

interim financial statements

**(Unaudited - Prepared by Management)
for the three and nine months
ended September 30, 2007**

Uranium One Inc.

Consolidated Balance Sheets

As at September 30, 2007 and December 31, 2006

(in United States dollars)

UNAUDITED		Sep 30, 2007	Dec 31, 2006
	Notes	\$'000	\$'000
ASSETS			
Current assets			
Cash and cash equivalents	5	284,613	61,838
Restricted cash		-	500
Accounts and other receivables	6	29,261	49,186
Current portion of loans to joint ventures	7.2	26,667	13,488
Inventories	8	26,417	12,044
		366,958	137,056
Non-current assets			
Mineral interests, plant and equipment	9	4,994,124	768,887
Goodwill	9	248,324	-
Loans to joint ventures	7.2	30,745	39,850
Available for sale securities	10	7,324	-
Other assets	11	63,130	25,825
		5,343,647	834,562
Total assets		5,710,605	971,618
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	12	61,158	12,947
Income taxes payable		2,523	1,018
		63,681	13,965
Non-current liabilities			
Convertible debentures	13	134,903	-
Asset retirement obligations	14	21,331	2,856
Future income tax liabilities		1,804,003	337,642
Long term debt	7.1	12,000	-
Other long term payables		14,110	1,466
		1,986,347	341,964
Non-controlling interest		10,444	-
SHAREHOLDERS' EQUITY			
Share capital	15	3,491,568	613,607
Contributed surplus	16	129,002	31,286
Convertible debentures	3	46,480	-
Deficit		(52,184)	(29,204)
Accumulated other comprehensive income		35,267	-
		3,650,133	615,689
Total shareholders' equity and liabilities		5,710,605	971,618

Basis of presentation and principles of consolidation (note 2.1)

Commitments and contingencies (note 4 & 21)

Subsequent event (note 22)

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

Uranium One Inc.

Consolidated Statements of Operations and Deficit

For the three and nine months ended September 30, 2007 and October 31, 2006

(in United States dollars)

UNAUDITED	Notes	3 months ended		9 months ended	
		Sep 30, 2007	Oct 31, 2006	Sep 30, 2007	Oct 31, 2006
		\$'000	\$'000	\$'000	\$'000
Revenues		8,019	4,193	73,014	21,498
Operating expenses		(660)	(1,417)	(9,761)	(8,405)
Depreciation and depletion		(1,067)	(1,209)	(7,950)	(5,479)
Earnings from mine operations		6,292	1,567	55,303	7,614
General and administrative ⁽¹⁾		(28,992)	(2,294)	(52,326)	(9,520)
Exploration expense		(5,573)	(1,779)	(11,990)	(4,427)
Operating loss		(28,273)	(2,506)	(9,013)	(6,333)
Interest income		6,006	2,215	11,568	6,017
Interest expense		(5,909)	-	(8,906)	-
Dilution gain on disposal of investment		872	-	551	-
Other income / (expense)		567	(130)	1,955	(267)
Foreign exchange gain / (loss)	17	10,727	27,023	(2,684)	(14,087)
(Loss) / earnings before income taxes and non-controlling interest		(16,010)	26,602	(6,529)	(14,670)
Current income tax expense		(1,961)	(1,069)	(22,336)	(5,728)
Future income tax recovery		668	379	5,114	2,077
(Loss) / earnings before non-controlling interest		(17,303)	25,912	(23,751)	(18,321)
Non-controlling interest		46	-	771	-
Net (loss) / earnings		(17,257)	25,912	(22,980)	(18,321)
(1) - Stock option and restricted share expense (non-cash) included in general and administrative	16	15,477	1,099	28,587	6,073
Basic (loss) / earnings per common share	19	(0.04)	0.12	(0.07)	(0.08)
Diluted (loss) / earnings per common share		(0.04)	0.12	(0.07)	(0.08)
Weighted average number of common shares outstanding - basic	19	422,308,439	217,164,830	324,894,474	217,164,830
Weighted average number of common shares outstanding - diluted	19	422,308,439	217,164,830	324,894,474	217,164,830

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Changes in Equity

For the three and nine months ended September 30, 2007

(in United States dollars)

UNAUDITED	Share capital	Contributed surplus	Equity component of convertible debenture	Accumulated other comprehensive income	Deficit	Total
Balance as at December 31, 2006	613,607	31,286	-	-	(29,204)	615,689
Net profit for the period	-	13,110	-	-	(5,723)	7,387
Exercise of warrants	82	-	-	-	-	82
Exercise of stock options and restricted shares	42,802	(23,859)	-	-	-	18,943
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
Shares issued for services rendered	1,694	-	-	-	-	1,694
Unrealized gains recognized on translation of self sustaining foreign operations ⁽¹⁾	-	-	-	(8,578)	-	(8,578)
Balance as at June 30, 2007	2,467,233	82,579	46,480	(8,578)	(34,927)	2,552,787
Net loss for the period	-	15,477	-	-	(17,257)	(1,780)
Exercise of warrants	2,033	(1,035)	-	-	-	998
Exercise of stock options and restricted shares	6,794	(3,326)	-	-	-	3,468
Energy Metals Corporation asset purchase consideration	1,013,215	35,307	-	-	-	1,048,522
Unrealized gains recognized on translation of self sustaining foreign operations	-	-	-	44,216	-	44,216
Shares issued for services rendered	2,293	-	-	-	-	2,293
Loss on available for sale securities, net of tax benefit (note 10)	-	-	-	(371)	-	(371)
Balance as at September 30, 2007	3,491,568	129,002	46,480	35,267	(52,184)	3,650,133

(1) - This amount was incorrectly reported as \$77.5 million at June 30, 2007.

Uranium One Inc.

Consolidated Statements of Comprehensive Income

For the three and nine months ended September 30, 2007

(in United States dollars)

UNAUDITED	Notes	3 months ended	9 months ended
		Sep 30, 2007	Sep 30, 2007
		\$'000	\$'000
		Total	Total
Net loss		(17,257)	(22,980)
Unrealized gains recognized on translation of self-sustaining foreign operations		44,216	35,638
Loss on available for sale securities, net of tax benefit	10	(371)	(371)
Comprehensive income		(26,588)	12,287

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

Uranium One Inc.

Consolidated Statements of Cash Flows

For the three and nine months ended September 30, 2007 and October 31, 2006
(in United States dollars)

UNAUDITED	Notes	3 months ended		9 months ended	
		Sep 30, 2007	Oct 31, 2006	Sep 30, 2007	Oct 31, 2006
		\$'000	\$'000	\$'000	\$'000
Net (loss) / earnings		(17,257)	25,912	(22,980)	(18,321)
Items not affecting cash:					
- Depreciation and depletion		1,067	1,209	7,950	5,479
- Accretion of asset retirement obligation	14	280	8	588	68
- Stock option expense	16	15,477	1,099	28,587	6,073
- Interest accrued on loans and debentures		3,707	-	5,226	-
- Unrealized foreign exchange (gain) / loss		(1,545)	(27,885)	11,146	14,777
- Future income tax recovery		(668)	(379)	(5,114)	(2,077)
- Non-controlling interest		(46)	-	(771)	-
- Other		(654)	-	856	78
Movement in working capital	18	556	(805)	4,918	(2,841)
Cash flows (to) / from operating activities		917	(841)	30,406	3,236
Acquisition of Uranium One Inc., net of acquisition cost	3	-	-	271,935	-
Acquisition of Energy Metals Corporation, net of acquisition cost		82,410	-	82,410	-
Acquisition of interest in Betpak Dala		-	-	-	(1,177)
Acquisition of interest in Kyzylkum		-	-	-	(45)
Acquisition of mineral interests, plant and equipment		(82,770)	(14,332)	(167,494)	(23,820)
Advance cash payment for other assets		(1,331)	(2,409)	(5,644)	(11,035)
Joint Venture earn in payments received		800	-	800	-
Restricted cash		-	-	(500)	(2,500)
Cash advances to joint ventures	7	-	(4,500)	(22,400)	(23,913)
Cash proceeds from joint ventures	7	-	-	18,780	-
Cash flows (to) / from investing activities		(891)	(21,241)	177,887	(62,490)
Common shares issued, net		4,466	395	22,197	117,850
Shares issued by subsidiary to non-controlling shareholders		161	-	499	-
Loans received		12,000	-	12,000	-
Short term loan repaid	18	(53,131)	-	(53,131)	-
Subscriptions for special warrants received by subsidiary		6,072	-	6,072	-
Other		-	-	(175)	(106)
Cash flows (to) / from financing activities		(30,432)	395	(12,538)	117,744
Effects of exchange rate changes on cash and cash equivalents		16,738	836	27,020	836
Net (decrease) / increase in cash and cash equivalents		(13,668)	(20,851)	222,775	59,326
Cash and cash equivalents at the beginning of the period		298,281	128,328	61,838	48,151
Cash and cash equivalents at the end of the period	5	284,613	107,477	284,613	107,477

Supplemental cash flow information (note 18)

See accompanying notes to the Unaudited Interim Consolidated Financial Statements

Uranium One Inc.

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

1 NATURE OF OPERATIONS

Uranium One Inc. (previously sxr Uranium One Inc.) ("Uranium One") 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, Australia, the United States, Canada and the Kyrgyz Republic. Through Aflase Gold Limited ("Aflase Gold"), Uranium One is engaged in the development of the Modder East Gold Project in South Africa.

Uranium One owns the Dominion Uranium Mine in South Africa and a 70% interest in the producing Akdala Uranium Mine in Kazakhstan. Uranium One is also developing the South Inkai Project, in which it owns a 70% interest and the Kharasan Project, in which it owns a 30% interest, both located in Kazakhstan. The Corporation owns the Honeymoon Uranium Project in Australia. In the United States, the Corporation owns the Shootaring Mill in Utah and the Hobson ISR Uranium Processing Facility in Texas. The Corporation also owns a large portfolio of uranium exploration properties in the western United States, South Australia, the Athabasca Basin of Saskatchewan, Canada and the Kyrgyz Republic.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation and principles of consolidation

The consolidated financial statements of Uranium One and its subsidiaries (collectively, the "Corporation") have been prepared by Uranium One in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the consolidated financial statements is based on accounting policies and practices consistent with those used in the audited financial statements of UrAsia Energy Limited ("UrAsia Energy") for the period ended December 31, 2006.

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

Uranium One acquired all of the issued and outstanding shares of UrAsia Energy on April 20, 2007 (note 3). UrAsia Energy shareholders received 0.45 Uranium One common shares for each UrAsia Energy common share. For accounting purposes, the transaction is treated as a reverse takeover whereby UrAsia Energy is considered the acquiring company as the shareholders of UrAsia Energy acquired a majority shareholding in Uranium One. The comparative consolidated balance sheet as at December 31, 2006 and the consolidated statements of operations and deficit and cash flows for the periods ended October 31, 2006 are those of UrAsia Energy. The results of operations of Uranium One have been included from April 20, 2007.

The principal mineral properties and operations of the Corporation are listed below:

Entity	Mineral property / Operation	Location	Ownership	Status
Betpak Dala LLP	Akdala Uranium Mine ⁽¹⁾	Kazakhstan	70%	Proportionately consolidated
Betpak Dala LLP	South Inkai Uranium Project ⁽¹⁾	Kazakhstan	70%	Proportionately consolidated
Kyzylkum LLP	Kharasan Uranium Project ⁽¹⁾	Kazakhstan	30%	Proportionately consolidated
Uranium One Africa Limited	Dominion Uranium Mine ^{(2) (5)}	South Africa	100%	Consolidated
Aflase Gold Limited	Modder East Gold Project ⁽³⁾	South Africa	68%	Consolidated
Uranium One Australia (Proprietary) Limited	Honeymoon Uranium Project ⁽²⁾	Australia	100%	Consolidated
Uranium One USA Inc	Shootaring Canyon Uranium Mill ⁽⁴⁾	United States	100%	Consolidated
South Texas Mining Venture	Hobson Facility and La Palangana Project ⁽⁶⁾	United States	99%	Consolidated
Pitchstone Joint Venture	Pitchstone Joint Venture ⁽²⁾	Canada	50%	Proportionately consolidated

(1) - Legacy UrAsia Energy assets

(2) - Legacy Uranium One assets

(3) - Legacy Uranium One assets. The Modder East Gold Project is owned by Aflase Gold, an indirect subsidiary of Uranium One

(4) - Purchased from U.S. Energy Corp (note 4)

(5) - Refer to note 21 for the contingent sale of an interest in the Dominion Uranium Project

(6) - Legacy Energy Metals Corporation assets (note 4)

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Measurement and reporting currency

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

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

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

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

2.3 Inventories

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

The related direct production costs associated with in process gold are deferred and charged to costs as the contained gold is recovered. In-process metals are identified and measured from the ore stockpiles up to and including the on-site refining plant.

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

2.4 Mineral interests, plant and equipment

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

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

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired. The value allocated to reserves is depreciated on a unit-of-production method over the estimated recoverable proven and probable reserves at the mine. The reserve value is noted as depletable mineral properties for operations in commercial production in note 9. The resource value represents the property interests that are believed to potentially contain economic mineralized material such as inferred material; measured, indicated, and inferred resources with insufficient drill spacing to qualify as proven and probable reserves; and inferred resources in close proximity to proven and probable reserves.

Resource value and exploration potential value is noted as non-depletable mineral properties for operations in commercial production in note 9. At least annually or when otherwise appropriate, value from the non-depletable category will be transferred to the depletable category as a result of an analysis of the conversion of resources or exploration potential into reserves. Costs related to property acquisitions are capitalized until the viability of the mineral property is determined. Resource value and exploration potential for development projects not in commercial production is noted as non-depletable mineral properties. When it is determined that a property is not economically viable the capitalized costs are impaired. Exploration expenditures on properties not advanced enough to identify their development potential are charged to operations as incurred.

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2.5 Impairment of long-lived assets

Management regularly reviews the net carrying value of each long lived asset whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. To determine fair value, management makes its best estimates of the future cash inflows that will be obtained each year over the life of the asset and discounts the cash flows by a rate that is based on the time value of money, adjusted for the risk associated with the applicable asset. Where impairment is identified, the carrying value of the related mineral interest, plant and equipment is written down to fair value.

2.6 Goodwill

Business acquisitions are accounted for using the purchase method whereby assets and liabilities acquired are recorded at their fair values as of the date of acquisition and any excess of the purchase price over such fair value is recorded as goodwill. Goodwill is identified and allocated to reporting units by preparing estimates of the fair value of each reporting unit and comparing this amount to the fair value of assets and liabilities in the reporting unit. Goodwill is not amortized.

The Corporation evaluates, at least on an annual basis, the carrying amount of goodwill to determine whether current events and circumstances indicate that such carrying amount may no longer be recoverable. To accomplish this, the Corporation compares the fair value of its reporting units to their carrying amounts. If the carrying value of a reporting unit exceeds its fair value, the Corporation compares the implied fair value of the reporting unit's goodwill to its carrying amount, and any excess of the carrying value over the fair value is charged to operations. Assumptions underlying fair value estimates are subject to significant risks and uncertainties.

2.7 Asset retirement obligations

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

Provision is made in full for the estimated future costs of pollution control and rehabilitation, in accordance with statutory requirements.

2.8 Revenue recognition

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

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

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Future income and mining taxes

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

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

2.10 Stock based compensation

The Corporation's stock-based compensation plans are described in note 16.

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

Upon exercise of the stock option, consideration received and the related amount of stock based compensation, is transferred from contributed surplus and recorded as share capital.

2.11 Earnings / loss per share

Earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the period. Diluted earnings per share are calculated using the treasury method which requires the calculation of diluted earnings per share by assuming that outstanding stock options and warrants with an average market price that exceeds the average exercise prices of the options and warrants for the year are exercised, and the assumed proceeds are used to repurchase shares of Uranium One at the average market price of the common shares for the period. The impact of outstanding share options and warrants are excluded from the diluted share calculation for loss per share amounts, because it is anti-dilutive.

2.12 Financial instruments

On January 1, 2007, the Corporation adopted the following financial instrument accounting standards:

- Section 1530 - Comprehensive Income
- Section 3855 - Financial Instruments - Recognition and measurement
- Section 3861 - Financial Instruments - Disclosure and presentation
- Section 3865 - Hedges

The newly adopted policies are explained below:

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

Investments

Purchases and sales of investments are recognized on the trade date at fair value, which is the date that the Corporation commits to purchase or sell the asset. After initial recognition, listed investments are classified as available for sale investments carried at fair value, with the fair value adjustments accounted for in other comprehensive income.

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Other long term investments that are intended to be held to maturity are subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any discount or premium on acquisition over the period to maturity. For investments carried at amortized cost, gains and losses are recognized in the income statement when the investments are derecognized or impaired, as well as through the amortization process.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances, deposits held at call and certificate of deposits with a remaining maturity of three months or less.

Accounts receivable

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

Financial liabilities

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

Accounts payable

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

Impairment and uncollectability of financial assets

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

Loans payable

Loans payable are recognized initially at the proceeds received, net of transaction costs incurred. Loans payable are subsequently stated at amortized cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the loan.

Offset

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

Equity instruments

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

Compound instruments

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

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

UNAUDITED

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Use of estimates

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

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

2.14 Non-controlling interest

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

2.15 Variable interest companies

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

3 BUSINESS COMBINATION

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

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

The cost of acquisition includes the fair value of the deemed issuance of the following instruments: 307.0 million UrAsia Energy common shares at \$5.57 per share, plus 9.3 million share purchase warrants with an average exercise price of \$1.45 per share and a fair value of \$26.4 million, plus 12.0 million stock options, of which 6.9 million are exercisable at the date of acquisition, with an average exercise price of \$2.66 per share and a fair value of \$34.8 million, plus 0.9 million restricted shares with a fair value of \$0.9 million, plus the fair value of the equity component of the Uranium One convertible debenture of \$46.5 million plus UrAsia Energy's transaction costs of \$19.2 million, providing a total preliminary purchase price of \$1,837.3 million.

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3 BUSINESS COMBINATION (continued)

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

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

For the purposes of these consolidated financial statements, the purchase consideration has been allocated on a preliminary basis to the fair value of assets acquired and liabilities assumed, with goodwill assigned to a specific reporting unit, based on management's best estimates and taking into account all available information at the time of the acquisition as well as applicable information at the time these consolidated financial statements were prepared. The Corporation will continue to review information and perform further analysis with respect to these assets, including an independent valuation, prior to finalizing the allocation of the purchase price. This process will be performed in accordance with Emerging Issues Committee Abstract 152 Mining assets - Impairment and business combinations. Although the results of this review are presently unknown, it is anticipated that it may result in a material change to the amount assigned to goodwill and a change to the value attributable to tangible assets and future income tax liabilities.

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

	\$'000
Purchase price:	
Common shares (note 15)	1,709,647
Options, warrants and restricted shares	62,042
Equity component of convertible debentures	46,480
Acquisition costs	19,153
	1,837,322
Net assets acquired:	
Cash and cash equivalents	291,088
Other current assets	33,442
Mineral interests, plant and equipment	2,430,160
Goodwill	243,297
Other assets	13,502
Accounts payable and accrued liabilities	(56,057)
Short term loans	(55,345)
Asset retirement obligations	(4,602)
Convertible debentures	(118,450)
Future income tax liabilities	(928,050)
Non-controlling interest	(11,663)
	1,837,322

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4 ASSET PURCHASE**4.1 U.S. Energy**

On April 30, 2007, Uranium One completed the purchase, from U.S. Energy Corporation ("U.S. Energy"), of the Shootaring Canyon Uranium Mill in Utah, as well as a land package comprising uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information for consideration equal to 6,607,605 Uranium One common shares valued at \$99.4 million, a cash payment of \$6.9 million, and transaction costs of \$2.6 million including \$750,000 paid in cash by Uranium One on the execution of an exclusivity agreement with the vendor. The purchase agreement provides for further payments by Uranium One of \$27.5 million dependent on the achievement of certain production targets. U.S. Energy will receive a royalty equal to 5% of the gross proceeds from the sale of commodities produced at the Mill, to a maximum amount of \$12.5 million.

The transaction was accounted for as an asset purchase and the cost of each item of property, plant and equipment acquired as part of the group of assets acquired was determined by allocating the price paid for the group of assets to each item based on its relative fair value at the time of acquisition. The Corporation will continue to review information and perform further analysis with respect to these assets prior to finalizing the allocation of the purchase price. The summarized result of the allocation is indicated in the table below:

Purchase price:	\$'000
6.6 million common shares of Uranium One	99,401
Cash payment	6,515
Acquisition costs, including exclusivity fee	2,603
	108,519
Allocation of purchase price to assets:	
Shootaring Canyon Mill	45,739
Exploration properties and geological information	67,364
Stock pile	4,797
Asset retirement obligation	(9,381)
	108,519

Pursuant to the asset purchase agreement, the reclamation bonds and guarantees given by U.S. Energy in connection with the acquired assets were substituted by Uranium One surety bonds with the appropriate Governmental Entity to provide coverage for the reclamation obligations of the acquired assets. The bond payments of \$9.3 million are included in other assets as part of the asset retirement fund. The asset retirement obligation was assessed and accounted for on acquisition date (Refer note 14).

4.2 Energy Metals Corporation

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

The cost of the acquisition includes the fair value of the issuance of 100,444,543 Uranium One common shares at \$10.09 per share, plus 8,123,798 stock options of EMC, of which 3,913,102 were exercisable at the date of acquisition, exchanged for those of Uranium One with an average exercise price of \$5.07 per share and a fair value of the vested portion of \$35.3 million plus Uranium One's estimated transaction costs of \$9.4 million for a total purchase price of \$1,057.9 million.

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4 ASSET PURCHASE (continued)

The value of the Uranium One common shares issued was calculated using the share price of Uranium One's shares on the date of acquisition. The following weighted average assumptions were used for the Black-Scholes option pricing model for fair value of the stock options:

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

The transaction was accounted for as an asset purchase and the cost of each item of property, plant and equipment acquired as part of the group of assets acquired was determined by allocating the price paid for the group of assets to each item based on its relative fair value at the time of acquisition. Uranium One will continue to review the information and perform further analysis with respect to these assets prior to finalizing the allocation of the purchase price. The summarized results of the allocation is indicated in the table below:

Purchase price:	\$'000
100.4 million shares of Uranium One	1,013,215
Options of Uranium One	35,307
Acquisition costs	9,382
	1,057,904
Net assets acquired:	
Cash and cash equivalents	91,792
Marketable securities	6,909
Other current assets	3,550
Mining interests	1,452,524
Other non-current assets	21,442
Accounts payable and accrued liabilities	(6,160)
Asset retirement obligations	(3,241)
Other long term liabilities	(6,235)
Future income tax liability	(502,677)
	1,057,904

5 CASH AND CASH EQUIVALENTS

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Cash	238,495	21,624
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	46,118	40,214
	284,613	61,838

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6 ACCOUNTS AND OTHER RECEIVABLES

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Trade receivables	3,562	47,798
Value added tax and general sales tax	11,918	51
Prepayments and advances	7,877	894
Deposits and guarantees	4,391	-
Other receivables	4,620	443
	32,368	49,186
Less: non current deposits and guarantees included in other assets (note 11)	3,107	-
	29,261	49,186

7 JOINT VENTURES**7.1 Proportionate interests in joint ventures**

The Corporation owns the following interests in joint ventures:

Betpak Dala	70%
Kyzylkum	30%
Pitchstone	50%

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

As at September 30, 2007	Betpak Dala	Kyzylkum	Pitchstone	Total
	\$'000	\$'000	\$'000	\$'000
Cash	9,589	7,124	42	16,755
Other current assets	24,007	1,479	187	25,673
Mineral interests, plant and equipment	641,125	164,641	5,609	811,375
Other assets	14,000	6,583	-	20,583
Current liabilities	(10,721)	(1,914)	-	(12,635)
Intercompany loan ⁽¹⁾	-	(24,000)	-	(24,000)
Long term debt ⁽²⁾	-	(12,000)	-	(12,000)
Other	(1,543)	(132)	-	(1,675)
Future income taxes	(276,020)	(65,075)	-	(341,095)
Asset retirement obligation	(3,265)	-	-	(3,265)
Net assets	397,172	76,706	5,838	479,716
As at December 31, 2006	Betpak Dala	Kyzylkum		Total
	\$'000	\$'000		\$'000
Cash	5,321	3,055		8,376
Other current assets	56,424	2,357		58,781
Mineral interests, plant and equipment	617,740	150,739		768,479
Other assets	10,732	1,679		12,411
Current liabilities	(3,717)	(154)		(3,871)
Intercompany loan ⁽¹⁾	(18,986)	(34,352)		(53,338)
Other	(1,466)	-		(1,466)
Future income taxes	(268,938)	(68,662)		(337,600)
Asset retirement obligation	(2,856)	-		(2,856)
Net assets	394,254	54,662		448,916

(1) The intercompany loan represents the portion of the loan from Uranium One that is eliminated on consolidation.

(2) In addition to the \$80 million loan (note 7.2) from the Corporation, Kyzylkum negotiated unsecured bank loan facilities totaling \$100 million. 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. The first draw down against these facilities of \$40 million was received in September 2007. The loan facilities will be repayable after full repayment of the loan from the Corporation. The Corporation's proportionate share of these facilities will amount to \$30 million when fully drawn down. The loan facilities have floating interest rates of LIBOR plus 0.25% and 0.35%, respectively.

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7 JOINT VENTURES (continued)

The Corporation's proportionate share of revenue, expenses, net income and cash flows for the three and nine months ended September 30, 2007 are as follows:

Three months ended September 30, 2007	Betpak Dala \$'000	Kyzylkum \$'000	Pitchstone \$'000	Total \$'000
Revenue	8,019	-	-	8,019
Expenses	(2,053)	2	(772)	(2,823)
Foreign exchange gain	119	886	-	1,005
Income / (loss) before income taxes	6,085	888	(772)	6,201
Provision for income taxes	(1,625)	-	-	(1,625)
Net income / (loss)	4,460	888	(772)	4,576
Nine months ended September 30, 2007	Betpak Dala \$'000	Kyzylkum \$'000	Pitchstone \$'000	Total \$'000
Revenue	73,014	-	-	73,014
Expenses	(18,505)	(685)	(1,314)	(20,504)
Foreign exchange loss	(5,918)	(456)	-	(6,374)
Income / (loss) before income taxes	48,591	(1,141)	(1,314)	46,136
Provision for income taxes	(19,943)	-	-	(19,943)
Net income / (loss)	28,648	(1,141)	(1,314)	26,193

During 2007, approximately 60% of Betpak Dala's sales are expected to be under one contract. This contract was signed prior to the acquisition of the Corporation's interest in Betpak Dala.

The Corporation's proportionate share of revenue, expenses, net income and cash flows for the three and nine months ended October 31, 2006 are as follows:

Three months ended October 31, 2006	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	4,193	-	4,193
Expenses	(1,505)	-	(1,505)
Foreign exchange gain	22,125	4,776	26,901
Profit before income taxes	24,813	4,776	29,589
(Provision for) / recovery of income taxes	(791)	101	(690)
Net income	24,022	4,877	28,899
Nine months ended October 31, 2006	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	21,498	-	21,498
(Expenses) / other income	(9,808)	12	(9,796)
Foreign exchange loss	(10,794)	(3,545)	(14,339)
Profit / (loss) before income taxes	896	(3,533)	(2,637)
Provision for income taxes	(4,081)	(5)	(4,086)
Net loss	(3,185)	(3,538)	(6,723)

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7 JOINT VENTURES (continued)**7.2 Loans to Joint Ventures**

	Sep 30, 2007 \$'000	Dec 31, 2006 \$'000
Current portion		
Betpak Dala	-	12,736
Kyzylkum	26,667	752
	26,667	13,488
Long term portion		
Betpak Dala	-	6,250
Kyzylkum	30,745	33,600
	30,745	39,850

During the 3 months ended March 31, 2007, in advance of scheduled payment dates, Betpak Dala repaid the principal amount of \$62.6 million to the Corporation, together with \$0.9 million of accrued interest.

	Sep 30, 2007 \$'000	Dec 31, 2006 \$'000
Pursuant to its obligation to provide project financing for construction and commissioning of the Kharasan Project in the amount of \$80 million on or before December 31, 2007, the Corporation has made the following loans to Kyzylkum:		
<i>Loan advanced in July 2006:</i>		
The loan bears interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis commencing January 2007. The principal amount is to be repaid in six equal consecutive amounts on a semi-annual basis commencing October 2007.	30,000	30,000
<i>Loan advanced in November 2006:</i>		
The loan bears interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis commencing May 2007. The principal amount is payable in six equal consecutive amounts on a semi-annual basis commencing February 2008.	18,000	18,000
<i>Loan advanced in March 2007:</i>		
The loan bears interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis commencing June 2007. The principal amount is payable in six equal consecutive amounts on a semi-annual basis commencing December 2007.	10,000	-
<i>Loan advanced in April 2007:</i>		
The loan bears interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis commencing June 2007. The principal amount is payable in six equal consecutive amounts on a semi-annual basis commencing January 2008.	22,000	-
	80,000	48,000
Interest accrued	2,017	1,074
	82,017	49,074
Less elimination of proportionate share – 30%	(24,605)	(14,722)
	57,412	34,352
Less current portion	(26,667)	(752)
Long term portion	30,745	33,600

The loans to Kyzylkum are unsecured.

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8 INVENTORIES

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Finished uranium concentrates	12,678	5,791
Solutions and concentrates in process	7,138	5,035
Materials and supplies	6,601	1,218
Stockpiles	4,797	-
	31,214	12,044
Less: non current inventory included in other assets (note 11)	4,797	-
	26,417	12,044

9 MINERAL INTERESTS, PLANT AND EQUIPMENT

	September 30, 2007			December 31, 2006		
	Cost \$'000	Accumulated amortization \$'000	Net carrying amount \$'000	Cost \$'000	Accumulated amortization \$'000	Net carrying amount \$'000
Mineral interests	4,494,723	(29,244)	4,465,479	761,627	(17,539)	744,088
Plant and equipment	538,237	(9,592)	528,645	25,348	(549)	24,799
	5,032,960	(38,836)	4,994,124	786,975	(18,088)	768,887
Owned assets			4,991,974			768,887
Leased assets			2,150			-
Total net carrying amount as at end of the period			4,994,124			768,887

A summary by property of the net book value is as follows (alphabetically by country):

	Country	Mineral interests			Plant and equipment \$'000	Total June 30, 2007 \$'000
		Depletable \$'000	Non- depletable \$'000	Total \$'000		
Honeymoon Project	Australia	-	129,348	129,348	16,092	145,440
Australia exploration	Australia	-	77,351	77,351	-	77,351
Pitchstone exploration	Canada	-	29,053	29,053	-	29,053
Akdala Uranium Mine	Kazakhstan	112,556	74,358	186,914	14,007	200,921
South Inkai Project	Kazakhstan	-	411,775	411,775	25,228	437,003
Kharasan Uranium Project	Kazakhstan	-	141,548	141,548	23,234	164,782
Kyrgyzstan exploration	Kyrgyzstan	-	133	133	289	422
Dominion Uranium Mine	South Africa	-	1,912,646	1,912,646	300,163	2,212,809
Modder East Gold project	South Africa	-	103,931	103,931	13,597	117,528
Sub-Nigel and other gold projects	South Africa	-	22,798	22,798	439	23,237
United States exploration projects	United States	-	1,449,982	1,449,982	13,626	1,463,608
Shootaring Canyon Mill	United States	-	-	-	45,496	45,496
Hobson Facility and La Palangana Project	United States	-	-	-	48,891	48,891
Corporate and other		-	-	-	27,583	27,583
Total		112,556	4,352,923	4,465,479	528,645	4,994,124

Uranium One Inc.

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9 MINERAL INTERESTS, PLANT AND EQUIPMENT (continued)

	Country	Mineral interests			Plant and equipment \$'000	Total Dec 31, 2006 \$'000
		Depletable	Non- depletable	Total		
		\$'000	\$'000	\$'000		
Akdala Uranium Mine	Kazakhstan	118,755	74,358	193,113	16,294	209,407
South Inkai Uranium Project	Kazakhstan	-	404,125	404,125	3,312	407,437
Kharasan Uranium Project	Kazakhstan	-	146,717	146,717	4,020	150,737
Kyrgyzstan exploration	Kyrgyzstan	-	133	133	220	353
Corporate and other		-	-	-	953	953
Total		118,755	625,333	744,088	24,799	768,887

The goodwill arising in the Uranium One / UrAsia Energy business combination included in the respective reportable operating segments is shown in the table below:

	Recognized on	Foreign exchange	Total
	acquisition date	resulting from	Sep 30,
	\$'000	translation	2007
	\$'000	\$'000	\$'000
Aflease Gold	112,864	2,332	115,196
Dominion Uranium Project	130,433	2,695	133,128
	243,297	5,027	248,324

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10 AVAILABLE FOR SALE SECURITIES

	Sep 30, 2007		Dec 31, 2006	
	Fair value	Market to market gain / (loss) included in other comprehensive income	Fair value	Market to market gain / (loss) included in other comprehensive income
	\$'000	\$'000	\$'000	\$'000
Marketable Securities	7,324	(371)	-	-

Movement in available for sale securities

	\$'000
Balance as at December 31, 2006	-
Received as part of a joint venture earn in payment	698
Purchased as part of the EMC acquisition (refer note 4.2)	6,909
Purchased during the period	88
Fair value adjustment taken to other comprehensive income	(371)
Balance as at September 30, 2007	7,324

The Corporation has recognized a future income tax asset of \$0.1 million that relates to the cumulative mark-to-market losses on the available-for-sale securities. The tax estimate is based on the assumption that if the securities were sold at their September, 2007 fair market value of the capital losses would be calculated at the appropriate tax rate of the jurisdiction in which the security is held.

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

11 OTHER ASSETS

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Prepaid drill rigs	2,586	13,295
Advances for plant and equipment	11,077	9,790
Long term deposits (note 6)	3,107	-
Long term inventory (note 8)	4,797	-
Asset retirement fund (note 14)	20,061	-
Deferred charges for toll milling agreement	10,546	-
Other	10,956	2,740
	63,130	25,825

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12 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Trade payables	10,001	6,471
Accruals	43,496	260
Other	7,661	6,216
	61,158	12,947

13 CONVERTIBLE DEBENTURES

On December 20, 2006, Uranium One completed a debt offering of Cdn \$155.3 million (\$133.2 million), (including the exercised over-allotment option of Cdn \$20.3 million (\$17.4 million) granted to underwriters) convertible unsecured subordinated debentures maturing December 31, 2011 (the "debentures"). The debentures were issued at Cdn \$1,000 per debenture and the underwriters' fees amounted to Cdn \$30 per debenture, which resulted in the net proceeds to the Corporation of Cdn \$970 per debenture. The debentures bear interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year, commencing June 30, 2007. The June 30, 2007 interest payment represents accrued interest from the closing of the offering to June 30, 2007. The conversion price was set at Cdn \$20 per share, which is equivalent to 50 common shares for each Cdn \$1,000 principal amount of debentures. The debt and equity component were revalued on April 20, 2007, and were included as part of the purchase price for the Uranium One / UrAsia Energy business combination (note 3). The table below indicates the breakdown of the liability:

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Liability component on date of business combination (note 3)	118,450	-
Interest charged	7,694	-
Coupon payment	(3,201)	-
Foreign exchange movement	11,960	-
Liability as at the end of the period	134,903	-

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14 ASSET RETIREMENT OBLIGATIONS

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Opening balance	2,856	1,953
Acquisition of Uranium One (note 3)	4,602	-
Acquisition of US Energy assets (note 4.1)	9,389	-
Acquisition of EMC assets (note 4.2)	3,241	-
Incurred during the period	44	-
Accretion expense	588	604
Revision	27	299
Foreign exchange movement	584	-
Closing Balance	21,331	2,856

	Sep 30, 2007	Dec 31, 2006
	\$'000	\$'000
Undiscounted and uninflated amount of estimated cash flows (\$'000)	30,452	4,284

Payable in years	1 - 10.5	4 - 18
Inflation rate	2.69% - 7.00%	7.00%
Discount rate	7.39% - 14.5%	12.00%

Security of \$20.1 million for reclamation obligations has been provided in the form required by the relevant country's authorities (note 11).

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15 SHARE CAPITAL

Common shares	Note	Number of shares		Value of shares	
		Sep 30, 2007	Dec 31, 2006	Sep 30, 2007 \$'000	Dec 31, 2006 \$'000
UrAsia Energy - movement from January 1, 2007 to April 20, 2007					
Opening balance of common shares in issue		480,240,704	479,722,871	613,607	612,941
Exercise of warrants		481,000	268,000	82	48
Exercise of stock options		1,866,807	249,833	7,601	618
Closing balance of issued and outstanding shares on April 20, 2007		482,588,511	480,240,704	621,290	613,607
Uranium One - Movement from April 20, 2007 to September 30, 2007					
Conversion of UrAsia Energy shares to Uranium One shares at a ratio of 0.45	3	217,164,830		621,290	
Shares of Uranium One owned by Uranium One shareholders at acquisition		138,129,435		1,709,647	
Exercise of warrants		150,000		2,033	
Exercise of stock options and restricted shares		3,850,570		41,995	
U.S. Energy asset purchase consideration	4.1	6,607,605		99,401	
EMC asset purchase consideration	4.2	100,444,543		1,013,215	
Shares issued for services rendered		323,748		3,987	
Closing balance of issued and outstanding shares		466,670,731	480,240,704	3,491,568	613,607

16 CONTRIBUTED SURPLUS

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

Movement for the nine months ended September 30, 2007	Note	Warrants	Restricted	Options	TOTAL
		\$'000	shares \$'000	\$'000	\$'000
As at January 1, 2007		-	-	31,286	31,286
Issued on Uranium One / UrAsia Energy business combination	3	26,407	853	34,782	62,042
Issued on EMC asset acquisition	4.2	-	-	35,307	35,307
Share options expensed		-	-	25,290	25,290
Share options exercised		-	-	(26,110)	(26,110)
Restricted shares expensed		-	3,297	-	3,297
Restricted shares exercised		-	(1,075)	-	(1,075)
Warrants exercised		(1,035)	-	-	(1,035)
As at September 30, 2007		25,372	3,075	100,555	129,002

Movement for the 5 months ended December 31, 2006		Warrants	Restricted	Options	TOTAL
		\$'000	shares \$'000	\$'000	\$'000
As at August 1, 2006		-	-	9,307	9,307
Share options expensed		-	-	22,162	22,162
Share options exercised		-	-	(183)	(183)
As at December 31, 2006		-	-	31,286	31,286

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16 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:

	Sep 30, 2007	Dec 31, 2006
Risk free interest rate	4.28% - 4.64%	3.80%
Expected dividend yield	0%	0%
Expected volatility of Uranium One's share price	69%	46%
Expected life	5 years	10 years

Options

Under Uranium One's 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, 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 \$
Balance as at August 1, 2006	11,785,000	2.16
Granted	10,190,000	3.74
Exercised	(249,833)	1.95
Forfeiture or expiry of share options	(66,667)	3.00
Outstanding options at December 31, 2006	21,658,500	2.90
Granted up to April 20, 2007	1,935,000	5.99
Exercised up to April 20, 2007	(1,866,807)	2.11
Forfeiture of share options up to April 20, 2007	(30,000)	1.80
Outstanding options as at April 20, 2007	21,696,693	5.86
Converted UrAsia Energy share 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	1,679,900	15.77
Exercised subsequent to April 20, 2007	(3,769,873)	4.63
Forfeiture of share options subsequent to April 20, 2007	(114,069)	12.82
Outstanding options as at September 30, 2007	21,332,756	8.47

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UNAUDITED**16 CONTRIBUTED SURPLUS (continued)**

The stock option compensation expense for the three and nine months ended September 30, 2007 was \$15.5 million and \$28.6 million (October 31, 2006: \$1.1 million and \$6.1 million) for the Uranium One options and \$0.1 and \$0.2 million for the Alease Gold options for the three and nine months ended September 30, 2007. As at September 30, 2007, the aggregate unexpended fair value of unvested stock options granted amounted to \$30.8 million.

The following table summarizes certain information about Uranium One's stock options outstanding at September 30, 2007:

Range of Exercise Prices US\$	Options outstanding			Options exercisable		
	Number outstanding as at Sep 30, 2007	Weighted average remaining life (years)	Weighted average exercise price Cdn \$	Number exercisable as at Seps 30, 2007	Weighted average remaining life (years)	Weighted average exercise price Cdn \$
1.09 to 2.74	1,713,519	2.68	2.34	1,362,474	2.68	2.48
3.03 to 4.81	3,625,221	3.69	4.02	2,990,887	3.69	4.02
5.00 to 7.79	3,725,229	6.46	6.67	3,062,141	6.46	6.57
8.26 to 9.90	5,586,828	4.69	8.42	5,231,246	4.69	8.42
10.40 to 11.91	746,750	5.72	11.60	365,000	5.72	11.55
12.02 to 13.70	3,511,800	4.64	12.25	1,710,528	4.64	12.09
14.12 to 16.87	2,423,409	6.42	15.92	442,280	6.42	16.21
	21,332,756	4.89	8.47	15,164,556	4.74	7.38

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 3 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	
	Sep 30, 2007	Dec 31, 2006
Restricted shares issued on business combination (note 3)	404,231	-
Granted	20,000	-
Exercised during the period	(80,697)	-
Lapsed during the period	(2,722)	-
Total restricted shares outstanding at the end of the period	340,812	-

Of the outstanding number of Restricted share rights, the grant date was July 1, 2007 for 20,000 Restricted share rights, December 8, 2006 for 95,720 Restricted share rights, and June 7, 2006 for 225,092 Restricted share rights. Restricted share rights will not expire while the participant is in the employ of the Corporation.

The Restricted share rights expense for the three and nine months ended September 30, 2007 was \$0.7 million and \$3.3 million. As at September 30, 2007 the aggregate unexpended fair value of unvested restricted share rights granted amounted to \$1.5 million.

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16 CONTRIBUTED SURPLUS (continued)

Warrants	Number of warrants		Allocated value	
	Sep 30, 2007	Dec 31, 2006	Sep 30, 2007 \$'000	Dec 31, 2006 \$'000
Issued on business combination (note 3)	2,731,619	-	26,407	-
Exercised during the period	(150,000)	-	(1,035)	-
At the end of the period	2,581,619	-	25,372	-
	Number of warrants		Average exercise price	
	Sep 30, 2007	Dec 31, 2006	Sep 30, 2007	Dec 31, 2006
Warrants comprise:				
2008 Warrants	2,431,619	-	3.55	-
Series D Warrants	150,000	-	6.95	-
Total	2,581,619	-	3.75	-

Series D warrants represents 150,000 warrants that expire on January 4, 2008. 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 has assumed all of the obligations of EMC arising under certain agreements with its subsidiaries and third parties in connection with property option and joint venture agreements of EMC or its subsidiaries, as the case may be. Uranium One has reserved a total of 2,017,100 common shares of Uranium One for issuance pursuant to the assumed obligations under the Contingent Share Rights Agreements.

17 FOREIGN EXCHANGE GAINS / (LOSSES)

A summary of the foreign exchange gain / (loss) by item is as follows:	3 months ended		9 months ended	
	Sep 30, 2007 \$'000	Oct 31, 2006 \$'000	Sep 30, 2007 \$'000	Oct 31, 2006 \$'000
Unrealized foreign exchange (loss) / gain on future income tax liability	(2,009)	26,900	(16,786)	(15,702)
Foreign exchange gain on other items	12,736	123	14,102	1,615
	10,727	27,023	(2,684)	(14,087)

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18 CASH FLOW INFORMATION

	3 months ended		9 months ended	
	Sep 30, 2007 \$'000	Oct 31, 2006 \$'000	Sep 30, 2007 \$'000	Oct 31, 2006 \$'000
Changes in non-cash working capital:				
- Decrease / (increase) in accounts and other receivables	25,533	5,784	47,885	(2,497)
- Increase in inventories	(9,476)	(4,810)	(17,817)	(7,870)
- (Decrease) / increase in accounts payable and accrued liabilities	(10,277)	(1,779)	(26,227)	7,526
- (Decrease) / Increase in income taxes payable	(5,224)	-	1,077	-
	556	(805)	4,918	(2,841)
Significant non-cash investing activities				
EMC asset purchase	1,048,522	-	1,048,522	-
- common shares	1,013,215	-	1,013,215	-
- options	35,307	-	35,307	-
Uranium One business combination	-	-	1,818,169	-
- common shares	-	-	1,709,647	-
- options, warrants and restricted share rights	-	-	62,042	-
- equity component of convertible debentures	-	-	46,480	-
U.S. Energy asset purchase	-	-	99,401	-
Supplemental cash flow information				
Cash interest paid	-	-	3,201	-
Cash taxation paid	7,184	748	20,831	6,239

Short term loans

The February 2005 Nedcor Securities loan represented draw-downs on a facility provided by Nedcor Securities, secured by the investment held by Uranium One's wholly owned subsidiary, Uranium One Africa Limited ("Uranium One Africa"), in Randgold and Exploration Company Limited ("Randgold") shares.

The August 2006 Nedcor Securities loan represented draw-downs on a facility provided by Nedcor Securities, secured by Uranium One Africa's investment in Aflase Gold shares.

Both loans were repaid during the quarter for a total cash consideration of \$55.2 million, including accrued interest, with the security over the investments being released upon repayment.

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19 BASIC LOSS PER SHARE AND DILUTED LOSS PER SHARE

	3 months ended		9 months ended	
	Sep 30,	Oct 31,	Sep 30,	Oct 31,
Basis (loss) / earnings per share (\$); and	(0.04)	0.12	(0.07)	(0.08)
Diluted (loss) / earnings per share (\$)	(0.04)	0.12	(0.07)	(0.08)
is calculated based on a net (loss) / profit for the period of (\$'000) and;	(17,257)	25,912	(22,980)	(18,321)
a weighted average basic number of shares outstanding of	422,308,439	217,164,830	324,894,474	217,164,830
a weighted average diluted number of shares outstanding of	422,308,439	217,164,830	324,894,474	217,164,830

For the three and nine month periods ended September 30, 2007 and the nine month period ended October 31, 2006, the impact of outstanding share options and warrants was excluded from the diluted share calculation because it was anti-dilutive for loss per share purposes.

20 SEGMENTED INFORMATION

The Corporation's reportable operating segments are summarized in the table below (alphabetically by country):

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

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Honeymoon Uranium Project and exploration	Australia	-	-	(104)	(491)	(906)	6,102
Pitchstone Exploration	Canada	-	-	-	(772)	(772)	-
Akdala Uranium Mine	Kazakhstan	8,019	(660)	(655)	-	1,998	769
South Inkai Uranium Project	Kazakhstan	-	-	-	-	(3)	11,491
Kharasan Uranium Project	Kazakhstan	-	-	-	-	888	7,463
Kyrgyzstan exploration	Kyrgyzstan	-	-	(22)	(541)	(755)	3
Dominion Uranium Mine	South Africa	-	-	-	(167)	(150)	49,041
Modder East Gold Project	South Africa	-	-	(3)	-	881	1,970
Shootaring Canyon Uranium Mill	United States	-	-	(121)	(23)	(536)	5
Hobson facility and La Palangana Project	United States	-	-	(75)	-	(2,636)	3,073
Exploration	United States	-	-	(78)	(2,261)	(4,875)	381
Corporate and other		-	-	(9)	(1,318)	(10,391)	2,472
Total		8,019	(660)	(1,067)	(5,573)	(17,257)	82,770

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

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20 SEGMENTED INFORMATION (continued)

For the nine months ended September 30, 2007:

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Honeymoon Uranium Project and exploration	Australia	-	-	(197)	(909)	(1,804)	11,554
Pitchstone Exploration	Canada	-	-	-	(1,314)	(1,314)	-
Akdala Uranium Mine	Kazakhstan	73,014	(9,761)	(7,252)	-	26,060	4,211
South Inkai Uranium Project	Kazakhstan	-	-	-	-	123	30,504
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(1,141)	14,649
Kyrgyzstan exploration	Kyrgyzstan	-	-	(42)	(2,549)	(3,092)	49
Dominion Uranium Mine	South Africa	-	-	-	(520)	247	88,601
Modder East Gold Project	South Africa	-	-	(6)	-	871	3,534
Shootaring Canyon Uranium Mill	United States	-	-	(201)	(31)	(850)	5
Hobson facility and La Palangana Project	United States	-	-	(75)	-	(2,636)	3,073
Exploration	United States	-	-	(161)	(3,229)	(26,743)	381
Corporate and other		-	-	(16)	(3,438)	(12,701)	10,933
Total		73,014	(9,761)	(7,950)	(11,990)	(22,980)	167,494

As at September 30, 2007: (in \$'000)

	Country	Mineral property, plant and equipment \$'000	Total assets \$'000	Total liabilities \$'000
Honeymoon Uranium Project and exploration	Australia	222,791	256,501	59,638
Pitchstone exploration	Canada	29,053	22,277	3,031
Akdala Uranium Mine	Kazakhstan	200,921	247,680	85,483
South Inkai Uranium Project	Kazakhstan	437,003	441,439	207,440
Kharasan Uranium Project	Kazakhstan	164,782	179,915	94,137
Kyrgyzstan exploration	Kyrgyzstan	422	1,750	65
Dominion Uranium Mine	South Africa	2,212,809	2,221,778	889,437
Modder East Gold Project	South Africa	140,765	111,758	47,886
Shootaring Canyon Uranium Mill	United States	45,496	57,657	7,266
Hobson facility and La Palangana Project	United States	48,891	1,475,506	506,389
Exploration	United States	1,463,608	62,336	29,981
Corporate and other		27,583	632,008	119,275
Total		4,994,124	5,710,605	2,050,028

Uranium One Inc.

Notes to the Interim Consolidated Financial Statements

as at September 30, 2007 and December 31, 2006

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20 SEGMENTED INFORMATION (continued)

For the three months ended October 31, 2006: (in \$'000)

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	4,192	(1,417)	(1,189)	-	7,972	11,550
South Inkai Uranium Project	Kazakhstan	-	-	-	-	15,337	-
Kharasan Uranium Project	Kazakhstan	-	-	-	-	4,877	3,379
Kyrgyzstan exploration	Kyrgyzstan	-	-	17	(1,779)	(1,733)	(138)
Corporate and other		-	2,436	3	-	(541)	(459)
Total		4,192	1,019	(1,169)	(1,779)	25,912	14,332

For the nine months ended October 31, 2006: (in \$'000)

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	21,498	(8,406)	(1,189)	-	4,347	18,574
South Inkai Uranium Project	Kazakhstan	-	-	-	-	(8,901)	-
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(3,548)	5,555
Kyrgyzstan exploration	Kyrgyzstan	-	-	92	(4,427)	(4,358)	150
Corporate and other		-	6,187	3	-	(5,861)	(459)
Total		21,498	(2,219)	(1,094)	(4,427)	(18,321)	23,820

As at December 31, 2006: (in \$'000)

	Country	Mineral property, plant and equipment \$'000	Total assets \$'000	Total liabilities \$'000
Akdala Uranium Mine	Kazakhstan	209,407	285,654	89,317
South Inkai Uranium Project	Kazakhstan	407,437	407,437	194,236
Kharasan Uranium Project	Kazakhstan	150,737	156,267	68,816
Kyrgyzstan exploration	Kyrgyzstan	353	1,271	166
Corporate and other		953	120,989	3,394
Total		768,887	971,618	355,929

Uranium One Inc.

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21 CONTINGENT SALE OF AN INTEREST IN THE DOMINION URANIUM PROJECT

On June 7, 2005, Uranium One Africa and Micawber 397 (Proprietary) Limited ("Micawber 397"), a company owned by historically disadvantaged South Africans, entered into a definitive purchase and sale agreement, a management and skills transfer agreement and a joint venture agreement.

Pursuant to these agreements, Uranium One Africa agreed to sell to Micawber 397 an undivided 26% interest in the Dominion Uranium Project for cash consideration equal to 26% of the net present value of the Dominion assets at the date when Micawber elects to pay at least 20% of the purchase price. This election must occur within three years after receipt of Micawber 397 of their first profit distribution from the joint venture. After the first payment, Micawber is obliged to pay at least 20% of the purchase price during each subsequent three year period, so that the purchase price is paid in full within twelve years of the date of the first payment.

The parties agreed to contribute their interests in the assets to a joint venture to be managed by Uranium One Africa, and to fund the development and operation of those assets in accordance with their respective joint venture interests. Uranium One agreed to lend to Micawber 397 the funds required to contribute their share under the joint venture agreement. The aggregate amount of that loan, plus accrued interest, is repayable from Micawber 397's share of joint venture profits.

The Micawber transaction was approved by Uranium One Africa's shareholders in September 2005, following which the South African Department of Minerals and Energy granted a "new order" mining right to the Corporation for the Dominion Uranium Project in October 2006. The Micawber 397 transaction will be accounted for in Uranium One's consolidated financial statements when the risks and rewards of the transaction are deemed to have passed to Micawber 397. Management has determined that this event will occur on the day that Micawber 397 elects to pay at least 20% of the purchase price, prompting the determination of the purchase price. As at September 30, 2007, Micawber 397 has not paid any part of the purchase price.

22 SUBSEQUENT EVENT

Aflease Gold convertible bonds

Aflease Gold announced on October 25, 2007 that it had secured commitments for subscriptions for approximately \$90 million of convertible bonds, due 2012, to international institutional investors. The bonds issued by Aflease Gold will, subject to the terms and conditions of the bonds, be convertible at the option of the bondholders into ordinary shares of Aflease Gold. The bonds will be issued at 100% of their principal amount. The coupon and the yield to maturity on the bonds have been set at 8.5% and 10.0% respectively and the coupon will be payable quarterly in arrears. The conversion price has been set at a premium of 25% to the volume weighted average price of the ordinary shares on the JSE on Friday, 19 October 2007. The issuance of the bonds is subject to approval by shareholders and the JSE (Johannesburg Stock Exchange).

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Stock Exchange Listings

The Toronto Stock Exchange
Trading Symbol: UUU
The Johannesburg Securities Exchange
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