



**URANIUM ONE INC.**  
**ANNUAL INFORMATION FORM**  
**Year Ended December 31, 2007**

**March 31, 2008**

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SCHEDULE “A” - CHARTER OF THE AUDIT COMMITTEE

## ITEM 1. EXPLANATORY NOTES AND CAUTIONARY STATEMENTS

### 1.1 Explanatory Notes

In this Annual Information Form, references to the “**Corporation**” or “**Uranium One**” include the subsidiaries of Uranium One Inc. unless the context otherwise requires. Unless otherwise stated in this Annual Information Form, the information contained herein is at December 31, 2007 and all currency references are in Canadian dollars.

### 1.2 Forward-Looking Information

Included in this Annual Information Form, and the documents incorporated by reference herein, are forward-looking statements (within the meaning of applicable securities laws) with respect to Uranium One. Such forward-looking statements or forward looking information include, but are not limited to, statements with respect to:

- estimates of the future prices of or demand for uranium and gold;
- the estimation of the Corporation’s mineral reserves and mineral resources and mine life;
- estimates of the timing and amount of future uranium production from the Corporation’s current and future operations and estimates of metallurgical recovery rates;
- statements as to the projected development of certain ore deposits, including estimated future production and operating costs, capital expenditures, exploration expenditures, royalties and other expenses for specific operations;
- the nature and type of permits required to bring the Corporation’s mineral projects into production and the time lines required to obtain such permits;
- exploration, mining and development risks and costs of future environmental compliance including reclamation and rehabilitation costs and clean-up of any environmental impacts;
- availability of sulphuric acid;
- the availability of electrical power in South Africa;
- the risks of litigation;
- the value of the currencies in which the Corporation incurs expenditures or is expected to generate revenue, including the United States dollar, Canadian dollar, South African Rand, Australian dollar and Kazakh tenge;
- the requirements for additional capital, and the timing of such requirements;
- timing for the receipt, and the nature, of governmental approvals, consents and waivers and contractual commitments; and
- the impact of competition for mineral projects.

Often, but not always, forward looking statements can be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, or “believes” or variations (including negative and grammatical variations) of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Corporation’s actual results, performance or achievements, or industry results, to be materially different from any future results,

performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following:

- the actual price of uranium, including the demand for, and supply of, such commodity;
- discrepancies between actual and estimated production, between actual and estimated mineral resources and mineral reserves, and between actual and estimated metallurgical recoveries;
- changes to the cost of commencing production and the time when production commences, and actual ongoing operating costs;
- the occurrence of risks associated with the development and commencement of mining operations;
- unforeseen or changed regulatory restrictions, requirements and limitations, including environmental regulatory restrictions and liability and permitting restrictions;
- the failure to obtain governmental approvals and fulfill contractual commitments, and the need to obtain new or amended licences and permits;
- unforeseen changes in the costs of material inputs, including, fuel, steel and other construction materials;
- the unforeseen impact of competition for mineral projects;
- the loss of key employees; and
- the loss of, or defective title to, exploration and mining claims, rights, leases or licences;

as well as those factors described in the section entitled “*Description of the Business - Risk Factors*” in this Annual Information Form.

Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Corporation’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Corporation’s actual results of operations, financial condition and liquidity, and the development of the industry in which it operates, may differ materially from statements made in or incorporated by reference in this Annual Information Form.

Although the Corporation has attempted to identify 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. Forward-looking statements are based upon the beliefs, estimates and opinions of the Corporation’s management at the time they are made and the Corporation undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or circumstances should change. 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.

The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### 1.3 Mineral Reporting Standards

#### *CIM Standards*

The disclosure in this Annual Information Form in respect of the Corporation's Mineral Reserves and Mineral Resources is based on technical reports prepared on the Corporation's principal projects as set out under the heading "*Description of the Business*". Such information has been prepared in accordance with the Canadian requirements under National Instrument 43-101 *Standards of Disclosure for Mineral Projects* promulgated by the Canadian Securities Administrators ("NI 43-101") and has been reviewed by qualified persons, as such term is defined in NI 43-101. The Mineral Reserves and Mineral Resources included in this document are current to the dates on which they were estimated.

For the Corporation's South African properties, mineral resources and reserves have been calculated in accordance with the classification criteria of the South African Code for Reporting Mineral Resources and Mineral Reserves ("SAMREC"). The technical reports on these properties contain reconciliations to the mineral resource and mineral reserve categories prescribed by the CIM Standards (as defined below).

Unless otherwise noted, the estimated Mineral Reserves and Mineral Resources for the Corporation's various mines and mineral projects, as disclosed in this Annual Information Form, have been calculated in accordance with the definitions and guidelines for the reporting of exploration information, Mineral Resources and Mineral Reserves determined by the Canadian Institute of Mining, Metallurgy & Petroleum ("CIM") Standards on Mineral Resources and Reserves Definitions and Guidelines adopted under NI 43-101 (the "**CIM Standards**"). Pursuant to NI 43-101, a qualified person's classification of a mineral deposit as a Mineral Resource or Mineral Reserve must follow the CIM Estimation of Mineral Resources and Mineral Reserves Best Practice Guidelines adopted by CIM on November 23, 2003, as amended. The following definitions are reproduced from those guidelines.

The term "**Mineral Resource**" means a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid fossilized organic material including base and precious metals, coal and industrial minerals in or on the Earth's crust in such form and quantity and of such grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

The term "**Inferred Mineral Resource**" means that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The term "**Indicated Mineral Resource**" means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through

appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

The term “**Measured Mineral Resource**” means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

The term “**Mineral Reserve**” means the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a preliminary feasibility study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined. Mineral Reserves are sub-divided in order of increasing confidence into Probable and Proven categories.

The term “**Probable Mineral Reserve**” means the economically mineable part of an Indicated Mineral Resource and, in some circumstances, a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

The term “**Proven Mineral Reserve**” means the economically mineable part of a Measured Mineral Resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction is justified.

#### *Historical Resources*

This document contains references to “historical resources”. Historical resource estimates do not comply with categories of mineralization prescribed by NI 43-101. Historical resource estimates are based on prior data and reports obtained and prepared by previous operators and certain other information, and should not be relied upon. No qualified person (as defined by NI 43-101) has done sufficient work to classify the historical estimates as current Mineral Resources or Mineral Reserves. The Corporation has not completed the work necessary to verify the classification of the historical resource estimates. The Corporation is not treating the historical estimates as current Mineral Resources or Mineral Reserves as defined in NI 43-101. Properties containing historical resource estimates will require further evaluation.

#### *Interests in Kazakh joint ventures*

In this document, where tables refer to a portion of resources attributable to the Corporation’s equity interest in the Betpak Dala joint venture and the Kyzylkum joint venture, this is a notional attribution because under the laws of Kazakhstan, which do not recognize the concept of beneficial ownership, only Joint Venture Betpak Dala Limited Liability Partnership (“**Betpak Dala**”) and Kyzylkum Limited Liability Partnership (“**Kyzylkum**”) have any right to receive in kind the

minerals produced from the Akdala Mine or the South Inkai Project (in the case of Betpak Dala) and the Kharasan Project (in the case of Kyzylkum). The Corporation, through its equity interests in Betpak Dala and Kyzylkum, is only entitled to the relevant percentage of any dividends or other distributions declared to the participants in these joint ventures.

#### 1.4 Certain Technical Terms

The following is a glossary of certain technical terms that appear in this Annual Information Form:

cm	centimetre (0.01 metres)
coffinite	a uranium silicate mineral, represented by the formula $U(SiO_4)_{1-x}(OH)_{4x}$ , and which is an ore of uranium;
g/t or g/tonne	grams per tonne;
kg	kilogram
kg/t or kg/tonne	kilograms per tonne
kt	kilotonne (1,000 tonnes);
kV	kilovolt;
lb	pound avoirdupois;
m	metre
m <sup>3</sup>	cubic metre
Mt	megatonne (1,000,000 tonnes)
oz	ounce avoirdupois;
pitchblende	a uranium oxide mineral (uranium dioxide - $UO_2$ - or uranium trioxide - $UO_3$ ) which is an ore of uranium;
t or tonne	metric tonne (1,000 kilograms);
tpa	tonnes per annum (year);
tpm	tonnes per month;
U	uranium;
$U_3O_8$	uranium oxide, commonly known as “yellowcake”;
uraninite	uranium dioxide, an ore of uranium represented by the formula $UO_2$
yellowcake	a common name for uranium oxide or $U_3O_8$ ;

## **ITEM 2. CORPORATE STRUCTURE**

### **2.1 Name, Address and Incorporation**

The Corporation was incorporated under the name “Southern Cross Resources Inc.” under the laws of the Province of Ontario by articles of incorporation dated January 2, 1997. Effective March 17, 2005, the Corporation continued under the *Canada Business Corporations Act* (Canada) (the “**CBCA**”).

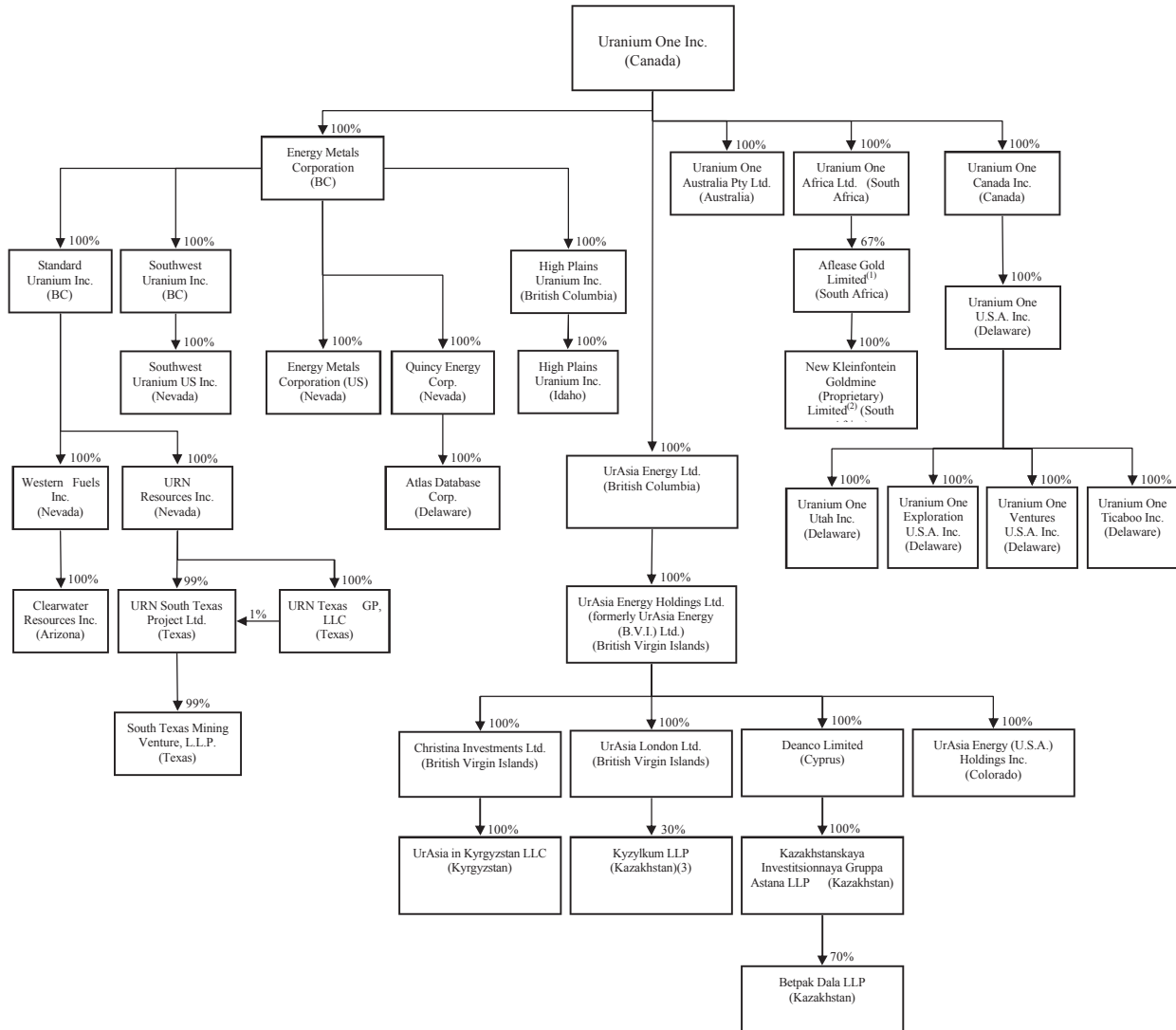
In connection with the acquisition of Alease Gold and Uranium Resources Limited, subsequently renamed Uranium One Africa Limited (“**Uranium One Africa**”), the Corporation filed articles of amendment under the CBCA effective December 6, 2005 to change its corporate name to “sxr Uranium One Inc.” and to consolidate its common share capital on a 5:1 basis.

The Corporation filed articles of amendment under the CBCA effective June 8, 2007, to change its name to “Uranium One Inc.”.

Uranium One’s registered office is located at 390 Bay Street, Suite 1610, Toronto, Ontario, M5H 2Y2. Uranium One’s website address is [www.uranium1.com](http://www.uranium1.com). Uranium One’s head office is located at Suite 900, 1285 West Pender Street, Vancouver, British Columbia, V6E 4B1. Uranium One also maintains offices in Johannesburg, South Africa, Adelaide, Australia, Almaty, Kazakhstan and Denver and Edmond, United States.

### **2.2 Inter-corporate Relationships**

The following chart indicates the corporate structure of Uranium One and its material subsidiaries, the percentage of voting securities held, and the jurisdiction of incorporation of each entity.



Notes:

1. Listed on the Johannesburg Stock Exchange (the “JSE”). Information as to approximate percentage ownership is given as of March 26, 2008.
2. Indirectly owned through a wholly-owned subsidiary of Aflease Gold Limited.

**ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS**

The Corporation is the result of a merger between the former Southern Cross Resources Inc. (“**Southern Cross**”) and Aflease Gold and Uranium Resources Limited of South Africa (subsequently renamed Uranium One Africa Limited), which was completed in December 2005. The Corporation subsequently expanded through the acquisition of UrAsia Energy Ltd. (“**UrAsia**”) in April 2007 and the acquisition of Energy Metals Corporation (“**EMC**”) in August 2007.

### 3.1 Three Year History

*Black Economic Empowerment Transaction.* In June 2005, Uranium One Africa and Micawber 397 (Proprietary) Limited (“**Micawber**”), a company owned by historically disadvantaged South Africans (“**HDSAs**”), entered into a purchase and sale agreement, a management and skills transfer agreement and a joint venture agreement, each dated June 7, 2005 (collectively, the “**Micawber Agreements**”). Pursuant to the Micawber Agreements, Uranium One Africa agreed to sell to Micawber an undivided 26% interest in the Dominion uranium project (“**Dominion**” or “**Dominion Reefs Uranium Project**”) and the Bonanza gold project (the “**Klerksdorp Assets**”). The parties also 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.

In addition, Uranium One Africa agreed to lend the funds Micawber is required to contribute under the joint venture agreement to Micawber. The aggregate amount of that loan, plus accrued interest, is repayable from Micawber’s share of joint venture profits. The purchase price payable by Micawber for its 26% interest is an amount, in cash, equal to 26% of the net present value of the Klerksdorp Assets at the date (not later than three years after receipt by Micawber of its first joint venture distribution) when Micawber elects to pay at least 20% of the purchase price. After payment of the first 20% tranche, Micawber is obliged to pay at least 20% of the purchase price during each subsequent three year period until the purchase price is paid in full. The Micawber transaction will be accounted for when the risks and rewards of the transaction are deemed to have passed to Micawber. 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 Dominion in October 2006.

*Resumption of Operations.* In May 2005, the Uranium One Africa gold processing plant was re-commissioned and on June 29, 2005 Uranium One Africa poured its first gold from its Bonanza South operations. The Corporation terminated mining operations at Bonanza South in February 2007.

*Private Placement.* In July 2005, Uranium One Africa issued 32 million ordinary shares for aggregate gross proceeds of Rand 136 million (US \$20.5 million) in a private placement pursuant to an agency agreement dated July 28, 2005 between Uranium One Africa and a syndicate of agents led by BMO Nesbitt Burns Inc. The net proceeds of the private placement were used for the ongoing development of the Dominion Reefs Uranium Project and general corporate purposes.

*Weltevreden Asset Purchase.* In July 2005, Uranium One Africa entered into an agreement with AngloGold Ashanti to acquire, subject to the satisfaction of certain conditions, the assets comprising the Weltevreden mine for Rand 75 million, payable by way of the issuance of 23,618,785 Uranium One Africa shares at a price of Rand 3.62 per share. This agreement was terminated in December 2007.

*Merger of Southern Cross and Uranium One Africa.* The Corporation and Uranium One Africa entered into a definitive acquisition agreement on September 14, 2005, providing for the acquisition by way of a scheme of arrangement under the South African *Companies Act* of all the ordinary shares of Uranium One Africa on the basis of 0.18 of a common share of the Corporation (0.90 of a common share after the consolidation) for each outstanding Uranium One Africa ordinary share, as well as a 5:1 consolidation of the Corporation’s common shares and a change in corporate name. Following the receipt of applicable regulatory and shareholder approvals, the Corporation consolidated its common share capital on a 5:1 basis and changed its name to “sxr Uranium One Inc.”. The acquisition was completed pursuant to a final order of the High Court of South Africa on December 27, 2005. As a consequence, Uranium One acquired the

Dominion Reefs Uranium Project in South Africa and the Bonanza gold project (now inactive), and certain gold properties in South Africa that were subsequently transferred to Alease Gold Limited (“**Alease Gold**”) to form the Modder East Project, as described below. Uranium One already owned the Honeymoon uranium project in Australia (“**Honeymoon**” or the “**Honeymoon Project**”) at the time of this acquisition.

*Sub Nigel Take-over and Sale of Interest in Alease Gold.* In January 2006, Uranium One Africa transferred all of the shares of New Kleinfontein Mining Company Limited and related subsidiaries to Sub Nigel Gold Mining Company (“**Sub-Nigel**”), a JSE listed company, in exchange for shares of Sub Nigel. This transaction resulted in Sub-Nigel being held as to approximately 79.9% by Uranium One and as to the balance by the former Sub Nigel shareholders. Sub-Nigel subsequently changed its name to “Alease Gold Limited”. As a result of subsequent issuances of shares by Alease Gold, Uranium One’s interest in Alease Gold has been diluted to approximately 67% as of December 31, 2007. Alease Gold has a primary listing on the JSE under the symbol “AFO” and a level one American deposit receipt listing on the International Prime QX under the symbol “AFSGY”. Alease Gold is engaged in the exploration and development of gold resource properties in South Africa and Namibia. Alease Gold’s principal property is the Modder East gold project in the East Rand area of South Africa (“**Modder East**” or the “**Modder East Project**”). Alease Gold has recently entered into an agreement to sell an undivided 26% share of its interest in the Modder East Project pursuant to a Black Economic Empowerment transaction.

In March 2008, Uranium One agreed, subject to regulatory approval, to sell approximately 152,195,122 of its shares in Alease Gold for gross proceeds of approximately US\$40 million and to grant to the purchasers an option to acquire Uranium One’s remaining 186,816,558 shares in Alease Gold at a price per share equal to the greater of the price per share paid for the first tranche of shares and the volume weighted average trading price of the shares of Alease Gold on the JSE.

*Private Placement of Shares.* On February 17, 2006, the Corporation issued 22,300,000 common shares for aggregate gross proceeds of \$170,595,000 in a private placement conducted in Canada and internationally pursuant to an agency agreement dated February 17, 2006 between the Corporation and a syndicate of agents led by BMO Nesbitt Burns Inc. The net proceeds of the private placement were used by the Corporation for the continued development of the Dominion Reefs Uranium Project and general corporate purposes.

*Proposed Acquisition of Shares in Randgold.* On June 13, 2006, Alease Gold entered into a share exchange agreement with a South African institution under which Alease Gold had the right to acquire, at its election, not less than 7,500,000 and not more than 13,000,000, shares of Randgold, in exchange for shares of Alease Gold. The share exchange agreement was terminated by the mutual agreement of the parties in February 2008.

*Honeymoon Project Feasibility Study.* In July 2006, the Honeymoon Project feasibility study was completed by Mayfield Engineering Pty Limited and Aker Kvaerner. The Board of Uranium One approved the development of the Honeymoon Project on August 28, 2006.

*Dominion Feasibility Study.* The Corporation completed a feasibility study dated August 1, 2006 (as amended October 26, 2006) on Phase I of Dominion. The Dominion feasibility study was conducted by Turgis Consulting (Pty) Ltd. (“**Turgis**”) and independently audited by SRK Consulting.

*Uranium One Africa Financing.* On August 30, 2006, Uranium One Africa completed a financing for ZAR350 million (approximately US\$50 million at the exchange rate then in effect) on the security of its

ordinary shares of Alease Gold by means of a futures-related term facility entered into with Nedcor Securities of South Africa. This facility was fully repaid in the fourth quarter of 2007.

*Modder East Project Feasibility Study.* Alease Gold completed a feasibility study dated August 31, 2006 (as amended October 26, 2006) on the Modder East Project. The Modder East feasibility study was conducted by Turgis and independently audited by SRK Consulting.

*Public Offering of Shares.* On October 31, 2006, the Corporation completed the public offering of 20,815,000 common shares at a price of \$8.30 per common share for gross proceeds of \$172,764,500. To date, the proceeds of this offering have been used or allocated to finance the construction of the Dominion Reefs Uranium Project, the development of the Honeymoon Project, and for exploration and general corporate purposes.

*Public Offering of Convertible Unsecured Debentures.* On December 20, 2006, the Corporation completed a public offering of \$155,250,000 aggregate principal amount of 4.25% convertible unsecured subordinated debentures due December 31, 2011. To date, the proceeds of this offering have been used or allocated to finance the construction and development of Dominion, the development of the Honeymoon Project, and for exploration and general corporate purposes. For the terms of these debentures, see “*Description of Capital Structure - Description of the Convertible Debentures*”.

*Pitchstone Joint Venture.* In January 2007, the Corporation received formal notice from its Canadian joint venture partner, Pitchstone Exploration Ltd., that it had completed the joint venture earn-in requirements.

*Commencement of Processing Uranium Ore at Dominion.* On February 28, 2007, the processing of underground uranium ore at the Dominion Reefs Uranium Project commenced following the successful hot commissioning of the atmospheric leach circuit at the Dominion uranium mill.

*Significant Acquisitions.* During 2007, Uranium One acquired UrAsia (with its uranium properties in Kazakhstan and the Kyrgyz Republic), the Shootaring Mill and related uranium properties in the United States, and EMC (with the Hobson Plant and related uranium properties in the United States), as described under the heading “*Significant Acquisitions*”, below.

### **3.2 Significant Acquisitions**

*Acquisition of UrAsia.* On April 20, 2007, Uranium One acquired all of the issued and outstanding common shares of UrAsia Energy Ltd. pursuant to a plan of arrangement under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) in exchange for 217,164,830 common shares of Uranium One on the basis of 0.45 of a common share of Uranium One for each common share of UrAsia (rounded down to the nearest whole share). UrAsia’s outstanding stock options and warrants were replaced by options to purchase 9,763,502 common shares of Uranium One and warrants to acquire 6,964,200 common shares of Uranium One. The Corporation filed a business acquisition report for this transaction on SEDAR on June 26, 2007.

As a consequence of the arrangement, UrAsia became a wholly-owned subsidiary of Uranium One, and Uranium One acquired an interest in the Akdala uranium mine (“**Akdala**” or the “**Akdala Mine**”), the South Inkai uranium project (“**South Inkai**” or the “**South Inkai Project**”) and the Kharasan uranium project (“**Kharasan**” or the “**Kharasan Project**”), all in Kazakhstan, as well as certain uranium exploration licences in Kyrgyz Republic. Following the acquisition, the Corporation changed its name to “Uranium One Inc.”. Immediately following the completion of the arrangement, Uranium One was owned

approximately 60% by the former UrAsia shareholders and approximately 40% by the then-existing Uranium One shareholders. See “*Akdala Mine*”, “*South Inkai Project*” and “*Kharasan Project*” under the heading “*Description of the Business*”, below.

*Acquisition of Shootaring Mill.* On April 30, 2007, Uranium One completed the purchase from U.S. Energy Corp. and certain of its affiliates (“**U.S. Energy**”) of the Shootaring Canyon Uranium Mill in Utah (the “**Shootaring Mill**”), as well as a land package comprising approximately 38,763 acres of uranium exploration properties in Utah, Wyoming, Arizona and Colorado and a substantial database of geological information with respect to an additional 1,582,036 acres within a five mile zone surrounding the purchased properties. Under the terms of the asset purchase agreement, Uranium One issued 6,607,605 Uranium One common shares as partial consideration for the purchase. In addition, Uranium One agreed to pay U.S. Energy US\$20,000,000 upon the Shootaring Mill reaching commercial production and US\$7,500,000 upon the first delivery to the Shootaring Mill, after commercial production, of mineralized material from any of the purchased properties. U.S. Energy will also receive a royalty equal to 5% of the gross proceeds from the sale of commodities produced at the Shootaring Mill, to a maximum amount of US\$12,500,000. See “*Description of the Business - Other Properties*”.

*Acquisition of EMC.* On August 10, 2007, Uranium One acquired all of the issued and outstanding common shares of Energy Metals Corporation pursuant to a plan of arrangement under the BCBCA in exchange for 100,444,543 common shares of Uranium One on the basis of 1.15 common shares of Uranium One for each common share of EMC (rounded down to the nearest whole share). EMC’s outstanding stock options and contingent share issuance obligations were replaced by options to purchase 8,399,106 common shares of Uranium One and obligations to issue 2,017,100 common shares of Uranium One. The Corporation filed a business acquisition report for this transaction on SEDAR on October 22, 2007.

As a consequence of the arrangement, EMC became a wholly-owned subsidiary of Uranium One, and Uranium One acquired the Hobson uranium processing plant (the “**Hobson Plant**”) and the Palangana uranium project (“**La Palangana**” or the “**Palangana Project**”) in Texas, the Moore Ranch uranium project (“**Moore Ranch**” or the “**Moore Ranch Project**”) in Wyoming, as well as certain other exploration properties in Wyoming, Arizona, Colorado, Nevada, New Mexico, Oregon, South Dakota, Texas and Utah. See “*Description of the Business - Other Properties*”.

## **ITEM 4. DESCRIPTION OF THE BUSINESS**

### **4.1 General**

Uranium One is engaged, through its subsidiaries and joint ventures, in the mining and production of uranium and in the acquisition, exploration and development of uranium properties. Uranium One’s principal projects are the Akdala Mine and the South Inkai Project in Kazakhstan, the Dominion Reefs Uranium Project in South Africa, and the Kharasan Project in Kazakhstan. Uranium One has identified such properties and projects as being material. The Corporation’s other projects include the Honeymoon Project in Australia, the Shootaring Mill in Utah, the Moore Ranch Project in Wyoming and the Palangana Project and the Hobson Plant in Texas, in addition to various exploration properties in the United States, South Africa, Australia, Canada, Kazakhstan and the Kyrgyz Republic. Through its approximately 67%-owned subsidiary, Alease Gold, the Corporation also has an interest in the Modder East Project.

Uranium One is currently producing uranium from the Akdala Mine, and pilot production from the South Inkai Project commenced in the fourth quarter of 2007. Uranium One plans to continue the ramp up of operations at the Dominion Reefs Uranium Project and the Kharasan Project.

The Corporation's internal growth initiatives include the following:

- completing the commissioning of the Dominion Reefs Uranium Project;
- advancing the development of and obtaining the industrial production licence for the South Inkai Project and the Kharasan Project;
- completing a feasibility study of the potential expansion of the Dominion Reefs Uranium Project;
- developing the Corporation's United States properties, including progressing the Palangana Project to initial production in late 2008;
- refurbishing the Hobson Plant; and
- continuing resource delineation drilling across the Corporation's global property portfolio, with a view to proving up additional resources and upgrading existing resources to a higher confidence level.

The Corporation is focused on low cost and low technical risk projects with existing or near-term production visibility in some of the world's largest uranium resource jurisdictions: Kazakhstan, South Africa, Australia and the United States.

The Corporation's strategic objectives are to expand current levels of production, to progress its advanced development projects to commercial production, to generate increased levels of cash flow to fund its operations and development, and to grow both organically and through acquisitions, if appropriate, and to maximize shareholder returns through capital appreciation.

In 2008, the Corporation is focussed on (i) resolving all mining and plant commissioning issues relating to the ramp-up of operations at Dominion; (ii) completing the commissioning of all components of the South Inkai Project and ramping up production; (iii) progressing the Kharasan Project to pilot production by mid-2008; and (iv) improving cash flow.

#### *Principal Product, Production and Sales*

In 2007 the Corporation produced uranium from the Akdala Mine and the Dominion Reefs Uranium Project. Gold is also produced as a by-product of operations at the Dominion Reefs Uranium Project. The attributable production from the Corporation's producing properties in 2007 totalled 2,037,800 lbs of U<sub>3</sub>O<sub>8</sub>, consisting of 1,827,200 lbs of U<sub>3</sub>O<sub>8</sub> from the Akdala Mine, 171,000 lbs of U<sub>3</sub>O<sub>8</sub> from the Dominion Reefs Uranium Project and 39,600 lbs of U<sub>3</sub>O<sub>8</sub> from the South Inkai Project. The production statements for the Akdala Mine and the South Inkai Project represent the portion of total production notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

The Corporation's revenue is derived from the sale of uranium concentrates to customers who are not controlling shareholders of the Corporation or of the joint ventures in which the Corporation is a participant. The majority of uranium produced by the Corporation is sold internationally to major nuclear utilities under long term supply agreements. These agreements include pricing terms based upon published market prices in effect at the time of each individual delivery under the agreements. The majority of long term supply agreements include floor price protection for the Corporation. As of the date hereof, the Corporation has agreed to terms for the sale of approximately 5.2 million lbs of U<sub>3</sub>O<sub>8</sub> from Dominion in the 2008-2012 period. For the Betpak Dala Joint Venture, operating the Akdala and South Inkai mines, the

Corporation has executed long term uranium supply agreements for approximately 32 million lbs of U<sub>3</sub>O<sub>8</sub> over the 2008-2020 period. A very small percentage of Betpak Dala's 2008 production has been sold to intermediaries at fixed prices. One long term supply agreement has been executed for the Corporation's U.S. production, covering approximately 17% of anticipated production in the U.S. Forty percent of anticipated production from Honeymoon is currently contracted for at a discount to spot market prices at time of delivery. For Kyzylkum's production at Kharasan, one agreement was executed in 2007 providing for the sale of 20% of production beginning in 2010. The agreement's pricing is based on published long term price indicators.

### *The Uranium Market*

Uranium is supplied from primary production (the mining of uranium ores) and secondary sources, including the inventories held by producers and utilities, government inventories, uranium recycled from government stockpiles and the recycling of highly enriched uranium from Russia. The primary uranium production industry is international in scope, with a small number of companies operating in relatively few countries. According to the World Nuclear Association, in 2006, uranium mine supply totalled 102.5 million lbs of U<sub>3</sub>O<sub>8</sub>. Approximately 73% of total uranium mine supply was produced by 12 mines, with the five largest mines accounting for approximately 51% of total 2006 mine supply. Approximately 88% of estimated world production was sourced from seven countries (in order of production, from greatest to least) - Canada, Australia, Kazakhstan, Niger, Russia, Namibia, and Uzbekistan.

The principal commercial use for U<sub>3</sub>O<sub>8</sub> is as a fuel for nuclear power plants. Demand for U<sub>3</sub>O<sub>8</sub> is linked to the level of electricity generated by nuclear power plants. According to the World Nuclear Association, as of December 31, 2007 there were 439 commercial nuclear power plants operating worldwide, with an aggregate installed generating capacity of 372,000 megawatts of electricity, requiring approximately 168 million lbs of U<sub>3</sub>O<sub>8</sub> per year. These plants are currently supplying approximately 16% of the world's power requirements. Another 34 commercial nuclear power plants are under construction and a number of others are planned or proposed. The trend towards increased demand for uranium from new plants coming on line and increasing capacity factors at existing plants may be offset to some extent by the closing of some older nuclear power plants and nuclear power plant efficiency improvements.

Each year since 1985, the consumption of uranium has exceeded primary production by a substantial margin. To date, the supply gap has been accommodated by sales from existing inventories of uranium, stockpiles of highly enriched uranium and recycling programs. The shortfall between anticipated world uranium requirements and production is increasing, however, as existing inventories and other sources of secondary supply are depleted.

Utilities secure a substantial proportion of their uranium requirements by entering into medium and long term contracts with producers. Contract prices are established by a number of methods, including base price levels adjusted by inflation indices, reference prices and annual price negotiations. Contracts may contain floor prices, ceiling prices and other negotiated provisions which affect the price paid.

Based on data provided by Ux Consulting Company LLC, during 2007 the spot price for U<sub>3</sub>O<sub>8</sub> increased by approximately 25%, ending the year at US \$90.00 per pound (compared to US \$72.00 per pound at the end of 2006), and the term contract price for U<sub>3</sub>O<sub>8</sub> increased by approximately 27%, ending the year at US \$95.00 per pound (compared to US \$75.00 per pound at the end of 2006).

### *Competitive Conditions*

The uranium exploration and mining business is highly competitive. The Corporation competes with numerous other companies and individuals in the acquisition, exploration, financing and development of mineral properties. Many of these companies are larger and better capitalized than the Corporation. There is significant competition for the limited number of uranium acquisition and exploration opportunities. The Corporation's competitive position depends on its ability to successfully and economically explore, acquire and develop new and existing mineral properties. Factors that allow producers to remain competitive in the market over the long term include the quality and size of ore bodies, costs of operation and the acquisition and retention of qualified employees. The Corporation competes with other mining companies for skilled mining engineers, mine and processing plant operators and mechanics, geologists, geophysicists and other technical personnel. The Corporation also competes with other producers, traders and market participants in the spot and term contract markets for the sale of its U<sub>3</sub>O<sub>8</sub> production.

### *Environmental Protection*

The current and future operations of the Corporation, including development activities on its properties or areas in which it has an interest, are subject to laws and regulations governing exploration, development, tenure, production, taxes, labour standards, occupational health, waste disposal, protection and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Environmental protection requirements have not had a material effect on the capital expenditures, earnings and competitive position of the Corporation in the current financial year.

### *Employees*

As at December 31, 2007, the Corporation had 2,220 employees and 643 contract employees. The total includes 2,029 employees and 620 contract employees at Dominion, 34 employees and 1 contract employee at the principal office in Johannesburg, 7 employees at the corporate office in Toronto, 12 employees and 6 contract employees at the corporate office in Vancouver, 26 employees at the Almaty office, 25 employees and 5 contract employees at the Adelaide office, and 87 employees and 11 contract employees in the United States. In addition, Betpak Dala employs 286 employees at the Akdala Mine and 171 employees at the South Inkai Project, and Kyzylkum employs 73 employees at the Kharasan Project.

### *Foreign Operations*

The Corporation's principal assets are located outside of Canada, in Kazakhstan and South Africa, with the majority of the other assets being located in the United States of America and Australia.

### *Social or Environmental Policies*

The Corporation (in its South African operations) is subject to laws relating to the empowerment of HDSAs. These include the *Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry* (the "**Mining Charter**") concluded in 2002 between the South African mining industry, labour and government. The Mining Charter sets out criteria against which applications for prospecting and mining rights, and for the conversion of "old order" to "new order" mining rights, will be considered, including issues such as human resources development, employment equity, procurement, community and rural development and ownership of mining assets by HDSAs. Conversion applications are assessed against a government "scorecard" covering human resources development, employment equity, migrant labour, mine community and rural development, housing and living conditions, ownership and joint

ventures, beneficiation and reporting. The Mining Charter requires that mining companies achieve 15% HDSA ownership of mining assets by May 1, 2009 and 26% HDSA ownership of mining assets by May 1, 2014. The Mining Charter envisages that transactions directed at achieving the required HDSA status will take place in a transparent manner and for fair market value.

The Corporation has implemented a Black Economic Empowerment (“**BEE**”) structure with the Micawber consortium at its Dominion Reefs Uranium Project. This consortium includes amongst its members trusts established for the benefit of the Corporation’s workforce and HDSAs in the nearby communities. The Micawber Agreements also contain commitments by the Corporation to assist in skills development and transfer. See “*General Development of the Business - Three Year History*”. Aflease Gold has implemented a similar structure in respect of its assets, including the Modder East Project.

In line with its commitment to the principles of the Mining Charter, the Corporation has implemented policies to maximize HDSA employment and involvement in its procurement and contracting activities.

## **4.2 Risk Factors**

The Corporation’s operations and financial performance are subject to the normal risks of mining and are subject to various factors which are beyond the control of the Corporation. Certain of these risk factors are described below.

The risks described below are not the only ones facing the Corporation. Additional risks not currently known to Uranium One, or that Uranium One currently considers immaterial, may also adversely impact the Corporation’s business, operations, financial results or prospects, should any such other events occur.

### **Risks Related to the Uranium Mining Industry**

*The Corporation’s mining and exploration activities and future mining operations are, and will be, subject to operational risks and hazards inherent in the mining industry*

The Corporation’s business is subject to a number of inherent risks and hazards, including: environmental hazards; industrial accidents; labour disputes; catastrophic accidents; fires; blockades or other acts of social activism; changes in the regulatory environment; impact of non-compliance with laws and regulations or the implementation of new laws and regulations; natural phenomena, such as inclement weather conditions, underground floods, earthquakes, pit wall failures, ground movements, tailings pipeline and dam failures and cave-ins; and encountering unusual or unexpected geological conditions and technological failure of mining methods. The Corporation may also contract for the transport of uranium and uranium products which will expose the Corporation to risks inherent in transportation including loss or damage of transportation equipment and spills of cargo. There is no assurance that the foregoing risks and hazards will not occur or, should they occur, that they will not result in damage to, or destruction of, the properties and assets of the Corporation, personal injury or death, environmental damage, delays in or interruption of or cessation of production from the properties or impairment of the Corporation’s exploration or development activities, which could result in unforeseen costs, monetary losses and potential legal liability and adverse governmental action, all of which could have a material and adverse impact on the Corporation’s cash flows, earnings, results of operations and financial condition and prospects.

*Economic extraction of minerals from uranium deposits may not be commercially viable*

Whether a deposit will be commercially viable depends on a number of factors, including the particular attributes of a deposit, such as its size and grade; the price of the relevant mineral; costs and efficiency of the recovery methods that can be employed; proximity to infrastructure; financing costs; and governmental regulations, including regulations relating to prices, taxes, royalties, infrastructure, land use, importing and exporting of commodities and environmental protection. The effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Corporation not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material and adverse impact on the Corporation's cash flows, earnings, results of operations and financial condition and prospects.

*There is significant uncertainty in any mineral resource and mineral reserve estimate*

The figures presented for both mineral resources and mineral reserves in this document are only estimates. The estimating of mineral resources and mineral reserves is a subjective process and the accuracy of mineral resource and mineral reserve estimates is a function of the quantity and quality of available data, the accuracy of statistical computations, and the assumptions used and judgments made in interpreting available engineering and geological information. There is significant uncertainty in any mineral resource or mineral reserve estimate and the actual deposits encountered and the economic viability of a deposit may differ materially from the Corporation's estimates.

In the case of mineral reserves and mineral resources relating to the Akdala Mine and the South Inkai Project, the relevant technical reports have highlighted certain deficiencies in the process relating to the preparation of the mineral reserve and mineral resource information for these projects which may mean that the estimates need to be re-assessed. Any re-assessment which results in a decreased estimate of mineral reserves or mineral resources could have a material and adverse effect on the business and prospects of the Corporation, and its financial position and results of operations. Further details are set out in the sections headed "*Description of the Business - Akdala Mine – Mineral Resources*" and "*Description of the Business - South Inkai Project – Mineral Resources*".

Estimated mineral resources and mineral reserves may have to be re-estimated based on changes in uranium prices, further exploration or development activity or actual production experience. This could materially and adversely affect estimates of the volume or grade of mineralization, estimated recovery rates or other important factors that influence mineral resource or mineral reserve estimates. Market price fluctuations for uranium, increased production costs or reduced recovery rates or other factors may render the Corporation's present reserves uneconomical or unprofitable to develop at a particular site or sites. A reduction in estimated reserves could require material write downs in investment in the affected mining property and increased amortization, reclamation and closure charges.

Mineral resources are not mineral reserves and there is no assurance that any mineral resources will ultimately be reclassified as proven or probable reserves. Mineral resources which are not mineral reserves do not have demonstrated economic viability.

*No assurances can be given that future mineral production estimates will be achieved*

Estimates of future production for the Corporation's mining operations as a whole are derived from the Corporation's mining plans. These estimates and plans are subject to change. The Corporation cannot give any assurance that it will achieve its production estimates. The Corporation's failure to achieve its

production estimates could have a material and adverse effect on any or all of the Corporation's future cash flows, results of operations, production cost, financial condition and prospects. The plans are developed based on, among other things, mining experience, reserve estimates, assumptions regarding ground conditions, hydrologic conditions and physical characteristics of ores (such as hardness and presence or absence of certain metallurgical characteristics) and estimated rates and costs of production. Actual production may vary from estimates for a variety of reasons, including risks and hazards of the types discussed above, and as set out below, including:

- actual ore mined varying from estimates in grade, tonnage, metallurgical and other characteristics;
- mining dilution;
- pit wall failures or cave-ins;
- ventilation and adverse temperature levels underground;
- accidents;
- equipment failures;
- natural phenomena such as inclement weather conditions, floods, blizzards, droughts, rock slides and earthquakes;
- encountering unusual or unexpected geological conditions;
- changes in power costs and potential power shortages;
- shortages of principal supplies needed for operation, including explosives, fuels, chemical reagents, water, equipment parts and lubricants;
- strikes and other actions by labour at unionized locations; and
- regulatory restrictions imposed by government agencies.

Such occurrences could, in addition to stopping or delaying mineral production, result in damage to mineral properties, injury or death to persons, damage to the Corporation's property or the property of others, monetary losses and legal liabilities. These factors may also cause a mineral deposit that has been mined profitably in the past to become unprofitable. Estimates of production from properties not yet in production or from operations that are to be expanded are based on similar factors (including, in some instances, feasibility studies prepared by the Corporation's personnel and outside consultants) but it is possible that actual operating costs and economic returns will differ significantly from those currently estimated. It is not unusual in new mining operations to experience unexpected problems during the start-up phase. Delays often can occur in the commencement of production.

*Further exploration by the Corporation may not result in economically viable mining operations or yield new reserves*

Exploration for uranium involves many risks and uncertainties and success in exploration is dependent on a number of factors including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Major expenses may be required to establish reserves by drilling, constructing mining or processing facilities at a site, developing metallurgical processes and extracting uranium from ore. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically.

Even if an exploration program is successful and economically recoverable uranium is found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production

is possible, during which time the economic feasibility of extraction may change and uranium that was economically recoverable at the time of discovery ceases to be. There can be no assurance that uranium recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations, and material changes in geological resources or recovery rates may affect the economic viability of uranium projects.

The Corporation cannot assure that exploration and development programs will result in profitable commercial mining operations. The economics of developing uranium properties are affected by many factors including the cost of operations, fluctuations in the price of uranium, costs of processing equipment and such other factors as government regulations. In addition, the quantity of uranium ultimately extracted may differ from that indicated by drilling results and such differences could be material.

*Development projects have no operating history and the development of any of the Corporation's projects into commercially viable mines cannot be assured*

The Corporation's ability to sustain or increase levels of uranium production is dependent in part on the successful completion of its existing development projects, the discovery of new ore bodies and/or expansion of existing mining operations. Many of the Corporation's principal projects have limited or no operating histories upon which to base estimates of future commercial viability. Feasibility studies to determine the economic viability of the Corporation's principal development stage projects have been completed and the decision has been made to proceed with the development of each of these projects into mines. Many factors are involved in the determination of the economic viability of a deposit, including the achievement of satisfactory mineral reserve estimates, the level of estimated metallurgical recoveries, capital and operating cost estimates and the estimate of future uranium prices. Estimates of mineral resources and mineral reserves are, to a large extent, based upon the interpretation of geological data obtained from drillholes and other sampling techniques and feasibility studies. Capital and operating cost estimates are based on many factors, including the estimated mineral resources and mineral reserves, anticipated tonnage and grades of ore to be mined and processed, the configuration of the ore body, ground and mining conditions, expected recovery rates of uranium from the ore, comparable facility and equipment operating costs and anticipated environmental and regulatory compliance costs.

Each of the foregoing factors involves uncertainties and is subject to material changes. As a result, it is possible that the actual capital costs, operating costs and economic returns of any proposed mine may differ from those estimated and such differences could have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects, or could result in a determination not to proceed with the development of a project into a mine. There can also be no assurance that the Corporation will be able to complete the development of its mining projects, on time or at all, or on budget due to, among other things in addition to those factors described above, changes in the economics of the mineral projects, delays in receiving required consents, permits and licences (including mining licences), the need to amend existing consents, permits and licences, changes in development plans, the delivery and installation of plant and equipment and cost overruns. In addition, the Corporation's current personnel, systems, procedures and controls may not be adequate to support the development of the Corporation's projects into commercially viable mines.

*The Corporation faces competition from other mining companies for the acquisition of new properties*

There is a limited supply of desirable mineral lands available for acquisition, claim staking or leasing in the areas where the Corporation is currently active. Many participants are engaged in the mining business, including large, established mining companies with substantial technical and financial capabilities and long

earnings records and which have access to more capital, in some cases have state support, have access to more efficient technology, and have access to reserves of uranium that are cheaper to extract and process. The Corporation may be at a competitive disadvantage in acquiring mining properties as many of its competitors have greater financial resources and larger technical staffs. Accordingly, there can be no assurance that the Corporation will be able to compete successfully with its industry competitors.

*Competition in the uranium industry is high and the Corporation may find it difficult to operate because of government policies and international trade agreements*

The international uranium industry is highly competitive. The Corporation intends to market uranium to utilities and other buyers in direct competition with supplies available from a relatively small number of mining companies, from excess inventories, including inventories made available from the decommissioning of nuclear weapons, from reprocessed uranium and plutonium derived from used reactor fuel and from the use of excess enrichment capacity to re-enrich depleted uranium tails. The supply of uranium from the Commonwealth of Independent States (the former USSR - "CIS") is, to some extent, impeded by a number of international trade agreements and policies. These agreements and any future agreements, governmental policies or trade restrictions are beyond the control of the Corporation and may affect the supply of uranium available to the market, particularly in the United States and Europe, which are the largest markets for uranium in the world. If the Corporation is unable to supply uranium to important markets in the United States or Europe, its business, financial condition and results of operations may be materially and adversely affected.

The Corporation's future prospects may be affected by political decisions about the uranium market. There can be no assurance that the United States or other governments will not enact legislation restricting to whom the Corporation can sell uranium or that the United States or other governments will not increase the supply of uranium by decommissioning nuclear weapons.

*Deregulation of the Electrical Utility Industry May Affect the Demand for Uranium*

The Corporation's future prospects are tied directly to the electrical utility industry worldwide. Deregulation of the utility industry, particularly in the U.S. and Europe, is expected to impact the market for nuclear and other fuels for years to come, and may result in the premature shutdown of some nuclear reactors. Experience to date with deregulation indicates that utilities are improving the performance of their reactors, achieving record capacity factors. There can be no assurance that this trend will continue.

*The Corporation's expansion strategy will depend on its ability to identify suitable targets and integrate them successfully within the Corporation*

The Corporation evaluates from time to time opportunities to acquire uranium mining assets and businesses. These acquisitions may be significant in size, may change the scale of the Corporation's business and may expose it to new geographic, political, operating, financial and geological risks. The Corporation's success in its acquisition activities depends on its ability to identify suitable acquisition candidates, acquire them on acceptable terms and integrate their operations successfully with those of the Corporation. Any acquisitions would be accompanied by risks, such as the difficulty of assimilating the operations and personnel of any acquired companies; the potential disruption of the Corporation's ongoing business; the inability of management to maximize the financial and strategic position of the Corporation through the successful integration within the Corporation of acquired assets and businesses; additional expenses associated with amortization of acquired intangible assets; the maintenance of uniform standards, controls, procedures and policies; the impairment of relationships with employees, suppliers, customers and

contractors as a result of any integration of new management personnel; dilution of the Corporation's shareholders or of its interest in its subsidiaries as a result of the issuance of shares to pay for acquisitions; and the potential unknown liabilities associated with assets and businesses acquired by the Corporation. There can be no assurance that the Corporation would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions and the Corporation's pursuit of any future acquisition may accordingly have a material and adverse effect on its business, results of operations, financial condition, cash flows and liquidity.

There may be no right for shareholders to evaluate the merits or risks of any future acquisition undertaken by the Corporation except as required by applicable laws and regulations.

*Competition from other energy sources; public acceptance of nuclear energy*

Nuclear energy competes with other sources of energy, including oil, natural gas, coal and hydroelectricity. These other energy sources are to some extent interchangeable with nuclear energy, particularly over the longer term. Sustained lower prices of oil, natural gas, coal and hydro-electricity may result in lower demand for uranium concentrates which in turn may result in lower market prices for uranium. Furthermore, growth of the uranium and nuclear power industry will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. Because of unique political, technological and environmental factors that affect the nuclear industry, the industry is subject to public opinion risks which could have an adverse impact on the demand for nuclear power and increase the regulation of the nuclear power industry. An accident at a nuclear reactor anywhere in the world or an accident relating to the transportation of new or spent nuclear fuel could negatively impact the continuing acceptance of nuclear energy and the future prospects for nuclear power generation, which may have a material adverse effect on the Corporation.

*The Corporation's future revenues are highly dependent on and sensitive to the price of uranium*

The majority of the Corporation's revenues are derived from the sale of uranium products. The Corporation's financial condition, results of operations, earnings and operating cash flow are closely related and sensitive to fluctuations in the long and short term market price of U<sub>3</sub>O<sub>8</sub>. Historically, these prices have fluctuated widely. Between 1970 and 2007 the price of U<sub>3</sub>O<sub>8</sub> has fluctuated between approximately US\$10 per pound and approximately US\$135 per pound.

Uranium prices are and will continue to be affected by numerous factors beyond the Corporation's control. Such factors include, among others, the demand for nuclear power; political and economic conditions in uranium producing and consuming countries such as Canada, the United States, Russia and other former Soviet republics; reprocessing of used reactor fuel and the re-enrichment of depleted uranium tailings; sales of excess civilian and military inventories (including from the dismantling of nuclear weapons) by governments and industry participants; and production levels and costs of production in countries such as Russia and former Soviet republics, Africa and Australia. The effect of these factors, individually or in the aggregate, is impossible to predict with accuracy. However, any adverse change in such factors could have a material and adverse impact on the Corporation, its financial position and results of operations.

If, after the commencement of commercial production, uranium prices fall below the costs of production at the Corporation's uranium mines for a sustained period, it may not be economically feasible to continue production at such sites. This would materially and adversely affect production, profitability and the Corporation's results of operation and financial position. A decline in uranium prices may also require the Corporation to write down its mineral reserves and mineral resources, which would have a material adverse

effect on its earnings and profitability. Should any significant write-down in reserves and resources be required, material write downs of the Corporation's investment in the affected mining properties and increased amortization, reclamation and closure charges may be required.

*The Corporation's activities are subject to extensive legislation in respect of environment, health and safety*

The Corporation's activities are subject to extensive federal, provincial, state and local laws and regulations governing environmental protection and employee health and safety. In addition, the uranium industry is subject not only to the worker health and safety and environmental risks associated with all mining businesses, but also to additional risks uniquely associated with uranium mining and milling. The Corporation is required to obtain governmental permits and provide associated financial assurance to carry on certain activities. The Corporation is also subject to various reclamation and other bonding requirements under federal, provincial, state or local air, water quality and mine reclamation rules and permits. Although the Corporation makes provision for reclamation costs, where appropriate, there is no assurance that these provisions will be adequate to discharge its obligations for these costs. Environmental and employee health and safety laws and regulations have tended to become more stringent over time. Any changes in such laws or in the environmental conditions at the Corporation's properties could have a material adverse effect on the Corporation's financial condition, cash flow or results of operations.

Failure to comply with applicable environmental and health and safety laws may result in injunctions, damages, suspension or revocation of licences or permits and the imposition of penalties. There can be no assurance that the Corporation has been or will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future environmental and health and safety laws and permits will not adversely affect the Corporation's business, results of operations, financial condition or prospects.

*Government regulation may have an adverse effect on the Corporation's exploration, development and mining operations*

The current and future mining operations and exploration and development activities of the Corporation, particularly uranium mining, processing, sale and transport, are subject to laws and regulations governing worker health and safety, employment standards, mine development, mine safety, exports, imports, taxes and royalties, waste disposal, toxic substances, land claims of indigenous peoples, protection and remediation of the environment, mine decommissioning and reclamation, transportation safety and emergency response and other matters. Each jurisdiction in which the Corporation has properties regulates mining activities. It is possible that future changes in applicable laws and regulations or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits, licences and approvals applicable to the Corporation or its projects, the implementation of which could increase costs of the Corporation and have a material and adverse impact on the Corporation's current mining operations or planned development projects.

Worldwide demand for uranium is directly tied to the demand for electricity produced by the nuclear power industry, which is also subject to extensive government regulation and policies, and any change in these regulations or policies may have a negative impact on the Corporation's business or financial condition.

Mineral exploration and the development of mines and related facilities is contingent upon governmental approvals, licences and permits which are complex and time consuming to obtain and which, depending on the location of the project, involve multiple governmental agencies. The receipt, duration, amendment or

renewal of such approvals, licences and permits are subject to many variables outside the Corporation's control, including potential legal challenges from various stakeholders such as environmental groups, non-governmental organizations, aboriginal groups or other claimants. The costs and delays associated with obtaining necessary approvals, licences and permits and complying with these approvals, licences and permits and applicable laws and regulations could stop or materially delay or restrict the Corporation from proceeding with the development of an exploration project or the operation or further development of a mine. Any failure to comply with applicable laws and regulations or approvals, licences or permits, even if inadvertent, could result in interruption or closure of exploration, development or mining operations, or material fines, penalties or other liabilities.

*The Corporation may not be able to enforce its legal rights*

In the event of a dispute arising at the Corporation's foreign operations, the Corporation may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in Canada. The Corporation may also be hindered or prevented from enforcing its rights with respect to a government entity or instrumentality because of the doctrine of sovereign immunity. Any adverse or arbitrary decision of a foreign court may have a material and adverse impact on the Corporation's business, prospects, financial condition and results of operations.

*Litigation risk*

All industries, including the mining industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding could have a material adverse effect on the Corporation's financial position and results of operations.

**Risks related to the Corporation's business and operations**

*If production costs increase or if the Corporation is unable to obtain key supplies or services, this could impact production and result in changes to the reserve and resource estimates of the Corporation*

Changes in the Corporation's production costs could have a major impact on its profitability. Its main production expenses are contractor costs, materials, personnel costs and energy. Changes in the costs of the Corporation's mining and processing operations could occur as a result of unforeseen events, including international and local economic and political events, and could result in changes in profitability and/or reserve and resource estimates. Many of these factors may be beyond the Corporation's control.

The significant expansion of oil and gas and mineral exploration in recent years has significantly increased demand for drilling operators and drill rigs. In particular, the Corporation does not currently have sufficient contracts for drilling services in Kazakhstan or the Kyrgyz Republic. No assurance can be given that the Corporation will in the future be able to secure drill rigs and their operators in a timely manner in order to meet current exploration program schedules in the countries in which it operates. As well, the cost of securing drilling services may be materially higher than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, this may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows.

*The Corporation is dependent on its relations with third party service providers*

The Corporation's operations depend on products and services provided by third parties including contractors, surveyors and consultants. In particular, Betpak Dala is heavily reliant on services provided by JSC NAK Kazatomprom, Kazakhstan's state-owned uranium mining company ("Kazatomprom"). Most of the services used in production at Akdala are either purchased or leased from Kazatomprom or companies owned or associated with Kazatomprom. The provision of services by Kazatomprom may mean that actual or potential conflicts of interest arise between the joint venture parties and that the Corporation does not obtain the most competitive prices for services provided to the Corporation by Kazatomprom. Also, if there is a breakdown in relations with Kazatomprom or if there is any interruption to the products or services provided by Kazatomprom or other third parties, the Corporation's business and operations may be adversely affected, and the Corporation may be unable to find adequate replacement products or services on a timely basis or at all. This, in turn, could have a material and adverse effect on the profitability, results of operations and financial position of the Corporation.

*No assurance can be given that estimates of commodity prices and exchange rates used in feasibility studies will actually be realized*

The estimates of commodity prices and the currency exchange rates used in the Corporation's technical reports and/or feasibility studies are based on conditions prevailing at the time of writing of such reports. These conditions can change significantly over relatively short periods of time and, as such, there can be no assurance that the estimates of uranium prices and currency exchange rates used in such reports will remain accurate.

*The Corporation does not hedge its future uranium production and is exposed to changes in the market price of uranium*

The prices negotiated with respect to certain sales contracts entered into by the Corporation in relation to production are market-related at the time of delivery with escalating floor prices and without any upper limit on price which may expose the Corporation to movements in the market price of uranium.

In addition, the Corporation currently does not hedge any of its future uranium production although it may engage in hedging activities in the future. Hedging activities would be intended to protect the Corporation from fluctuations in the price of uranium and to minimize the effect of declines in uranium prices on results of operations for a period of time. Although hedging activities may protect the Corporation against lower uranium prices, they may also limit the price that can be realized on uranium that is subject to forward sales and call option contracts where the market price of uranium exceeds the uranium price in a forward sale or call option contract.

Although the Corporation intends to take full advantage of what it anticipates will be a continuing favourable uranium price environment by selling most of its uranium under long-term contracts that offer market-related pricing at the time of delivery, there is no guarantee that this will be the case.

*The Corporation may be unable to hire and retain qualified personnel*

The Corporation's success depends to a significant degree upon the contributions of qualified technical personnel. Its future success will depend in large part upon its ability to attract and retain highly skilled personnel (in particular with respect to Kazakhstan, where the Betpak Dala and Kyzylkum joint ventures are subject to requirements that they employ a certain minimum number of Kazakh employees). Non-

compliance with this requirement may be considered grounds for termination of the Corporation's subsoil use contracts. Competition for personnel in the industry in which the Corporation operates is intense, and the Corporation may not be successful in attracting and retaining qualified personnel locally or in obtaining the necessary work permits to hire qualified expatriates. Its inability to do so in the future may materially and adversely affect its business, prospects, financial condition and results of operations, and its ability to comply with the employment requirements of its mining contracts.

#### *Potential Conflicts of Interest*

The Corporation owns approximately 67% of the voting securities of Alease Gold. Jean Nortier (the interim Chief Executive Officer of the Corporation) and William Lupien (a director of the Corporation) are directors of Alease Gold. William Sheriff (a director of the Corporation) is the President, Chief Executive Officer and a director of Golden Predator Mines Inc., a former subsidiary of EMC that is now held as to approximately 18% by EMC, that is engaged in the business of exploring and developing gold properties in the United States.

While the Corporation and these companies do not have the same geographic, strategic or primary commodity focus, these relationships and associations may nonetheless give rise to actual or potential conflicts of interest relating, among other things, to the allocation of corporate opportunities, and the division by these individuals of their time and effort, between the two companies. Such conflicts will be resolved through the exercise by these individuals of judgment consistent with their respective fiduciary duties to the Corporation, on the one hand, and Alease Gold and Golden Predator Mines Inc., on the other hand. In the event conflicts arise at a meeting of the Board of Directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be "independent" within the meaning of Multilateral Instrument 52-110 - *Audit Committees*) to review a matter in which one or more directors, or management, may have a conflict.

*The Corporation's insurance coverage does not cover all of its potential losses, liabilities and damage related to its business, and certain risks are uninsured or insurable*

While the Corporation may obtain insurance against certain risks, the nature of these risks is such that liability could exceed policy limits or could be excluded from coverage. There are also risks against which the Corporation cannot insure or against which it may elect not to insure. The potential costs which could be associated with any liabilities not covered by insurance, or in excess of insurance coverage, or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the future earnings and competitive position of the Corporation and potentially its financial condition and results of operations.

No assurance can be given that the Corporation's insurance will be available at economically feasible premiums or at all, or that it will provide sufficient coverage for losses related to these or other risks and hazards.

*Any uncertainties in the Corporation's title to any of its material properties may result in future losses or additional expenditures*

The Corporation's rights to explore and extract minerals from its material properties are, to the best of its knowledge, other than as set out below, in good standing. No assurance can be given, however, that the Corporation will be able to secure the grant or the renewal of existing mineral rights and tenures on terms

satisfactory to it, or that governments in the jurisdictions in which the Corporation operates will not revoke or significantly alter such rights or tenures or that such rights or tenures will not be challenged or impugned by third parties, including local governments, aboriginal peoples or other claimants. Although, the Corporation is not currently aware of any existing title uncertainties with respect to any of its material properties, there is no assurance that such uncertainties will not result in future losses or additional expenditures, which could have an adverse impact on the Corporation's future cash flows, earnings, results of operations and financial condition. No assurance can be given that title to the Corporation's properties will not be challenged or revoked in the future.

*The Corporation holds its interests in the Akdala Mine, the South Inkai Project and the Kharasan uranium project through two joint venture agreements*

The rights and obligations of the Corporation in relation to each of its uranium projects in Kazakhstan are set forth in a foundation agreement with the other joint venture parties. The Corporation has a 70% interest in Betpak Dala, the entity that holds the right to the Akdala Mine and South Inkai uranium project (see “*Description of the Business - Material Properties - Akdala Mine*” and “*Description of the Business - Material Properties - South Inkai Project*”). Betpak Dala is overseen by an advisory board on which the Corporation holds two-thirds of the available seats. The Corporation has a 30% interest in Kyzylkum, the entity that holds the rights to the Kharasan Project (see “*Description of the Business - Material Properties - Kharasan Project*”). Kyzylkum is overseen by an advisory board on which the Corporation holds two-sevenths of the available seats (the other joint venture participants in the Kyzylkum joint venture hold two-sevenths and three-sevenths of the seats, respectively). In both joint ventures decisions made by the advisory boards require a 75% majority vote, which means that consensus must be reached between participants. As a result, the Corporation is not able to exert a controlling influence over strategic and major operational decisions that could be made in respect of either joint venture. Accordingly, any dispute with the Corporation's joint venture partners may adversely affect the operation of the projects which, in turn, could materially and adversely affect the Corporation's operations, financial condition and results of operations.

*The Corporation's assets in Kazakhstan have been subject to security interests/encumbrances which, if exercised, may result in the loss or reduction of the Corporation's interest in such assets*

Jeffcott Group Ltd. (“**Jeffcott**”) has a security interest over the ordinary shares of the Corporation's indirect wholly-owned subsidiary UrAsia London Limited (“**UrAsia London**”) held by the Corporation's indirect wholly-owned subsidiary UrAsia Energy Holdings Ltd. (formerly UrAsia Energy (BVI) Limited) (“**UrAsia Holdings**”) which secures certain payments due to Jeffcott under the Kharasan Acquisition Agreement relating to the acquisition by UrAsia of 100% of the ordinary shares of UrAsia London. If UrAsia Holdings were to default on its obligations to make these payments under the Kharasan Acquisition Agreement, Jeffcott could attempt to realize its security and UrAsia Holdings could lose its interest in the ordinary shares of UrAsia London and consequently its indirect interest in Kyzylkum and the Kharasan Project. See “*Description of the Business - Material Properties - Kharasan Project - Encumbrances*”.

As security for the obligation of UrAsia Holdings to make future payments to Widley Worldwide Inc. (“**Widley**”) under the Akdala and South Inkai Acquisition Agreement relating to the acquisition of 100% of the shares of the Corporation's indirect wholly-owned subsidiary Deanco Limited (“**Deanco**”) by UrAsia Holdings, Widley has a security interest over all of the ordinary shares of Deanco, over the 70% interest of Deanco's wholly-owned subsidiary Kazakhstanskaya Investitsionnaya Gruppya Astana LLP (“**Astana**”), in Betpak Dala and over UrAsia Holding's share of uranium products from the Akdala Mine and the South Inkai Project. If Widley were to attempt to realize on its security, UrAsia Holdings could lose any or all of

those assets and its indirect interest in the Akdala Mine and the South Inkai Project. See “*Description of the Business - Material Properties - Akdala Mine - Encumbrances*” and “*Description of the Business - Material Properties - South Inkai Project - Encumbrances*”.

Any loss by the Corporation of its interest in any of these mines could have a material and adverse effect on the Corporation’s business and operations, financial position and results of operations.

*The Corporation requires further licences to exploit its uranium resources*

The Corporation’s exploration and mining activities, including the export of uranium, are dependent upon the grant of appropriate licences, permits and consents (the “**Authorizations**”), which may be granted for a defined period of time, or may not be granted or may be withdrawn or made subject to limitations. The Corporation requires numerous further Authorizations for the conduct of its operations, particularly in relation to the South Inkai Project and the Kharasan Project. There can be no assurance that all necessary Authorizations will be granted to the Corporation, or that Authorizations already granted will not be withdrawn or made subject to limitations.

*The Government of Kazakhstan has a right to requisition uranium from licence holders at prices not exceeding world market prices*

The Government of Kazakhstan possesses the pre-emptive right to purchase part or all of the uranium produced at the Corporation’s Akdala, South Inkai and Kharasan properties at prices not exceeding world market prices. Were those rights to be exercised, the Corporation could be put in a position where it would breach obligations owed to other third parties, which could materially adversely affect the Corporation’s business and operations, financial position and results of operations.

*The Government of Kazakhstan has a pre-emptive right to acquire a share in assets held by the Corporation or in relation to transfers of shares in the Corporation’s subsidiaries*

The Government of Kazakhstan has a statutory pre-emptive right, exercisable in the event that the Corporation attempts to sell or otherwise transfer (i) any subsoil use rights under its Kazakh subsoil use contracts or (ii) any shares or other equity interest in (A) a legal entity holding a Kazakh subsoil use right or (B) a legal entity which may directly or indirectly make decisions and/or exert influence on decisions adopted by a Kazakh subsoil user if the main activity thereof is connected to subsoil use in Kazakhstan, to purchase such rights of equity interests on terms no less beneficial than those offered to the current purchasers. While it is unclear whether such a pre-emptive right is valid at law in respect of offshore transactions, it purports to have extra-jurisdictional effect. Consequently, as a matter of Kazakh public policy, future acquisitions of assets and/or equity interests in such assets in Kazakhstan will be subject to such law. Furthermore, the Government of Kazakhstan has the unilateral right to terminate a subsoil use contract for a violation of its pre-emptive right. Accordingly, the Government of Kazakhstan will be able to enforce extra-territorial breaches of its pre-emptive right by terminating the underlying sub-soil use contract in the event of any such breach. In the event that the Government of Kazakhstan exercises its pre-emptive rights in respect of any transfer of subsoil use rights or related equity interests within, to or from the Corporation, such exercise may have a material adverse effect on the Corporation, its financial position, results of operations and the trading price of the common shares.

*The Corporation's mineral rights in Kazakhstan may be terminated if the Corporation's joint venture entities do not comply with the terms of their respective sub-soil contracts*

In Kazakhstan, mineral title (subsoil use rights) is granted by means of a contract entered into with the Ministry of Energy and Mineral Resources (“MEMR”) which grants rights for the exploration or production of minerals. Such contracts are required to be registered with the MEMR and are subject to numerous terms and conditions related to, among other things, drilling obligations, investments, use of Kazakh personnel and services, tax obligations, insurance coverage, environmental monitoring and mineral (uranium) production. If Betpak Dala (the joint venture entity in respect of the Akdala Mine and the South Inkai Project) or Kyzylkum (the joint venture entity in respect of the Kharasan Project) were to be in breach of such obligations under the Akdala contract, the South Inkai contract or the Kharasan contract, as the case may be, or if those contracts are not properly registered with the MEMR, those contracts could be suspended or terminated with a resultant loss of the Corporation's interests in the underlying properties which, in turn, could have a material and adverse effect on the Corporation's business, financial position and results of operations. No assurance can be given that the MEMR would not take action to suspend or cancel the above-mentioned contracts as a result of any alleged breaches. Although the Corporation would intend to seek waivers of any breaches of or the renegotiation of the terms of these commitments, no assurance can be given that it would be successful in doing so.

### **Risks Relating to the Countries in which the Corporation Operates**

*Any adverse decision in respect of the Corporation's mineral rights and projects in South Africa in connection with compliance with the MPRDA or the BEE Charter could stop or materially delay or restrict the operations of the Corporation in South Africa*

The Corporation's mineral rights in South Africa that qualify as “old order rights” must be dealt with in terms of the transitional provisions of the *Mineral and Petroleum Resources Development Act, No. 28 of 2002* (the “MPRDA”) by means of application for “new order rights” or conversion in order to be preserved. Alternatively, new applications for mineral rights must be made under the MPRDA, or where an application was pending under the prior legislation, the application will be deemed to have been submitted in terms of and considered under the MPRDA. When considering an application the South African Minister of Minerals and Energy will consider the applicant's access to financial resources and appropriate technical ability to conduct the proposed prospecting or mining operation, the environmental impact of the operation and, in the case of prospecting rights, considerations relating to fair competition. Other factors include considerations relevant to promoting employment and the social and economic welfare of all South Africans and showing compliance with the provisions regarding the empowerment of historically disadvantaged persons in the mining industry. The treatment of these conversions, new applications and pending applications is uncertain and any adverse decision by the relevant regulatory authorities under the new legislation may adversely affect title to the Corporation's mineral rights in South Africa which could stop, materially delay or restrict the Corporation from proceeding with its exploration activities or any development activities or mining operations. If the Corporation does not comply with the MPRDA or the charter under the *Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003* (South Africa) (the “BEE Charter”), or if the Corporation's mineral rights are not converted or applied for and granted under the MPRDA, the Corporation may be materially delayed or restricted from proceeding with its South African exploration and development activities. The MPRDA also provides that a mining right granted under it may be cancelled if the mineral to which such mining right relates is not mined at an optimal rate.

The MPRDA also introduced a broad-based, socio-economic empowerment charter for the mining industry, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the “**Mining Charter**”), that sets out a framework, targets and timetable for affecting the entry of HDSAs into the mining industry in South Africa. The implementation and administration of the Mining Charter is in its infancy and the long-term implications for mining companies, including the Corporation, are still unfolding. The Corporation has entered into agreements to sell to Micawber, its BEE partner, an undivided 26% interest in the Dominion Reefs Uranium Project in accordance with the MPRDA and the Mining Charter. While the Corporation has a BEE strategy for its South African operations, no assurance can be given that it will be able to achieve the objectives of the Mining Charter or be able to ensure compliance with the BEE legislation under the MPRDA on an ongoing basis going forward. Furthermore, no assurances can be given that the Corporation’s ownership interests in the Dominion Reefs Uranium Project will not change materially, or that the extent and composition of the Corporation’s BEE partners will not change from time to time. In addition, until the BEE partners have paid for their share of the Corporation’s assets, the Corporation will be required to lend to them their proportionate share of the funding requirements of the Dominion Reefs Uranium Project, which may have a negative impact on the Corporation’s financial condition, cash flows and prospects.

*The impact of the South African Mineral and Petroleum Resources Royalty Bill is not presently known*

In 2007, the South African government released for public comment a new Mineral and Petroleum Resources Royalty Bill. Under the new Royalty Bill, the Corporation would be subject to a royalty payment based on its profitability (see “*Description of the Business - Material Properties - Dominion Reefs Uranium Project - Property Description and Location - Royalty Payment*”). The Royalty Bill is currently subject to review and reconsideration. The original proposed royalty rate of 2% for uranium and 3% for gold was incorporated into the original evaluation of the Dominion Reefs Uranium Project. The proposed rates are currently being negotiated (see “*Description of the Business - Material Properties - Dominion Reefs Uranium Project - Royalty Payments*”). A change in the royalty rate could have a material and adverse impact on the economic viability of the Corporation’s projects in South Africa, as well as on the Corporation’s prospects, financial condition and results of operations.

*Recent amendments to Kazakhstan’s Sub-Soil Use Law may increase the Kazakh government’s ability to expropriate the Corporation’s properties in Kazakhstan in certain circumstances*

On October 24, 2007, Kazakhstan’s Law No. 2828 “On Subsoil and Subsoil Use” dated January 27, 1996 was amended to allow the Government of Kazakhstan (through the MEMR) to introduce amendments and/or revisions to a subsoil use contract if the actions of a subsoil user when conducting operations on “strategically important” subsoil property have a material negative impact on Kazakhstan’s economic interests and potentially constitute a threat to the national security. There are no guidelines or criteria as to how to determine what is a negative impact or how to measure the materiality of such changes. Such determination appears to be within the Government’s exclusive discretion. In the event that the country’s economic interests are at stake, MEMR is entitled to unilaterally terminate the relevant subsoil use contract in the following instances: (i) when two months’ warning notice period has elapsed; (ii) if within two months following the date on which MEMR issues a notice, the subsoil user fails to confirm in writing its consent to negotiations regarding amendments or refuses to negotiate; (iii) if within four months from the date the subsoil user has announced its consent to negotiations, the parties have not come to any agreement on amendments to be made to a subsoil use contract; or if within six months following the date on which the parties agree on amendments to a subsoil use contract, the parties fail to make such amendments.

At present, only oil properties are contemplated in the legislation as being of “strategic importance”. Additional types of properties may be designated as being of “strategic importance” by the Government of Kazakhstan. There is no assurance that uranium properties will not be designated as being of “strategic importance” or that the Government of Kazakhstan will not invoke this power with respect to the Corporation’s properties, or if it does invoke this power, that the Corporation will be able to negotiate satisfactory terms with the Government.

*Significant improvements to local infrastructure will be required in the countries in which the Corporation operates*

Expansion and development of the Corporation’s uranium projects will require the financing and construction of additional infrastructure, including roads, power lines and power plants. The government of the host country may assume some costs associated with infrastructure expansion and development, however, this cannot be assured. If the Corporation is required to finance the expansion and development of infrastructure without governmental assistance, it will require significant additional capital, which may not be available or may not be available on commercially acceptable terms. If funding cannot be secured, expansion and development of the Corporation’s uranium projects may be delayed or halted which could have a material and adverse effect on the Corporation’s business, prospects, financial condition and results of operations.

*Power supplies available to the Corporation are not always reliable*

Power supplies available to the Corporation are not always reliable and recent power outages in South Africa have on occasion forced the Corporation to halt or curtail its activities due to a lack of sufficient power. Power fluctuations and power cost increases may adversely affect the Corporation’s financial condition, prospects and results of operations. In addition, this electricity supply has been subject to voltage fluctuations, which can damage the Corporation’s equipment.

The South African state-owned power supplier, ESKOM, may also obtain power from neighbouring countries who have intermittently experienced political instability and civil unrest. These factors, including increased power demand from other users in such other countries, may cause interruptions in the Corporation’s power supply to its operations in South Africa or result in increases in the cost of power even if they do not interrupt supply. Consequently, these factors may adversely affect the Corporation’s financial condition, prospects and results of operations.

*The Corporation’s business is subject to the risks associated with operations in foreign jurisdictions*

The Corporation conducts exploration, development and mining operations in a number of countries including Kazakhstan, South Africa, Australia, the United States and the Kyrgyz Republic and may in the future operate in other countries. The Corporation’s foreign mining investments are subject to the risks normally associated with the conduct of business in foreign countries. The occurrence of one or more of these risks could have a material and adverse effect on the Corporation’s future cash flows, earnings, results of operations, financial condition and prospects. Risks include, among others, labour disputes, arbitrary invalidation of governmental orders and permits, corruption, uncertain political and economic environments, sovereign risk, war (including in neighbouring states), civil disturbances and terrorist actions, arbitrary changes in laws or policies of particular countries, the failure of foreign parties to honour contractual obligations, foreign taxation, delays in obtaining or the inability to obtain necessary government permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitations on the repatriation of earnings, foreign exchange controls, currency

devaluations, import and export regulations including limitations on uranium exports, instability due to economic underdevelopment, inadequate infrastructure and increased financing costs, changes in relation to the foreign control of mining assets; changes with respect to taxes, royalty rates, import and export tariffs, and withholding taxes on distributions to foreign investors; changes in anti-monopoly legislation or its enforcement; and interruption or blockage of the export of uranium. In addition, the Corporation may face disadvantages of competing against companies from countries that are not subject to laws, such as the Foreign Corrupt Practices Act of the United States, or restrictions on the ability to pay dividends offshore, and risk of loss due to disease and other potential endemic health issues. These risks may disrupt or limit the Corporation's operations, restrict the movement of funds or supplies or result in the restriction of contractual rights or the taking of property by nationalization or expropriation without fair compensation.

There can be no assurance that industries deemed to be of national or strategic importance such as mineral production, and in particular, uranium mining, will not be nationalized. Government policy may change to discourage foreign investment, nationalization of mining industries may occur or other government limitations, restrictions or requirements not currently foreseen may be implemented.

Kazakhstan's foreign investment, subsoil use, licensing, corporate, tax, customs, currency, banking and anti-monopoly laws and legislation are still developing and uncertain. From time to time, including the present, draft laws on these subjects are prepared by government ministries and some have been submitted to its parliament for approval. Legislation in respect of some or all of these areas could be passed. Currently, the regulatory system contains many inconsistencies and contradictions. Many of the laws are structured to provide substantial administrative discretion in their application and enforcement. In addition, the laws are subject to changing and different interpretations. These factors mean that even the Corporation's best efforts to comply with applicable law may not always result in compliance. Non-compliance may have consequences disproportionate to the violation. The uncertainties, inconsistencies and contradictions in the laws of Kazakhstan and their interpretation and application could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations.

In relation to South Africa, a number of economic and social issues exist which may increase certain of the risks faced by the Corporation. The South African government is facing economic and political issues, such as employment creation, black economic empowerment and land redistribution, and social issues, including crime, corruption, poverty and HIV/AIDS, all of which may impact the Corporation's South African operations. While the government is adopting measures to address these matters, there is no assurance that the government will not implement changes in laws, regulations and policies on these and other matters such as foreign investment, industrial relations and land tenure which could have a material and adverse effect on the Corporation's cash flow, results of operations and financial condition. In particular, HIV/AIDS is a major health care issue in South Africa. A portion of the Corporation's South African workforce is believed to be infected by HIV/AIDS. The Corporation is in the process of implementing an HIV/AIDS awareness and prevention program for its employees and local communities, which includes the appointment of a wellness officer (qualified nursing sister) to counsel employees and promote safe practices. It is not possible to determine with certainty the future costs that the Corporation may incur in dealing with this issue. If, however, the infection rate continues to rise, costs associated with treatment and employee retraining may also increase, affecting the Corporation's cash flows, results of operations and financial condition.

*Existing contracts or licences with respect to the Corporation's operations may be subject to selective or arbitrary government action*

The Corporation's contracts and licences in foreign countries may be susceptible to arbitrary revision and termination. Legal redress for such actions may be uncertain, delayed or unavailable. In addition, it is often difficult to determine from governmental records whether statutory and corporate actions have been properly completed by the parties or applicable regulatory agencies. In some cases, failure to follow the actions may call into question the validity of the entity or the action taken. Examples include corporate registration or amendments, capital contributions, transfers of assets or issuances or transfers of capital stock. Ensuring the Corporation's ongoing rights to uranium properties will require a careful monitoring of performance of its contracts and other licences and monitoring the evolution of the laws and practices of the countries in which the Corporation operates. Failure to comply with the terms of the necessary licences or contracts or show compliance against official records may result in their revocation which may have an adverse effect on the Corporation's operations.

The process of obtaining radioactive materials licences from the United States Nuclear Regulatory Commission allows for public participation. If a third party chooses to object to the issuance of a radioactive material licence or permit required by the Corporation, significant delays may occur before the Corporation is able to secure a radioactive material licence permit. Generally, problems arising from public participation can be overcome with the passage of time and through the procedures set out in the applicable permitting legislation. However, the regulatory agencies must also allow and fully consider public comment according to such procedures and there can be no assurance that the Corporation will be successful in obtaining any radioactive material licence or permit. The failure to obtain any required licence or permit could have a material and adverse effect on the Corporation, its prospects, financial position and results of operations.

*If foreign exchange controls are imposed, it may be difficult for dividends to be paid from Kazakhstan or South Africa to the Corporation*

Although the Kazakh tenge is not a freely convertible currency outside of Kazakhstan, there are currently no restrictions on the exchange of Kazakh tenge for other currencies within Kazakhstan or on the repatriation of funds by companies operating within Kazakhstan. However, if foreign exchange controls are imposed by the Government of Kazakhstan, it may not be possible for Astana, Betpak Dala or Kyzylkum to service debt obligations or to distribute any funds to their shareholders outside of Kazakhstan and could limit their ability to carry on business. Similarly, foreign exchange controls in South Africa may prevent Uranium One Africa from distributing funds to shareholders outside South Africa.

*Changes in the political environment in Kazakhstan*

Kazakhstan declared its independence in 1991 after the dissolution of the Soviet Union. Since Kazakhstan has little history of political stability as an independent nation, there is significant potential for social, political, economic, legal and fiscal instability. The Corporation cannot predict the possibility of any future changes in the political environment in Kazakhstan that would have an impact on Kazakh laws and regulations, their interpretation or enforcement, the effect of such changes on the Corporation's business, prospects, results of operations and financial condition. The risks include, among other things:

- local currency devaluation;
- civil disturbances;
- exchange controls or availability of hard currency;

- changes in export and transportation regulations relating to uranium;
- changes in national fiscal regulations;
- changes in anti-monopoly legislation or its exercise;
- nationalization or expropriation of property; and
- interruption or blockage of the export of uranium.

There can be no assurance that changes in the political environment will not affect governmental regulation and policy.

*The Corporation's mining operations and exploration activities may be affected by political instability and governmental regulations*

The Corporation's mining operations and exploration activities are affected in varying degrees by political instability and governmental regulations relating to foreign investment and the mining industry. Operations may also be affected in varying degrees by terrorism, military conflict or repression, crime, corruption, extreme fluctuations in currency rates and high inflation in Central Asia and the CIS.

*Bureaucracy and corruption may preclude the Corporation from carrying out a fair business activity*

There could be risk of certain elements of corruption in public official offices in one or more of the countries in which the Corporation operates. Accordingly, the presence of bureaucracy and corruption may preclude the Corporation from carrying out business activities fairly in such countries, which could have a material and adverse impact on the Corporation, its prospects, financial condition and results of operations.

*The inconsistent enforcement and the evolution of tax laws in Kazakhstan create a risk of excessive payment of tax or penalties*

All legal entities carrying on activities in Kazakhstan must be registered with the tax inspectorate. Taxes in Kazakhstan include an income tax, value-added tax, an excise tax, a social tax, a land tax, a property tax, a transport tax, as well as required contributions to various funds, duties and fees for licences.

Kazakhstan tax laws are not clearly determinable and have not always been applied in a consistent manner. In addition, the tax laws are continually changing and evolving. For instance, a number of significant amendments (value-added tax, income tax, subsoil users' tax, tax reporting and others) were recently incorporated in the Tax Code dated June 12, 2001 and came into force on January 1, 2007. There is no guarantee that the taxation laws and regulations and the current administrative practices of the tax authorities will not be modified or construed in a way that will affect the Corporation's earnings. The inconsistent enforcement and the evolution of tax laws create a risk of excessive payment of tax or penalties by the Corporation if it fails to comply with tax legislation.

*The Corporation could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production as specified in certain of its subsurface use contracts*

The taxation system in Kazakhstan is still developing. The tax risks with respect to the Corporation's operations and investment in Kazakhstan are significant. Tax legislation is subject to different and changing interpretations as well as inconsistent enforcement at both local and state levels. Kazakhstan's tax laws are not clearly determinable and have not always been applied in a consistent manner.

Specific taxes, such as excess profits tax, and certain other mandatory payments of subsoil users, comprising royalty and bonus (subscription bonus and commercial discovery bonus) payments. These taxes and mandatory payments are determined in the respective subsoil contracts. The tax base for excess profit tax is the amount of net income earned by the taxpayer under each subsoil contract for the tax period, during which the taxpayer has obtained an internal rate of return above 20%. Under the Akdala Contract, the excess profit tax rate ranges from 4% to as much as 30%. The royalty rate under the Akdala Contract varies from 1.3% to 2.2% per pound of U<sub>3</sub>O<sub>8</sub> produced. Under the South Inkai and Kharasan contracts, the excess profit tax rate varies from 0 to 60% depending on the ratio of accumulated earnings to accumulated costs as at the date of taxation and the royalty is an amount equal to 0.5% of the weighted average sale price (per pound of U<sub>3</sub>O<sub>8</sub>) of product produced under each respective contract (net of indirect taxes and actual transportation costs).

*Proposed Amendments to the United States General Mining Law of 1872 may have an adverse effect on the Corporation's business*

Some of the Corporation's mineral properties comprise unpatented mining claims in the United States. There is a risk that a portion of the Corporation's unpatented mining claims could be determined to be invalid, in which case the Corporation could lose the right to mine mineral reserves contained within those mining claims. Unpatented mining claims are created and maintained in accordance with the General Mining Law of 1872. Unpatented mining claims are unique to United States property interests, and are generally considered to be subject to greater title risk than other real property interests due to the validity of unpatented mining claims often being uncertain. This uncertainty arises, in part, out of the complex federal and state laws and regulations under the General Mining Law of 1872. Unpatented mining claims are always subject to possible challenges of third parties or contests by the federal government. The validity of an unpatented mining claim, in terms of both its location and its maintenance, is dependent on strict compliance with a complex body of federal and state statutory and decisional law.

In recent years, the United States Congress has considered a number of proposed amendments to the General Mining Law of 1872. If adopted, such legislation, among other things, could impose royalties on mineral production from unpatented mining claims located on United States federal lands, result in the denial of permits to mine after the expenditure of significant funds for exploration and development, reduce estimates of mineral reserves and reduce the amount of future exploration and development activity on United States federal lands, all of which could have a material and adverse affect on the Corporation's cash flow, results of operations and financial condition.

*The Corporation has experienced acid supply shortages that affect production from its properties in Kazakhstan*

In October 2007, uranium production targets were adjusted down at South Inkai and Kharasan due to a temporary shortage in the supply of sulphuric acid in Kazakhstan. This has been caused by a number of factors including the delayed commissioning of a sulphuric acid plant at Balkash, which will contribute to the sulphuric acid supply when operating. The Corporation has identified a potential source of sulphuric acid in Russia, and while it has been actively pursuing this source the Corporation believes that it may not be necessary to purchase this additional acid at this time, as current and expected acid allocations are sufficient for its operations in Kazakhstan. Betpak Dala is currently receiving allotments of sulphuric acid which are sufficient to operate the Akdala Mine at an annualized rate of production of 1,000 t U per year and the South Inkai Project at an annualized rate of production in excess of 300 t U per year. With respect to Kyzylkum, sulphuric acid deliveries have arrived at the Kharasan Project and acidification of the first

well field commenced in March 2008. With the expected start up of the Balkash acid plant in the second half of 2008, the Corporation expects an increase in acid supply in Kazakhstan.

Longer term U<sub>3</sub>O<sub>8</sub> production forecasts Akdala, South Inkai and Kharasan assume that the temporary shortage of sulphuric acid is alleviated in the latter half of 2008.

To address long term supply constraints, the Corporation is establishing a joint venture with Kazatomprom and other affected parties to build a sulphuric acid plant at Zhanakorgan, which is close to Kharasan. Progress on the project includes the selection of a well-established, reliable technology and a suitable contractor for construction of the plant. The contractor will be supported by local Kazakhstan contractors where necessary and sulphur will be sourced from the oil and gas fields in western Kazakhstan. The Corporation's ownership percentage in the joint venture is expected to be 19%. A final estimate of the total construction cost of the plant is being prepared and construction of the plant is expected to be completed in 2011.

Shortages of sulphuric acid may result in lower production than anticipated from Akdala, South Inkai and Kharasan. No assurance can be given that the Corporation will be able to secure necessary supplies in a timely manner in the event of future shortages in such supplies, including sulphuric acid, in order to meet current exploration program and production schedules. As well, the cost of necessary supplies may be materially higher than currently anticipated by the Corporation. If exploration programs are delayed or cancelled as a result, or cost more than originally budgeted, it may have a material and adverse impact on the Corporation's exploration activities, results of operations and cash flows.

### **Risks Related to Financial Matters**

#### *There is a history of operating losses at the Corporation*

The Corporation and its predecessors have sustained operating losses during recent fiscal years. The Corporation may continue to sustain operating losses in the future and cannot provide any assurance that it will ever be profitable.

#### *The Corporation's business requires substantial capital expenditure and there can be no assurance that such funding will be obtained on a timely basis, or at all*

The development and ongoing operation of mines requires a substantial amount of capital prior to the commencement of, and in connection with, the production of uranium. Such capital requirements relate to the costs of, among other things, acquiring mining rights and properties, obtaining government permits, exploration and delineation drilling to determine the underground configuration of a deposit, designing and constructing the mine and processing facilities, purchasing and maintaining mining equipment and complying with financial assurance requirements established by various regulatory agencies for the future restoration and reclamation activities for each project. In addition, the Corporation may incur unanticipated liabilities or expenses. The Corporation will accordingly have further capital requirements as it proceeds to expand its present mining activities and operations or to take advantage of opportunities for acquisitions. There can be no assurance that the Corporation will be able to obtain necessary financing on a timely basis on acceptable terms, or at all. Volatile demand for uranium and the volatile price for U<sub>3</sub>O<sub>8</sub> may make it difficult or impossible for the Corporation to obtain debt financing or equity financing on commercially acceptable terms or at all. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its uranium projects with the possible loss of the

rights to such properties. If exploration or the development of any mine is delayed, such delay would have a material and adverse effect on the Corporation's business, financial condition and results of operation.

*Fluctuations in the value of local currencies against the U.S. dollar and the Canadian dollar may materially adversely affect the Corporation's results of operations*

Currency fluctuations may affect the costs that the Corporation incurs at its operations which may adversely affect the Corporation's cash flows, results of operations and financial condition. Uranium is sold throughout the world at prices set principally in U.S. dollars, but the majority of the Corporation's expenditures are incurred in non-U.S. dollar currencies including South African Rand, Australian dollars, Canadian dollars, Kazakhstani tenge and Kyrgyzstani som. The appreciation of non-U.S. dollar currencies in those countries where the Corporation has exploration and mining activities would increase the costs of uranium production at such operations which could materially and adversely affect the Corporation's profitability, results of operations and financial condition. The Corporation currently does not hedge against currency exchange risks, although it may do so from time to time in the future.

### **Risks Relating to the Common Shares**

*Shareholders' interest in the Corporation may be diluted in the future*

The Corporation may require additional funds to fund the Corporation's exploration and development Programs and potential acquisitions. If the Corporation raises additional funding by issuing additional equity securities, such financing may substantially dilute the interests of shareholders.

*The Corporation may issue additional common shares in the future to raise capital or on the exercise of outstanding stock options and warrants*

Sales of substantial amounts of common shares, or the availability of such common shares for sale, could adversely affect the prevailing market prices for the Corporation's securities. A decline in the market prices of the Corporation's securities could impair its ability to raise additional capital through the sale of new common shares should the Corporation desire to do so.

*The market price for common shares cannot be assured*

Securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies.

In the past, following periods of volatility in the market price of a company's securities, shareholders have instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm the Corporation's profitability and reputation.

*The Corporation has never paid dividends and may not do so in the foreseeable future*

The Corporation has never paid cash dividends on its common shares. Currently, the Corporation intends to retain its future earnings, if any, to fund the development and growth of its business, and does not anticipate paying any cash dividends on its common shares in the near future. As a result, shareholders will have to rely on capital appreciation, if any, to earn a return on investment in any common shares in the

foreseeable future. The Corporation's dividend policy will be reviewed from time to time by the board of directors.

### 4.3 Material Properties

Mr. M.H.G. Heyns, Pr.SCI.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President of Uranium One, is the qualified person who prepared or supervised the preparation of the information that forms the basis of the scientific and technical disclosure on the Corporation's mineral properties contained in this Annual Information Form.

#### 4.3.1 Dominion Reefs Uranium Project

Unless otherwise stated, the information included in this Annual Information Form concerning the Dominion Reefs Uranium Project is derived from (i) an independent technical report titled "Mineral Resources Audit of the Dominion Uranium Project, North-West Province, Republic of South Africa" dated March 29, 2008 prepared by Mark Wanless and Roger Dixon of SRK Consulting (South Africa) (Pty) Limited ("**SRK Consulting**"), (ii) an independent technical report dated March 2, 2007 titled "Dominion Uranium Project Northwest Province, Republic of South Africa" prepared by Mark Wanless and Roger Dixon of SRK Consulting, and (iii) an independent technical report titled "Dominion Uranium Project, North West Province, Republic of South Africa" dated August 1, 2006 and amended on October 26, 2006 (the "**Dominion Feasibility Study**") prepared by Dr. Michael Harley and Roger Dixon of SRK Consulting (collectively, the "**Dominion Technical Reports**"). The authors of the Dominion Technical Reports are independent "qualified persons" within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Dominion Technical Reports. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Dominion Technical Reports which are available for review on SEDAR located at the following website: [www.sedar.com](http://www.sedar.com).

#### *Property Description and Location*

The Dominion Reefs Uranium Project is a brownfields development project consisting of the Dominion and Rietkuil Sections which include two former uranium and gold mining operations. The Dominion Reefs Uranium Project is operated by the Corporation's wholly owned subsidiary, Uranium One Africa. Uranium One Africa holds a 100% interest in the Dominion Reefs Uranium Project subject to its BEE joint venture partner, Micawber, having the right to acquire a 26% interest. For information on this BEE joint venture, see "*Three Year History – Black Economic Empowerment Transaction*".

The project occupies an area of approximately 14,351 hectares in the Dominion Basin, some 20 kilometres southwest of the Town of Klerksdorp, approximately 150 kilometres west-southwest of Johannesburg, South Africa.

#### Mining Rights, Surface Rights and Permitting

In October 2006, the Corporation was granted a new order mining right by the Department of Minerals and Energy (the "**DME**") over the Dominion property covering 14,351 hectares and also received approval for its environmental management program. The mining right provides that the Corporation is entitled to mine and remove minerals (including gold, uranium and rare earth elements) that may be situated on the various properties for an initial period of 30 years. The right may be renewed on application for further periods of up to 30 years. In order to maintain the mining right, the Corporation must continue to give effect to the

BEE requirements pursuant to the Mining Charter and the MPRDA and maintain a 26% HDSA ownership of the Dominion Reefs Uranium Project. See *“Three Year History – Black Economic Empowerment Transaction”*.

To secure the surface rights needed for mine access, rock dumps and related surface infrastructure, Uranium One Africa has acquired a number of farms within the Dominion area. Uranium One Africa also holds the surface rights to the area where the processing plant, tailings dam and waste disposal site are situated. The existing facilities are sufficient to handle the envisaged operations.

The Corporation has the licences and permits necessary to conduct the activities currently underway at Dominion and has a program in place to obtain the permits and rights it will require to conduct mining operations on the project.

Additional prospecting rights covering 56,631 hectares in the Ottosdal area and areas surrounding the Dominion Reefs Uranium Project were granted to the Corporation and executed between October 2006 and September 2007. These new order prospecting rights are valid for periods of between two and five years, subject to the Corporation conducting the work set out in the prospecting program that accompanied the prospecting right application and adhering to the conditions of its environment management programs. The prospecting rights can be renewed on application for a further three years. In addition, the Corporation has lodged applications for a further 42,296 hectares of prospecting rights in the same area, which are currently being evaluated by the DME. As of March 31, 2008, a further nine applications covering 25,084 hectares of prospecting rights in the same area had been refused by the DME. The Corporation has contested this decision which is now the subject of judicial review.

#### Royalty Payment

Under a revised draft Royalty Bill released by the South African government in 2007 for public comment, the Corporation would be subject to a royalty payment to the government. The royalty will be payable only where the Corporation holds new order prospecting rights or mining rights, and in respect of minerals disposed of by it on or after May 1, 2009. The royalty payable during an assessment period of six months is determined by multiplying the royalty rate for that period by the amount by which the aggregate gross sales for that period exceed the amount of allowable deductions for that period. The allowable deductions include expenditures in respect of processing a mineral beyond its prescribed initial readily saleable condition, and transportation after such processing. Earnings and deductions may be adjusted by the government to reflect arms length value. Disposals before initial readily saleable condition, and exports before disposal, will be assessed at arms length value. The royalty rate is determined in accordance with the following formula:

$$\text{Royalty} = \left[ \frac{\text{(Earnings Before Interest, Taxes, Depreciation and Amortization)}}{\text{(Gross Sales x 12.5)}} \right] \times 100$$

The Royalty Bill is currently subject to review and reconsideration and was the subject of Parliamentary Portfolio Committee hearings on March 19, 2008. No other royalties are payable in connection the project.

Prescribed prospecting fees are however payable, and there are expenditure commitments in respect of work programs and social and labour plans.

## Environmental Considerations

There are historical environmental liabilities associated with the Corporation's operations at Dominion, stemming from the tailings dam at the Bonanza gold project. Assessment of these liabilities formed part of the Dominion Feasibility Study. In connection with its gold operations, the Corporation maintains an environmental rehabilitation fund which has been established to address identified liabilities.

### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

There is good all-weather road access to Dominion. An efficient network of all weather roads operates in the area, with the N12 and N14 arterial roads meeting at Klerksdorp. Rail and bus services link Klerksdorp to other centres in the North West Province.

The climate is characterized by well defined seasons, with hot summers and cool, sunny winters. Summer temperatures range between 22°C and 34°C; the average winter temperature is 15.5°C but temperatures can range from an average of 2°C to 20°C in a single day. The project lies in the Highveld summer rainfall region, characterized by a relatively low average rainfall (600 to 800 mm per annum), usually from October to March. Mining operations continue throughout the year and climatic conditions are not a hindrance to operations.

Klerksdorp is a regional centre providing infrastructural support to mining, agriculture and manufacturing industries. The existing infrastructure is considered sufficient for Dominion. However, since the fourth quarter of 2007, South Africa has experienced electrical supply shortages. The Corporation has ordered additional diesel generators to address this issue. The generators are expected to be installed in the second quarter of 2008. There is a ready pool of labour in the Klerksdorp area, much of which has experience in the mining sector. This availability has been enhanced following the recent down-sizing of a number of local gold operations as existing gold resources become depleted.

The North West Province is the watershed for the headwaters of the Limpopo River (including the Groot Marico River which flows east to the Indian Ocean) and several tributaries of the Orange-Vaal River system, such as the Molopo River, which flow west to the Atlantic Ocean. The North West Province has large groundwater reserves.

The variation in climate and landforms in the Province gives rise to a diverse tapestry of landscapes and vegetation types. The project falls within the Highveld ecological zone of the Grassland Biome, which contains a wide variety of grasses typical of arid areas.

### *History*

Gold was first discovered in the Klerksdorp area in 1886. Small scale operations continued sporadic mining until the 1930's, when mining was consolidated into three operating companies, including a predecessor of the Corporation.

The area currently comprising Dominion was mined for gold and uranium between 1936 and 1961, with uranium exploitation beginning in 1956. The Dominion mine, which consisted of four shafts, was closed for economic reasons in 1961. During the six years ending in 1961, historical mining records indicate that approximately 1,900 tonnes of uranium concentrate were produced from ore grades varying between 0.77 kg/t (in 1960) and 1.17 kg/t (in 1956).

## *Geological Setting*

### Regional Geology

The Dominion property is underlain by the granitoid basement and overlain by Archean rocks of the Witwatersrand Basin and, in places, by younger volcanic and sedimentary rock units. The Witwatersrand Basin comprises a total of six kilometres vertical thickness of predominantly arenaceous and rudaceous sedimentary rocks of the Central Rand Group, and predominantly argillaceous sedimentary rocks of the underlying West Rand Group, situated within the Kaapvaal Craton. The basin extends laterally for some 300 kilometres east-northeast and 150 kilometres south-southeast.

Dominion is hosted within rocks of the Dominion Group. Gold and uranium mineralization is hosted within narrow, tabular quartz-pebble conglomerate units interlayered with quartzites and overlain by a bimodal volcanic suite. The lower sedimentary unit unconformably overlies Archean granitoid rocks.

### Project Geology

Uranium (and gold) mineralization is hosted within two narrow, quartz-pebble conglomerate units (the Upper and Lower Reefs) located within the lower sedimentary unit of the Dominion Group. The Dominion Group consists of a narrow sequence of terrigenoclastic sedimentary rocks ranging from 15 metres to 50 metres in thickness overlain by volcanic rocks. The Lower Reef is preserved within channel features incised into the underlying granitoids; as such the mineralized width ranges in thickness from several centimetres up to a maximum of several metres. The Upper Reef is more laterally persistent and ranges in thickness from a single parting plane to a maximum of a few metres in thickness. Both gold and uranium are closely associated with the quartz-pebble conglomerates and the surrounding quartzite units are generally barren. The quartz-pebble conglomerate units are believed to represent high energy sedimentary accumulations above laterally extensive erosional surfaces. Heavy minerals identified within the Dominion Group conglomerates include garnet, monazite, cassiterite, thorogummite and tantalite/columbite. In general, these minerals are accessory to the uranium and gold mineralization.

### *Mineralization*

Mineralization at Dominion is typical of uranium (and gold) mineralization encountered through the Dominion Group of the Witwatersrand Basin. The mineralization occurs in coarse-grained sedimentary (conglomeratic) units forming laterally extensive thin reefs, ranging from a few centimetres to a few metres in thickness. As such, the uranium (and gold) mineralization is stratabound and sedimentological features such as channelization exert strong local controls. Adjacent fine-grained sedimentary units are typically barren. The mineralization is contained principally within the Upper and Lower Reef. The Upper Reef was the main uranium carrier exploited during previous mining activities and typically contains low gold grades. The Lower Reef has moderate uranium and gold grades.

The outcrop of the Dominion Reefs extends for approximately 10 kilometres on the eastern side of Dominion area and strikes north-south. The reef dips to the west and reaches a depth of approximately 1,000 metres about three kilometres down dip from the outcrop. The Lower Reef exhibits pronounced thickness variations and is thickest in the paleochannels superimposed on the granite. Locally, the Lower Reef unit may comprise a robust conglomerate body up to three metres thick within well-developed channels and may also be present as a single layer of pebbles developed above the weathered granite floor. The uranium and gold mineralization forms tabular zones, with lateral dimensions of continuity many orders of magnitude greater than the thickness of the bodies.

In the Upper Reef, uranium is present mainly in the form of uraninite (UO<sub>2</sub>). This makes the extraction of uranium a relatively easy process. In the Lower Reef, uranium is also present in the form of coffinite, a uranium silicate altered from uraninite. It is more difficult to extract uranium from this mineral than from uraninite. Other uranium-bearing minerals include brannerite, uranothorite, uraniferous leucoxene, monazite, zircon and columbite.

In the Rietkuil section, the Lower Reef is only sporadically developed. The depth ranges from outcrop to 1,400 metres in the west. Both reef units are developed above significant unconformity surfaces and it is considered that material accumulated on the unconformity surfaces and was redistributed within fluvial sedimentary environments that were responsible for the development of the Upper and Lower Reef units. Local mineral distribution is believed to be linked to specific features within a braided stream environment, including bars.

### *Exploration*

The Dominion property was mined for uranium between 1956 and 1961 from two underground mines, Rietkuil and Dominion. Exploration data have been accumulated over a long period of time by various project operators, including The Afrikander Lease Limited, Anglo American and Uranium One Africa. The historical database includes sampling results from surface drilling and surface trenching and underground chip sampling. Documentation describing the historical sampling procedures employed, as well as the analytical methods, does not exist. Based on knowledge of the companies involved, however, SRK Consulting considers that it is likely that the sampling approach utilized would have conformed closely to an 'industry standard' of the day that is largely similar to the methods currently employed within the South African mining industry.

Additional geological and structural information about the project area has been obtained through geological mapping, seismic profiling and detailed sedimentological studies. The geology and structure of the sedimentary sequence forming the Rietkuil syncline is reasonably well established to allow precise stratigraphic correlation using borehole information and terrain modelling.

Following the closure of the Rietkuil and Dominion mines in 1961, the uranium potential of the Dominion Reefs was re-evaluated on at least two occasions during the late 1960's and 1970's by Anglo American. In addition, in 1998 two areas of the Upper Reef, from the North Winze and Central Shaft areas, were investigated by trenching. During 2001, limited reverse circulation drilling was carried out in the central shaft area as a follow up to the trenching results. The trenching results and the drilling were inconclusive; at the time, Uranium One Africa was focussed on gold and the results obtained from this exploration work did not lead it to revisit the uranium mineralization at Dominion.

In May 2005, the Corporation commenced exploration activities on Dominion which included airborne geophysical surveys, three-dimensional ("3-D") seismic geophysical surveys and surface exploration diamond drilling. The initial aim of the exploration was to quantify sufficient indicated resources to support a 10 year life of mine feasibility study. This exploration was undertaken between May 2005 and April 2006 and consisted primarily of surface exploration drilling. Subsequently, the primary exploration focus was to delineate down-dip extensions to identified higher grade oreshoots, as well as identify and delineate additional higher grade ore-shoots within the current mining right area. This exploration was completed in 2006. During 2007, the primary exploration drilling focus was to upgrade the identified higher grade oreshoots from an inferred resource category to an indicated resource. This was primarily to support feasibility investigations into potential mine expansions. As well, during 2007, a 3-D seismic survey was completed over the Rietkuil Section to facilitate the refinement of the structural geological

model and an aerial radiometric and magnetic survey was flown over the Dominion Section of the Dominion Reefs Uranium Project and the Ottosdal exploration area.

Between May and November 2006 an auger drilling program was undertaken on a cluster of surface tailings dumps on the Dominion property. This drilling was aimed at evaluating the economic potential of re-treating this tailings material, derived from historic mining prior to 1965.

### *Drilling*

A total of 248 boreholes are reported as having been drilled on the Rietkuil and Dominion properties by previous owners, primarily by the Corporation's predecessor (now Uranium One Africa) The Afrikander Lease Limited and Anglo American. Of these, 229 holes (drilled between 1919 and 1996) were drilled in the Rietkuil and Dominion project areas. Partial records are available for 117 of these holes from archived data held in storage at the Uranium One Africa mine site; original files and data for the other 112 boreholes could not be located and are considered lost. In addition to the diamond drillhole data, records of underground channel sampling of the mineralized units within previously mined areas are also available.

Eighty seven of the 117 drill holes resulting in a total of 42,291 metres of drill core (excluding deflections) were drilled by Anglo American Prospecting Services on behalf of Anglo American between 1966 and 1970 as part of a re-evaluation of the uranium resource. Each borehole was drilled from surface to intersect the mineralized reefs; 63 intersected the base of the Dominion sequence; two deflections were obtained from each of the first 27 boreholes.

In 2004, Uranium One Africa began re-evaluating the uranium potential of the Dominion reefs. As part of this evaluation, a surface diamond drilling program commenced in May 2005 to validate historical drilling and uranium sampling data and infill drilling information in the Rietkuil and Dominion areas. The drilling program was undertaken by Hallcore Drilling Contractors and initially managed by Shango Solutions, a geoscience contractor.

The drilling campaign conducted from May 26, 2005 to December 31, 2007 comprised 428 BQ- and NQ-calibre diamond drill holes, totalling 216,461 m. Of these, 287 boreholes had been assayed and validated prior to October 15 2007 (177 and 110 boreholes at the Rietkuil and Dominion Sections, respectively) and were considered for the resource update published on February 21, 2008. These 287 boreholes (comprising 129,383 m including deflections) have yielded a total of 716 reef intersections (including deflections), comprising 242 Upper Reef and 165 Lower Reef intersections in the Rietkuil area and 183 Upper Reef and 126 Lower Reef intersections in the Dominion area. In total, 126 Upper and Lower Reef intersections were either faulted or not considered valid for evaluation purposes. A further five boreholes were abandoned prior to reef intersections due to technical difficulties.

During 2007, the Corporation continued its surface diamond drilling exploration program on the Dominion and Rietkuil sections, with the primary focus being to upgrade the existing inferred resources to an indicated resource category. Ongoing surface exploration drilling was largely focused on delineating resources in the northerly extensions of the existing Dominion declines where the reefs occur at depths of less than 500 m below surface. In addition, down-dip extensions (to depths of approximately 1,000 m) of the known Rietkuil ore-shoots and the delineation of new ore shoots at the Rietkuil extension areas (depths varying between 500 m and 1,000 m) were identified and delineated. All data received and validated prior to October 15, 2007 was considered for the December 31, 2007 resource estimate. The current drilling program was carried out by contractors Hallcore Drilling, Major Drilling and Percussobore.

### *Sampling and Analysis; Security of Samples*

There are no comprehensive records describing the sampling approach and methodology, sample preparation, assaying procedures and quality control measures used to collect much of the historical assaying data. SRK Consulting considered that it is very unlikely that there are any core recovery related issues attached to the historical sampling results that would materially affect the results derived from these samples.

Current underground sampling conducted by Uranium One utilises diamond saw cutting and chipping on a 6m x 5m grid within the stoping area and at 3m intervals in reef development ends. Samples are collected under the guidance of mine personnel and mineral resource managers responsible for the implementation of the sampling programs.

For the Corporation's drilling, core assay samples have been collected from half-core, honouring geological boundaries identified within the core during detailed logging. Reef intersections are sawn lengthwise with a diamond saw along a line through the low point of the bedding planes within the core. Core was sampled on all identified reef intersections and also into the adjoining hangingwall and footwall lithologies. Individual samples within the mineralized zones are ideally 20 cm, but limited to a minimum length of 15 cm and a maximum length of 30 cm of half core. The mineralization is clearly visible within the drill core as typically dark coloured quartz-pebble conglomerate units. Samples are marked within the intersection length of the conglomerate body and typically extend 2 to 5 cm above the upper contact of the conglomerate and also 2 to 5 cm below the footwall contact to ensure that the sampling is complete within the mineralized unit. While assays are undertaken on each sample, the results are composited to represent a single mineralized length and grade representing each reef intersection.

Samples are delivered to the on-site sample preparation laboratory managed for the Corporation by Superlabs Ltd. Samples, consisting of split diamond core, are crushed within a jaw crusher and then pulverized, using a closed circuit ring and puck mill or LM2 swing mill. These instruments are cleaned after every sample using compressed air, as well as a barren quartz wash. Granulometry is monitored by wet-screening every tenth sample. Three pulp samples are prepared for each sample submitted to the laboratory, a primary aliquot, a duplicate and a library sample. In addition, blind-certified reference materials are inserted within the sample stream, packaged within the same envelopes as the pulp samples and numbered sequentially. Samples are organized in sequential number and blank samples, consisting of quartz river sand samples, are inserted within each intersection of reef encountered within each drill hole or deflection. Packaged sample pulps from the preparation laboratory are delivered to laboratories for analysis on a weekly basis.

The Corporation has developed a comprehensive set of written procedures to monitor all aspects of the drilling, sampling and data handling process. In the opinion of SRK Consulting, these procedures are above industry standard and provide relevant additional safeguards for exploration data collected by the Corporation. SRK Consulting is also of the opinion that the security procedures attached to the current sampling program are adequate.

For the current drilling program, uranium assaying is conducted at the South African National Accreditation System ("SANAS") accredited Set Point Laboratories, the SANAS-accredited Anglo American Research Laboratories and Lab 'o Link Laboratories, while gold assaying is conducted at the SANAS-accredited Set Point Laboratories, the SANAS-accredited Performance Laboratories and the SANAS-accredited SGS Lakefield Laboratories. Gold assays are performed using conventional fire assay procedures with an inductively coupled plasma optical-emission spectroscopic ("ICP-OES") finish on 50 g

assay aliquots at Set Point Laboratories, while SGS Lakefield Laboratories uses an atomic absorption finish and Performance Laboratories also undertakes conventional fire assays with a gravimetric finish. Uranium assays are performed using X-ray fluorescence spectrometry on a pressed powder pellet or a borate fusion disc at both Anglo American Research Laboratories and Set Point Laboratories, while Lab 'o Link Laboratories employs acid digestion (HNO<sub>3</sub>, HCl and HF) followed by high-resolution inductive coupled plasma mass spectrometer (“**HR ICP**”) as the assay technique. Cross laboratory checks are undertaken on a continuous basis to ensure accuracy, precision and comparable results.

### *Verification Procedures*

The samples from the exploration drilling program leading up to the updated December 31, 2007 Mineral Resource estimate were prepared at the mine site laboratory and the certified reference materials (for both gold and uranium) were submitted as blind samples to the assay laboratories, within batches of normal analytical samples. Both the standards and the samples were prepared pulps that were packaged within the same pulp-submission envelopes. Blank and duplicate samples were also inserted within the sample stream. Blank samples represent unmineralized silica sand material, prepared at the mine site laboratory, following identical procedures as the core samples. Duplicate samples represent prepared pulps which have been split and both splits submitted for analyses. Silica sand utilized to “flush” the crushing and milling equipment between samples was also submitted to check for cross-contamination. In total, approximately 4% of all samples submitted comprised blind certified reference materials and 9% represented blanks, duplicates and silica sand checks (approximately 3% each). Cross laboratory checks were carried out periodically. SGS Lakefield Laboratories, has been utilised as a cross check, where duplicate samples and prepared X-ray fluorescence pellets were submitted for analysis.

As part of the present investigations, SRK Consulting conducted certain independent verifications to ascertain the reliability of project exploration data for resource estimation. In compliance with NI 43-101 guidelines, Mr Mark Wanless, a qualified person, visited the Dominion Reefs Uranium Project on October 26, 2006 and March 28, 2008. During the 2006 visit, SRK Consulting examined exposures of the Upper and Lower Dominion Reefs on Level 3 of the Rietkuil mining area. SRK Consulting also examined recent and active drilling sites and discussed with the Corporation’s personnel the drilling, logging, sampling and quality control procedures. The sample preparation laboratory on site at the property was examined to assess the sampling and sample preparation procedures used by the Corporation. Data compilation and verification techniques were also reviewed. During the 2008 visit, SRK Consulting examined underground exposures of Upper Reef in the Dominion 2 decline shaft area, and observed chip sampling procedures and practice. SRK Consulting also visited the on-site High Resolution ICP-MS laboratory, observed the sample digestion and analysis procedures, and reviewed the quality controls in place at the laboratory. The laboratory information system, sample control and quality control measures observed by SRK Consulting were all of high quality. The Corporation demonstrated the exploration data capture and processing software during the visit. SRK Consulting considered the procedures in place to be of sufficient quality for use in mineral resource estimation.

### *Mineral Resources and Reserves*

Indicated and inferred mineral resources at the Dominion Reefs Uranium Project (including the surface tailings at the Dominion Dumps, a cluster of four slimes dams which are the result of mining and processing activities by previous owners), as at December 31, 2007, are as follows:

**Dominion Reefs Uranium Project Resource Statement (December 31, 2007)<sup>(1,2,3)</sup>**

Reef	Tonnes (kt)	Average Width (cm)	U <sub>3</sub> O <sub>8</sub> Grade (kg/t)	U <sub>3</sub> O <sub>8</sub> Content ('000 lbs)	Gold Grade (g/t)	Gold Content ('000 ozs)
<b>Indicated mineral resources</b>						
Dominion Upper	18,963	149	0.62	26,072	0.55	338
Dominion Lower	11,740	122	0.89	22,963	1.13	427
Rietkuil Upper	38,004	131	0.59	49,043	0.69	838
Rietkuil Lower	12,372	130	0.53	14,338	0.97	386
<b>Total</b>	<b>81,080</b>	<b>134</b>	<b>0.63</b>	<b>112,416</b>	<b>0.76</b>	<b>1,989</b>
<b>Inferred mineral resources</b>						
Dominion Upper	59,728	152	0.31	40,320	0.47	893
Dominion Lower	37,123	187	0.23	18,529	0.78	937
Rietkuil Upper	37,047	151	0.50	40,492	0.66	782
Rietkuil Lower	40,896	182	0.43	39,010	0.70	922
<b>Total</b>	<b>174,795</b>	<b>166</b>	<b>0.36</b>	<b>138,351</b>	<b>0.63</b>	<b>3,534</b>

Notes:

1. Mineral resource estimated by Dr. Carina Lemmer of Geological & Geostatistical Services, an independent consultant, and reported to a cut-off of 30 cm.kg/t U<sub>3</sub>O<sub>8</sub> for Dominion and Rietkuil, and 0.00 g/t gold.
2. Mineral resources are reported in accordance with the SAMREC classification criteria. SRK Consulting considers that the Mineral resources estimate would be identical if reported in accordance with the CIM Standards.
3. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

**Surface Tailings Indicated Mineral Resources (December 31, 2007)<sup>(1,2,3)</sup>**

	Tonnes (kt)	U <sub>3</sub> O <sub>8</sub> Grade (kg/t)	U <sub>3</sub> O <sub>8</sub> Content ('000 lbs)	Gold Grade (g/t)	Gold Content ('000 ozs)
<b>Total Indicated</b>	<b>2,953</b>	<b>0.14</b>	<b>899</b>	<b>0.52</b>	<b>49.7</b>

Notes:

1. Mineral resources estimated by Mr. Charles Muller, B.Sc (Hons), Pr.Sci.Nat. of Global Geo Services (Pty) Ltd., an independent consultant. The surface tailings material is reported at 0 cm.kg/tonne cut-off and are inclusive of the entire surface tailings material, i.e. zero selectivity. Depletion of the mineral resource due to mining activities during 2007 has been calculated by Dr. Richard Stewart, PhD, Pr.Sci. Nat. of Uranium One.
2. Mineral resources are reported in accordance with SAMREC. SRK Consulting considers that the Mineral Resources estimate would be identical if reported in accordance with the CIM Standards.
3. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Based on the recently updated mineral resources, updated mineral reserves are currently in the process of being determined. Mineral reserves at the Dominion Reefs Uranium Project as at June 1, 2006, are as follows:

**Dominion Reefs Uranium Project – Mineral Reserve Statement at 1 June 2006<sup>(1,2,3,4)</sup>**

Classification	Tonnes <sup>(4)</sup> (Mt)	Grade U <sub>3</sub> O <sub>8</sub> <sup>(4)</sup> (kg/t)	U <sub>3</sub> O <sub>8</sub> Content ('000 lbs)	Gold Grade <sup>(4)</sup> (g/t)	Gold Content ('000 ozs)
<b>Probable Reserves</b>					
Rietkuil Upper Reef	6.31	0.68	9,471	0.71	144

Rietkuil Lower Reef	0.64	0.89	1,252	0.50	10
Dominion Upper Reef	8.00	0.83	14,613	0.93	239
Dominion Lower Reef	3.50	0.78	5,991	1.74	196
<b>Total Probable Reserves</b>	<b>18.45</b>	<b>0.77</b>	<b>31,327</b>	<b>0.99</b>	<b>589</b>

Notes:

1. The mineral reserves have been reported in accordance with the SAMREC classification criteria. SRK has certified that the mineral reserve statements reported in accordance with the SAMREC classification criteria would be identical to those reported in accordance with the CIM Standards.
2. The mineral reserve was estimated by Pat Willis of Turgis and audited by Roger Dixon of SRK. See the Dominion Technical Report of August 1, 2006 as amended on October 26, 2006.
3. Mineral reserves are included in mineral resources.
4. Tonnes and grade are stated on the basis of delivery to the plant.

### *Mining Operations*

#### Mining operations, Metallurgical Process

The Dominion Feasibility Study made use of a mineral resource estimation completed by SRK Consulting as at June 2006 (an updated estimate, showing a further increase in resources, was prepared by SRK Consulting as at December 31, 2007. This estimate is summarized above under “*Mineral Resources and Reserves*”).

The study envisaged the completion of mining operations in two phases. The study evaluated Phase 1 as an underground mine utilizing a metallurgical plant with a designed production capacity of 200,000 tpm. The uranium processing plant is integrated with the existing carbon-in-leach gold plant.

Phase 2 envisaged maintaining throughput at 200,000 tpm through the mining of the remaining indicated mineral resources, as well as a portion of the inferred mineral resources resulting in a total mine life of 30 years. Readers are cautioned that mineral resources are not mineral reserves and do not have demonstrated economic viability. The Phase 2 assessment is preliminary in nature and includes inferred resources that are not at a level of confidence where economic considerations can be applied to them that would enable them to be categorized as mineral reserves. There is no certainty that this preliminary assessment will be realized.

The Corporation is in the process of completing a feasibility study for the proposed expansion of the Dominion Reefs Uranium Project, which will be audited by SRK Consulting.

Underground ore is reduced in size in a three stage crushing circuit consisting of a primary jaw crusher, a secondary standard cone crusher and a tertiary short head cone crusher. The crushed ore is milled to 70 - 75 microns using a primary open circuit ball mill as well as two closed circuit regrind mills using cluster cyclones. Classified cyclone overflow from the milling plant is thickened using two high rate thickeners. The thickened pulp is pumped to the pre-leach reactors, where it is mixed with pregnant solution from the pressure leach section and non-refractory uranium minerals are leached. The Pre-Leach thickener overflow is polished in a pin bed clarifier and fed to a solvent extraction section whilst the underflow is pumped to the pressure leach circuit. Heated slurry is introduced into the autoclaves. Oxygen and steam are added directly into the autoclaves to enable the leach reaction to take place, leaching uranium from the more refractory minerals.

The leached slurry is passed through a continuous counter current decantation (“**CCD**”) for solid liquid separation. The CCD circuit is divided into a five stage uranium circuit and a two stage base metal

removal CCD circuit. The pregnant liquor solution from the pre-leach pin bed clarifier plant is fed to two extraction pulsed columns in parallel. Barren solution from the extraction columns returns to the CCD circuit as wash liquor. Loaded solvent is pumped to a four stage mixer settler scrubbing section. The scrubbing step removes impurities such as iron, chloride and fluoride from the solvent in order that a pure uranium product can be achieved. Stripping is achieved in a three stage mixer settler section utilizing ammonium sulphate from the ammonium diuranate (“ADU” - a slurry which contains uranium and, after a process known as calcining, results in the final saleable product of  $U_3O_8$ ) precipitation plant and ammonium hydroxide for pH control from the solvent extraction utilities section.

Strip solution from the solvent extraction plant is pumped into the first of two precipitation tanks connected in series. ADU precipitates and the resulting slurry reports to the thickener. Thickener underflow is pumped to two wash centrifuges. Clean ADU cake from the centrifuges reports to the ADU storage tank ready for dispatch. The final ADU concentrate is transported in road tankers to Nufcor for calcining and shipping.

The neutralized slurry from the uranium plant is pumped to the existing carbon in leach plant where the gold is recovered by leaching with cyanide and adsorbing onto activated carbon. Gold is eluted from the loaded carbon and recovered in an electro-winning cell. The gold sludge forming in the electro-winning cell is dried and smelted into bullion bars. The tailings from the gold leach circuit are pumped to the tailings dam.

Processing of ore from underground utilizing the atmospheric leach circuit of the Dominion processing plant commenced in February 2007 and the first batch of ADU was produced in May 2007. The Corporation shipped its first tanker of ADU from the Dominion Reefs Uranium Project in July 2007 and ADU is now being produced on a continuous basis.

The commissioning of the solvent extraction section of the processing plant was completed in June 2007 and the commissioning of the pressure leach circuit at the plant was completed in December 2007. Due to the slower than expected rate of underground development, ore and tailings material are currently being processed through one autoclave, and the other autoclave is on standby. An additional 40 tonne/hour boiler is scheduled to be commissioned in September 2008, to allow both autoclaves to be operated together at design capacity and also to facilitate expansion. A combination of both ore and tailings material will continue to be treated in 2008 and 2009; plant recoveries are expected to increase as underground ore displaces tailings material.

In 2007, a total of 171,000 lbs of  $U_3O_8$  were produced from the Dominion Reefs Uranium Project. For 2008, production guidance for the Dominion Reefs Uranium Project has been revised downwards to 590,000 lbs of  $U_3O_8$  primarily as a result of slower than expected rates of underground development and other factors, including disruption in electrical power supply, equipment breakdowns, higher than expected leaching of near-surface uranium resources, higher than expected mining dilution and lower than expected grade for the surface tailings material currently being processed through the plant.

### Contracts

As of the date hereof, the Corporation has agreed to terms for the sale of approximately 5.2 million lbs of  $U_3O_8$  from the Dominion Reefs Uranium Project in the 2008-2012 period.

## Environmental Conditions

In compliance with the Environmental Management Program from the Dominion Reefs Uranium Project, the Corporation has provided all necessary financial guarantees to the DME totalling approximately ZAR26.5 million for the rehabilitation and closure of the mine.

## Taxes

The Corporation has not opted to be exempt from secondary tax on companies (“STC”) which is a tax that is payable by South African companies that declare dividends. As of October 1, 2007, the STC rate was 10% (previously 12.5%).

The income tax payable by the Corporation is calculated according to the following formula:

$$Y = 35 - (175 / X)$$

Where:

Y = the income tax rate

X = income earned from mining operations (without taking into account loss carry forwards) divided by total income earned

Other income will be taxed at 29% (28% for all financial years commencing after 31 March 2008).

## *Current Exploration and Development Activities*

During 2008, the drilling program is expected to be reduced from approximately 10,000 m of drilled core per month to approximately 3,000 m of core per month. This drilling will primarily consider the shallow extensions to existing indicated resources as well as facilitate shallow production drilling in areas of existing declines. Some drilling to investigate the increase in the current inferred resource base is also being considered. As well, the final processed results of the 3-D seismic survey that was conducted in 2007 in the Rietkuil section are expected to be completed in the second quarter of 2008.

At the Ottosdal exploration area, it is anticipated that on site exploration activities will commence during 2008. No resource estimates currently exist for this area.

### **4.3.2 Akdala Mine**

The Akdala Mine is an operating in-situ recovery (“ISR”) uranium mine located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. Betpak Dala, a 70% owned indirect subsidiary of the Corporation, owns a 100% interest in the Akdala Mine pursuant to a contract (the “**Akdala Contract**”) dated March 28, 2001 (as subsequently amended) with the Ministry of Energy and Mineral Resources of Kazakhstan (“**MEMR**”) and JSC NAK Kazatomprom, Kazakhstan’s state-owned uranium mining company (“**Kazatomprom**”). The remaining 30% interest in Betpak Dala is owned by Kazatomprom. The Akdala Contract confers upon Betpak Dala the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Akdala Mine until March 28, 2026. The Akdala Mine is operated by Betpak Dala.

The Akdala Mine has been in production since January 2004.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Akdala Mine is derived from the independent technical report titled “Technical Report on the Akdala Mine, Kazakhstan” dated March 21, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of Roscoe Postle Associates Inc. (now known as Scott Wilson RPA - “**RPA**”) (the “**Akdala Report**”). The authors of the Akdala Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Akdala Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Akdala Report which is available for review on SEDAR under the profile for UrAsia Energy Limited located at the following website: [www.sedar.com](http://www.sedar.com).

#### *Property Description and Location*

The Akdala Mine is located in the Suzak region of the South-Kazakhstan Oblast, approximately 470 km north of Shymkent, Kazakhstan. The property is comprised of three non-contiguous adjacent blocks, totalling 31.54 km<sup>2</sup> and centered on Longitude 68°37'E, Latitude 45°30'. The Akdala Contract gives Betpak Dala the right to mine uranium deposits to a depth of 220 m.

#### The Akdala Contract

The Akdala Contract dated March 28, 2001 and made between MEMR and Kazatomprom (subsequently assigned to Betpak Dala) sets out Betpak Dala's rights and obligations with respect to the Akdala Mine. The Akdala Contract was first amended on May 23, 2002 to reflect changes in the Kazakhstan Tax Code (the “**Tax Code**”) regarding the rates of royalties, value added tax, social tax and payments of pension contributions. It was amended on June 7, 2004 to replace Kazatomprom with Betpak Dala, then on April 25, 2005 to reflect changes in the Tax Code, and it was last amended on December 29, 2006 to reflect further changes of its working program. Kazatomprom transferred to Betpak Dala the rights and obligations under the Akdala Contract pursuant to the amendment No. 1423 dated June 7, 2004 to the Akdala Contract.

The Akdala Contract is valid for a period of 25 years commencing on March 28, 2001 and expiring on March 28, 2026. This period consists of an exploration period of five years that commenced on March 28, 2001 and expired on March 27, 2006 and a production period of 20 years. The term of the Akdala Contract may be extended by the mutual agreement of the parties, and upon such renewal, the terms and conditions of the agreement may be changed by written agreement between the parties. The Akdala Contract may not be assigned, nor can the sub-soil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

#### Pre-emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the right to requisition uranium from the Akdala Mine in times of war, natural disaster or as set out in force majeure legislation, subject to compensation calculated by reference to the market price.

The Republic of Kazakhstan also has a priority right to purchase up to 10% of the annual production volume of uranium from the Akdala Project at prices not exceeding the world market price of uranium. However the Akdala Contract does not provide a formula or guidelines for calculating the annual production volume or the world market price.

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Betpak Dala's interest in the Akdala Contract.

#### Payments to the Government of Kazakhstan

The Akdala Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Akdala Contract, Betpak Dala is required to make a further payment of approximately US\$1,500,000 in equal quarterly instalments commencing on January 1, 2008 and ending on December 31, 2017 to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

Betpak Dala is required to make a fixed payment to the Government of Kazakhstan of 0.05% of the value of approved extractable reserves (i.e. reserves approved by the Kazakhstan Government of Kazakhstan Commission on Mineral Reserves) as a commercial discovery bonus upon each commercial discovery within the area covered by the terms of the contract that results in an increase to the previously approved extractable reserves. This commercial discovery bonus was paid on August 23, 2004. The Akdala Contract does not provide a formula or further guidelines for calculating this bonus.

#### Royalty Payments

The Akdala Contract requires Betpak Dala to make royalty payments on its uranium production at various rates based on the weighted average selling price of uranium concentrate, excluding indirect taxes and transportation costs up to the point of delivery (provided that in the event of the sale of uranium in U<sub>3</sub>O<sub>8</sub> form processing costs are deductible). Since December 29, 2006 the royalty on the Akdala Contract has been payable at the rates set out in the table below. The weighted average price of the uranium concentrate equals 31.7% of the weighted average price of natural uranium in U<sub>3</sub>O<sub>8</sub> for a tax reporting period. The Akdala Contract does not prescribe minimum or maximum amounts of royalty, only rates.

Royalties are also payable on the production of base minerals and underground water, at the rates stipulated by the tax legislation in effect when the liability to pay accrues.

<b>Price in US dollars for one imperial pound of U<sub>3</sub>O<sub>8</sub></b>	<b>Percentage royalty rate</b>
Less than US\$10	1.3%
From US\$10 to US\$12	1.7%
From US\$12 to US\$15	1.8%
More than US\$15	2.2%

#### Taxation and General Stability

Under the Akdala Contract, the Republic of Kazakhstan has undertaken that the taxation regime as specified in the contract will remain fixed for the duration of the contract. To the extent that the present or a future Government of Kazakhstan passes legislation that makes it impossible to maintain the rates of taxation payable by Betpak Dala under the Akdala Contract, Betpak Dala and the MEMR must agree to any amendment to the contract provided that the amendment does not result in a change in the primary economic interests of the parties under the contract. These taxation stability provisions are supported by a general stability undertaking, which provides that all other provisions of the contract will remain unchanged

for the duration of the contract, except for such changes as may be agreed by both parties and which do not change the initially established balance of economic interests of Betpak Dala and the Republic of Kazakhstan.

### Social Obligations

The Akdala Contract contains various social obligations for the benefit of its employees. These social obligations include investing at least 0.05% of Betpak Dala's operating expenses per annum in training programs for its Kazakhstani employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the Akdala Mine whenever possible provided that such goods and services are competitive with those that are available outside Kazakhstan and are of at least comparable quality. Currently most services are supplied not by Kazatomprom itself, but by its affiliates. The Akdala Contract does not provide for specific thresholds as to procurement from Kazakh businesses.

### Dispute Resolution

To the extent that there are any disputes that cannot be resolved through negotiations between Betpak Dala and the Government of Kazakhstan, the Akdala Contract provides that these are to be submitted to the courts of Kazakhstan rather than to an independent international arbitration body.

### Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to a share purchase agreement dated November 7, 2005 (the "**Akdala and South Inkai Acquisition Agreement**") whereby Widley sold its 100% interest in Deanco to UrAsia Holdings for a price of US\$350,000,000. Deanco owns all of the outstanding shares of Astana, which owns a 70% interest in Betpak Dala. Under the Akdala and South Inkai Acquisition Agreement Widley is also entitled to a bonus payment equal to 70% of 6.25% (being an effective rate of 4.375%) of the weighted average spot price per pound of U<sub>3</sub>O<sub>8</sub> for the month in which the reserves are discovered for all Russian C1 and C2 category reserves on the South Inkai Project in excess of 66,000 t U, expressed in pounds of U<sub>3</sub>O<sub>8</sub>, that are discovered after November 7, 2005, payable no later than 60 days following (i) the end of the 2008 fiscal year, if regarding an additional bonus payment payable with respect to the 2005, 2006, 2007 and 2008 fiscal years or (ii) the end of the applicable fiscal year, if regarding an additional bonus payment payable with respect to the fiscal years after the 2008 fiscal year. The payment of these bonuses is secured by (i) the pledge to Widley of a portion of Betpak Dala's share of uranium products from the Akdala Mine and the South Inkai Project; (ii) the pledge to Widley of Astana's participatory 70% interest in Betpak Dala; (iii) the pledge to Widley of all of the issued ordinary shares of Deanco.

### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The property is accessible by a 240 km road which runs northeast from Suzak, and by a 470 km road from Shymkent. The railway passes through Taukent. The closest airports with scheduled local service are at Shymkent or Kyzylorda.

The Stepnoye Mining Company town site, Kyzymshek, 45 km south of the mine, provides housing for the workers and their families for all the nearby mining activities. A 35 kV power line is connected to the site. Both plant and potable water is obtained from the local aquifers.

On site are several office buildings, a cafeteria, a work shop, and a processing plant with associated pregnant and barren solution ponds, well fields, and pump houses connected with the ISR operation.

The property is located in the Betpak-Dala desert plateau with elevations of 245 m to 265 m. The ground consists of extensive sand deposits. There are no significant rivers in the area and vegetation is limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 170 mm, occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -40° C in January to 40° C in July. The climate does not unduly affect production, although during extreme cold, if the solutions are not continually pumped, there is a chance of freezing the pipes and losing production until the pipes are thawed.

### *History*

In 1956, geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium ore to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young uplifted mountains adjacent to the basin. Drilling in the region began in 1961 and resulted in the discovery of a few small deposits, and in 1963 Uvanas was discovered (8,100 tons of uranium reserves as of 2004). The Mynkuduk deposit, which extends over a 65 km length, was explored between 1975 and 1989. The Inkai deposit, which covers an area of 55 km in length and up to 17 km wide, was explored between 1976 and 1991. Parts of this deposit are currently being prepared for production.

Akdala was initially discovered in 1982 as part of the Mynkuduk deposit, which was actively explored during the period 1982 to 1987. The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Exploration work included the implementation of a pilot plant for the in-situ recovery of the uranium which resulted in the extraction of 1,027.7 tonnes (2.67 million lbs) of uranium over a period of two years and three months. The mine commenced official production in January 2004.

### *Geological Setting*

#### Regional Geology

The Akdala deposit is located in the Chu-Sarysu depression which represents a large Cretaceous age basin up to 250 km wide and which extends northward for more than 1,000 km from the foothills of the Tien Shan Mountains. The basin is underlain by folded Proterozoic and Early Paleozoic formations which flank the basin and are exposed at the southwest margin, where the Karatau Mountains separate the Chu-Sarysu basin from the parallel Syrdarya basin. The platform sediments are continental sediments up to 320 m thick and marine Palaeogene sediments of up to 200 m that are overlain by red-coloured sandy-clay Oligocene to Quaternary sediments.

The basin is an asymmetric syncline with a broad gently sloping northeast limb and an uplifted south limb which form the Karatau Mountains. The axis of the basin is parallel to its southwest margin.

#### Property Geology

The mineralized horizons extend for over 45 km along strike. As the mineralized horizons occur as sinuous structures, the lineal length is much greater. The property covers a minimum strike length of approximately 25 km and are underlain by Cretaceous to Cenozoic sediments, predominately sands, with occasional pebble and gravel layers, clay and loamy soils up to 190 m thick. The sediments are gently dipping to the

southeast. The Jalpak horizon is host to the main body of mineralization. The various plans and sections observed by RPA do not indicate the presence of any significant faulting.

The lower Jalpak horizon consists of medium-grained grey sand and gravel with an average of 85% silica content. Thickness varies from 15 m to 20 m. The upper horizon consists of fine- to medium-grained sands, intercalated with mottled clays up to 2 m in thickness and densely cemented carbonaceous sandstones. Thickness of the upper horizon varies from 40 m to 45 m. Organic content varies between 0.05% and 0.5%.

### *Exploration*

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is disclosed under the heading “*History*” above. Exploration consisted of diamond drilling to discover mineralization at depths of 100 m to 250 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections which were originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, 1.0 km or so, with widely spaced, 200 m or so, drill holes on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

### *Mineralization*

Mineralization on Akdala occurs at depths varying between 136 m to 190 m over a distance of 25 km. The Jalpak horizon hosts the two main deposits, Blizhnii and Letnii, which contain 97% of the indicated resources and 90% of the inferred resources and all of the probable reserves. At least one other mineralized occurrence has been discovered to date on this horizon. The mineralized body I7, hosted in the finer grained Intymak horizon at a depth of 70 m to 90 m contains approximately 10% of the inferred resources. Mineralization has also been intersected in widespaced drilling on the Mynkuduk horizon in three areas at a depth of about 220 m. The number 1 Deposit in the Blizhnii mine area is currently in production from several resource blocks.

Roll fronts are continuous along strike and have widths from 30 m to 60 m. The uranium content varies from 0.01% to 0.3% uranium with an overall average of 0.058% uranium. Thickness varies between 0.5 m to 12 m at the thickest part of the roll front, averaging 7 m.

The principal ore minerals are pitchblende (36%) and coffinite (64%), often accompanied by selenium, rhenium, yttrium, molybdenum, arsenic, and phosphorus.

### *Drilling*

The Corporation has not carried out any historical exploration drilling on the property. Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan, and other entities. Rotary mud drilling, using Russian equipment, was supplemented by core drilling using the same rigs. The core produced by these rigs was about 9 cm in diameter. About 50% to 70% of the holes drilled on the property are cored through the mineralized horizons. All holes are electrically logged.

The Akdala deposit was considered a separate entity by 1999, and detailed drilling was carried out between 2001 and 2003. Total drilling on the deposit during the period 1982 to 2003 is reported to amount to 252,531 m in 1,433 drill holes. This figure includes exploration drilling along the mineralized horizon and as such may include some drilling beyond the current licence boundaries. Stated exploration drill hole totals

on the Blizhnii and Letnii deposits amount to 595 holes totalling 110,984 m and 482 holes totalling 77,871 m respectively. Total length of core recovered is reported to be 2,868 m. In addition, 49 hydrological holes totalling 8,652 m were completed on the two deposits and 205 holes totalling 36,714 m were drilled for well field exploitation within the currently producing licence.

#### *Sampling and Analysis; Security of Samples*

The Corporation has not carried out any sampling on the property. RPA was provided with a summary of the sampling methods carried out by previous workers. Kazatomprom reports that mineralized intervals (greater than 40 microroentgens per hour) in the core portions of the holes were split in half. The sample intervals ranged in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core were sent to different laboratories for assays by chemical methods. Samples submitted for uranium and radium chemical assays for the Blizhnii deposit amounted to 4,173 samples totalling 1,994 m and 504 samples totalling 172 m for the Letnii deposit.

Mineralized core is chemically assayed for uranium, radium, rhenium, yttrium, scandium, and total rare earths. Kazatomprom reports that chemical analyses on mineralized intervals in the diamond drill holes were carried out at the Central Analytical Laboratory PGO "Volkovgeologia" using the roentgen-spectral method on a fluorescent roentgen analyzer. On the entire Akdala exploration project, a total of 11,041 samples were analysed for uranium and radium. Protocols for internal standards and external control assays at other laboratories were in place. A total of 756 uranium analyses were rerun for internal control and 563 samples were submitted to other laboratories in Kazakhstan; Central Analytical Laboratory VIMS and the Central Scientific Research Laboratory KGRK. Reproducibility on both internal and external controls is shown to be well within standard limits, but RPA has not verified this statement.

All drill holes are probed with electric logs, with results including gamma counts, calliper, deviation measurements, and self potential. Chemical assay results are used to calibrate the gamma data to account for possible disequilibrium. All reserves and resource calculations are then based on calibrated gamma data.

The gamma calibration process is detailed. Each portion of approximately six sectors of the mineralized uranium roll front is assigned a specific chemical to gamma correction factor based on statistical analysis of the chemical assay data. Overall correlation between corrected gamma and chemical values is reported to be within approximately 5%. RPA has not verified this raw data associated with this statement but considers the results to be satisfactory and the data suitable for use in a database used to estimate resources and reserves.

#### *Data Verification*

RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections of the Akdala geologic database. The Akdala geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the Commission on Mineral Resources for the Republic of Kazakhstan.

Based on past experience with data collection in the USSR and the former Soviet Union, in the opinion of RPA, there is no more exhaustive process of uranium drill hole data collection and evaluation in use anywhere in the world than the process developed and used in the former Soviet Union and its now

independent states, such as Kazakhstan. RPA has accepted the basic drill hole data upon which mineral reserves and resources are calculated.

### *Mineral Resources and Mineral Reserves*

#### Mineral Reserves

The following table sets out the estimated attributable mineral reserves for the Akdala Mine as at July 31, 2006.

<b>Akdala - Proven And Probable Mineral Reserves<sup>(1,2,3)</sup></b>						
<b>Mineralized Lens</b>	<b>Resource Category</b>	<b>Ore<sup>(2)</sup> (tonnes)</b>		<b>Grade (% U)</b>	<b>Contained U (tonnes)</b>	
		<b>70% interest<sup>(4)</sup></b>	<b>100% interest</b>		<b>70% interest<sup>(4)</sup></b>	<b>100% interest</b>
Jalpak horizon	Proven	2,786,700	3,981,000	0.057	1,589	2,270
	Probable	8,966,300	12,809,000	0.057	5,110	7,300
<b>Total Proven and Probable Reserves</b>		11,753,000	16,790,000	0.057	6,699	9,570

Notes:

1. Mineral reserve estimate from the Akdala Report, as subsequently updated and revised by RPA to take into consideration loss of Mineral Reserves due to production during the period July 1, 2005 to July 31, 2006, and any increase in Mineral Reserves due to the conversion of resources to reserves as the result of production drilling. RPA originally produced an estimate of Mineral reserves as at June 30, 2005 and adjusted the statement of reserves in the Akdala Report to account for production in 2004 and the first half of 2005. As the actual recovery rate had not been provided, in the Akdala Report RPA back-calculated the tonnage for that period assuming a constant grade. As more information becomes available, the Corporation will be in a position to more accurately estimate the grade and tonnage. It is expected that the initial yield (% U) will exceed the average grade of 0.057% U and that the yield (% U) in later years will be below the average grade as the orebody is depleted.
2. RPA is of the opinion that the classification of Mineral reserves as reported above meets the definitions of proven and probable mineral reserves as stated by NI 43-101 and defined by the CIM Standards.
3. Mineral reserves estimate does not take into account production since July 31, 2006. For recent production levels, see “*Mining Operations - Historical Operations*”, below.
4. Represents the portion of total resource notionally attributable to the Corporation’s 70% equity interest in the Betpak Dala Joint Venture.

#### Mineral Resources

The following table sets out the estimated attributable mineral resources for the Akdala Mine as at July 31, 2006.

<b>Akdala - Indicated And Inferred Mineral Resources<sup>(1,2,3,4,5)</sup></b>						
<b>Mineralized Lens</b>	<b>Resource Category</b>	<b>Ore (tonnes)</b>		<b>Grade (% U)</b>	<b>Contained U (tonnes)</b>	
		<b>70% interest<sup>(6)</sup></b>	<b>100% interest</b>		<b>70% interest<sup>(6)</sup></b>	<b>100% interest</b>
Jalpak horizon	Indicated	12,010,600	17,158,000	0.057	6,846	9,780
	Inferred	6,778,100	9,683,000	0.062	4,214	6,020

Notes:

1. Mineral resource estimate from the Akdala Report, including mineral reserves, as subsequently updated and revised by RPA to take into consideration loss of mineral reserves due to production during the period January 1, 2004 to July 31, 2006.

2. RPA is of the opinion that the classification of mineral resources as reported in the table above meets the definition of indicated and inferred mineral resources as stated by NI 43-101 and defined by the CIM Standards.
3. The mineral reserves stated above are included in the total estimate of mineral resources as stated above.
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
5. Mineral resources estimate does not take into account production since July 31, 2006. For recent production levels, see “*Mining Operations - Historical Operations*”, below.
6. Represents the portion of total resource notionally attributable to the Corporation’s 70% equity interest in the Betpak Dala Joint Venture.

Cut-off criteria for uranium production in Kazakhstan is specified by the Government of Kazakhstan Commission in accordance with the criteria developed in the former Soviet Union relative to the reserve calculation methodology termed “method of geological blocks”, pursuant to which the cut-off grade is set at 0.01% uranium. Historically, within the former Soviet Union and its satellite states, resource recovery was much more important than the economics of recovery. Hence, cut-off criteria were set by law to maximize resource recovery with no regard for whether or not such recovery was economic. This practice remains unchanged in Kazakhstan today. It is the opinion of RPA that the cut-off criteria used for reserve/resource calculations at Akdala is too low and that some portion of the reserves/resources included in the project totals is uneconomic under current market conditions. This is particularly true for grade. The grade cut-off of 0.01% uranium does not represent an economic cut-off. Nevertheless, the total resource/reserve at Akdala is, on average, economic based on current market conditions and offers an opportunity for economic optimization should it be possible to amend or adjust the existing legislation.

RPA believes that the uneconomic portion of the Akdala reserve/resource is relatively small; probably less than 5%, and perhaps as low as 1% or 2%.

Considering that (1) the cut-off criteria has been set by legislation; (2) the reserve/resource base, on average, is economic under current market conditions; and (3) the potential correction is well within the potential margin or error for the overall calculation; RPA believes that an adjustment in the reserve/resource base is not warranted at this time.

Since those resources were approved by the Government of Kazakhstan Committee, additional production drilling increased the drill hole density to 50 m centres. RPA consider that this spacing is sufficient to classify the resulting resource as measured and as it meets the criteria above, it can be classified as a Proven Reserve.

### *Mining Operations*

#### Historical Operations

Akdala is an operating ISR project which produces an intermediate concentrated uranium solution product. Commercial operations commenced on January 1, 2004, following a 2.25 year pilot plant testing program conducted during the period from October 1, 2000 through to December 31, 2002. Uranium production during the pilot plant program totalled 1,027.7 t U. Uranium production during the period 2004-2006 amounted to 3,427 t U and production for 2007 was 1,004 t U.

#### Approved Mining Program

Under the Akdala Contract, Betpak Dala has undertaken to comply with a detailed mining program, which was submitted for review and approved by a territorial department of “Yuzhkaznedra”, a state agency that is part of the MEMR, responsible for approving such programs, on an annual basis. The work program as set out in the Akdala Contract requires among other things, the production of 1,019.4 t U per year between

2007 and 2017. Between 2010 and 2012, it is planned to carry out additional exploration and drilling at a cost of US\$1,666,700 per year. Betpak Dala is obliged to submit annual updates of the program for approval. Yuzhkaznedra also evaluates Betpak Dala's compliance with the terms of its obligations. Betpak Dala has full responsibility for financing the work program.

In accordance with its expansion plan, between 2004 and 2006, the Akdala Mine increased production from 600 t U per annum to 1,000 t U per annum and it is expected that production will continue at the rate of 1,000 t U per annum until exhaustion of reserves. Further details on the expansion are set out under "*Current Exploration and Development Activities*", below.

### Production

Uranium production at Akdala is by means of ISR. Leaching solution is injected into the uranium-bearing formation at maximum depths of about 220 m through a series of injection wells, passes through uranium-bearing material, and is recovered through a series of extraction wells.

Uranium-bearing solutions are pumped from the well fields into sedimentation ponds and onward to the processing plant where these solutions are passed through a series of 50 m<sup>3</sup> ion exchange columns loaded with a uranium-selective resin. Uranium from the solutions is adsorbed onto the resin until a loading of about 20 kg U per m<sup>3</sup> of resin is reached. Uranium-bearing resin is transferred to 100 m<sup>3</sup> desorption columns where uranium is stripped from the resin with an ammonium nitrate solution. Currently, this strip solution is shipped in tank trucks to the Taukent uranium production facility for precipitation and excess fluid removal. Upon completion of the current expansion project strip solution will be treated on-site with sodium hydroxide to precipitate a sodium uranate. Excess fluids in the precipitate will be removed in a filter press and the resultant wet yellowcake (approximately 40% uranium) product will be loaded into 2.0 m<sup>3</sup> containers for shipment to final processing and refining facilities.

Stripped resin is regenerated with sulphuric acid and returned to the ion exchange columns. Further processing of the wet yellowcake product is necessary in order to produce a product which meets international commercial specifications. Western fuel cycle facilities typically require a product with a minimum uranium content of about 70% U<sub>3</sub>O<sub>8</sub>. This content is easily reached by most in situ leach producers with a simple vacuum drying process which is always accomplished at the initial production facility. Certain Russian fuel cycle facilities require a product of much higher purity, approximately 98% U<sub>3</sub>O<sub>8</sub>, which can only be achieved by calcining. Calcining facilities available to in situ leach uranium producers in Kazakhstan are located at Stepnogorsk and Ustkamenogorsk, Kazakhstan, and at Kara Balta in the Kyrgyz Republic.

Wet yellowcake produced at the expanded Akdala facility will be further processed by solvent extraction, reprecipitation, and drying to a dry yellowcake product at the Taukent facility operated by the Centralnoye Mining Group and then shipped to either Ustkamenogorsk or Tselinni (Stepnogorsk) for calcining to a dry U<sub>3</sub>O<sub>8</sub> concentrate product.

By the end of 2007, Akdala had 6 drill rigs on site. A total of 264 wells were completed during the year. There were 141 production wells in operation at the end of December 2007, which is in line with the average number of wells in operation during the year. The average flow rate for the year was 1,053 m<sup>3</sup>/hour and the average U concentration in the solution was 113 mg/l during the year. The number of wells in operation, and the flow from each well, is adjusted based on uranium content in the flow from each well, to produce the targeted production rate.

## Sales

For the Betpak Dala Joint Venture, operating the Akdala and South Inkai mines, the Corporation has executed long term uranium supply agreements for approximately 32 million lbs of U<sub>3</sub>O<sub>8</sub> over the 2008-2020 period. A very small percentage of Betpak Dala's 2008 production has been sold to intermediaries at fixed prices. See "*Description of the Business - General - Principal Product, Production and Sales*".

## Taxation

Taxation is an important element in the assessment of uranium projects in Kazakhstan. The three major elements are: corporate tax, excess profits tax, and dividend tax. A corporate income tax will be levied at 30% of taxable income (calculated in accordance with the Tax Code) and Betpak Dala may in the future be liable to pay an "excess profit tax" on its profit (calculated pursuant to the Tax Code) to the extent that its internal profit rate on net income received under the Akdala Contract exceeds certain specified thresholds as set out below:

<b>Internal Rate of Return (per cent.)</b>	<b>Excess Profits <sup>(1)</sup> Tax Rate (per cent.)</b>
Up to 20	0
More than 20 but not more than 22	4
More than 22 but not more than 24	8
More than 24 but not more than 26	12
More than 26 but not more than 28	18
More than 28 but not more than 30	24
In excess of 30	30

Note:

1. The basis for the excess profits tax at the above rates is the net income (taxable income less the corporate profit tax) of Betpak Dala from the Akdala Mine.

For information on certain risks relating to excess profits tax, see "*Risk Factors — Risks relating to countries in which Uranium One operates — Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*".

## Environmental Considerations

Reclamation procedures in Kazakhstan are currently focused on a natural attenuation process over a period of a decade or more after which the Kazakh government accepts custody of the site.

RPA did not carry out an environmental audit at the properties. The general impression during the visit was that the operations were clean and well run. The mine is in a sparsely populated desert area and the aquifers are not used for drinking or livestock. There will be surface disturbance during production, and reclamation is required. Contaminated equipment will be buried, capped, and revegetated. The underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 years based on results from similar operations. The aquifers affected contain radium and other total dissolved solids well above drinking standards. Monitor wells will be used to observe the process.

As of October 2007, the asset retirement obligations for Akdala have been estimated at US\$3.5 million for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the Akdala Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including but not limited to monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Prior to commencing operations under the contract, Betpak Dala was required to obtain the approval of the state environmental authorities, which was obtained on January 4, 2006. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired and that the contract area is suitable for future use.

In addition, Betpak Dala is obliged to transfer an amount equal to 0.1% of its operating expenses per annum into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Betpak Dala's clean-up obligation, Betpak Dala is obliged to fund any such shortfall.

#### *Current Exploration and Development Activities*

Expansion of the process plant, auxiliary facilities and administration building was completed in 2006 increasing the flow capacity of the process plant and therefore increasing the production rate at the Akdala Mine from the original 600 Mt U to 1,000 Mt U per annum. In addition to maintaining production at a rate of 1,000 Mt per annum, the further expansion program will provide for the necessary equipment to produce a wet yellowcake product on site and thereby eliminate the transportation of the strip solution to other facilities for processing. The yellowcake precipitation and filtration plant at the Akdala Mine commenced construction in April 2007 and is expected to be completed in the first quarter of 2008. When operational, this plant is expected to result in cash operating cost savings as the Corporation will then no longer be required to use external facilities for yellowcake precipitation and filtration. The Corporation's share of capital expenditure on the Akdala Mine for the year ended December 31, 2007 amounts to approximately US\$4,089,000. Further capital expenditure of US\$1,306,000 in the aggregate will be required to complete the expansion at Akdala.

Additional exploration activity at Akdala is scheduled to commence in 2010.

#### **4.3.3 South Inkai Project**

The South Inkai Project is an ISR uranium development project located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan. Betpak Dala owns a 100% interest in the South Inkai Project pursuant to a contract (the "**South Inkai Contract**") dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The South Inkai Contract confers on Betpak Dala the exclusive right to explore, develop, extract, mine and export uranium at the South Inkai Project until July 8, 2029. The South Inkai Project is operated by Betpak Dala.

The South Inkai Project commenced pilot production in October 2007 with the first circulation of fluid through the adsorption columns.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the South Inkai Project is derived from the independent technical report titled "Technical Report

on the South Inkai Uranium Project” dated March 20, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA (the “**South Inkai Report**”). The authors of the South Inkai Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the South Inkai Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the South Inkai Report which is available for review on SEDAR under the profile for UrAsia Energy Limited located at the following website: [www.sedar.com](http://www.sedar.com).

### *Property Description and Location*

The South Inkai Project is located in the Suzak region of the South Kazakhstan Oblast, approximately 450 km northwest of Shymkent, Kazakhstan, covers a total area of 192.2 km<sup>2</sup> and is centered at approximately Longitude 67°30'E, Latitude 45°07'.

### The South Inkai Contract

The South Inkai Contract sets out Betpak Dala’s rights and obligations with respect to the South Inkai Project. In September 2005, Kazatomprom transferred to Betpak Dala the rights and obligations under the South Inkai Contract pursuant to amendment No. 1830 dated September 15, 2005 to the South Inkai Contract.

The South Inkai Contract is for a period of 24 years commencing on July 8, 2005 and expiring on July 8, 2029. It provides for an exploration period of four years which commenced on July 8, 2005 and which will expire on July 8, 2009 and a production period of 20 years. The exploration period may be extended twice for a two year period each time. The production period may be extended until full development of the South Inkai Project. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The contract may also be extended and, upon renewal, its conditions may be changed by written agreement between the parties. The South Inkai Contract may not be assigned, nor can the sub-soil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

### Pre-Emptive Rights of the Government of Kazakhstan

The Government of Kazakhstan has a priority right to purchase uranium from the South Inkai Project at prices not exceeding the world market price of uranium defined as the sum of the monthly spot price reported by TradeTech and Ux Consulting Company LLC, or as reported in such other recognized international publication as the parties may agree on.

The Republic of Kazakhstan also has the right to requisition uranium from the project in times of war, natural disaster or as set out in the force majeure legislation, subject to compensation calculated by reference to a similar spot price.

The Republic of Kazakhstan has a right of first refusal on any proposed sale or assignment of Betpak Dala’s interest in the South Inkai Contract on the same terms as are offered to the third party.

### Payments to the Government of Kazakhstan

The South Inkai Contract provides that Betpak Dala is required to make certain payments to the Government of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the South Inkai Contract, Betpak Dala is required to make further payments of approximately US\$1,800,000 at the rate of US\$135.30 per tonne of produced uranium from the South Inkai Project to the Government of Kazakhstan in reimbursement for historical geological studies it conducted on the property.

As a commercial discovery bonus, Betpak Dala is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery which results in increase of initially approved mineable balance reserves) within the area covered by the contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 45.9% of the weighted average sale price of U<sub>3</sub>O<sub>8</sub> for the relevant tax period.

### Royalty Payments

The South Inkai Contract requires Betpak Dala to pay a royalty of 0.5% of the value of the mined volume of the first commercial product (i.e. uranium extracted in product-bearing solution) calculated on the basis of the average sale price of the first commercial product, less any indirect taxes and actual transportation expenses. The average cost of the first commercial product is calculated as 45.9% of the average sale price of natural uranium in U<sub>3</sub>O<sub>8</sub> for a tax reporting period. Royalties are also payable on any by-products and underground water produced at the rates prescribed by the Kazakhstan Tax Code. The South Inkai Contract does not prescribe a minimum or maximum amount of royalty, but only the royalty rate.

### Taxation and General Stability

The South Inkai Contract contains a general stability undertaking, which provides that the Betpak Dala is guaranteed against any changes to legislation which would have a detrimental effect on its position. No guarantee is given with respect to changes to laws dealing with defence, national security, environment safety and health.

### Social Obligations

The South Inkai Contract contains various social obligations for the benefit of its employees, which include investing at least 1% of Betpak Dala's exploration expenses during the exploration period and at least 1% of Betpak Dala's operating expenses during the operating period in training programs for its Kazakhstani employees.

In addition, Betpak Dala has undertaken to purchase goods and services from Kazakh businesses to service the South Inkai Project. In particular, at least 40% of the cost of equipment and materials purchased must be for equipment and materials of Kazakh origin; at least 90% of the cost of contract work must be of Kazakh origin; at least 95% of employees must be Kazakh; and 100% of expenditures for processing of field materials and laboratory studies must be to Kazakh companies.

## Dispute Resolution

The South Inkai Contract contains provisions on dispute resolution that are the same as those described in “*Akdala Mine – Dispute Resolution*”

## Termination

Pursuant to the South Inkai Contract, MEMR is entitled to suspend operations under the contract if continuing such operations would be hazardous to human health or the environment. MEMR is also entitled to suspend the contract for a period of up to six months where: (i) Betpak Dala breaches the terms and conditions of the contract; or (ii) Betpak Dala violates the state laws regarding Kazakh involvement, subsoil protection, environmental protection and safety in the course of its operations. MEMR is entitled to terminate the contract unilaterally when: (i) Betpak Dala refuses to eliminate the grounds causing the suspension of the exploration and production or fails to eliminate such grounds within the period given; (ii) it is impossible to eliminate the grounds causing such suspension associated with risk to human life or health or the environment; (iii) Betpak Dala is in material default of obligations stipulated by the contract or work program; or (iv) Betpak Dala is declared insolvent in accordance with the laws of Kazakhstan.

## Encumbrances

UrAsia acquired its interest in Betpak Dala pursuant to the Akdala and South Inkai Acquisition Agreement. UrAsia’s obligations to make further bonus payments to Widley under the Akdala and South Inkai Acquisition Agreement are secured by UrAsia’s share of the uranium product from the South Inkai Project and its interests in Betpak Dala and Deanco, as described under “*Akdala Mine - Encumbrances*” above.

## *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The deposit site straddles an unimproved road, approximately 180 km from Shieli, which is on the main paved highway and railroad that joins Shymkent with Kyzylorda. The nearest town is Taikonur, the headquarters of the Seventh Unit of Volkovgeologia, located on the northern boundary of the South Inkai Project. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power line parallels the road, and water is readily available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

The area is divided into two morphologically diverse regions; the sandy brackish delta of the Shu and Sarysu Rivers and the Betpakdala desert plateau. The delta is characterized by a maximum relief of 5 m to 25 m, with numerous lacustrine basins, dry rivers, and aeolian sands. The area underlain by water is not extensive and is not expected to hinder development of the well fields required for ISR mining. The desert plateau represents a gently sloping plain with a maximum relief of 150 m to 200 m. The ground consists of extensive sand deposits, with vegetation limited to grasses and occasional low bushes. The climate is continental, with annual precipitation amounting to 130 mm to 140 mm and occurring mostly in winter and spring. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 40° C in July. The region is also characterized by strong winds. The climatic conditions are not expected to unduly hinder exploration and mining programs.

## *History*

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. In the late 1950s exploration commenced in the Chu-Sarysu basin based on the presence of young

uplifted mountains adjacent to the basin. Initial reconnaissance drilling was carried out on lines spaced 25.6 km apart.

The Inkai mineralization was discovered in 1978. During the period from 1979 to 1984, detailed exploration and drilling were carried out over the length of the mineralized horizon which extends for 55 km from north to south and is 17 km wide. Between 1984 and 1991 detailed drilling and a pilot plant test were carried out on Section 1 which adjoined South Inkai to the north. Cameco's Inkai Joint Venture is currently in the construction stage for an ISR mine on Section 1.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Rotary mud drilling was supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Drilling was carried out on a northeast-trending grid of 800 m with holes spaced 100 m to 50 m apart. Total drilling on the Inkai Uranium Field is reported to be 2,027,382 m. 70% of the holes were cored through the mineralized zone, which amounted to 15% extraction, amounting to approximately 300,000 m of core, with core recovery of 82%. All holes were logged with geophysical equipment. The drilling statistics reported above include drilling statistics for the entire Inkai Uranium Field. Based on information obtained by RPA, it is reported that drilling on UrAsia's South Inkai property consisted of 600 holes totalling 294,000 m. Based on the total statistics, RPA has estimated that about 420 holes would have been cored and would result in about 31,000 m of core. Unfortunately none of this core is available as the entire mineralized sections are used for analyses and quality assurance/quality control.

Exploration has consisted of diamond drilling to discover mineralization at depths of 400 m to 600 m. RPA has reviewed geological drill logs, plan maps, cross sections and representative electric logs from the South Inkai geologic database, which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced (approximately 1.0 km) fences with widely spaced (approximately 200 m) drill holes on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced.

During the exploration and drilling programs, the Kazakhstan geological expedition that completed the work did not subdivide the work into the various licences that now exist and a digital database of the work is not available.

### *Geological Setting*

#### Regional Geology

The geology of the region is as described under "*Akdala Mine – Geological Setting, Regional Geology*".

#### Property Geology

Overlying the basement rocks are the Cretaceous sediments that host the mineralization. They are comprised of fine-grained sands to gravels, 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into three horizons. The lowest Mynkuduk horizon is located about 500 m below surface and consists of coarse-grained grey alluvial sediments at the base, where it hosts the uranium mineralization, grading upward to fine-grained sands. Total thickness of the horizon is 40 m to 90 m. The Mynkuduk horizon is host to the #3 and #4 deposits at South Inkai.

The Inkuduk horizon is comprised of lower coarse gravels grading up to fine- to medium-grained sands with interbedded clays totalling 105 m to 130 m. Overlying it is the Jalpak horizon, consisting of medium-grained grey to green sands grading upwards to red and brown clays totalling 20 m to 80 m. The Jalpak horizon hosts mineralization at the Akdala deposit, 80 km to the east. The Inkuduk horizon is not confined by a continuous impermeable clay layer as are many of the ISR applicable deposits but experimental leaching on other deposits in the area has successfully recovered uranium using ISR methods and the lack of confining units does not appear to be a problem.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There is up to 60 m of Quaternary alluvial sands, clays, and loam.

### *Mineralization*

The South Inkai deposit is located at the southern end of the Inkai deposit which extends over a strike length of 55 km and a width of 17 km. The South Inkai deposit covers a 17 km length of the trend. There are eight mineralized beds identified to date; three are in the Mynkuduk horizon and five are in the Inkuduk horizon. Not all of the mineralized areas have been drilled in sufficient detail to establish resources.

Two resource areas, #3 and #4, have been delineated in the Mynkuduk horizon by drilling on 800 m fences with drill hole spacing of 50 m to 100 m. The mineralization is found at depths of 450 to 510 m below surface. The mineralization in the Mynkuduk horizon is in the form of pitchblende and coffinite occurring interstitially in the sandstones and to a lesser extent, the clay layers. The main roll fronts may reach a thickness of 20 m, but more commonly they average 7 m to 10 m at their thickest and 1m to 2 m on the limbs. The grade ranges from 0.02% to 0.07% U, averaging 0.043% U for the deposit.

Mineralization has also been found in the Inkuduk horizon at depths of 425 m to 450 m below the surface but insufficient drilling has been completed to establish resources. The grades are similar to that in the Mynkuduk horizon.

### *Exploration and Drilling*

Prior to UrAsia acquiring an interest in the property, drilling was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

A delineation drilling program to convert 39,000,000 lbs of U<sub>3</sub>O<sub>8</sub> (15,000 tonnes U) from the Russian C2 category to the C1 category was completed on schedule in December 2007. The drilling program spanned periods both before and after RPA's resource estimate update of October 2, 2006. A total of 413 exploration holes were drilled for this purpose and a presentation is being prepared for submission as part of the industrial production licence application. Data is still being assessed and estimates of C1 category resources are yet to be approved by the State Committee of Minerals Resources. C1 category resources will increase as a consequence with a concomitant decrease in C2 category resources. Submission to the State Committee of Minerals Resources for approval is expected in the fourth quarter of 2008.

### *Sampling and Analysis; Security of Samples*

The Corporation has not carried out any sampling on the property. Kazatomprom reports that all holes are logged with electrical logs that include gamma counts, calliper, deviation and self potential measurements as discussed below under the heading "*Security of Samples*". About 70% of the holes are cored through the mineralized zones which are sampled for chemical assays in addition to the geophysical logging.

Kazatomprom reports that mineralized intervals with greater than 70% core recovery and radioactivity greater than 40 microrentgens per hour are split in half. The sample intervals range in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core are taken and sent to different laboratories for chemical analyses. The exact number of samples submitted for the #4 area was not provided but is in the order of several thousands.

RPA was not provided with information on the sample preparation and methodology for the South Inkai. Some 70% of all exploration drill holes are cored through the mineralized horizon. RPA was not provided with detailed information on the sample preparation and methodology for the South Inkai Project but based on information obtained from Kazatomprom the analyses were carried out at the Central Analytical Laboratory PGO "Volkovgeologia" using the roentgen-spectral method on a fluorescent roentgen analyzer. The core is sent through a jaw crusher and then a roll crusher for pulverization. Mineralized core is chemically assayed for uranium, radium, rhenium, yttrium, scandium, and total rare earths. Internal standards and external control assays at other laboratories including the Central Analytical Laboratories VIMS, Nevski PGO and the Central Scientific Research Laboratory KGRK, were used to ensure proper quality control which met industry standards at the time. Geological reports document exhaustive statistics that evaluate the results of the control samples. RPA considers the database suitable for use in the estimation of Mineral Resources.

All drill holes are probed with electric logs, with results including gamma counts, calliper, deviation measurements, and self potential. For quality control purposes, about 15% of the holes are relogged. Assay results are used to calibrate the gamma data to account for possible disequilibrium. All reserves and resource calculations are based on calibrated gamma data.

The gamma calibration process is detailed and exhaustive. Each portion of the six sectors that the mineralized uranium roll front is divided into is assigned a specific chemical to gamma correction factor based on statistical analysis of the chemical assay data. It is reported that overall the disequilibrium factor varies from 0.6 to 0.8, that is, the chemical uranium content is 60% to 80% of the radiometric measurement.

#### *Data Verification*

RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. As discussed above, the entire mineralized core is submitted for chemical analyses and quality control protocols. RPA has reviewed sample drill logs, cross sections, plan maps, and electric logs for the South Inkai geologic database. The geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently taken over by the Commission on Mineral Resources for the Republic of Kazakhstan.

Unfortunately the database is not digital and time prevented RPA from verifying the complete database. However, based on past experience with data collection in the USSR and the former Soviet Union, in the opinion of RPA, there is no more exhaustive process of uranium drill hole data collection and evaluation in use anywhere in the world than the process developed and used in the former Soviet Union and its now independent states, such as Kazakhstan. RPA has accepted the basic drill hole data upon which reserves and resources are calculated. For the resource estimates RPA verified the methodology and compared the reported resource estimates with RPA estimates for selected resource blocks.

## Mineral Resources

The following table sets out the Inferred Mineral Resources at the South Inkai Project as at October 2, 2006.

<b>South Inkai - Inferred Mineral Resources<sup>(1,2,3,4,5)</sup></b>					
	<b>Ore (tonnes)</b>		<b>Grade (% U)</b>	<b>Contained U (tonnes)</b>	
	<b>70% interest<sup>(6)</sup></b>	<b>100% interest</b>		<b>70% interest<sup>(6)</sup></b>	<b>100% interest</b>
<b>Total Inferred Mineral Resources</b>	40,390,700	57,701,000	0.041	16,716	23,880

### Notes:

1. Mineral resource estimate from the South Inkai Report, as subsequently updated and revised by RPA as at October 2, 2006 to take into consideration mineral resources from an area within the South Inkai Project which were certified by the State Commission for Mineral Resources of the Republic of Kazakhstan after the date of the South Inkai Report.
2. RPA is of the opinion that the classification of mineral resources as reported in the table above meets the definitions as stated by NI 43-101 and defined by the CIM Standards. The methodology used for estimating the updated Mineral Resources as at October 2, 2006 was the same as that used in the South Inkai Report.
3. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
4. RPA understood that the increase in resources reported in the South Inkai Report was the result of certification of resources from an area within the property that was drilled during the period 1991 to 1993. RPA has confirmed that the drill holes that are included in the 'new' resource blocks are shown on sections received from the Government of Kazakhstan in the year preceding the completion of the South Inkai Report, but were not included in the resources audited by RPA at the time.
5. Mineral resources estimate does not take into account production from the property as reported under "*Description of the Business - General - Principal Product, Production and Sales*".
6. Represents the resource notionally attributable to the Corporation's 70% equity interest in the Betpak Dala Joint Venture.

The parameters of resource calculation at South Inkai have been approved by the State Commission for Mineral Resources of the Republic of Kazakhstan, on January 11, 1991. The cut-off grade established by the Commission is 0.01% uranium. It is the opinion of RPA that the cut-off criteria used for resource calculations at South Inkai is too low and that some portion of the resources outlined may be uneconomic under current market conditions. RPA does not have sufficient information currently available to accurately assess the uneconomic portion of the South Inkai reserve/resource. Nevertheless, the total resource at South Inkai does offer an opportunity for economic optimization should it be possible to amend or adjust the existing legislation that requires a low cut-off.

Given that: (1) cut-off criteria has been set by legislation; (2) the resource base, on average, is economic under current market conditions; and (3) the potential correction is likely to be within the potential margin or error for the overall resource estimation, RPA does not consider this situation to be of major concern.

## Mining Operations

### Approved Mining Program

Under the South Inkai Contract, Betpak Dala must comply with a detailed exploration program, approved by a territorial department of "Yuzhkaznedra," a state agency which is part of the MEMR, responsible for approving such programs, on an annual basis. Under the exploration program, Betpak Dala must undertake exploration drilling of 240 wells totalling a minimum of 120,000 linear metres; pilot production of an aggregate of 300 tonnes of uranium at an estimated cost of US\$5,500,000; expend at least US\$6,000,000; and commence commercial production by 2010 with output reaching 600 tonnes of uranium per year by

2012. If Betpak Dala does not meet these criteria, MEMR can suspend and terminate the South Inkai Contract.

Preliminary Economic Assessment

Kazatomprom has provided RPA with a financial and economic study completed by Mining Economical Consulting LLP on behalf of Kazatomprom. As this study uses inferred resources in its analysis, it should be termed a preliminary assessment. **RPA noted that cash flows and other estimates derived from the preliminary assessment are preliminary in nature as they are based on inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves.**

As outlined in the Preliminary Assessment, the South Inkai Project is to be mined by an ISR process, with trial mining to be conducted at 300 tpa U production rate. It is proposed that the project be developed on the basis of a production rate of 2,000 tpa U with the potential to increase that rate to 4,000 tpa U at some time in the future. A 2,000 tpa plant is currently being constructed, which is expected to be completed in the second half of 2008.

Sales Contracts

For the Betpak Dala Joint Venture, operating the Akdala and South Inkai mines, the Corporation has executed long term uranium supply agreements for approximately 32 million lbs of U<sub>3</sub>O<sub>8</sub> over the 2008-2020 period. A very small percentage of Betpak Dala’s 2008 production has been sold to intermediaries at fixed prices. See “*Description of the Business - General - Principal Product, Production and Sales*”.

Taxation

Taxation is an important element in the assessment of uranium projects in Kazakhstan. The three major elements are: corporate tax, excess profits tax, and dividend tax. Corporate income taxes will be levied at 30% of taxable income (as determined under the Tax Code). In addition, Betpak Dala may in the future be liable to pay an “excess profit tax” on its profit. The excess profits tax rate is based on the ratio of accumulated income to accumulated expenditures as set forth in the following table. Under the Tax Code a dividend tax of 15% is payable on the balance of profits remaining after excess profits tax.

<b>Ratio of Accumulated Income and Accumulated Expenditures <sup>(1,2)</sup></b>	<b>Excess Profits Tax Rate (per cent.)</b>
Up to 1.2	0
1.2 – 1.3	10
1.3 – 1.4	20
1.4 – 1.5	30
1.5 – 1.6	40
1.6 – 1.7	50
In excess of 1.7	60

Notes:

1. The basis for the excess profits tax is the net income of Betpak Dala (calculated on the basis of 45.9% of the average sale price of U<sub>3</sub>O<sub>8</sub> for the relevant tax period) from the South Inkai Project which exceeds 20% of the related tax deductions.
2. Accumulated income is defined as the sum of annual income from the commencement of the project development. Accumulated expenditures is defined as the sum of deductible expenses incurred from the date of inception, reduced by expenditures on training of Kazakh nationals plus fixed assets additions. The reduction of accumulated expenditures is capped so that the reduction cannot exceed 10% of the unadjusted excess profits tax base.

For information on certain risks relating to excess profits tax, see “*Risk Factors - Risks Relating to Countries in which Uranium One Operates - Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*”.

The tax regime in Kazakhstan is somewhat onerous in comparison to other jurisdictions and RPA understands that UrAsia is in the process of negotiating a tax-stability agreement with the government that may reduce the overall impact of taxes on the Project. The South Inkai report uses an effective tax rate of 62%. However, the Corporation has been advised by its tax advisors that the effective tax rate for South Inkai should be approximately 49%.

### Environmental Considerations

RPA did not carry out an environmental audit at the properties. There is no infrastructure, the property is located in a sparsely populated area and the aquifers are not used for drinking, livestock or irrigation. There will be surface disturbance during exploration and production and reclamation will be required. Contaminated equipment will be buried, capped, and revegetated. The aquifers affected currently contain radium and other total dissolved solids well above drinking standards. Under the current mining agreements at other projects, the underground waters will be left to attenuate the acid levels which are anticipated to occur over a period of 10 to 20 years based on results from similar operations. Monitor wells will be used to observe the process.

As of October 2007, the asset retirement obligations for South Inkai have been estimated at US\$3.8 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

Under the South Inkai Contract, in conducting its business, Betpak Dala is required to give priority to environmental considerations, including, but not limited to, monitoring the impact of its operations on the environment, limiting desertification and soil erosion and preventing the pollution or exhaustion of subsurface water. Prior to commencing operations under the contract, Betpak Dala will be required to obtain the approval of the state environmental authorities. Upon the conclusion of mining operations, Betpak Dala is required to conduct an environmental clean-up of the contract area to ensure that damage to the environment is repaired at its own cost and that the contract area is suitable for future use save that it will not be liable for costs associated with earlier commercial operations prior to the effective date of the contract.

In addition, Betpak Dala must transfer an amount equal to 1% of its exploration expenses during the exploration period and 1% of its operating expenses during the production period into a liquidation fund for environmental clean-up costs following cessation of mining operations, including the costs of removing buildings and equipment. However, in the event that this fund is not sufficient to meet the cost of Betpak Dala’s clean-up obligation, Betpak Dala is obliged to fund any such shortfall.

### *Current Exploration and Development Activities*

A total of 199 wells (56 production wells, 131 injection wells and 12 monitoring wells) have been completed for pilot wellfield production, as part of the process of industrial production licensing. Wellfield acidification commenced in August 2007 and the required portion of process plant and wellfield production facilities was completed in time for the commencement of pilot production in October 2007. The South

Inkai Project commenced pilot production in October 2007 with the first circulation of fluid through the adsorption columns.

During 2008, Betpak Dala plans to drill an additional 253 holes in order to convert the Russian / CIS P1 category resources at South Inkai (currently unreported as they do not correspond to a reportable category of resources under the CIM Standards) into C2 category resources.

Uranium processing facilities being constructed at South Inkai are similar to the ISR processing plant that has been constructed at the Akdala Mine. Construction of the industrial complex is underway and is expected to be completed in the second half of 2008.

Final completion of the required piping for the acidification of the wellfield is targeted for mid year 2008. Completion of the buildings in the complex is as follows: main administration building are 80% complete; utility buildings are 80% complete; special laundry are 95% complete; auxiliary buildings are 83% complete; and ammonium nitrate storage building are 100% complete. The shift camp is 70% complete and one section is in use. The sulphuric acid storage has been completed and commissioned.

Capital costs to build the 2,000 tpa plant and shift camp are estimated at approximately US\$44.7 million. As of December 31, 2007, approximately US\$36.5 million has been disbursed. The construction costs have been, and will continue to be, funded exclusively from revenue generated by the Akdala Mine. If a decision is made to proceed with the expansion of the plant to 4,000 tpa, a second 2,000 tpa plant will need to be constructed.

The Corporation has adjusted its 2008 production forecasts for South Inkai downwards to 500,000 lbs U<sub>3</sub>O<sub>8</sub> due to a temporary shortage in the supply of sulphuric acid as described under “*Description of the Business - Risk Factors - The Corporation has experienced acid supply shortages that affect production from its properties in Kazakhstan*”.

#### **4.3.4 Kharasan Project**

The Kharasan Project is an ISR uranium development project located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan and covers 70.8 square kilometres. Kyzylkum Limited Liability Partnership (“**Kyzylkum**”), a 30% owned indirect subsidiary of the Corporation, owns a 100% interest in the Kharasan Project pursuant to a contract (“the **Kharasan Contract**”) dated July 8, 2005 (as subsequently amended) with MEMR and Kazatomprom. The remaining interest in Kyzylkum is owned 30% by Kazatomprom and 40% by Energy Asia (BVI) Limited, which is owned by a consortium of Japanese utilities and a trading company. The Kharasan Contract confers on Kyzylkum the exclusive right to carry out exploration, development, extraction, mining and sales of uranium from the Kharasan Project until July 7, 2034 (subsequently extended to July 7, 2054). The Kharasan Project is operated by Kazatomprom.

Unless otherwise stated, the technical and scientific information included in this Annual Information Form concerning the Kharasan Project is derived from the independent technical report titled “Technical Report On The North Kharasan Uranium Project, Kazakhstan” dated March 20, 2006, prepared by Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA (the “**Kharasan Report**”). The authors of the Kharasan Report are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the Kharasan Report. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of the Kharasan Report which is available

for review on SEDAR under the profile for UrAsia Energy Limited located at the following website: [www.sedar.com](http://www.sedar.com).

### *Property Description and Location*

The Kharasan Uranium Field is located in the Suzak region of the south-Kazakhstan Oblast, approximately 250 km northwest of Shymkent, Kazakhstan, covers 70.8 km<sup>2</sup> and is centered approximately Longitude 66° 50'E, Latitude 43° 53'N.

### The Kharasan Contract

The Kharasan Contract sets out Kyzylkum's rights and obligations with respect to the Kharasan Project. Kazatomprom transferred to Kyzylkum the rights and obligations under the Kharasan Contract pursuant to amendment No. 1829 dated September 15, 2005.

The Kharasan Contract, as extended, is for a period of 49 years commencing on July 8, 2005 and expiring on July 8, 2054. The contract provides for an exploration period of four years which commenced on July 8, 2005 and will expire on July 7, 2009 and a production period of 45 years. The exploration period may be extended twice for a two-year period each time. The contract itself will be extended in the event of a commercial discovery for the period of time necessary to assess such commercial discovery. The production period may be extended until full development of the Kharasan Project. The contract may be extended and, upon renewal, its conditions may be changed by written agreement between the parties. The Kharasan Contract may not be assigned, nor can the sub-soil use rights be pledged or otherwise encumbered without the prior consent of the Government of Kazakhstan.

During the exploration period a yearly work program must be submitted to the MEMR for approval. Further details of the current exploration program are set out below.

### Pre-Emptive Rights of the Government of Kazakhstan

The Republic of Kazakhstan has the same priority rights to purchase or requisition uranium from the Kharasan Project as for the South Inkai Project, as described under "*South Inkai Project – Pre-Emptive Rights of the Government of Kazakhstan*".

The Republic of Kazakhstan also has a right of first refusal on any proposed sale or assignment of Kyzylkum's interest in the Kharasan Contract.

### Payments to the Government of Kazakhstan

The Kharasan Contract provides that Kyzylkum is required to make certain payments to the Republic of Kazakhstan, including the payment of a subscription bonus, commercial discovery bonus, royalties, excess profit tax and other taxes.

Under the terms of the Kharasan Contract, Kyzylkum is required to make a further payment of approximately US\$2,100,000 at the rate of US\$66 per tonne of produced uranium from the Kharasan Project to the Republic of Kazakhstan as reimbursement for historical geological exploration and surveys.

As a commercial discovery bonus, Kyzylkum is required to make a fixed payment to the Republic of Kazakhstan of 0.1% of the value of extractable reserves upon each commercial discovery (i.e. each discovery of a deposit with reasonable prospects for commercial production) within the area covered by the

contract. The value of the extractable reserves for a commercial discovery is determined by multiplying the volume of extractable uranium reserves for such commercial discovery (as approved by the Government of Kazakhstan Commission on Mineral Reserves) by 47% of the weighted average sale price of U<sub>3</sub>O<sub>8</sub> for the relevant tax period.

#### Royalty Payments

The Kharasan Contract requires Kyzylkum to pay a royalty of 0.5% of the value of the mixed volume of first commercial product (i.e. uranium extracted in product-bearing solution) calculated at cost based on the average weighted price of the first commercial product less indirect taxes and actual expenses of transportation. The average weighted price of the first commercial product is calculated as 47% of the average sale price of natural uranium in U<sub>3</sub>O<sub>8</sub> for a tax reporting period. Royalties are also payable on by-products of uranium and underground water produced at the rates prescribed by the Kazakhstan Tax Code.

#### Taxation and General Stability

The Kharasan Contract contains provisions on taxation and stability covenants substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Project – Taxation and General Stability*”.

#### Social Obligations

The Kharasan Contract contains provisions on social obligations substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Project – Social Obligations*”.

#### Dispute Resolution

The Kharasan Contract contains dispute resolution provisions substantially the same as the ones in the South Inkai Contract, as described under “*Akdala Mine – Dispute Resolution*”.

#### Termination

The Kharasan Contract contains termination provisions substantially the same as the ones in the South Inkai Contract, as described under “*South Inkai Project – Termination*”.

#### Encumbrances

UrAsia acquired its interest in Kyzylkum pursuant to a share purchase agreement dated October 28, 2005 between Jeffcott, UrAsia London and UrAsia Holdings (the “**Kharasan Acquisition Agreement**”), pursuant to which UrAsia Holdings acquired all of the issued and outstanding ordinary shares of UrAsia London. UrAsia London holds a 30% equity interest in Kyzylkum. The Kharasan Acquisition Agreement also provides for the payment to Jeffcott of a bonus payment equal to 30% of 12.5% (being an effective rate of 3.75%) of the weighted average spot price in dollars per pound of U<sub>3</sub>O<sub>8</sub>: (a) for the last five weeks of 2005, 2006, 2007 and 2008 for all annual increases in Russian C1 and Russian C2 category reserves on the Kharasan Project in excess of 55,000 tonnes of uranium, expressed in pounds of U<sub>3</sub>O<sub>8</sub>, that are discovered after October 28, 2005 and ending on the last business day of 2008, payable on or before the expiration of 60 days after December 31, 2008; and (b) for the last business day of each year after 2008 for annual increases in Russian C1 and C2 category reserves on the Kharasan Project, expressed in pounds of U<sub>3</sub>O<sub>8</sub>, discovered on the Kharasan Project during each such year in excess of 55,000 tonnes of uranium, payable on or before the expiration of 60 days after December 31 of each such year. Under the Kharasan

Acquisition Agreement, UrAsia Holdings is also responsible for arranging project financing of US\$80,000,000 for the construction and commissioning of a mine at the Kharasan Project. As security for this obligation and the obligation to make the bonus payments referred to above, UrAsia Holdings has granted Jeffcott a security interest over the shares of UrAsia London.

#### *Accessibility, Climate, Local Resources, Infrastructure and Physiography*

The deposit site is approximately 37 km from Zhanakorgan and approximately 100 km south of Shieli. Shieli is the administration centre for Mining Company No 6 which operates the North and South Karamurun Deposits. There are two nearby villages, Kargaly and Baigenje with populations of 1,500 and 700 respectively. The closest airports with scheduled local service are at Shymkent or Kyzylorda. A power line crosses the property and potable water is available from local aquifers. Fuel and supplies are transported by truck or rail from Almaty or northern Kazakhstan through Shymkent.

The area extends from the valley of the Syrdarya River to a sandy plain in the south. The area is characterized by elevations of 155 m to 185 m above sea level and maximum relief of 25 m to 30 m, with numerous lacustrine basins, dry rivers and aeolian sands. The ground consists of extensive sand deposits with vegetation limited to grasses and occasional low bushes. The climate is continental with annual precipitation amounting to 120 mm to 200 mm, occurring mostly in the spring. Snow cover averages 20 cm during November through February. There are extreme temperature fluctuations, both daily and annually, reaching from -35° C in January to 45° C in July. The region is also characterized by strong winds and dust storms are common. The climatic conditions are not expected to unduly hinder exploration and mining programs.

#### *History*

In 1956 geologists studying uranium deposits in Uzbekistan established a model based on the spatial relation of uranium mineralization to the boundaries between yellow oxidized sands and unoxidized grey sands. Exploration in the Kharasan area commenced in 1979 with widely spaced drilling which identified mineralization in two horizons over a strike length of 20 km. Between 1980 and 1982, additional drilling with line spacing between 3.6 km and 1.6 km with drill holes 800 m to 200 m apart identified an additional mineralized horizon. In 1982, the area was divided into north and south deposits and in 1983 drilling was carried out on 800 m to 1600 m profiles. Drilling continued between 1984 and 1990 to establish resources by drilling at closer spacing. The total number of hole and metres drilled is not reported. A total of 400,079 m of drilling in 703 holes was carried out during the period between 1991 and 1996 when work stopped.

Previous drilling to establish the resource was carried out under the direction of the Soviet Union exploration company, by the Government of Kazakhstan and other entities. Under the former Soviet system, these entities can not be considered truly independent. Rotary mud drilling is supplemented by core drilling through the mineralized zones. Both techniques use the same Russian rigs, and the core produced is about 9 cm in diameter.

Exploration has consisted of diamond drilling to discover mineralization at depths of 500 m to 750 m. RPA has reviewed sample drill logs, electric logs, plan maps and cross sections from the Kharasan geologic database which was originally developed under the guidelines of the Ministry of Geology of the former USSR. Exploration proceeded with a series of widely spaced fences, 1.0 kilometre or so, with widely spaced, 200 meters or so, drill holes on each fence. As mineralized areas were encountered, both fence and drill hole spacing were progressively reduced. The North Kharasan property has been drilled with 400 m

fences with drill holes spaced at 50 m to 100 m intervals. The central part of the deposit has been drilled on a 100 m by 50 m grid with a smaller area drilled on 50 m centres in preparation for pilot plant leach testing.

Exploration drilling statistics during the period 1979 to 1991, which were carried out on a larger area comprising both North and south Kharasan, were not provided to RPA at the time of the site visit RPA made in preparation for the Kharasan Report. Drilling on the north Kharasan property during the period 1991 and 1996 is reported as shown on the available drill plans.

In the Kharasan Report, RPA stated that it believes that based on parameters from other projects in the area, approximately 70% of the holes drilled on the property were cored through the mineralized horizon with recovery reported to average 70%. Unfortunately none of this core is available as the entire mineralized sections were used for quality analyses and quality control.

### *Geological Setting*

#### Regional Geology

The Kharasan deposit is located in north-eastern part of the Syrdarya basin which is underlain and flanked by folded Proterozoic and early Paleozoic formations which are exposed at the northeast margin where the Karatau Mountains separate the Syrdarya basin from the parallel Chu-Sarysu basin which hosts the Inkai and Akdala deposits. The basin is considered to be a monocline complicated by gently folded synclines.

#### Property Geology

The basement rocks are comprised of folded Proterozoic formations overlain by later carbonaceous, carbonate and sandstones of Paleozoic age.

Overlying the basement rocks are the Upper Cretaceous, Paleogene and Pliocene sediments, host to the mineralization which does not outcrop. The sediments are comprised of fine-grained sands to gravels, and 10% to 20% clays as narrow beds. The late Cretaceous rocks have been subdivided into a number of mineralized horizons. The lower units, Senoman, Turon, Cognac and most of the Santon horizon have not been drilled on the Kharasan property due to their depth below surface, in excess of 700 m. The horizons, up to 450 m in total thickness, are reported to be comprised of red to grey siltstones, sandstones and occasional clay layers.

The three mineralized horizons investigated in some detail on the Kharasan property, are the Santon, Campan and Maastricht. The Santon horizon that hosts Body #1 is primarily a greenish-grey to grey sandstone with minor clay interbeds totalling 65 m to 70 m in thickness.

Overlying the Santon are the sediments of the Campan horizon which are lithologically complex and consist of grey to red oxidized interbedded sands and clays of alluvial origin, 15 m to 25 m thick.

The Maastricht horizon occurring at 600 m to 650 m depth has been divided into two cycles totalling 38 m to 45 m in thickness. The lower cycle makes up about one third of the total thickness and is comprised of grey sandy alluvial sediments. The upper cycle is predominately red to multi-coloured siltstones and clayey sandstones.

The overlying Paleogene sediments consist of 140 m to 220 m of grey to green clays and siltstones overlain by 200 m of Neogene sands and clays. There are 100 m to 200 m of Quaternary alluvial sands, clays and loam overlying the older sediments with an angular unconformity.

### *Mineralization*

The Kharasan deposit is located at the north end of a 30 km mineralized trend. There are potentially up to eight mineralized horizons on the property but the lowest horizons have not been evaluated due to their depth, 750 m to 850 m below surface. The three main mineralized horizons are the Maastricht, Campan and Santon. The Maastricht horizon consists of two cycles, each one about 10 m to 15 m in thickness. The average thickness of the mineralization is 3 m with a width of about 150 m and grades ranging from 0.07% uranium to 0.2% uranium. The Maastricht horizon contains about 60% of the stated mineral resources on the property.

The Campan horizon is 100 m wide, 2 m in thickness with an average grade of 0.1% uranium. This horizon contains about 20% of the total mineral resources on the property.

The Santon horizon has had limited exploration but it contains some of the mineral resources at grades ranging from 0.07% uranium to 0.2% uranium averaging 0.08% uranium.

The grades of the Kharasan deposit are unusually high for a typical roll front deposit with an average grade of the mineralized resource blocks as high as 0.25% uranium.

The main ore minerals are 40% to 50% pitchblende and 50% to 60% coffinite. Selenium grade ranges from 0.05% to 0.07%. The selenium intervals have been modelled on the cross sections but resources have not been estimated. Other minerals include rhenium, scandium, yttrium, vanadium and rare earths.

### *Exploration*

The Corporation has not carried out any exploration on the property. Previous exploration by the Soviet Union and the Government of Kazakhstan is described under the heading “*History*”, above.

### *Drilling*

At the time of the Kharasan Report, the only drilling that had been done on the Kharasan Project was the drilling to establish the resource that was carried out under the direction of a former Soviet Union exploration company, by the Government of Kazakhstan and other entities.

Since the date of the Kharasan Report, the Corporation has undertaken a program of new drilling to better define the resources. In 2007, 78 drill holes were completed as part of a program that was started in 2005 targeting the conversion of 6,200 t U from C2 category resources to C1 category resources. The drilling was done by Kyzylkum’s drilling contractors in Kazakhstan, Volkogeology and Joint Drilling LLP. Approval of the new C1 category resources by the State Commission of Mineral Resources will increase the current approved 6,586 tonnes of C1 category resources at Kharasan to 12,786 tonnes, sufficient for the industrial production licence.

The drilling plan for the first pilot production consists of 26 well patterns made up of 108 wells. It is planned to complete these pilot production patterns in two blocks. An initial 33 wells (seven patterns) will comprise the first operating block. Of this program, Joint Drilling LLP has completed 14 wells to date. Joint Drilling LLP has a total of 11 drill rigs on site. Training on certain of the rigs began in May 2007

and continues to progress. The training and certification of sufficient qualified and trained drillers will allow for the acceleration of the rate of drilling and completing wells.

*Sampling and Analysis; Security of Samples*

The Corporation has not carried out any sampling on the property. Kazatomprom reported that all holes are logged with electrical logs that include gamma counts, calliper, deviation and self potential measurements in the same manner as the South Inkai Project, as described under the heading “*South Inkai Project – Sampling and Analysis; Security of Samples*”. About 70% of the holes are cored through the mineralized zones which are sampled for chemical assays in addition to the geophysical logging.

Kazatomprom reports that mineralized intervals with greater than 70% core recovery and radioactivity greater than 40 microrentgens per hour are split in half. The sample intervals range in length from 0.15 m up to 1.2 m, averaging 0.4 m in length. Both halves of the core are taken and sent to different laboratories for chemical analyses. The exact number of samples submitted for the #4 area was not provided but is in the order of several thousands.

RPA was not provided with detailed information on the sample preparation and methodology for the Kharasan Project but assumes that based on information obtained from Kazatomprom on procedures used for the other properties in Kazakhstan, the analyses were carried out all their analysis at the Central Analytical Laboratory PGO “Volkovgeology / Volkovgeologia” using the roentgen-spectral method on a fluorescent roentgen analyzer. In other respects the same sampling, analysis and security procedures are followed as for the South Inkai Project. See “*South Inkai Project – Sampling and Analysis; Security of Samples*”.

*Data Verification*

RPA’s findings with respect to data verification on the Kharasan Project were the same as for the South Inkai Project. See “*South Inkai Project – Data Verification*”

*Mineral Resources*

The following table sets out the Indicated and Inferred Mineral Resources at the Kharasan Project as at March 20, 2006.

<b>Kharasan - Indicated and Inferred Mineral Resources<sup>(1,2,3,4)</sup></b>						
<b>Mineralized Lens</b>	<b>Resource Category</b>	<b>Ore (tonnes)</b>		<b>Grade (% U)</b>	<b>Contained U (tonnes)</b>	
		<b>30% interest<sup>(5)</sup></b>	<b>100% interest</b>		<b>30% interest<sup>(5)</sup></b>	<b>100% interest</b>
Deposit 8	Indicated Mineral Resources	790,590	2,635,300	0.201	1,590	5,300
Other Lenses	Inferred Mineral Resources	9,159,510	30,531,700	0.095	8,715	29,050

Notes:

1. Mineral resource estimate from the Kharasan Report.
2. RPA is of the opinion that the classification of Indicated and Inferred Mineral Resources as reported above meets the definitions as stated by NI 43-101 and defined by the CIM Standards.

3. RPA did not collect any independent samples as no core was available from the property and the mineralization occurs at depth. RPA has reviewed drill logs, cross sections, plan maps and electric logs for the Kharasan geologic database. The geologic database was originally developed under the guidelines of the Ministry of Geology of the former USSR and more recently by the State Commission for Mineral Resources of the Republic of Kazakhstan.
4. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
5. Represents the portion of total resource notionally attributable to the Corporation's 30% equity interest in the Kyzylkum Joint Venture.

The cut-off grade mandated for the Kharasan Project by the Commission on Mineral Resources of the Republic of Kazakhstan is 0.01% uranium. It was the opinion of RPA that the cut-off criteria used for resource calculations at Kharasan is too low and that some portion of the resources outlined in this project may be uneconomic under current market conditions. RPA did not have sufficient information available to accurately assess the uneconomic portion of the Kharasan reserve/resource. Nevertheless, the total resource at Kharasan offered an opportunity for economic optimization should it be possible to amend or adjust the existing legislation that requires a low cut-off. Given that: (1) cut-off criteria has been set by legislation; (2) the resource base, on average, is economic under current market conditions; and (3) the potential correction is likely to be within the potential margin or error for the overall resource estimation, RPA did not consider this situation to be of major concern.

### *Mining Operations*

#### Approved Work Program

Under the Kharasan Contract, Kyzylkum must comply with a detailed exploration program, approved by a territorial department of "Yuzhkaznedra," a state agency that is part of the MEMR, responsible for approving such programs, on an annual basis. Under the exploration program, Kyzylkum must undertake exploration drilling of 540 wells totalling a minimum of 345,600 linear metres and spend a minimum of US\$14,790,000 on exploration expenditure. Pilot production of 250 t U is also expected. The Kharasan Project must commence commercial production by 2009 with output reaching 750 t U per year by 2011. If Kyzylkum does not meet these criteria MEMR can suspend and/or terminate the contract.

#### Financial and Economic Study

Kazatomprom (the Corporation's joint venture partner) commissioned a financial and economic study which was completed by Mining Economical Consulting LLP in April 2005 on behalf of Kazatomprom. RPA was provided with a financial and economic plan completed by Mining Economical Consulting LLP on behalf of Kazatomprom. RPA has used the data in this study to complete cash flows for the project. **As this study uses inferred resources in its analysis, it should be termed a preliminary economic assessment. RPA notes that cash flows and other estimates derived from the preliminary assessment are preliminary in nature as they are based on inferred mineral resources that are considered too speculative geologically to have economic considerations applied to them that would enable them to be categorized as mineral reserves.**

As outlined in the financial and economic study, Kharasan is to be mined by an ISR process, and the study proposes that the project be developed on the basis of a production rate of 750 tpa U with an estimated 90% recovery rate over the life of the mine, with the potential to increase that rate to 2,000 tpa U and further to 3,000 tpa U at some time in the future.

## Taxation

Taxation is an important element in the assessment of uranium projects in Kazakhstan. The three major elements are: corporate tax, excess profits tax, and dividend tax. Kyzylkum may also in the future be liable to pay an “excess profit tax” on its profits. The excess profits tax rate is based on the ratio of accumulated income to accumulated expenditures as set forth in the following table. A dividend tax of 15% is payable on the balance of profits remaining after excess profits tax.

<b>Ratio of Accumulated Income and Accumulated Expenditures <sup>(1,2)</sup></b>	<b>Excess Profits Tax Rate (%)</b>
Up to 1.2	0
1.2 – 1.3	10
1.3 – 1.4	20
1.4 – 1.5	30
1.5 – 1.6	40
1.6 – 1.7	50
In excess of 1.7	60

### Notes:

1. The basis for the excess profits tax is the net income of Kyzylkum (calculated on the basis of 47% of the average sale price of U<sub>3</sub>O<sub>8</sub> for the relevant tax period) from the Kharasan Project which exceeds 20% of the related tax deductions.
2. Accumulated income is defined as the sum of annual income from the commencement of the project development. Accumulated expenditures is defined as the sum of deductible expenses incurred from the date of inception, reduced by expenditures on training of Kazakh nationals plus fixed assets additions. The reduction of accumulated expenditures is capped so that the reduction cannot exceed 10% of the unadjusted excess profits tax base.

For information on certain risks relating to excess profits tax, see “*Risk Factors—Countries in which Uranium One Operates—Uranium One could be subject to excess profits tax if its profit exceeds certain thresholds and other payments linked to production specified in certain of its subsurface use contracts*”.

The tax regime in Kazakhstan is somewhat onerous in comparison to other jurisdictions and RPA understands that the Corporation is in the process of negotiating a tax-stability agreement with the government that may reduce the overall impact of taxes on the Project. The Kharasan Report uses an effective tax rate of 66%. However, the Corporation has been advised by its tax advisors that the effective tax rate for Kazakhstan should be approximately 50%.

## Sales Contracts

For Kyzylkum’s production at Kharasan, one agreement was executed in 2007 providing for the sale of 20% of production beginning in 2010. The agreement’s pricing is based on published long term price indicators. See “*Description of the Business - General - Principal Product, Production and Sales*”.

## Environmental Considerations

The Kharasan Project is subject to substantially the same environmental obligations as the South Inkai Project and the Kharasan Contract contains environmental protection and remediation provisions substantially the same as the ones in the South Inkai Contract, all as described under “*South Inkai Project – Environmental Considerations*”.

As of October 2007, the asset retirement obligations for Kharasan have been estimated at US\$3.7 million. This estimate provides for the successful decommissioning, reclamation and long-term care of surface and wellfield facilities.

#### *Current Exploration and Development Activities*

The industrial complex, including the first phase with annual production of 750 tpa U, is to be developed on the basis of an annual production rate of 2,000 tpa U. A second processing plant, (a satellite plant) with capacity of 1,000 tpa U is expected to be constructed to allow for production to increase from 2,000 tpa U to 3,000 tpa U. Initial design work has commenced on increasing capacity to 3,000 tpa U.

The construction schedule for the process plant and shift camp has been designed to deliver initial pilot production in the first half of 2008. The process plant and related facilities will continue to be completed as required to meet production target requirements, with completion expected in 2009. The road and bridge have been opened with minor paving and additional construction remaining to be completed. Until the transshipment base is available for shipment of U<sub>3</sub>O<sub>8</sub> it will be necessary to store the product on site, as it is not legally approved to ship U<sub>3</sub>O<sub>8</sub> through the villages on the alternative routes to other shipping points. The transshipment base will also be used for reagent transfer.

Drilling for 2008 is targeting the potential conversion of a further estimated 9,000 t U C2 category resources to C1 category resources.

The Corporation was required to advance US\$22 million under a loan agreement dated February 12, 2007 to complete its obligation to provide financing of US\$80 million for funding the construction and commissioning of the Kharasan Project. The maximum rate of interest on such loans is LIBOR plus 1.5%. By April 2007, the Corporation had advanced the full amount of US\$80 million to the Kyzylkum Joint Venture.

The Kyzylkum Joint Venture has entered into an unsecured bank loan facility totalling US\$100 million. US\$70 million of this facility is provided by the Japan Bank for International Cooperation and US\$30 million is provided by Citibank Corp. These loan facilities, when drawn down, will be repayable after full repayment of the existing US\$80 million loan from the Corporation. The Corporation's proportionate share of the new unsecured bank loan facility will be US\$30 million when fully drawn down. The loan facilities were floating interest rates of LIBOR plus 0.25% and 0.35% respectively.

Project expenditure to date relating to the construction of Kharasan and establishment of associated infrastructure has been funded by a US\$80 million loan to Kyzylkum from UrAsia. In the future, Kyzylkum will utilize the US\$100 million loan facility arranged from the consortium of banks described above. As of December 31, 2007, Kyzylkum had drawn US\$60 million under that loan facility.

The Corporation has adjusted its 2008 production forecasts for Kharasan downwards to 220,000 lbs U<sub>3</sub>O<sub>8</sub> due to a temporary shortage in the supply of sulphuric acid as described under "*Description of the Business - Risk Factors - The Corporation has experienced acid supply shortages that affect production from its properties in Kazakhstan*".

#### **4.4 Other Projects**

Unless otherwise stated, the information included in this Annual Information Form concerning (i) the Palangana Project is derived from an independent technical report titled "Technical Report on the Palangana and Hobson Uranium In-Situ Leach Project Duval and Kames Counties, Texas" dated

November 10, 2005 prepared by Robert E. Blackstone of Blackstone & Associates Geological Consulting (this report is available under the profile for Standard Uranium Inc. at [www.sedar.com](http://www.sedar.com) ), (ii) the Moore Ranch Project is derived from an independent technical report titled “Moore Ranch Uranium Project Campbell County, Wyoming USA” dated June 27, 2006 prepared by Douglas Beahm of BRS Inc. (this report is available under the profile for Energy Metals Corporation at [www.sedar.com](http://www.sedar.com) ), and (iii) the Peterson Ranch Project is derived from an independent technical report titled “Peterson Uranium Project Converse County, Wyoming USA” dated June 27, 2006 prepared by Douglas Beahm of BRS Inc. (this report is available under the profile for Energy Metals Corporation at [www.sedar.com](http://www.sedar.com) ). The above-named reports are not incorporated by reference herein. The authors of each of the technical reports are independent “qualified persons” within the meaning of NI 43-101. The information included herein is also based on assumptions, qualifications and procedures which are set out in the respective technical reports. For a complete description of assumptions, qualifications and procedures associated with the following information, reference should be made to the full text of each technical report which are available for review on SEDAR located at the website [www.sedar.com](http://www.sedar.com).

#### *4.4.1 Hobson Uranium Processing Facility and La Palangana Uranium Project*

##### Overview

Located in the United States near the town of Hobson and 145 kilometres (90 miles) north-northwest of Corpus Christi, Texas, the Hobson Plant and the Palangana Project are 100%-owned by the South Texas Mining Venture LLP (“STMV”), which is a partnership between the Corporation (99%) and Everest Exploration Inc. (1%).

##### Historical Summary

Commercial production of U<sub>3</sub>O<sub>8</sub> from the Hobson Plant began in 1979 with mining taking place at a nearby deposit. In 1981, the facility was modified to accept uranium bearing resins from satellite deposits. In 1984, the Hobson Plant was completely renovated, raising the nameplate production capacity from 250,000 to 500,000 lbs of U<sub>3</sub>O<sub>8</sub> annually. Peak production was over 600,000 lbs of U<sub>3</sub>O<sub>8</sub> in 1986. The plant was placed on care and maintenance in 1988 due to depressed uranium prices; however the status of the operating license has been maintained to present day.

##### Development Plans

The plant is currently undergoing major renovations to resume operation as a central uranium processing facility. Nameplate production capacity is being increased from 500,000 to approximately 1 million lbs annually and will utilize modern processing equipment, state-of-the-art instrumentation and control systems. The application for renewal of the Hobson Plant operating license was submitted in December 2006 and updates the design and operating basis for the facility. Construction activities are on schedule for the Hobson Plant to be operational during 2008. The plant is expected to process initial uranium bearing resins from the Palangana Project.

##### La Palangana Uranium Project

The Palangana Project is an ISR development project located in the South Texas Uranium Belt in the United States and is 100%-owned by the STMV. The 2,500 hectare (6,200 acre) La Palangana property is about 193 km (120 miles) south-southwest of the Hobson Plant.

## Geology and Mineralization

The South Texas Uranium Trend is a 480 kilometre long arc that runs generally northeast to southwest from east of San Antonio in Colorado County through Goliad, Duval and Brooks Counties to the Mexican border in Starr County. This trend has been one of the largest producers of uranium in the United States since 1961.

At La Palangana, uranium mineralization occurs as uraninite and is hosted in a series of sandstone roll front deposits. The roll front mineralization occurs within a permeable, 30 metre thick sandstone sequence at depths of 50 to 750 metres. The mineralized horizon is confined by mudstones at its upper and lower boundaries and is amenable to in situ recovery mining techniques.

## Mineral Resources

Inferred resources at the Palangana Project as at November 10, 2005 are as follows::

### **La Palangana Resource Estimate <sup>(1,2,3)</sup>**

<b>Resource Category</b>	<b>Tonnage (tonnes)</b>	<b>Grade (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (millions of lbs)</b>
Inferred	1,729,000	0.15	5.7

Notes:

1. Mineral resource estimated by Robert E. Blackstone of Blackstone and Associates Geological Consulting.
2. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Mineral resources estimated at a 0.5 g/t cut-off.

## Development Plans

The Palangana Project is currently being developed as a satellite in situ recovery operation to produce uranium bearing resins from an on-site ion exchange plant. These uranium bearing resins are planned to be transported to the Hobson facility for further processing into U<sub>3</sub>O<sub>8</sub>. Resource delineation drilling is underway to support wellfield design activities and exploration drilling is taking place on other areas of the property. Initial pre-commercial production from La Palangana is expected to commence by the end of 2008.

The Corporation applied for all necessary permits and licences, and such applications are currently undergoing technical review. It is anticipated that the permits and licences will be issued during 2008.

### *4.4.2 Powder River Basin, Wyoming*

#### Overview

The Powder River Basin in Wyoming hosts several of the Company's development projects, the most advanced of which is the 100%-owned ISR Moore Ranch Project. Moore Ranch is located approximately 80 km northeast of Casper, Wyoming. The project has claims covering approximately 700 hectares.

Other development projects in the Powder River Basin include Peterson Ranch, Taylor Ranch, Allemand-Ross, Barge and Ludeman.

## Geology and Mineralization

Uranium mineral resources at Moore Ranch and adjacent properties are found in the Eocene Wasatch Formation, which is a fluvial deposit comprised of sandstones and claystones. At the Moore Ranch Project, uranium mineralization is typical of a Wyoming stacked roll-front sandstone deposit. The ore body is found in a coarse to very coarse grained sandstone unit, locally known as the “70 sand” which averages approximately 25 metres thick in the proposed mining areas. The average ore intercept within the 70 sand reaches a thickness of up to 3.3 m. The depth of the ore body ranges from approximately 75 m to 100 m below surface and the width of the roll fronts typically range from approximately 10 metres to 30 m.

## Mineral Resources

Measured and inferred mineral resources at the Moore Ranch Project as at June 27, 2006 are as follows:

### **Moore Ranch Resource Estimate <sup>(1,2,3)</sup>**

<b>Resource Category</b>	<b>Tonnage (tonnes)</b>	<b>Grade (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (lbs)</b>
Measured	2,676,473	0.100	5,880,000
Inferred	39,553	0.102	89,000

Notes:

1. Mineral resource estimated by Douglas Beahm of BRS Inc.
2. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Mineral resources estimated at a 0.25 g/t cut-off.

## Development Plans

In August 2007, the Corporation entered into a definitive agreement with a subsidiary of Cameco Resources, whereby uranium bearing ion exchange resins from the Corporation’s owned and operated ISR projects in Wyoming may be processed through such subsidiary’s Smith Ranch-Highland facility or an alternative facility in Wyoming or Nebraska. Under the terms of the agreement, the Corporation may elect to transport uranium bearing resins to such subsidiary’s facilities for processing and production of up to 1.4 million lbs per year of dried uranium concentrates. Initial production is expected to be sourced from Moore Ranch, located approximately 80 km north of Smith Ranch-Highland.

In October 2007, the Corporation submitted an application to the U.S. Nuclear Regulatory Commission (“NRC”) for a license to construct and operate an in situ uranium recovery facility at Moore Ranch. This is the first application of its kind submitted to the NRC in nearly 20 years. The application is currently undergoing technical review.

In addition, the Corporation has applied to the Wyoming Department of Environmental Quality for a permit to mine, which is currently undergoing technical review.

## Other Projects in Powder River Basin

In addition to the Moore Ranch project, the Corporation owns several other uranium projects in the Powder River Basin.

The Peterson Ranch deposit is located in Converse County, Wyoming about 60 kilometres east of Casper and covers an area of over 1,300 hectares. The property was explored extensively during the 1970’s and

the early 1980's. The host formation for known mineralization at the site is the Paleocene Fort Union Formation, also the host of Cameco Resources' Smith Ranch-Highland deposit. The thickness of the sandstone units range from 6 to 12 metres and are separated by approximately 10 metre thick mudstone units that confine the sandstones.

The depth of mineralization ranges from approximately 40 m to 100 m below surface. The thickness of mineralization ranges from about 1 metre to over 6 m with an average thickness of approximately 2.5 m. The width of the roll front varies from 10 m to in excess of 60 m with an average width of approximately 24 m.

Measured and indicated mineral resources at the Peterson Ranch Project as at June 27, 2006 are as follows:

**Peterson Ranch Resource Estimate<sup>(1,2,3)</sup>**

<b>Resource Category</b>	<b>Tonnage (tonnes)</b>	<b>Grade (% U<sub>3</sub>O<sub>8</sub>)</b>	<b>Contained U<sub>3</sub>O<sub>8</sub> (lbs)</b>
Measured	812,438	0.088	1,576,337
Indicated	99,786	0.119	261,864

Notes:

1. Mineral resource estimated by Douglas Beahm of BRS Inc.
2. Mineral resources are not mineral reserves and do not have demonstrated economic viability.
3. Mineral resources estimated at a 0.25 g/t cut-off.

#### *4.3.3 Other US Projects*

Other properties where delineation drilling and environmental data collection for permitting purposes are ongoing include the Ludeman, Allemand-Ross, JAB and Antelope properties in Wyoming, and the Frank M and Velvet properties in Utah.

#### *4.3.4 Honeymoon Uranium Project*

The Honeymoon Project is an ISR uranium project located in the north-eastern section of the State of South Australia, approximately 75 kilometres northwest of Broken Hill.

The Honeymoon Project has a design capacity of 880,000 pounds of U<sub>3</sub>O<sub>8</sub> per year, with an expected mine life of six years. The Corporation does not expect any production from Honeymoon during 2008.

The redesign of the Honeymoon Project and the new plant layout, including a reversion to mixer settler technology, was finalized in the fourth quarter of 2007. The Corporation received full approval for its mining operations at Honeymoon in January 2008. The South Australian Government approved the company's Corporation's mining and rehabilitation program and the Environmental Protection Agency has given its approval to the mine's radioactive waste management plan and radiation management plan. The revised cost estimate for the construction of Honeymoon is US\$76.0 million, of which US\$19.6 million has been spent up to December 31, 2007. Production is expected to commence in 2009.

## **ITEM 5. DIVIDENDS**

There have been no dividend payments on the common shares of the Corporation. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no

restrictions on the ability of the Corporation to pay dividends except as set out under its governing statute. The Corporation does not intend to pay dividends at the present time.

## **ITEM 6. DESCRIPTION OF CAPITAL STRUCTURE**

### **6.1 Common Shares**

The Corporation is authorized to issue an unlimited number of common shares, of which 467,641,548 were issued and outstanding as at March 28, 2008.

The holders of the common shares are entitled to one vote for each share held on all matters to be voted on by such holders and are entitled to receive pro rata such dividends as may be declared by the Board of Directors out of funds legally available therefor and to receive pro rata the remaining property of the Corporation on a liquidation, dissolution or winding-up of the Corporation.

### **6.2 Other Securities**

As of March 25, 2008, the Corporation also has outstanding:

- (a) warrants to purchase 2,431,619 common shares of the Corporation at an exercise price of \$3.55 per share until September 24, 2008 (see “*General Development of the Business - Three Year History*”);
- (b) 155,250 \$1,000 principal amount 4.25% convertible debentures due December 31, 2011, convertible into up to 7,762,500 common shares in the aggregate (see “*General Development of the Business - Three Year History - Public Offering of Convertible Unsecured Debentures*”);
- (c) warrants to purchase 6,964,200 common shares of the Corporation for no additional consideration upon commencement of commercial production from the Kharasan Project (see “*General Development of the Business – Significant Acquisitions - Acquisition of UrAsia*”);
- (d) property option and joint venture agreements of EMC under which (see “*General Development of the Business – Significant Acquisitions - Acquisition of EMC*”) up to 1,925,100 common shares of the Corporation are issuable;
- (e) options to purchase 20,449,555 common shares of the Corporation at exercise prices ranging from \$1.09 to \$16.87 per share, exercisable for periods ending between April 13, 2008 and March 30, 2017; and
- (f) restricted share rights to acquire 295,532 common shares of the Corporation at the end of such restricted period of time as determined by the Corporation’s Compensation Committee at the time of grant, during which the right cannot be exercised.

#### *Description of the Convertible Debentures*

On December 20, 2006, Uranium One issued Cdn\$155,250,000 aggregate principal amount of Debentures. The Debentures are due on December 31, 2011 and bear interest on the principal amount at the rate per annum of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The Debentures are listed for trading on the TSX under the symbol “UUU.DB”.

The following description of the Debentures is a brief summary of their material attributes and characteristics and is qualified in its entirety by reference to the provisions of the December 20, 2006 trust indenture (the “**Indenture**”) entered into between Uranium One and Computershare Trust Company of Canada as Indenture Trustee which is available for review under Uranium One’s profile on SEDAR. All capitalized terms are as defined in the Indenture unless otherwise defined herein.

The Debentures are general unsecured obligations of Uranium One and are subordinated in right of payment of the principal portion of all present and future senior indebtedness (being secured debt, unsecured bank or other institutional debt, and project debt, or renewals, extensions and refunding of such indebtedness) of Uranium One. The Debentures are direct senior unsecured indebtedness of Uranium One, ranking equally and rateably with all other senior unsecured indebtedness and senior to all subordinated indebtedness of Uranium One.

Each Debenture is convertible into Uranium One common shares at the option of the holder at any time prior to the close of business on the earlier of the business day immediately preceding the Maturity Date or, if called for redemption, on the business day immediately preceding the date fixed for redemption, into 50 Uranium One common shares for each Cdn\$1,000 principal amount of Debentures, representing a conversion price of Cdn\$20.00 per share, subject to adjustment in certain circumstances.

The Debentures may not be redeemed by Uranium One prior to January 1, 2010. On and after January 1, 2010 and prior to the maturity date, the Debentures may be redeemed by Uranium One, in whole or in part from time to time, on not more than 60 days and not less than 30 days prior notice at a redemption price equal to their principal amount plus accrued and unpaid interest, if any, up to but excluding the date set for redemption, provided that the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days prior to the date on which notice of redemption is at least 130 percent of the conversion price.

Uranium One has the option, subject to regulatory approval, to satisfy its obligations to repay the principal amount of the Debentures upon redemption or at maturity, provided no event of default under the Indenture has occurred and is continuing at such time, upon not less than 40 days and not more than 60 days prior notice, by issuing and delivering that number of freely tradable Uranium One common shares obtained by dividing the principal amount of the Debentures by 95 percent of the weighted average trading price of the Uranium One common shares on the TSX for the 20 consecutive trading days ending five trading days before the date fixed for redemption or maturity, as the case may be.

Within 30 days of the occurrence of a “Change of Control”, defined as the acquisition of voting control or direction over at least  $66\frac{2}{3}$  percent of the aggregate voting rights attached to the Uranium One common shares then outstanding, Uranium One must commence an offer to purchase all Debentures then outstanding, in whole or in part, at a price equal to 101 percent of the principal amount of the Debentures plus accrued and unpaid interest thereon. In the event of a Change of Control that is a transaction in respect of which 10 percent or more of the aggregate fair market value of the consideration for the transaction consists of the fair market value of (i) cash, (ii) other property or (iii) equity securities that are not traded or scheduled to be traded immediately following such transaction on a recognized stock exchange, holders of the Debentures may elect to convert their Debentures and receive, in addition to the number of Uranium One common shares they otherwise would have been entitled to, an additional number of Uranium One common shares not exceeding the specified amount of common shares per Cdn\$1,000 principal amount of Debentures, as further described in the Indenture, and provided that the conversion price is not less than permitted discounts to the market price. The arrangement with UrAsia is not a Change of Control for the purposes of the Indenture.

## ITEM 7. MARKET FOR SECURITIES

The common shares of the Corporation are listed on the Toronto Stock Exchange (the “TSX”) and (since December 19, 2005) the JSE Limited (the Johannesburg stock exchange) under the symbol “UUU” on both exchanges.

The following table sets forth the price ranges and volume of trading of the common shares on the TSX for each month during the year ended December 31, 2007:

Month	High \$	Low \$	Volume
January	\$16.40	\$12.20	35,764,155
February	\$18.65	\$14.06	67,105,506
March	\$17.06	\$14.61	44,103,461
April	\$18.39	\$15.80	76,116,469
May	\$17.80	\$15.25	96,087,369
June	\$17.03	\$12.55	108,028,744
July	\$15.45	\$11.14	110,130,928
August	\$12.54	\$9.32	106,821,141
September	\$13.34	\$10.51	61,408,498
October	\$13.05	\$10.01	208,710,523
November	\$10.97	\$7.90	174,973,586
December	\$9.55	\$7.75	66,203,819

## ITEM 8. DIRECTORS AND OFFICERS

### 8.1 List of Directors and Officers

The following table sets forth, for each of the directors and executive officers of the Corporation, the individual’s name, municipality of residence, position held with the Corporation, principal occupation and, in the case of the directors, the period during which the individual has served as a director of the Corporation.

Name and Municipality of Residence	Position with the Corporation	Principal Occupation	Director Since
IAN TELFER <sup>(2)(3)</sup> West Vancouver, British Columbia	Chairman of the Board	Chairman, Goldcorp Inc. (a gold mining company)	April 2007
DAVID HODGSON <sup>(4)(5)</sup> Johannesburg, South Africa	Acting Chief Operating Officer and Director <sup>(6)</sup>	Acting Chief Operating Officer, Uranium One Inc., and Corporate Director	July 2006
ANDREW ADAMS <sup>(1)(2)(3)</sup> Oakville, Ontario	Director	Corporate Director	December 2005
DR. MASSIMO CARELLO <sup>(1)</sup> London, England	Director	Corporate Director	June 2007

WILLIAM LUPIEN <sup>(1)</sup> Coeur d'Alene, Idaho	Director	Financial equity market consultant and private investor	August 2007
TERRY ROSENBERG <sup>(1)(3)</sup> Durban, South Africa	Director	Chairman, Oakbrook Investments (an investment company)	December 2005
WILLIAM SHERIFF <sup>(5)</sup> Wylie, Texas	Director	Corporate Director	August 2007
PHILLIP SHIRVINGTON <sup>(4)(5)</sup> San Francisco, California	Director	Corporate Director	April 2007
MARK WHEATLEY <sup>(4)(5)</sup> North Manly, New South Wales, Australia	Director	Corporate Director	September 2003
KENNETH WILLIAMSON <sup>(1)(2)</sup> Dwight, Ontario	Director	Corporate Director	December 2005
D. JEAN NORTIER Pretoria, South Africa	Interim Chief Executive Officer <sup>(7)</sup>	Chief Executive Officer, Uranium One Inc.	-
ROBIN MERRIFIELD North Vancouver, British Columbia	Chief Financial Officer	Chief Financial Officer, Uranium One Inc.	-
GREGORY COCHRAN Adelaide, Australia	Executive Vice- President (Australia and Asia)	Executive Vice-President (Australia and Asia), Uranium One Inc.	-
JOHN M. SIBLEY West Vancouver, British Columbia	Executive Vice- President, General Counsel and Secretary	Executive Vice-President, General Counsel and Secretary, Uranium One Inc.	-
ROBERT VAN NIEKERK Benoni, South Africa	Executive Vice-President (Africa and Europe)	Executive Vice-President (Africa and Europe), Uranium One Inc.	-
FLETCHER NEWTON Denver, Colorado	Executive Vice-President (Corporate and Strategic Affairs)	Executive Vice-President (Corporate and Strategic Affairs), Uranium One Inc.	-
DR. DENNIS STOVER Edmond, Oklahoma	Executive Vice-President, Americas	Executive Vice-President, Americas	-

Notes:

- (1) Member of the Audit Committee.
- (2) Member of the Compensation Committee.
- (3) Member of the Corporate Governance and Nominating Committee.
- (4) Member of the Safety, Health and Environment Committee.
- (5) Member of the Technical Operations Committee.
- (6) Mr. Hodgson was appointed acting Chief Operating Officer on February 21, 2008.
- (7) Mr. Neal Froneman was the President and Chief Executive Officer from December 27, 2005 until February 21, 2008. Mr. Nortier was the Chief Financial Officer of the Corporation from December 27, 2005 until April 20, 2007, when he became

the Executive Vice-President (Corporate Development). Mr. Nortier was appointed interim Chief Executive Officer on February 21, 2008 on the resignation of Mr. Froneman.

Directors are elected at each annual meeting of the Corporation's shareholders and serve as such until the next annual meeting or until their successors are elected or appointed.

### *Principal Occupations*

The principal occupations of each of the Corporation's directors and executive officers within the past five years are disclosed in the brief biographies set forth below.

*Ian Telfer, Chairman of the Board and Director.* Mr. Telfer is currently Chairman of Goldcorp Inc., and was Chief Executive Officer and President of Goldcorp Inc. prior to November 2006 and Chairman and Chief Executive Officer of Wheaton River Minerals Ltd. prior to its merger with Goldcorp in 2005. He was also the Chairman of UrAsia prior its acquisition by the Corporation in April 2007. Mr. Telfer has over 25 years experience as an executive in the mining industry.

*David Hodgson, Acting Chief Operating Officer and Director.* Mr. Hodgson is the acting Chief Operating Officer of the Corporation. Prior to being appointed to that office on February 21, 2008, Mr. Hodgson was a corporate director. Mr. Hodgson has enjoyed a distinguished career spanning more than 30 years with the Anglo American and DeBeers group of companies. From November 2001 through to his retirement in April 2005, Mr. Hodgson served as Chief Operating Officer for Anglogold Ashanti with responsibility for overseeing the production of approximately six million ounces of gold per annum from a total of 22 operations. He is also a non-executive director of Moto Gold Mines.

*Andrew Adams, Director.* Mr. Adams is a corporate director. He has been a Chartered Accountant since 1981. Prior to 1999, Mr. Adams was Chief Financial Officer of AngloGold North America Inc. From 1999 to 2003, Mr. Adams was Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd.

*Dr. Massimo Carello, Director.* Dr. Carello is a corporate director. He was a director of UrAsia prior to its acquisition by the Corporation in April 2007. Dr. Carello has over 30 years of international senior management and board level experience. Dr. Carello was Non-Executive Director of Anker plc from 2004 to 2005, Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, and Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001. Dr. Carello currently serves as an independent non-executive director of Lero Gold Corp.

*William Lupien, Director.* Mr. Lupien is a financial equity market consultant and private investor. Mr. Lupien was a director of EMC before its acquisition by the Corporation in August 2007. Mr. Lupien has over 40 years of financial markets experience as has served as director of numerous public companies. He is currently a director of Midway Gold Corp., Potash One Inc. and Alease Gold Limited.

*Terry Rosenberg, Director.* Mr. Rosenberg is a South African businessman. He is currently the Chairman of Oakbrook Investments Limited, a South African investment company. From 1992 to 1999, Mr. Rosenberg was Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate. Prior thereto, he was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. He serves as Chairman of SA Bioproducts (an amino acid company) and Doral Properties (a property development company).

*William Sheriff, Director.* Mr. Sheriff is a corporate director. Mr. Sheriff was a director of EMC prior to its acquisition by the Corporation in August 2007. Since 1985, Mr. Sheriff has been the President of Platoro West Incorporated, a minerals exploration firm specializing in project identification and acquisition throughout the western USA. Since 2002, Mr. Sheriff has been the President of Pacific Intermountain Gold Corporation, a private gold exploration corporation owned by Seabridge Gold Corporation and Mr. Sheriff. Mr. Sheriff is also a director of Artha Resources Corporation, Eurasian Minerals Inc., Golden Predator Mines Inc., Midway Gold Corp., and Bluerock Resources Ltd.

*Phillip Shirvington, Director.* Mr. Shirvington is a corporate director. Mr. Shirvington was the President and Chief Executive Officer of UrAsia prior to its acquisition by the Corporation in April 2007. He was the Managing Director of Energy Resources of Australia Ltd., the third largest uranium mining company in the world, for a period of six years commencing in 1994. Mr. Shirvington later became a consultant to the mining and energy industry in which he has over 20 years experience. Earlier in his career he was a nuclear scientist and First Secretary Atomic Energy at the Australian Embassy in Washington, D.C.

*Mark Wheatley, Director.* Mr. Wheatley is a corporate director. Since July 10, 2006, Mr. Wheatley has been Managing Director and CEO of BMA Gold Limited. He was CEO of Southern Cross from September 2003 to December 2005 and Chairman of Southern Cross from June 2004 to December 2005. Mr. Wheatley also served as non-executive director of St. Barbara Limited from November 2003 to August 2006. Prior to 2003, Mr. Wheatley was General Manager, Corporate Development for Aurion Gold Limited (previously Goldfields Limited); prior thereto, Mr. Wheatley held executive positions with Bankers Trust Australia Limited and BHP Limited.

*Kenneth Williamson, Director.* Mr. Williamson is a corporate director and former investment banker. He joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as a director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Bioteq Environmental Technologies Inc. and Quadra Mining Ltd.

*Jean Nortier, Interim Chief Executive Officer.* Mr. Nortier is the interim Chief Executive Officer of the Corporation. Prior to his appointment to that office in February 2008, he was the Executive Vice President of the Corporation (Corporate Development) from April 2007 and Chief Financial Officer of the corporation from December 2005. From 2004 to 2005, he was Chief Financial Officer of Uranium One Africa and served on that company's board of directors from 2002 to 2005. Prior to 2004, Mr. Nortier was managing director of Reitron (Proprietary) Limited, a private corporate finance and private equity consulting business; from 1999 to 2001, he was chief executive officer of the Sovereign Group, the financial services division of TBB Holdings, a South African bank. Mr. Nortier is currently a director of Aflase Gold Limited.

*Robin Merrifield, Chief Financial Officer.* Mr. Merrifield is the Chief Financial Officer of Uranium One. He was the Chief Financial Officer of UrAsia prior to its acquisition by the Corporation in April 2007. Mr. Merrifield is a Chartered Accountant; he obtained his professional designation while working for Deloitte and Touche LLP in South Africa. Mr. Merrifield has previously held the position of Controller for Cameco, as well as the position of Vice-President Finance for Cameco's Kumtor Operating Company.

*Gregory Cochran, Executive Vice-President (Australia and Asia).* Mr. Cochran is the Executive Vice-President (Australia and Asia) of the Corporation. He has over 20 years experience in the international mining industry. Prior to joining Uranium One, he was responsible for global uranium and metallurgical and thermal coal business development activities at Mitsubishi Development (Pty) Limited.

*Fletcher Newton, Executive Vice-President (Corporate and Strategic Affairs).* Mr. Newton is the Executive Vice-President (Corporate and Strategic Affairs) of the Corporation. He provides strategic guidance for Uranium One's international relations, development of operations in the United States and representation in the U.S. nuclear fuel industry. Mr. Newton has over 17 years of experience in the nuclear fuel industry and for the past three years has been the Chief Executive Officer for Power Resources Inc., the U.S. subsidiary of Cameco Corporation. He was part of the original team that negotiated the HEU Feed Agreement among Tenex, Cameco, Areva and Nukem, and helped to negotiate the agreement between Cameco and Kazatomprom for the creation of the Inkai Joint Venture. Most recently, Mr. Newton has worked with the U.S. Congress and Department of Energy to develop a strategy for the future use of U.S. government uranium inventories.

*John Sibley, Executive Vice-President, General Counsel and Secretary.* Mr. Sibley is the Executive Vice-President, General Counsel and Secretary of Uranium One. Prior to assuming those roles in September, 2006, he was a partner with the Canadian law firm of Davis LLP between 2001 and August 2006; previously thereto Mr. Sibley was a partner with several other major Canadian law firms. During his career in private practice, Mr. Sibley advised numerous Canadian and foreign companies involved in the mining sector on a wide range of matters including public offerings and mergers and acquisitions. Mr. Sibley was a director of Uranium One Africa from 2003 to 2005.

*Dr. Dennis Stover, Executive Vice-President (Americas).* Dr. Stover is the Executive Vice President (Americas) of the Corporation. He was previously the Chief Operating Officer of EMC. Dr. Stover is a recognized expert in ISR process with over 30 years of experience in the ISR uranium extraction field. Dr. Stover served as Chief Engineer for Everest Minerals Corporation over a period of 11 years during which he managed the design and engineering of the Highland ISR Uranium Project in Wyoming and also oversaw the development of several ISR projects in Texas, including the Hobson Plant currently being refurbished by the Corporation. Dr. Stover has also served as Vice President, Engineering and Project Development for Rio Algom Mining Corp., where he directed the design, construction and start-up of the Smith Ranch ISR Project in Wyoming.

*Robert van Niekerk, Executive Vice-President (Africa and Europe).* Mr. van Niekerk is the Executive Vice-President, Africa and Europe of the Corporation. Prior to being appointed to that office in January 2007, Mr. van Niekerk was Executive Vice-President of Alease Gold Limited. Prior thereto, Mr. van Niekerk was employed by Anglo Platinum, as mine manager of the RPM Upper Mine and business manager of Watervaal UG2 Mine; from 2000 to 2001 he was mine manager of Evander 3, 5 and 6 Shafts at Harmony Gold Mining Company.

#### *Shareholdings of the Directors and Officers as a Group*

As at March 28, 2008, the directors and executive officers of the Corporation, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 3,556,303 common shares of the Corporation, representing approximately 0.76% of the total number of common shares outstanding before giving effect to the exercise of options or warrants to purchase common shares held by such directors and executive officers. The statement as to the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and executive officers of the Corporation as a group is based upon information furnished by the directors and executive officers.

## 8.2 Audit Committee

The Corporation's Audit Committee is responsible for monitoring the Corporation's accounting and financial reporting practices, the adequacy of its internal accounting systems, controls and procedures and liaising and reviewing accounting matters with the Corporation's external auditors. The Audit Committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations for both annual and interim financial statements and review of related operations prior to their approval by the full Board of Directors of the Corporation (unaudited quarterly financial statements are approved by the Audit Committee). A copy of the charter of the Audit Committee is attached to this Annual Information Form as Schedule "A".

The members of the Corporation's current Audit Committee are Mr. Andrew Adams (Chairman), Dr. Massimo Carello, Mr. William Lupien, Mr. Terry Rosenberg and Mr. Kenneth Williamson. During 2007, Mr. Williamson served as the Chairman of the Audit Committee until April 18, 2007. Dr. Carello and Mr. Lupien joined the Audit Committee during 2007.

Each of Messrs. Adams, Carello, Lupien, Rosenberg and Williamson are independent and financially literate within the meaning of Multilateral Instrument 52-110 - *Audit Committees*. In addition to being independent as described above, no member of the Committee may receive, directly or indirectly, any consulting, advisory or other compensatory fees or other payments from the Corporation other than annual retainer and meeting fees and regular benefits that other non-employee Directors receive.

In 2007, the Audit Committee met 6 times. Each meeting was attended by all of the members of the Committee, except for Mr. Rosenberg, who attended 5 of the 6 meetings, Dr. Carello, who attended 3 of the 3 meetings held since he joined the Audit Committee, and Mr. Lupien, who attended 1 of the 1 meetings held since he joined the Audit Committee.

### *Relevant Education and Experience*

Set out below is a description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as a member of the Committee:

*Andrew Adams* - Mr. Adams qualified as a chartered accountant in the United Kingdom in 1981. He was previously Chief Financial Officer of AngloGold North America Inc. and the Vice-President and Chief Financial Officer of Aber Diamond Corporation. Mr. Adams currently serves as an independent non-executive director of First Quantum Minerals Ltd.

*Dr. Massimo Carello* - Dr. Carello has over 30 years of international senior management and board level experience, including as Chairman and Chief Executive Officer of Diners Club U.K. Ltd. from 2001 to 2004, Chairman and Chief Executive Officer of Fiat U.K. Ltd. from 1990 to 2001 and Non-Executive Director of Anker plc from 2004 to 2005. Dr. Carello was a member of the Audit Committee of Anker plc.

*William Lupien* - Mr. Lupien is a financial equity market consultant and private investor with over 40 years of financial markets experience. Mr. Lupien was Chief Executive Officer of the brokerage firm Mitchum, Jones and Templeton and Chief Executive Officer of two online trading companies, Instinet and Optimark. Mr. Lupien has served as director of numerous public companies and is currently an independent non-executive director of Midway Gold Corp., Potash One Inc. and Alease Gold Limited. Mr. Lupien holds a dual degree in marketing and finance from San Diego State University.

*Terry Rosenberg* - Mr. Rosenberg holds an MBA degree and has over 25 years experience in accounting and business. Prior to 1988, Mr. Rosenberg was Managing Partner of Arthur Andersen & Co. (South Africa) and a partner in Arthur Andersen International S.C. From 1989 to 1992, Mr. Rosenberg was Chairman of Prefcor Holdings Limited, a holding company for a retail stores business, and from 1992 to 1999, Chief Executive Officer and Deputy Chairman of McCarthy Retail, a large South African conglomerate.

*Kenneth Williamson* - Mr. Williamson has extensive experience in the investment banking business, having joined Midland Doherty in 1980 and continued with the same organization through a series of mergers and acquisitions until after it was acquired by Merrill Lynch in 1998. Mr. Williamson has served as director of numerous public companies and is currently an independent non-executive director of Goldcorp Inc., Bioteq Environmental Technologies Inc. and Quadra Mining Ltd. Mr. Williamson holds an MBA degree from the University of Western Ontario.

#### *Pre-Approval Policies and Procedures*

The Audit Committee's Charter sets out responsibilities regarding the provision of non-audit services by the Corporation's external auditors. In August 2007 the Corporation adopted a pre-approval policy that sets out all pre-approved audit and permitted non-audit services to be performed by the external auditors and identifies the types of non-audit services or mandates that are considered incompatible with the principles underlying the independence of the external auditors.

#### *External Auditor Fees*

Deloitte & Touche LLP, Chartered Accountants, the Corporation's external auditors, has prepared the audit report dated March 31, 2008 on the Corporation's audited consolidated financial statements for its most recently completed financial year, December 31, 2007. Deloitte & Touche LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Following are the audit fees, audit-related fees, tax fees and all other fees billed by the external auditors in each of the last two fiscal years:

<b>Fiscal Year</b>	<b>Audit Fees<sup>(1)</sup> (\$)</b>	<b>Audit-Related Fees<sup>(2)</sup> (\$)</b>	<b>Tax Fees<sup>(3)</sup> (\$)</b>	<b>All Other Fees<sup>(4)</sup> (\$)</b>
2007	1,792,000	-	78,200	-
2006 <sup>(5)</sup>	561,000	-	136,000	276,000

Notes:

- (1) "Audit Fees" refer to fees billed for audit services.
- (2) "Audit-Related Fees" refer to aggregate fees billed for assurance and related services that reasonably relate to the performance of the audit or review of the Corporation's financial statements and are not reported under 'Audit Fees'.
- (3) "Tax Fees" refer to fees billed for advice related to tax compliance, tax advice and tax planning.
- (4) "All Other Fees" refer to fees billed for services not included in the categories of 'Audit Fees', 'Audit-Related Fees' and 'Tax Fees'. The fees for 2006 relate to services provided in connection with the reverse take-over of the Corporation by Uranium One Africa in 2005.

- (5) The Corporation's financial statements for the year ended December 31, 2006 were audited by PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

### **8.3 Cease Trade Orders, Bankruptcies, Penalties and Sanctions**

Other than as disclosed below, no director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within the ten years prior to the date hereof has been, a director or executive officer of any company (including the Corporation) that, while that person was acting in that capacity, (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days; or (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Ian Telfer was a Vice-Chairman of a technology company that made an assignment in bankruptcy on July 31, 2001.

Andrew Adams was a director of Tahera Diamond Corporation when it sought protection under the *Companies' Creditors Arrangement Act* in January 2008.

Mr. Mark Wheatley was appointed Managing Director and Chief Executive Officer of BMA Gold Limited ("BMA") on July 10, 2006, a company listed on the Australian Stock Exchange (the "ASX"). After a downgrade of resources and reserves, a decision was taken to suspend mining operations and transition BMA back to an exploration company. In concert with the secured lender, the directors of BMA appointed a voluntary administrator on January 30, 2007 to execute management's plans for mine closure and the sale of surplus assets, as the first phase in recapitalizing the company. Following the approval by the creditors of a deed of company arrangement in September 2007 and a rights offering to recapitalize the company in November 2007, the company paid its creditors in full and was released from administration. Trading of the company's shares on the ASX was suspended on January 30, 2007 and recommenced on December 3, 2007.

No other director or executive officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation has, within the ten years prior to the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, officer or shareholder.

### **8.4 Conflicts of Interest**

The Corporation owns approximately 67% of the voting securities of Alease Gold, a public company listed on the Johannesburg stock exchange. Jean Nortier (the interim Chief Executive Officer of the Corporation) and William Lupien (a director of the Corporation) are directors of Alease Gold.

William Sheriff, a director of the Corporation, is the President, Chief Executive Officer and a director of Golden Predator Mines Inc., a former subsidiary of EMC that is now held as to approximately 18% by EMC, that is engaged in the business of exploring and developing gold properties in the United States.

While the Corporation and these companies do not have the same geographic, strategic or primary commodity focus, these relationships and associations may nonetheless give rise to actual or potential conflicts of interest relating, among other things, to the allocation of corporate opportunities, and the division by these individuals of their time and effort, between the two companies. Such conflicts will be resolved through the exercise by these individuals of judgment consistent with their respective fiduciary duties to the Corporation, on the one hand, and Alease Gold and Golden Predator Mines Inc., on the other hand.

In the event conflicts arise at a meeting of the Board of Directors, a director who has such a conflict will declare the conflict and abstain from voting. In appropriate cases, the Corporation will establish a special committee of independent non-executive directors (drawn from the majority of its members who must at all times be “independent” within the meaning of Multilateral Instrument 52-110 - *Audit Committees*) to review a matter in which one or more directors, or management, may have a conflict.

Except as disclosed in this Annual Information Form, to the best of the Corporation’s knowledge there are no other known existing or potential conflicts of interest between the Corporation and any director or officer of the Corporation, except that certain of the directors of the Corporation serve as directors and officers of other public companies and it is therefore possible that a conflict may arise between their duties as a director or officer of the Corporation and their duties as a director or officer of such other companies. Where such conflicts arise, they will be addressed as indicated above.

#### **ITEM 9. LEGAL PROCEEDINGS**

The Corporation and its subsidiaries are not a party to any material legal proceedings. However, from time to time, the Corporation and its subsidiaries may become parties to disputes arising in the ordinary course of business.

#### **ITEM 10. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than the interests of certain directors, officers and shareholders of the Corporation as described elsewhere in this Annual Information Form, none of the directors or officers of the Corporation, nor any associate or affiliate thereof, has had a direct or indirect material interest in any transaction within the three years prior to the date hereof or proposed transaction which has materially affected or will materially affect the Corporation.

#### **ITEM 11. TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the common shares in Canada is Computershare Investor Services Inc. at its principal office in Toronto, Ontario. The co-transfer agent and registrar is Computershare Investor Services 2004 (Proprietary) Limited at its principal office in Johannesburg, South Africa.

#### **ITEM 12. MATERIAL CONTRACTS**

There are no other contracts, other than those disclosed in this Annual Information Form and those entered into in the ordinary course of the Corporation’s business, that are material to the Corporation and which

were entered into in the most recently completed fiscal year or which were entered into before the most recently completed fiscal year but are still in effect as of the date of this Annual Information Form.

- (a) Trust Indenture dated as of December 20, 2006 between Uranium One and Computershare Trust Company of Canada, which governs the 4.25% senior convertible unsecured subordinated debentures of the Corporation due December 31, 2011.
- (b) Arrangement Agreement dated February 11, 2007 between Uranium One and UrAsia.
- (c) Asset Purchase Agreement dated February 22, 2007 between Uranium One, Uranium One U.S.A. Inc., Uranium One Utah Inc., Uranium One Ventures U.S.A. Inc., Uranium One Exploration U.S.A. Inc. and U.S. Energy, Crested Corp., USECB Joint Venture, Plateau Resources Limited, Plateau Resources Limited, Inc. and U.S. Uranium Ltd., for the purchase of the Shootaring Mill and related properties.
- (d) Arrangement Agreement dated June 3, 2007 between Uranium One and EMC.

### **ITEM 13. INTERESTS OF EXPERTS**

Except as otherwise stated, information of an economic, scientific or technical nature in respect of the Dominion Reefs Uranium Project, the Akdala Mine, the South Inkai Project, the Kharasan Project, the Palangana Project and the Hobson Plant, the Moore Ranch Project and the Peterson Ranch project included in this Annual Information Form is based upon independent technical reports prepared by (i) Roger Dixon, Mark Wanless and Dr. Michael Harley of SRK Consulting in respect of the Dominion Reefs Uranium Project; (ii) Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA in respect of the Akdala Mine; (iii) Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA in respect of the South Inkai Project; (iv) Thomas Poole, P. Eng. and C. Stewart Wallis, P. Geo. of RPA in respect of the Kharasan Project; (v) Robert E. Blackstone of Blackstone & Associates Geological Consulting in respect of the Palangana Project and the Hobson Plant; (vi) Douglas Beahm of BRS Inc. in respect of the Moore Ranch Project; and (vii) Douglas Beahm of BRS Inc. in respect of the Peterson Ranch project.

To the best knowledge of management of the Corporation, as at the date hereof, the experts named above did not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Corporation or its predecessor entities when the experts prepared their respective reports.

### **ITEM 14. ADDITIONAL INFORMATION**

Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans will be contained in the management information circular to be prepared in connection with the Corporation's annual meeting of shareholders to be held on May 14, 2008 which will be available on SEDAR at [www.sedar.com](http://www.sedar.com). Additional financial information is provided in the Corporation's financial statements and management discussion and analysis for the financial year ended December 31, 2007.

**SCHEDULE "A"**  
**URANIUM ONE INC.**  
**CHARTER OF THE AUDIT COMMITTEE**

## Uranium One Inc.

### Charter of the Audit Committee of the Board of Directors

#### 1. General

- 1.1 The Audit Committee (the “**Committee**”) assists the Board of Directors in its oversight role with respect to the quality and integrity of the Corporation’s financial statements, the performance, qualifications and independence of the Corporation’s independent auditors, the performance of the Corporation’s internal audit function and the Corporation’s compliance with legal and regulatory requirements.
- 1.2 The Committee shall have the resources and authority appropriate to discharge fully its functions, duties and responsibilities, including the authority to (i) select, retain, terminate and approve the fees of, and other terms of retention of, special or independent counsel, accountants, auditors or other experts and advisers, and (ii) communicate directly with the internal and independent auditors, as it deems necessary or appropriate in connection with its functions, duties and responsibilities without seeking approval of the Board or management. The Committee will have unrestricted access to management, employees and information it believes will be relevant to the proper discharge of its functions, duties and responsibilities.
- 1.3 Each member of the Committee will be “independent” and “financially literate” for the purposes of Multilateral Instrument 52-110 - Audit Committees, as amended from time to time (“**MI 52-110**”), and will satisfy such other applicable criteria for independence and financial expertise as may be contained in the laws, rules, regulations and listing requirements to which the Corporation is subject and the applicable Corporate Governance Guidelines of the Board.
- 1.4 No Director may serve as a member of the Committee if such Director serves on the audit committees of more than two other public companies unless the Board determines that such service would not impair the ability of the Director to effectively serve on the Committee, and discloses this determination in the Corporation’s annual proxy circular and statement.
- 1.5 No member of the Committee may receive directly or indirectly any consulting, advisory or other compensatory fees or other payments from the Corporation other than (a) annual retainer and meeting fees, which may be received in cash, common shares or deferred stock units, and stock options or any other in-kind consideration ordinarily payable to non-employee Directors for serving as a Director and a chair or member of any committee of the Board and (b) other regular benefits that other non-employee Directors receive.
- 1.6 The Committee will operate under the guidelines applicable to all committees of Board as set out in the Corporate Governance Guidelines of the Board of Directors.
- 1.7 To the extent that this Charter sets out responsibilities and duties that are in addition to the requirements of MI 52-110, such responsibilities and duties are guidelines, rather than inflexible rules, and the Committee will adopt such additional procedures and standards from time to time as it deems appropriate to help fulfill its responsibilities. Nothing in this Charter is intended to expand applicable standards of liability under statutory or regulatory requirements for directors of the Corporation.

#### 2. Meetings

- 2.1 The Committee will meet at least quarterly with each of management and the independent auditors, with management not present for an allotted part of the meeting. As part of its job to foster open communication, the Committee will meet periodically with management and the internal accountants in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.
- 2.2 The Committee may request that any directors, officers or other employees of the Corporation, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The independent auditors will be entitled to

attend each meeting of the Committee at the Corporation's expense. The Committee may exclude from its meetings any person it deems appropriate.

### **3. Responsibilities and Duties**

3.1 In carrying out its responsibilities and duties, the Committee shall:

#### *Independent Auditors*

- (1) Have the sole authority to recommend the appointment of the independent auditors and, subject to the nomination of such independent auditors by the Board and the approval thereof by the shareholders, appoint, retain and oversee the work of the independent auditors, and approve the audit fees and other significant compensation to be paid to the independent auditors.
- (2) Pre-approve, or adopt appropriate procedures to pre-approve, all audit and permitted non-audit services to be provided by the independent auditors. Pre-approval of non-audit services is satisfied if:
  - (a) the aggregate amount of non-audit services not pre-approved is expected to constitute no more than 5% of total fees paid by the Corporation and its subsidiaries to the independent auditors during the fiscal year in which the services are provided;
  - (b) the Corporation or subsidiary did not recognize services as non-audit at the time of the engagement; and
  - (c) the services are promptly brought to the Committee's attention and approved prior to completion of the audit.
- (3) Ensure disclosure of any specific policies or procedures adopted by the Committee to satisfy pre-approval requirements for non-audit services by the Corporation's independent auditors.
- (4) On a periodic basis and at least annually, review and discuss with the independent auditors all significant relationships the auditors have with the Corporation in order to satisfy itself that the auditors are independent of management. Identify and review the types of non-audit services or mandates that it considers incompatible with the principles underlying the independence of the auditors and approve and provide for disclosure of any material non-audit services provided to the Corporation by the independent auditors.
- (5) Review and approve the independent auditors' audit plan and engagement letter. Discuss and approve audit scope, staffing, locations, reliance upon management and internal audit and general audit approach.
- (6) At least annually obtain and review a report from the independent auditors a report describing their internal quality control procedures, any material issues raised by their most recent internal quality control review or by any inquiry or investigation within the preceding five years by governmental or professional authorities, including the Canadian Public Accountability Board, respecting one or more audits carried out by the firm, any steps taken to deal with any such issues, and all relationships between the independent auditors and the Corporation including non-audit services.
- (7) Periodically consult with the independent auditors out of the presence of management about significant risks or exposures, internal controls and other steps management has taken to control such risks, and the fullness and accuracy of the Corporation's financial statements. Particular emphasis should be given to the adequacy of internal controls to expose any payments, transaction or procedures which might be deemed illegal or otherwise improper.
- (8) Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors, including matters required to be communicated to audit committees in accordance with the standards established by the Canadian Institute of Chartered Accountants.
- (9) Following completion of the annual audit, review separately with each of management and the independent auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information or significant disagreements with management and the adequacy of the Corporation's internal controls and any special audit steps adopted in light of material control deficiencies.

- (10) Oversee the work of the independent auditors engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the independent auditors regarding financial reporting.
- (11) Review the performance of the independent auditors and approve any proposed discharge and replacement of the independent auditors when circumstances warrant.
- (12) Arrange for the independent auditors to be available to the Committee and the full Board as needed. Ensure that the independent auditors report directly to the Committee and are made accountable to the Committee and the Board, as representatives of the shareholders to whom the auditors are ultimately responsible.
- (13) Review and approve hiring policies regarding partners, employees and former partners and employees of the past and present independent auditors.

*Review Procedures*

- (14) Review with management and the independent auditors, and approve, the Corporation's interim financial statements and interim management's discussion and analysis and interim earnings press releases prior to filing or otherwise publicly disclosing this information, and report thereon to the Board.
- (15) Review the Corporation's annual audited financial statements and the notes thereto, management's discussion and analysis of financial condition and results of operations and related documents and annual earnings press releases prior to filing or otherwise publicly disclosing this information, and make recommendations to the Board with respect to their approval.
- (16) Review the draft annual report, annual information form and such other financial information as may be required by the Corporation to be prepared under applicable legislation and make recommendations to the Board with respect to their approval.
- (17) Ensure that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, as well as review any financial information and earnings guidance provided to analysts and rating agencies, and periodically assess the adequacy of those procedures.
- (18) Review with management prior to distribution news releases or other disclosures containing material financial information that has not been previously reviewed in accordance with the procedures described in this charter.
- (19) Periodically and in any event at least annually review the process that management has in place to fulfill the role of the internal audit function.
- (20) Ensure that management has in place a process to ensure adherence to the Corporation's Confidentiality, Disclosure and Insider Policy and Complaints (Whistleblower) Policy.
- (21) Review at least quarterly or more frequently as circumstances dictate capital and exploration spending in relation to approved budgets.

*Financial Reporting Processes/Process Improvements*

- (22) In consultation with the independent auditors and management, review the quality, integrity and appropriateness of the Corporation's accounting policies and financial reporting processes and internal controls, including a review of the independent auditors' written comments to management regarding these matters, if any, and management's responses to comments, both internal and external. Review the confirmation of compliance with the Corporation's policies on controls over financial reporting.
- (23) Review the principal risks of the businesses of the Corporation and its subsidiaries, associates and joint venturers as identified by management and oversee the implementation and operation of appropriate systems to identify, evaluate and manage such risks, as they affect the Corporation's financial reporting and application of this charter.
- (24) Establish and maintain regular and separate systems of reporting to the Committee by each of management and the independent auditors regarding any significant judgments made in management's preparation of the financial statements and the view of each as to the appropriateness of such judgments.

- (25) Periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Corporation.
- (26) Review with the independent auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Committee, have subsequently been implemented.

*Internal Controls and Legal Compliance*

- (27) Review and assess any reports prepared or caused to be prepared by management regarding internal controls and discuss with management its response, including the status of previous reviews.
- (28) At least quarterly, review with the Corporation's counsel any legal matters that could have a significant impact on the Corporation's financial statements, the Corporation's compliance with applicable laws and regulations and inquiries received from regulatory or governmental agencies.
- (29) Ensure management has established a system to monitor compliance with the Corporation's Code of Business Conduct and Ethics.
- (30) Establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- (31) Review management's reports on directors' and officers' related party transactions and conflicts of interest, if any.

*General*

- (32) Periodically review financial and accounting personnel succession planning within the Corporation and its major subsidiaries.
- (33) Perform any other activities consistent with this Charter, the Corporation's by-laws and governing law as the Committee or the Board deems necessary or appropriate.

**4. Other Matters**

- 4.1 Annual Assessment. At least annually, the Committee shall review its own performance and reassess the adequacy of this Charter in such manner as it deems appropriate, and report the results thereof, including any recommendations for change, to the Board.

*The Committee's role, as described in this Charter, is an important part of monitoring the quality and integrity of the Corporation's financial reporting. This role does not replace the responsibility of the Corporation's management for the preparation and presentation of financial statements in accordance with generally accepted accounting principles, for significant accounting estimates and judgments and for ensuring compliance by the Corporation with applicable laws relating to its financial reporting. Nor does the role of the Committee detract from the responsibility of the auditors to plan and conduct an audit in accordance with Canadian generally accepted auditing standards or from the fact that the independent auditors are ultimately responsible to the Board of Directors and the Committee as representatives of the shareholders.*