



2006 Second Quarter Disclosure Documents

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management discussion and analysis

Management's Discussion and Analysis of Financial Condition and Results of Operations

for the quarter ended June 30, 2006

Set out below is a review of the activities, results of operations and financial condition of sxr Uranium One Inc. ("Uranium One") and its subsidiaries for the three and six months ended June 30, 2006, together with certain trends and factors that are expected to have an impact in the second half of 2006. This information is presented as of August 10, 2006. The discussion below should be read in conjunction with the unaudited consolidated financial statements of Uranium One for the three and six months ended June 30, 2006 and the notes thereto (referred to herein as the "consolidated financial statements").

Uranium One's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles. All amounts in this report are in US dollars, except where otherwise indicated.

Uranium One is a Canadian corporation engaged in the acquisition, exploration and development of properties for production of uranium in South Africa, Australia, Canada and the United States and gold in South Africa.

The common shares of Uranium One are listed on the Toronto and Johannesburg stock exchanges. The shares of Uranium One's subsidiary Aflase Gold Limited are also listed on the Johannesburg stock exchange.

This Management Discussion and Analysis includes certain forward-looking statements. Please read the cautionary note at the end of this report.

GENERAL

Uranium One's principal assets are the Dominion Uranium project in South Africa, the Honeymoon Uranium project in Australia and, through its approximately 75% owned subsidiary Aflase Gold Limited, the Modder East Gold project in South Africa.

The previously announced sale of an undivided 26% interest in the Dominion Uranium project and the Bonanza Gold project to Uranium One's black economic empowerment joint venture partner, Micawber 397 (Proprietary) Limited ("Micawber"), will be accounted for when the risks and rewards of the transaction are deemed to have passed to Micawber.

Dominion Reefs Uranium Mine

The Dominion Reefs Uranium Mine, which encompasses both the Dominion Uranium project and the Bonanza South Gold Mine, is situated in the North West Province of South Africa, approximately 150 kilometres west-southwest of Johannesburg. The two projects share infrastructure and, as a result, are now run as a single operation. In the future the Bonanza South production stream will be displaced by ore from the Dominion Reefs Uranium Mine.

Resources

During the quarter, surface exploration drilling in the area of interest where the prospecting rights have been granted continued. A revised mineral resource statement audited by SRK Consulting was announced by Uranium One on June 14, 2006. The revised mineral resource estimate is 25,990,000 tonnes at a grade of 0.83 kg/t containing 47,492,000 pounds U₃O₈ in the indicated category (a 195% increase from the 16,121,000 pounds U₃O₈ previously reported) and 178,422,000 tonnes at a grade of 0.51 kg/t containing 199,193,598 pounds U₃O₈ in the inferred category (a 36% increase from the 146,608,000 pounds U₃O₈ previously reported). The average grade of the uranium resource has decreased from 0.99 kg/t to 0.83 kg/t in the indicated category and from 0.66 kg/t to 0.51 kg/t in the inferred category. The decrease in the average grade resulted mainly from a decrease in the cut off grades applied from 0.49 kg/t to 0.21 kg/t at Dominion and from 0.49 kg/t to 0.32 kg/t at Rietkuil. The decrease in grades is not considered significant.

In addition, the revised resource estimate shows a gold resource at Dominion of 25,990,000 tonnes at a grade of 1.09 g/t containing 910,000 ounces gold in the indicated category (a 163% increase from the previously reported indicated resource) and 178,422,000 tonnes at a grade of 0.63 g/t containing 3,614,000 ounces in the inferred category (a 63% increase from the previously reported inferred resource).

Surface exploration drilling is continuing and a total of 22 drill rigs are committed. The majority of the work is focused on the Dominion Uranium project where drilling is primarily focused on converting resources from the inferred category to the indicated category through further extension and delineation of already identified high-grade pay shoots to depths greater than 500m. In addition, work has commenced in an attempt to extend Uranium One's inferred resource base by drilling in the deeper zones of the deposit which have yet to be declared as inferred. Four rigs are drilling in areas where gold would be the primary product, namely the inner/outer basins, Bonanza basin and Bonanza South for further resource definition.

Feasibility Study

On July 28, 2006 Uranium One announced the details of the Phase I Feasibility Study for the Dominion Uranium project, as well as a conceptual study for Phase 2 which considered a 30 year mine life. As part of the feasibility study, a probable reserve was declared of 18,454,000 tonnes at a grade of 0.77 kg/t containing 31,327,000 pounds of U₃O₈.

Total construction capital up to hot commissioning of the uranium plant in the first quarter of 2007 is US\$152 million. Of this amount, US\$47 million has been spent up to June 30, 2006. A further US\$28 million in capital is required to establish the full design capacity of 200,000 tonnes per month. This throughput rate is expected to be achieved by the end of 2007. Ongoing capital over the life of Phase I to be incurred from January 1, 2008 onwards is US\$64 million.

Production at steady state, expected to be between 2011 and 2014, will average 3.8 million pounds U₃O₈ per annum at an average cash operating cost of US\$14.50 per pound U₃O₈, net of gold by-product credits. The feasibility study analysis assumes a uranium oxide price of US\$46.50 per pound, a gold price of US\$629 per ounce and a Rand per US Dollar exchange rate of 6.585.

The after-taxation, all equity IRR for Phase I is 32%, the after-taxation, all equity NPV is US\$184 million at an 8% discount rate and project payback from the commencement of Phase I construction is estimated to be 5 years.

Phase II of the Dominion Uranium project has been designed to maintain the throughput of the project at 200,000 tonnes per month. Phase II

contemplates mining a portion of the inferred resources at Dominion, resulting in a total mine life of 30 years. Operating costs during Phase II are expected to be US\$41 per tonne milled and construction capital required is US\$98 million to establish a fourth decline, sink a vertical shaft and construct a new tailings facility.

Development

In line with the decision taken by the board of Alease Gold and Uranium Resources in July 2005, the mine is undergoing fast track development under the current prospecting license. Development of the R1 decline at the Rietkuil section continues with 390 metres developed in the quarter. The Rietkuil incline shaft has been dewatered and re-commissioned to 3 level. Development operations have commenced on 3 level. At the Dominion section, development of the D1 decline continues with 380 metres developed in the quarter.

The excavation of the D2 portal was completed and the development of the decline has commenced with 210 metres developed in the quarter. The upgrade of the facilities to provide enhanced permanent power supply through Eskom, a state-owned electricity supply company, is in progress and the design and negotiations to secure additional potable and process water supplies has been concluded with the City Council of Matlosana (previously Klerksdorp).

The engineering, procurement, construction and management ("EPCM") contract with Bateman Engineering for the completion of the uranium plant has been signed and construction of the new uranium plant is in progress. The earthworks are complete and the associated civil works and mechanical erection of the uranium processing plant is in progress. The erection of the first thickeners has commenced. Orders for the long lead time items, including the autoclaves, have been placed. The uranium plant program is currently 68% complete and remains on schedule for hot commissioning in the first quarter of 2007. The expenditure to date and the anticipated timing and costs are in line with the project plan.

All documentation required for the granting of the mining rights including the environmental management plan have been completed and submitted to the South African authorities. The public participation processes have been completed and all surface rights necessary for the establishment of Phase 1 of the Dominion Uranium project have been purchased or secured. Uranium One expects to be granted the necessary mining right in due course. A water use license has been approved.

In line with Uranium One's requirement of expediting the development of the new uranium mine, equipment and trained production crews have been relocated from the Bonanza South section to development areas of the new uranium mine. The Bonanza South section will continue to be used as a training area in order to provide trained staff for the development of the R1, D1 and D2 declines.

Bonanza South Gold Mine

The gold plant is undergoing an upgrade in order to re-establish its capacity to process 200,000 tonnes per month and is in the process of being integrated into the new uranium plant. As a consequence, the gold plant will only be available for batch treatment of gold ore for the rest of the year. The quantity of ore mined from Bonanza will therefore be reduced, stockpiled and processed on a batch basis. As noted earlier, Bonanza South's production will eventually be displaced by ore from the Dominion Uranium project areas. Bonanza South will therefore continue production as described above until the end of 2006 to the extent that processing capacity is available.

The Bonanza South deposit has been subjected to an extensive investigation in order to ascertain the reasons for the discrepancy between the budgeted gold production levels and actual production achieved. The main factors which have contributed to the underperformance are delayed development due to difficult ground conditions, water intersections and complex geology. The combined consequence of these conditions is a shortage of payable faces available for mining.

A geological and geostatistical investigation resulted in a better understanding of the ground conditions in the area north of the road reserve. This investigation resulted in an increase in the face grades at Bonanza South in both the blasted and trucked grades since the geological domains were recognized. A decision was taken to only mine inside the predetermined higher grade areas.

An extensive surface and underground drilling program commenced at the end of April 2006. 3 out of 24 boreholes have been completed to date. The drilling program will assist with improving the definition of the payable mining areas.

With regard to the water bearing area and zone of bad ground conditions, considerable progress has been made. The strata have been dewatered to below 105 level and the 105 by-pass has been successfully developed through the bad ground conditions. Tammy decline is currently still on stop while ground cementation is being conducted. Development operations have been delayed by in excess of 10 months. During the quarter 20,674 tonnes were milled at a head grade of 2.10 g/t, producing 43.4 kg (1,396 ounces) of gold.

Honeymoon Uranium Project

The Honeymoon Uranium project is located in northeast South Australia, approximately 75 kilometres northwest of Broken Hill on mining lease 6109.

Resources

The final delineation drilling at Honeymoon has been completed. A three-dimensional model of the Honeymoon resource which extends for 900 x 450 metres has been generated from 229 rotary mud holes and seven core holes. A new NI 43-101 compliant indicated mineral resource is expected to be announced shortly.

Feasibility Study

The Honeymoon feasibility study undertaken by Mayfield Engineering and Aker Kvaerner has been completed. A 43-101 compliant summary of the feasibility study is in the final stages of preparation and is expected to be filed on SEDAR shortly, as well as the 43-101 compliant report in respect of a new resource estimate. Construction of the Honeymoon project, if undertaken, will require significant additional funding.

Regional exploration

The Goulds Dam project is located 80 kilometres to the northwest of the Honeymoon Uranium project. Preparations are now underway to commence a 100 hole, 13,000 metre surface drilling program to further evaluate the potential of the Uranium One's Billeroo Prospect, located at the northern extension of Goulds Dam. Billeroo contains an existing NI 43-101 compliant inferred resource of approximately 12 million tonnes at a grade of 0.03% U₃O₈, containing 3,600 tonnes U₃O₈. Drilling is expected to begin in the third quarter of 2006. Three dimensional modelling of the Goulds Dam ore body has also commenced. A Hoist AEM survey is scheduled for September over the Ethudna area which is south of Goulds Dam, along with a small gravity survey.

A successful negotiation with relevant indigenous parties resulted in a formal agreement in July 2006 which will streamline indigenous land clearance issues for future exploration activities at Goulds Dam. In accordance with this agreement, on the ground inspection by indigenous people is scheduled to commence shortly, in advance of the Billeroo drilling program.

A site visit was made to Karkarook on the Eyre Peninsula to notify landholders that ground geophysics will start in late August 2006. A drilling contractor is being sought to drill a 500m core hole at Karkarook to test a strong radiometric uranium anomaly and to provide petrophysical data which will be used to design a geophysical exploration tool to explore for unconformity-style uranium on the company's Eyre Peninsula and Sturt Shelf properties.

Aflease Gold Limited

Aflease Gold is a separate Johannesburg stock exchange listed gold mining and exploration company with assets in the East Rand and the Free State gold fields of the Witwatersrand Basin in South Africa as well as in Namibia. Aflease Gold is approximately 75% owned by Uranium One and has near term production visibility at its Modder East Gold project. Aflease Gold is not funded by Uranium One.

Modder East Gold Project

The project is located approximately 30 kilometres east of Johannesburg, South Africa and is operated by Aflease Gold Limited. In February 2006, Aflease Gold announced a gold reserve in the probable category of 10,065,000 tonnes, grading 4.02 g/t and containing approximately 1,301,000 ounces of gold. In May 2006, Aflease Gold commenced the initial phase of construction of the project on a fast track basis, based on internal work done by Aflease Gold in connection with the preparation of a feasibility study for the project. The feasibility study has been submitted to SRK Consulting for independent evaluation and audit. The results of the study are expected to be disclosed by mid-August, following which an independent technical report prepared by SRK Consulting in connection with the feasibility study will be filed on SEDAR. An Environmental Management Program is also being finalized for submission to the South African regulatory authorities later in 2006 in connection with an application for a 'new order' mining licence, approval of which is expected in the second quarter of 2007. In the meantime, Aflease Gold holds an 'old order' mining right which is valid until April 29, 2009.

Activities underway at the site include the development of surface infrastructure essential to the initial decline. Infrastructure developed during the quarter included most of the portal excavation, the construction of three earth-wall dams, and the preparation of the office and workshop site. Essential surface infrastructure requirements which have been designed and ordered include the lamp room (which will initially serve as an office and store room), a portion of the change house, the workshops and the explosives magazines. The water supply and sewage requirements were negotiated with the local municipality during the quarter. Power connection arrangements were completed covering the design work on the power line installation and connection, high mast lighting and the power supply to the portal, workshops and dams.

Aflease Gold Exploration

Aflease Gold is continuing to carry out its planned exploration programs and resource estimations (where the project is sufficiently advanced) for its projects, namely Modder East, Sub Nigel, New Kleinfontein and Turnbridge, Ventersburg and Etendeka. Uranium One will report on these projects as they become significant.

SELECTED FINANCIAL INFORMATION

The table below sets out selected financial data relating to Uranium One's quarter and six months ended June 30, 2006 and the six months ended June 30, 2005. This financial data is derived from the unaudited consolidated financial statements, which are prepared in accordance with Canadian GAAP. All figures are in thousands of US dollars, except per share amounts; earnings per share data is presented in cents.

	Quarter ended June 30 2006	Six months ended June 30 2006	Six months ended June 30 2005
Total gold sales	921	1,942	-
Net loss	(19,963)	(21,873)	(7,021)
Net loss per share – basic & diluted	(17.84)	(20.77)	(11.40)
Total assets	312,397	312,397	56,179
Long term financial liabilities	35,647	35,647	5,844
Short term financial liabilities	17,852	17,852	17,062

RESULTS OF OPERATIONS

Revenue and operation results of gold production

Uranium One produced and sold 43.4kg (1,396 oz) of gold from the Bonanza South project during the quarter ended June 30, 2006, and 92.4kg (2,972 oz) during the six months ended June 30, 2006, of which 7kg (225 oz) was declared as gold sold from the 2005 gold-in-process. During the six months ended June 30, 2005 no gold was produced or sold from the Bonanza South project.

Revenue from gold production was \$0.9 million for the quarter ended June 30, 2006 and \$1.9 million for the six months ended June 30, 2006 (2005: None).

For the quarter ended June 30, 2006, the cost of gold production was \$869/oz. The cost of gold production for the six months ended June 30, 2006 was \$1,543/oz (2005: n/a). The high cost of production for the six months was due to high unit cost as the gold plant was inoperative for extended periods during the first half of 2006. The gold plant was inoperative in January and February as a result of a breakdown of the primary jaw crusher and the plant was taken out of production intermittently during its integration into the Uranium Plant. During the second quarter, grades have improved as a result of mining operations being focused on high grade deposits. For the quarter ended June 30, 2006, the loss from gold production was \$0.3 million, with a loss of \$2.6 million for the six months ended June 30, 2006 (2005: loss of \$0.7 million).

General and administrative expenditure

Expenditure for the quarter ended June 30, 2006 was \$4.5 million and \$6.1 million for the six months ended June 30, 2006 (2005: \$1.8 million), which is in line with expectations. The major components of general & administrative expenditure consisted of executive bonus payments (during the second quarter), consulting fees, legal fees and audit and compliance costs.

Projects and exploration expenditure

Exploration expenditure is included in the operating loss, and was \$1.4 million for the quarter ended June 30, 2006 and \$4.0 million for the six months ended June 30, 2006 (2005: \$3.6 million). The expenditure for the quarter consists of expenditure of \$0.5 million on Honeymoon and other Australian projects and \$0.9 million on various exploration projects in South Africa.

Operating loss

Operating losses for the quarter ended June 30, 2006 of \$9.8 million included the loss from gold production of \$0.3 million, general and administrative expenditure of \$4.5 million and exploration expenditure of \$1.4 million as discussed above. Share option and restricted share right expenses of \$3.8 million are also included in the operating loss. Sundry income of \$0.3 million was received for the quarter.

Operating losses for the six months ended June 30, 2006 of \$19.4 million (2005: \$6.8 million) included the loss from gold production of \$2.6 million (2005: \$0.7 million), general and administrative expenditure of \$6.1 million (2005: \$1.8 million) and exploration expenditure of \$4.0 million (2005: \$3.6 million) as discussed above. Share option expenses of \$7.0 million (2005: \$0.8 million) are also included in the operating loss. Sundry income received during the six months totalled \$0.4 million (2005: \$0).

Finance cost

Net finance income (calculated as interest received less interest paid) amounted to \$1.1 million for the quarter ended June 30, 2006 and \$1.5 million for the six months ended June 30, 2006 (2005: net finance cost of \$1.0 million). Interest received increased in the current quarter to \$1.5 million, due to the investment of the proceeds from the February 2006 capital raising. The proceeds are mainly being used to fund the development of the Dominion Uranium project and will therefore reduce in future quarters as the capital is spent. Finance costs related predominantly to servicing of debt, the cost of equipment used in Uranium One's operations and the short-term loan from Nedcor Securities. The loan from Nedcor Securities decreased from \$1.0 million on December 31, 2005 to \$0.4 million at the end of the quarter.

Taxes

There have been no material changes to Uranium One's disclosure regarding taxes since March 31, 2006. For further information, refer to the Management's Discussion and Analysis for the period ended March 31, 2006.

DISCUSSION OF CASH FLOWS

Cash outflow from operating activities was \$4.8 million for the quarter ended June 30, 2006, and \$13.3 million for the six months ended June 30, 2006 (2005: \$4.6 million). For the quarter ended June 30, 2006, the cash inflow from gold sales of \$0.9 million, sundry income of \$0.3 million, interest received of \$1.5 million and a movement in working capital of \$0.8 million, is offset by the cash cost of sales of \$1.2 million, general and administrative expenditure of \$4.5 million, exploration expenditure of \$1.5 million, interest paid of \$0.5 million, a realized foreign exchange loss of \$0.6 million (\$14.2 million less an unrealized loss of \$13.6 million). The movement in working capital consists of a positive movement in trade and other payables of \$2.8 million, less movements on trade receivables & prepayments of \$2.0 million.

For the six months ended June 30, 2006, the cash inflow from gold sales of \$1.9 million, sundry income of \$0.4 million and interest received of \$2.3 million, is offset by the cash cost of sales of \$4.4 million (\$4.6 million less depreciation charges of \$0.2 million), general and administrative expenditure of \$6.1 million, exploration expenditure of \$4.0 million, interest paid of \$0.8 million, a realized foreign exchange loss of \$0.6 million (\$14.2 million less an unrealized loss of \$13.6 million) and a movement in working capital of \$2 million. The movement in working capital consists of a positive movement in trade and other payables of \$1.7 million, less movements on trade receivables and prepayments and rehabilitation and closure cost obligations of \$3.6 million and \$0.1 million respectively.

On February 17, 2006, Uranium One completed a private placement of 22,300,000 common shares at a price of \$6.64 (Cdn \$7.65) per share, for gross proceeds of \$147.7 million (Cdn \$170.6 million). The net proceeds of \$139.6 million (Cdn \$161.2 million), after 5.5% agents' commission of \$8.1 million (Cdn \$9.4 million), are being used primarily for the development of the Dominion Reefs Uranium Mine, corporate expenditure and further corporate development. The private placement was denominated in Canadian dollars.

A decrease in the Nedcor Securities loan during the six months ended June 30, 2006 by the amount of \$0.6 million and the repayments on finance leases of \$1.0 million reduced the cash inflow from financing activities to \$138.1 million.

Uranium One impaired its investment in Randgold and Exploration ("Randgold") to zero as at December 31, 2005. The Randgold shares are traded on the OTC market in the United States where the closing price was \$2.40 per share on August 4, 2006. The finance raised against the investment as at June 30, 2006 was \$0.4 million (December 31, 2005: \$1.0 million), as reflected by the short-term loan balance as disclosed in the financial statements.

Other cash flow items during the three months ended June 30, 2006 consisted of a cash investment of \$18.5 million in the development of the Dominion Reefs Uranium Mine.

Other cash flow items during the six months ended June 30, 2006 included the cash acquired through the reverse take-over of Sub Nigel Limited amounting to \$1.9 million and a cash investment of \$31.4 million in the development of the Dominion Reefs Uranium Mine.

The weakening of the South African Rand had a significant effect on Uranium One's cash flow statement during the 6 months ended June 30, 2006, as reflected in the \$17.2 million effect of exchange rates on cash balances held in foreign currencies. At June 30, 61% of Uranium One's cash balances were in South African Rand, in line with expected capital expenditure on the Dominion Reefs Uranium Mine. Uranium One is also subject to foreign exchange rate risk in respect of Australian Dollars. Uranium One does not currently utilize any hedging programs to limit any adverse effects of foreign exchange rate fluctuations.

DISCUSSION OF FINANCIAL POSITION AND LIQUIDITY

Cash and non-cash assets

Cash balances available at June 30, 2006 increased to \$89.0 million (December 31, 2005 - \$10.9 million) primarily due to increased financing and capital raising activities.

Accounts receivable increased to \$12.5 million at June 30, 2006 (December 31, 2005 - \$8.8 million). The increase was largely due to the issue of guarantees in respect of the acquisition of properties for the development of the Dominion Uranium project and the increase in value-added tax owed to Uranium One, attributed to the increased spending on the construction of the Dominion Uranium project.

Non-current assets increased to \$210.3 million at June 30, 2006 (December 31, 2005 - \$158.5 million). The increase is related to capital expenditure on the development of the Dominion Reefs Uranium Mine of \$31.4 million, the fair value of the assets acquired during the reverse acquisition of Sub Nigel Limited of \$18.5 million (consisting of the carrying value of property, plant and equipment of \$0.8 million and the fair value of undeveloped properties of \$17.7 million), and additions to motor vehicles and office equipment of \$0.8 million.

Investing activities

Uranium One impaired its investment in Randgold and Exploration ("Randgold") to zero as at December 31, 2005.

Financing activities

Interest-bearing long and short-term borrowings (consisting of the long and short-term portions of finance leases and the short-term loan from Nedcor Securities) totalled \$2.5 million at June 30, 2006 (December 31, 2005 - \$4.0 million). The decrease was due to a decrease in the Nedcor Securities short-term loan of \$0.6 million and repayments on finance leases of \$1 million. The balance of the long and short-term liabilities, namely accounts payable and accrued liabilities, the asset retirement obligation and the future taxation liability, are not interest bearing.

Total liabilities

Total liabilities increased to \$53.5 million at June 30, 2006 (December 31, 2005 - \$44.3 million), due to the increase in future tax liability of \$9.5 million (in respect of the capital gain on the disposal on New Kleinfontein Mining Company and the future tax liability on the revaluation of undeveloped properties in the Alease Gold transaction) and the increase in accounts payable of \$1.3 million during the six month period. The increases were offset by a decrease of \$1 million in finance lease obligations and a decrease in the short-term Nedcor loan of \$0.6 million.

Shareholders' equity

Shareholders' equity increased to \$254.5 million at June 30, 2006 (December 31, 2005 - \$134.6 million) as the share issuances and the increase in contributed surplus (due to share option expenses) during the period offset the loss of \$21.9 million and the decrease in the foreign currency translation reserve of \$6.6 million. The decrease in the foreign currency translation reserve can primarily be attributed to the significant weakening of the South African Rand during the period.

Liquidity and capital resources

As at June 30, 2006 the capital commitments in respect of the Dominion Reefs Uranium Mine were \$82.9 million to further the development of the mine and processing plant. No other significant commitments existed on June 30, 2006.

The cash resources of Uranium One, which amounted to \$84.7 million (\$89.0 million as disclosed in the financial statements, less \$4.3 million held by Alease Gold) and interest earned on these cash balances, will be utilized to cover the existing commitments in respect of the Dominion Reefs Uranium Mine.

Further capital expenditure, for which no current commitments exist, of \$22 million will be required to advance development of the Dominion Reefs Uranium Mine up to hot commissioning. Construction of the Honeymoon project, if undertaken, will require significant additional funding. Uranium One will require additional funding before binding commitments in respect of the further capital expenditure can be entered into.

A decision on the funding strategy of Uranium One will be made in the third quarter of 2006 and consideration will be given to the mix and relative cost of capital resources. Prospective sources of additional funding include equity financing, debt financing, and exercise of stock options and warrants. Uranium One's ability to raise capital is highly dependent upon the commercial viability of its projects and the underlying prices of uranium and gold. Declines in the prices for uranium and gold may negatively impact Uranium One's ability to raise additional funding and Uranium One currently does not employ any mechanisms to manage its exposure to price fluctuations. There is no assurance that additional sources of funding are forthcoming.

Uranium One has access to \$5.2 million through a short-term loan facility from Nedcor.

Alease Gold is not funded by Uranium One and it currently discharges its responsibility to fund itself by issuing shares through its listing on the Johannesburg stock exchange. Alease Gold committed \$3.3 million towards the development of the Modder East Gold Mine as at June 30, 2006. Cash of \$4.3 million and ongoing share placements to shareholders other than Uranium One will fund the further development of the Modder East Gold Mine.

SUMMARY OF INTERIM INFORMATION

The table below sets out selected financial data for the periods indicated. During the year ended December 31, 2005, in accordance with the rules of the Johannesburg stock exchange applicable to developmental companies, Alease Gold and Uranium Resources Limited prepared half-yearly, and not quarterly, interim financial statements. Information for that period is accordingly presented for the six month periods ended June 30, 2005 and 2004 and for the six month periods ended December 31, 2005 and 2004 as it is impracticable to present quarterly interim financial information. The financial data presented is derived from Uranium One's unaudited financial statements, which are prepared in accordance with Canadian GAAP. All figures are in thousands of US dollars, except per share amounts; earnings per share data is presented in cents.

	Three months ended		Six months ended		Six months ended	
	June 30, 2006	March 31, 2006	Dec 31, 2005	June 30, 2005	Dec 31, 2004	June 30, 2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Total gold sales	921	1021	2,730	-	250	1,642
Net loss	(19,963)	(1,910)	(34,719)	(7,021)	(10,673)	(4,090)
Net loss per share - basic and diluted	(17.84)	(1.91)	(27.34)	(31.33)	(24.64)	(10.45)

In December 2003, open pit mining activities at the Inner Basin were discontinued as a result of disappointing grades and the erosion of margins due to the strengthening Rand. The gold processing plant was placed on care and maintenance in early 2004. As the Group shifted focus to a strong Rand strategy, it was decided to focus on the Group's high margin assets. Exploration work conducted between November 2002 and January 2004 identified significant areas of gold mineralization in the Bonanza South project area and in 2003, development on the Bonanza South decline shaft commenced. In May 2005, the processing plant was re-commissioned and on June 29, 2005 the first gold from the Bonanza underground mine was poured.

Please refer to the Bonanza South Gold Mine paragraph under the discussion of the Dominion Reefs Uranium Mine for the current status and prospects for Bonanza.

OUTLOOK

During the remainder of 2006, Uranium One is focused on advancing the Dominion Uranium project to hot commissioning in the first quarter of 2007 and progressing the Honeymoon Uranium project to a production decision.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The interim consolidated financial statements of the Corporation have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). The consolidated financial statements do not include all the information and disclosure required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair and consistent presentation of the interim financial statements have been included. The accounting policies and their methods of application are consistent with those used in the December 31, 2005 consolidated financial statements. For further information, see the Corporation's consolidated financial statements and the accompanying notes included in the 2005 Annual Report.

RISKS AND UNCERTAINTIES

Uranium One's business risks remain substantially unchanged since December 31, 2005. For a more detailed discussion of risk factors, reference should be made to Uranium One's 2005 Annual Information Form.

RELATED PARTY TRANSACTIONS

During the quarter ended June 30, 2006, Uranium One paid \$0.2 million (\$0.5 million for the six months ended June 30, 2006) to Davis Et 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 Aflease. These payments were on account of fees for legal services rendered in connection with the legal work related to the private placement as discussed above, employment agreements, corporate development activities and advice on corporate governance.

OUTSTANDING SHARE DATA

As at August 10, 2006, Uranium One had issued and outstanding 111,828,843 common shares and the following common share purchase warrants, each exercisable for one common share of Uranium One:

- 300,000 Series D warrants exercisable at Cdn \$6.95 per warrant
- 1,800,000 broker warrants exercisable at U.S. \$5.39 per warrant
- 3,876,319 warrants exercisable at Cdn \$3.55 per warrant

Uranium One had an aggregate of 6,592,817 options outstanding under its Stock Option Plan, at exercise prices ranging from \$1.15 to \$6.78 per share. In addition, there were 372,922 outstanding restricted share rights that can be exercised with no consideration.

ADDITIONAL INFORMATION

Additional information relating to Uranium One, including Uranium One's most recent annual information form, is available on SEDAR at www.sedar.com.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium and gold, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, Government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Uranium One to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions, to international operations, to prices of uranium and gold as well as those factors referred to in the section entitled "Risk factors" in Uranium One's Annual Information Form for the year ended December 31, 2005 which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.