

interim financial statements

**Consolidated Financial Results
for the three and nine months
ended September 30, 2006**

sxr Uranium One Inc.

Consolidated Balance Sheets

as at September 30, 2006 and December 31, 2005

(in US Dollars)

	Notes	Unaudited as at Sep 30, 2006 US\$'000	Unaudited as at Dec 31, 2005 US\$'000
ASSETS			
Current assets			
Cash		98,248	10,891
Accounts receivable		20,232	8,823
Inventories		2,015	681
		120,495	20,395
Non-current assets			
Property, plant and equipment	2	232,833	157,255
Asset retirement fund		2,310	1,275
		235,143	158,530
Total assets		355,638	178,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities		18,237	15,045
Current portion of lease obligations		1,099	1,452
Short term loan	3	45,684	993
		65,020	17,490
Non-current liabilities			
Asset retirement obligation		3,807	4,094
Lease obligations		528	1,560
Future taxation liability		29,961	21,156
		34,296	26,810
Non-controlling interest		8,116	-
SHAREHOLDERS' EQUITY			
Share capital	4	358,698	216,123
Contributed surplus	5	19,154	11,367
Accumulated deficit		(133,911)	(114,399)
Currency translation adjustments		4,265	21,534
		248,206	134,625
Total equity and liabilities		355,638	178,925

See accompanying notes to the Consolidated Financial Statements, including:

- Nature of operations and basis of presentation (note 1)

sxr Uranium One Inc.

Consolidated Statements of Operations and Deficit

for the 3 and 9 months ended September 30, 2006

(in US dollars, except for per share amounts)

	Notes	Unaudited 9 months to Sep 30, 2006 US\$'000	Unaudited 3 months to Sep 30, 2006 US\$'000
Gold sales		2,622	680
Cost of sales		(6,178)	(1,592)
Gross loss		(3,556)	(912)
Sundry income		643	254
General and administrative expenditure		(9,781)	(3,655)
Share options expensed		(8,632)	(1,632)
Exploration expenditure		(5,330)	(1,285)
Operating loss		(26,656)	(7,230)
Interest received		3,407	1,105
Interest paid		(1,575)	(760)
Dilution gain on disposal of investments	8	17,940	6,915
Foreign exchange (losses) / gain on cash and cash equivalents		(12,113)	2,070
Non-controlling interest in earnings of subsidiary		550	261
(Loss) / profit before income taxes		(18,447)	2,361
Provision for income taxes	6	(1,065)	-
Net (loss) / profit		(19,512)	2,361
Accumulated deficit at the beginning of the period		(114,399)	(136,272)
Accumulated deficit at the end of the period		(133,911)	(133,911)
Basic (loss) / profit per common share (cents)	7	(18.07)	2.11
Weighted average number of basic common shares outstanding	7	108,003,595	112,036,616
Diluted profit per common share (cents)	7		1.94
Weighted average fully diluted number of basic common shares outstanding	7		121,460,887

See accompanying notes to the Consolidated Financial Statements

sxr Uranium One Inc.

Consolidated Statement of Cash Flows

for the 3 and 9 months ended September 30, 2006

(in US Dollars)

	Notes	Unaudited 9 months to Sep 30, 2006 US\$'000	Unaudited 3 months to Sep 30, 2006 US\$'000
Net (loss) / profit		(19,512)	2,361
Add back: Net finance costs		(1,832)	(345)
Add back: Non-cash items:			
- Non-controlling interest in earnings of subsidiary		(550)	(261)
- Depreciation and amortization		347	114
- Expensing share options		8,632	1,632
- Dilution gain on disposal of investments		(17,940)	(6,915)
- Unrealized foreign exchange losses on cash and cash equivalents		2,047	2,047
- Future income taxes		1,023	-
		(27,785)	(1,367)
Movement in working capital:			
- Increase in inventories		(1,334)	(1,360)
- Increase in trade receivables and prepayments		(11,409)	(7,722)
- Increase/(decrease) in trade and other payables		3,192	1,936
Increase in rehabilitation and cost closure obligations		(538)	(385)
Cash (utilized by) / generated by operations		(37,874)	(8,898)
Net interest received		1,832	345
Cash flows from operating activities		(36,042)	(8,553)
Cash taken over from Sub-Nigel	8	1,933	-
Additions to property, plant and equipment		(56,279)	(24,861)
Increase in environmental trust and other investments		(1,219)	(1,228)
Cash flows from investing activities		(55,565)	(26,089)
Net proceeds from the issue of ordinary shares		140,049	421
Net proceeds from the issue of ordinary shares by subsidiary		16,558	10,891
Net loans received during the period		44,691	45,256
Decrease in capital element of finance lease and other long term debt		(1,385)	(415)
Cash flows from financing activities		199,913	56,153
Effects of exchange rate changes on cash held in foreign currencies		(20,949)	(12,232)
Net increase in cash		87,357	9,279
Cash at the beginning of the period		10,891	88,969
Cash at the end of the period		98,248	98,248

See accompanying notes to the Consolidated Financial Statements

Notes to the Unaudited Interim Consolidated Financial Statements

September 30, 2006

1 NATURE OF OPERATIONS AND BASIS OF PRESENTATION

These unaudited interim consolidated financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the Notes to the Corporation's audited annual consolidated financial statements for the year ended December 31, 2005, since they do not contain all disclosures required by Canadian GAAP for annual financial statements. The unaudited interim consolidated financial statements reflect all normal and recurring adjustments, which are, in the opinion of management, necessary for a fair presentation of the interim period presented.

sxr Uranium One Inc. (the "Corporation") is a Canadian corporation with a primary listing on the Toronto Stock Exchange and a secondary listing on the JSE Limited (the Johannesburg stock exchange), engaged in the acquisition, exploration and development of properties for production of uranium in South Africa, Australia and Canada and gold in South Africa.

The Corporation owns 100% of the Dominion uranium project in South Africa and the permitted Honeymoon uranium project in South Australia. Through a joint venture with Pitchstone Exploration Ltd., the Corporation is also engaged in uranium exploration activities in the Athabasca Basin of Saskatchewan. The Corporation's Uranium One Africa Limited (previously Alease Gold and Uranium Resources Limited) subsidiary holds 71.56% of Alease Gold Limited, that owns the Modder East gold property and related gold assets in South Africa.

The exploration and development of mineral properties involves significant financial risk. In the event these properties are determined to be commercially viable, additional financing will be required.

Alease Gold Limited

On January 10, 2006 Sub Nigel Gold Mining Company Limited ("Sub Nigel") acquired all of the issued and outstanding ordinary shares of New Kleinfontein Mining Company Limited ("New Kleinfontein"), a wholly-owned subsidiary of Alease Gold and Uranium Resources Limited, now Uranium One Africa Limited ("Uranium One Africa"), and all amounts due by New Kleinfontein to Uranium One Africa on loan account. As Uranium One Africa retained an effective 80% of New Kleinfontein through its subsequent holding in Alease Gold, the net assets so acquired had a carrying value of \$3.0 million at December 31, 2005 and the purchase consideration was \$10.7 million, settled by issuing 68,073,545 new Sub Nigel ordinary shares to Uranium One Africa at 96 South African cents (\$0.16) per share. Sub Nigel subsequently changed its name to Alease Gold Limited. Through this transaction and subsequent dilution of Uranium One's share holding in Alease Gold, Uranium One Africa now owns approximately 71.56% of Alease Gold.

For accounting purposes, the transaction is considered a reverse takeover whereby New Kleinfontein is considered the acquiring company as the shareholders of Uranium One Africa acquired more than 50% of the issued and outstanding shares of Sub Nigel. Uranium One therefore effectively sold 20% of New Kleinfontein and recognized a \$7.0 million gain on the disposal. The results of operations of Sub Nigel were included with effect from January 11, 2006. The consolidated balance sheet at September 30, 2006 represents the financial position of the entire Group.

Comparatives

The Ontario Securities Commission, as principal regulator of the Corporation, issued a decision document dated May 4, 2006, pursuant to the Mutual Reliance Review System for exemptive relief applications, granting the Corporation an exemption from providing comparative financial information for the three and nine months ended September 30, 2006 as prior-period information has not been prepared on a basis consistent with this period.

2 PROPERTY, PLANT AND EQUIPMENT

	Sep 30, 2006			Dec 31, 2005		
	Accumulated		Net	Accumulated		Net
	Cost	amortization		Cost	amortization	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Mine development costs and mine plant facilities	97,424	(2,853)	94,571	38,014	(3,676)	34,338
Undeveloped properties	137,708	-	137,708	122,639	-	122,639
Motor vehicles	504	(285)	219	433	(316)	117
Office equipment	767	(432)	335	544	(383)	161
	236,403	(3,570)	232,833	161,630	(4,375)	157,255
Owned assets			232,761			156,890
Leased assets			72			365
Total net carrying amount as at the end of the period			232,833			157,255

Undeveloped properties comprise:	Mineral properties		Undeveloped properties	
	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005
	US\$'000	US\$'000	US\$'000	US\$'000
New Kleinfontein	-	-	13,624	15,807
Sub-Nigel	272	-	13,961	-
Spaarwater	-	-	336	-
Honeymoon, Australia	6,434	6,016	29,132	28,670
Goulds Dam, Australia	-	-	24,935	24,921
Billeroo / Karkarook, Australia	-	-	43,170	43,170
Athabasca, Canada	1,565	1,281	2,420	1,427
Loan guarantees, Native title and project generation	-	-	1,859	1,347
	8,271	7,297	129,437	115,342

Native title claims

The Corporation's interests in the Honeymoon and Goulds Dam properties are subject to two Native Title claims. Agreements have been secured with both groups, whereby the Corporation pays annual administration fees to each claimant group.

3 SHORT-TERM LOAN

	Sep 30, 2006	Dec 31, 2005
	US\$'000	US\$'000
February 2005 Nedcor Securities loan	212	993
August 2006 Nedcor Securities loan	45,472	-
	45,684	993

The February 2005 Nedcor Securities loan represents draw-downs on a facility provided by Nedcor Securities, secured by Uranium One Africa's investment in Randgold and Exploration Company Limited ("Randgold") shares. This loan attracts interest in South Africa at a variable rate currently at ZAR 8.95%, adjusted in terms of a formula which is influenced by movements in the Randgold share price. The effective interest rate for the period was ZAR 18.05%. The loan has no fixed repayment terms.

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 attracts interest in South Africa at a flat rate of ZAR 9% per annum, adjusted in terms of a formula which is influenced by movements in the Alease Gold share price. The effective interest rate for the period was ZAR 11.94%. The loan will be repaid on September 20, 2007.

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

4 SHARE CAPITAL

Ordinary shares	Number of shares		Value of shares	
	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006 US\$'000	Dec 31, 2005 US\$'000
Opening balance of common shares in issue	89,103,814	336,451,321	216,123	80,736
Common shares issued in public or private offering	22,380,830	50,325,405	139,628	29,288
Shares issued in settlement of Eastbourne Capital loan	-	21,535,107	-	9,312
Exercise of stock options	607,922	998,288	2,947	634
Closing balance of issued and outstanding shares (December 8, 2005)	112,092,566	409,310,121	358,698	119,970
Conversion of Alease shares to srx Uranium One Inc. shares at a ratio of 0.9		368,379,109		119,970
Share consolidation: 1 share for every 5 shares held		73,675,822		119,970
Acquisition of Southern Cross Resources Inc.		15,427,992		95,976
Warrants issued after December 8, 2005				177
Closing balance of issued and outstanding shares	112,092,566	89,103,814	358,698	216,123

5 CONTRIBUTED SURPLUS

	Warrants	Restricted shares	Options	TOTAL	TOTAL
	US\$'000	US\$'000	US\$'000	Sep 30, 2006 US\$'000	Dec 31, 2005 US\$'000
At the beginning of the year	1,813	-	9,554	11,367	2,790
Share options expensed	-	-	7,425	7,425	7,240
Share options exercised	-	-	(845)	(845)	(259)
Restricted shares expensed	-	1,207	-	1,207	-
Restricted shares exercised	-	-	-	-	-
Warrants issued to BMO Nesbitt	-	-	-	-	1,773
Warrants exercised	-	-	-	-	(177)
At the end of the period	1,813	1,207	16,134	19,154	11,367

Assumptions

The fair value of stock options and restricted shares used to calculate compensation expense has been estimated using the binomial option pricing model with the following assumptions:

	Sep 30, 2006	Dec 31, 2005
Risk free interest rate	4.08% - 4.20%	3.70% - 4.12%
Expected dividend yield	0%	0%
Expected volatility of the Company's share price	47%	61%

Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options, and restricted shares.

Options

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

	Number of options		Weighted average exercise price	
	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005
			US \$	US \$
At the beginning of the year	5,268,610	13,139,178	2.74	0.47
Granted during the year	1,855,279	12,759,147	6.88	0.46
Exercised during the year	(607,922)	(997,130)	2.91	0.40
Forfeiture of share options	(113,849)	(784,847)	3.43	0.36
	6,402,118	24,116,348	3.82	0.47
Replacement options issued to Afl ease at a conversion rate of 0.18		4,340,943		
Southern Cross options converted at a rate of 0.20		927,667		
Outstanding options as at the end of the period	6,402,118	5,268,610	3.82	2.74

The stock option compensation expense for the nine months ended September 30, 2006 was \$7.4 million. As at September 30, 2006 the aggregate unexpensed fair value of unvested stock options granted amounted to \$4.6 million (December 31, 2005: \$6.4 million).

The following table summarizes certain information about the Corporations stock options outstanding at September 30, 2006:

Range of exercise prices US\$	Options outstanding			Options exercisable		
	Number outstanding as at Sep 30, 2006	Weighted average remaining life (years)	Weighted average exercise price US\$	Number exercisable as at Sep 30, 2006	Weighted average remaining life (years)	Weighted average exercise price US\$
	1.15 to 1.59	2,096,707	4.09	1.45	1,179,407	4.01
2.19 to 2.85	298,949	4.18	2.29	193,777	4.17	2.28
3.13 to 3.84	1,555,649	3.67	3.52	1,170,728	3.51	3.54
4.05 to 4.92	529,422	3.91	4.10	281,941	3.80	4.12
5.52 to 8.94	1,921,390	4.40	6.83	658,011	4.38	6.80
	6,402,117	4.07	3.82	3,483,864	3.90	3.42

Under the stock option plan, the exercise price of the options are calculated as the closing share price on the grant date.

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 Uranium One share listed on the Toronto stock exchange at the end of the restricted period. Common shares issuable upon the exercise of Restricted share rights are referred to as Restricted shares.

The following is a summary of the Corporation's Restricted shares issued under the Restricted share plan:

	Number of restricted shares	
	Sep 30, 2006	Dec 31, 2005
At the beginning of the year	-	-
Granted during the year	372,922	-
Exercised during the year	-	-
Forfeiture of restricted shares	-	-
Total restricted shares outstanding at the end of the period	372,922	-

The grant date of the Restricted shares was June 7, 2006. The share price on grant date was \$7.90.

The restricted shares can be exercised without any consideration. Restricted shares will not expire while the participant is in the employ of Uranium One.

The restricted share expense for the nine months ended September 30, 2006 was \$1.2 million (2005: \$0 million). As at September 30, 2006 the aggregate unexpensed fair value of unvested restricted shares granted amounted to \$1.1 million (December 31, 2005: \$0 million).

Warrants

	Number of warrants		Allocated value		Average exercise price	
	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005	Sep 30, 2006	Dec 31, 2005
	US\$	US\$	US\$	US\$	US\$	US\$
At the beginning of the year	5,976,319	3,876,319	1,990	217	-	2.73
Issued to BMO Nesbitt	-	1,800,000	-	1,773	-	5.39
Warrants acquired	-	300,000	-	-	-	5.96
At the end of the year	5,976,319	5,976,319	1,990	1,990		

The fair value of the 2008 warrants (previously referred to as the "Eastbourne warrants") was valued, for Canadian GAAP purposes, at \$0.2 million on December 31, 2004. The 3,876,319 warrants have a term of 3 years from the date of issue and expire on September 23, 2008.

The fair value of the BMO warrants was valued at \$1.8 million on December 30, 2005 using the binomial option pricing model with the following assumptions: United States zero coupon rates of between 4.39% and 4.83%, expected dividend yield of nil, expected 90 day volatility of 51.5% and expected warrants term of 1.18 years

The expiry date of the these warrants is the later of (i) March 5, 2007 and (ii) the expiry of 12 months from the date on which ordinary SXR shares become listed on Toronto Stock Exchange ("TSX").

Warrants acquired represent those acquired from Southern Cross through the reverse take over. These warrants expire on September 17, 2007 and the beneficiary is Pitchstone Exploration Ltd.

6 INCOME TAXES

	9 months to Sep 30, 2006 US\$'000	3 months to Sep 30, 2006 US\$'000
South African taxation – current	42	-
Future income taxes	1,023	-
	1,065	-

Future taxes of \$1 million were provided on the profit of \$7.1 million on disposal by Alease of its investment in New Kleinfontein, which constitutes a capital gain.

A fair value increment in mining assets of \$17.7 million arose on the fair valuation of the assets of Sub Nigel that formed part of the reverse take over of Sub Nigel by New Kleinfontein. In compliance with accounting practice, a future tax liability of \$5.1 million was recognized on this revaluation.

7 BASIC (LOSS)/PROFIT PER SHARE AND DILUTED BASIC PROFIT PER SHARE

	9 months to Sep 30, 2006 US\$'000	3 months to Sep 30, 2006 US\$'000
Basic (loss)/profit per share of (cents)	(18.07)	2.11
is calculated based on net (loss)/profit for the period of (\$'000)	(19,512)	2,361
and a weighted average number of shares outstanding of	108,003,595	112,036,616
Diluted basic profit per share of cents		1.94
is calculated based on net profit for the period of (\$'000)		2,361
Diluted weighted average number of shares outstanding of:		121,460,887
The additions to the weighted average number of shares outstanding were:		
- in the money vested options		3,447,952
- in the money warrants		5,976,319

8 REVERSE TAKE OVER OF SUB NIGEL

In the current financial year the merger between Sub Nigel and New Kleinfontein was accomplished through the issue of Sub Nigel shares to Alease in payment for all of the issued and outstanding ordinary shares of New Kleinfontein and all amounts due by New Kleinfontein to Alease on loan account, as detailed in note 1.

Except for the cash taken over, this transaction has been excluded from the cash flow statement as it did not result in an exchange of cash.

The aggregate fair values of assets acquired and liabilities assumed on the purchase of Sub Nigel were as follows:

	US\$'000
Property, plant and equipment	778
Undeveloped properties - Sub Nigel	17,717
Loan account	1,518
Receivables and prepayments	66
Inventory	9
Cash	1,933
Cost closure obligation	(35)
Trade and other payables	(1,069)
Future taxation liability	(5,138)
Value of business combination	15,779
Non-controlling interest	(2,999)
Cash taken over	1,933
Shares consideration	(12,780)
Net cash flow	1,933

The terms of the purchase price were agreed between the parties in terms of an agreement of acquisition dated August 23, 2005. The effective date of the reverse take over was January 10, 2006.

The disposal, by Uranium One Africa, of all of the issued and outstanding ordinary shares of New Kleinfontein and all amounts due by New Kleinfontein to Uranium One Africa on loan account, as discussed in note 1, resulted in a gain of \$7.0 million.

Changes in the percentage shareholding from 79.92% on January 10, 2006 to 71.56% on September 30, 2006 resulted in a dilution gain of \$10.9 million for the 9 months ending September, 2006. This, together with the initial gain of \$7.0 million, resulted in a total dilution gain of \$17.9 million for the period.

9 RELATED PARTY TRANSACTIONS

During the nine months ended September 30, 2006, Uranium One paid \$0.8 million to Davis & Company LLP, a partner of which was a director of Uranium One from December 27, 2005 to June 7, 2006 and was prior to December 27, 2005 a director of Alease Gold and Uranium Resources Limited. These payments were for legal services rendered.

10 EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the balance sheet date, Uranium One issued 20,815,000 shares in terms of a public offering, which closed on October 31, 2006. The shares were issued at \$7.39 (Cdn\$8.30) per share. The total net proceeds of \$146.2 million will be used to fund ongoing development of its mining projects, exploration activities and for general corporate purposes.

11 SEGMENTED INFORMATION

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Corporation is managed according to the same segments.

For the 9 months ended September 30, 2006:

	South Africa US\$'000	Australia US\$'000	Canada US\$'000	TOTAL US\$'000
Gold Sales	2,622	-	-	2,622
Cost of Sales	(6,178)	-	-	(6,178)
Gross loss	(3,556)	-	-	(3,556)
Sundry income	521	122	-	643
General and administrative expenditure	(3,787)	(1,451)	(4,543)	(9,781)
Share options & restricted shares expensed	-	-	(8,632)	(8,632)
Exploration expenditure	(3,611)	(1,719)	-	(5,330)
Operating loss	(10,433)	(3,048)	(13,175)	(26,656)
Interest received	659	101	2,647	3,407
Interest paid	(1,574)	(1)	-	(1,575)
Dilution gain on disposal of investments	17,940	-	-	17,940
Foreign exchange losses on cash	-	-	(12,113)	(12,113)
Non-controlling interest in earnings of subsidiary	550	-	-	550
Profit / (loss) before income taxes	7,142	(2,948)	(22,641)	(18,447)
Provision for income taxes	(1,040)	-	(25)	(1,065)
Net profit / (loss)	6,102	(2,948)	(22,666)	(19,512)
Other segment items				
Capital expenditure	53,465	515	2,299	56,279
Amortization and depreciation	347	-	-	347

For the 3 months ended September 30, 2006:

	South Africa US\$'000	Australia US\$'000	Canada US\$'000	TOTAL US\$'000
Gold Sales	680	-	-	680
Cost of Sales	(1,592)	-	-	(1,592)
Gross loss	(912)	-	-	(912)
Sundry income	205	49	-	254
General and administrative expenditure	(1,498)	(687)	(1,470)	(3,655)
Share options & restricted shares expensed	-	-	(1,632)	(1,632)
Exploration expenditure	(969)	(316)	-	(1,285)
Operating loss	(3,174)	(954)	(3,102)	(7,230)
Interest received	286	10	809	1,105
Interest paid	(760)	-	-	(760)
Dilution gain on disposal of investments	6,915	-	-	6,915
Foreign exchange gains on cash	-	-	2,070	2,070
Non-controlling interest in earnings of subsidiary	261	-	-	261
Profit / (loss) before income taxes	3,528	(944)	(223)	2,361
Provision for income taxes	-	-	-	-
Net profit / (loss)	3,528	(944)	(223)	2,361
Other segment items				
Capital expenditure	23,224	1,252	385	24,861
Amortization and depreciation	114	-	-	114
As at September 30, 2006:				
Total assets	100,260	66,167	189,211	355,638
Total liabilities	(84,739)	(21,732)	(961)	(107,432)
As at December 31, 2005:				
Total assets	34,189	69,700	75,036	178,925
Total liabilities	(20,178)	(22,196)	(1,926)	(44,300)