

interim financial statements

**Interim Consolidated Financial Statements
for the three and six months ended June 30, 2010
(Unaudited)**

Uranium One Inc.

Interim Consolidated Balance Sheets - Unaudited

As at June 30, 2010 and December 31, 2009
(in United States dollars)

	Notes	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		394,343	148,465
Restricted cash	8	8,577	-
Accounts and other receivables		60,556	42,405
Inventories	5	92,215	71,634
Other assets	7	9,862	24,472
		565,553	286,976
Non-current assets			
Mineral interests, plant and equipment	6	1,801,810	1,748,284
Loans to joint ventures	4.2	36,690	29,250
Other assets	7	53,446	33,137
Assets held for sale		-	51,460
		1,891,946	1,862,131
Total assets		2,457,499	2,149,107
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		54,888	65,908
Income taxes payable		6	1,633
Current portion of long term debt	8	-	63,579
Other liabilities	10	43,822	137,043
		98,716	268,163
Non-current liabilities			
Convertible debentures	9	469,299	140,862
Asset retirement obligations		22,594	16,100
Future income tax liabilities		190,560	180,687
Other liabilities	10	59,364	49,451
Assets held for sale		-	12,944
		741,817	400,044
SHAREHOLDERS' EQUITY			
Share capital	11	3,823,956	3,823,297
Contributed surplus	12	136,698	133,478
Equity component of convertible debentures		216,186	46,480
Accumulated other comprehensive income		10,120	16,392
Deficit		(2,569,994)	(2,538,747)
		1,616,966	1,480,900
Total shareholders' equity and liabilities		2,457,499	2,149,107

Basis of presentation and principles of consolidation (note 2.1)

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

Uranium One Inc.

Interim Consolidated Statements of Operations - Unaudited

For the three and six months ended June 30, 2010 and 2009
(in United States dollars)

	Notes	Three months ended		Six months ended	
		Jun 30, 2010 \$'000	Jun 30, 2009 \$'000	Jun 30, 2010 \$'000	Jun 30, 2009 \$'000
Revenues		65,973	18,557	101,502	61,526
Operating expenses		(22,153)	(6,725)	(36,323)	(21,736)
Depreciation and depletion		(19,443)	(5,251)	(31,908)	(17,282)
Earnings from mine operations		24,377	6,581	33,271	22,508
General and administrative ⁽¹⁾		(9,953)	(9,059)	(19,384)	(18,150)
Exploration expense		(1,399)	(2,679)	(2,303)	(4,470)
Impairment of mineral interests, plant and equipment		(670)	(251,064)	(1,886)	(251,064)
Care and maintenance and closure costs		(390)	(4,018)	(1,969)	(7,594)
Operating earnings / (loss)		11,965	(260,239)	7,729	(258,770)
Interest and other	13	(12,667)	(1,628)	(20,784)	(3,694)
Loss on sale of available for sale securities		(8,259)	(8)	(8,218)	(8)
Foreign exchange gain / (loss)	14	6,800	(1,268)	(733)	69,191
Corporate development expenses		(2,186)	-	(3,033)	-
Other		(850)	(192)	(1,056)	(196)
Loss from continuing operations before income taxes		(5,197)	(263,335)	(26,095)	(193,477)
Current income tax expense		(6,277)	(3,230)	(9,445)	(14,847)
Future income tax recovery		1,733	839	4,293	5,954
Loss from continuing operations		(9,741)	(265,726)	(31,247)	(202,370)
Earnings / (loss) from discontinued operations		-	806	-	(1,417)
Net loss		(9,741)	(264,920)	(31,247)	(203,787)
⁽¹⁾ Stock option and restricted share expense (non-cash) included in general and administrative	12	1,792	2,298	3,771	3,764
Loss per share from continuing operations					
Basic and diluted		(0.02)	(0.57)	(0.05)	(0.43)
Earnings / (loss) earnings per share from discontinued operations					
Basic and diluted		-	0.00	-	(0.00)
Net loss per share					
Basic and diluted		(0.02)	(0.56)	(0.05)	(0.43)
Weighted average number of shares (in thousands)					
Basic and diluted	16	587,495	469,690	587,466	469,652

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

Uranium One Inc.

Interim Consolidated Statements of Changes in Equity - Unaudited

For the six months ended June 30, 2010 and year ended December 31, 2009
(in United States dollars)

	Share capital \$'000	Contributed surplus \$'000	Equity component of convertible debentures \$'000	Accumulated other comprehen- sive income / (loss) \$'000	Deficit \$'000	Total \$'000
Balance as at January 1, 2009	3,522,824	131,602	46,480	(247,708)	(2,502,660)	950,538
Net loss for the year	-	-	-	-	(36,087)	(36,087)
Stock options and restricted shares vested	-	7,502	-	-	-	7,502
Exercise of stock options and restricted shares	6,856	(5,626)	-	-	-	1,230
Issuance of contingent shares	388	-	-	-	-	388
Unrealized gain recognized on translation of self-sustaining foreign operations	-	-	-	16,391	-	16,391
Realized loss on sale of Gold One	-	-	-	13,074	-	13,074
Realized loss on sale of Uranium One Africa	-	-	-	234,533	-	234,533
Acquisition of Karatau	293,229	-	-	-	-	293,229
Fair value adjustments on available for sale securities	-	-	-	102	-	102
Balance as at December 31, 2009	3,823,297	133,478	46,480	16,392	(2,538,747)	1,480,900
Net loss for the period	-	-	-	-	(31,247)	(31,247)
Stock options and restricted shares vested	-	3,771	-	-	-	3,771
Exercise of stock options and restricted shares	659	(551)	-	-	-	108
Unrealized loss recognized on translation of self-sustaining foreign operations	-	-	-	(1,692)	-	(1,692)
Unrealized fair value adjustments on available for sale securities	-	-	-	(12,798)	-	(12,798)
Realized fair value adjustments on available for sale securities	-	-	-	8,218	-	8,218
JUMI Debentures (note 9)	-	-	125,692	-	-	125,692
2010 Debentures (note 9)	-	-	44,014	-	-	44,014
Balance as at June 30, 2010	3,823,956	136,698	216,186	10,120	(2,569,994)	1,616,966

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

Uranium One Inc.

Interim Consolidated Statements of Comprehensive Income / (Loss) - Unaudited

For the three and six months ended June 30, 2010 and 2009
(in United States dollars)

	Three months ended		Six months ended	
	Jun 30, 2010 \$'000	Jun 30, 2009 \$'000	Jun 30, 2010 \$'000	Jun 30, 2009 \$'000
Unrealized (loss) / gain recognized on translation of self-sustaining foreign operations	(3,773)	12,084	(1,692)	12,891
Realized loss on sale of Gold One	-	543	-	11,383
Realized loss on sale of Uranium One Africa	-	234,513	-	234,513
Unrealized fair value adjustments on available for sale securities	(11,276)	184	(12,798)	307
Realized fair value adjustment on available for sale securities	8,259	-	8,218	-
Other comprehensive (loss) / income for the period	(6,790)	247,324	(6,272)	259,094
Net loss	(9,741)	(264,920)	(31,247)	(203,787)
Comprehensive (loss) / income	(16,531)	(17,596)	(37,519)	55,307

Interim Consolidated Statements of Accumulated Other Comprehensive Income / (Loss) - Unaudited

As at June 30, 2010 and December 31, 2009
(in United States dollars)

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Accumulated other comprehensive income / (loss) at January 1	16,392	(247,708)
Other comprehensive (loss) / income for the period	(6,272)	264,100
	10,120	16,392
Deficit	(2,569,994)	(2,538,747)
Accumulated other comprehensive loss and deficit	(2,559,874)	(2,522,355)
Components of accumulated other comprehensive income at the end of the period:		
Unrealized foreign exchange adjustment - continuing operations	14,598	16,290
Available for sale marketable securities and investments	(4,478)	102
	10,120	16,392

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

Interim Consolidated Statements of Cash Flows - Unaudited

For the three and six months ended June 30, 2010 and 2009

(in United States dollars)

	Notes	Three months ended		Six months ended	
		Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
		\$'000	\$'000	\$'000	\$'000
Net loss from continuing operations		(9,741)	(265,726)	(31,247)	(202,370)
Items not affecting cash:					
- Fair value adjustment included in revenue	10	(6,706)	-	(10,104)	-
- Depreciation and depletion		19,443	5,251	31,908	17,282
- Impairment of mineral interests, plant and equipment		670	251,064	1,886	251,064
- Loss on available for sale securities		8,259	8	8,218	8
- Stock option and restricted share expense	12	1,792	2,298	3,771	3,764
- Interest accrued on loans and debentures		1,398	1,242	7,755	3,679
- Unrealized foreign exchange (gain) / loss	14	(9,723)	2,802	(3,304)	(68,121)
- Future income tax recovery		(1,733)	(839)	(4,293)	(5,954)
- Other		(541)	190	(46)	1,529
Movement in non-cash working capital	15	(30,053)	(15,589)	(31,314)	(7,000)
Cash flows used in operating activities		(26,935)	(19,299)	(26,770)	(6,119)
Acquisition of mineral interests, plant and equipment		(24,903)	(17,523)	(45,869)	(27,706)
Cash payment for other assets		(6,867)	(1,864)	(24,309)	(3,166)
Acquisition of Christensen Ranch and Irigaray		-	-	(28,869)	-
Disposal / (acquisition) of available for sale securities		11,108	-	(15,337)	-
Karatau promissory note and contingent payment		-	-	(111,773)	-
Cash advance for sulphuric acid plant investment		-	(2,656)	-	(5,385)
Proceeds on sale of Dominion		37,300	-	37,300	-
Proceeds on sale of Gold One		-	1,699	-	14,698
Uranium purchased		-	8,361	-	5,954
Cash proceeds from joint ventures		-	3,500	-	8,167
Proceeds on sale of mineral interests, plant and equipment		-	1,493	-	5,172
Restricted cash	10	-	-	(8,577)	-
Other		(1,907)	-	(2,075)	-
Cash flows from / (used in) investing activities		14,731	(6,990)	(199,509)	(2,266)
Common shares issued, net of issue costs		2	190	108	190
Net loans received by joint ventures		14,534	1,094	26,856	13,094
Advances received		7,948	-	7,948	-
Debentures issued, net of issue costs		-	-	498,626	-
Repayment of credit facility	8	(65,000)	-	(65,000)	-
Cash flows (used in) / from financing activities		(42,516)	1,284	468,538	13,284
Effects of exchange rate changes on cash and cash equivalents		(2,298)	5,029	3,619	2,810
Net (decrease) / increase in cash and cash equivalents from continuing operations		(57,018)	(19,976)	245,878	7,709
Cash and cash equivalents at the beginning of the period		451,361	203,910	148,465	176,225
Cash and cash equivalents at the end of the period		394,343	183,934	394,343	183,934

Supplemental cash flow information (note 15)

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

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

1 NATURE OF OPERATIONS

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

Through the Betpak Dala joint venture, Uranium One owns a 70% interest in the Akdala and South Inkai uranium mines in Kazakhstan. The Corporation holds a 50% interest in the Karatau joint venture, which owns the Karatau uranium mine in Kazakhstan, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project in Kazakhstan. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia, and Canada.

On April 14, 2010, the Corporation sold its South African development and exploration assets.

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

These interim unaudited consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information, they follow the same accounting policies, and methods of application as the audited consolidated financial statements of the Corporation for the year ended December 31, 2009, except as discussed in note 2.2. These interim unaudited consolidated financial statements do not include all the information and note disclosure required by the generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the most recent annual audited consolidated financial statements.

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

The following are the Corporation's principal mineral properties as at June 30, 2010:

Operating mines:				
Entity	Mineral property/Operation	Location	Ownership	Status
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	70%	Proportionately consolidated
Betpak Dala LLP	South Inkai Uranium Mine	Kazakhstan	70%	Proportionately consolidated
Karatau LLP	Karatau Uranium Mine	Kazakhstan	50%	Proportionately consolidated
Advanced development projects:				
Entity	Mineral property/Operation	Location	Ownership	Status
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	30%	Proportionately consolidated

The Corporation is also developing the following mineral properties:

Entity	Mineral property/Operation	Location	Ownership	Status
Uranium One Americas, Inc.	United States development projects	United States	100%	Consolidated
Honeymoon Uranium Project Joint Venture	Honeymoon Project	Australia	51%	Proportionately consolidated

The Corporation owns a 19% interest in the SKZ-U joint venture, which is constructing a sulphuric acid plant in Kazakhstan (note 4.1).

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Adoption of new standards and recent accounting pronouncements****Business combinations**

CICA Section 1582 – “*Business Combinations*”, which replaces CICA Section 1581 – “*Business Combinations*”, establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard (“IFRS”) 3, “*Business Combinations*”. This standard is effective for the Corporation’s business combinations with acquisition dates on or after January 1, 2011. Early adoption is permitted and the Corporation adopted this standard effective January 1, 2010. The adoption of this standard did not result in a material impact on the Corporation’s consolidated financial statements.

Consolidated financial statements and non-controlling interests

CICA Section 1601 – “*Consolidated Financial Statements*” (“Section 1601”) and Section 1602 – “*Non-controlling Interests*” (“Section 1602”) replaces CICA Handbook Section 1600 - “*Consolidated Financial Statements*”. Sections 1601 and 1602 establish standards for preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. These standards are effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted and the Corporation adopted this standard effective January 1, 2010. The adoption of this standard did not result in a material impact on the Corporation’s consolidated financial statements.

Financial instruments – recognition and measurement

In June 2009, the CICA amended Section 3855 to clarify the application of the effective interest rate method after a debt instrument has been impaired and when an embedded prepayment option is separated from its host debt instrument at initial recognition for accounting purposes. The amendments are applicable for the Corporation’s interim and annual financial statements for its fiscal year beginning January 1, 2011. Earlier adoption is permitted. The Corporation is currently evaluating the future impact of this section on its financial statements. The adoption of this standard did not result in a material impact on the Corporation’s consolidated financial statements.

3 ACQUISITIONS AND DISPOSALS**3.1 Acquisition of Christensen Ranch and Irigaray**

The Corporation entered into a definitive agreement on August 7, 2009 to acquire 100% of the MALCO Joint Venture (“MALCO”) from wholly-owned subsidiaries of AREVA and Électricité de France for \$35.3 million in cash. The assets of MALCO include the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated U₃O₈ resources located in the Powder River Basin of Wyoming. The Corporation also assumed MALCO’s reclamation liabilities in respect of uranium properties in Texas.

Pursuant to the acquisition agreement, the Corporation placed a deposit of \$8.8 million in escrow to be applied against the purchase price. The acquisition closed on January 25, 2010. The Corporation accounted for the acquisition as a business combination.

The Corporation agreed to pay a portion of operating costs and all of the Texas reclamation costs incurred from the execution date of August 7, 2009 to the closing date of January 25, 2010 which amounted to \$2.6 million. Transaction costs incurred in connection with the acquisition were \$0.5 million, which were expensed as incurred.

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

	\$'000
<i>Purchase price:</i>	
Cash	35,315
Operating and remediation costs	2,619
	37,934
<i>Net assets acquired:</i>	
Cash and cash equivalents	315
Accounts and other receivables	2,005
Mineral interests, plant and equipment	56,364
Accounts payable and accrued liabilities	(34)
Asset retirement obligations	(7,320)
Future income tax liabilities	(13,396)
	37,934

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.2 Acquisition of Akbastau Uranium Mine and Zarechnoye Uranium Mine

The Corporation announced on June 8, 2010, the signing of a definitive purchase and subscription agreement to acquire a 50% joint venture interest in the Akbastau Uranium Mine ("Akbastau") and a 49.67% joint venture interest in the Zarechnoye Uranium Mine ("Zarechnoye") in Kazakhstan from JSC Atomredmetzoloto ("ARMZ"), the Russian state-owned uranium mining company. Kazatomprom owns 50% and 49.67% joint venture interests in Akbastau and Zarechnoye, respectively. The remainder of the interest in Zarechnoye is held by a Kyrgyz company.

Pursuant to the transaction, ARMZ will contribute its interests in the Akbastau and Zarechnoye joint ventures and a cash investment in return for common shares of the Corporation. Following closing, the Corporation will pay a special cash dividend to shareholders other than ARMZ. Each of the cash investment, number of shares and special dividend is dependent on whether Japan Uranium Management Inc. ("JUMI") exercises its right of repurchase under the terms of its convertible debenture which will be triggered by the transaction with ARMZ. On July 30, 2010, JUMI undertook to exercise its right of repurchase. As a result of this election, the cash investment by ARMZ will be \$610 million; the number of shares to be issued by the Corporation will be 356 million; and the special dividend to be paid to shareholders other than ARMZ will be \$1.06.

Upon completion of the transaction, ARMZ will own not less than 51% of Uranium One's outstanding common shares. ARMZ has agreed to a standstill of 18 months from closing during which it may not, without prior consent, dispose of or acquire any additional Uranium One shares, except pursuant to agreed anti-dilution rights, which will permit ARMZ to maintain not less than a 51% interest in Uranium One and to certain other exceptions.

On July 15, 2010 the Independent Committee and the Board of Directors of Uranium One have resolved to recommend the transaction to shareholders and announced the completion of legal due diligence reviews by both parties.

The transaction is subject to Uranium One shareholder approval, including majority of minority approval (the minority being all shareholders excluding ARMZ), to be sought at a shareholders meeting expected to be held in August 2010, as well as to required Kazakh and other regulatory approvals, and other usual and customary closing conditions. The transaction is expected to be completed before the end of 2010.

3.3 Disposal of Uranium One Africa

The Corporation completed the sale of Uranium One Africa during April 2010, and received cash proceeds of \$37.3 million. The net carrying value of the investment of \$38.5 million as at December 31, 2009 was further impaired to the proceeds of \$37.3 million, resulting in an impairment of \$1.2 million in the three months ended March 31, 2010.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

4 JOINT VENTURES**4.1 Proportionate interests in joint ventures**

The Corporation owns the following interests in joint ventures:

Betpak Dala	70%
Kyzylkum	30%
Karatau	50%
SKZ-U LLP	19%
Honeymoon	51%
Australia Exploration	50%

The Corporation's proportionate share of the assets and liabilities of the joint ventures are as follows:

As at June 30, 2010	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	15,354	3,456	95	7,279	7,962	34,146
Other current assets	83,813	703	33,702	26	793	119,037
Mineral interests, plant and equipment	641,033	205,259	500,705	6,082	92,515	1,445,594
Other assets	2,132	358	1,749	9,494	4,761	18,494
Current liabilities	(13,407)	(7,141)	(12,738)	(360)	(1,619)	(35,265)
Other liabilities ^{(1) (2) (3)}	(1,379)	(48,129)	(57,906)	(10,030)	(34)	(117,478)
Future income tax liabilities	(54,269)	(12,306)	(75,529)	-	(3,845)	(145,949)
Asset retirement obligation	(8,545)	(1,422)	(2,985)	-	(717)	(13,669)
Net Assets	664,732	140,778	387,093	12,491	99,816	1,304,910

(1) In addition to the \$35 million loan (note 4.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling \$160 million in prior periods. One facility, in the amount of \$70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of \$90 million, was obtained from Citibank. These facilities were fully drawn down as at June 30, 2010, and the Corporation's share of these facilities is \$48 million. Negotiations are currently underway to extend the repayment terms of these facilities, due to the delayed ramp-up schedule at Kharasan. While the negotiations for additional funding are in progress, Kyzylkum is being financed through the receipt of pre-payments on its sales contracts.

(2) Karatau negotiated and drew down on a secured short term bank loan totaling \$10 million with Citibank during 2009. During the six months ended June 30, 2010, Karatau negotiated additional secured bank loans from Halyk Bank, in the amount of \$11 million and Unicredit Bank in the amount of \$40 million. The Halyk Bank and Unicredit bank facilities were drawn down in full, an additional \$0.8 million was drawn down against the Citibank short term loan and \$5 million was repaid against the Citibank facility during the period. The Corporation issued a guarantee to Unicredit Bank to secure the \$40 million facility. At June 30, 2010, the Corporation's share of these loans is \$28.4 million.

(3) In addition to the \$12.4 million loan (note 4.2) from the Corporation, SKZ-U received unsecured loans from Sumitomo Mitsui Banking Corporation, Mizuho Corporate Bank and JBIC in the amounts of \$10.6 million, \$10.6 million and \$31.6 million respectively. At June 30, 2010, the Corporation's share of these loans is \$10.0 million.

As at December 31, 2009	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash	3,062	871	160	412	5,163	9,668
Other current assets	77,871	274	18,930	5	1,388	98,468
Mineral interests, plant and equipment	658,509	205,293	510,494	3,537	78,039	1,455,872
Other assets	1,479	389	1,924	7,018	-	10,810
Current liabilities	(8,494)	(4,034)	(27,020)	(38)	(2,575)	(42,161)
Other liabilities ^{(1) (2)}	(1,479)	(48,781)	(16,687)	-	(34)	(66,981)
Future income tax liabilities	(55,844)	(12,223)	(74,637)	-	(4,074)	(146,778)
Asset retirement obligation	(8,170)	(1,356)	(2,847)	-	(705)	(13,078)
Net Assets	666,934	140,433	410,317	10,934	77,202	1,305,820

(1) In addition to the \$35 million loan (note 4.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling \$160 million in prior periods. One facility, in the amount of \$70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of \$90 million, was obtained from Citibank. These facilities were fully drawn down as at December 31, 2009, and the Corporation's share of these facilities is \$48 million.

(2) Karatau negotiated a secured short term bank loan totaling \$10 million with Citibank and the Corporation's share of this loan is \$5 million.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

4 JOINT VENTURES (CONTINUED)**4.1 Proportionate interests in joint ventures (continued)**

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows for the three and six months ended June 30, 2010 and 2009 are as follows:

Three months ended June 30, 2010

	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	51,174	-	11,392	-	-	62,566
Expenses and other income	(33,863)	48	(8,098)	10	(262)	(42,165)
Foreign exchange (loss) / gain	(1,578)	270	462	(60)	-	(906)
Earnings / (loss) before income taxes	15,733	318	3,756	(50)	(262)	19,495
Current income tax expense	(5,069)	-	(1,208)	-	-	(6,277)
Future income tax recovery / (expense)	694	-	(344)	-	75	425
Earnings / (loss)	11,358	318	2,204	(50)	(187)	13,643
Cash flows from / (used in) operating activities	1,200	-	(10,927)	-	-	(9,727)
Cash flows used in investing activities	(6,424)	(4,275)	(4,781)	(9,520)	(8,591)	(33,591)
Cash flows from financing activities	2,007	7,642	8,299	16,584	8,176	42,708
Net (decrease) / increase in cash	(3,217)	3,367	(7,409)	7,064	(415)	(610)

Three months ended June 30, 2009

	Betpak Dala	Kyzylkum		Honeymoon & Australia exploration	Total
	\$'000	\$'000		\$'000	\$'000
Revenue	18,557	-		-	18,557
Expenses and other income	(11,886)	263		(271)	(11,894)
Foreign exchange loss	(2,249)	(641)		-	(2,890)
Earnings / (loss) before income taxes	4,422	(378)		(271)	3,773
Current income tax expense	(3,022)	(6)		-	(3,028)
Future income tax expense	(242)	-		-	(242)
Earnings / (loss)	1,158	(384)		(271)	503
Cash flows (used in) / from operating activities	(14,038)	449		(93)	(13,682)
Cash flows used in investing activities	(4,364)	(5,209)		(1,604)	(11,177)
Cash flows from financing activities	-	-		-	-
Net decrease in cash	(18,402)	(4,760)		(1,697)	(24,859)

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

4 JOINT VENTURES (CONTINUED)

Six months ended June 30, 2010

	Betpak Dala	Kyzylkum	Karatau	SKZ-U	Honeymoon & Australia exploration	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	79,047	-	16,983	-	-	96,030
Expenses and other income	(54,685)	(216)	(13,734)	13	(268)	(68,890)
Foreign exchange (loss) / gain	(4,056)	168	(449)	(4)	-	(4,341)
Earnings / (loss) before income taxes	20,306	(48)	2,800	9	(268)	22,799
Current income tax expense	(7,536)	-	(1,789)	-	-	(9,325)
Future income tax recovery / (expense)	1,914	(8)	(391)	-	80	1,595
Earnings / (loss)	14,684	(56)	620	9	(188)	15,069
Cash flows from / (used in) operating activities	23,346	-	(15,706)	-	-	7,640
Cash flows used in investing activities	(11,053)	(5,363)	(7,768)	(9,717)	(20,030)	(53,931)
Cash flows from financing activities	-	7,948	23,410	16,584	22,830	70,772
Net increase / (decrease) in cash	12,293	2,585	(64)	6,867	2,800	24,481

Six months ended June 30, 2009

	Betpak Dala	Kyzylkum		Honeymoon & Australia exploration	Total
	\$'000	\$'000		\$'000	\$'000
Revenue	61,526	-		-	61,526
Expenses and other income	(38,613)	(9)		(451)	(39,073)
Foreign exchange gain	56,955	12,534		-	69,489
Earnings / (loss) before income taxes	79,868	12,525		(451)	91,942
Current income tax expense	(12,725)	(9)		-	(12,734)
Future income tax recovery	3,004	-		-	3,004
Earnings / (loss)	70,147	12,516		(451)	82,212
Cash flows from / (used in) operating activities	11,989	374		(26)	12,337
Cash flows used in investing activities	(5,634)	(11,604)		(2,602)	(19,840)
Cash flows from financing activities	-	12,000		-	12,000
Net increase / (decrease) in cash	6,355	770		(2,628)	4,497

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

4 JOINT VENTURES (CONTINUED)**4.2 Loans to joint ventures**

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Long term portion		
Kyzylkum	26,548	25,698
SKZ-U	10,142	3,552
Total	36,690	29,250

Kyzylkum loan

The Corporation made loans to Kyzylkum pursuant to its obligation to provide project financing for construction and commissioning of the Kharasan Project in the amount of \$80 million. The loans bear interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis, commencing within two years of initial funding.

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Balance at January 1	35,000	46,666
Repaid during the period	-	(11,666)
	35,000	35,000
Interest accrued	2,925	1,711
Balance at the end of the period	37,925	36,711
Less: elimination of proportionate share – 30%	(11,377)	(11,013)
	26,548	25,698
Less: current portion	-	-
Long term portion	26,548	25,698

The loans to Kyzylkum are unsecured.

Kyzylkum has suspended scheduled payments of principal and interest to the Corporation pending receipt of additional financing currently being arranged by the Corporation and its partners in the Kyzylkum joint venture. The repayments of the \$35 million principal due from Kyzylkum are likely to be deferred as part of the financing of Kyzylkum's activities. The Corporation therefore classified the amount outstanding on the loan to Kyzylkum as non-current.

SKZ-U loan

The Corporation made loans to SKZ-U pursuant to its obligation to provide project financing for construction of a sulphuric acid plant in the amount of \$12.4 million. The loans bear interest at LIBOR plus 6.0% per annum, with interest payable on a semi-annual basis, commencing within three years of initial funding.

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Balance at January 1	4,291	-
Repaid during the period	(4,291)	-
Additions during the period	12,383	4,291
	12,383	4,291
Interest accrued	138	94
Balance at the end of the period	12,521	4,385
Less: elimination of proportionate share – 19%	(2,379)	(833)
	-	-
Less: current portion	-	-
Long term portion	10,142	3,552

The loans to SKZ-U are unsecured.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

5 INVENTORIES

	Jun 30, 2010	Dec 31, 2009
	\$'000	\$'000
Finished uranium concentrates	64,892	41,055
Solutions and concentrates in process	19,088	24,871
Product inventory	83,980	65,926
Materials and supplies	8,235	5,708
	92,215	71,634

All operating expenses and depreciation and depletion are processed to inventory and expensed when the product is sold.

Finished uranium concentrates includes a fair value adjustment of \$8.9 million at December 31, 2009 that was recognized on acquisition of Karatau, to increase the carrying value to fair market value. The full amount was released to the statement of operations as non-cash depreciation and depletion for sales made up to June 30, 2010.

6 MINERAL INTERESTS, PLANT AND EQUIPMENT

June 30, 2010	Cost	Accumulated	Net carrying
	\$'000	amortization	Amount
	\$'000	\$'000	\$'000
Mineral interests	1,531,505	(113,358)	1,418,147
Plant and equipment	440,492	(56,829)	383,663
	1,971,997	(170,187)	1,801,810

December 31, 2009	Cost	Accumulated	Net carrying
	\$'000	amortization	Amount
	\$'000	\$'000	\$'000
Mineral interests	1,485,968	(82,852)	1,403,116
Plant and equipment	385,621	(40,453)	345,168
	1,871,589	(123,305)	1,748,284

A summary by property of the net book value is as follows:

June 30, 2010		Mineral interests			Plant and	Total
	Country	Depletable	Non-	Total	equipment	Total
		\$'000	depletable	\$'000	\$'000	\$'000
Akdala Mine	Kazakhstan	69,088	74,358	143,446	27,100	170,546
South Inkai Mine	Kazakhstan	97,992	269,817	367,809	102,290	470,099
Karatau Mine	Kazakhstan	126,668	312,575	439,243	61,462	500,705
Kharasan Project	Kazakhstan	-	140,078	140,078	71,263	211,341
United States development projects	United States	-	139,287	139,287	45,465	184,752
United States exploration projects	United States	-	117,015	117,015	489	117,504
United States conventional mining projects	United States	-	39,107	39,107	820	39,927
Honeymoon Project	Australia	-	30,527	30,527	61,988	92,515
Corporate and other		-	1,635	1,635	12,786	14,421
Total		293,748	1,124,399	1,418,147	383,663	1,801,810

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

6 MINERAL INTERESTS, PLANT AND EQUIPMENT (CONTINUED)

December 31, 2009		Mineral interests				
Country	Depletable \$'000	Non- depletable \$'000	Total \$'000	Plant and equipment \$'000	Total \$'000	
Akdala Mine	77,199	74,358	151,557	28,149	179,706	
South Inkai Mine	194,753	181,068	375,821	102,598	478,419	
Karatau Mine	141,052	312,575	453,627	56,867	510,494	
Kharasan Project	-	140,078	140,078	68,752	208,830	
United States development projects	-	94,653	94,653	26,873	121,526	
United States exploration projects	-	114,905	114,905	493	115,398	
United States conventional mining projects	-	38,896	38,896	1,014	39,910	
Honeymoon Project	-	31,830	31,830	46,209	78,039	
Corporate and other	-	1,749	1,749	14,213	15,962	
Total	413,004	990,112	1,403,116	345,168	1,748,284	

7 OTHER ASSETS

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Current		
Borrowed uranium concentrates	8,351	8,900
Future income tax assets	1,117	1,070
Deposit for acquisition of Christensen Ranch and Irigaray (note 3.1)	-	8,750
Deferred business development expenditure	-	5,174
Other	394	578
	9,862	24,472
Non-current		
Asset retirement fund	29,207	13,500
Advances for plant and equipment	10,177	7,487
Long term deposits and guarantees	344	347
Long term inventory	871	1,244
Available for sale securities	11,417	9,287
Other	1,430	1,272
	53,446	33,137

Asset retirement fund

The Corporation contributed \$15.4 million to its asset retirement fund as part security for the additional asset retirement obligations acquired as part of the acquisition of Christensen Ranch and Irigaray (note 3.1).

Uranium concentrates borrowed

The Corporation entered into uranium concentrates borrowing agreements to mitigate the risk of delivery delays, enabling the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The asset represents the borrowed uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value. 130,000 pounds of borrowed uranium concentrates, with a fair value of \$4.7 million (note 10), were delivered into sales contracts during the period due to shipping delays in respect of product produced by Karatau.

Available for sale securities

The Corporation holds available for sale securities with a cost of \$15.9 million and a fair value of \$11.4 million. Unrealized losses of \$4.5 million are included in accumulated other comprehensive income.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

8 LONG TERM DEBT

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Opening balance	63,579	61,275
Amortized financing fees	1,507	2,371
Interest paid	(806)	(1,210)
Interest accrued	720	1,143
Repaid	(65,000)	-
Closing balance	-	63,579
Current portion	-	63,579
Long term portion	-	-
	-	63,579

The Corporation established a \$100 million credit facility with the Bank of Montreal and the Bank of Nova Scotia in 2008. According to the terms of the credit facility, the Corporation repaid the outstanding amount of \$65 million during the quarter and extended the maturity date of the facility to September 30, 2010. Letters of credit in the amount of \$8.7 million have been issued under the credit facility. Cash collateral of \$8.6 million has been provided in respect of letters of credit with expiry dates after June 27, 2010 issued under the credit facility, in accordance with the credit agreement.

9 CONVERTIBLE DEBENTURES

2006 Debentures

The Corporation has outstanding convertible unsecured subordinated debentures maturing December 31, 2011 (the "2006 Debentures") with a face value of C\$155.3 million (\$152.4 million). The 2006 Debentures were originally issued at C\$1,000 per debenture and bear interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The conversion price is C\$20 per share, which is equivalent to 50 common shares for each C\$1,000 principal amount of debentures.

2010 Debentures

On March 12, 2010 the Corporation issued convertible unsecured subordinated debentures for gross proceeds of C\$260 million (\$253.3 million), including C\$10 million taken up under an underwriters' over-allotment option. The 2010 Debentures have a March 13, 2015 maturity date, with interest payable at a rate of 5.0% per annum, payable semi-annually from the date of receipt of all necessary Kazakh approvals for the conversion of the 2010 Debentures, or at a rate of 7.5% per annum, payable semi-annually before the receipt of the necessary Kazakh approvals. The 2010 Debentures will be convertible into common shares of the Corporation after receipt of all necessary Kazakh approvals, at a rate of 250 common shares per C\$1,000 principal and will have a conversion price of C\$4.00 per common share.

JUMI Debentures

On January 14, 2010, the Corporation issued to Japan Uranium Management Inc. ("JUMI") a C\$269.1 million (\$258.1 million) aggregate principal amount 3% convertible unsecured subordinated debenture maturing ten years from the date of issue (the "JUMI Debentures"). Pursuant to the JUMI Debentures, the Corporation must offer to re-purchase the JUMI Debentures for 101% of the outstanding principal amount plus accrued interest upon a "change of control". The proposed transaction with ARMZ (note 3.2) constitutes a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI which JUMI accepted, subject to the closing of the transaction with ARMZ. The JUMI Debentures was also amended on July 30, 2010 such that the JUMI Debentures cannot be converted into common shares of the Corporation unless the proposed transaction with ARMZ is terminated.

The debentures contain both a liability component and an equity component, being the holders' conversion right, which is presented separately on the consolidated balance sheet as illustrated in the table below. The Corporation has allocated the fair value of the debentures to the individual liability and equity components by establishing the liability component and then allocating the balance remaining, after subtracting the fair value of the liability from the issue price, to the equity component. The fair value of the liability component was determined by discounting the stream of future payments of interest and principal amounts at the estimated prevailing market rate for a debt instrument of comparable maturity and credit quality but excluding any conversion privilege by the holder. A rate of 10.38% was used for the 2010 Debentures and 11.33% for the JUMI Debentures.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

9 CONVERTIBLE DEBENTURES (CONTINUED)

The table below provides a breakdown of the equity and liability allocation on initial recognition of the JUMI Debentures and 2010 Debentures:

	JUMI Debentures \$'000	2010 Debentures \$'000
Liability	131,378	207,203
Transaction costs	(1,050)	(10,357)
Net liability	130,328	196,846
Equity	126,727	46,068
Transaction costs	(1,035)	(2,054)
Net equity	125,692	44,014
Net proceeds	256,020	240,860

The table below indicates the movement in the liability:

June 30, 2010				
	JUMI Debentures \$'000	2010 Debentures \$'000	2006 Debentures \$'000	Total \$'000
Opening balance as at Jan 1, 2010	-	-	140,862	140,862
Issued	131,378	207,203	-	338,581
Interest accrued	6,906	6,925	4,896	18,727
Coupon payment	(3,556)	(5,658)	(3,176)	(12,390)
Transaction costs	(1,050)	(10,357)	-	(11,407)
Foreign exchange movement	(780)	(4,384)	90	(5,074)
Liability as at the end of the period	132,898	193,729	142,672	469,299
December 31, 2009				
	2006 Debentures \$'000			Total \$'000
Opening balance as at Jan 1, 2009	118,042			118,042
Interest incurred	8,739			8,739
Coupon payment	(6,049)			(6,049)
Foreign exchange movement	20,130			20,130
Liability as at the end of the period	140,862			140,862

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

10 OTHER LIABILITIES

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
Current		
Promissory note	-	90,211
Contingent payment	-	20,000
Unfavorable contract	281	11,655
Uranium concentrates loan (note 7)	13,018	8,900
Joint venture external loan facilities	29,181	5,000
Other	1,342	1,277
	43,822	137,043
Non-current		
Joint venture external loan facilities	57,656	47,574
Due to the Republic of Kazakhstan	1,558	1,696
Other	150	181
	59,364	49,451

Uranium concentrates loan

On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of U₃O₈ to be repaid on September 30, 2010. Under the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed U₃O₈. The loan was classified as a financial liability held for trading and is recorded at fair value. The Corporation deposited \$8.6 million as cash collateral for the letter of credit that was issued as a guarantee for the loan during the period.

During the period, the Corporation entered into a further short term borrowing agreement to borrow 130,000 pounds of U₃O₈ and the borrowed material was delivered into a contract to simplify logistical arrangements. The financial liability is held for trading and is carried at fair value.

A director of Uranium One, is also a senior officer of an entity that advanced a uranium loan to the Corporation.

The Corporation does not recognize revenue when borrowed material is delivered into a contract, and revenue will be recognized on the date when the material is returned into the Corporation's account from its own production.

Unfavourable contract

The Corporation acquired an unfavorable contract as part of the Karatau acquisition during 2009, which is carried at fair value. The Corporation realized \$6.7 million and \$10.1 million of the fair value in revenue during the three and six months ended June 30, 2010 respectively, for deliveries into the unfavorable contract. A fair value adjustment of \$0.1 million and \$1.3 million was recorded in the statement of operations for the change in the uranium price during the three and six months ended June 30, 2010, respectively

Promissory note

During 2009, the Corporation issued a \$90 million promissory note as part of the consideration for the purchase of Karatau. The promissory note was due not later than 12 months from closing and was repaid on January 18, 2010.

Contingent payment

The Karatau purchase agreement provides for contingent payments to ARMZ of up to \$60 million, payable in three equal tranches over the period between 2010 and 2012 subject to certain, post-closing tax related adjustments. The first payment of \$20 million was made during January 2010. The Corporation has not recognized the remaining \$40 million contingent payments as a liability, as the requirement to make such payment will not be determinable until January 1, 2011 and 2012, respectively.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

11 SHARE CAPITAL

Issued and outstanding common shares	Number of shares	Value of shares \$'000
Common shares on January 1, 2009	469,612,956	3,522,824
Exercise of stock options	600,184	6,599
Exercise of restricted shares	44,836	257
Contingent shares issued	165,600	388
Karatau acquisition shares issued	117,000,000	293,229
Issued and outstanding common shares at December 31, 2009	587,423,576	3,823,297
Exercise of stock options	71,200	659
Issued and outstanding common shares at June 30, 2010	587,494,776	3,823,956

12 CONTRIBUTED SURPLUS

The following table details the movement of contributed surplus during the period:

	Warrants \$'000	Restricted shares \$'000	Options \$'000	Total \$'000
As at January 1, 2009	13,912	1,606	116,084	131,602
Stock options issued and vested	-	-	7,027	7,027
Stock options exercised	-	-	(5,369)	(5,369)
Restricted shares issued and vested	-	475	-	475
Restricted shares exercised	-	(257)	-	(257)
As at December 31, 2009	13,912	1,824	117,742	133,478
Stock options issued and vested	-	-	3,584	3,584
Stock options exercised	-	-	(551)	(551)
Restricted shares issued and vested	-	187	-	187
As at June 30, 2010	13,912	2,011	120,775	136,698

Assumptions

The fair value of stock options and restricted shares used to calculate the compensation expense was estimated using the Black-Scholes option pricing model with the following assumptions:

	June 30, 2010	December 31, 2009
Risk free interest rate	2.79%	1.70% - 2.82%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	94%	98% - 115%
Expected life	5 years	5 years

Warrants

The Corporation has no outstanding warrants at June 30, 2010 (December 31, 2009: nil).

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

12 CONTRIBUTED SURPLUS (CONTINUED)**Stock options**

The following is a summary of options granted under the stock-based compensation plan:

	Number of options	Weighted average exercise price Cdn \$
Outstanding options as at January 1, 2009	15,858,517	7.82
Granted options	6,292,351	2.23
Exercised options	(600,184)	2.25
Forfeitures of stock options	(2,986,524)	6.89
Outstanding options as at December 31, 2009	18,564,160	6.26
Granted options	4,446,400	2.79
Exercised options	(71,200)	1.56
Forfeitures of stock options	(1,292,595)	7.00
Outstanding options as at June 30, 2010	21,646,765	5.52

The stock option compensation expense for the three and six month periods ended June 30, 2010 was \$1.7 million and \$3.6 million respectively, and for the three and six month periods ended June 30, 2009 it was \$2.2 million and \$3.4 million. As at June 30, 2010, the aggregate unexpensed fair value of unvested stock options granted amounted to \$10.0 million. The fair value of options granted during the six month period amounts to \$9.0 million, \$2.03 per option (during the six months ended June 30, 2009: \$8.0 million, \$1.29 per option).

The following table summarizes stock options outstanding at June 30, 2010:

Range of exercise prices Cdn \$	Options outstanding			Options exercisable		
	Number outstanding as at June 30, 2010	Weighted average remaining life (years)	Weighted average exercise price Cdn \$	Number exercisable as at June 30, 2010	Weighted average remaining life (years)	Weighted average exercise price Cdn \$
0.78 to 2.74	5,913,510	3.53	2.18	2,153,231	3.20	2.16
2.75 to 4.76	7,892,801	3.85	3.27	2,948,918	2.74	3.93
4.77 to 7.79	1,732,097	2.36	7.24	1,727,412	2.36	7.24
7.80 to 9.90	3,024,550	5.20	8.44	3,006,303	5.22	8.44
9.91 to 12.93	1,575,125	2.16	12.15	1,535,460	2.16	12.14
12.94 to 15.63	562,428	1.65	13.96	531,762	1.62	13.99
15.64 to 16.59	946,254	1.62	16.53	946,254	1.62	16.53
	21,646,765	3.55	5.52	12,849,340	3.15	7.46

Restricted share rights

The following is a summary of Uranium One's restricted shares issued under the Restricted Share Plan:

	Number of restricted shares
Balance at January 1, 2009	623,495
Exercised during the year	(44,836)
Expired	(127,500)
Balance at December 31, 2009	451,159
Expired	(16,500)
Balance at June 30, 2010	434,659

The following is a summary of the outstanding restricted share rights:

Grant date	Number of restricted shares	
	Jun 30, 2010	Dec 31, 2009
June 7, 2006	72,083	72,083
December 8, 2006	4,576	4,576
April 7, 2008	358,000	374,500
Balance at the end of the period	434,659	451,159

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

12 CONTRIBUTED SURPLUS (CONTINUED)

Restricted share rights will not expire while the rights holder is an employee of the Corporation.

The restricted share rights expense for the three and six month periods ended June 30, 2010 was \$0.1 million and \$0.2 million respectively, and for the three and six month periods ended June 30, 2009 was \$0.1 million and \$0.4 million. As at June 30, 2010 the aggregate unexpensed fair value of unvested restricted share rights granted amounted to \$0.3 million (2009: \$1.0 million). No restricted shares were granted during the three and six months ended June 30, 2010.

Contingently issuable shares

Under the terms of the acquisition agreement for the Kyzylkum JV interest, Uranium One is obligated to issue 6,964,200 common shares of Uranium One upon commencement of commercial production from Kyzylkum.

The Corporation assumed all of the obligations of Uranium One Americas, Inc. (previously Energy Metals Corporation Inc.) and its subsidiaries arising under certain option and joint venture agreements with third parties. At June 30, 2010 Uranium One has reserved a total of 57,500 common shares for issuance pursuant to the assumed obligations under contingent share rights agreements. No contingent shares were issued during the period and no contingent share rights have lapsed during the period.

13 INTEREST AND OTHER

	3 months ended		6 months ended	
	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
	\$'000	\$'000	\$'000	\$'000
Interest income	1,196	1,652	2,211	2,626
Interest paid	(963)	(344)	(2,055)	(693)
Convertible debenture interest	(11,929)	(2,123)	(18,727)	(4,066)
Credit facility charges	(889)	(738)	(1,752)	(1,396)
Interest and costs incurred on uranium concentrates loan	(73)	(75)	(152)	(165)
Costs incurred in relation to letters of credit	(9)	-	(309)	-
	(12,667)	(1,628)	(20,784)	(3,694)

14 FOREIGN EXCHANGE GAIN / (LOSS)

A summary of the foreign exchange gain / (loss) by item is as follows:

	3 months ended		6 months ended	
	Jun 30, 2010	Jun 30, 2009	Jun 30, 2010	Jun 30, 2009
	\$'000	\$'000	\$'000	\$'000
Unrealized foreign exchange gain / (loss) on future income tax liabilities	513	(1,776)	(641)	67,123
Unrealized foreign exchange gain / (loss) on other items	9,210	(1,026)	3,945	998
Foreign exchange (loss) / gain on cash and other items	(2,923)	1,534	(4,037)	1,070
	6,800	(1,268)	(733)	69,191

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

15 CASH FLOW INFORMATION

	3 months ended		6 months ended	
	Jun 30, 2010 \$'000	Jun 30, 2009 \$'000	Jun 30, 2010 \$'000	Jun 30, 2009 \$'000
Changes in non-cash working capital excluding business combinations:				
(Increase) / decrease in accounts and other receivables	(22,572)	(4,756)	(11,369)	19,394
Increase in inventories	(660)	(7,007)	(6,379)	(9,342)
(Decrease) / increase in accounts payable and accrued liabilities	(6,260)	2,239	(11,929)	(12,817)
Decrease in income taxes payable	(561)	(6,065)	(1,637)	(4,235)
	(30,053)	(15,589)	(31,314)	(7,000)
Supplemental cash flow information				
Cash interest paid	12,646	3,102	13,210	3,500
Cash tax paid	6,837	9,295	11,072	19,082
Cash equivalents				
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	197,103	96,923	197,103	96,923

16 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	3 months ended		6 months ended	
	June 30, 2010 '000	June 30, 2009 '000	June 30, 2010 '000	June 30, 2009 '000
Basic weighted-average number of shares outstanding	587,495	469,690	587,466	469,652
Effect of dilutive securities:				
-convertible debentures	-	-	-	-
-restricted shares	-	-	-	-
-stock options	-	-	-	-
-warrants	-	-	-	-
Diluted weighted-average number of shares outstanding	587,495	469,690	587,466	469,652

For the three and six months ended June 30, 2010 and 2009, convertible debentures, stock options, warrants and restricted shares were not included in the dilutive weighted average number of shares outstanding as they were anti-dilutive.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

17 FINANCIAL INSTRUMENTS**As at June 30, 2010: (in \$'000)**

Convertible debentures	JUMI Debenture	2010 Debenture	2006 Debenture
Liability component	132,898	193,729	142,672
Equity component	125,692	44,014	46,480
	258,590	237,743	189,152
Fair value of convertible debentures ⁽¹⁾	N/A	225,429	138,457

As at December 31, 2009: (in \$'000)

Convertible debentures	2006 Debenture
Liability component	140,862
Equity component	46,480
	187,342
Fair value of convertible debentures	131,668

⁽¹⁾ The fair value of the JUMI debenture is not determinable as it was issued pursuant to a private placement and does not have a quoted market price.

The Corporation's activities expose it to a variety of financial risks, including the effects of changes in debt and prices of equity instruments held, foreign currency exchange rates, interest rates, and commodity prices.

The Corporation continuously monitors its exposure to risk. The risk management carried out by the Corporation is approved by the Board of Directors. The following section describes the type of significant risks that the Corporation is exposed to and its objectives and policies for managing those risk exposures.

(i) Foreign exchange risk

The foreign exchange risk relates to the risk that the value of financial commitments, recognized assets or liabilities will fluctuate due to changes in foreign currency rates.

The Corporation is primarily exposed to foreign currency risk through the following assets and liabilities denominated in currencies other than US dollars:

June 30, 2010	Financial assets and liabilities				Non-financial assets and liabilities	
	Cash and cash equivalents	Accounts receivable	Accounts payable and accrued liabilities	Convertible debentures	Mineral interests plant and equipment ⁽¹⁾	Future income tax liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Canadian dollar	115,168	1,512	14,255	469,299	-	-
Australian dollar	22,395	449	2,695	-	92,514	3,845
Kazakhstan tenge	14,117	27,971	33,038	-	-	142,104
Euro	127	-	239	-	-	-
	151,807	29,932	50,227	469,299	92,514	145,949

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

17 FINANCIAL INSTRUMENTS (CONTINUED)

December 31, 2009	Financial assets and liabilities				Non-financial assets and liabilities	
	Cash and cash equivalents	Accounts receivable	Accounts payable and accrued liabilities	Convertible debentures	Mineral interest plant and equipment ⁽¹⁾	Future income tax liabilities
Canadian dollar	170	2,539	6,186	140,862	-	-
Australian dollar	22,071	1,571	4,369	-	78,039	4,074
Kazakhstan tenge	3,496	28,981	37,761	-	-	142,704
Euro	41	-	9	-	-	-
South African rand	674	-	-	-	-	-
	26,452	33,091	48,325	140,862	78,039	146,778

⁽¹⁾ Only includes mineral interests, plant and equipment of self-sustaining operations.

The following table shows the effect on earnings and other comprehensive income after tax as at June 30, 2010 of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above-mentioned financial and non-financial assets and liabilities of the Corporation.

	Other comprehensive income	Net Earnings
A 10% appreciation in all foreign currencies against the US dollar, with all other variables held constant.	(1,198)	15,227

A 10% depreciation in exchange rates would have the exact opposite effect on other comprehensive income and net earnings.

(ii) Interest rate risk

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The Corporation has outstanding interest-bearing borrowings as at June 30, 2010 which include the loan facilities obtained by Kyzylkum and Karatau (note 4.1) which bear interest at floating rates and the convertible debentures, with fixed interest rates.

A 100 basis point change in interest rate would impact the Corporation's net earnings as follows:

	Jun 30, 2010 \$'000	Dec 31, 2009 \$'000
A 100 basis point appreciation in interest rates, with all other variables held constant	1,585	1,659

A 100 basis point depreciation in interest rate would have the exact opposite effect on net earnings.

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

18 SEGMENTED INFORMATION

The Corporation's reportable operating segments are summarized in the table below:

For the three months ended June 30, 2010: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	25,958	(7,279)	(6,180)	-	8,828	1,119
South Inkai Mine	Kazakhstan	28,623	(13,103)	(7,646)	-	5,303	5,485
Karatau Mine	Kazakhstan	11,392	(1,771)	(5,617)	-	2,204	2,472
Kharasan Project	Kazakhstan	-	-	-	-	622	2,717
United States development projects	United States	-	-	-	-	1,148	5,341
United States exploration projects	United States	-	-	-	(1,059)	(948)	-
United States conventional mining projects	United States	-	-	-	-	(298)	4
Honeymoon Project	Australia	-	-	-	(340)	(145)	7,469
Corporate and other		-	-	-	-	(26,455)	296
Total		65,973	(22,153)	(19,443)	(1,399)	(9,741)	24,903

For the six months ended June 30, 2010: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	34,721	(10,102)	(8,371)	-	10,774	1,760
South Inkai Mine	Kazakhstan	49,798	(22,818)	(13,905)	-	5,508	8,478
Karatau Mine	Kazakhstan	16,983	(3,403)	(9,632)	-	620	3,868
Kharasan Project	Kazakhstan	-	-	-	-	(1,981)	4,242
United States development projects	United States	-	-	-	-	2,433	8,662
United States exploration projects	United States	-	-	-	(1,768)	(1,711)	-
United States conventional mining projects	United States	-	-	-	-	(618)	12
Honeymoon Project	Australia	-	-	-	(409)	(89)	18,502
Corporate and other		-	-	-	(126)	(46,183)	345
Total		101,502	(36,323)	(31,908)	(2,303)	(31,247)	45,869

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

18 SEGMENTED INFORMATION (CONTINUED)

For the three months ended June 30, 2009: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	9,985	(2,731)	(2,498)	-	2,339	1,786
South Inkai Project	Kazakhstan	8,572	(3,994)	(2,753)	-	481	3,759
Kharasan Project	Kazakhstan	-	-	-	-	(384)	5,017
United States development projects	United States	-	-	-	-	-	3,915
United States exploration projects	United States	-	-	-	(2,082)	(1,315)	-
United States conventional mining projects	United States	-	-	-	-	(483)	24
Honeymoon Project	Australia	-	-	-	(294)	(271)	3,022
Corporate and other		-	-	-	(303)	(266,093)	-
Total		18,557	(6,725)	(5,251)	(2,679)	(265,726)	17,523

For the six months ended June 30, 2009: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Mine	Kazakhstan	28,395	(7,445)	(6,643)	-	17,550	1,961
South Inkai Project	Kazakhstan	33,131	(14,291)	(10,639)	-	55,165	5,777
Kharasan Project	Kazakhstan	-	-	-	-	12,516	7,598
United States development projects	United States	-	-	-	-	(12)	7,008
United States exploration projects	United States	-	-	-	(3,189)	(961)	-
United States conventional mining projects	United States	-	-	-	-	(692)	44
Honeymoon Project	Australia	-	-	-	(484)	(451)	5,069
Corporate and other		-	-	-	(797)	(285,485)	249
Total		61,526	(21,736)	(17,282)	(4,470)	(202,370)	27,706

Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2010 and December 31, 2009

(in United States dollars)

18 SEGMENTED INFORMATION (CONTINUED)

As at June 30, 2010: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Mine	Kazakhstan	170,546	204,435	17,199	39,642
South Inkai Mine	Kazakhstan	470,099	521,141	37,070	64,803
Karatau Mine	Kazakhstan	500,705	536,251	75,529	149,158
Kharasan Project	Kazakhstan	211,341	232,657	12,306	79,388
United States development projects	United States	184,752	185,269	-	5,902
United States exploration projects	United States	117,504	117,697	36,116	36,146
United States conventional mining projects	United States	39,927	47,340	8,495	11,684
Honeymoon Project	Australia	92,515	106,832	3,845	6,215
Corporate and other		14,421	505,877	-	447,595
Total		1,801,810	2,457,499	190,560	840,533

As at December 31, 2009: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Mine	Kazakhstan	179,706	214,121	18,231	24,004
South Inkai Project	Kazakhstan	478,419	522,574	37,613	49,017
Karatau Mine	Kazakhstan	510,494	531,508	74,637	141,192
Kharasan Project	Kazakhstan	208,830	217,800	12,223	66,433
United States development projects	United States	121,526	122,040	-	154
United States exploration projects	United States	115,398	116,148	28,711	28,742
United States conventional mining projects	United States	39,910	47,324	5,198	8,226
Honeymoon Project	Australia	78,039	85,380	4,074	7,389
Corporate and other		15,962	240,752	-	330,106
Total ⁽¹⁾		1,748,284	2,097,647	180,687	655,263

⁽¹⁾ Excludes assets held for sale and discontinued operations**19 SUBSEQUENT EVENTS**

Material transactions occurring subsequent to June 30, 2010 are described in note 3.2 and note 9.