

management's discussion and analysis

Management's Discussion and Analysis

Set out below is a review of the activities, results of operations and financial condition of Uranium One Inc. ("Uranium One") and its subsidiaries (collectively, the "Corporation") for the three and nine months ended September 30, 2008, together with certain trends and factors that are expected to impact the rest of its 2008 financial year and its 2009 financial year. Information herein is presented as of November 13, 2008 and should be read in conjunction with the interim consolidated financial statements of the Corporation for the three and nine months ended September 30, 2008 and the notes thereto, on file with the Canadian provincial securities regulatory authorities (referred to herein as the "consolidated financial statements"). The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in US dollars and tabular amounts are in thousands, except where otherwise indicated. Canadian dollars are referred to herein as C\$. South African rand are referred to herein as ZAR. Australian dollars are referred to herein as A\$.

Uranium One completed a business combination with UrAsia Energy Limited ("UrAsia Energy") on April 20, 2007. The transaction was treated as a reverse take-over under GAAP, with UrAsia Energy identified as the acquirer and Uranium One as the acquiree. Consequently, the historic figures used herein for periods up to and including March 31, 2007 are those of UrAsia Energy. References herein to "Q3 2007" and "Q3 2008" refer to the three months ended September 30, 2007 and the three months ended September 30, 2008, respectively and references to "YTD 2007" and "YTD 2008" refer to the nine months ended September 30, 2007 and the nine months ended September 30, 2008, respectively.

The common shares of Uranium One are listed on the Toronto and Johannesburg stock exchanges ("TSX" and "JSE", respectively). Uranium One's convertible unsecured subordinated debentures due December 31, 2011 are also listed on the TSX.

Additional information about the Corporation and its business and operations can be found in its continuous disclosure documents. These documents are available under the Corporation's profile at www.sedar.com.

This Management's Discussion and Analysis includes certain forward-looking statements. Please refer to "Forward-Looking Statements and other information".

HIGHLIGHTS

- Attributable sales volumes during Q3 2008 were 848,100 pounds of U₃O₈, an increase of 24% compared to attributable sales volumes of 685,600 pounds of U₃O₈ during Q2 2008 and a substantial increase compared to 70,000 pounds of U₃O₈ sold during Q3 2007.
- Earnings from mine operations were \$36.6 million during Q3 2008, an 11% increase over earnings from mine operations of \$32.9 million during Q2 2008 and a significant increase over earnings from mine operations of \$6.3 million during Q3 2007.
- Average realized U₃O₈ sales price during Q3 2008 was \$67 per pound generating revenue of \$56.7 million, compared to an average realized U₃O₈ sales price of \$115 per pound generating revenue of \$8.0 million during Q3 2007.
- Total production during Q3 2008 was 704,600 pounds of U₃O₈, a decrease of 8% from total production of 767,100 pounds of U₃O₈ during Q2 2008 and an increase of 31% from 538,400 pounds of U₃O₈ in Q3 2007.
- The Corporation entered into joint venture arrangements with Mitsui & Co., Ltd. of Japan in relation to the Australian assets of Uranium One, including the Honeymoon Project. The total minimum cash commitment from Mitsui will be approximately \$82 million (A\$104 million) for its 49% share of Uranium One Australia's business.
- The Corporation wrote down mineral interests, plant and equipment by \$2.8 billion in Q3 2008: \$1.8 billion on Dominion; \$0.7 billion on United States exploration properties; \$0.2 billion on Honeymoon and Australian exploration; and \$0.1 billion on Hobson, La Palangana and Shootaring Mill.
- Steve Magnuson succeeded Dave Hodgson as Chief Operating Officer. Mr. Magnuson is a professional engineer with 30 years mining experience, primarily in uranium in situ recovery (ISR) operations. Most recently, Mr. Magnuson was Vice President of Operations for a U.S. subsidiary of Cameco Corporation, with responsibility for ISR operations in Wyoming and Nebraska as well as the Inkai Joint Venture in Kazakhstan. Mr. Hodgson will remain a member of the board of directors of Uranium One.

OPERATIONS AND PROJECTS

- Akdala - Attributable production during Q3 2008 was 482,400 pounds of U₃O₈, at a cash operating cost of \$14 per pound of U₃O₈ sold.
- South Inkai - Attributable pre-commercial production during Q3 2008 was 146,400 pounds of U₃O₈, a decrease from attributable pre-commercial production of 257,100 pounds of U₃O₈ during Q2 2008 due to lower than expected sulphuric acid deliveries as a result of ongoing transportation and logistics constraints in Kazakhstan.
- Kharasan - Pilot mining commenced in September 2008 with production fluids from the test production block delivered to the processing plant.
- Dominion - Pre-commercial production during Q3 2008 was 75,800 pounds of U₃O₈. Operations were suspended on October 22, 2008 with the Project being placed on care and maintenance pending the evaluation of available strategic alternatives.
- Wyoming – The permitting process continued for the Moore Ranch, Antelope and JAB Projects.
- Hobson/La Palangana - The Corporation has decided to conduct further resource delineation drilling and exploration in Texas prior to starting operations at the Hobson ISR processing facility.

FINANCIAL CONDITION AND LIQUIDITY

Recent disruptions in global credit and financial markets have resulted in a deteriorating economic climate, which led to the asset impairments discussed elsewhere in this document.

In response to these conditions, the Corporation has taken a number of steps, over the past three months following the initial sustained drop in the uranium price, to reduce or defer previously planned capital and corporate expenditures, including placing the Dominion Project on care and maintenance, deferring project start-up at Hobson, obtaining a partner to fund the development of Honeymoon and implementing significant reductions in exploration expenditure and corporate costs across all operations. The Corporation will continue to re-evaluate expenditure to ensure liquidity objectives are met.

The Corporation also drew \$65 million under its credit facility as an internal cash reserve. Therefore, the Corporation's cash resources currently on hand are sufficient to sustain capital and corporate expenditures now planned for the balance of this year and next year in Kazakhstan and the United States. Capital expenditure by Betpak Dala and Kyzylkum are funded through the joint ventures' working capital or third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$82 million (A\$104 million) from Mitsui in 2009.

The Corporation's short term investments have not been affected by current financial market disruptions as these investments are primarily in bearer deposit notes issued and guaranteed mainly by Canadian chartered banks. The Corporation plans on reinvesting the proceeds of these notes on their maturity in similar short term instruments.

OUTLOOK

- The Corporation's attributable production estimate for 2008 has been revised to 2.8 million pounds of U_3O_8 from 3.1 million pounds of U_3O_8 as a result of the decision to place Dominion on care and maintenance, lower than expected production from South Inkai and the later than expected start-up of pilot production at Kharasan.
- Total production for 2009 is estimated to be 3.5 million pounds of U_3O_8 , comprising 1.8 million pounds from Akdala, 1.5 million pounds from South Inkai and 0.2 million pounds from Kharasan.
- The Corporation's total production for 2010 is estimated to be 5.6 million pounds of U_3O_8 . This includes initial production from the Moore Ranch Project in Wyoming, which is expected to commence during the second half of 2010 and excludes initial production from the Honeymoon Project in Australia.
- During 2009, the average cash cost per pound of U_3O_8 sold is expected to be approximately \$15 per pound of U_3O_8 sold from Akdala. The cash cost per pound of U_3O_8 sold from South Inkai is expected to be on average approximately \$28 in 2009, with a cost per pound sold of approximately \$20 by the end of the year.
- The Corporation's total contracts for the sale of U_3O_8 amount to 26 million pounds, of which 80% have weighted average floor prices, subject to escalation, of approximately \$45 per pound.
- In 2009, the Corporation expects to incur capital expenditures of \$21 million for the development of assets in Wyoming and make a \$6 million contribution to the costs of constructing a sulphuric acid plant in Kazakhstan.
- General and administrative expenses, excluding stock based compensation, are expected to be approximately \$28 million for 2009. Care and maintenance costs at Dominion are expected to be \$12 million for 2009.
- The first dividend from the Corporation's Betpak Dala joint venture is expected to be received in Q4 2008, with regular dividend payments from Betpak Dala expected from 2009 onwards.

DIRECTORS

- Subsequent to quarter end, William Sheriff and William Lupien resigned as directors of Uranium One. The Corporation wishes to express its appreciation for their service to Uranium One.

KEY STATISTICS

TOTAL PRODUCTION	Q3 2008	Q2 2008	Q1 2008	Q4 2007
Attributable production from Akdala (lbs of U ₃ O ₈)	482,400	435,300	431,500	435,400
Attributable pre-commercial production from South Inkai (lbs of U ₃ O ₈)	146,400	257,100	144,500	39,500
Pre-commercial production from Dominion (lbs of U ₃ O ₈)	75,800	74,700	42,900	64,200
Total production	704,600	767,100	618,900	539,100

FINANCIAL	Q3 2008	Q3 2007	YTD 2008	YTD 2007
Attributable production (lbs of U ₃ O ₈) ⁽¹⁾	482,400	451,600	1,349,200	1,391,800
Attributable sales (lbs of U ₃ O ₈) ⁽¹⁾	848,100	70,000	1,817,000	919,500
Average realized sales price (\$ per lb of U ₃ O ₈) ⁽²⁾	67	115	71	79
Average cash cost of production sold (\$ per lb of U ₃ O ₈) ⁽²⁾	14	9	14	11
Revenues (\$ millions)	56.7	8.0	128.6	73.0
Earnings from mine operations (\$ millions)	36.6	6.3	85.9	55.3
Net loss from continuing operations (\$ millions)	(2,013.7)	(17.0)	(2,901.2)	(22.1)
Loss per share from continuing operations – basic and diluted (\$ per share)	(4.30)	(0.04)	(4.47)	(0.07)
Loss from discontinued operations (\$ millions)	(0.6)	(0.3)	(104.8)	(0.9)
Loss per share from discontinued operations – basic and diluted (\$ per share)	(0.00)	(0.00)	(0.22)	(0.00)
Net loss (\$ millions)	(2,014.3)	(17.3)	(2,197.0)	(23.0)
Net loss per share – basic and diluted (\$ per share)	(4.30)	(0.04)	(4.69)	(0.07)
Adjusted net earnings / (loss) (\$ millions) ⁽²⁾	4.3	(15.0)	0.6	(5.3)
Adjusted net earnings / (loss) per share – basic and diluted (\$ per share) ⁽²⁾	0.01	(0.04)	0.00	(0.02)

Notes:

(1) Attributable production and sales are from assets that are in commercial production – currently only Akdala.

(2) The Corporation has included non-GAAP performance measures: average realized sales price per pound of U₃O₈, cost per pound of U₃O₈ sold, adjusted net earnings and adjusted net earnings per share. The Corporation reports total cash costs on a sales basis. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. See "Non-GAAP Measures".

OVERVIEW

Uranium One is a Canadian uranium corporation engaged through subsidiaries and joint ventures in the mining and production of uranium, and in the acquisition, exploration and development of properties for the production of uranium, in Kazakhstan, South Africa, the United States, Australia and Canada. The Corporation is in the process of disposing of its remaining 36% interest in Aflase Gold Limited ("Aflase Gold"), which is engaged in the development of the Modder East Gold Project in South Africa.

Uranium One owns through the Betpak Dala Joint Venture a 70% interest in both the producing Akdala Uranium Mine and the South Inkai Uranium Project, which is being commissioned. The Kharasan Project in Kazakhstan, in which the Corporation owns a 30% interest, is being developed by the Kyzylkum Joint Venture. In the United States, the Corporation owns projects in the Powder River and Great Divide Basins in Wyoming. The Corporation has suspended operations at its Dominion Project in South Africa and placed it on care and maintenance while evaluating strategic alternatives for the project. The Corporation recently entered into a joint venture agreement in relation to the Honeymoon Uranium Project in Australia, which is scheduled to close before the end of 2008. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in South Africa, the western United States and South Australia.

The following mineral properties and operations of the Corporation are discussed in more detail below.

The following are the Corporation's principal mineral properties and operations:

Operating mine

Entity	Project	Location	Status	Ownership
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	Producing	70% J.V. interest

Advanced development projects

Entity	Project	Location	Status	Ownership
Betpak Dala LLP	South Inkai Uranium Project	Kazakhstan	Commissioning ⁽¹⁾	70% J.V. interest
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	Development	30% J.V. interest

Notes:

⁽¹⁾ The South Inkai Uranium Project is in the commissioning stage: production has commenced but the mine has not yet achieved commercial production. Commercial production is achieved when a pre-defined operating level, based on the design of the plant, is maintained.

The Corporation is also developing the following mineral properties:

Entity	Project	Location	Status	Ownership
Energy Metals Corp (US)	Powder River Basin, Wyoming Projects (Incl. Moore Ranch, Peterson, Ludeman, Allemand-Ross, and Barge)	USA	Development	100% interest
Energy Metals Corp (US)	Great Divide Basin, Wyoming Projects (Incl. JAB and Antelope)	USA	Development	100% interest
Uranium One Australia (Proprietary) Ltd.	Honeymoon Uranium Project	Australia	Development temporarily suspended	51% interest

The Corporation suspended development of the following mineral properties:

Entity	Project	Location	Status	Ownership
Uranium One Africa Limited	Dominion Uranium Project	South Africa	Care and maintenance	100% interest
South Texas Mining Venture	Hobson Facility and La Palangana Project, Texas	USA	Standby	99% interest

REVIEW OF OPERATIONS

AKDALA URANIUM MINE

Akdala is an operating acid in situ recovery ("ISR") uranium mine located in the Suzak region of South Kazakhstan. The Betpak Dala Joint Venture Limited Liability Partnership, a Kazakhstan registered limited liability partnership ("Betpak Dala"), owns a 100% interest in the Akdala Mine. Uranium One owns a 70% joint venture interest in Betpak Dala. The remaining 30% is owned by JSC NAC Kazatomprom ("Kazatomprom"), a Kazakhstani state-owned company responsible for the mining and exporting of uranium in Kazakhstan.

Pursuant to the terms of its subsoil use contract, the permitted production rate at the Akdala Mine is 2,600,000 pounds of U₃O₈ (1,000 tonnes uranium ("U")) per year.

Production: In line with the production plan for 2008, Akdala produced 689,300 pounds of U₃O₈ (265 tonnes U) during Q3 2008 of which 482,400 pounds of U₃O₈ (186 tonnes U) is attributable to the Corporation. As Akdala is operating in steady state at licenced capacity, production for 2008 is expected to be similar to production achieved in 2007.

Production from Akdala in 2009 is estimated to be 2,600,000 pounds of U₃O₈ (1,000 tonnes U), of which 1,820,000 pounds of U₃O₈ (700 tonnes U) will be attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Akdala over the last four quarters:

	Total wells completed (including production wells)	Average no of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U ₃ O ₈)
Q4 2007	90	138	1,047	98.2	622,100
Q1 2008	70	162	1,152	96.9	616,400
Q2 2008	89	167	1,359	83.6	621,800
Q3 2008	29	190	1,571	78.6	689,300

Flow rate, concentration and the number of operating wells are carefully monitored and managed to produce the targeted amount of U₃O₈, in accordance with Akdala's licence. A new production block was acidified during Q2 2008 and commissioned in June 2008 and production blocks 16 and 17 were acidified and commissioned by the end of Q3 2008. Piping for production block 24 was completed by the end of Q3 and acidification is only expected to commence in Q4 2008 due to lower than expected sulphuric acid allocations.

The well installation program for 2008 was completed during Q3 2008 with 29 wells installed for the quarter. Well installation will resume again in 2009.

The construction of the precipitation and filtration circuit was completed in Q1. The filtration and precipitation circuit enables Akdala to produce yellowcake on site, reducing its dependency on external processing facilities, decreasing transport lead times and reducing costs.

AKDALA URANIUM MINE - continued

Financial information: The following table shows the attributable production, sales and production cost trends for Akdala over the prior eight quarterly periods:

(All figures are the Corporation's attributable share)	3 months ended				2 months ended			
	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006
Production of U ₃ O ₈ in lbs	482,400	435,300	431,500	435,400	451,600	452,200	488,000	426,500
Sales of U ₃ O ₈ in lbs	848,100	685,600	283,300	689,200	70,000	244,300	605,200	880,700
Inventory U ₃ O ₈ in lbs	232,800	620,500	886,500	748,900	1,007,000	636,800	436,500	565,400
Revenues (\$000's)	56,723	49,390	22,517	61,010	8,019	23,265	41,730	46,256
Sales (\$/lb of U ₃ O ₈ sold)	67	72	79	89	115	95	69	53
Operating expenses (\$000's)	11,793	9,487	3,292	7,521	660	2,058	7,043	7,872
Operating expenses (\$/lb of U ₃ O ₈ sold)	14	14	12	11	9	8	12	9
Depreciation and depletion (\$000's)	8,305	6,960	2,931	6,972	1,067	2,024	4,859	7,240
Depreciation and depletion (\$/lb of U ₃ O ₈ sold)	10	10	10	10	15	8	8	8

Uranium revenues are recorded upon delivery of product to utilities and intermediaries and do not occur evenly throughout the year. Timing of deliveries is usually at the contracted discretion of customers within a quarter or similar time period. Annual sales of product from a mine, which is normally determined from opening inventory plus a percentage of forecast production for the year, does not always occur evenly throughout the year and could vary significantly from quarter to quarter as illustrated in the table above. It is estimated that attributable sales from Akdala for 2008 will be approximately 2 million pounds of U₃O₈ and will be met through production and inventories on hand.

Changes in revenues, net earnings / loss and cash flow are therefore affected primarily by fluctuations in contracted delivery of product from quarter to quarter as well as by changes in the price of uranium.

Operating expenses are directly related to the quantity of U₃O₈ sold and are lower in periods when the quantity of U₃O₈ sold is lower. There is a corresponding build-up of inventory in periods when the quantity of U₃O₈ sold is lower.

SOUTH INKAI URANIUM PROJECT

South Inkai is an ISR development project located in the Suzak region of South Kazakhstan. Betpak Dala owns a 100% interest in the South Inkai mine. Accordingly, the Corporation owns a 70% indirect interest in the mine.

The design capacity of the South Inkai mine is 5,200,000 pounds of U_3O_8 (2,000 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2011.

Pre-commercial production: Pre-commercial production from South Inkai was 209,100 pounds of U_3O_8 (80 tonnes U) in Q3 2008, of which 146,400 pounds of U_3O_8 (56 tonnes U) is attributable to the Corporation. The total pre-commercial production from South Inkai for 2008 up to September 30, 2008 was 782,800 pounds of U_3O_8 (301 tonnes U) of which 548,000 pounds of U_3O_8 (211 tonnes U) is attributable to the Corporation.

Given the current level of sulphuric acid allocations to South Inkai, the Corporation expects further production from South Inkai of approximately 312,000 pounds of U_3O_8 (120 tonnes U) of which 218,400 pounds of U_3O_8 (84 tonnes U) will be attributable to the Corporation, bringing the total production from South Inkai to approximately 1,095,000 pounds of U_3O_8 (421 tonnes U) during 2008 of which 766,500 pounds of U_3O_8 (295 tonnes U) will be attributable to the Corporation.

Production from South Inkai in 2009 is estimated to be 2,140,000 pounds of U_3O_8 (824 tonnes U), of which 1,500,000 pounds of U_3O_8 (577 tonnes U) will be attributable to the Corporation. The estimated level of production will be directly influenced by the level of sulphuric acid deliveries to South Inkai over the next year.

Operations: The following is a summary of the operational statistics (100%) for South Inkai over the last four quarters:

	Total wells completed (including production wells)	Average no of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U_3O_8)
Q4 2007	92	30	106.0	122.7	56,500
Q1 2008	53	24	163.5	229.0	206,400
Q2 2008	90	30	253.0	258.2	367,300
Q3 2008	114	36	341.3	108.1	209,100

Due to ongoing transportation and logistics constraints in Kazakhstan, South Inkai did not receive sufficient quantities of sulphuric acid during Q3 2008 to acidify production blocks as planned. Lower than expected acid deliveries negatively affected the concentration of uranium in the solution as well as production in Q3 2008. The shortage of sulphuric acid is also expected to impact on production levels in Q4 2008 and the first half of 2009. In addition to the two production blocks that were operational at the end of Q2 2008, two additional blocks were acidified and commissioned during Q3 2008.

Industrial production: Formal government approval to proceed with industrial production at South Inkai continues to be expected before year end, which will allow the commencement of ramp-up to full production capacity of 5.2 million pounds of U_3O_8 . The timing of the approval will not affect the annual production from South Inkai in 2008.

Uranium One's attributable production at full capacity is expected to be 3,600,000 pounds U_3O_8 per year.

Construction: Uranium processing facilities being constructed at South Inkai are of a similar design to those at the Akdala Mine, which is facilitating a fast and smooth commissioning process. Construction of the production complex is substantially complete and fully operational. The complex has been inspected and accepted by the Working Commission and is scheduled to begin the final State Acceptance process in Q4 2008.

To date, expenditure incurred by Betpak Dala, on a 100% basis, relating to the construction project at South Inkai is \$59.0 million and further capital expenditure, on a 100% basis, to complete the project to design capacity is expected to be \$5 million.

The capital expenditure on South Inkai is funded by Betpak Dala out of operations.

REVIEW OF DEVELOPMENT PROJECTS - KAZAKHSTAN

KHARASAN URANIUM PROJECT

Kharasan is an ISR uranium development project located in the Suzak region of South Kazakhstan. Kyzylkum LLP ("Kyzylkum"), a Kazakhstan registered limited liability partnership, owns a 100% interest in the Kharasan Project. Uranium One owns a 30% joint venture interest in Kyzylkum and the remaining interests in Kyzylkum are owned as to 30% by Kazatomprom and as to 40% by Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company.

The design capacity of Kharasan is 5,200,000 pounds of U₃O₈ (2,000 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2012.

Pre-commercial production: Due to ongoing start-up problems, Kharasan now expects to produce approximately 26,000 pounds of U₃O₈ (10 tonnes U) as pilot production during 2008, of which 7,800 pounds of U₃O₈ (3 tonnes U) will be attributable to the Corporation.

Production from Kharasan in 2009 is estimated to be 650,000 pounds of U₃O₈ (250 tonnes U), of which 195,000 pounds of U₃O₈ (75 tonnes U) will be attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Kharasan over the last four quarters:

	Drill rigs on site ⁽¹⁾	Total wells completed (including production wells)	Average no of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs of U ₃ O ₈)
Q4 2007	10	47	-	-	-	-
Q1 2008	10	30	-	-	-	-
Q2 2008	10	58	-	-	-	-
Q3 2008	10	74	28	6.9	47.8	-

Note:

(1) As at end of quarter for well field development

Although acidification of the first well field at Kharasan commenced in March 2008, the increase in concentration in the solution has been slower than expected and commencement of production was therefore delayed. The longer acidification period, together with delays in well field construction and piping, contributed to the revision of the expected production for 2008. It was determined that improved well maintenance procedures were required in the first well field to address the rate of acidification of the well field. As of the end of Q3 2008 new well maintenance equipment and personnel required to improve the well maintenance procedures, were on site. Sulphuric acid shortages have caused delays in acidifying new production blocks, which will affect Q4 2008 production as well as 2009 production.

In August 2008, production fluids from the test production block were delivered to the processing plant as pilot mining commenced. By the end of Q3 2008 production flow from some of the wells in the second production block were also delivered to the processing plant. Uranium began loading on to the resin, however no concentrated eluant was produced during Q3 2008. Uranium concentrations were increasing slowly throughout the quarter. The acidification of a further two production blocks commenced in Q3 2008.

Industrial production: A delineation drilling program to convert a sufficient amount of resources from the Russian C2 category to the Russian C1 category is ongoing and 57 drill holes were completed in Q3 2008, compared to a plan of 49 holes. A total of 112 exploration drill holes have been completed for the 9 months ending September 30, 2008, compared to a plan of 108. The deployment of additional drill rigs for the delineation drilling program in June 2008 continued to advance the rate of exploration drilling in Q3 2008.

Well installation for future well fields continued in Q3 2008. An additional 74 wells were installed in Q3 2008, compared to a plan of 54. The total number of wells installed in Q3 2008 was 162 versus a plan of 151.

Kyzylkum will make an interim application for permission to move to industrial production based on the results of an ISR operation in close proximity to Kharasan which operates under similar geological conditions, the 177 exploration holes already drilled as well as the performance of the first well field, which serves as the pilot production block for purposes of the application. It is expected that the application process will commence in December 2008 when sufficient information from the pilot production block is available and the application should be completed in 2009.

The Corporation expects Kharasan to achieve industrial production in 2010.

Construction: During Q3 2008 the ion exchange and desorption circuits were completed and put into operation. Final construction of the precipitation and filtration circuits is expected to be complete and operational in Q4. The complex has been inspected and accepted by the Working Commission in October 2008.

To date, expenditure incurred by Kyzylkum, on a 100% basis, relating to the construction of the industrial complex at Kharasan is \$44.2 million. Further capital expenditure, on a 100% basis, to complete the project to design capacity of 2,000 tonnes per year is expected to be \$20 million.

The capital expenditure on Kharasan is funded by Kyzylkum from the project finance facility with Japan Bank for International Cooperation and Citibank.

KHARASAN URANIUM PROJECT - continued

Infrastructure development: The construction of a railroad switching station was completed in Q2 2008. Phase 1 of the railroad transshipment base to meet the requirements for pilot production has received Working Commission approval and is expected to be operational in Q4 2008.

Total expenditure incurred by Kyzylkum, on a 100% basis, to date relating to infrastructure development at Kharasan amounts to \$51.7 million with further capital expenditure, on a 100% basis, to complete the required infrastructure expected to be \$13 million. A consortium agreement was concluded with an adjacent uranium ISR development joint venture to share in the development cost of the local infrastructure required to support both operations (road, bridge, rail and marshalling facilities). The agreement resulted in a return of \$22.6 million in capital to Kyzylkum relating to infrastructure amounts expended to date.

The development of infrastructure is jointly funded by an adjacent uranium ISR development joint venture and by Kyzylkum from the project finance facility with Japan Bank for International Cooperation and Citibank.

Project finance facility: In addition to the original \$80 million loan from the Corporation, Kyzylkum negotiated unsecured bank loan facilities in Q2 2007 totalling \$100 million. One facility, in the amount of \$70 million, was obtained from the Japan Bank for International Cooperation ("JBIC") and the other facility, in the amount of \$30 million, was obtained from Citibank. Total draw downs against these facilities amounted to \$100 million as at September 30, 2008.

The original \$80 million loan from the Corporation (principal of \$53.3 million outstanding as at September 30, 2008) has to be repaid in full before repayments can be made on the Japan Bank for International Cooperation and Citibank facilities. As the Corporation proportionately consolidates its 30% interest in Kyzylkum, the Corporation's share of these facilities amounts to \$30 million. The loan facilities have floating interest rates of LIBOR plus 0.25% and 0.35%, respectively.

SULPHURIC ACID SUPPLY IN KAZAKHSTAN

The new Kazakhmys Balkhash sulphuric acid plant located in eastern Kazakhstan was commissioned and commenced acid production in June 2008. This plant, which has an annual capacity of 1.2 million tonnes of sulphuric acid, provides Kazakh uranium producers, including the Corporation's Betpak Dala and Kyzylkum Joint Ventures in Kazakhstan, with a significant additional source of sulphuric acid in the country.

While sulphuric acid production from the Balkhash plant is expected to secure sufficient short term supply of sulphuric acid in Kazakhstan, logistical constraints are slowing down the distribution of the acid to the Corporation's projects. The constraints are caused by a shortage of railcars, which is expected to be addressed by the end of 2008.

To ensure long term supply continuity, the Corporation has established a joint venture with Kazatomprom and other affected parties to build a sulphuric acid plant at Zhanakorgan, which is near Kharasan. The Corporation's ownership percentage in the joint venture is expected to be 19%. The total construction cost of the plant is expected to be approximately \$209 million of which 30% is planned to be funded by the joint venture partners during Q4 2008 and Q1 2009 and the balance potentially funded through debt financing. Construction of the plant is expected to be completed in 2011.

The Corporation plans to make the approximately \$12 million contribution required during the course of Q4 2008 and Q1 2009 from working capital. The Corporation expects to contribute the remaining \$28 million funding commitment during 2010.

Engineering design and procurement contracts have already been signed with the experienced Italian construction company Desmet Ballestra ("Ballestra"), as well as a contract with LLP Joint Venture "Soyuzcomplex" for an engineering and procurement contract for supply of the power plant. Equipment orders are expected to be in place by the end of 2008 with delivery of equipment starting in mid 2009. A management contract for the construction of the facility has also been signed with Ballestra.

REVIEW OF PROJECTS – SOUTH AFRICA

DOMINION

Dominion is a conventional shallow underground ore body, situated in the North West Province of South Africa, approximately 150 kilometres west-southwest of Johannesburg.

Uranium One announced on October 22, 2008 that its board of directors decided to place the Dominion Uranium Project on care and maintenance.

The decision to place Dominion on care and maintenance reflects the significant deterioration in the project's economics associated with the continuing decline in uranium prices over the last year and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production.

The decision follows the completion of the Corporation's detailed life of mine planning process and budget for the project, which has shown that the project would require a sustained recovery in uranium prices, as well as significant additional capital investment, in order to become economically viable. While the longer term fundamentals of the uranium market remain attractive, Uranium One is not able, in light of current credit and general market conditions, to incur the required additional capital investment at this time.

In accordance with the requirements of applicable South African legislation, Uranium One has initiated consultations with the National Union of Mineworkers and employees. Uranium One is exploring strategic alternatives available to it at Dominion, including a sale or other disposition of its interest in the project and, absent any improvement in project economics, the potential closure of the project.

Uranium One had expected to produce 1.1 million pounds U_3O_8 from Dominion in 2009. Due to the decision to place Dominion on care and maintenance, and with no certainty if or when production might be resumed, an impairment of \$1.8 billion was recognized in Q3 2008.

The Corporation carries an unrealized foreign exchange translation loss of \$238.5 million in accumulated other comprehensive losses on the Corporation's balance sheet in respect of Uranium One Africa Limited, a fully owned subsidiary of the Corporation that owns Dominion. This unrealized foreign exchange loss was not taken into account in the determination of the impairment on Dominion and will only be realized in the Corporation's statement of operations on disposal of the interest in Uranium One Africa Limited.

The costs associated with the suspension of operations are expected to be approximately \$32 million, with care and maintenance costs of approximately \$12 million per year. Care and maintenance activities will include limited development activities.

Pre-commercial production: In Q3 2008, pre-commercial production from the Dominion Uranium Project was 75,800 pounds of U_3O_8 and 1,600 ounces of gold, compared to 74,700 pounds of U_3O_8 and 1,800 ounces of gold in Q2 2008. Due to the decision to place Dominion on care and maintenance, no further production is expected from Dominion.

Mine development: Mining operations over the last four quarters can be summarized as follows:

	Underground development achieved (metres)	Underground tonnes mined (tonnes)	Underground ore blasted grade ¹ (kg U_3O_8 /tonne)
Q4 2007	3,130	86,800	0.358
Q1 2008	3,649	94,200	0.361
Q2 2008	3,883	98,500	0.536
Q3 2008	4,502	124,500	0.544

Note:

(1) Underground blasted grade includes all in-stope mining dilution and on reef development. The underground blasted grade is based on underground sampling.

The grade of underground ore delivered to the plant averaged 0.462 kg per tonne during Q3 2008. The average blasted grade increased from 0.536 kg per tonne in Q2 2008 to 0.544 kg per tonne in Q3 2008.

The mine development cost for the year to date amounted to \$33.7 million, of which \$13.1 million was spent in Q3 2008.

Metallurgical plant: Plant recoveries improved in line with the increased volume of underground material processed during Q3 2008. Throughput for Q3 2008 was approximately 103,700 tonnes from underground and 55,900 tonnes from surface tailings material. Based on head grades and residues, the estimated U_3O_8 recovery was approximately 78% from underground material and approximately 39% from surface tailing material in Q3 2008. In September 2008, plant recoveries from underground material were approximately 84%.

REVIEW OF DEVELOPMENT PROJECTS – UNITED STATES

The Corporation is developing new uranium production centers in the western United States. In Wyoming, the Corporation is in the process of licensing two ISR central processing plants in the Powder River Basin (Moore Ranch) and Great Divide Basin (Antelope) to process uranium bearing resins from various Uranium One properties in Wyoming. Renovations are complete at the Hobson Central Processing Plant south of San Antonio, Texas. This fully licensed facility will be able to accept and process uranium bearing resins from remote ISR satellite operations across south Texas. Licensing updates are underway for the Shootaring Canyon Mill in eastern Utah. This mill could, among other alternatives, potentially serve as the processing hub for open pit and underground mines scattered across northern Arizona, western Colorado, and Utah.

POWDER RIVER BASIN, WYOMING

The Powder River Basin in Wyoming hosts several of the Corporation's uranium projects. The most advanced project in the Powder River Basin is the Moore Ranch Project.

The Moore Ranch Project is located in the Pumpkin Buttes uranium district in Campbell County, 25 miles east of Edgerton in the Powder River Basin of Wyoming. Moore Ranch has a NI 43-101 compliant measured resource suitable for in situ recovery.

Permitting: On October 3, 2007, the Corporation submitted an application to the U.S. Nuclear Regulatory Commission ("NRC") for a licence to construct and operate an in situ uranium recovery facility at Moore Ranch, the first application of its kind received by the NRC since 1988. The application contains plans for uranium extraction ramping up to a rate of a nominal 1,000,000 pounds of U₃O₈ per year from the Moore Ranch well fields beginning in 2010, with construction of a central processing plant with capacity of 2,000,000 pounds of U₃O₈ per year. Any excess plant capacity would be used to process uranium bearing resins from other properties owned by the Corporation in the Powder River Basin. The Corporation also submitted an application to the Wyoming Department for Environmental Quality ("WDEQ") for a mining permit in October 2007.

The NRC and WDEQ technical reviews of the application to build and operate an in situ uranium recovery facility at the Moore Ranch Project are currently in progress and the Corporation expects to receive the licence and permit during 2009. The NRC held a public meeting at the Corporation's Casper, Wyoming office in September 2008 to discuss two of the Corporation's responses to the NRC requests for additional information. Subsequently, in October 2008, the Corporation submitted the third set of responses to the NRC requests for additional information on the Moore Ranch Project.

Other Powder River Basin properties, where delineation drilling and environmental data collection for permitting purposes is ongoing, include the Ludeman, Allemand-Ross and Peterson projects. Constructive meetings to introduce the Corporation's plans for the Ludeman/Peterson Projects were held in Glenrock, Wyoming with mineral/surface owners, the public directly adjacent to the proposed project boundary and the Converse County Commissioners in October 2008.

GREAT DIVIDE BASIN, WYOMING

The Corporation's principal properties in the Great Divide Basin in Wyoming are the JAB and Antelope projects. JAB has a NI 43-101 compliant measured and indicated resource suitable for in situ recovery.

Permitting: A central processing facility is planned for construction at the Antelope project, with a satellite facility installed at JAB. The central processing facility is planned to have a capacity of 2 million pounds of U₃O₈ per year. In addition to processing resin from the satellite plant on JAB, the Antelope central processing facility would have the capacity to accept resins from other Uranium One projects in the Great Divide Basin. Those potential projects include Twin Buttes, Cyclone Rim, West JAB, Stewart Creek, Crooks Creek and Bull Springs.

In July 2008, the Corporation submitted applications to the NRC and WDEQ for the licence and permits to construct and operate an in situ uranium recovery facility for Antelope and JAB. Two of the four new pending ISR applications now before the NRC and WDEQ are the Corporation's Moore Ranch and JAB/Antelope projects.

Delineation and exploration: An extensive drilling program comprising 261 holes was concluded at JAB during 2007 to supplement the data from approximately 1,600 historic holes. Delineation drilling of the Antelope area, to supplement the data from approximately 4,000 historic holes, was initiated in late 2007, but was ceased in February 2008 due to heavy snow in the Great Divide Basin. Delineation drilling resumed at Antelope in August 2008 with 115 holes drilled to date. Another 100 holes are planned through the remainder of Q4 2008.

HOBSON AND LA PALANGANA

The Hobson Facility is an ISR uranium processing facility located about one mile south of the town of Hobson in Karnes County, Texas. The refurbishment of the processing plant to a capacity of a nominal 1,000,000 pounds of U_3O_8 per year of dried natural uranium concentrates was completed in July 2008. The processing plant is ready to accept uranium loaded resins from the Corporation's La Palangana Uranium Project and other external sources.

The Palangana Uranium Project is located about five miles north of the town of Benavides in Duval County, Texas. The ISR amenable deposit is currently in the permitting stage of development. The updated mine plan for La Palangana is based on the recovery of a nominal 0.7 million pounds U_3O_8 of proven and probable reserves from the first and second production areas off the east side of the Palangana dome and does not include the previously reported 5.8 million pounds of U_3O_8 of 43-101 compliant inferred resources. An impairment of \$83.4 million was recognized on Hobson and La Palangana in Q3 2008, to account for the reduction in the fair value of the Hobson facility and the reduction in the recoverable resources in the Palangana mine plan.

The Corporation has applied to the Texas Commission on Environmental Quality for all permits necessary to conduct ISR operations and construct and operate a satellite plant to produce uranium-laden resins which will then be shipped to the Hobson facility for further processing. Due to new regulatory requirements providing for additional public participation in the permitting process, the Corporation expects to receive such permits Q3 2009 instead of 2008. In particular, the Radioactive Materials Licence is required before construction of the satellite plant can commence.

While the Corporation advances its permit applications it will proceed to identify, explore and acquire additional development areas to provide feedstock for the Hobson facility. The Corporation expects to identify such additional development areas within the next two years. Pending receipt of all necessary permits and the identification of additional development areas, the Corporation has decided to defer further capital expenditure and related expenses for La Palangana.

UNITED STATES CONVENTIONAL URANIUM PROPERTIES

The Corporation is continuing to assess the resource potential of conventional uranium properties mainly in Utah, Colorado and Arizona. These properties include the Corporation's Frank M, Velvet Woods and Breccia Pipes properties. Depending on the outcome of the assessment of the resource potential, there are several options available to the Corporation, including refurbishing and restarting the Shootaring Canyon Mill, toll treatment through nearby processing facilities, entering into joint venture arrangements or disposing of these properties.

The Corporation concluded that the Shootaring Canyon Mill cannot be operated economically with the current available resource base and has fully written down the carrying value of the mill, due to it having a negligible salvage value. The impairment was \$47.8 million. Care and maintenance costs for the mill are expected to be approximately \$1.3 million per year.

The Corporation does not plan any capital expenditure on its conventional uranium properties during the remainder of 2008 or 2009.

REVIEW OF DEVELOPMENT PROJECTS – AUSTRALIA

HONEYMOON URANIUM PROJECT

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

The Corporation agreed with Mitsui & Co., Ltd. of Japan to create joint ventures in relation to the Australian assets of the Corporation. Under the agreement, Mitsui will acquire a 49% interest in the Honeymoon project and the company's Australian exploration portfolio. This includes the Goulds Dam and Billeroo projects, as well as other prospective tenements on the Stuart Shelf and the Eyre Peninsula.

The total minimum cash commitment from Mitsui will be approximately \$82 million (A\$104 million) for its share of Uranium One Australia's business. The majority of these funds will be used to advance the development of the Honeymoon project through to commercial production in 2010.

The transaction remains subject to certain regulatory approvals, including Australian Government regulatory approvals, which are expected by the end of the year.

The Honeymoon Project has a design capacity of 880,000 pounds of U₃O₈ per year, with an expected mine life of six years. The revised capital expenditure estimate for the construction of Honeymoon is A\$118 million, of which A\$36 has been spent to date, on a 100% basis.

Permitting: The Corporation received full approval for its mining operations at Honeymoon in January 2008. The South Australian Government approved the 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.

Construction: The conclusion of an engineering, procurement and project management contract, as well as final planning of the construction and operation of the project is expected to take place in Q4 2008 and assuming that the Mitsui transaction closes by January 1, 2009, site development will resume early in 2009.

Production from Honeymoon is expected to commence late in 2010.

An impairment of \$194.9 million has been recorded against the Corporation's Australian assets, to reflect the fair value ascribed to these assets in the Mitsui transaction.

EXPLORATION PROJECTS

The Corporation is exploring its other properties and has current exploration programs in progress on its properties in South Africa, the western United States, Canada and Australia.

Impairments of \$702.8 million were recognized on various United States exploration properties, and corporate and other assets, due to factors including economic feasibility, metallurgical recovery, licencing and environmental issues.

CORPORATE

CREDIT FACILITY

The Corporation concluded a senior secured revolving credit facility at the end of Q2 2008.

Under the terms of the facility, the Corporation has the ability to borrow up to \$100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia (the "Banks"). The facility has a two year term, and may be extended for a further year with lender consent.

The Corporation has made a drawdown of \$65 million under the credit facility on October 20, 2008. The loan currently bears interest at 3.8% per year. A letter of credit in the amount of \$12.9 million was issued under the credit facility on September 25, 2008 as security for a uranium loan of 200,000 pounds of U₃O₈. Undrawn amounts under the facility are subject to a commitment fee of approximately 0.45%.

Draw downs under the facility may be used for general corporate purposes, including working capital requirements and funding capital expenditures and acquisitions. The Corporation incurred costs of \$5.7 million in setting up the facility, which was deferred and will be amortized on a straight line basis over the initial period of the loan.

Pursuant to the Credit Facility the Corporation has to maintain an interest coverage ratio, measured on a rolling four quarter basis, of at least 2.5:1. The interest coverage ratio is calculated as the ratio of the Corporation's earnings before interest, taxes, share based compensation, depreciation and depletion and other non-cash items to interest paid. The Corporation's interest coverage ratio for Q3 2008, calculated in accordance with the credit agreement, was 7.1:1.

SALE OF SHAREHOLDING IN AFLEASE GOLD

On March 27, 2008, the Corporation entered into an agreement to sell its shareholding in Alease Gold. On April 8, 2008 the Corporation sold 152.2 million Alease Gold shares for \$41.3 million, decreasing the Corporation's ownership to 38% of the common shares of Alease Gold. An option granted to the purchaser to acquire Uranium One Africa's remaining shareholding in Alease Gold lapsed on May 8, 2008. In the first quarter of 2008, the Corporation's investment in Alease Gold was written down to its fair value, based on a combination of the contracted sales price and the market price on the JSE. The impairment, net of future income taxation recovery, amounted to \$103.5 million.

During June 2008, the Corporation sold an additional 9.1 million Alease Gold shares for \$2.8 million, decreasing the Corporation's shareholding to 36%. The Corporation realized a gain of \$0.7 million on the sale of these shares. The tax on these transactions was set off against the tax loss carry-forwards of Uranium One Africa Limited, a wholly owned subsidiary of the Corporation.

The assets and liabilities of Alease Gold have been classified as discontinued operations for all periods presented in the Corporation's financial statements. As a result of the Corporation's partial disposal of its interest in Alease Gold, consolidation of Alease Gold is no longer appropriate. The Corporation has equity accounted for its investment in Alease Gold for the three months ended September 30, 2008 and its share of Alease Gold's earnings is recorded in the discontinued operations line in the consolidated statement of operations for the three months ended September 30, 2008. The Corporation's net equity investment in Alease Gold is recorded as discontinued operations (non-current assets) in the consolidated balance sheet as at September 30, 2008. The Board of Directors has approved the sale of the remaining portion of Uranium One Africa's shareholding in Alease Gold.

SALE OF NON-CORE ASSETS

During Q2 2008, Uranium One Africa disposed of its shareholding of 8.6 million shares in Randgold and Exploration Company Limited ("Randgold") for proceeds of approximately \$13.0 million. In 2005 Randgold was de-listed by the NASDAQ and suspended by the JSE for failure to file audited financial statements for its 2004 financial year. The Corporation therefore attributed no value to these shares during the business combination between Uranium One and UrAsia Energy on April 20, 2007. Taxes of \$1.5 million on the capital gain realized on the sale were set off against tax loss carry-forwards of Uranium One Africa.

The Corporation sold other available for sale securities for net cash proceeds of \$11.9 million during the nine months ended September 30, 2008. A loss of \$5.5 million was realized on the sale of these securities. Tax of \$0.9 million on the capital gain was set off against the Corporation's tax loss carry-forwards.

In March 2008 the Corporation decided to sell non-core properties and as a result certain exploration properties are classified as held for sale as at September 30, 2008. The Corporation has received letters of intent from potential buyers to acquire certain of these properties. These assets held for sale have been written down to their estimated fair value, less selling costs, resulting in a total impairment charge of \$119.2 million and a future income tax recovery of \$25.3 million.

URANIUM LOAN AGREEMENT

The Corporation entered into a loan agreement to borrow 200,000 pounds of U₃O₈ on September 30, 2008 to be repaid on September 30, 2010 to provide flexibility to meet contractual obligations. Pursuant to the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed material.

SUMMARY OF QUARTERLY RESULTS

(US dollars in thousands except per share and per lb amounts)	3 months ended							2 months ended
	Sep 30 2008	Jun 30 2008	Mar 31 2008	Dec 31 2007	Sep 30 2007	Jun 30 2007	Mar 31 2007	Dec 31 2006
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	56,723	49,390	22,517	61,010	8,019	23,265	41,730	46,256
Net (loss) / earnings from continuing operations ⁽²⁾	(2,013,684)	(68,195)	(10,315)	5,880	(16,980)	(13,108)	7,971	(6,228)
Basic and diluted (loss) / earnings per share from continuing operations ⁽¹⁾⁽²⁾	(4.30)	(0.15)	(0.02)	0.01	(0.04)	(0.04)	0.04	(0.03)
(Loss) / earnings from discontinued operations ⁽²⁾	(567)	274	(104,555)	(509)	(277)	(586)	-	-
Basic and diluted loss per share from discontinued operations ⁽²⁾	(0.00)	0.00	(0.22)	(0.00)	(0.00)	(0.00)	-	-
Net (loss) / earnings	(2,014,251)	(67,921)	(114,870)	5,371	(17,257)	(13,694)	7,971	(6,228)
Basic and diluted (loss) / earnings per share	(4.30)	(0.15)	(0.24)	0.01	(0.04)	(0.04)	0.04	(0.03)
Total assets	1,995,911	4,970,117	5,052,346	5,612,897	5,710,605	4,247,176	999,950	971,618

Notes:

- (1) The basic and diluted earnings / loss per share are computed separately for each quarter presented and therefore may not sum to the year ended December 31, 2007.
- (2) With the classification of Alease Gold as a discontinued operation in Q1 2008, the operating results of Alease Gold for periods up to Q1 2008 were reclassified from previously reported headings to earnings / (loss) from discontinued operations. The net impairment on Alease Gold of \$103.5 million in Q1 2008 is also reported under this heading.

NON-GAAP MEASURES

ADJUSTED NET EARNINGS / LOSS

The Corporation has included non-GAAP performance measures, adjusted net earnings / loss and adjusted net earnings / loss per share throughout this document. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. The following table provides a reconciliation of adjusted net earnings / loss to the financial statements:

	3 months ended		9 months ended	
	Sep 30 2008	Sep 30 2007	Sep 30 2008	Sep 30 2007
	\$(000's)	\$(000's)	\$(000's)	\$(000's)
Net loss from continuing operations	(2,013,684)	(16,980)	(2,092,192)	(22,117)
Unrealized foreign exchange loss on future income tax liabilities	2,725	2,009	1,416	16,786
Gain on sale of available for sale securities (net of tax of \$2,397)	-	-	(5,070)	-
Impairment of mineral interests, plant and equipment (net of future income tax recovery of \$814,250)	2,002,628	-	2,002,628	-
Impairment of assets held for sale (net of tax of \$1,461/\$25,341)	12,639	-	93,848	-
Adjusted net earnings / (loss)	4,308	(14,971)	630	(5,331)
Adjusted net earnings / (loss) per share – basic and diluted (\$)	0.01	(0.04)	0.00	(0.02)
Weighted average number of shares (thousands) – basic and diluted	468,518	422,308	468,047	324,894

AVERAGE REALIZED SALES PRICE PER POUND OF U₃O₈ AND COST PER POUND OF U₃O₈ SOLD

The Corporation has included non-GAAP performance measures throughout this document: average realized sales price per pound of U₃O₈ and cost per pound of U₃O₈ sold. The Corporation reports total cash costs on a sales basis. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. Accordingly, it is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. As in previous periods, sales per pound of U₃O₈ and cost per pound of U₃O₈ sold are calculated by dividing the *Revenues* and *Operating expenses* found in the Statement of Operations in the Consolidated Financial Statements by the pounds of U₃O₈ sold in the period.

RESULTS OF OPERATIONS AND DISCUSSION OF FINANCIAL POSITION

SELECTED FINANCIAL INFORMATION

The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with GAAP. Uranium One and its operating subsidiaries use the United States dollar, the South African rand, the Australian dollar and the Canadian dollar as measurement currencies.

(US dollars in thousands except per share and per lb amounts)	3 months ended		9 months ended	
	Sep 30 2008 \$	Sep 30 2007 \$	Sep 30 2008 \$	Sep 30 2007 \$
Revenue	56,723	8,019	128,630	73,014
Loss from continuing operations ⁽¹⁾	(2,013,684)	(16,980)	(2,092,192)	(22,117)
Loss from discontinued operations ⁽¹⁾	(567)	(277)	(104,849)	(863)
Net loss	(2,014,251)	(17,257)	(2,197,041)	(22,980)
Adjusted net earnings / (loss)	4,308	(14,971)	630	(5,331)
Cash flows from operating activities	26,471	2,751	35,567	33,689
Loss per share from continuing operations ⁽¹⁾	(4.30)	(0.04)	(4.47)	(0.07)
Loss per share from discontinued operations ⁽¹⁾	(0.00)	(0.00)	(0.22)	(0.00)
Loss per share	(4.30)	(0.04)	(4.69)	(0.07)
Adjusted net earnings / (loss) per share	0.01	(0.04)	0.00	(0.02)
Product inventory carrying value ⁽²⁾	5,331	19,816	5,331	19,816
Total assets	1,995,911	5,710,605	1,995,911	5,710,605
Long term financial liabilities	732,378	1,986,347	732,378	1,986,347
Average realized uranium price per lb of U ₃ O ₈	67	115	71	79
Average U ₃ O ₈ spot price per lb	61	95	65	102
	lbs of U₃O₈	lbs of U₃O₈	lbs of U₃O₈	lbs of U₃O₈
Attributable sales volume	848,100	70,000	1,817,000	919,500
Attributable production volume	482,400	451,600	1,349,200	1,391,800
Attributable inventory ⁽²⁾	232,800	1,007,000	232,800	1,007,000

Notes:

(1) With the classification of Afilease Gold as a discontinued operation in Q1 2008, the operating results of Afilease Gold for periods up to Q1 2008 were reclassified from previously reported headings to earnings / (loss) from discontinued operations.

(2) Inventory as at September 30, 2008 is attributable to the Akdala Uranium Mine. Pre-commercial production from the Corporation's development projects are capitalized to the project as pre-production capital expenditure.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2008

URANIUM SALES, INVENTORY AND OPERATING COSTS

The spot price of U₃O₈ reached record levels during Q2 2007 with a closing price of \$136 per pound of U₃O₈ at the end of Q2 2008. Since then it has steadily declined, reaching a low of \$57 per pound of U₃O₈ in June and closing at \$53 per pound of U₃O₈ at September 30, 2008. As the majority of the Corporation's sales contracts are related to the spot price of U₃O₈ at the time of delivery, fluctuations in the spot price of U₃O₈ have a direct impact on the Corporation's revenue.

Pursuant to existing contracts, the Corporation had attributable sales of 848,100 pounds of U₃O₈ during Q3 2008, compared to 70,000 pounds of U₃O₈ in Q3 2007. The Corporation's attributed share of revenue from sales in Q3 2008 amounted to \$56.7 million, compared to \$8.0 million in Q3 2007, with the higher sales volume partially offset by a 36% decrease in the average realized uranium price per pound of U₃O₈ compared to Q3 2007.

The average realized price per pound of U₃O₈ sold in Q3 2008 was \$67, compared to an average spot price per pound of U₃O₈ of \$61 in the quarter. The average realized price per pound of U₃O₈ sold in Q3 2007 was \$115, compared to an average spot price per pound of U₃O₈ of \$95 in Q3 2007.

Earnings from mining operations were \$36.6 million in Q3 2008 after the deduction of operating expenses of \$11.8 million (\$14 per pound of U₃O₈ sold) and depreciation and depletion charges of \$8.3 million (\$10 per pound of U₃O₈ sold). During Q3 2008 attributable inventory decreased by 387,700 pounds of U₃O₈ as more U₃O₈ was delivered into sales contracts than the production for the quarter.

In Q3 2007, earnings from mining operations were \$6.3 million after the deduction of operating expenses of \$0.7 million (\$9 per pound of U₃O₈ sold) and depletion costs of \$1.1 million (\$15 per pound of U₃O₈ sold).

GENERAL AND ADMINISTRATIVE COSTS

General and administrative expenses, including stock option and restricted share expenses of \$3.0 million, amounted to \$10.6 million for Q3 2008, compared to \$28.4 million for Q3 2007, including stock option and restricted share expenses of \$15.4 million. The expense in Q3 2007 was higher than usual mainly due to the increased costs associated with the business combinations between Uranium One, UrAsia Energy and Energy Metals Corp. Stock-based compensation was unusually high in Q3 2007, due to the revaluation of options acquired during the business combinations. The general and administrative expense for Q3 2008 includes salaries of \$4.2 million and consulting fees of \$0.7 million.

EXPLORATION

Exploration expenditure relates to exploration programs being undertaken on the Corporation's licence areas in the United States, South Africa, Canada, Australia and the Kyrgyz Republic and amounted to \$5.4 million in Q3 2008 compared to \$4.8 million in Q3 2007.

INTEREST INCOME AND EXPENSE

Interest income amounted to \$2.7 million for Q3 2008, compared to \$5.8 million for Q3 2007. In addition to the interest earned on loans to joint ventures, interest is earned on funds held on deposit by the Corporation. The Corporation's consolidated cash balance decreased from \$267.7 million at the end of Q3 2007 to \$98.9 million at the end of Q3 2008, which together with a decrease in yields on cash invested, contributed to the decrease in interest income.

Interest expense of \$4.2 million for Q3 2008 includes interest of \$4.0 million accrued on the convertible debentures and \$0.2 million on other liabilities. The interest expense of \$5.9 million in Q3 2007 reflects the interest accrued on the convertible debentures of \$3.7 million, interest on short term loans from Nedcor Securities of \$2.1 million and interest on other long term debt of \$0.1 million. The Nedcor Securities loans were repaid in September 2007.

Charges related to the Corporation's credit facility were \$0.9 million in Q3 2008.

IMPAIRMENT OF MINERAL INTERESTS, PLANT AND EQUIPMENT

The Corporation completed a detailed planning process in Q3 2008, including life of mine planning and a three year budget. Due to several indicators of impairment, the Corporation performed impairment testing during this period and impairments were recognized on several projects.

A significant deterioration in Dominion's economics associated with the continuing decline in uranium prices over the last year and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production were the major factors that contributed to the Corporation's decision to place the Dominion project on care and maintenance. The fair value of Dominion at September 30, 2008 has been estimated as its salvage value of \$50.5 million and an impairment of \$1.8 billion has been recognized. A future income tax recovery of \$474.7 million has been recorded, reducing the net impairment to \$1.3 billion.

The Corporation carries an unrealized foreign exchange translation loss of \$238.5 million in accumulated other comprehensive losses on the Corporation's balance sheet in respect of Uranium One Africa Limited, a fully owned subsidiary of the Corporation that owns Dominion. This unrealized loss was not taken into account in the determination of the impairment on Dominion and will only be realized in the Corporation's statement of operations on disposal of the interest in Uranium One Africa Limited.

The Corporation agreed with Mitsui & Co., Ltd. of Japan to create joint ventures in relation to the Australian assets of the Corporation. Under the agreement, Mitsui will acquire a 49% interest in the Honeymoon project and the company's Australian exploration portfolio. As the transaction value was below the carrying value of these assets, it was tested for impairment. Honeymoon and the Australian exploration properties were consequently written down to the implied transaction value, less transaction costs. An impairment of \$194.9 million has been recorded. A future income tax recovery of \$59.2 million reduced the net impairment to \$135.7 million.

From the mine planning process in the United States it was concluded that the Palangana project has an estimated fair value of \$6.2 million, which was substantially lower than its carrying value. The downward revision in value was due to materially lower than anticipated recoverable resources at La Palangana. In light of the reduced recoverable resources, the Corporation decided to place the Hobson facility on care and maintenance and postpone the development of La Palangana until additional feed for Hobson has been identified. An impairment of \$83.4 million has been recognized on Hobson and La Palangana, with an associated future income tax recovery of \$19.0 million, for a net impairment of \$64.4 million.

The Corporation concluded that the Shootaring Canyon Mill cannot be operated economically with the current available resource base and has fully written down the carrying value of the mill, due to it having a negligible salvage value. The impairment was \$47.8 million. Further impairments of \$702.8 million were recognized on various United States exploration properties, and corporate and other assets, due to factors including economic feasibility, metallurgical recovery, licencing and environmental issues. The impairment net of a future income tax recovery of \$261.3 million was \$441.5 million.

The total impairment of mineral interests, plant and equipment for Q3 2008 therefore amounted to \$2.8 billion, with future income tax recoveries of \$814.3 million. The impairment, net of future income tax recoveries, amounted to \$2.0 billion.

IMPAIRMENT OF ASSETS HELD FOR SALE

The Corporation carries assets held for sale at fair value. The fair value of these assets was determined to be \$2.6 million at September 30, 2008 and an impairment of \$12.6 million (net of a future income tax recovery of \$1.5 million) was recognized in Q3 2008.

FOREIGN EXCHANGE GAIN / LOSS

The net foreign exchange loss during Q3 2008 amounted to \$2.8 million and consisted of a \$2.7 million unrealized exchange loss arising from translation of the future income tax liability in respect of the Corporation's investment in Kazakhstan, which increased as result of a strengthening of the Kazakhstan tenge against the US dollar during the quarter, a realized loss of \$1.1 million and an unrealized gain on other items of \$1.0 million. For Q3 2007, a foreign exchange gain of \$10.7 million was recorded.

INCOME TAXES

Current income tax expense for Q3 2008 was \$16.0 million and represents taxes paid and payable in Kazakhstan on profits from the Corporation's Akdala Uranium Mine. In Q3 2007 a \$2.0 million income tax expense was recorded for the Akdala Uranium Mine.

The future income tax recovery during Q3 2008 of \$818.8 million consists of \$3.1 million arising from a recovery of the future income tax liability related to the acquisition of the Akdala mine, a future income tax recovery of \$814.3 million on impairments recognized on mineral interests, plant and equipment, as well as an increase in future income tax assets due to temporary differences and tax loss carry forwards. In Q3 2007, a recovery of future income taxes of \$0.7 million was recorded, being mainly a recovery of the future income tax liability related to the acquisition of the Akdala mine.

LOSS FROM DISCONTINUED OPERATIONS

The Corporation's estimated share of Alease Gold's net loss for Q3 2008 was \$0.6 million, compared with \$0.3 million in Q3 2007.

NET LOSS FOR THE PERIOD

The net loss for Q3 2008 amounted to \$2.0 billion or \$4.30 per share (basic and diluted), compared to a net loss of \$17.3 million or \$0.04 per share (basic and diluted) for Q3 2007.

NINE MONTHS ENDED SEPTEMBER 30, 2008

URANIUM SALES, INVENTORY AND OPERATING COSTS

Revenue from uranium sales attributable to the Corporation during the nine months ended September 30, 2008 amounted to \$128.6 million for approximately 1,817,000 pounds of U₃O₈ sold. Mining operations reflected a pre-tax income of \$85.9 million after the deduction of operating expenses of \$24.5 million and depreciation and depletion charges of \$18.2 million. Revenue from attributable uranium sales during the nine months ended September 30, 2007 amounted to \$73.0 million for approximately 919,500 pounds of U₃O₈ sold. Mining operations reflected a pre-tax income of \$55.3 million after deduction of production and depletion costs totalling \$17.7 million.

The average unit price received for sales in the nine month period ended September 30, 2008 was \$71 per pound of U₃O₈. The average price obtained in the nine months ended September 30, 2007 was \$79 per pound of U₃O₈. The average spot price per pound of U₃O₈ was \$65 for the nine months ended September 30, 2008 and \$102 for the nine months ended September 30, 2007.

Operating expenses for the nine month period ended September 30, 2008 were \$24.6 million or approximately \$14 per pound of U₃O₈ sold. Operating expenses during the nine months ended September 30, 2007 were \$9.8 million or \$11 per pound of U₃O₈ sold. The average unit cost of depletion was \$10 per pound of U₃O₈ sold in the nine months ended September 30, 2008 compared to \$9 per pound for the of U₃O₈ sold in the nine months ended September 30, 2007.

GENERAL AND ADMINISTRATIVE COSTS

General and administration expenses of \$39.8 million were recorded for the nine months ended September 30, 2008 compared to \$51.1 million in the nine months ended September 30, 2007. General and administration costs are in line with expectations.

Stock option and restricted share expense included in general and administration costs of \$13.6 million was recorded for the nine months ended September 30, 2008 compared to \$28.4 million for the nine month period ended September 30, 2007.

EXPLORATION

Exploration expenditure relates to exploration programs being undertaken on the Corporation's licence areas in the United States, South Africa, Canada, Australia and the Kyrgyz Republic and amounted to \$12.1 million during the nine months ended September 30, 2008 compared to \$10.6 million during the nine months ended September 30 2007.

INTEREST INCOME AND EXPENSE

Interest income amounted to \$8.5 million for the nine months ended September 30, 2008, compared to \$11.2 million for the nine months ended September 30, 2007. In addition to the interest earned on loans to joint ventures, interest is earned on funds held on deposit by the Corporation.

Interest expenses of \$11.9 million for the nine months ended September 30, 2008 include interest accrued on the convertible debentures of \$11.6 million. The interest expense of \$8.9 million for the nine months ended September 30, 2007 reflects the interest accrued on the convertible debentures and interest paid on the short term loans from Nedcor Securities.

Charges related to the Corporation's credit facility were \$0.9 million for the nine months ended September 30, 2008.

IMPAIRMENT OF ASSETS HELD FOR SALE

The Corporation carries assets held for sale at fair value. The fair value of these assets was determined to be \$2.6 million at September 30, 2008 and an impairment of \$93.8 million (net of a future income tax recovery of \$25.3 million) was recognized in the nine months ended September 30, 2008.

GAIN ON SALE OF AVAILABLE FOR SALE SECURITIES

A gain of \$7.5 million was realized on the disposal of available for sale securities, including the Corporation's investment in Randgold during the nine months ended September 30, 2008. Taxes of \$2.4 million on the profits realized were offset against available tax loss carry forwards.

There were no sales of available for sale securities during the nine months ended September 30, 2007.

FOREIGN EXCHANGE GAIN / LOSS

The net foreign exchange loss for the nine months ended September 30, 2008 amounted to \$3.0 million and consisted of a realized loss of \$4.9 million and a \$1.4 million unrealized exchange loss arising from translation of the future income tax liability in respect of the Corporation's investment in Kazakhstan, which increased as result of a strengthening of the Kazakhstan tenge against the US dollar during the nine months, offset by an unrealized gain of \$3.3 million. For the nine months ended September 30, 2007, a foreign exchange loss of \$2.7 million was recorded.

INCOME TAXES

Current income tax expense for the nine months ended September 30, 2008 was \$39.9 million and represents taxes paid and payable in Kazakhstan on profits from the Corporation's Akdala Uranium Mine of \$37.6 million and \$2.3 million on the capital gains from the disposal of available for sale securities. For the nine months ended September 30, 2007 a \$22.3 million income tax expense was recorded, mainly for the Akdala Uranium Mine.

The future income tax recovery for the nine months ended September 30, 2008 of \$848.9 million arises from a recovery of the future income tax liability related to the acquisition of the Akdala mine of \$6.8 million, a future income tax recovery of \$814.3 million on impairments recognized on mineral interests, plant and equipment, a future income tax recovery of \$25.3 million on impairments recognized on assets held for sale, as well as an increase in future income tax assets due to temporary differences and tax loss carry forwards. In the nine months ended September 30, 2007, a recovery of future income taxes of \$5.1 million was recorded, being a recovery of the future income tax liability related to the acquisition of the Akdala mine.

LOSS FROM DISCONTINUED OPERATIONS

Aflease Gold was classified as a discontinued operation in Q1 2008 and all items related to Aflease Gold in the Statement of Operations were separated from normal operations. The net loss from discontinued operations of \$104.8 million includes an impairment charge, net of tax, of \$103.5 million.

NET LOSS FOR THE PERIOD

The net loss for the nine months ended September 30, 2008 amounted to \$2.2 billion or \$4.69 per share, compared to a net loss of \$22.9 million or \$0.07 per share during the nine months ended September 30, 2007.

FINANCIAL CONDITION

On September 30, 2008, the Corporation had cash and cash equivalents of \$98.9 million, compared to \$159.6 million at December 31, 2007. Due to the fact that Alease Gold was treated as a discontinued operation from Q1 2008, cash held by Alease Gold is not included in the consolidated cash balance of the Corporation and cash held by Alease Gold as at December 31, 2007 was included in the Current assets of discontinued operations line on the Consolidated Balance Sheet for December 31, 2007.

Inventories increased to \$23.4 million from the \$21.0 million held at December 31, 2007, due to a stockpile with a net realizable value of \$6.6 million being reclassified as a current asset and an increase in materials and supplies of \$6.4 million, partially offset by a decrease of \$10.6 million in finished uranium concentrates and solutions and concentrates in process. The reclassification of the stockpile was due to the decision to toll treat the stockpile at the Shootaring Mill during the next twelve months. Materials and supplies increased in line with higher inventories of spares used in the maintenance of the Corporation's drill rigs deployed in Kazakhstan and increased consumables inventory at Kharasan and South Inkai. The Corporation intensified its drill rig maintenance program to increase current drill rig performance. As at September 30, 2008 the Corporation had attributable inventory of 232,800 pounds of U₃O₈ of which approximately 53,100 pounds is held in the form of saleable product. The saleable product on hand as at September 30, 2008, is committed for delivery under existing sales contracts subsequent to quarter end. Shipping times for finished product can be up to four months, depending on the distance between the mine site and conversion facility, where sales are concluded through transfer of legal title and ownership.

Inventory as at September 30, 2008 is attributable to the Akdala Uranium Mine. Pre-commercial production from the Corporation's development projects are not accounted for as inventory. Attributable material produced and on hand from the Corporation's development projects at September 30, 2008 amounted to 572,500 pounds of U₃O₈ at South Inkai and 172,200 pounds of U₃O₈ at Dominion.

A summary of Akdala's attributable inventory carried at the end of Q3 2008 is as follows:

Category	Location	Lbs of U ₃ O ₈ (000's)
In process	Mine site	19.0
In process	External processing facilities	39.2
In transit	In transit	121.5
Finished product ready to be shipped	External processing facilities	0.0
Finished product at conversion facility	Conversion facilities	53.1
Total inventory		232.8

Short term loans advanced to Betpak Dala, of which \$17.0 million was outstanding at December 31, 2007, were repaid in full by February 9, 2008. Scheduled repayments on the loan to Kyzylkum, of \$20.0 million plus interest, were received from Kyzylkum up to September 30, 2008 resulting in an outstanding loan balance of \$54.4 million as at September 30, 2008.

Impairments to mineral interests, plant and equipment, including the Dominion and Honeymoon projects, were \$2.8 billion in Q3 2008, with an associated future income tax recovery of \$814.3 million.

Certain properties, with a carrying value of \$122.2 million and associated future income tax liability of \$25.5 million at December were classified as held for sale in during the period. Total impairments of \$119.2 million were recognized on these properties in nine months ended September 30, 2008, with an associated future income tax recovery of \$25.3 million.

A further decrease in the reporting values of mineral interests, plant and equipment due to a 22% weakening of the South African rand against the US dollar and a 10% weakening of the Australian dollar against the US dollar during the nine months, were offset by cash additions to mineral interests, plant and equipment of \$186.3 million.

Due to the Corporation's decision in Q1 2008 to dispose of Alease Gold, it has been treated as a discontinued operation in comparative periods and its assets and liabilities are therefore presented as follows in December 31, 2007: current assets of \$95.0 million; non-current assets of \$286.6 million; current liabilities of \$5.2 million; and non-current liabilities of \$183.1 million, for a net asset value of \$193.2 million. The decrease in the December 31, 2007 carrying value to the carrying value of \$29.8 million as at September 30, 2008 mainly consist of an impairment of \$103.5 million, and the sale of shares with a carrying value of \$27.8 million.

The Corporation carries 200,000 pounds of U₃O₈ pursuant to a uranium loan agreement to provide the Corporation with flexibility to meet its long term contractual obligations in terms of future uranium sales contracts. A non-current asset of \$10.6 million has been recognized in respect of the borrowed uranium concentrates, together with a corresponding non-current liability of \$10.2 million to reflect the liability to repay the material on September 30, 2010.

The decrease in current liabilities from December 31, 2007 can mainly be attributed to a decrease in taxes payable in Kazakhstan on the profits from the Akdala Uranium Mine.

Long term liabilities (excluding the long term liabilities associated with Alease Gold) decreased by \$934.2 million from December 31, 2007 primarily due to a decrease in future income tax liabilities of \$951.8 million, which mainly results from future income tax recovery arising on the impairment of assets of \$814.3 million, and fluctuations in foreign exchange rates, partly offset by the increase in the Corporation's 30% proportionate share of the Kyzylkum finance facility of \$11.6 million and the amount outstanding in respect of borrowed uranium concentrates of \$10.6 million.

Changes in shareholders' equity consist mainly of the net loss for the nine months of \$2.2 billion and a foreign translation loss on the translation of continuing self-sustaining foreign operations during the nine months, mainly in South Africa, of \$285.7 million.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2008 the Corporation had working capital of \$142.6 million. Included in this amount are cash and cash equivalents of \$98.9 million, which includes the proportionate share of the Corporation's cash and cash equivalents at its joint venture operations in Kazakhstan. The interest earned on these cash balances will be applied to existing commitments in respect of the Corporation's development projects and other current commitments. Approximately 70% of the Corporation's cash balances were held in United States dollar at September 30, 2008.

Cash held by the Corporation's joint venture operations are applied to the business of the joint ventures and cash flows between the Corporation and the joint ventures normally only occur through loans to the joint ventures and dividends declared by the joint ventures. The Corporation does not expect to have to advance further funds to its joint venture operations and it expects that Kyzylkum will repay the \$54 million owing to the Corporation according to a fixed repayment schedule ranging from \$1.7 million to \$11.7 million per quarter. The Corporation anticipates receiving its first dividend from Betpak Dala in Q4 2008, with regular dividend payments from Betpak Dala from 2009 onwards.

In addition to working capital at hand and a drawdown of \$65 million under the credit facility subsequent to quarter end, the Corporation has access to \$22.1 million through its credit facility, which was concluded with Bank of Montreal and The Bank of Nova Scotia at the end of Q2 2008. In terms of the credit agreement, the Corporation has to maintain an interest coverage ratio of more than 2.5 on a rolling four quarter basis. The interest coverage ratio is the ratio of the Corporation's earnings before interest, tax, share based compensation, depreciation and depletion and other non-cash items to interest paid. The Corporation's interest coverage ratio for Q3 2008, calculated in accordance with the credit agreement, was 7.1:1.

During Q2 2008, the Corporation received cash proceeds of \$69.1 million through the sale of non-core investments, including a portion of its shareholding in Alease Gold (\$44.1 million), Randgold (\$13.0 million) and other available for sale securities (\$11.9 million). The Corporation remains committed to dispose of other non-core investments, including its remaining shareholding in Alease Gold, valued at approximately \$21 million at a closing share price at November 13, 2008 of ZAR114 per share.

The Corporation earns revenue from the sale of uranium from the operating Akdala Uranium Mine in Kazakhstan. Additional sales revenue will be earned from uranium sales when the Corporation's development projects reach commercial production.

Uranium is sold under forward long-term delivery contracts. Contracted deliveries are planned to be filled from the Corporation's mining operations. The ability to deliver contracted product is therefore dependent upon the continued operation of the mining operations as planned. The Corporation has entered into market related sales contracts with price mechanisms that reference the spot price in effect near the time of delivery. In addition, the Corporation has negotiated floor price protection in most of its sales contracts.

At September 30, 2008, there were outstanding sales commitments for 4,025,000 pounds of U₃O₈ in respect of sales contracts for the Dominion project. The Corporation plans to meet these commitments through inventory at hand from Dominion of approximately 172,200 pounds of U₃O₈, the purchase of material in time for the contracted delivery dates and the assignment of certain of these sales contracts to other group entities. The Corporation has floor price protection in all the Dominion contracts and does not expect to incur material losses in honouring the sales commitments for Dominion.

For Q4 2008, committed sales under contract represent 65% of expected production for the quarter and in 2009, committed sales under contract account for 75% of expected production, without taking any available inventory into account.

Recent disruptions in global credit and financial markets have resulted in a deteriorating economic climate, which led to the asset impairments discussed elsewhere in this document.

In response to these conditions, the Corporation has taken a number of steps, over the past three months following the initial sustained drop in the uranium price, to reduce or defer previously planned capital and corporate expenditures, including placing the Dominion Project on care and maintenance, deferring project start-up at Hobson, obtaining a partner to fund the development of Honeymoon and implementing significant reductions in exploration expenditure and corporate costs across all operations. The Corporation will continue to re-evaluate expenditure to ensure liquidity objectives are met.

The Corporation also drew \$65 million under its credit facility as an internal cash reserve. Therefore, the Corporation's cash resources currently on hand are sufficient to sustain capital and corporate expenditures now planned for the balance of this year and next year in Kazakhstan and the United States. Capital expenditure by Betpak Dala and Kyzylkum are funded through the joint ventures' working capital or third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$82 million (A\$104 million) from Mitsui in 2009.

The Corporation's short term investments have not been affected by current financial market disruptions as these investments are primarily in bearer deposit notes issued and guaranteed mainly by Canadian chartered banks. The Corporation plans on reinvesting the proceeds of these notes on their maturity in similar short term instruments.

The outstanding amount under the credit facility is repayable on June 27, 2010, and the repayment date may be extended, if needed, to June 27, 2011, with lenders' consent. The \$65 million drawdown under the credit facility currently attracts interest of 3.8%, payable on a monthly basis. Uranium One's convertible debentures mature on December 31, 2011. Fixed interest of 4.25% on the debentures is payable semi-annually in arrears.

In addition to the factors described above, Uranium One's ability to raise capital is highly dependent on the commercial viability of its projects and the underlying prices of uranium. Other risk factors, for instance, the Corporation's ability to develop its projects into commercially viable mines, international uranium industry competition, public acceptance of nuclear power and governmental regulation, can also adversely affect Uranium One's ability to raise additional funding. There is no assurance that additional sources of funding, if required, will be forthcoming. Please refer to "Risks and Uncertainties".

CONTRACTUAL OBLIGATIONS

The exclusion of Alease Gold's contractual obligations and the decision to put Dominion on care and maintenance contributed towards significant changes to contractual obligations from December 31, 2007 and revised figures as at September 30, 2008 are as follows:

Contractual obligations (\$'000)	Total	Payments due by period			
		Less than 1 year	1 to 3 years	4 to 5 years	After 5 years
Lease obligations					
- Short term	495	495	-	-	-
- Long term	7,993	392	4,343	1,566	1,692
Total	8,488	887	4,343	1,566	1,692
Kyzylkum long term debt	29,768	-	19,200	10,568	-
Convertible debenture	146,457	-	146,457	-	-
Capital commitments	84,954	55,933	29,021	-	-
Asset retirement obligation	13,613	-	-	-	13,613
Other	1,321	37	-	-	1,284
Total contractual obligations	284,601	56,857	199,021	12,134	16,589

COMMITMENTS AND CONTINGENCIES

There were no significant changes to the Corporation's commitments and contingencies since December 31, 2007.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of November 13, 2008, there were issued and outstanding 469,516,387 common shares. A warrant was issued in connection with the acquisition of the Corporation's interest in Kyzylkum entitling the holder to acquire 6,964,200 shares in Uranium One for no additional consideration upon commencement of commercial production from the Kharasan Uranium Project. Uranium One has reserved a total of 1,971,100 common shares for issuance to third parties under certain property option and joint venture agreements.

As of November 13, 2008, there were 16,226,582 stock options outstanding under Uranium One's stock option plan and the security based compensation plans assumed by the Corporation pursuant to its acquisitions, at exercise prices ranging from C\$1.09 to C\$16.87 and 720,064 restricted shares outstanding.

Uranium One has 155,250 convertible debentures outstanding, each convertible to 50 common shares of Uranium One, representing 7,762,500 common shares.

DIVIDENDS

There have been no dividend payments on the common shares of Uranium One. Holders of common shares are entitled to receive dividends if, as and when declared by the Board of Directors. There are no restrictions on Uranium One's ability to pay dividends except as set out under its governing statute.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, and reported amounts of revenues and expenditures during the reporting period. Note 2 to the Corporation's consolidated financial statements for the year ended December 31, 2007 describes all of the Corporation's significant accounting policies.

NEW / CHANGES IN ACCOUNTING POLICIES

The Corporation's accounting policies have been consistently followed except that the Corporation has adopted the following CICA standards effective January 1, 2008, none of which had a material impact on the Corporation's consolidated financial statements:

(a) Section 3031 – Inventories

The new Section 3031 on inventories replaces Section 3030 and converges with the International Accounting Standard Board's recently amended standard IAS 2, Inventories. The standard introduces significant changes to the measurement and disclosure of inventory. Changes apply to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The main differences between the new section and Section 3030 include measurement of inventories at the lower of cost and net realizable value, with guidance on the determination of cost, including allocation of overhead expenses and other costs to inventory. The new section also requires consistent use of either first in, first out (FIFO) or weighted average cost formula to measure the cost of other inventories and the reversal of previous write downs to net realizable value when there is a subsequent increase in the value of inventories. Inventory policies, carrying amounts, amounts recognized as an expense, write downs and the reversals of write downs are required to be disclosed.

(b) Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation

These sections apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. Section 3862 establishes standards for disclosures about financial instruments and non-financial derivatives. The main features of this Section are requirements for an entity to disclose the significance of financial instruments for its financial position and performance, revised from those of Section 3861. The requirements for disclosures about fair value are revised, but not substantially different, from those of Section 3861. The revised requirements for the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments are more extensive than those of Section 3861. The qualitative disclosures describe management's objectives, policies and processes for managing such risks. The quantitative disclosures provide information about the extent to which the entity is exposed to credit risk, liquidity risk and market risk (i.e., currency risk, interest rate risk, and other price risk). Section 3863 carries forward, unchanged from Section 3861, standards for presentation of financial instruments and non-financial derivatives.

(c) Section 1535 – Capital Disclosures

The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. This section will require the Corporation to disclose qualitative information about its objectives, policies and processes for managing capital and quantitative data about what the Corporation regards as capital. It will also be a requirement to disclose whether the Corporation has complied with any externally imposed capital requirements and, if not, the consequences of such non-compliance.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of IFRS relating to fiscal years beginning on or after January 1, 2009 is allowed. Companies will be required to provide IFRS comparative information for the fiscal year immediately preceding the year in which they first adopt IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. The Corporation is currently assessing the impact of this pending change on its financial statements as well as the possibility of early adoption of IFRS.

RISKS AND UNCERTAINTIES

The Corporation's operations and results are subject to various risks and uncertainties. These include, but are not limited to, the following: exploration and mining involves operational risks and hazards; mineral resources and mineral reserves are estimates only; there is no certainty that further exploration will result in new economically viable mining operations or yield new reserves to replace and expand current reserves; Uranium One cannot give any assurance that any of its development projects will become operating mines; or when the Shootaring Canyon Mill, the Hobson Uranium ISR Processing Facility or the Palangana Uranium Project will become fully operational; mineral rights and tenures may not be granted or renewed on satisfactory terms and may be revoked, altered or challenged by third parties; limited supply of desirable mineral lands for acquisition; risks and problems associated with integrating acquisitions; competition in marketing uranium and gold; in the case of uranium, competition from other sources of energy and public acceptance of nuclear energy; volatility and sensitivity to uranium and gold prices; the capital requirements to complete the Corporation's current projects and expand its operations are substantial; currency fluctuations; the Corporation's operations and activities are subject to environmental risks; government regulation may adversely affect the Corporation; the risks of obtaining and maintaining necessary licences and permits; risks associated with foreign operations including, in relation to Kazakhstan, the risk of future sulphuric acid constraints and the risk that the new tax code to be introduced by the Kazakhstan Ministry of Finance by October, 2008 to be effective from January 1, 2009 may adversely affect the Corporation, and in relation to South Africa, sustainable power supply, economic, social and political issues such as employment creation, black economic empowerment and land redistribution, crime, corruption, poverty and HIV/AIDS; the Corporation is dependent on key personnel; and potential conflicts of interest.

In November 2007, the parliament of Kazakhstan enacted legislation, giving the government the right in certain circumstances to renegotiate previously concluded subsoil use permits. Together with its joint venture partner, Kazatomprom, the Corporation has been reviewing the potential impact and application of this legislation. Based on these discussions, the Corporation understands that the legislation is not directed at the uranium mining industry in Kazakhstan.

Uranium One's risk factors are discussed in detail in its Annual Information Form for the year ended December 31, 2007, which is available on SEDAR at www.sedar.com, and should be reviewed in conjunction with this document.

STOCK OPTION AND RESTRICTED SHARE PLANS

During Q3 2008 stock options and restricted share rights activity was as follows:

- No options were granted during the quarter.
- 64,875 options were exercised and 989,273 were forfeit.
- No restricted shares were granted, 1,051 were exercised during the quarter and 43,000 lapsed.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including Uranium One's President and Chief Executive Officer and Chief Financial Officer, so that appropriate decisions can be made regarding public disclosure.

INTERNAL CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its President and Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There have been no material changes in the Corporation's internal control over financial reporting during the quarter ended September 30, 2008 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During the remainder of 2008 and 2009, the Corporation is focused on maintaining production of U_3O_8 from Akdala at current levels, achieving commercial production from its development projects, controlling costs at its operations and remaining a reliable supplier of U_3O_8 to the nuclear fuel industry. The Corporation's attributable production estimate for 2008 has been revised to 2.8 million pounds of U_3O_8 from 3.1 million pounds of U_3O_8 , mainly due to the decision to place Dominion on care and maintenance (down from 320,000 pounds to 169,300 pounds), lower than expected production from South Inkai (down from 910,000 pounds to 765,000 pounds) and the later than expected start up of pre-commercial production at Kharasan (down from 39,000 pounds to 19,000 pounds).

The Corporation's attributable production estimate for 2009 is 3.5 million pounds of U_3O_8 and is made up as follows:

Operation	Status	Total estimated production (lbs of U_3O_8)	Ownership %	Estimated attributable production (lbs of U_3O_8)
Akdala	Producing	2,600,000	70%	1,820,000
South Inkai	Producing	2,140,000	70%	1,500,000
Kharasan	Pre-commercial	650,000	30%	195,000
Totals:		5,390,000		3,515,000

Attributable production for 2010 is estimated to be 5.6 million pounds of U_3O_8 . This includes initial production from the Moore Ranch Project in Wyoming, which is expected to commence during the second half of 2010 and excludes initial production from the Honeymoon Project in Australia.

Attributable production estimates rely on the assumption that the current logistical sulphuric acid constraints experienced in Kazakhstan will continue through Q4 2008 and ease early in 2009 as new and refurbished rail cars are deployed to ease the transport delays currently experienced.

The Corporation will continue to consider opportunities to unlock value from its non-core assets.

The cash cost per pound of U_3O_8 sold in 2008 is expected to be approximately \$14 per pound of U_3O_8 sold from Akdala. During 2009, the average cash cost per pound of U_3O_8 sold is expected to be approximately \$15 per pound of U_3O_8 sold from Akdala. The cash cost per pound of U_3O_8 sold from South Inkai is expected to be on average approximately \$28 in 2009, with a cost per pound sold of approximately \$20 by the end of the year. The increase in the estimated cash cost per pound of U_3O_8 sold from Akdala is attributable to inflationary pressures in Kazakhstan, especially in the mining industry. The Corporation's total contracts for the sale of U_3O_8 amount to 26 million pounds, of which 80% have weighted average floor prices, subject to escalation, of approximately \$45 per pound.

For 2009, the Corporation expects to incur capital expenditures of \$21 million on fully owned development projects in the United States, including \$17 million on Moore Ranch and other Powder River Basin properties and \$4 million on JAB and Antelope in the Great Divide Basin. The Corporation expects to make contributions to the construction of a sulphuric acid plant in Kazakhstan of \$6 million in Q4 2008 and \$6 million in Q1 2009. Capital expenditure by Betpak Dala and Kyzylkum are funded through the joint ventures' working capital or third party debt facilities. The Corporation's Australian joint ventures, including Honeymoon, will be funded from the cash commitment of approximately \$82 million (A\$104 million) from Mitsui in 2009. General and administrative expenses, excluding stock based compensation, are expected to be approximately \$28 million and exploration expenditure is expected to be \$12 million for 2009.

FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium and gold, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, the timing of uranium processing facilities being fully operational, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible shortages of sulphuric acid in Kazakhstan, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the integration of acquisitions, to international operations, to prices of uranium and gold as well as those factors referred to in the section entitled "Risk factors" in Uranium One's Annual Information Form for the year ended December 31, 2007 which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Uranium One expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except in accordance with applicable securities laws.

Readers are advised to refer to independent technical reports for detailed information on the Corporation's material properties. Those technical reports, which are available at www.sedar.com under Uranium One's profile, and also under UrAsia Energy's profile, provide the date of each resource or reserve estimate, details of the key assumptions, methods and parameters used in the estimates, details of quality and grade or quality of each resource or reserve and a general discussion of the extent to which the estimate may be materially affected by any known environmental, permitting, legal, taxation, socio-political, marketing, or other relevant issues. The technical reports also provide information with respect to data verification in the estimation.

This document and the Corporation's other publicly filed documents use the terms "measured", "indicated" and "inferred" resources as defined in accordance with National Instrument 43-101 - Standards of Disclosure for Mineral Projects. United States investors are advised that while these terms are recognized and required by Canadian regulations, the SEC does not recognize them. Investors are cautioned not to assume that all or any part of the mineral deposits in these categories will ever be converted into reserves. In addition, "inferred resources" have a great amount of uncertainty as to their existence and economic and legal feasibility and it cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Investors are cautioned not to assume that all or any part of an inferred resource exists or is economically or legally mineable. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Scientific and technical information contained herein has been reviewed on behalf of the Corporation by Mr. M.H.G. Heyns, Pr.Sci.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President Technical Services of the Corporation, a qualified person for the purposes of NI 43-101.