

# interim financial statements

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

Uranium One Inc.

## Consolidated Balance Sheets

As at June 30, 2007 and December 31, 2006

(in United States dollars)

UNAUDITED		June 30, 2007	Dec 31, 2006
	Notes	\$'000	\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	298,281	61,838
Restricted cash		-	500
Accounts and other receivables	6	61,208	49,186
Current portion of loans to joint ventures	7.2	-	13,488
Inventories	8	16,829	12,044
		<b>376,318</b>	<b>137,056</b>
<b>Non-current assets</b>			
Mineral interests, plant and equipment	9	3,508,618	768,887
Goodwill	9	255,342	-
Loans to joint ventures	7.2	57,072	39,850
Other assets	10	49,826	25,825
		<b>3,870,858</b>	<b>834,562</b>
<b>Total assets</b>		<b>4,247,176</b>	<b>971,618</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	11	65,671	12,947
Income taxes payable		7,746	1,018
Short term loans	12	53,131	-
		<b>126,548</b>	<b>13,965</b>
<b>Non-current liabilities</b>			
Convertible debentures	13	122,699	-
Asset retirement obligations	14	17,369	2,856
Future income tax liabilities		1,328,361	337,642
Other long term payables		2,023	1,466
		<b>1,470,452</b>	<b>341,964</b>
<b>Non-controlling interest</b>		<b>11,309</b>	<b>-</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	15	2,467,233	613,607
Contributed surplus	16	82,579	31,286
Convertible debentures	3	46,480	-
Deficit		(34,927)	(29,204)
Accumulated other comprehensive income		77,502	-
		<b>2,638,867</b>	<b>615,689</b>
<b>Total equity and liabilities</b>		<b>4,247,176</b>	<b>971,618</b>

*Basis of presentation and principles of consolidation (note 2.1)*

*Commitments and contingencies (note 4, 9 & 20)*

*Subsequent event (note 21)*

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

Uranium One Inc.

## Consolidated Statements of Operations and Deficit

For the three and six months ended June 30, 2007 and July 31, 2006

(in United States dollars)

UNAUDITED	Notes	3 months ended		6 months ended	
		Jun 30, 2007	Jul 31, 2006	Jun 30, 2007	Jul 31, 2006
		\$'000	\$'000	\$'000	\$'000
<b>Revenues</b>		<b>23,265</b>	<b>2,922</b>	<b>64,995</b>	<b>17,305</b>
Operating expenses		(2,058)	(1,630)	(9,101)	(6,988)
Depreciation and depletion		(2,024)	(3,294)	(6,883)	(4,270)
<b>Earnings / (loss) from mine operations</b>		<b>19,183</b>	<b>(2,002)</b>	<b>49,011</b>	<b>6,047</b>
General and administrative <sup>(1)</sup>		(18,653)	(4,494)	(23,334)	(7,226)
Exploration expense		(4,958)	(1,562)	(6,417)	(2,648)
<b>Operating (loss) / profit</b>		<b>(4,428)</b>	<b>(8,058)</b>	<b>19,260</b>	<b>(3,827)</b>
Interest income		4,540	2,312	5,562	3,802
Interest expense		(2,997)	-	(2,997)	-
Dilution loss on disposal of investment		(321)	-	(321)	-
Other income / (expense)		368	118	1,388	(137)
Foreign exchange losses	17	(5,980)	(28,707)	(13,411)	(41,110)
<b>(Loss) / profit before income taxes and non-controlling interest</b>		<b>(8,818)</b>	<b>(34,335)</b>	<b>9,481</b>	<b>(41,272)</b>
Current income tax (expense) / recovery		(7,847)	729	(20,375)	(4,659)
Future income tax recovery		2,246	1,441	4,446	1,698
<b>Loss before non-controlling interest</b>		<b>(14,419)</b>	<b>(32,165)</b>	<b>(6,448)</b>	<b>(44,233)</b>
Non-controlling interest		725	-	725	-
<b>Net loss</b>		<b>(13,694)</b>	<b>(32,165)</b>	<b>(5,723)</b>	<b>(44,233)</b>
Deficit at the beginning of the period		(21,233)	(16,723)	(29,204)	(4,655)
<b>Deficit at the end of the period</b>		<b>(34,927)</b>	<b>(48,888)</b>	<b>(34,927)</b>	<b>(48,888)</b>
(1) - Stock option and restricted share expense (non-cash) included in general and administrative	16	9,733	1,602	13,110	4,974
Basic and diluted loss per common share	18	(0.04)	(0.15)	(0.02)	(0.20)
Weighted average number of basic and diluted common shares outstanding	18	332,955,827	217,164,830	275,380,193	217,164,830

See accompanying notes to the Interim Unaudited Consolidated Financial Statements

Uranium One Inc.

## Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2007

(in United States dollars)

UNAUDITED	3 months ended	6 months ended
	Jun 30, 2007	Jun 30, 2007
	\$'000	\$'000
	Total	Total
Net loss	(13,694)	(5,723)
Unrealized gains recognized on translation of self-sustaining foreign operations	77,502	77,502
<b>Comprehensive income</b>	<b>63,808</b>	<b>71,779</b>

Uranium One Inc.

## Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2007 and July 31, 2006

(in United States dollars)

UNAUDITED	Notes	3 months ended		6 months ended	
		Jun 30, 2007	Jul 31, 2006	Jun 30, 2007	Jul 31, 2006
		\$'000	\$'000	\$'000	\$'000
Net loss		(13,694)	(32,165)	(5,723)	(44,233)
Items not affecting cash:					
- Depreciation and depletion		2,024	3,294	6,883	4,270
- Accretion of asset retirement obligation	14	308	78	308	78
- Stock option expense	16	9,733	1,602	13,110	4,974
- Interest accrued on loans and debentures		4,720	-	4,720	-
- Unrealized foreign exchange loss		5,474	28,560	12,691	42,662
- Future income tax recovery		(2,246)	(1,441)	(4,446)	(1,698)
- Non-controlling interest		(725)	-	(725)	-
- Other		1,161	73	1,510	60
Changes in non-cash working capital:					
- Increase / (Decrease) in accounts and other receivables		2,043	16,756	22,352	(8,281)
- Increase in inventories		(9,842)	(3,909)	(8,341)	(3,060)
- ( Decrease) / increase in accounts payable and accrued liabilities		(18,093)	3,505	(15,950)	9,305
- Increase in income taxes payable		409	-	6,301	-
<b>Cash flows (from) / to operating activities</b>		<b>(18,728)</b>	<b>16,353</b>	<b>32,690</b>	<b>4,077</b>
Acquisition of Uranium One, net of acquisition costs	3	271,935	-	271,935	-
Acquisition of interest in Betpak Dala		-	(578)	-	(1,177)
Acquisition of interest in Kyzylkum		-	79	-	(45)
Acquisition of mineral interests, plant and equipment		(68,031)	(5,836)	(84,724)	(9,488)
Advance cash payment for other assets		-	(8,420)	(4,313)	(8,626)
Restricted cash		(500)	(500)	(500)	(2,500)
Cash advances to joint ventures	7	(15,400)	(13,996)	(22,400)	(19,413)
Cash proceeds from joint ventures	7	-	-	18,780	-
<b>Cash flows from / (to) investing activities</b>		<b>188,004</b>	<b>(29,251)</b>	<b>178,778</b>	<b>(41,249)</b>
Common shares issued, net		17,224	28	17,731	117,455
Shares issued by subsidiary to non-controlling shareholders		338	-	338	-
Coupon interest payment on convertible debentures	13	(3,201)	-	(3,201)	-
Other		(175)	(78)	(175)	(106)
<b>Cash flows from / (to) financing activities</b>		<b>14,186</b>	<b>(50)</b>	<b>14,693</b>	<b>117,349</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>10,068</b>	<b>-</b>	<b>10,282</b>	<b>-</b>
Net increase / (decrease) in cash and cash equivalents		<b>193,530</b>	<b>(12,948)</b>	<b>236,443</b>	<b>80,177</b>
Cash and cash equivalents at the beginning of the period		104,751	141,276	61,838	48,151
<b>Cash and cash equivalents at the end of the period</b>	5	<b>298,281</b>	<b>128,328</b>	<b>298,281</b>	<b>128,328</b>
Significant non-cash investing activities include:					
Uranium One business combination	3	1,818,169	-	1,818,169	-
- Common shares		1,709,647	-	1,709,647	-
- Options, warrants and restricted shares		62,042	-	62,042	-
- Equity component of convertible debentures		46,480	-	46,480	-
U.S. Energy asset purchase	4	99,401	-	99,401	-
Supplemental information					
Cash interest paid		3,201	-	3,201	-
Cash taxation paid		7,338	1,069	13,647	5,491

See accompanying notes to the Interim Unaudited Consolidated Financial Statements

## Notes to the Interim Consolidated Financial Statements

as at June 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 with a primary listing on the Toronto Stock Exchange and a secondary listing on the JSE Limited (the Johannesburg stock exchange), engaged through subsidiaries and joint ventures in the mining and production of uranium, and in acquisition, exploration, and development of properties for production of uranium in Kazakhstan, South Africa, Australia, the United States, Canada, and the Kyrgyz Republic. Through Aflease Gold Limited ("Aflease Gold"), Uranium One is engaged in the development of the Modder East Gold Project in South Africa.

### 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 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 July 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 <sup>(1)</sup>	Kazakhstan	70%	Proportionately consolidated
Betpak Dala LLP	South Inkai Uranium Project <sup>(1)</sup>	Kazakhstan	70%	Proportionately consolidated
Kyzylkum LLP	Kharasan Uranium Project <sup>(1)</sup>	Kazakhstan	30%	Proportionately consolidated
Uranium One Africa Limited	Dominion Uranium Project <sup>(2) (5)</sup>	South Africa	100%	Consolidated
Aflease Gold Limited	Modder East Gold Project <sup>(3)</sup>	South Africa	68%	Consolidated
Uranium One Australia (Proprietary) Limited	Honeymoon Uranium Project <sup>(2)</sup>	Australia	100%	Consolidated
Uranium One USA Inc	Shootaring Canyon Uranium Mill <sup>(4)</sup>	United States	100%	Consolidated
Pitchstone Joint Venture	Pitchstone Joint Venture <sup>(2)</sup>	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 Aflease Gold, an indirect subsidiary of Uranium One

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

(5) - Refer to note 20 for the contingent sale of an interest in the Dominion Uranium Project

#### 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.

## **Notes to the Interim Consolidated Financial Statements**

as at June 30, 2007 and December 31, 2006

**UNAUDITED**

### **2 SIGNIFICANT ACCOUNTING POLICIES (continued)**

The financial statements of the joint ventures and subsidiaries that are determined to be integrated foreign operations have been translated into United States dollars using the temporal method. The temporal method provides for foreign currency denominated monetary assets and liabilities, which includes future income tax, to be translated into United States dollars 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 joint ventures and subsidiaries that are determined to be self-sustaining foreign operations have been translated into United States dollars using the current rate method. The current rate method provides for all assets and liabilities, which includes future income tax, to be translated into United States dollars 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 is 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. 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 June 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

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, 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.

## Notes to the Interim Consolidated Financial Statements

as at June 30, 2007 and December 31, 2006

UNAUDITED

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

#### 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 3865 - Hedges

The adoption of these standards had no material financial impact on the financial statements of the Corporation. 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 and are carried at fair value, with the fair value adjustments accounted for in other comprehensive income.

## Notes to the Interim Consolidated Financial Statements

as at June 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. The carrying amounts for cash and cash equivalents, short term investments, accounts receivable and accounts payable and accrued liabilities approximate fair value due to the short maturities of these instruments.

#### 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.

## Notes to the Interim Consolidated Financial Statements

as at June 30, 2007 and December 31, 2006

UNAUDITED

### 2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant estimates used in the preparation of these consolidated financial statements include, but are not limited to, the recoverability of accounts receivable and investments, the proven and probable reserves 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 in 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, every UrAsia Energy share would be 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 agreed to be 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. As a result of the transaction, Uranium One is held approximately 60% by former UrAsia Energy shareholders and approximately 40% by former srx Uranium One Inc. 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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**UNAUDITED****3 BUSINESS COMBINATION (continued)**

The value of the deemed issuance of UrAsia Energy shares was calculated using the weighted average share price of UrAsia shares two days before, the day of, and two days after the date of the announcement of the arrangement. The following 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	4.19 - 4.25%
Expected volatility of the share price	61%
Expected life	0.58 - 4.07 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. 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:

	<b>\$'000</b>
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
	<b>1,837,322</b>
Net assets acquired:	
Cash and cash equivalents	291,088
Other current assets	33,442
Mineral interests, plant and equipment	2,430,160
Goodwill	241,855
Other assets	13,502
Accounts payable and accrued liabilities	(56,057)
Short term loans	(53,903)
Asset retirement obligations	(4,602)
Convertible debentures	(118,450)
Future income tax liabilities	(928,050)
Non-controlling interest	(11,663)
	<b>1,837,322</b>

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**UNAUDITED****4 ASSET PURCHASE**

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 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:	<b>\$'000</b>
6.6 million common shares of Uranium One	99,401
Cash payment	6,515
Acquisition costs, including exclusivity fee	2,603
	<b>108,519</b>
Allocation of purchase price to assets:	
Shootaring Canyon Mill	38,948
Exploration properties and geological information	64,774
Stock pile	4,797
	<b>108,519</b>

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).

**5 CASH AND CASH EQUIVALENTS**

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
Cash	256,843	21,624
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	41,438	40,214
	<b>298,281</b>	<b>61,838</b>

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**6 ACCOUNTS AND OTHER RECEIVABLES**

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
Trade receivables	26,992	47,798
Value added tax and general sales tax	26,659	51
Prepayments and advances	5,367	894
Deposits and guarantees	3,934	-
Other receivables	1,183	443
	<b>64,135</b>	<b>49,186</b>
Less: non current deposits and guarantees included in other assets (note 10)	2,927	-
	<b>61,208</b>	<b>49,186</b>

**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 June 30, 2007	Betpak Dala	Kyzylkum	Pitchstone	Total
	\$'000	\$'000	\$'000	\$'000
Cash	4,866	4,010	168	9,044
Other current assets	42,958	339	151	43,448
Mineral interests, plant and equipment	627,636	156,407	5,164	789,207
Other assets	17,827	5,993	-	23,820
Current liabilities	(19,858)	(1,599)	-	(21,457)
Intercompany loan <sup>(1)</sup>	-	(24,128)	-	(24,128)
Other	(1,525)	(130)	-	(1,655)
Future income taxes	(276,020)	(65,075)	-	(341,095)
Asset retirement obligation	(3,155)	-	-	(3,155)
<b>Net assets</b>	<b>392,729</b>	<b>75,817</b>	<b>5,483</b>	<b>474,029</b>

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 <sup>(1)</sup>	(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)
<b>Net assets</b>	<b>394,254</b>	<b>54,662</b>	<b>448,916</b>

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

Kyzylkum has arranged unsecured bank loan facilities totaling \$100 million. \$70 million of the facility is from Japan Bank for International Cooperation, and \$30 million from Citibank. The first draw-down on these facilities is planned for August 2007. The loan facilities, when drawn down, will be repayable after full repayment of the loan from Uranium One. Uranium One's proportionate share of these loans will be \$30 million when fully drawn down. The loan facilities have floating interest rates of Libor plus 0.25% - 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 six months ended June 30, 2007 are as follows:

Three months ended June 30, 2007	Betpak Dala \$'000	Kyzylkum \$'000	Pitchstone \$'000	Total \$'000
Revenue	23,265	-	-	23,265
Expenses	(4,841)	(687)	(542)	(6,070)
Foreign exchange gain	102	52	-	154
<b>Income / (loss) before income taxes</b>	<b>18,526</b>	<b>(635)</b>	<b>(542)</b>	<b>17,349</b>
Provision for income taxes	(7,659)	-	-	(7,659)
<b>Net income / (loss)</b>	<b>10,867</b>	<b>(635)</b>	<b>(542)</b>	<b>9,690</b>
Six months ended June 30, 2007	Betpak Dala \$'000	Kyzylkum \$'000	Pitchstone \$'000	Total \$'000
Revenue	64,995	-	-	64,995
Expenses	(16,452)	(687)	(542)	(17,681)
Foreign exchange loss	(6,037)	(1,342)	-	(7,379)
<b>Income / (loss) before income taxes</b>	<b>42,506</b>	<b>(2,029)</b>	<b>(542)</b>	<b>39,935</b>
Provision for income taxes	(18,318)	-	-	(18,318)
<b>Net income / (loss)</b>	<b>24,188</b>	<b>(2,029)</b>	<b>(542)</b>	<b>21,617</b>

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

Three months ended July 31, 2006	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	2,922	-	2,922
Expenses	(3,338)	25	(3,313)
Foreign exchange loss	(22,646)	(5,963)	(28,609)
<b>Loss before income taxes</b>	<b>(23,062)</b>	<b>(5,938)</b>	<b>(29,000)</b>
Provision for income taxes	(3,290)	(3,290)	(6,580)
<b>Net loss</b>	<b>(26,352)</b>	<b>(9,228)</b>	<b>(35,580)</b>
Six months ended July 31, 2006	Betpak Dala \$'000	Kyzylkum \$'000	Total \$'000
Revenue	17,305	-	17,305
Expenses	(8,303)	12	(8,291)
Foreign exchange loss	(32,919)	(8,321)	(41,240)
<b>Loss before income taxes</b>	<b>(23,917)</b>	<b>(8,309)</b>	<b>(32,226)</b>
Provision for income taxes	(3,290)	(106)	(3,396)
<b>Net loss</b>	<b>(27,207)</b>	<b>(8,415)</b>	<b>(35,622)</b>

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

	Jun 30, 2007 \$'000	Dec 31, 2006 \$'000
<b>Current portion</b>		
Betpak Dala	-	12,736
Kyzylkum	-	752
	<b>-</b>	<b>13,488</b>
<b>Long term portion</b>		
Betpak Dala	-	6,250
Kyzylkum	57,072	33,600
	<b>57,072</b>	<b>39,850</b>

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.

	Jun 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	-
	<b>80,000</b>	<b>48,000</b>
Interest accrued	1,200	1,074
	<b>81,200</b>	<b>49,074</b>
Less elimination of proportionate share – 30%	(24,128)	(14,722)
	<b>57,072</b>	<b>34,352</b>
Less current portion	-	(752)
<b>Long term portion</b>	<b>57,072</b>	<b>33,600</b>

The loans to Kyzylkum are unsecured.

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**8 INVENTORIES**

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
Finished uranium concentrates	7,192	5,791
Solutions and concentrates in process	4,890	5,035
Materials and supplies	4,747	1,218
Stockpiles	4,797	-
	<b>21,626</b>	<b>12,044</b>
Less: non current inventory included in other assets (note 10)	4,797	-
	<b>16,829</b>	<b>12,044</b>

**9 MINERAL INTERESTS, PLANT AND EQUIPMENT**

	June 30, 2007			December 31, 2006		
	Cost	Accumulated amortization	Net carrying amount	Cost	Accumulated amortization	Net carrying amount
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mineral interests	3,168,696	(25,591)	3,143,105	761,627	(17,539)	744,088
Plant and equipment	372,378	(6,865)	365,513	25,348	(549)	24,799
	<b>3,541,074</b>	<b>(32,456)</b>	<b>3,508,618</b>	<b>786,975</b>	<b>(18,088)</b>	<b>768,887</b>
Owned assets			3,499,691			768,887
Leased assets			8,927			-
<b>Total net carrying amount as at end of the period</b>			<b>3,508,618</b>			<b>768,887</b>

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	-	128,900	128,900	9,368	138,268
Australia exploration	Australia	-	74,171	74,171	-	74,171
Pitchstone exploration	Canada	-	27,235	27,235	-	27,235
Akdala Uranium Mine	Kazakhstan	115,669	74,358	190,027	13,348	203,375
South Inkai Project	Kazakhstan	-	406,871	406,871	17,390	424,261
Kharasan Uranium Project	Kazakhstan	-	141,460	141,460	14,947	156,407
Kyrgyzstan exploration	Kyrgyzstan	-	133	133	309	442
Dominion Uranium Project	South Africa	-	1,985,102	1,985,102	237,165	2,222,267
Modder East Gold project	South Africa	-	101,622	101,622	11,403	113,025
Sub-Nigel and other gold projects	South Africa	-	22,811	22,811	417	23,228
Shootaring Canyon Mill	United States	-	-	-	45,611	45,611
United States exploration	United States	-	64,773	64,773	2,618	67,391
Corporate and other		-	-	-	12,937	12,937
<b>Total</b>		<b>115,669</b>	<b>3,027,436</b>	<b>3,143,105</b>	<b>365,513</b>	<b>3,508,618</b>

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
<b>Total</b>		<b>118,755</b>	<b>625,333</b>	<b>744,088</b>	<b>24,799</b>	<b>768,887</b>

Commitments exist for capital expenditures of \$69.8 million.

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 acquisition date \$'000	Foreign exchange resulting from translation \$'000	Total June 30, 2007 \$'000
Aflease Gold	112,864	6,294	119,158
Dominion Uranium Project	128,991	7,193	136,184
	<b>241,855</b>	<b>13,487</b>	<b>255,342</b>

### 10 OTHER ASSETS

	Jun 30, 2007 \$'000	Dec 31, 2006 \$'000
Prepaid drill rigs	4,324	13,295
Advances for plant and equipment	14,064	9,790
Long term deposits (note 6)	2,927	-
Long term inventory (note 8)	4,797	-
Asset retirement fund (note 14)	13,892	-
Other	9,822	2,740
	<b>49,826</b>	<b>25,825</b>

Uranium One Inc.

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### 11 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
Trade payables	10,643	6,471
Accruals	45,032	260
Other	9,996	6,216
	<b>65,671</b>	<b>12,947</b>

### 12 SHORT TERM LOANS

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
February 2005 Nedcor Securities loan	352	-
August 2006 Nedcor Securities loan	52,779	-
<b>Total liability</b>	<b>53,131</b>	<b>-</b>

The February 2005 Nedcor Securities loan represents 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. This loan bears interest at a variable rate currently at 8.95%. The loan has no fixed repayment terms and is denominated in South African rand.

The August 2006 Nedcor Securities loan represents draw-downs on a facility provided by Nedcor Securities, secured by Uranium One Africa's investment in Alease Gold shares. This loan bears interest at a flat rate of 9% per annum. Interest on the loan is offset by interest income received on offsetting deposits required in connection with this loan. The interest on the deposits is influenced by movements in the Alease Gold share price. The loan will be repaid on September 20, 2007 and is denominated in South African rand. Nedcor can request early payment for a portion of the August 2006 loan, if Alease Gold's share price decline to levels below approximately ZAR 1.65 per share. During the six months ended June 30, 2007, Alease Gold traded between ZAR 2.75 and ZAR 4.20, closing at ZAR 2.99 on June 29, 2007.

The combined effective interest rate for the three and six month period was 6.4% and 5.8% respectively.

Uranium One's investments in Randgold and Alease Gold are encumbered while these finance arrangements remain in place. These loans are classified as liabilities held to maturity and are carried at amortized cost.

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**13 CONVERTIBLE DEBENTURES**

On December 20, 2006, Uranium One completed a debt offering of \$133.2 million (including the exercised over-allotment option of \$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:

	Jun 30, 2007	Dec 31, 2006
	\$'000	\$'000
Liability component on date of business combination (note 3)	118,450	-
Interest charged	3,988	-
Coupon payment	(3,201)	-
Foreign exchange movement	3,462	-
<b>Liability as at the end of the period</b>	<b>122,699</b>	<b>-</b>

**14 ASSET RETIREMENT OBLIGATIONS**

	June 30,	December 31,
	2007	2006
	\$'000	\$'000
Opening balance	2,856	1,953
Acquisition of Uranium One (note 3)	4,602	-
Acquisition of US Energy assets (note 4)	9,389	-
Accretion expense	308	604
Revision	27	299
Foreign exchange movement	187	-
<b>Closing Balance</b>	<b>17,369</b>	<b>2,856</b>

	June 30,	December 31,
	2007	2006
	\$'000	\$'000
<b>Undiscounted and uninflated amount of estimated cash flows (\$'000)</b>	<b>30,452</b>	<b>4,284</b>
Payable in years	4 - 10.5	4 - 18
Inflation rate	2.69% - 7.00%	7.00%
Discount rate	7.39% - 14.5%	12.00%

Funding of \$13.9 million of these obligations has been provided in Asset Retirement Funds in Kazakhstan, South Africa and the United States.

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**15 SHARE CAPITAL**

Common shares	Note	Number of shares		Value of shares	
		Jun 30, 2007	Dec 31, 2006	Jun 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
<b>Closing balance of issued and outstanding shares on April 20, 2007</b>		<b>482,588,511</b>	<b>480,240,704</b>	<b>621,290</b>	<b>613,607</b>
Uranium One - Movement from April 20, 2007 to June 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 stock options and restricted shares		3,180,386		35,201	
U.S. Energy asset purchase consideration	4	6,607,605		99,401	
Shares issued for services rendered		124,379		1,694	
<b>Closing balance of issued and outstanding shares</b>		<b>365,206,635</b>	<b>480,240,704</b>	<b>2,467,233</b>	<b>613,607</b>

**16 CONTRIBUTED SURPLUS**

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

Movement for the 6 months ended June 30, 2007

	Warrants	Restricted shares	Options	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at January 1, 2007	-	-	31,286	31,286
Issued on business acquisition	26,407	853	34,782	62,042
Share options expensed	-	-	10,541	10,541
Share options exercised	-	-	(23,006)	(23,006)
Restricted shares expensed	-	2,569	-	2,569
Restricted shares exercised	-	(853)	-	(853)
<b>As at June 30, 2007</b>	<b>26,407</b>	<b>2,569</b>	<b>53,603</b>	<b>82,579</b>

Movement for the 5 months ended December 31, 2006

	Warrants	Restricted shares	Options	TOTAL
	\$'000	\$'000	\$'000	\$'000
As at August 1, 2006	-	-	9,307	9,307
Share options expensed	-	-	22,162	22,162
Share options exercised	-	-	(183)	(183)
<b>As at December 31, 2006</b>	<b>-</b>	<b>-</b>	<b>31,286</b>	<b>31,286</b>

**Notes to the Interim Consolidated Financial Statements**

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**16 CONTRIBUTED SURPLUS (continued)****Assumptions**

The fair value of stock options used to calculate the compensation expense was estimated using the Black scholes pricing model with the following assumptions:

	Jun 30, 2007	Dec 31, 2006
Risk free interest rate	4.14%	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
<b>Outstanding options at December 31, 2006</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
Forfeiture of share 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>5.86</b>
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
Granted subsequent to April 20, 2007	1,310,400	16.59
Exercised subsequent to April 20, 2007	(3,116,519)	5.28
Forfeiture of share options subsequent to April 20, 2007	(57,198)	13.09
<b>Outstanding options as at June 30, 2007</b>	<b>13,290,935</b>	<b>8.43</b>

**Notes to the Interim Consolidated Financial Statements**

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**16 CONTRIBUTED SURPLUS (continued)**

The stock option compensation expense for the three and six months ended June 30, 2007 was \$7.0 and \$10.4 million (July 31, 2006: \$1.6 million and \$5.0 million ) for the Uranium One options and \$0.1 million for the Alease Gold options for the three and six months ended June 30, 2007. As at June 30, 2007, the aggregate unexpensed fair value of unvested stock options granted amounted to \$13.1 million.

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

Range of Exercise Prices US\$	Options outstanding			Options exercisable		
	Number outstanding as at Jun 30, 2007	Weighted average remaining life (years)	Weighted average exercise price Cdn \$	Number exercisable as at Jun 30, 2007	Weighted average remaining life (years)	Weighted average exercise price Cdn \$
1.33 to 2.74	507,684	3.09	1.73	151,354	3.09	1.62
3.03 to 4.76	2,996,267	4.02	4.06	2,362,163	4.02	4.06
5.00 to 7.79	2,452,703	7.49	7.06	1,695,341	7.49	7.08
8.32 to 9.90	4,279,903	5.88	8.35	3,924,321	5.88	8.34
11.78 to 12.93	749,849	7.90	12.33	249,917	4.39	12.23
14.12 to 15.63	792,929	7.13	14.61	231,333	6.78	15.36
16.59 to 16.87	1,511,600	3.71	16.63	250,000	4.83	16.84
	<b>13,290,935</b>	<b>5.78</b>	<b>8.43</b>	<b>8,864,429</b>	<b>5.61</b>	<b>7.38</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 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	
	Jun 30, 2007	Dec 31, 2006
Restricted shares issued on business combination (note 3)	404,231	-
Exercised during the period	(64,112)	-
<b>Total restricted shares outstanding at the end of the period</b>	<b>340,119</b>	<b>-</b>

Of the outstanding number of Restricted shares, the grant date of 92,123 Restricted shares was December 8, 2006 and grant date of 247,996 Restricted shares was June 7, 2006. Restricted shares will not expire while the participant is in the employ of the Corporation.

The Restricted share expense for both the three and six months ended June 30, 2007 was \$2.6 million. As at June 30, 2007 the aggregate unexpensed fair value of unvested restricted shares granted amounted to \$2.5 million.

**Notes to the Interim Consolidated Financial Statements**

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**16 CONTRIBUTED SURPLUS (continued)**

Warrants	Number of warrants		Allocated value	
	Jun 30, 2007	Dec 31, 2006	Jun 30, 2007 \$'000	Dec 31, 2006 \$'000
Issued on business combination (note 3)	2,731,619	-	26,407	-
<b>At the end of the period</b>	<b>2,731,619</b>	<b>-</b>	<b>26,407</b>	<b>-</b>
	Number of warrants		Average exercise price	
	Jun 30, 2007	Dec 31, 2006	Jun 30, 2007	Dec 31, 2006
<b>Warrants comprise:</b>				
2008 Warrants	2,431,619	-	3.55	-
Series D Warrants	300,000	-	6.95	-
<b>Total</b>	<b>2,731,619</b>	<b>-</b>	<b>3.92</b>	<b>-</b>

Series D warrants represents 150,000 warrants that expire on September 16, 2007 and 150,000 that warrants 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.

**17 FOREIGN EXCHANGE LOSSES**

A summary of the foreign exchange gain / (loss) by item is as follows:	3 months ended		6 months ended	
	Jun 30, 2007 \$'000	Jul 31, 2006 \$'000	Jun 30, 2007 \$'000	Jul 31, 2006 \$'000
Unrealized foreign exchange loss on future income tax liability	(6,177)	(28,578)	(14,777)	(42,602)
Foreign exchange gain / (loss) on other items	197	(129)	1,366	1,492
	<b>(5,980)</b>	<b>(28,707)</b>	<b>(13,411)</b>	<b>(41,110)</b>

**18 BASIC LOSS PER SHARE AND DILUTED LOSS PER SHARE**

	3 months ended		6 months ended	
	Jun 30, 2007	Jul 31, 2006	Jun 30, 2007	Jul 31, 2006
Basic and diluted loss per share (\$)	(0.04)	(0.15)	(0.02)	(0.20)
is calculated based on a net loss for the period of (\$'000)	(13,694)	(32,165)	(5,723)	(44,233)
and a weighted average number of shares outstanding of	332,955,827	217,164,830	275,380,193	217,164,830

For the three and six month periods ended June 30, 2007 and July 31, 2006, the impact of outstanding share options and warrants was excluded from the diluted share calculation because it was anti-dilutive for earnings per share purposes.

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**19 SEGMENTED INFORMATION**

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

**For the three months ended June 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	-	-	(93)	(418)	(898)	5,452
Exploration - Pitchstone	Canada	-	-	-	(542)	(542)	-
Akdala Uranium Mine	Kazakhstan	23,265	(2,058)	(1,738)	-	10,993	2,016
South Inkai Uranium Project	Kazakhstan	-	-	-	-	126	11,441
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(635)	7,186
Kyrgyzstan exploration	Kyrgyzstan	-	-	(20)	(549)	(857)	46
Dominion Uranium Project	South Africa	-	-	-	(353)	397	39,560
Modder East Gold Project	South Africa	-	-	(3)	-	(10)	1,564
Shootaring Canyon Uranium Mill	United States	-	-	(80)	(8)	(314)	-
Exploration	United States	-	-	(7)	(2,120)	(2,310)	-
Corporate and other		-	-	(83)	(968)	(19,644)	766
<b>Total</b>		<b>23,265</b>	<b>(2,058)</b>	<b>(2,024)</b>	<b>(4,958)</b>	<b>(13,694)</b>	<b>68,031</b>

**For the six months ended June 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	-	-	(93)	(418)	(898)	5,452
Exploration - Pitchstone	Canada	-	-	-	(542)	(542)	-
Akdala Uranium Mine	Kazakhstan	64,995	(9,101)	(6,597)	-	24,062	3,442
South Inkai Uranium Project	Kazakhstan	-	-	-	-	126	19,013
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(2,029)	7,186
Kyrgyzstan exploration	Kyrgyzstan	-	-	(20)	(2,008)	(2,337)	46
Dominion Uranium Project	South Africa	-	-	-	(353)	397	39,560
Modder East Gold Project	South Africa	-	-	(3)	-	(10)	1,564
Shootaring Canyon Uranium Mill	United States	-	-	(80)	(8)	(314)	-
Exploration	United States	-	-	(7)	(2,120)	(2,310)	-
Corporate and other		-	-	(83)	(968)	(21,868)	8,461
<b>Total</b>		<b>64,995</b>	<b>(9,101)</b>	<b>(6,883)</b>	<b>(6,417)</b>	<b>(5,723)</b>	<b>84,724</b>

**Notes to the Interim Consolidated Financial Statements**

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**19 SEGMENTED INFORMATION (continued)**

As at June 30, 2007:

	Country	Mineral property, plant and equipment \$'000	Total assets \$'000	Total liabilities \$'000
Honeymoon Uranium Project and exploration	Australia	212,439	235,081	54,959
Exploration - Pitchstone	Canada	27,235	26,505	2,700
Akdala Uranium Mine	Kazakhstan	203,375	261,051	93,361
South Inkai Uranium Project	Kazakhstan	424,261	432,236	207,197
Kharasan Uranium Project	Kazakhstan	156,407	166,749	73,405
Kyrgyzstan exploration	Kyrgyzstan	442	1,422	231
Dominion Uranium Project	South Africa	2,222,267	2,376,557	921,613
Modder East Gold Project	South Africa	113,025	255,880	51,911
Shootaring Canyon Uranium Mill	United States	45,611	57,421	6,886
Exploration	United States	67,391	69,861	2,918
Corporate and other		36,165	364,413	181,819
<b>Total</b>		<b>3,508,618</b>	<b>4,247,176</b>	<b>1,597,000</b>

For the three months ended July 31, 2006:

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	2,922	(1,886)	(3,286)	-	2,119	3,620
South Inkai Uranium Project	Kazakhstan	-	-	-	-	(24,237)	-
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(6,058)	2,168
Kyrgyzstan exploration	Kyrgyzstan	-	-	-	(1,562)	(1,459)	48
Corporate and other		-	256	(8)	-	(2,530)	-
<b>Total</b>		<b>2,922</b>	<b>(1,630)</b>	<b>(3,294)</b>	<b>(1,562)</b>	<b>(32,165)</b>	<b>5,836</b>

For the six months ended July 31, 2006:

	Country	Revenue \$'000	Operating expenses \$'000	Depreciation & depletion \$'000	Exploration expenditure \$'000	Net profit / (loss) \$'000	Capital expenditure \$'000
Akdala Uranium Mine	Kazakhstan	17,305	(6,988)	(4,252)	-	(3,625)	7,024
South Inkai Uranium Project	Kazakhstan	-	-	-	-	(24,237)	-
Kharasan Uranium Project	Kazakhstan	-	-	-	-	(8,425)	2,176
Kyrgyzstan exploration	Kyrgyzstan	-	-	-	(2,648)	(2,626)	288
Corporate and other		-	-	(18)	-	(5,320)	-
<b>Total</b>		<b>17,305</b>	<b>(6,988)</b>	<b>(4,270)</b>	<b>(2,648)</b>	<b>(44,233)</b>	<b>9,488</b>

**Notes to the Interim Consolidated Financial Statements**

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**19 SEGMENTED INFORMATION (continued)**

As at December 31, 2006:

	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
<b>Total</b>		<b>768,887</b>	<b>971,618</b>	<b>355,929</b>

**20 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 at a 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 June 30, 2007, Micawber 397 has not paid any part of the purchase price.

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**21 SUBSEQUENT EVENT**

**Energy Metals Corporation**

On June 3, 2007, Uranium One and Energy Metals Corporation ("EMC") entered into a definitive arrangement agreement whereby Uranium One agreed to acquire all of the outstanding common shares and options to purchase common shares of EMC. The shareholders of EMC will receive 1.15 Uranium One common shares for each EMC common share held on closing of the transaction. Each EMC stock option, which previously gave the holder the right to acquire common shares of EMC, will be exchanged for 1.15 stock options which gives the holder the right to acquire common shares of Uranium One on the same basis as the shareholders of EMC, with all other terms of such options (such as term and expiry) remaining unchanged. The shareholders of EMC approved the arrangement at a Special Meeting held on July 31, 2007, and the transaction closed on August 10, 2007, after receipt of, among other items, court approval and certain regulatory approvals. As a result of the transaction, EMC shareholders will hold approximately 21 percent of the issued Uranium One shares.

The cost of acquisition includes the fair value of the issuance of 99.3 million Uranium One common shares at \$15.06 per share, plus 7.8 million stock options of EMC, of which 5.6 million are exercisable at the date of acquisition, exchanged for those of Uranium One with an average exercise price of \$5.47 per share and a fair value of \$72.5 million, plus Uranium One's estimated transaction costs of \$8.0 million, providing a total preliminary purchase price of \$1,575.2 million.

The value of the Uranium One common shares to be issued was calculated using the weighted average share price of Uranium One's shares two days before, the day of, and two days after the date of the announcement of the arrangement. The following assumptions were used for the Black-Scholes option pricing model for fair valuation of the stock options:

Risk free interest rate	4.70%
Expected volatility	55%
Expected life	0.8 - 5.0 years
Dividend rate	Nil

The excess of the purchase consideration over the adjusted book values of EMC's assets and liabilities has been presented as "unallocated purchase price" in the table below. The fair value of all identifiable assets and liabilities acquired as well as any goodwill arising upon the acquisition will be determined through an independent valuation as at the date of closing of the transaction. Therefore, it is likely that the fair values of assets and liabilities acquired will vary from the book values shown in the table below and the differences may be material.

On completion of the valuation, with corresponding adjustments to the carrying amounts of mining interests, or on recording of any finite life intangible assets on acquisition, these adjustments will impact the measurement of amortization recorded in the consolidated statements of operations of the combined company for periods after the date of acquisition. No adjustments have been reflected in the table below for any changes in future tax assets or liabilities that would result from recording EMC's identifiable assets and liabilities at fair value as the process of estimating the fair value of identifiable assets and liabilities is not complete.

Uranium One Inc.

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### 21 SUBSEQUENT EVENT (continued)

Based on the March 31, 2007 balance sheet of EMC, the preliminary allocation of the purchase price, summarized in the table below, is subject to change:

	<b>\$'000</b>
Purchase price:	
99.3 million shares of Uranium One	1,494,700
Options of Uranium One	72,500
Acquisition costs	8,000
	<b>1,575,200</b>
Net assets required:	
Cash and cash equivalents	76,500
Marketable securities	31,800
Other current assets	2,100
Mining interests	128,300
Other non-current assets	5,900
Accounts payable and accrued liabilities	(1,400)
Asset retirement obligations	(2,300)
Future income tax liability	(28,500)
Unallocated purchase price	1,362,800
	<b>1,575,200</b>

# corporate information

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## **Stock Exchange Listings**

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



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