year anniversary of the Fukushima events has now passed and with that the industry is gaining a better appreciation of the impact on the supply and demand of uranium going forward. Certain factors continue to indicate a tightening in the supply of uranium, namely production shortfalls at existing mines, significant postponements of new development projects, and the expiration of the US/Russian HEU agreement in 2013. Overall, we remain confident that there is a need for new mine production to meet demand which is expected to grow at 2% to 3% per year going forward.

The basis of this 2% to 3% growth projection stems from the continued expansion of the demand for nuclear power, particularly in the emerging markets of China, Russia, India and the Middle East. China has resumed their approval of new reactor construction projects, having paused to assess and confirm the safety of their existing and planned units (current estimate of 75-80 GWe by 2020, up from 10 GWe in 2010). Russia's nuclear program continues to benefit from a strong national energy policy which promotes nuclear energy both domestically and abroad. India's nuclear growth is a cornerstone of the national imperative to lift the standard of living of its massive population (current estimate of 63 GWe by 2032, up from 4.4 GWe in 2010). The United Arab Emirates are building a four unit station (possibly more), Saudi Arabia is following suit with a 16 reactor program, and Turkey and Jordan are proceeding with their first units.

As well, the developed nuclear markets have engaged in a very thorough review and assessment of the safety of existing and planned reactors. Some additional safety upgrades are being implemented, and most of these markets remain committed to nuclear power. Growth of the demand for nuclear power in the United States has been impacted by a weak economy and projected low natural gas prices. However, the first wave of new units in Georgia and South Carolina are under construction and the completion of two additional units in the Tennessee Valley Authority fleet is also proceeding. South Korea has reaffirmed its commitment to nuclear energy, as has the Czech Republic.

While all of Japan's 54 reactors are now offline and awaiting stress test results and restart approvals, we believe that Japanese Federal and local governments will begin to gradually restart reactors in a cautious manner which balances local interests and the overall energy needs of Japan's manufacturing and export driven economy. Japan is entering its peak energy demand season with no reserve margins and record fossil fuel imports (nuclear comprising 30% of Japanese installed capacity). Germany appears to be the sole exception as it plans to continue with its nuclear phase-out by 2022.

The published market price indicators support the view that the underlying supply and demand fundamentals remain stable. Spot uranium prices have been trading in a narrow range of \$50 to \$55 since June 2011, which is \$10 per pound higher than the period one year prior to the Fukushima events. Published long term prices (defined as the base escalated price at which a producer would be willing to lock into for future multi-year deliveries) are currently between \$60 and \$61 per pound. The medium to long term market is currently quite active with suppliers receiving multiple requests for proposals from largely American and European customers. Asian buyers are also beginning to return to the market.

Future price movements will depend on the degree to which the uranium mining industry is able to expand to meet increasing uranium requirements. Uranium One believes that it is well positioned to meet this demand with its globally diversified, low cost production portfolio and strategic growth plans.

Review of Financial Results

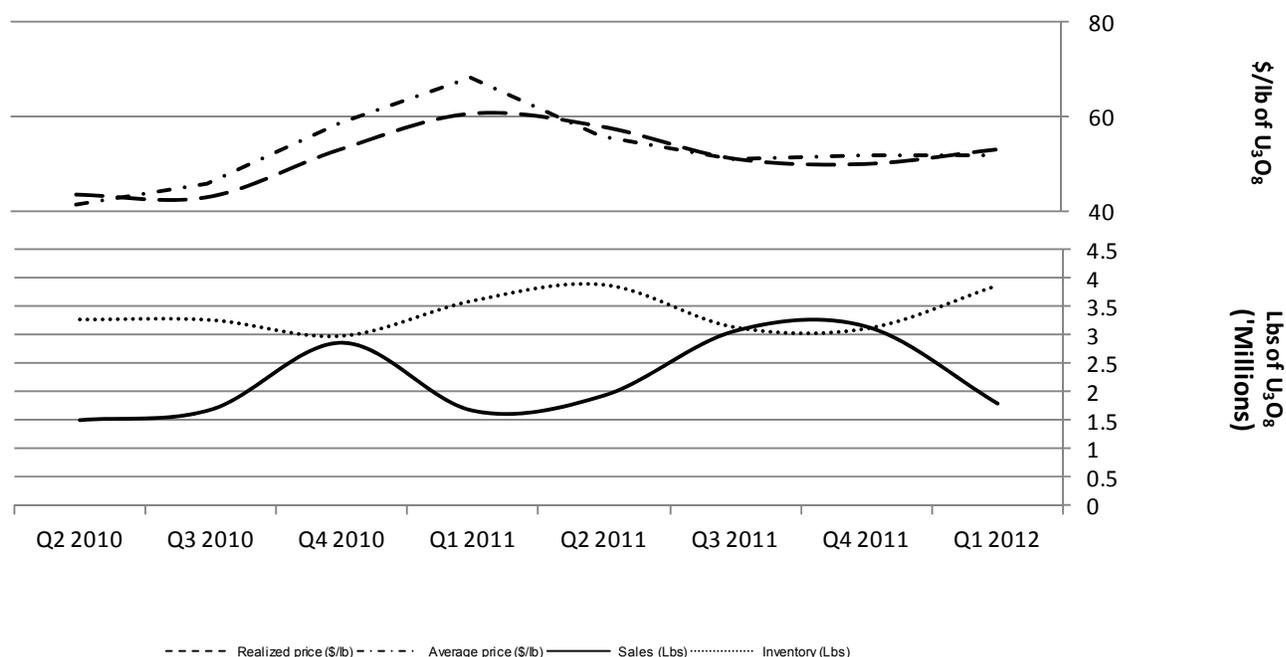
SUMMARY OF QUARTERLY RESULTS

(US DOLLARS IN MILLIONS EXCEPT PER SHARE AND PER LB AMOUNTS)	3 MONTHS ENDED							
	MAR 31, 2012	DEC 31, 2011	SEP 30, 2011	JUN 30, 2011	MAR 31, 2011	DEC 31, 2010	SEP 30, 2010	JUN 30, 2010
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	95.9	157.9	157.7	112.9	101.9	152.3	73.1	66.0
Net earnings / (loss)	4.5	(1.1)	45.8	29.7	14.0	(112.9)	(44.8)	5.4
Basic and diluted earnings / (loss) per share ⁽¹⁾	0.00	(0.00)	0.05	0.03	0.01	(0.17)	(0.08)	0.01
Total assets	3,417.9	3,303.3	2,975.9	2,972.3	2,990.7	2,946.4	2,032.0	2,028.6

Notes:

⁽¹⁾ The basic and diluted earnings/loss per share are computed separately for each quarter presented and therefore may not add up to the basic and diluted earnings/loss per share calculated for a full year.

The average realized uranium price per pound sold relative to the average spot price per pound, and the relationship between volumes sold and inventory, over the last eight quarters are as follows:



The average realized sales price per pound sold by the Corporation is related to the spot price. Pricing in the Corporation's sales contracts normally reference average market prices up to 3 months before the delivery date and the realized sales prices will therefore be below average market prices in a rising market price environment, and the opposite in a falling market environment.

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.

Earnings fluctuate in line with sales volume, but are also affected by a mixture of fixed and variable costs, including general and administration cost, foreign exchange, impairment charges and taxation.

NON-GAAP MEASURES

ADJUSTED NET EARNINGS

The Corporation has included the following non-GAAP performance measures throughout this document: adjusted net earnings and adjusted net earnings per share. Adjusted net earnings and adjusted net earnings 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 is calculated by adjusting the net earnings/loss by adding back restructuring costs, impairments, cost of suspension of operations, gains/losses from the sale of assets, hedge accounting adjustments, and the effect of the tax rate adjustment on deferred tax liabilities. These items are added back due to their inherent volatility and/or infrequent occurrence.

The following table provides a reconciliation of adjusted net earnings/loss to the financial statements:

US DOLLARS IN MILLIONS EXCEPT PER SHARE AMOUNTS	3 MONTHS ENDED	
	MAR 31, 2012 \$'MILLIONS	MAR 31, 2011 \$'MILLIONS
Net earnings	4.5	14.0
Care and maintenance costs	0.5	0.3
Corporate development expenditure	1.9	0.7
Ruble bond hedge accounting adjustments	8.2	-
Adjusted net earnings	15.1	15.0
Adjusted net earnings per share – basic (\$)	0.02	0.02
Adjusted net earnings per share – diluted (\$)	0.02	0.02
Weighted average number of shares (millions) – basic	957.2	957.2
Weighted average number of shares (millions) – diluted	1,039.7	1,049.7

AVERAGE REALIZED SALES PRICE PER POUND AND CASH COST PER POUND SOLD

The Corporation has included the following non-GAAP performance measures throughout this document: average realized sales price per pound and cash cost per pound 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 price per pound and cash cost per pound sold are calculated by dividing the revenues and operating expenses found in the income statement in the consolidated financial statements by the pounds 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 Kazakhstan tenge, the Australian dollar and the Canadian dollar as measurement currencies.

(US DOLLARS IN MILLIONS EXCEPT PER SHARE AND PER LB AMOUNTS)	3 MONTHS ENDED	
	MAR 31, 2012 \$'MILLIONS	MAR 31, 2011 \$'MILLIONS
Revenues	95.9	101.9
Net earnings	4.5	14.0
Adjusted net earnings	15.1	15.0
Cash flows from operating activities	88.2	66.5
Net earnings per share	0.00	0.01
Adjusted net earnings per share	0.02	0.02
Product inventory carrying value ⁽¹⁾	97.8	89.3
Total assets	3,417.9	2,990.7
Long term financial liabilities	1,262.8	700.7
Average realized uranium price per lb	53	61
Average spot price per lb	52	68
	Lbs	Lbs
Attributable sales volume	1,809,400	1,681,700
Attributable production volume	2,572,500	2,308,200
Attributable inventory	3,874,900	3,607,400

Notes:

⁽¹⁾ Inventory is attributable to the Akdala, South Inkai, Karatau, Akbastau and Zarechnoye Uranium Mines. Revenue from production during commissioning of the Corporation's development projects is credited against capital expenditures.

RESULTS OF OPERATIONS

QUARTER ENDED MARCH 31, 2012

URANIUM SALES, INVENTORY AND OPERATING COSTS

The Corporation's uranium sales, costs of uranium sales and earnings from mine operations were as follows in Q1 2012 and Q1 2011:

	Q1 2012					
	AKDALA	SOUTH INKAI	KARATAU	AKBASTAU	ZARECHNOYE	TOTAL / AVERAGE
Revenues (\$'millions)	39.3	25.1	16.6	9.5	5.4	95.9
Attributable sales volumes (lb '000)	724.4	458.6	326.5	193.8	106.1	1,809.4
Operating expenses (\$'millions)	9.1	8.6	3.4	2.0	2.5	25.6
Operating expenses (\$/lb sold)	13	19	10	10	24	14
Depreciation (\$'millions)	7.3	4.8	4.6	2.4	1.9	21.0
Depreciation (\$/lb sold)	10	10	14	12	18	12
Earnings from mine operations (\$'millions)	22.9	11.7	8.6	5.1	1.0	49.3

	Q1 2011					
	AKDALA	SOUTH INKAI	KARATAU	AKBASTAU	ZARECHNOYE	TOTAL / AVERAGE
Revenues (\$'millions)	4.5	60.6	23.2	8.2	5.4	101.9
Attributable sales volumes (lb '000)	73.4	924.1	448.4	129.6	106.1	1,681.7
Operating expenses (\$'millions)	0.9	15.3	3.6	1.7	1.8	23.3
Operating expenses (\$/lb sold)	12	17	8	13	17	14
Depreciation (\$'millions)	0.8	9.9	7.7	6.4	2.6	27.4
Depreciation (\$/lb sold)	11	11	17	49	22	16
Earnings from mine operations (\$'millions)	2.8	35.4	11.9	0.1	1.0	51.2

The Corporation realized an average sales price of \$53 per pound sold during Q1 2012, compared to the closing spot and average spot prices of \$51 per pound and \$52 per pound respectively.

Revenue of \$95.9 million in Q1 2012 decreased by 6% compared to the \$101.9 million in Q1 2011, due to a decrease in the average realized sales price from \$61 per pound to \$53 per pound, partially offset by volume sold increasing by 0.1 million pounds (6% higher than in Q1 2011).

The sales mix for Q1 2012 was 11% for Akbastau, 40% for Akdala, 25% for South Inkai, 18% for Karatau and 6% for Zarechnoye, compared to Q1 2011 in which Akbastau contributed 8% to the sales, Akdala 4%, South Inkai 55%, Karatau 27% and Zarechnoye 6%. The sales mix is expected to align with the production ratio of each mine over time, considering the effect of long term contracts on inventory build-up.

Operating expenses per pound sold were \$14 per pound in both Q1 2012 and 2011.

There is possible volatility in operating expenses due to the timing of the acidification of new wellfields. Sulphuric acid use is higher during the initial acidification process, and the sulphuric acid cost per pound is higher during these periods. The Corporation carries inventory at the weighted average cost of production, calculated at various stages of the production process. As a result, the weighted average cost increases during periods with higher levels of acidification.

Attributable inventory increased from 3,607,400 pounds at March 2011 to 3,874,900 pounds at March 2012.

GENERAL AND ADMINISTRATIVE EXPENSE

General and administrative expense, including stock option expenses of \$1.0 million, were \$10.2 million in Q1 2012, compared to \$12.2 million, including stock option and restricted share expenses of \$1.4 million in Q1 2011.

The general and administrative expense for Q1 2012 includes salaries and directors' fees of \$6.6 million, consulting and advisor fees of \$0.7 million, travel expenses of \$0.9 million and office rent of \$0.8 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. The Corporation determines its discretionary exploration expenditure each year during its planning cycle. Exploration expenditure relates to exploration programs undertaken on the Corporation's tenures in the United States, Canada and Australia and was \$0.9 million during Q1 2012, compared to \$1.2 million during Q1 2011.

FINANCE INCOME AND EXPENSE

Interest income was \$2.2 million in Q1 2012 and \$1.8 million in Q1 2011. In addition to the interest earned on loans to joint ventures and associates, interest is earned on funds held on deposit by the Corporation.

Interest accrued on the Corporation's 2010 Debentures was \$5.7 million in Q1 2012, compared to \$5.9 million 2011. The 2010 Debentures were issued in March 2010.

Interest of \$2.6 million was accrued on the 2006 Debentures in Q1 2011. These debentures were redeemed in December 2011.

Accrual of contingent payments of \$0.9 million in Q1 2012 and \$0.8 million in Q1 2011 relates to payments linked to exploration targets at South Inkai and Kharasan.

Interest accrued on the Ruble Bonds was \$7.9 million in Q1 2012, net of a \$3.6 million credit accrued on the cross currency interest rate swap.

Interest accrued on the Corporation's proportionate share of joint venture debt facilities was \$1.3 million in Q1 2012, compared to \$2.1 million in Q1 2011.

FOREIGN EXCHANGE LOSS

Foreign exchange losses during Q1 2012 consist of \$8.3 million on the Ruble Bonds, \$5.3 million on the debentures, and foreign exchange gains of \$0.8 million on cash balances, deposits and other items, compared to foreign exchange losses of \$5.3 million in Q1 2011.

INCOME TAXES

The current income tax expense for Q1 2012 of \$11.8 million mainly consists of income tax paid and payable in Kazakhstan on profits from the Corporation's Akdala, South Inkai, Karatau, Akbastau and Zarechnoye mines. For Q1 2011 a \$13.3 million income tax expense was recorded.

The future income tax recovery in Q1 2012 of \$7.1 million consists of the recovery of future income tax liabilities of the Kazakhstan mines. The recovery represents the depletion of the future income tax liabilities that were created on the acquisition of the mines in Kazakhstan, and was based on the excess purchase price paid on acquisition.

NET EARNINGS

The net earnings for Q1 2012 were \$4.5 million or \$0.00 per share, compared to net earnings of \$14.0 million or \$0.01 per share for Q1 2011.

FINANCIAL CONDITION

CASH AND CASH EQUIVALENTS

On March 31, 2012, the Corporation had cash and cash equivalents of \$512.2 million, compared to \$619.0 million at December 31, 2011. The cash balance per entity on March 31, 2012, was as follows:

	HELD BY SUBSIDIARIES OR JOINT VENTURES (\$'millions)	CORPORATION'S ATTRIBUTABLE SHARE (\$'millions)
Betpak Dala	137.4	96.2
Karatau	13.9	6.9
Akbastau	22.0	11.0
Kyzylkum	29.2	8.8
Zarechnoye	2.1	1.0
Honeymoon	8.1	4.1
SKZ-U	18.2	3.5
Holding and intermediate companies		380.7
Total cash		512.2

Cash generated by the Corporation's joint ventures is used to fund joint venture operations.

BORROWED AND PURCHASED URANIUM CONCENTRATES

In 2008, the Corporation borrowed 200,000 pounds 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 and mitigate the risk of delivery delays. A liability of \$10.5 million is accounted for in respect of the borrowed uranium concentrates of 200,000 pounds as at March 31, 2012. The loan agreement was amended in July 2011 and the 200,000 pounds of material is now to be returned in 2013. The loan is therefore classified as a non-current liability as at March 31, 2012.

The Corporation entered into an uranium concentrates logistics agreement with ARMZ to enable the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The purchased uranium concentrates were held in the Corporation's account and were delivered under a uranium sales contract in April 2012. The value of the purchased uranium concentrates is \$15.4 million at March 31, 2012.

INVENTORIES

The value of inventories as at March 31, 2012 increased to \$112.3 million from \$91.2 million held at December 31, 2011. Finished uranium concentrates and solutions and concentrates in process increased by \$20.8 million due to an increase in the weighted average carrying value of closing inventory and an increase in material on hand.

Materials and supplies increased by \$0.3 million in the period ended March 31, 2012.

As at March 31, 2012 the Corporation had attributable inventory of 3.9 million pounds, including approximately 0.3 million pounds held at conversion facilities. Sales of product are normally completed at conversion facilities when material is transferred to customers by way of a book transfer. The product on hand at conversion facilities March 31, 2012 is committed for delivery under existing sales contracts subsequent to quarter 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 completed through transfer of legal title and ownership.

A summary of the Corporation's attributable inventory carried at March 31, 2012 is as follows:

CATEGORY	LOCATION	LBS
In process	Mine site	125,000
In process	External processing facilities	499,500
Finished product ready to be shipped	Mine site	1,226,000
Finished product ready to be shipped	External processing facilities	1,136,900
Finished product in transit	In transit	573,000
Finished product at conversion facility	Conversion facilities	314,500
Total inventory		3,874,900

Production during commissioning of the Corporation's development projects is not accounted for as inventory. Attributable material produced and on hand from the Corporation's development projects at March 31, 2012 was 341,600 pounds.

MINERAL INTERESTS, PROPERTY PLANT AND EQUIPMENT

The reporting values of mineral interests, property plant and equipment increased by \$16.9 million during the quarter ended March 31, 2012.

The movement for Q1 2012 mainly consists of:

- Additions of \$57.7 million;
- Currency translation adjustments of \$4.0 million; offset by
- Depreciation of \$44.2 million.

The Corporation incurred \$2.7 million during Q1 2012 for corporate social responsibility projects in Kazakhstan, which is included as additions. This amount is an installment for the construction of a school in cooperation with the provincial government of the South Kazakhstan region.

INVESTMENT IN ASSOCIATE

On March 15, 2012, Uranium One paid \$150 million to ARMZ to extend the term of the Mantra purchase option from June 7, 2012 to June 7, 2013 and to acquire a 13.9% stake in Mantra from ARMZ.

Although the Corporation owns less than 20% of the equity shares of Mantra, it exercises significant influence by virtue of an agreement which appoints the Corporation as operator of the Mkuju River Project, and the Corporation applies equity accounting to its investment as a result.

LOANS RECEIVABLE

The Corporation advanced an additional \$3.5 million to SKZ-U during Q1 2012, bringing the total loan to \$28.6 million, as part of its obligation to provide project financing for the construction and commissioning of the sulphuric acid plant in Kazakhstan.

The Corporation made loans available to Mantra pursuant to its obligation to provide project financing for construction and commissioning of the Mkuju River Project. The Corporation advanced an additional \$12.0 million during Q1 2012, bringing the total loan to \$18.0 million.

CURRENT AND LONG TERM PORTION OF JOINT VENTURE DEBT

Kyzylkum had loans outstanding of \$36.8 million, \$47.4 million and \$41.5 million from the Japan Bank for International Cooperation ("JBIC"), Citibank and Kazatomprom, respectively. At March 31, 2012, the Corporation's share of Kyzylkum's loans is \$37.7 million, which is classified as long term.

In addition to the \$28.6 million loan from the Corporation, SKZ-U has loans outstanding of \$24.4 million, \$24.4 million and \$73.1 million from Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and JBIC, respectively. At March 31, 2012, the Corporation's share of SKZ-U's loans is \$23.2 million, which is classified as long term.

Akbastau had loans outstanding of \$9.9 million and \$75.0 million from Alfa Bank and Kazfinance respectively. At March 31, 2012, the Corporation's share of these loans is \$42.5 million, of which \$5.0 million is classified as short term.

Zarechnoye had loans outstanding of \$4.9 million, \$4.9 million and \$75.0 million from Effective Energy, Citibank and Kazfinance, respectively. At March 31, 2012, the Corporation's share of these loans is \$42.1 million, of which \$4.8 million is classified as short term.

RUBLE BONDS AND SWAP

On December 7, 2011, the Corporation raised \$463.5 million through the issuance of Ruble Bonds and converted the Ruble cash flows into US dollars through a cross currency interest rate swap ("Swap").

The Swap effectively converts the Ruble Bonds into a synthetic US dollar borrowing by fixing the Corporation's principal and interest payments in US dollar terms and while the Swap is in force, the Corporation is not exposed to any Ruble currency risks. For accounting purposes, the Corporation will recognize certain foreign exchange gains or losses in the income statement during the term of the Ruble Bonds and Swap at each reporting period. The cumulative effect of Ruble / US dollar currency movements on the income statement is expected to be zero over the full term of the Ruble Bonds and Swap.

Interest of \$7.8 million was accrued in Q1 2012, which consists of interest of \$11.5 million that was accrued on the Ruble Bonds at RUB 9.75%, offset by \$3.7 million interest accrued on the Swap. The interest on the Swap reduces the effective interest rate, before taking transaction costs into account, to 6.74%, which is the cash rate as well. Net foreign exchange losses of \$8.3 million were recognized in the income statement, consisting of foreign exchange losses of \$41.2 million on revaluation of the Ruble Bonds to the closing US dollar rate on the reporting date, offset by fair value changes in the Swap of \$32.9 million. A further fair value gain of \$4.4 million was recorded against the fair value hedge reserve in equity.

NON-CURRENT LIABILITIES

The outstanding amount on the Corporation's 2010 Debentures increased mainly due to the interest accrued and the strengthening of the Canadian dollar against the US dollar since December 31, 2011. The 2010 Debentures are denominated in Canadian dollars and mature on March 13, 2015.

EQUITY

Changes in shareholders' equity consist mainly of:

- Net earnings for the period of \$4.5 million; and
- Exchange fluctuations on translation of foreign operations of \$4.2 million; and
- Stock options issued and vested of \$1.0 million; and
- Revaluation of the cash flow hedging reserve of \$4.4 million.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL AND CASH GENERATED FROM OPERATIONS

At March 31, 2012 the Corporation had working capital of \$619.8 million. Included in this amount are cash and cash equivalents of \$512.2 million, which includes the Corporation's proportionate share of cash and cash equivalents at its joint venture operations in Kazakhstan and Australia. 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 paid by the joint ventures. The Corporation expects that Betpak Dala and Karatau will fund their capital requirements from cash flow from their operations, without the need for finance from the Corporation or third parties. Cash in excess of the working capital requirements from the Corporation's joint ventures is distributed to the Corporation through the payment of dividends.

The interest earned on the Corporation's cash balances will be applied to existing commitments in respect of the Corporation's development projects and other current commitments.

The Corporation earns revenue from the sale of uranium from its mines in Kazakhstan. Additional sales revenue will be earned from uranium sales when the Corporation's development projects are commissioned.

Refer to *Results of Operations - Uranium sales, inventory and operating costs* for a discussion on inventory levels and the relationship between contracted sales and inventory.

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 market price in effect at or near the time of delivery. In addition, the Corporation has negotiated floor price protection in many of its sales contracts.

CURRENT AND FUTURE SOURCES OF FUNDING

The Corporation has convertible debentures and Ruble Bonds outstanding as at March 31, 2012 that were issued to raise funds for general corporate purposes. In addition, the Corporation's joint ventures in Kazakhstan have amounts outstanding on several debt facilities.

The 2010 Debentures have a face value of C\$260 million and mature on March 13, 2015, with interest payable at a rate of 5.0% per annum, payable semi-annually in arrears being funded from internal resources.

The Ruble Bonds of RUB14.3 billion mature on December 7, 2016, with Ruble interest payable at 9.75% per annum, payable semi-annually in arrears being funded from internal resources. The Swap fixed the US dollar principal to \$463.5 million, and the interest at a USD rate of 6.74%.

Capital and operational expenditures by the Betpak Dala and Karatau joint ventures in 2012 are expected to be funded through the joint ventures' operating cash flow.

The Corporation and its joint venture partners in Kyzylkum made \$39 million in capital contributions to the joint venture in Q1 2012, with further capital contributions planned for 2013. The Corporation's share of the capital contribution in Q1 2012 was \$11.8 million, with the other joint venture partners contributing proportionally to their ownership interests. The proceeds received by Kyzylkum were used to service its debt repayments and to fund capital and operational expenditure. Kyzylkum restructured the terms of its outstanding loans in Q1 2012, extending the repayment period through December 2018. Pursuant to the terms of the restructuring, interest on the loans has increased by 1% and the lenders have the right to demand cash balances in excess of Kyzylkum's current requirements.

On March 31, 2012, Akbastau and Zarechnoye had outstanding facilities of \$84.9 million and \$84.8 million, respectively. The Corporation's share of these facilities was \$42.5 million and \$42.1 million, respectively. Pursuant to the terms of the acquisition agreement, ARMZ agreed to fund, or arrange funding for, the Corporation's proportionate share of the funding required by Akbastau and Zarechnoye for a period of 18 months after closing of the transaction.

On March 31, 2012, SKZ-U had loans outstanding of \$121.8 million, in addition to the loan outstanding from Uranium One in the amount of \$28.7 million to finance the construction of a sulphuric acid plant in Kazakhstan.

In addition to the factors described under "Risks and Uncertainties" below, 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

There were no material changes in contractual obligations since December 31, 2011.

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.

The Corporation incurs expenditures to maintain and increase its production capacity, which mostly consist of its capital expenditure budget as outlined in the "Outlook" section.

In accordance with a loan agreement between Uranium One and Mantra dated June 6, 2011, Uranium One has agreed to provide a credit facility to fund the development of the Mkuju River Project and other Mantra exploration activities. The credit facility is guaranteed by ARMZ.

RELATED PARTIES

The following significant related party transactions and balances are included in the Corporation's results as at March 31, 2012:

- Zarechnoye has an outstanding loan with Effective Energy, an affiliate of the Corporation, as described above;
- The Corporation exercised the first tranche of an option agreement to acquire Mantra from ARMZ, as described above;
- The Corporation has sales contracts and off-take agreements with related parties. These transactions have market related terms and pricing, except for a Zarechnoye contract acquired as part of the ARMZ transaction. The Corporation received \$11.6 million in cash on acquisition to compensate for the unfavourable contract. On March 31, 2012, the Corporation owed \$6.0 million to certain of its joint ventures for transactions incurred under the sales contracts and off-take agreements during the period;
- The Corporation had sales of \$5.2 million with ARMZ and ARMZ affiliates, on market related terms;
- The Corporation acquired finished product of \$53.0 million from ARMZ and ARMZ affiliates. The material was purchased for delivery into contracts that were due in March and April 2012, for which the Corporation could not deliver using production from its operations due to delivery delays.
- On March 31, 2012, the Corporation has outstanding trade receivables of \$27.6 million and trade payables of \$37.7 million with ARMZ and ARMZ affiliates; and
- The Corporation advanced \$12.0 million to Mantra during Q1 2012, as part of its obligation to fund the capital expenditure of Mantra. Mantra owed \$18.0 million to the Corporation at March 31, 2012.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of May 7, 2012, there were issued and outstanding 957,189,036 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 completion of commissioning of the Kharasan Uranium Project. Uranium One has also reserved a total of 57,200 common shares for issuance to third parties under certain property option and joint venture agreements.

As of May 7, 2012, there were 15,574,633 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\$2.09 to C\$15.90 per share. There were no restricted shares outstanding as of May 7, 2012.

Uranium One has 259,985 2010 Debentures outstanding, each convertible to 317.46 common shares of Uranium One, representing 82,534,838 common shares of Uranium One. Fractional shares will be settled with cash.

DIVIDENDS

Holders of common shares are entitled to receive dividends if, 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 JUDGEMENTS AND ESTIMATES

The preparation of consolidated financial statements in conformity with IFRS 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. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Recoverability of accounts receivable and investments

Provision is made against accounts that in the estimation of management may be impaired. The recoverability assessment of accounts receivable is based on a range of factors including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted at year-end. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. To the extent that future events impact the financial condition of the customers, these provisions could vary significantly.

Investments in securities are reviewed for impairment at the end of each reporting period. When the fair value of the investment falls below the Corporation's carrying value, and it is considered to be significant or prolonged, an impairment charge is recorded to the consolidated income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is considered prolonged, the Corporation considers such factors as the duration and extent of the decline, the investee's financial performance, and the Corporation's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment.

Net realizable value of inventories

In determining the net realizable value of inventories, the Corporation estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

Estimated reserves, resources and exploration potential

Reserves are estimates of the amount of product that can be extracted from the Corporation's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the analysis of drilling samples and other geological data.

Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Corporation's financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charged in the consolidated income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

Impairment of mineral interests, property, plant and equipment

For the purpose of determining the recoverable amount of assets or cash generating units, estimates are made of the discount rate. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures. The Corporation's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against the consolidated income statement.

Expected economic lives of, estimated future operating results and net cash flows from mineral interests

In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves. In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

The Corporation's operating result and net cash flow forecasts are based on the best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down and restoration. These may include net cash flows expected to be realized from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralization that are contiguous with existing reserves.

The mine plan takes account of all relevant characteristics of the ore body, ore grades, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Corporation's cash flow forecasts are based on estimates of future commodity prices. These long term commodity prices are derived from market consensus and supply and demand fundamentals. These assessments often differ from current price levels and are updated periodically.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodity, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being re-estimated.

Fair value of financial instruments

For financial instruments that have fair values that cannot be reasonably approximated to their carrying values, the fair values of those financial instruments must be estimated. As much as possible, the fair values of those financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

The fair values of other financial instruments are measured using valuation models that maximize the use of observable market inputs. Certain assumptions and estimates require management estimates including excess spread, prepayment rates, expected credit losses and discount rates. Valuation methodologies and assumptions are reviewed on an ongoing basis. A significant change in this assessment may result in unrealized losses being recognized in net income.

The fair value of the cross-currency interest rate swap is based on credit risk adjusted discounted cash flows. These require the Corporation's management to make assumptions and estimates regarding US dollar exchange rates, interest rates and credit spreads. Some of the inputs to the valuation model are based on unobservable market data. The model is sensitive to assumptions and estimates made by the Corporation's management and changes in these inputs could result in different values being recognized on the consolidated balance sheet and through profit or loss as part of the ineffectiveness of the cash flow hedging relationship.

Fair value of stock-based compensation

The Corporation determines the fair value of options granted using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options.

Fair value of assets and liabilities acquired in business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment.

Allocation of the purchase price affects the results of the Corporation as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

Reclamation and closure cost obligations

Reclamation and closure cost obligation provisions represent management's best estimate of the present value of the future reclamation and closure costs. Significant estimates and assumptions are made in determining the amount of reclamation and closure cost obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; determination of the appropriate discount rate; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The following are the critical judgments that have a significant effect on the consolidated financial statements:

Impairment of mineral interests, property, plant and equipment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on an analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Impairment testing is done at the cash generating unit level. Some of the Corporation's joint ventures have multiple mining areas and management must exercise judgment in determining what constitutes a cash generating unit and the degree of aggregation of various assets. This impacts the impairment analysis performed, as the results of the impairment analysis might differ based on the composition of the various cash generating units.

Commencement of commercial operations

Determining when a project has commenced commercial operations involves judgment. Management performs this assessment on an ongoing basis for each development project. Amongst the criteria that are evaluated are: the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessary indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the balance sheet and income statement, as upon commencement of commercial operations, development expenditures cease to be capitalized, revenue is recognized from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

Determination of joint control

The Corporation conducts its operations through joint ownership interests. Judgment is needed to assess whether these interests meet the definition of joint control, as opposed to an investment interest. Management makes this determination based on an analysis of the contracts with the other venturers, including assessing whether unanimous consent is required on financial and operating decisions.

Taxation

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. The application of income tax legislation also requires judgments in order to interpret the various legislations and apply those findings to the Corporation's transactions.

Management judgment and estimates are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated balance sheet. Judgments are made as to whether future taxable profits will be available in order to recognize certain deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheet and the amount of other tax losses and temporary differences not yet recognized.

Functional and presentation currency

Judgment is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Uranium One's functional currency changed from the Canadian dollar to the US dollar on December 1, 2011 due to changes in the Corporation's debt structure.

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 any of its operations on care and maintenance 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 completing and 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; the integration of acquisitions; currency fluctuations; Russian ruble currency exchange risk; restrictions of the Russian banking system; Swap counterparty risk; 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; a change in ownership that breach covenants of the Ruble Bonds; and the Corporation is dependent on key personnel.

Uranium One's risk factors are discussed in detail in its Annual Information Form for the year ended December 31, 2011, which is filed 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.

There were no restricted share rights outstanding on March 31, 2012 or December 31, 2011.

During the period ended March 31, 2011, stock options activity was as follows:

- 3,941,300 options were granted during the period;
- No options were exercised;
- 869,297 options were cancelled; and
- 447,925 options were forfeited or expired.

DISCLOSURE CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that all material information relating to the Corporation is gathered and reported on a timely basis to senior management, including Uranium One's Chief Executive Officer and Chief Financial Officer, particularly during the period in which public filings are being prepared, so that appropriate decisions can be made regarding public disclosure and information required to be disclosed is recorded, processed, summarized and reported within the time periods specified in securities legislation.

INTERNAL CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its 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.

There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During 2012, the Corporation is focused on ensuring that production from Akdala and Karatau remain at full production capacity, continuing the ramp-up in production at South Inkai, Akbastau and Zarechnoye, successfully commissioning its development projects, completing the revised definitive feasibility study for the Mkuju River Project, controlling costs at its operations and remaining a reliable supplier of U₃O₈ to the nuclear fuel industry.

The Corporation's attributable production estimate for 2012 is 11.6 million pounds and is made up as follows:

OPERATION	STATUS	TOTAL ESTIMATED 2012 PRODUCTION (MILLIONS OF LBS)	OWNERSHIP %	ESTIMATED ATTRIBUTABLE PRODUCTION (MILLIONS OF LBS)
Akdala	Producing	2.6	70%	1.8
South Inkai	Producing	4.9	70%	3.4
Karatau	Producing	5.2	50%	2.6
Akbastau	Producing	3.0	50%	1.5
Zarechnoye	Producing	2.2	49.67%	1.1
Powder River Basin	Commissioning / Producing	0.5	100%	0.5
Honeymoon	Commissioning / Producing	0.6	51%	0.3
Kharasan	Commissioning / Producing	1.3	30%	0.4
Total		20.3		11.6

Attributable production for 2013 is estimated to be 12.5 million pounds.

During 2012, the average cash cost per pound sold, including Kazakh mineral extraction tax, is expected to be \$19 per pound and is made up as follows:

MINE	2012- ESTIMATED AVERAGE CASH COST (\$/LB)
Akdala	16
South Inkai	20
Karatau	13
Akbastau	18
Zarechnoye	22
Powder River Basin	30
Honeymoon	47
Weighted average	19

The Corporation's strategy is to remain fully exposed to the uranium price. Material is sold at market related prices at the time of delivery, except for contracts for 5 million pounds which will be sold at an average fixed price of \$67 per pound (subject to escalation).

For 2012, the Corporation expects to sell approximately 11.0 million attributable pounds, excluding sales during commissioning. For 2013, the Corporation expects to sell approximately 12.5 million attributable pounds, excluding sales during commissioning.

The Corporation's estimated capital expenditure per project for 2012 are expected to be as follows:

MINE / PROJECT	2012 - ESTIMATED CAPITAL EXPENDITURE IN \$ MILLIONS				
	WELLFIELD DEVELOPMENT	PLANT AND EQUIPMENT AND OTHER	TOTAL	OWNERSHIP %	TOTAL
	100%			ATTRIBUTABLE	
Kazakhstan					
Akdala	10	17	27	70%	19
South Inkai	30	21	51	70%	36
Karatau	26	26	52	50%	26
Akbastau	38	76	114	50%	57
Zarechnoye	28	14	42	49.67%	21
Kharasan ⁽¹⁾	13	54	67	30%	20
SKZ-U	-	11	11	19%	2
Subtotal – Kazakhstan	145	219	364		181
Australia and United States					
Honeymoon ⁽¹⁾	8	17	25	51%	13
Powder River Basin ⁽¹⁾	32	1	33	100%	33
Great Divide Basin	-	1	1	100%	1
Other	-	1	1		1
Subtotal – Australia and United States	40	20	60		48
Total	185	239	424		229

(1) – Excludes sales during commissioning which will be offset against the estimated capital expenditure

Capital expenditure in 2012, on an attributable basis, comprises the following expenditures:

- Akdala: wellfield development and resource definition drilling;
- South Inkai: wellfield development, resource definition drilling and sustaining capital;
- Karatau: wellfield development, resource definition drilling, completion of the plant expansion to accommodate the processing of Akbastau material and expansion of the camp;
- Akbastau: wellfield development, resource definition drilling, completion of ponds, piping and infrastructure development, construction of the satellite plants and a new camp; and
- Zarechnoye: wellfield development, resource definition drilling, and sustaining capital.

Other estimated expenditures by the Corporation in 2012 are expected to be as follows:

ITEM	2012 – ESTIMATED IN \$'MILLIONS
General and administrative (excluding stock based compensation)	39
Exploration	11

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, 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, market conditions, corporate plans, objectives and goals, requirements for additional capital, government regulation of mining operations, the estimation of mineral resources and reserves, the realization of resource and reserve estimates, environmental risks, unanticipated reclamation expenses, the timing and potential effects of proposed acquisitions and divestitures, 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 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, 2011 which is filed 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. Except as required under applicable securities laws, Uranium One undertakes no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events, or otherwise.

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 the profiles of UrAsia Energy, 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 New Business and Technical Services of the Corporation, a qualified person for the purposes of NI 43-101.