

# interim financial statements

**Interim Consolidated Financial Statements  
for the three and six months ended June 30, 2008  
(Unaudited)**

Uranium One Inc.

## Interim Consolidated Balance Sheets – Unaudited

As at June 30, 2008 and December 31, 2007  
(in United States dollars)

	Notes	Jun 30, 2008 \$'000	Dec 31, 2007 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		133,148	159,592
Accounts and other receivables	4	66,475	70,318
Current portion of loans to joint ventures	5.2	19,244	32,867
Inventories	6	23,092	20,952
Other assets		1,025	18,056
Discontinued operations	3	-	94,986
		<b>242,984</b>	<b>396,771</b>
<b>Non-current assets</b>			
Mineral interests, plant and equipment	7	4,596,034	4,827,353
Loans to joint ventures	5.2	23,333	24,359
Available for sale securities	8	2,692	21,257
Other assets	9	55,758	56,543
Assets held for sale	10	17,078	-
Discontinued operations	3	32,238	286,614
		<b>4,727,133</b>	<b>5,216,126</b>
<b>Total assets</b>		<b>4,970,117</b>	<b>5,612,897</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	44,633	70,802
Income taxes payable		4,601	4,237
Discontinued operations	3	-	5,245
		<b>49,234</b>	<b>80,284</b>
<b>Non-current liabilities</b>			
Convertible debentures		136,990	136,548
Asset retirement obligations		9,824	13,926
Future income tax liabilities		1,407,513	1,496,060
Long term debt	5.1	29,872	18,205
Other long term payables		2,052	1,824
Liabilities relating to assets held for sale	10	1,596	-
Discontinued operations	3	-	183,145
		<b>1,587,847</b>	<b>1,849,708</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	3,507,048	3,496,884
Contributed surplus	13	139,064	134,387
Equity component of convertible debentures		46,480	46,480
Accumulated other comprehensive (loss) / income		(129,953)	51,967
Deficit		(229,603)	(46,813)
		<b>3,333,036</b>	<b>3,682,905</b>
<b>Total shareholders' equity and liabilities</b>		<b>4,970,117</b>	<b>5,612,897</b>

*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, 2008 and June 30, 2007  
(in United States dollars)

	Notes	Three months ended		Six months ended	
		Jun 30, 2008 \$'000	Jun 30, 2007 \$'000	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000
<b>Revenues</b>		<b>49,390</b>	<b>23,265</b>	<b>71,907</b>	<b>64,995</b>
Operating expenses		(9,487)	(2,058)	(12,779)	(9,101)
Depreciation and depletion		(6,960)	(2,016)	(9,891)	(6,875)
<b>Earnings from mine operations</b>		<b>32,943</b>	<b>19,191</b>	<b>49,237</b>	<b>49,019</b>
General and administrative <sup>(1)</sup>		(13,948)	(18,049)	(29,229)	(22,730)
Exploration expense		(5,035)	(4,364)	(6,715)	(5,823)
<b>Operating earnings / (loss)</b>		<b>13,960</b>	<b>(3,222)</b>	<b>13,293</b>	<b>20,466</b>
Interest income		3,129	4,324	5,889	5,346
Interest expense		(3,940)	(2,991)	(7,711)	(2,991)
Impairment of assets held for sale	10	(105,089)	-	(105,089)	-
Gain on sale of available for sale securities	8	8,602	-	7,467	-
Foreign exchange gain / (loss)	14	2,440	(5,980)	(186)	(13,411)
Other		987	362	1,644	1,382
<b>(Loss) / earnings from continuing operations before income taxes</b>		<b>(79,911)</b>	<b>(7,507)</b>	<b>(84,693)</b>	<b>10,792</b>
Current income tax expense		(17,452)	(7,847)	(23,911)	(20,375)
Future income tax recovery		29,168	2,246	30,096	4,446
<b>Loss from continuing operations</b>		<b>(68,195)</b>	<b>(13,108)</b>	<b>(78,508)</b>	<b>(5,137)</b>
Earnings / (loss) from discontinued operations	3	274	(586)	(104,282)	(586)
<b>Net loss</b>		<b>(67,921)</b>	<b>(13,694)</b>	<b>(182,790)</b>	<b>(5,723)</b>
<sup>(1)</sup> Stock option and restricted share expense (non-cash) included in general and administrative	13	4,483	9,647	10,597	13,024
<b>Loss per share from continuing operations</b>					
Basic and diluted		(0.15)	(0.04)	(0.17)	(0.02)
<b>Loss per share from discontinued operations</b>					
Basic and diluted		0.00	(0.00)	(0.22)	(0.00)
<b>Net loss per share</b>					
Basic and diluted		(0.15)	(0.04)	(0.39)	(0.02)
<b>Weighted average number of shares (in thousands)</b>					
Basic and diluted	16	468,166	332,956	467,809	275,380

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 three and six months ended June 30, 2008 and June 30, 2007  
(in United States dollars)

	Share capital \$'000	Contributed surplus \$'000	Equity component of convertible debenture \$'000	Accumulated other comprehensive income / (loss) \$'000	Deficit \$'000	Total \$'000
<b>Balance as at January 1, 2007</b>	<b>613,607</b>	<b>31,286</b>	<b>-</b>	<b>-</b>	<b>(29,204)</b>	<b>615,689</b>
Net loss for the year	-	-	-	-	(17,609)	(17,609)
Stock options and restricted shares vested	-	37,660	-	-	-	37,660
Exercise of warrants	2,115	(1,035)	-	-	-	1,080
Exercise of stock options and restricted shares	54,912	(30,873)	-	-	-	24,039
Uranium One Inc / UrAsia Energy Ltd business combination	1,709,647	62,042	46,480	-	-	1,818,169
U.S. Energy Corp asset purchase consideration	99,401	-	-	-	-	99,401
Energy Metals Corporation asset purchase consideration	1,013,215	35,307	-	-	-	1,048,522
Unrealized gains recognized on translation of self-sustaining foreign operations	-	-	-	47,536	-	47,536
Unrealized gains recognized on translation of self-sustaining foreign discontinued operations	-	-	-	4,243	-	4,243
Shares issued for services rendered	3,987	-	-	-	-	3,987
Gain on available for sale securities, net of tax (note 8)	-	-	-	188	-	188
<b>Balance as at December 31, 2007</b>	<b>3,496,884</b>	<b>134,387</b>	<b>46,480</b>	<b>51,967</b>	<b>(46,813)</b>	<b>3,682,905</b>
Net loss for the period	-	-	-	-	(182,790)	(182,790)
Stock options and restricted shares vested	-	10,597	-	-	-	10,597
Exercise of warrants	2,104	(1,062)	-	-	-	1,042
Exercise of stock options and restricted shares	8,060	(4,858)	-	-	-	3,202
Unrealized loss recognized on translation of self-sustaining foreign operations	-	-	-	(164,641)	-	(164,641)
Unrealized loss recognized on translation of self-sustaining foreign discontinued operations	-	-	-	(26,070)	-	(26,070)
Realized loss on sale of Alease Gold (note 3)	-	-	-	9,920	-	9,920
Fair value adjustments on available for sale securities (note 8)	-	-	-	(953)	-	(953)
Realized loss on sale of available for sale securities, net of tax (note 8)	-	-	-	(176)	-	(176)
<b>Balance as at June 30, 2008</b>	<b>3,507,048</b>	<b>139,064</b>	<b>46,480</b>	<b>(129,953)</b>	<b>(229,603)</b>	<b>3,333,036</b>

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, 2008 and June 30, 2007  
(in United States dollars)

	Notes	Three months ended		Six months ended	
		Jun 30, 2008 \$'000	Jun 30, 2007 \$'000	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000
Net loss		(67,921)	(13,694)	(182,790)	(5,723)
Unrealized gain / (loss) recognized on translation of self-sustaining foreign operations		64,946	(8,050)	(164,640)	(8,050)
Unrealized gain / (loss) recognized on translation of self-sustaining foreign discontinued operations		3,341	(528)	(26,070)	(528)
Realized loss on sale of Afl ease Gold	3	9,920	-	9,920	-
Fair value adjustments on available for sale securities	8	102	-	(953)	-
Realized loss / (gain) on sale of available for sale securities, net of tax	8	14	-	(176)	-
<b>Comprehensive income / (loss)</b>		<b>10,402</b>	<b>(22,272)</b>	<b>(364,709)</b>	<b>(14,301)</b>

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

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

As at June 30, 2008 and December 31, 2007  
(in United States dollars)

	Jun 30, 2008 \$'000	Dec 31, 2007 \$'000
Accumulated other comprehensive income at January 1	51,967	-
Other comprehensive (loss) / income for the period	(181,920)	51,967
	(129,953)	51,967
Components of other comprehensive loss at the end of the period:		
Unrealized foreign exchange adjustment - continuing operations	(117,255)	47,562
Unrealized foreign exchange adjustment - discontinued operations	(11,907)	4,243
Available for sale marketable securities and investments	(791)	162
	<b>(129,953)</b>	<b>51,967</b>

Uranium One Inc.

## Interim Consolidated Statements of Cash Flows – Unaudited

For the three and six months ended June 30, 2008 and June 30, 2007

(in United States dollars)

	Notes	Three months ended		Six months ended	
		Jun 30, 2008 \$'000	Jun 30, 2007 \$'000	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000
Net loss from continuing operations		(68,195)	(13,108)	(78,508)	(5,137)
Items not affecting cash:					
- Depreciation and depletion		6,960	2,016	9,891	6,875
- Impairment of assets held for sale	10	105,089	-	105,089	-
- Stock option and restricted share expense	13	4,483	9,647	10,597	13,024
- Interest accrued on loans and debentures		3,926	4,720	7,617	4,720
- Unrealized foreign exchange (gain) / loss	14	(1,431)	4,745	(3,644)	11,962
- Future income tax recovery		(29,168)	(2,246)	(30,096)	(4,446)
- Gain on sale of available for sale securities		(8,602)	-	(7,467)	-
- Other		298	1,470	194	1,819
Movement in non-cash working capital	15	(43,723)	(24,523)	(4,577)	5,322
<b>Cash flows (used in) / from operating activities</b>		<b>(30,363)</b>	<b>(17,279)</b>	<b>9,096</b>	<b>34,139</b>
Acquisition of Uranium One Inc., net of acquisition costs		-	271,935	-	271,935
Acquisition of mineral interests, plant and equipment		(68,420)	(66,467)	(122,437)	(83,160)
Advance cash payments for other assets		-	-	-	(4,313)
Proceeds on sale of available for sale securities	8	22,550	-	24,927	-
Cash advances to joint ventures		-	(15,400)	(3,900)	(22,400)
Cash proceeds from joint ventures		4,667	-	18,334	18,780
Restricted cash		-	(500)	-	(500)
Other		(151)	-	(953)	-
<b>Cash flows from / (used in) investing activities</b>		<b>(41,354)</b>	<b>189,568</b>	<b>(84,029)</b>	<b>180,342</b>
<b>Cash flows from investing activities of discontinued operations</b>	3	<b>43,456</b>	<b>-</b>	<b>43,456</b>	<b>-</b>
Common shares issued, net of issue costs		2,645	17,224	4,788	17,731
Financing fees	9	(5,666)	-	(5,666)	-
Loans received by Kyzylkum		6,000	-	12,000	-
Coupon interest payment on convertible debentures		(3,267)	(3,201)	(3,267)	(3,201)
Other		-	(175)	-	(175)
<b>Cash (used in) / flows from financing activities</b>		<b>(288)</b>	<b>13,848</b>	<b>7,855</b>	<b>14,355</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>1,471</b>	<b>10,002</b>	<b>(2,822)</b>	<b>10,216</b>
<b>Net (decrease) / increase in cash and cash equivalents from continuing operations</b>		<b>(27,078)</b>	<b>196,139</b>	<b>(26,444)</b>	<b>239,052</b>
Cash and cash equivalents at the beginning of the period		160,226	91,893	159,592	48,980
<b>Cash and cash equivalents at the end of the period</b>		<b>133,148</b>	<b>288,032</b>	<b>133,148</b>	<b>288,032</b>
<b>Cash flows of discontinued operations</b>					
Cash flows used in operating activities		-	(1,449)	(6,941)	(1,449)
Cash flows used in investing activities		-	(1,564)	(5,351)	(1,564)
Cash flows from / (used in) financing activities		-	338	(13,741)	338

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, 2008 and December 31, 2007

(in United States dollars)

**1 NATURE OF OPERATIONS**

Uranium One Inc. ("Uranium One") and its subsidiaries ("the Corporation") is a Canadian uranium 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, South Africa, the United States, Australia and Canada. The Corporation is in the process of disposing of its remaining 36% interest in Aflase Gold Limited ("Aflase Gold"), which is engaged in the development of the Modder East Gold Project in South Africa.

Uranium One owns a 70% interest in both the producing Akdala Uranium Mine and the South Inkai Uranium Project, which is being commissioned. The Kharasan Project in Kazakhstan, in which the Corporation owns a 30% interest, is being developed by the Kyzylkum Joint Venture. The Corporation also owns the Dominion Uranium Project in South Africa. In the United States, the Corporation owns the Hobson Uranium Processing Facility and La Palangana Project in Texas, projects in the Powder River and Great Divide Basins in Wyoming and the Shooting Canyon Mill in Utah. The Corporation is evaluating corporate development opportunities for its Honeymoon Uranium Project in Australia. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in South Africa, the western United States, South Australia, and the Athabasca Basin of Saskatchewan in Canada.

**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 and 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, 2007, 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 balance sheet, statement of operations and certain comparative figures have been restated for discontinued operations (note 3).

The consolidated financial statements include the accounts of Uranium One and all of 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 and operations as at June 30, 2008:

Operating mine:

<b>Entity</b>	<b>Mineral property/Operation</b>	<b>Location</b>	<b>Ownership</b>	<b>Status</b>
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	70%	Proportionately consolidated

Advanced development projects:

<b>Entity</b>	<b>Mineral property/Operation</b>	<b>Location</b>	<b>Ownership</b>	<b>Status</b>
Betpak Dala LLP	South Inkai Uranium Project	Kazakhstan	70%	Proportionately consolidated
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	30%	Proportionately consolidated
Uranium One Africa Ltd	Dominion Uranium Project	South Africa	100%	Consolidated

The Corporation is also developing the following mineral properties:

<b>Entity</b>	<b>Mineral property/Operation</b>	<b>Location</b>	<b>Ownership</b>	<b>Status</b>
South Texas Mining Venture	Hobson Facility and La Palangana Project	United States	99%	Consolidated
Energy Metals Corp US	US development projects	United States	100%	Consolidated
Uranium One Australia (Proprietary) Limited	Honeymoon Uranium Project	Australia	100%	Consolidated

## Notes to the Interim Consolidated Financial Statements - Unaudited

as at June 30, 2008 and December 31, 2007

(in United States dollars)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Adoption of new standards

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

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

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

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

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

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

#### International Financial Reporting Standards (IFRS)

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

**Notes to the Interim Consolidated Financial Statements - Unaudited**

as at June 30, 2008 and December 31, 2007

(in United States dollars)

**3 DISCONTINUED OPERATIONS – AFLEASE GOLD**

On March 27, 2008, the Corporation entered into an agreement to sell its shareholding in Alease Gold. On April 8, 2008 the Corporation sold 152.2 million Alease Gold shares for \$41.3 million (ZAR320 million), decreasing the Corporation's ownership to 38% of the common shares of Alease Gold. An option granted to the purchaser to acquire Uranium One Africa's remaining shareholding in Alease Gold lapsed on May 8, 2008. In the first quarter of 2008, the Corporation's investment in Alease Gold was written down to its fair value, based on a combination of the contracted sales price and the market price on the Johannesburg Stock Exchange ("JSE"). The impairment, net of future income taxation recovery, amounted to \$103.5 million.

During June 2008, the Corporation sold an additional 9.1 million Alease Gold shares for \$2.8 million (ZAR21.9 million), decreasing the Corporation's shareholding to 36%. The Corporation realized a gain of \$0.7 million on the sale of these shares. The tax on these transactions was offset against the assessed tax losses of Uranium One Africa Limited, a wholly owned subsidiary of the Corporation.

The assets and liabilities of Alease Gold have been classified as discontinued operations for all periods presented in these financial statements. As a result of the Corporation's partial disposal of its interest in Alease Gold, consolidation of Alease Gold is no longer appropriate. The Corporation has equity accounted for its investment in Alease Gold for the three months ended June 30, 2008 and its share of Alease Gold's earnings is recorded in the discontinued operations line in the consolidated statement of operations for the three months ended June 30, 2008. The Corporation's net equity investment in Alease Gold is recorded as discontinued operations (non-current assets) in the consolidated balance sheet as at June 30, 2008. The Board of Directors has approved the sale of the remaining portion of Uranium One Africa's shareholding in Alease Gold.

The investment in Alease Gold was reported as the Modder East Gold Project for segment reporting purposes in previous periods.

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

	Balance sheet	Statement of operations
	\$'000	\$'000
<b>December 31, 2007</b>	<b>193,210</b>	<b>-</b>
Loss from discontinued operations	(1,076)	(1,076)
Impairment	(103,480)	(103,480)
Effect of foreign exchange and other	(31,507)	-
<b>March 31, 2008</b>	<b>57,147</b>	<b>(104,556)</b>
Net carrying value sold during the period	(27,837)	-
Gain on sale of investment, net of tax	-	685
Share of net loss for the period <sup>(1)</sup>	(411)	(411)
Effect of foreign exchange	3,339	-
<b>June 30, 2008</b>	<b>32,238</b>	<b>(104,282)</b>

<sup>(1)</sup> The Corporation estimated its share of net loss for Alease Gold for the three months ended June 30, 2008.

**Notes to the Interim Consolidated Financial Statements - Unaudited**

as at June 30, 2008 and December 31, 2007

(in United States dollars)

**3 DISCONTINUED OPERATIONS – AFLEASE GOLD (continued)**

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

	Three month period ended Jun 30, 2007 \$'000	Six month period ended Jun 30, 2007 \$'000
<b>Net loss from discontinued operations</b>		
Revenues	-	-
Loss from discontinued operations	(1,200)	(1,200)
Interest and other expenses	(111)	(111)
Non-controlling interest	725	725
	<b>(586)</b>	<b>(586)</b>

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

	Jun 30, 2007 \$'000	Dec 31, 2007 \$'000
<b>Assets</b>		
Cash and cash equivalents	-	92,623
Accounts receivable and other receivables	-	2,321
Inventories	-	42
<b>Current assets of discontinued operations</b>	<b>-</b>	<b>94,986</b>
Mineral interests, plant and equipment	-	285,553
Investment	32,238	-
Other assets	-	1,061
<b>Non-current assets of discontinued operations</b>	<b>32,238</b>	<b>286,614</b>
<b>Total assets of discontinued operations</b>	<b>32,238</b>	<b>381,600</b>
<b>Liabilities</b>		
Accounts payable, accrued liabilities and other	-	5,080
Income taxes payable	-	165
<b>Current liabilities of discontinued operations</b>	<b>-</b>	<b>5,245</b>
Future income tax liabilities	-	80,201
Convertible debentures	-	90,551
Other long term liabilities	-	1,085
Non-controlling interest	-	11,308
<b>Non-current liabilities of discontinued operations</b>	<b>-</b>	<b>183,145</b>
<b>Total liabilities of discontinued operations</b>	<b>-</b>	<b>188,390</b>

**Notes to the Interim Consolidated Financial Statements - Unaudited**

as at June 30, 2008 and December 31, 2007

(in United States dollars)

**4 ACCOUNTS AND OTHER RECEIVABLES**

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Trade receivables	48,757	55,520
Value added tax and general sales tax	10,442	7,446
Prepayments and advances	6,346	5,558
Deposits and guarantees	3,004	3,220
Other receivables	930	1,794
	<b>69,479</b>	<b>73,538</b>
Less: non current deposits and guarantees included in other assets (note 9)	3,004	3,220
	<b>66,475</b>	<b>70,318</b>

**5 JOINT VENTURES****5.1 Proportionate interests in joint ventures**

The Corporation owns the following interests in joint ventures:

Betpak Dala	70%
Kyzylkum	30%

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

As at June 30, 2008

	Betpak Dala	Kyzylkum	Total
	\$'000	\$'000	\$'000
Cash	9,923	7,727	17,650
Other current assets	53,329	677	54,006
Mineral interests, plant and equipment	677,425	190,243	867,668
Other assets	2,557	10,829	13,386
Current liabilities	(13,570)	(7,955)	(21,525)
Long term debt <sup>(1)</sup>	(87)	(29,785)	(29,872)
Other	(1,551)	(574)	(2,125)
Future income taxes	(274,367)	(72,216)	(346,583)
Asset retirement obligation	(1,298)	(74)	(1,372)
<b>Net Assets</b>	<b>452,361</b>	<b>98,872</b>	<b>551,233</b>

<sup>(1)</sup> In addition to the \$60 million loan (note 5.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling \$100 million in Q2 2007. One facility in the amount of \$70 million was obtained from the Japan Bank for International Cooperation and the other facility in the amount of \$30 million was obtained from Citibank. \$60 million of the facilities has been drawn down for the year ended December 31, 2007, with the remainder being drawn down during the current period. These loan facilities will be repayable after full repayment of the loan from the Corporation. The Corporation's proportionate share of these facilities amounts to \$30 million. The loan facilities have floating interest rates of LIBOR plus 0.25% and 0.35%, respectively.

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**5 JOINT VENTURES (continued)****5.1 Proportionate interests in joint ventures (continued)**

As at December 31, 2007

	<b>Betpak Dala \$'000</b>	<b>Kyzylkum \$'000</b>	<b>Total \$'000</b>
Cash	1,643	3,659	5,302
Other current assets	73,039	291	73,330
Mineral interests, plant and equipment	680,046	182,740	862,786
Other assets	4,070	4,771	8,841
Current liabilities	(19,395)	(900)	(20,295)
Long term debt	-	(18,205)	(18,205)
Other long term liabilities	(1,567)	(135)	(1,702)
Future income taxes	(280,075)	(72,486)	(352,561)
Asset retirement obligation	(3,377)	-	(3,377)
<b>Net Assets</b>	<b>454,384</b>	<b>99,735</b>	<b>554,119</b>

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows for the three and six month periods ended June 30, 2008 and 2007 are as follows:

Three months ended June 30, 2008

	<b>Betpak Dala \$'000</b>	<b>Kyzylkum \$'000</b>	<b>Total \$'000</b>
Revenue	49,390	-	49,390
Expenses	(16,877)	57	(16,820)
Foreign exchange loss	(3)	(4)	(7)
<b>Earnings before income taxes</b>	<b>32,510</b>	<b>53</b>	<b>32,563</b>
Current income tax expense	(15,230)	(11)	(15,241)
Future income tax recovery	2,549	-	2,549
<b>Earnings</b>	<b>19,829</b>	<b>42</b>	<b>19,871</b>
Cash flows from / (used in) operating activities	12,076	243	12,319
Cash flows used in investing activities	(14,391)	(158)	(14,549)
Cash flows from financing activities	85	4,008	4,093
<b>Net (decrease) / increase in cash</b>	<b>(2,230)</b>	<b>4,093</b>	<b>1,863</b>

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**5 JOINT VENTURES (continued)****5.1 Proportionate interests in joint ventures (continued)**

Six months ended June 30, 2008

	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	71,907	-	71,907
Expenses	(21,826)	11	(21,815)
Foreign exchange loss	(121)	(11)	(132)
<b>Earnings before income taxes</b>	<b>49,960</b>	<b>-</b>	<b>49,960</b>
Current income tax expense	(21,572)	(44)	(21,616)
Future income tax recovery	3,649	-	3,649
<b>Earnings / (loss)</b>	<b>32,037</b>	<b>(44)</b>	<b>31,993</b>
Cash flows from operating activities	46,893	(65)	46,828
Cash flows used in investing activities	(26,789)	(4,306)	(31,095)
Cash flows (used in) / from financing activities	(11,796)	8,152	(3,644)
<b>Net increase in cash</b>	<b>8,308</b>	<b>3,781</b>	<b>12,089</b>

Three months ended June 30, 2007

	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	23,265	-	23,265
Expenses	(4,841)	(687)	(5,528)
Foreign exchange gain	102	52	154
<b>Earnings / (loss) before income taxes</b>	<b>18,526</b>	<b>(635)</b>	<b>17,891</b>
Current income tax expense	(7,659)	-	(7,659)
Future income tax recovery	670	-	670
<b>Earnings / (loss)</b>	<b>11,537</b>	<b>(635)</b>	<b>10,902</b>
Cash flows from / (used in) operating activities	8,928	(470)	8,458
Cash flows used in investing activities	(12,831)	(2,780)	(15,611)
Cash flows from financing activities	155	2,750	2,905
<b>Net decrease in cash</b>	<b>(3,748)</b>	<b>(500)</b>	<b>(4,248)</b>

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**5 JOINT VENTURES (continued)****5.1 Proportionate interests in joint ventures (continued)**

Six months ended June 30, 2007

	<b>Betpak Dala</b>	<b>Kyzylkum</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Revenue	64,995	-	64,995
Expenses	(16,452)	(687)	(17,139)
Foreign exchange loss	(6,037)	(1,342)	(7,379)
<b>Earnings / (loss) before income taxes</b>	<b>42,506</b>	<b>(2,029)</b>	<b>40,477</b>
Current income tax expense	(18,318)	-	(18,318)
Future income tax recovery	1,155	-	1,155
<b>Earnings / (loss)</b>	<b>25,343</b>	<b>(2,029)</b>	<b>23,314</b>
Cash flows from / (used in) operating activities	70,696	(353)	70,343
Cash flows used in investing activities	(25,525)	(8,565)	(34,090)
Cash flows (used in) / from financing activities	(45,733)	9,177	(36,556)
<b>Net (decrease) / increase in cash</b>	<b>(562)</b>	<b>259</b>	<b>(303)</b>

**5.2 Loans to Joint Ventures**

	<b>Jun 30, 2008</b>	<b>Dec 31, 2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current portion</b>		
Betpak Dala	-	5,175
Kyzylkum	19,244	27,692
	<b>19,244</b>	<b>32,867</b>
<b>Long term portion</b>		
Betpak Dala	-	-
Kyzylkum	23,333	24,359
	<b>23,333</b>	<b>24,359</b>
<b>Total</b>	<b>42,577</b>	<b>57,226</b>

During the three months ended March 31, 2008, Betpak Dala repaid the principal amount of \$5 million to the Corporation, together with \$0.2 million of accrued interest.

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**5 JOINT VENTURES (continued)****5.2 Loans to Joint Ventures (continued)****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 funding.

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Balance at January 1	73,333	80,000
Repaid during the period	(13,333)	(6,667)
	<b>60,000</b>	<b>73,333</b>
Interest accrued	824	1,025
	<b>60,824</b>	<b>74,358</b>
Less: elimination of proportionate share – 30%	(18,247)	(22,307)
	<b>42,577</b>	<b>52,051</b>
Less: current portion	(19,244)	(27,692)
<b>Long term portion</b>	<b>23,333</b>	<b>24,359</b>

The loans to Kyzylkum are unsecured.

**6 INVENTORIES**

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Finished uranium concentrates	12,060	10,093
Solutions and concentrates in process	1,032	5,731
<b>Product inventory</b>	<b>13,092</b>	<b>15,824</b>
Materials and supplies	10,000	5,128
Stockpiles	7,772	7,772
	<b>30,864</b>	<b>28,724</b>
Less: non-current inventory included in other assets (note 9)	7,772	7,772
	<b>23,092</b>	<b>20,952</b>

**7 MINERAL INTERESTS, PLANT AND EQUIPMENT**

June 30, 2008	Cost	Accumulated	Net carrying
	\$'000	amortization	amount
	\$'000	\$'000	\$'000
Mineral interests	3,971,653	(40,266)	3,931,387
Plant and equipment	674,162	(9,515)	664,647
	<b>4,645,815</b>	<b>(49,781)</b>	<b>4,596,034</b>
December 31, 2007	Cost	Accumulated	Net carrying
	\$'000	amortization	amount
	\$'000	\$'000	\$'000
Mineral interests	4,299,828	(32,771)	4,267,057
Plant and equipment	566,612	(6,316)	560,296
	<b>4,866,440</b>	<b>(39,087)</b>	<b>4,827,353</b>

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**7 MINERAL INTERESTS, PLANT AND EQUIPMENT (continued)**

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

		Mineral interests			Plant and equipment \$'000	Total \$'000
		Depletable \$'000	Non- depletable \$'000	Total \$'000		
June 30, 2008		Country				
Akdala Uranium Mine	Kazakhstan	105,648	74,358	180,006	18,644	198,650
South Inkai Uranium Project	Kazakhstan	-	404,470	404,470	74,049	478,519
Kharasan Uranium Project	Kazakhstan	-	146,768	146,768	40,495	187,263
Dominion Uranium Project	South Africa	-	1,543,590	1,543,590	363,994	1,907,584
United States development projects	United States	-	279,422	279,422	10,198	289,620
United States exploration projects	United States	-	970,031	970,031	1,443	971,474
Hobson Facility and Ia Palangana project	United States	-	56,869	56,869	41,409	98,278
Shootaring Canyon Mill	United States	-	50,361	50,361	51,323	101,684
Honeymoon Uranium Project	Australia	-	299,628	299,628	37,868	337,496
Corporate and other		-	242	242	25,224	25,466
<b>Total</b>		<b>105,648</b>	<b>3,825,739</b>	<b>3,931,387</b>	<b>664,647</b>	<b>4,596,034</b>

<sup>(1)</sup> The Corporation has decided to suspend development activities at Honeymoon to allow for evaluation of corporate development opportunities for the project.

		Mineral interests			Plant and equipment \$'000	Total \$'000
		Depletable \$'000	Non- depletable \$'000	Total \$'000		
December 31, 2007		Country				
Akdala Uranium Mine	Kazakhstan	111,302	74,358	185,660	15,906	201,566
South Inkai Uranium Project	Kazakhstan	-	422,631	422,631	31,388	454,019
Kharasan Uranium Project	Kazakhstan	-	146,538	146,538	29,376	175,914
Dominion Uranium Project	South Africa	-	1,756,018	1,756,018	350,146	2,106,164
United States development projects	United States	-	278,654	278,654	7,184	285,838
United States exploration projects	United States	-	1,073,130	1,073,130	1,285	1,074,415
Hobson Facility and Ia Palangana Project	United States	-	56,869	56,869	33,503	90,372
Shootaring Canyon Mill	United States	-	50,009	50,009	47,614	97,623
Honeymoon Uranium Project	Australia	-	276,087	276,087	23,951	300,038
Corporate and other		-	21,461	21,461	19,943	41,404
<b>Total</b>		<b>111,302</b>	<b>4,155,755</b>	<b>4,267,057</b>	<b>560,296</b>	<b>4,827,353</b>

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**8 AVAILABLE FOR SALE SECURITIES**

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Available for sale securities	2,692	21,257
		<b>\$'000</b>
<b>Balance as at January 1, 2007</b>		-
Received as part of a joint venture earn-in payment		1,268
Purchased as part of the EMC acquisition		20,391
Purchased during the period		278
Impairment of available for sale securities included in the statement of operations		(932)
Increase due to foreign exchange translation		64
Fair value adjustment included in other comprehensive income		188
<b>Balance as at December 31, 2007</b>		<b>21,257</b>
Received as part of a joint venture earn-in payment		470
Disposed during the period		(17,425)
Impairment of available for sale securities included in the statement of operations		(657)
Fair value adjustment included in other comprehensive income		(953)
<b>Balance as at June 30, 2008</b>		<b>2,692</b>

During the three months ended June 30, 2008, the Corporation disposed of its investment in Randgold and Exploration Company Limited ("Randgold"). The securities had a carrying value of \$Nil. No value was allocated to the investment as part of the purchase price allocation on April 20, 2007, due to the suspension of Randgold on the Johannesburg stock exchange. Proceeds on the sale of these securities amounted to \$13.0 million which resulted in a pre-tax gain on sale of securities of \$13.0 million. Capital gains tax of \$1.5 million on the sale was offset against the assessed losses of Uranium One Africa.

For the three months ended June 30, 2008, the Corporation also disposed of other available for sale securities with a fair market value of \$14.0 million. The securities had a cost basis of \$14.0 million and fair value losses included in other comprehensive income of \$Nil. Proceeds on the sale of these securities were \$9.6 million which resulted in a pre-tax loss on sale of securities of \$4.4 million. Capital gains tax of \$0.9 million was offset against the Corporation's assessed losses.

For the six months ended June 30, 2008, the Corporation disposed of available for sale securities with a fair market value of \$17.4 million. The securities had a cost basis of \$17.2 million and fair value losses included in other comprehensive income of \$0.2 million. Proceeds on the sale of these securities were \$11.7 million which resulted in a loss on sale of securities of \$5.5 million. Capital gains tax of \$0.9 million was offset against the Corporation's assessed losses.

By holding these long-term investments the Corporation is inherently exposed to various risk factors including currency risk, market price risk and liquidity risk (note 18).

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**9 OTHER ASSETS**

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Asset retirement fund	20,076	20,316
Advances for future services	10,312	10,629
Long term inventory (note 6)	7,772	7,772
Advances for plant and equipment	6,018	12,643
Prepaid financing fees	5,666	-
Long term deposits and guarantees (note 4)	3,004	3,220
Reclamation bond payment on behalf of UPC joint venture	1,094	1,094
Other	1,816	869
	<b>55,758</b>	<b>56,543</b>

Prepaid financing fees relate to upfront costs and other costs incurred associated with establishing a \$100 million bank debt senior secured revolving credit facility (the "facility") during the 3 months ended June 30, 2008. Under the terms of the facility, the Corporation has the ability to borrow up to \$100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia (the "Banks"). The facility has a two year term, and may be extended for a further year with lender consent.

Draw downs under the facility can be made at interest rates based on either the US dollar LIBOR rate or the Bank of Montreal base rate for US dollar denominated loans. (Refer note 18). Undrawn amounts are subject to a commitment fee ranging from 0.4% to 0.5% per annum.

Letters of credit can be issued under the facility at a fee of between 1.25% and 2.00% per annum.

The margins over the base interest rates, the commitment fee and the letter of credit fee, are dependent on the ratio of the Corporation's net debt (consisting of total debt less certain cash balances) to its earnings before interest, taxes, share based compensation, depreciation and depletion and other non-cash items.

Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions.

On drawdown of the facility, the fees relating to loan origination costs will be offset against the long term debt and will be amortized over the term of the facility using the effective interest rate method.

**10 ASSETS HELD FOR SALE**

In March 2008 the Corporation decided to sell non-core properties and as a result certain exploration properties previously included in the United States Exploration operating segment are classified as held for sale. The Corporation has received letters of intent from potential buyers to acquire certain of these properties. These assets held for sale have been written down to their estimated fair value, less selling costs, resulting in an impairment charge of \$105.1 million and a future income tax recovery of \$23.9 million.

	Mineral Interest	Future Income Tax	Net
	\$'000	\$'000	\$'000
<b>Carrying value as at December 31, 2008</b>	<b>122,659</b>	<b>25,650</b>	<b>97,009</b>
Carrying value on date of transfer	122,167	(25,476)	96,691
Impairment	(105,089)	23,880	(81,209)
<b>Carrying value as at June 30, 2008</b>	<b>17,078</b>	<b>(1,596)</b>	<b>15,482</b>

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**11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	Jun 30, 2008	Dec 31, 2007
	\$'000	\$'000
Trade payables	24,369	25,334
Accruals	19,191	24,461
Commodity and other taxes payable	523	11,280
Other	550	9,727
	<b>44,633</b>	<b>70,802</b>

**12 SHARE CAPITAL**

Issued and outstanding common shares	Number of shares	Value of shares \$'000
Common shares on January 1, 2007	480,240,704	613,607
Exercise of warrants	481,000	82
Exercise of stock options	1,866,807	7,601
Common shares on April 20, 2007	<b>482,588,511</b>	<b>621,290</b>
Conversion of UrAsia Energy shares to Uranium One shares at a ratio of 0.45	<b>217,164,830</b>	<b>621,290</b>
Shares of Uranium One owned by Uranium One shareholders at acquisition	138,129,435	1,709,647
Exercise of warrants	150,000	2,033
Exercise of stock options and restricted shares	4,354,617	47,311
U.S. Energy asset purchase consideration	6,607,605	99,401
EMC asset purchase consideration	100,444,543	1,013,215
Shares issued for services rendered	322,393	3,987
<b>Common shares on December 31, 2007</b>	<b>467,173,423</b>	<b>3,496,884</b>
Exercise of warrants	150,000	2,104
Exercise of stock options	978,141	6,678
Exercise of restricted shares	95,564	1,382
<b>Balance of issued and outstanding common shares at June 30, 2008</b>	<b>468,397,128</b>	<b>3,507,048</b>

**13 CONTRIBUTED SURPLUS**

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

	Warrants \$'000	Restricted shares \$'000	Options \$'000	Total \$'000
<b>As at January 1, 2007</b>	-	-	31,286	31,286
Issued on Uranium One / UrAsia Energy business combination	26,407	853	34,782	62,042
Issued on EMC asset acquisition	-	-	35,307	35,307
Stock options issued and vested	-	-	33,734	33,734
Stock options exercised	-	-	(29,213)	(29,213)
Restricted shares vested	-	3,926	-	3,926
Restricted shares exercised	-	(1,660)	-	(1,660)
Warrants exercised	(1,035)	-	-	(1,035)
<b>As at December 31, 2007</b>	<b>25,372</b>	<b>3,119</b>	<b>105,896</b>	<b>134,387</b>
Stock options issued and vested	-	-	9,793	9,793
Stock options exercised	-	-	(3,476)	(3,476)
Restricted shares issued and vested	-	804	-	804
Restricted shares exercised	-	(1,382)	-	(1,382)
Warrants exercised	(1,062)	-	-	(1,062)
<b>As at June 30, 2008</b>	<b>24,310</b>	<b>2,541</b>	<b>112,213</b>	<b>139,064</b>

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**13 CONTRIBUTED SURPLUS (continued)****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, 2008	December 31, 2007
Risk free interest rate	3.11%	4.38%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	69%	61%
Expected life	5 years	5 years

**Options**

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

The following is a summary of Uranium One's options granted under its stock-based compensation plan:

	Number of options	Weighted average exercise price Cdn \$
<b>Outstanding options as at January 1, 2007</b>	<b>21,658,500</b>	<b>2.90</b>
Granted up to April 20, 2007	1,935,000	5.99
Exercised up to April 20, 2007	(1,866,807)	2.11
Forfeitures of stock options up to April 20, 2007	(30,000)	1.80
<b>Outstanding options as at April 20, 2007</b>	<b>21,696,693</b>	<b>3.29</b>
Converted UrAsia Energy stock options on date of business combination	9,763,498	7.33
Existing Uranium One share options on April 20, 2007	5,390,754	6.67
EMC replacement options	8,382,546	8.14
Granted subsequent to April 20, 2007	1,867,817	15.27
Exercised subsequent to April 20, 2007	(4,228,640)	5.14
Forfeitures of stock options subsequent to April 20, 2007	(351,187)	13.14
<b>Outstanding options as at December 31, 2007</b>	<b>20,824,788</b>	<b>8.55</b>
Granted options	2,371,342	3.78
Exercised options	(978,141)	3.80
Forfeitures of stock options	(2,834,925)	9.76
<b>Outstanding options as at June 30, 2008</b>	<b>19,383,064</b>	<b>8.02</b>

The stock option compensation expense for the three and six months ended June 30, 2008 was \$4.0 million and \$9.8 million respectively and for the three and six months ended June 30, 2007 it was \$7.0 million and \$10.4 million respectively. As at June 30, 2008, the aggregate unexpensed fair value of unvested stock options granted amounted to \$13.0 million. The fair value of options granted during the six months amounts to \$5.4 million.

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**13 CONTRIBUTED SURPLUS (continued)**

The following table summarizes certain information about Uranium One's stock options outstanding at June 30, 2008:

Range of exercise prices Cdn \$	Options outstanding			Options exercisable		
	Number outstanding as at June 30, 2008	Weighted average remaining life (years)	Weighted average exercise price Cdn \$	Number exercisable as at June 30, 2008	Weighted average remaining life (years)	Weighted average exercise price Cdn \$
1.09 to 2.74	1,417,992	2.16	2.36	1,417,992	2.16	2.36
3.03 to 4.76	4,633,273	3.90	3.85	2,452,694	3.90	4.00
4.81 to 7.79	3,552,004	4.87	6.57	3,421,873	4.87	6.64
8.26 to 9.90	3,940,696	4.21	8.46	3,823,278	4.21	8.46
10.40 to 12.93	3,799,850	4.32	12.06	2,503,505	4.32	12.03
13.23 to 15.63	849,931	4.80	14.08	310,127	4.80	14.27
15.90 to 16.87	1,189,318	3.98	16.53	396,872	3.98	16.55
	<b>19,383,064</b>	<b>4.15</b>	<b>8.03</b>	<b>14,326,341</b>	<b>4.15</b>	<b>7.63</b>

**Restricted shares**

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

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

	Number of restricted shares
<b>Balance at January 1, 2007</b>	<b>404,231</b>
Granted	20,000
Exercised during the period	(125,977)
Expired	(2,722)
<b>Balance at December 31, 2007</b>	<b>295,532</b>
Granted	609,000
Exercised during the period	(95,564)
Expired	(1,020)
<b>Balance at June 30, 2008</b>	<b>807,948</b>

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

	Number of restricted shares	
	Jun 30, 2008	Dec 31, 2007
<b>Grant date</b>		
June 7, 2006	129,528	225,092
December 8, 2006	49,420	50,440
July 1, 2007	20,000	20,000
April 7, 2008	578,500	-
April 28, 2008	30,500	-
<b>Balance at the end of the period</b>	<b>807,948</b>	<b>295,532</b>

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

The restricted share rights expense for the three and six months ended June 30, 2008 was \$0.4 million and \$0.8 million respectively and for both the three and six months ended June 30, 2007 was \$2.6 million. As at June 30, 2008 the aggregate unexpensed fair value of unvested restricted share rights granted amounted to \$2.3 million. The fair value of restricted shares granted during the six months amounts to \$2.4 million.

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**13 CONTRIBUTED SURPLUS (continued)**

Warrants	Number of warrants	Allocated value \$'000
Balance at January 1, 2007	2,731,619	26,407
Exercised during the period	(150,000)	(1,035)
<b>Balance at December 31, 2007</b>	<b>2,581,619</b>	<b>25,372</b>
Exercised during the period	(150,000)	(1,062)
<b>Balance at June 30, 2008</b>	<b>2,431,619</b>	<b>24,310</b>

Warrants	Number of warrants		Average exercise price	
	Jun 30, 2008	Dec 31, 2007	Jun 30, 2008 \$'000	Dec 31, 2007 \$'000
2008 Warrants	2,431,619	2,431,619	3.55	3.55
Series D Warrants	-	150,000	-	6.95
<b>Total</b>	<b>2,431,619</b>	<b>2,581,619</b>	<b>3.55</b>	<b>3.75</b>

The 2008 warrants expire on September 24, 2008.

**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 EMC and its subsidiaries arising under certain option and joint venture agreements with third parties. Uranium One has reserved a total of 1,925,100 common shares for issuance pursuant to the assumed obligations under contingent share rights agreements.

**14 FOREIGN EXCHANGE GAINS / (LOSSES)**

A summary of the foreign exchange loss by item is as follows:

	3 months ended		6 months ended	
	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000
Unrealized foreign exchange gain / (loss) on future income tax liability	171	(6,177)	1,309	(14,777)
Unrealized foreign exchange gain on other items	1,260	1,432	2,335	2,815
Realized foreign exchange gain / (loss) on other items <sup>(1)</sup>	1,009	(1,235)	(3,830)	(1,449)
	<b>2,440</b>	<b>(5,980)</b>	<b>(186)</b>	<b>(13,411)</b>

<sup>(1)</sup> A foreign exchange loss amounting to \$9.9 million was realized on the sale of the investment in Alease Gold (Note 3).

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**15 CASH FLOW INFORMATION**

	3 months ended		6 months ended	
	Jun 30, 2008	Jun 30, 2007	Jun 30, 2008	Jun 30, 2007
	\$'000	\$'000	\$'000	\$'000
<b>Changes in non-cash working capital excluding business combinations:</b>				
(Increase) / decrease in accounts and other receivables	(33,650)	2,186	1,801	22,495
(Increase) / decrease in prepaid expenses and other	(437)	-	17,413	-
Decrease / (increase) in inventories	1,594	(9,842)	(4,376)	(8,341)
Decrease in accounts payable and accrued liabilities	(8,029)	(17,276)	(22,195)	(15,133)
(Decrease) / increase in income taxes payable	(3,201)	409	2,780	6,301
	<b>(43,723)</b>	<b>(24,523)</b>	<b>(4,577)</b>	<b>5,322</b>
<b>Supplemental cash flow information</b>				
Cash interest paid	3,267	3,201	3,267	3,201
Cash taxation paid	20,662	7,338	28,660	13,647

**16 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING**

	3 months ended		6 months ended	
	Jun 30, 2008	Jun 30, 2007	Jun 30, 2008	Jun 30, 2007
	\$'000	\$'000	\$'000	\$'000
<b>Basic weighted-average number of shares outstanding ('000)</b>	<b>468,166</b>	<b>332,956</b>	<b>467,809</b>	<b>275,380</b>
Effect of dilutive securities:				
- stock options	-	-	-	-
- warrants	-	-	-	-
<b>Diluted weighted-average number of shares outstanding</b>	<b>468,166</b>	<b>332,956</b>	<b>467,809</b>	<b>275,380</b>

For the three and six month periods ended June 30, 2008 and June 30, 2007, convertible debentures, stock options, warrants and restricted shares were not included in the dilutive weighted average number of shares outstanding as they were anti-dilutive.

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**17 CAPITAL DISCLOSURES**

The Corporation's objectives when managing capital are to:

- (i) Maintain a flexible capital structure which optimizes the cost of capital at acceptable risk;
- (ii) Continue the development and exploration of its mineral properties; and
- (iii) Support any expansion plans.

In the management of capital, the Corporation includes shareholders' equity, long term debt, cash, and the current portion of loans to joint ventures.

The Corporation manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics. The Corporation has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives.

The Corporation monitors the following ratios in this respect: total debt to total capitalization and net debt to total capitalization.

**For periods ended**

	<b>Jun 30, 2008</b>	<b>Dec 31, 2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Total debt (excluding future income tax liabilities)	229,568	453,751
Net debt (total debt less cash, receivables, and current portion of loans to joint ventures)	10,701	190,974
Total capitalization (total shareholders' equity)	3,333,036	3,682,905
Total debt as a percentage of shareholders' equity	7%	12%
Net debt as a percentage of shareholders' equity	0%	5%

**18 FINANCIAL INSTRUMENTS**

The Corporation's financial instruments primarily consist of cash, short-term money market investments, marketable securities, accounts receivable, accounts payable, loans to joint Ventures and convertible debentures. For cash, short-term money market investments, and current accounts receivable and payable, carrying value is considered to be a reasonable approximation of fair value due to the short term nature of these items. The fair value of the convertible debentures represents the quoted market value.

<b>Convertible debentures</b>	<b>Jun 30, 2008</b>	<b>Dec 31, 2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Liability component	136,990	136,548
Equity component	46,480	46,480
	<b>183,470</b>	<b>183,028</b>
<b>Fair value</b>	<b>138,173</b>	<b>145,888</b>

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**18 FINANCIAL INSTRUMENTS (continued)**

The Corporation's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. The global nature of the Corporation's business exposes the reported financial results and cash flows of operating segments to risks arising from fluctuations in exchange rates.

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

**(i) Foreign exchange risk**

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

The most significant impact of foreign exchange on the Corporation's net earnings and other comprehensive income is the translation of foreign operations into US dollars. The effect of translating the financial statements of the entities that are determined to be integrated foreign operations are included in the consolidated statements of operations, and the effect of translating the financial statements of entities that are determined to be self-sustaining are included in other comprehensive income.

The Corporation is also exposed to foreign exchange risk arising from:

- borrowings denominated in foreign currencies; and
- firm commitments or highly probable forecasted transactions for receipts and payments settled in foreign currencies or with prices dependent on foreign currencies.

The Corporation does not hedge its exposure to foreign currency exchange risk.

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

June 30, 2008	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 <sup>(1)</sup>	Future income tax liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Canadian dollar	93,047	3,058	3,037	136,990	-	-
South African rand	19,542	24,165	17,678	-	1,907,584	506,368
Kazakhstan tenge	18,897	40,096	17,308	-	-	346,583
Australian dollar	847	872	3,164	-	337,496	75,676
	<b>132,333</b>	<b>68,191</b>	<b>41,187</b>	<b>136,990</b>	<b>2,245,080</b>	<b>928,627</b>

December 31, 2007	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 <sup>(1)</sup>	Future income tax liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Canadian dollar	78,938	3,683	10,357	136,548	21,216	5,831
South African rand	1,330	9,606	33,168	-	2,106,164	567,577
Kazakhstan tenge	2,787	3,128	16,411	-	-	351,207
Australian dollar	24,966	558	5,540	-	300,038	69,039
	<b>108,021</b>	<b>16,975</b>	<b>65,476</b>	<b>136,548</b>	<b>2,427,418</b>	<b>993,654</b>

<sup>(1)</sup> Only includes mineral interests, plant and equipment of self sustaining operations.

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**18 FINANCIAL INSTRUMENTS (continued)****(i) Foreign exchange risk (continued)**

The following table shows the effect on earnings and other comprehensive income after tax as at June 30, 2008 of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the abovementioned 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.	191,125	(30,032)

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

**(ii) Credit risk**

Credit risk is primarily associated with trade receivables, however, it also arises on cash equivalents.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation sells its products exclusively to organizations with strong credit ratings. Cash and cash equivalents are held through large international financial institutions. Cash and cash equivalents are comprised of financial instruments issued by Canadian banks and companies with high investment-grade ratings. These investments mature at various dates.

The Corporation's maximum exposure to credit risk at the balance sheet date is as follows:

	Jun 30, 2008 \$'000	Dec 31, 2007 \$'000
Short-term money market instruments	46,683	12,059
Accounts receivable	69,479	73,538
Available for sale securities	2,692	21,257
	<b>118,854</b>	<b>106,854</b>

**(iii) Liquidity risk**

The Corporation has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Corporation's operating requirements on an ongoing basis and its expansion plans. The Corporation manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 17.

The Corporation has established a credit facility as part of its liquidity risk management process (note 9). No funds have been drawn down from the facility. The following table summarizes the contractual maturities of the Corporation's significant financial liabilities:

	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total
Lease obligations	1,102	3,463	1,265	1,539	7,369
Kyzylkum Long term debt	-	16,700	13,070	-	29,770
Capital commitments	19,939	381	-	-	20,320
Asset retirement obligations	-	-	-	16,168	16,168
Accounts payable and accrued liabilities	44,633	-	-	-	44,633
Convertible debentures	-	155,200	-	-	155,200
	<b>65,674</b>	<b>175,744</b>	<b>14,335</b>	<b>17,707</b>	<b>273,460</b>

The convertible debenture is convertible in cash or shares, and may not result in a cash outflow.

The Corporation has interests in Joint Ventures, and is responsible for partial funding of these Joint Ventures pursuant to the terms of the Joint Venture agreements. The Corporation does not bear direct liquidity risk for liquidity of these joint ventures.

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**18 FINANCIAL INSTRUMENTS (continued)****(iv) Interest rate risk**

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The only outstanding interest-bearing borrowings as at June 30, 2008 are the loan facility obtained by Kyzylkum (note 5.1) which bears interest at floating rates, and the convertible debentures, with a fixed interest rate.

Draw downs under the Corporation's credit facility (note 9) can be made at interest rates based on either the US dollar LIBOR rate or the Bank of Montreal base rate for US dollar denominated loans. The margin on LIBOR loans is between 1.25% and 2.00% per annum and between 0.25% and 1.00% per annum on US base rate loans.

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

	Jun 30, 2008 \$'000	Dec 31, 2007 \$'000
A 100 basis point appreciation in interest rates, with all other variables held constant	119	40

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

**(v) Commodity price risk**

The Corporation is exposed to price risk with respect to commodity prices. The Corporation does not hedge its exposure to price risk, other than having market related pricing structures in the long term sales contracts which the Corporation has entered into. Increases in uranium prices would have a positive impact on profitability given that the majority of the Corporation's sales contracts are priced based on market values for uranium.

A 10% change in commodity prices would impact the Corporation's net earnings as follows:

	Jun 30, 2008 \$'000	Jun 30, 2007 \$'000
A 10% appreciation in commodity prices, with all other variables held constant	7,191	6,500

A 10% depreciation in the commodity price would have the exact opposite effect on net earnings.

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**19 SEGMENTED INFORMATION**

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

**For the three months ended June 30, 2008: (in \$'000)**

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	49,390	(9,487)	(6,960)	-	17,240	3,241
South Inkai Uranium Project	Kazakhstan	-	-	-	-	819	11,373
Kharasan Uranium Project	Kazakhstan	-	-	-	-	745	6,962
Dominion Uranium Project	South Africa	-	-	-	(488)	(1,367)	32,266
United States development projects	United States	-	-	-	-	(37)	3,019
United States exploration projects	United States	-	-	-	(1,445)	(1,980)	-
Hobson Facility and La Palangana Project	United States	-	-	-	-	99	4,560
Shootaring Canyon Mill	United States	-	-	-	(11)	(251)	1,359
Honeymoon Uranium Project <sup>(1)</sup>	Australia	-	-	-	(1,251)	(2,214)	4,797
Corporate and other		-	-	-	(1,840)	(81,249)	843
<b>Total</b>		<b>49,390</b>	<b>(9,487)</b>	<b>(6,960)</b>	<b>(5,035)</b>	<b>(68,195)</b>	<b>68,420</b>

<sup>(1)</sup> The Corporation suspended development activities at Honeymoon to allow for evaluation of corporate development opportunities for the project.

**For the six months ended June 30, 2008: (in \$'000)**

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	71,907	(12,779)	(9,891)	-	26,417	4,855
South Inkai Uranium Project	Kazakhstan	-	-	-	-	1,159	15,762
Kharasan Uranium Project	Kazakhstan	-	-	-	-	928	12,000
Dominion Uranium Project	South Africa	-	-	-	(540)	(1,814)	55,905
United States development projects	United States	-	-	-	-	(57)	5,643
United States exploration projects	United States	-	-	-	(1,814)	(1,885)	221
Hobson Facility and La Palangana Project	United States	-	-	-	-	(6)	11,902
Shootaring Canyon Mill	United States	-	-	-	(11)	(308)	2,849
Honeymoon Uranium Project	Australia	-	-	-	(1,528)	(2,928)	11,180
Corporate and other		-	-	-	(2,822)	(100,014)	2,120
<b>Total</b>		<b>71,907</b>	<b>(12,779)</b>	<b>(9,891)</b>	<b>(6,715)</b>	<b>(78,508)</b>	<b>122,437</b>

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**19 SEGMENTED INFORMATION (continued)**

For the three months ended June 30, 2007: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	23,265	(2,058)	(2,016)	-	10,993	2,016
South Inkai Uranium Project	Kazakhstan	-	-	-	-	126	11,441
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(635)	7,186
Dominion Uranium Project	South Africa	-	-	-	(353)	397	39,560
United States exploration projects	United States	-	-	-	(2,120)	(2,310)	-
Shootaring Canyon Mill	United States	-	-	-	(8)	(314)	-
Honeymoon Uranium Project	Australia	-	-	-	(418)	(898)	5,452
Corporate and other		-	-	-	(1,465)	(20,467)	812
<b>Total</b>		<b>23,265</b>	<b>(2,058)</b>	<b>(2,016)</b>	<b>(4,364)</b>	<b>(13,108)</b>	<b>66,467</b>

For the six months ended June 30, 2007: (in \$'000)

	Country	Revenues \$'000	Operating expenses \$'000	Depreciation and depletion \$'000	Exploration expense \$'000	Net earnings/ (loss) from continuing operations \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	64,995	(9,101)	(6,875)	-	24,062	3,442
South Inkai Uranium Project	Kazakhstan	-	-	-	-	126	19,013
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(2,029)	7,186
Dominion Uranium Project	South Africa	-	-	-	(353)	397	39,560
United States exploration projects	United States	-	-	-	(2,120)	(2,310)	-
Shootaring Canyon Mill	United States	-	-	-	(8)	(314)	-
Honeymoon Uranium Project	Australia	-	-	-	(418)	(898)	5,452
Corporate and other		-	-	-	(2,924)	(24,171)	8,507
<b>Total</b>		<b>64,995</b>	<b>(9,101)</b>	<b>(6,875)</b>	<b>(5,823)</b>	<b>(5,137)</b>	<b>83,160</b>

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**19 SEGMENTED INFORMATION (continued)**

As at June 30, 2008: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Uranium Mine	Kazakhstan	198,650	240,170	70,078	79,606
South Inkai Uranium Project	Kazakhstan	478,519	477,199	204,289	210,621
Kharasan Uranium Project	Kazakhstan	187,263	199,313	72,216	110,342
Dominion Uranium Project	South Africa	1,907,584	1,921,358	506,368	528,084
United States development projects	United States	289,620	289,712	90,506	91,409
United States exploration projects	United States	971,474	979,350	349,790	351,761
Hobson Facility and La Palangana Project	United States	98,278	99,778	19,933	21,406
Shootaring Canyon Mill	United States	101,684	116,971	18,613	21,984
Honeymoon Uranium Project	Australia	337,496	338,964	75,676	79,722
Corporate and other		25,466	275,064	44	142,146
<b>Total</b>		<b>4,596,034</b>	<b>4,937,879</b>	<b>1,407,513</b>	<b>1,637,081</b>

As at Dec 31, 2007: (in \$'000)

	Country	Mineral interest plant and equipment \$'000	Total assets \$'000	Future income tax liabilities \$'000	Total liabilities \$'000
Akdala Uranium Mine	Kazakhstan	201,566	266,240	73,623	94,710
South Inkai Uranium Project	Kazakhstan	454,019	457,510	205,053	207,461
Kharasan Uranium Project	Kazakhstan	175,914	184,283	72,486	92,422
Dominion Uranium Project	South Africa	2,106,164	2,111,565	567,577	598,102
United States development projects	United States	285,838	285,838	90,517	92,187
United States exploration projects	United States	1,074,415	1,079,794	370,229	374,210
Hobson Facility and La Palangana Project	United States	90,372	91,879	19,729	22,639
Shootaring Canyon Mill	United States	97,623	112,894	18,613	21,186
Honeymoon Uranium Project	Australia	300,038	300,043	69,040	86,613
Corporate and other		41,404	341,251	9,193	152,072
<b>Total</b>		<b>4,827,353</b>	<b>5,231,297</b>	<b>1,496,060</b>	<b>1,741,602</b>