uraniumone™
investing in our energy

annual financial statements

Audited Annual Consolidated Financial Statements
for the year ended December 31, 2011

uraniumone™
investing in our energy

management's responsibility for financial reporting

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements have been prepared by management and are in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Other information contained in this document has also been prepared by management and is consistent with the data contained in the consolidated financial statements. A system of internal control has been developed and is maintained by management to provide reasonable assurance that assets are safeguarded and financial information is accurate and reliable.

The Board of Directors approves the consolidated financial statements and ensures that management discharges its financial reporting responsibilities. The Board's review is accomplished principally through the Audit Committee, which is composed of non-executive directors. The Audit Committee meets periodically with management and the auditors to review financial reporting and control matters.

"Chris Sattler"

Chris Sattler
Chief Executive Officer

"Graham du Preez"

Graham du Preez
Chief Financial Officer

March 5, 2012

independent auditor's report

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Uranium One Inc.

We have audited the accompanying consolidated financial statements of Uranium One Inc., which comprise the consolidated balance sheets as at December 31, 2011, December 31, 2010 and January 1, 2010, and the consolidated income statements, consolidated statements of comprehensive income / (loss), consolidated statements of changes in equity and consolidated statements of cash flows for the years ended December 31, 2011 and December 31, 2010, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Uranium One Inc. as at December 31, 2011, December 31, 2010 and January 1, 2010, and its financial performance and its cash flows for the years ended December 31, 2011 and December 31, 2010 in accordance with International Financial Reporting Standards.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

March 5, 2012
Toronto, Canada

Uranium One Inc.

Consolidated Income Statements

For the years ended December 31, 2011 and 2010

	Notes	Year ended Dec 31, 2011 US$m	Dec 31, 2010 (note 32) US$m
Revenues		**530.4**	**326.9**
Cost of sales			
Operating expense		(142.6)	(91.9)
Depreciation		(125.2)	(96.3)
Earnings from mine operations		**262.6**	**138.7**
General and administrative	4	(50.4)	(53.0)
Exploration expense		(4.5)	(5.5)
Impairment and care and maintenance		(1.2)	(49.9)
Operating earnings		**206.5**	**30.3**
Finance income	5	7.2	6.1
Finance expense	5	(49.3)	(56.1)
Foreign exchange gain / (loss)		3.9	(1.6)
Fair value adjustments		(2.6)	(36.5)
Corporate development expense		(1.2)	(8.9)
Other		(13.2)	(9.3)
Earnings / (loss) before income taxes		**151.3**	**(76.0)**
Current and deferred income tax expense	17	(62.9)	(77.7)
Net earnings / (loss)		**88.4**	**(153.7)**
Net earnings / (loss) per share			
Basic and diluted		$0.09	$(0.25)
Weighted average number of shares (millions)			
Basic and diluted	21	957.2	611.6

Consolidated Statements of Comprehensive Income / (Loss)

For the years ended December 31, 2011 and 2010

	Notes	Year ended Dec 31, 2011 US$m	Dec 31, 2010 US$m
Other comprehensive income / (loss) for the year			
Unrealized (loss) / gain recognized on translation of foreign operations		(3.1)	8.8
Unrealized loss recognized on Ruble Bonds		(2.0)	-
Unrealized fair value adjustments on available for sale securities, net of tax		-	(0.1)
Total other comprehensive (loss) / income for the year		**(5.1)**	**8.7**
Net earnings / (loss)		88.4	(153.7)
Total comprehensive income / (loss)		**83.3**	**(145.0)**

Uranium One Inc.

Consolidated Balance Sheets

As at December 31, 2011, December 31, 2010 and January 1, 2010

	Notes	As at Dec 31, 2011 US$m	As at Dec 31, 2010 (note 32) US$m	As at Jan 1, 2010 (note 32) US$m
ASSETS				
Current assets				
Cash and cash equivalents	6	619.0	324.4	148.5
Trade and other receivables	7	138.1	103.4	42.4
Inventories	8	91.2	90.0	68.8
Other assets	12	1.6	12.8	23.4
		849.9	**530.6**	**283.1**
Non-current assets				
Mineral interests, property, plant and equipment	9	2,205.3	2,176.9	1,305.0
Goodwill	10	150.7	151.3	-
Loans receivable	11	26.3	28.7	29.3
Other assets	12	71.1	58.9	85.7
		2,453.4	**2,415.8**	**1,420.0**
Total assets		**3,303.3**	**2,946.4**	**1,703.1**
LIABILITIES				
Current liabilities				
Trade and other payables	13	58.3	62.3	45.7
Current tax payable		11.4	13.8	1.6
Interest bearing liabilities	14	52.1	60.1	68.6
Convertible debentures	15	-	151.4	-
Provisions	16	-	-	20.2
Other liabilities	18	13.2	45.9	132.1
		135.0	**333.5**	**268.2**
Non-current liabilities				
Interest bearing liabilities	14	516.3	86.2	47.6
Convertible debentures	15	214.4	208.7	140.9
Provisions	16	79.5	65.1	74.5
Deferred tax liabilities	17	336.9	350.8	166.7
Other liabilities	18	27.6	0.4	13.1
		1,174.7	**711.2**	**442.8**
Total liabilities		**1,309.7**	**1,044.7**	**711.0**
EQUITY				
Share capital	19	5,325.4	5,325.4	3,823.3
Reserves	20	193.0	236.0	178.9
Deficit		(3,524.8)	(3,659.7)	(3,010.1)
		1,993.6	**1,901.7**	**992.1**
Total equity and liabilities		**3,303.3**	**2,946.4**	**1,703.1**

Approved on behalf of the board of directors

"Ian Telfer"

Ian Telfer
Chairman of the Board

"Andrew Adams"

Andrew Adams
Chairman of the Audit Committee

Uranium One Inc.

Consolidated Statements of Changes in Equity

As at December 31, 2011 and 2010

	Number of shares (millions)	Share capital US$m	Reserves (note 20) US$m	Deficit US$m	Total US$m
Balance as at January 1, 2010	**587.4**	**3,823.3**	**178.9**	**(3,010.1)**	**992.1**
Net loss for the year	-	-	-	(153.7)	(153.7)
Special cash dividend ($1.06 per share)	-	-	-	(492.9)	(492.9)
Stock options and restricted shares vested	-	-	13.9	-	13.9
Exercise of stock options and restricted shares	13.5	67.8	(32.5)	-	35.3
Unrealized gain on translation of foreign operations	-	-	8.8	-	8.8
Unrealized fair value adjustments on available for sale securities	-	-	(10.7)	-	(10.7)
Realized fair value adjustments on available for sale securities	-	-	10.6	-	10.6
JUMI Debentures issued	-	-	125.7	-	125.7
JUMI Debentures redeemed	-	-	(125.7)	(3.0)	(128.7)
2010 Debentures issued and converted	0.1	-	67.0	-	67.0
ARMZ private placement	178.1	602.7	-	-	602.7
Acquisition of Akbastau and Zarechnoye	178.1	831.6	-	-	831.6
Balance as at December 31, 2010	**957.2**	**5,325.4**	**236.0**	**(3,659.7)**	**1,901.7**
Net earnings for the year	-	-	-	88.4	88.4
Stock options vested	-	-	8.6	-	8.6
2006 Debentures settlement	-	-	(46.5)	46.5	-
Unrealized loss on translation of foreign operations	-	-	(3.1)	-	(3.1)
Unrealized loss on Ruble Bonds	-	-	(2.0)	-	(2.0)
Balance as at December 31, 2011	**957.2**	**5,325.4**	**193.0**	**(3,524.8)**	**1,993.6**

Uranium One Inc.

Consolidated Statements of Cash Flows

As at December 31, 2011 and 2010

	Notes	Year ended Dec 31, 2011	Dec 31, 2010 (note 32)
		US$m	US$m
Net earnings / (loss)		88.4	(153.7)
Items not affecting cash:			
- Depreciation		125.2	96.3
- Stock option expense		8.6	13.9
- Impairment of mineral interest, property, plant and equipment		-	47.0
- Finance income		(7.2)	(6.1)
- Finance expense		49.3	56.1
- Unrealized foreign exchange gain		(3.9)	(1.6)
- Fair value adjustment on financial liabilities		2.6	36.5
- Current income tax expense		74.6	49.3
- Deferred tax (recovery) / expense		(11.7)	28.4
- Other		(4.4)	(9.5)
Movement in non-cash working capital	22	(49.4)	(44.9)
Operating cash flows before interest and tax		**272.1**	**111.7**
Cash tax paid		(76.6)	(37.1)
Cash interest paid		(25.8)	(32.8)
Cash flows from operating activities		**169.7**	**41.8**
Additions of mineral interests, property, plant and equipment		(151.9)	(108.4)
Cash payments for other assets		(16.6)	(45.4)
Cash flows from acquisitions and disposals		-	25.8
Karatau promissory note and contingent payment		-	(111.8)
Loans to related parties		(6.0)	-
Loans repaid by joint ventures		13.3	14.6
Loans advanced to joint ventures		(5.8)	(13.4)
Interest received		7.4	4.6
Other		(1.3)	2.7
Cash flows used in investing activities		**(160.9)**	**(231.3)**
Ruble Bonds issued, net of issue costs		456.9	-
Debentures settled		(151.6)	(269.4)
Common shares issued, net of issue costs		-	35.3
ARMZ private placement		-	602.7
Debentures issued, net of issue costs		-	498.6
External loans received by joint ventures, net of issue costs		77.6	40.9
External loans repaid by joint ventures		(98.8)	(6.7)
Advances received		3.2	11.2
Special dividend on common shares		-	(492.9)
Repayment of credit facility		-	(65.0)
Cash flows from financing activities		**287.3**	**354.7**
Effects of exchange rate changes on cash and cash equivalents		**(1.5)**	**10.7**
Net increase in cash and cash equivalents		**294.6**	**175.9**
Cash and cash equivalents at the beginning of the year		324.4	148.5
Cash and cash equivalents at the end of the year		**619.0**	**324.4**

Supplemental cash flow information (note 22)

1 NATURE OF OPERATIONS

Uranium One Inc. ("Uranium One"), its subsidiaries and joint ventures (collectively, the "Corporation") is a Canadian 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, Tanzania, the United States, Australia and Canada. The Corporation's head office address is 333 Bay Street, Suite 1710, Toronto, Ontario, Canada, M5H 2R2.

Uranium One is a controlled company, with JSC Atomredmetzoloto ("ARMZ"), a Russian state-owned mining company, owning 51.4% of the outstanding common shares. The Corporation holds a 70% interest in the Betpak Dala joint venture, which owns the Akdala and South Inkai uranium mines in Kazakhstan, a 50% interest in the Karatau joint venture, which owns the Karatau uranium mine in Kazakhstan, a 50% interest in the Akbastau joint venture, which owns the Akbastau uranium mine in Kazakhstan, a 49.67% interest in the Zarechnoye joint venture, which owns the Zarechnoye uranium mine in Kazakhstan, and a 30% interest in the Kyzylkum joint venture, which owns the Kharasan Project in Kazakhstan. In the United States, the Corporation owns projects in the Powder River and Great Divide basins in Wyoming. The Corporation owns a 51% interest in the Honeymoon Uranium Project in Australia. The Corporation became the operator of the Mkuju River project in Tanzania in June 2011, and exercised its option to acquire a 13.9% interest in Mantra Resources, which owns the Mkuju River Project, on January 16, 2012. The Corporation owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia, and Canada.

The financial statements were approved on March 5, 2012 by the Corporation's Audit Committee.

2 SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS". This is the Corporation's first year of preparing its consolidated financial statements in accordance with these standards and IFRS 1 - First-time Adoption of International Financial Reporting Standards has been applied.

Basis of preparation and consolidation

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The consolidated financial statements include the accounts of Uranium One, its subsidiaries and the proportionate share of its interests in joint ventures. All intercompany balances, transactions, revenue and expenses have been eliminated.

Functional and presentation currency

The consolidated financial statements are presented in US dollars. The functional currency of Uranium One Inc. is the US dollar. Judgment is requirement to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Uranium One's functional currency changed from the Canadian dollar to the US dollar on December 1, 2011 due to changes in the Corporation's debt structure.

Adoption of new and revised International Financial Reporting Standards

Detailed disclosures of the effects of transition to IFRS from Canadian Generally Accepted Accounting Principles ("Canadian GAAP") can be found below in note 32.

Joint ventures

The Corporation undertakes a number of business activities through joint ventures. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. The consolidated financial statements include the Corporation's proportionate share of the entities' assets, liabilities, revenues and expenses with items of a similar nature on a line-by-line basis, from the date that joint control commences until the date that joint control ceases. The Corporation has interests in two types of joint ventures:

Jointly controlled entities

A jointly controlled entity is a corporation, partnership or other entity in which each participant holds an interest. A jointly controlled entity operates in the same way as other entities, controlling the assets of the joint venture, earning its own income and incurring its own liabilities and expenses.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Jointly controlled assets

The Corporation has contractual agreements with other participants to engage in joint activities that do not give rise to a jointly controlled entity. These arrangements involve the joint ownership of assets dedicated to the purposes of each venture but do not create a jointly controlled entity as the participants directly benefit from the operation of their jointly owned assets, rather than deriving returns from an interest in a separate entity.

Business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. Mineral rights that can be reliably valued are recognized in the assessment of fair values on acquisition. Other potential mineral rights for which values cannot be reliably determined are not recognized.

Measurement and reporting currency

Financial statements of subsidiaries, joint ventures and associates, are maintained in their functional currencies and converted to US dollars for consolidation of the Corporation's results. The functional currency of each entity is determined after consideration of the primary economic environment of the entity.

The foreign currency transactions and balances of the Corporation's subsidiaries, associates and jointly controlled entities are translated to the functional currency at the subsidiary, associate and jointly controlled asset level as follows: monetary assets and liabilities denominated in foreign currencies are revaluated to the closing exchange rates at each reporting period. Non-monetary assets and liabilities measured at historical cost are translated at the historical rate in effect on acquisition. Non-monetary assets and liabilities measured at fair value are translated at the rate in effect when the fair value was determined.

On translation to the presentation currency of foreign operations with functional currencies other than the US dollar, income statement items are translated at average rates of exchange where this is a reasonable approximation of the exchange rate at the dates of the transactions. Balance sheet items are translated at closing exchange rates. Gains or losses on translation of foreign operations are recorded in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated income statement.

Inventories

Solutions and concentrates in process and finished concentrates are valued at the lower of average production cost and net realizable value. Production costs include the cost of raw materials, direct labour, mine-site related overhead expenses and depreciation of mineral interests, property, plant and equipment.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Materials and supplies are valued on the weighted average basis and recorded at the lower of average production cost and replacement cost.

Exploration and evaluation expenditure

Exploration and evaluation expenditure comprises costs that are directly attributable to:

- researching and analyzing existing exploration data;
- conducting geological studies, exploratory drilling and sampling;
- examining and testing extraction and treatment methods; and
- activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource.

Exploration expenditure relates to the initial search for deposits with economic potential. Evaluation expenditure arises from a detailed assessment of deposits or projects that have been identified as having economic potential. Expenditure on exploration activity is not capitalized. Capitalization of evaluation expenditure commences when there is a high degree of confidence in the project's viability and hence it is probable that future economic benefits will flow to the Corporation.

The carrying values of capitalized amounts are reviewed annually, or when indicators of impairment are present. In the case of undeveloped projects there may be only inferred resources to form a basis for the impairment review. The review is based on the Corporation's intentions for development of the undeveloped project. If a project does not prove viable, all irrecoverable costs associated with the project are charged to the consolidated income statement.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Development expenditure

Development commences when approved by management. Development expenditures are capitalized and classified as assets under construction. Development expenditure includes the pre-commercial production costs, net of proceeds from the sale of extracted product during the development phase, and wellfield development costs. On completion of development, the completed assets included in assets under construction are reclassified as property, plant and equipment.

Mineral interests

Mineral interests are recorded at cost less accumulated depreciation and accumulated impairment charges. Mineral interest costs include the purchase price of mineral properties.

The costs associated with mineral interests are separately allocated to reserves, resources and exploration potential, and include acquired interests in production, development and exploration stage properties representing the fair value at the time they were acquired.

Upon sale or abandonment of any mineral interest, the cost and related accumulated depreciation are written off and any gains or losses thereon are included in the consolidated income statement.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment charges. Plant and equipment includes its purchase price, any costs directly attributable to bringing plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management and the estimated close down and restoration costs associated with dismantling and removing the asset.

Upon sale or abandonment of any property, plant and equipment, the cost and related accumulated depreciation, are written off and any gains or losses thereon are included in the consolidated income statement.

Depreciation of mineral interests, property, plant and equipment

The carrying amounts of mineral interests, property, plant and equipment are depreciated to their estimated residual value over the estimated economic life of the specific assets to which they relate, or using the straight-line method over their estimated useful lives indicated below.

Estimates of residual values and useful lives are reassessed annually and any change in estimate is taken into account in the determination of remaining depreciation charges. Depreciation commences on the date when the asset is available for use.

- Mineral interests - based on reserves on a unit of production basis
- Assets under construction - not depreciated
- Property, plant and equipment - 2 to 15 years straight-line or on a unit of production basis
- Buildings - 6 to 40 years straight-line or on a unit of production basis

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business, less any impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to the same cash generating unit as the assets acquired under the business combination through which it was created.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

Formal impairment tests are carried out annually and whenever there is an indication of impairment for intangible assets with indefinite useful lives. The Corporation reviews the carrying amounts of its tangible and intangible assets with finite lives to determine whether there are any indications of impairment, at the end of each reporting period. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is determined as the higher of fair value less direct costs to sell and the asset's value in use.

Fair value is defined as the amount that would be obtained from the sale, in an arm's length transaction, between knowledgeable and willing parties. Fair value for mineral interests, property, plant and equipment is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. Value in use is determined by applying assumptions specific to the Corporation's continued use and cannot take into account future development.

The Corporation's weighted average cost of capital is used as a starting point for determining the discount rates, with appropriate adjustments for the risk profile of the countries in which the individual cash generating units operate and the specific risks related to the development of the project.

Where the asset does not generate cash flows that are independent of other assets, the Corporation estimates the recoverable amount of the cash generating unit to which the asset belongs. If the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the carrying amount of the asset or cash generating unit is reduced to its recoverable amount. An impairment loss is recognized as an expense in the consolidated income statement.

Non financial assets that have been impaired are tested at the end of each reporting period for possible reversal of the impairment whenever events or changes in circumstance indicate that the impairment may have reversed. Where an impairment subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset or cash generating unit in prior years. A reversal of impairment is recognized as a gain in the consolidated income statement.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal groups are available for immediate sale in their present condition. The Corporation must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year of the date of classification.

Non-current assets held for sale are carried at the lower of the carrying amount prior to being classified as held for sale, and the fair value less costs to sell. Where the fair value less costs to sell is lower than the carrying amount at the time of classification as held for sale, the resulting impairment is recognized in the consolidated income statement in that period.

A non-current asset is not depreciated while classified as held for sale. A non-current asset held for sale is presented separately in the consolidated balance sheet. The assets and liabilities of a disposal group classified as held for sale are presented separately as one line in the assets and liabilities sections on the face of the balance sheet. Comparative balance sheet information is not restated.

Borrowing costs

Borrowing costs directly relating to the financing of the acquisition, construction or production of qualifying assets are capitalized to the cost of those assets until such time as they are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance an asset, the amount capitalized is the actual borrowing costs incurred. Where the funds used to finance an asset form part of general borrowings, the amount capitalized is calculated using a weighted average of rates applicable to relevant general borrowings of the Corporation during the period.

Transaction costs related to the establishment of a loan facility are capitalized and amortized over the life of the facility using the effective interest method, or set off against fair value of debt. Other borrowing costs are recognized in the consolidated income statement in the period in which they are incurred.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Provisions

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources that can be reliably estimated will be required to settle the obligation. Where a provision is measured using the cash flows estimated to settle the obligation, its carrying amount is the present value of those cash flows.

Environmental protection, rehabilitation and closure costs

The mining, extraction and processing activities of the Corporation normally give rise to obligations for site closure or rehabilitation. Provision is made for close down, restoration and for environmental rehabilitation costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

At the time of establishing the provision, a corresponding asset is capitalized, where it gives rise to a future benefit, and depreciated over future production from the operations to which it relates. The provision is discounted to its present value using a risk free rate relevant to the jurisdiction in which the rehabilitation has to be performed. The unwinding of the discount is included in finance expense. Costs arising from unforeseen circumstances, such as the contamination caused by unplanned discharges, are recognized as an expense and liability when the event gives rise to an obligation which is probable and capable of reliable estimation.

The provision is reviewed at the end of each reporting period for changes to obligations, legislation or discount rates that impact estimated costs or lives of operations. The cost of the related asset is adjusted for changes in the provision resulting from changes in the estimated cash flows or discount rate and the adjusted cost of the asset is depreciated prospectively. Rehabilitation trust funds holding monies committed for use in satisfying environmental obligations are included within other assets on the consolidated balance sheet.

Revenue

Revenue from uranium sales is recognized when persuasive evidence of an arrangement exists, the risks and rewards of ownership pass to the purchaser, including delivery of the product, the selling price is fixed or determinable, and collectability is reasonably assured.

On deliveries to conversion facilities ("Converters"), the Converter credits the Corporation's account for the volume of accepted uranium. Based on delivery terms in a sales contract with its customer, the Corporation instructs the Converter to transfer title of a contractually specified quantity of uranium to the customer's account at the Converter. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supplied.

On deliveries to locations other than converters, as agreed with the customer, the Corporation delivers uranium to the agreed location. At this point, the Corporation invoices the customer and recognizes revenue for the uranium supplied.

The Corporation does not recognize revenue in circumstances where it delivers borrowed material into contracts.

Current tax

Current tax for each taxable entity in the Corporation is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date, and includes adjustments to tax payable or recoverable in respect of previous years.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred tax

Deferred tax is accounted for using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred income tax liabilities are recognized for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, or the deferred income tax liability is in respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences and carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and losses can be utilized, except where the deferred income tax asset related to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In respect of deductible temporary differences associated with investments in subsidiaries and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilized. To the extent that an asset not previously recognized fulfils the criteria for recognition, a deferred income tax asset is recorded.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets and liabilities are offset when the Corporation has a legally enforceable right to offset them and when they relate to income taxes levied by the same taxation authority, and the Corporation intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax relating to items recognized directly in equity or in other comprehensive income are recognized in equity or in other comprehensive income and not in the consolidated income statement.

Mining taxes and royalties are treated and disclosed as current and deferred taxes if they have the characteristics of an income tax. This is considered to be the case when they are imposed under government authority and the amount payable is calculated by reference to revenue derived (net of any allowable deductions) after adjustment for items comprising temporary differences.

Stock based compensation

The Corporation grants share-based awards to certain directors and employees. For equity-settled awards, the fair value is charged to the consolidated income statement and credited to the related reserve account, on a straight-line basis over the vesting period, after adjusting for the estimated number of awards that are expected to vest.

The fair value of the equity-settled awards is determined at the date of the grant. In calculating fair value, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the Corporation. The fair value is determined by using the Black-Scholes option pricing model. At each balance sheet date, the cumulative expense representing the extent to which the vesting period has expired and management's best estimate of the awards that are ultimately expected to vest is computed. The movement in cumulative expense is recognized in the consolidated income statement with a corresponding entry against the related reserve. No expense is recognized for awards that do not ultimately vest.

Under Uranium One's Stock Option Plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The plan is administered by the Board of Directors, which determines individual eligibility under the plan, the number of shares reserved underlying the options granted to each individual (not exceeding 5% of issued and outstanding shares to any insider and not exceeding 1% of the issued and outstanding shares to any non-employee director on a non-diluted basis) and any vesting period which, pursuant to the stock option plan is one-third on the first anniversary of the grant date, one-third on the second anniversary of the grant date and the remainder on the third anniversary of the grant date. The maximum number of shares of Uranium One that are issuable pursuant to the plan is limited to 7.2% of issued and outstanding shares.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Earnings / loss per share

Earnings / loss per share calculations are based on the weighted average number of common shares and common share equivalents issued and outstanding during the period. The calculation of diluted earnings per share assumes that outstanding options and warrants that are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of Uranium One at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share. The impacts of outstanding share options and warrants are excluded from the diluted share calculation for loss per share amounts when they are anti-dilutive. The if-converted method is used to compute the dilutive effect of convertible debt. The dilutive effect of contingently issuable shares is computed by comparing the conditions required for issuance of shares against those existing at the end of the period.

Financial instruments

Financial assets and financial liabilities are recognized on the balance sheet when the Corporation has become party to the contractual provisions of the instruments.

Financial assets and liabilities initial recognition and classification

Financial instruments are initially measured at fair value, which includes transaction costs for all financial instruments except for financial instruments at fair value through profit or loss. All financial assets are recognized on the trade date at market value, which is the date that the Corporation commits to purchase or sell the asset. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or 'other financial liabilities'. Financial assets and liabilities are classified as 'at fair value through profit or loss' when the financial asset and liability is either 'held for trading' or it is designated as 'fair value through profit or loss'. Subsequent to initial recognition these instruments are measured as set out below:

Available for sale investments

After initial recognition, investments which are classified as available for sale are carried at fair value, with the fair value adjustments accounted for in other comprehensive income. When available for sale investments are sold, the cumulative fair value adjustment previously recorded in other comprehensive income is recognized in the consolidated income statement.

Loans and receivables

Loans and receivables are carried at amortized cost unless a provision has been recorded for uncollectability of these loans and receivables. A provision for impairment of loans and receivables is established when there is objective evidence that the Corporation may not be able to collect all amounts due according to the original terms of the loans and receivables.

Impairment and uncollectability of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a financial asset or group of financial assets, other than those at fair value through profit or loss, may be impaired. If such evidence exists, the estimated recoverable amount of the asset is determined and an impairment loss is recognized for the difference between the recoverable amount and the carrying amount as follows: the carrying amount of the asset is reduced to its estimated recoverable amount, either directly or through the use of an allowance account and the resulting loss is recognized in the consolidated income statement.

When an available for sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to the consolidated income statement.

With the exception of assets held for sale and available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases, the previously recognized impairment loss is reversed through income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized. In respect of available for sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments

After initial recognition, financial liabilities, other than liabilities at fair value through profit or loss, are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any transaction costs and any discount or premium on settlement.

Financial liabilities at fair value through profit or loss are recognized on the trade date at fair value, which is the date that the Corporation commits to the contract. After initial recognition, the liabilities are carried at fair value, with the fair value adjustments accounted for in the consolidated income statement.

Accounts payable

Liabilities for trade and other payables which are normally settled on 30 to 90 day terms are carried at amortized cost.

Interest bearing liabilities

Interest bearing liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Interest bearing liabilities are subsequently measured at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the consolidated income statement over the period of the loan.

Offset

Where a legally enforceable right of offset exists for recognized financial assets and financial liabilities, and there is an intention to settle the liability and realize the asset simultaneously, or settle on a net basis, all related financial effects are offset.

Compound instruments

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual agreement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the total proceeds received for the instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured.

Embedded derivatives

Derivatives may be embedded in contracts or financial instruments (the "host instrument"). Embedded derivatives are treated as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host instrument, the terms of the embedded derivative are the same as those of a stand-alone derivative, and the combined contract is not held for trading or designated at fair value. These embedded derivatives are measured at fair value with subsequent changes recognized in gains or losses on derivatives within fair value adjustments in the consolidated income statement.

The entire hybrid contract may be designated as a financial asset or financial liability at fair value through profit or loss, unless the embedded derivative does not significantly modify the cash flows that otherwise would be required by the contract, or it is clear with little or no analysis when a similar hybrid instrument is first considered that separation of the embedded derivative is prohibited. In this case, the entire hybrid contract is measured at fair value, rather than only the embedded derivative.

Hedge accounting

The Corporation designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions, is documented. Furthermore, at the inception of the hedge and on an ongoing basis, the Corporation documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in the line of the consolidated income statement relating to the hedged item.

Hedge accounting is discontinued when the Corporation revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the "Other" line item on the consolidated income statement.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognized in profit or loss, in the same line of the consolidated income statement as the recognized hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognized in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Any unrealized gain or loss recognized at inception of a hedging instrument due to the hedging instrument having a fair value at inception is recognized in the consolidated balance sheet and offset against the fair value of the hedging instrument. The Corporation will recognize the unrealized gain or loss in profit or loss as part of the ineffective portion of the cash flow hedging relationship.

Hedge accounting is discontinued when the Corporation revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized in the consolidated income statement when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in the consolidated income statement.

Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the 'other gains and losses' line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

Changes in accounting standards

At the date of authorization of the financial statements for the year ended December 31, 2011 the following standards and interpretations, which are applicable to the Corporation, were in issue but not yet effective. These standards and interpretations, are effective from January 1, 2013, except for IAS 1 which is applicable to periods starting on and after July 1, 2012, and IFRS 9 for which the effective date is January 1, 2015. Early adoption is permitted in each case. The Corporation is currently assessing the impact of these standards and interpretations on its financial statements.

IFRS 9, Financial instruments

IFRS 9, "Financial Instruments" will replace IAS 39, Financial Instruments: Recognition and Measurement for classification and measurement of financial assets and liabilities.

IFRS 9 requires all recognized financial assets to be subsequently measured at amortized cost or fair value. Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. A fair value option is provided for financial instruments otherwise measured at amortized cost.

This standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39.

IFRS 9 is effective for annual periods beginning on or after January 1, 2015, with earlier application permitted.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

IFRS 10, Consolidated financial statements

IFRS 10 replaces the consolidation requirements in IAS 27, Consolidated and Separate Financial Statements, and SIC-12 Consolidation - Special Purpose Entities. Earlier application is permitted, provided IFRS 11, IFRS 12 and the related amendments to IAS 27 and 28 are adopted at the same time.

IFRS 11, Joint arrangements

IFRS 11 supersedes IAS 31, Interests in Joint Ventures, and SIC-13, Jointly Controlled Entities - Non-Monetary Contributions by Venturer. Earlier application is permitted, provided IFRS 10, IFRS 12 and the amendments to IAS 27 and 28 are adopted at the same time.

IFRS 12, Disclosure of interests in other entities

IFRS 12 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities.

IFRS 13, Fair value measurement

IFRS 13 is a new standard that defines fair value, sets out in a single IFRS a framework for measuring fair value and requires disclosures about fair value measurements. IFRS 13 does not determine when an asset, a liability or an entity's own equity instrument is measured at fair value. Rather, the measurement and disclosure requirements of IFRS 13 apply when another IFRS requires or permits the item to be measured at fair value (with limited exceptions).

IAS 27, Separate financial statements

IAS 27 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements as the consolidation guidance will now be included in IFRS 10.

IAS 28, Investments in associates and joint ventures

IAS 28 was re-issued by the IASB on May 12, 2011 in order to conform to changes as a result of the issuance of IFRS 10, IFRS 11, and IFRS 12. IAS 28 continues to prescribe the accounting for investments in associates, but is now the only source of guidance describing the application of the equity method. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

Amendments to IAS 1 on presentation of items of other comprehensive income

The amendments retain the option to present profit or loss and other comprehensive income either in one continuous statement or in two separate but consecutive statements. Items of other comprehensive income are required to be grouped into those that will and will not be subsequently reclassified to profit or loss. Tax on items of other comprehensive income is required to be allocated on the same basis. The measurement and recognition of items of profit or loss and other comprehensive income are not affected by the amendments.

Amendments to IAS 19 – Employee benefits

The amendments require the recognition of changes in the defined benefit obligation and in plan assets when those changes occur, eliminating the corridor approach and accelerating the recognition of past service costs.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical accounting judgments and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires the Corporation's management to make estimates and assumptions about future events that affect the amounts reported in the consolidated financial statements and related notes to the consolidated financial statements. Actual results may differ from those estimates. Information about areas of judgment and key sources of uncertainty and estimation is contained in the accounting policies and/or the notes to the consolidated financial statements.

The following are the key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Recoverability of accounts receivable and investments

Provision is made against accounts that in the estimation of management may be impaired. The recoverability assessment of accounts receivable is based on a range of factors including the age of the receivable and the creditworthiness of the customer. The provision is assessed monthly with a detailed formal review of balances and security being conducted at year-end. Determining the recoverability of an account involves estimation as to the likely financial condition of the customer and their ability to subsequently make payment. To the extent that future events impact the financial condition of the customers, these provisions could vary significantly.

Investments in securities are reviewed for impairment at the end of each reporting period. When the fair value of the investment falls below the Corporation's carrying value, and it is considered to be significant or prolonged, an impairment charge is recorded to the consolidated income statement for the difference between the investment's carrying value and its estimated fair value at the time. In making the determination as to whether a decline is considered prolonged, the Corporation considers such factors as the duration and extent of the decline, the investee's financial performance, and the Corporation's ability and intention to retain its investment for a period that will be sufficient to allow for any anticipated recovery in the investment's market value. Differing assumptions could affect whether an investment is impaired in any period or the amount of the impairment.

Net realizable value of inventories

In determining the net realizable value of inventories, the Corporation estimates the selling prices, based on published market rates, cost of completion and cost to sell. To the extent that future events impact the saleability of inventory these provisions could vary significantly.

Estimated reserves, resources and exploration potential

Reserves are estimates of the amount of product that can be extracted from the Corporation's properties, considering both economic and legal factors. Calculating reserves and estimates requires decisions on assumptions about geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, prices and exchange rates.

Estimating the quantity and/or grade of reserves require the analysis of drilling samples and other geological data.

Estimates of reserves may change from period to period as the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations. Changes in reported reserves may affect the Corporation's financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows;
- Depreciation and amortization charged in the consolidated income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change; and
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of mineral interests, property, plant and equipment

For the purpose of determining the recoverable amount of assets or cash generating units, estimates are made of the discount rate. Future cash flow estimates are based on expected production and sales volumes, commodity prices (considering current and historical prices, price trends and related factors), reserves, operating costs, restoration and rehabilitation costs and future capital expenditures. The Corporation's management is required to make these estimates and assumptions which are subject to risk and uncertainty; hence there is a possibility that changes in circumstances will alter these projections, which may impact the recoverable amount of the assets. In such circumstances, some or all of the carrying value of the asset may be impaired and the impairment would be charged against the consolidated income statement.

Expected economic lives of, estimated future operating results and net cash flows from mineral interests

In applying the units of production method, depreciation is normally calculated using the quantity of material extracted from the mine in the period as a percentage of the total quantity of material to be extracted in current and future periods based on proven and probable reserves.

In assessing the life of a mine for accounting purposes, mineral resources are only taken into account where there is a high degree of confidence of economic extraction.

The Corporation's operating result and net cash flow forecasts are based on the best estimates of expected future revenues and costs, including the future cash costs of production, capital expenditure, close down and restoration. These may include net cash flows expected to be realized from extraction, processing and sale of mineral resources that do not currently qualify for inclusion in proven ore reserves. Such non reserve material is included where there is a high degree of confidence in its economic extraction. This expectation is usually based on preliminary drilling and sampling of areas of mineralization that are contiguous with existing reserves.

The mine plan takes account of all relevant characteristics of the ore body, ore grades, chemical and metallurgical properties of the ore impacting on process recoveries and capacities of processing equipment that can be used. The mine plan is therefore the basis for forecasting production output in each future year and for forecasting production costs.

The Corporation's cash flow forecasts are based on estimates of future commodity prices. These long term commodity prices, for most commodities, are derived from an analysis of the marginal costs of the producers of these commodities. These assessments often differ from current price levels and are updated periodically.

In some cases, prices applying to some part of the future sales volumes of a cash generating unit are predetermined by existing sales contracts. The effects of such contracts are taken into account in forecasting future cash flows.

There are numerous uncertainties inherent in estimating ore reserves, and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodity, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in the reserves being re-estimated.

Fair value of financial instruments

For financial instruments that have fair values that cannot be reasonably approximated by their carrying values, the fair values of those financial instruments must be estimated. As much as possible, the fair values of those financial instruments have been estimated by reference to quoted market prices for actual or similar instruments where available and disclosed accordingly.

The fair values of other financial instruments are measured using valuation models that maximize the use of observable market inputs. Certain assumptions and estimates require management estimates including excess spread, prepayment rates, expected credit losses and discount rates. Valuation methodologies and assumptions are reviewed on an ongoing basis. A significant change in this assessment may result in unrealized losses being recognized in net income.

The fair value of the cross-currency interest rate swap is based on credit risk adjusted discounted cash flows. These require the Corporation's management to make assumptions and estimates regarding US dollar exchange rates, interest rates and credit spreads. Some of the inputs to the valuation model are based on unobservable market data. The model is sensitive to assumptions and estimates made by the Corporation's management and changes in these inputs could result in different values being recognized on the consolidated balance sheet and through profit or loss as part of the ineffectiveness of the cash flow hedging relationship.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair value of stock-based compensation

The Corporation determines the fair value of options granted using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the expected price volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Corporation's stock options.

Fair value of assets and liabilities acquired in business combinations

Business combinations are accounted for by applying the acquisition method of accounting, whereby the purchase consideration of the combination is allocated to the identifiable net assets on the basis of fair value on acquisition. The amount of goodwill initially recognized is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgment.

Allocation of the purchase price affects the results of the Corporation as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortization charges based on the allocation to indefinite lived and finite lived intangible assets.

Reclamation and closure cost obligations

Reclamation and closure cost obligation provisions represent management's best estimate of the present value of the future costs. Significant estimates and assumptions are made in determining the amount of reclamation and closure cost obligation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination; determination of the appropriate discount rate; and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The following are the critical judgments that have a significant effect on the consolidated financial statements:

Impairment of mineral interests, property, plant and equipment

Judgment is involved in assessing whether there is any indication that an asset or cash generating unit may be impaired. This assessment is made based on an analysis of, amongst other factors, changes in the market or business environment, events that have transpired that have impacted the asset or cash generating unit, and information from internal reporting.

Impairment testing is done at the cash generating unit level. Some of the Corporation's joint ventures have multiple mining areas and management must exercise judgment in determining what constitutes a cash generating unit and the degree of aggregation of various assets. This impacts the impairment analysis performed, as the results of the impairment analysis might differ based on the composition of the various cash generating units.

Commencement of commercial operations

Determining when a project has commenced commercial operations involves judgment. Management performs this assessment on an ongoing basis for each development project. Amongst the criteria that are evaluated are: the level of production relative to design capacity and the sustainability of this level; the period of time since the start of uranium production; and an assessment of the sustainability of profitable operations. These factors can be subjective and no one factor by itself is necessary indicative. Management exercises judgment in evaluating these factors based on its knowledge of the project's operations.

This assessment impacts the balance sheet and income statement, as upon commencement of commercial operations, development expenditures cease to be capitalized, revenue is recognized from any sales when the appropriate criteria have been met, and the assets included in assets under construction are reclassified to property, plant and equipment.

Determination of joint control

The Corporation conducts its operations through joint ownership interests. Judgment is needed to assess whether these interests meet the definition of joint control, as opposed to an investment interest. Management makes this determination based on an analysis of the contracts with the other venturers, including assessing whether unanimous consent is required on financial and operating decisions.

2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

The provision for income taxes and composition of income tax assets and liabilities requires management's judgment as to the types of arrangements considered to be a tax on income in contrast to an operating cost. The application of income tax legislation also requires judgments in order to interpret the various legislations and apply those findings to the Corporation's transactions.

Management judgment and estimates are required in assessing whether deferred tax assets and certain deferred tax liabilities are recognized in the consolidated balance sheet. Judgments are made as to whether future taxable profits will be available in order to recognize certain deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, commodity prices, reserves, operating costs, and other capital management transactions. These judgments and assumptions are subject to risk and uncertainty, therefore there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the consolidated balance sheet and the amount of other tax losses and temporary differences not yet recognized.

Functional and presentation currency

Judgment is required to determine the functional currency of each entity. These judgments are continuously evaluated and are based on management's experience and knowledge of the relevant facts and circumstances.

Exchange rates

The following exchange rates to the US dollar have been applied in the annual financial statements:

	Average year ended Dec 31, 2011	Average year ended Dec 31, 2010	Closing year ended Dec 31, 2011	Closing year ended Dec 31, 2010
Canadian dollar	0.99	1.03	1.02	1.00
Australian dollar	0.97	1.09	0.99	0.98
Russian ruble	29.45	30.33	32.10	30.52
Kazakh tenge	148.29	147.39	148.04	147.40
Euro	0.72	0.76	0.75	0.76

3 ACQUISITIONS AND DISPOSALS

3.1 Option agreement to acquire Mantra Resources Ltd

Following the announcement on December 15, 2010 that ARMZ had entered into a definitive agreement to acquire all of the issued shares of Mantra Resources Limited ("Mantra"), Uranium One and ARMZ jointly announced that they had entered into an option agreement to allow Uranium One to acquire Mantra from ARMZ. Mantra's core asset is the Mkuju River Project in Tanzania which is nearing the completion of a revised definitive feasibility study.

On March 21, 2011, Uranium One announced that Mantra and ARMZ revised the terms of the agreement, which also resulted in a revised option agreement with ARMZ. On June 7, 2011, ARMZ completed the acquisition of Mantra, and Uranium One became the operator of Mantra's Mkuju River Project in Tanzania pursuant to agreements entered into with ARMZ in connection with the closing. As operator of the project, Uranium One is responsible to provide funding for the project and consequently entered into a loan agreement with Mantra on June 6, 2011. The loan agreement is guaranteed by ARMZ and provides for a loan of $150 million which will increase after receipt of a special mining licence for the Mkuju River Project. A drawdown of $6.0 million has been made against the facility up to December 31, 2011.

Pursuant to the revised agreement with ARMZ, Uranium One has a call option to acquire Mantra from ARMZ, exercisable at any point up to June 7, 2012, with the ability to extend the term of the option to 24 months from 12 months provided that Uranium One partially exercises its call option and acquires approximately 15% of the shares of Mantra for $150 million before January 31, 2012. The agreement also provides ARMZ with a put option to sell Mantra to Uranium One at the end of the option term if all conditions precedent, including minority shareholder approval, have been met. The transaction falls outside of the scope of IAS 39, financial instruments: recognition and measurement and does not meet the recognition criteria of IFRS 3, business combinations for consolidation at December 31, 2011.

The purchase price to be paid by Uranium One will be equal to ARMZ's acquisition cost of Mantra (approximately $1.0 billion), including any additional expenditures contributed by ARMZ to Mantra or its properties and interest thereon at a rate of 2.65% per annum.

On January 16, 2012, Uranium One announced that it has elected to pay $150 million to ARMZ which extended the term of the Mantra purchase option from June 7, 2012 to June 7, 2013 and resulted in Uranium One acquiring a 13.9% stake in Mantra from ARMZ.

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.2 Acquisition of the Akbastau Uranium Mine and Zarechnoye Uranium Mine

The Corporation announced on June 8, 2010, the signing of a definitive purchase and subscription agreement to acquire a 50% joint venture interest in the Akbastau Uranium Mine ("Akbastau") and a 49.67% joint venture interest in the Zarechnoye Uranium Mine ("Zarechnoye") in Kazakhstan from ARMZ. JSC NAC Kazatomprom ("Kazatomprom"), the Kazakh-state owned uranium mining company, owns 50% and 49.67% joint venture interests in Akbastau and Zarechnoye, respectively. The remainder of the interest in Zarechnoye is held by a Kyrgyz company.

Pursuant to the transaction, ARMZ agreed to contribute its interests in the Akbastau and Zarechnoye joint ventures and a cash investment of $610 million in return for 356 million common shares of the Corporation. Following closing, the Corporation undertook to pay a special cash dividend of $1.06 per share to shareholders other than ARMZ. On July 30, 2010, Japan Uranium Management Inc. ("JUMI") undertook to exercise, under the terms of its convertible debenture, its right to have the convertible debentures repurchased, which was triggered by the transaction with ARMZ.

On July 15, 2010 the Independent Committee and the Board of Directors of Uranium One recommended the transaction to shareholders, who approved the transaction on August 31, 2010, and announced the completion of legal due diligence reviews by both parties.

On November 26, 2010 Uranium One completed the initial closing of its transaction with ARMZ, comprising the issuance of 178 million new common shares of Uranium One to ARMZ in return for $610 million in cash. The Board of Directors declared a special dividend of $1.06 per share payable on December 20, 2010, to all shareholders of record (other than ARMZ) at the close of business on December 10, 2010.

On December 27, 2010 Uranium One completed the final closing of its transaction with ARMZ, comprising the issuance of a further 178 million new common shares of Uranium One to ARMZ in return for ARMZ's 50% interest in Akbastau and 49.67% interest in Zarechnoye, $40 million in receivables from ARMZ and $11.6 million in cash on acquisition to compensate for an unfavorable contract entered into by Zarechnoye prior to the acquisition. The JUMI debenture was redeemed after the closing of the transaction for $273.4 million, including 101% of the outstanding principal amount and $4.0 million of accrued interest.

ARMZ currently holds 492 million common shares representing 51.4% of the outstanding common shares of Uranium One. ARMZ has agreed to a standstill of 18 months from closing during which it may not, without prior consent, dispose of or acquire any additional Uranium One shares, except pursuant to agreed anti-dilution rights, which will permit ARMZ to maintain not less than a 51% interest in Uranium One and to certain other exceptions.

The value of Uranium One shares issued was calculated using the closing share price as at December 27, 2010. The acquisition was accounted for as a business combination and the aggregate fair values of assets acquired and liabilities assumed were as follows on acquisition date:

	Akbastau US$m	**Zarechnoye US$m**	**Total US$m**
Purchase price:			
178 million shares issued for acquisition of the interest in the J.V.	646.0	185.6	831.6
Acquired receivables	(40.0)	(11.6)	(51.6)
	606.0	**174.0**	**780.0**
Net assets acquired:			
Cash and cash equivalents	4.8	2.4	7.2
Inventory	11.7	10.5	22.2
Other current assets	2.8	2.2	5.0
Mineral interests, property, plant and equipment	615.0	215.9	830.9
Goodwill	116.0	35.3	151.3
Other non-current assets	11.9	5.9	17.8
Trade and other payables	(20.3)	(3.2)	(23.5)
Current portion of interest bearing liabilities	(14.8)	(10.7)	(25.5)
Other current liabilities	(0.6)	(14.0)	(14.6)
Deferred income tax liabilities	(117.3)	(35.5)	(152.8)
Interest bearing liabilities	-	(33.8)	(33.8)
Other non-current liabilities	(3.2)	(1.0)	(4.2)
	606.0	**174.0**	**780.0**

The goodwill balance is the result of the requirement to recognize a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets and liabilities acquired and their tax base.

Had this business combination been effected on January 1, 2010, the Corporation's revenue for 2010 would have increased by $74.3 million and the net loss for 2010 would have decreased by $25.6 million (unaudited).

3 ACQUISITIONS AND DISPOSALS (CONTINUED)

3.3 Acquisition of Christensen Ranch and Irigaray

The Corporation entered into a definitive agreement on August 7, 2009 to acquire 100% of the MALCO Joint Venture ("MALCO") from wholly-owned subsidiaries of AREVA and Électricité de France for $35.3 million in cash. The assets of MALCO include the licensed and permitted Irigaray In-situ Recovery ("ISR") central processing plant, the Christensen Ranch satellite ISR facility and associated U_3O_8 resources located in the Powder River Basin of Wyoming. The Corporation also assumed MALCO's reclamation liabilities in respect of uranium properties in Texas.

Pursuant to the acquisition agreement, the Corporation placed a deposit of $8.8 million in escrow to be applied against the purchase price. The acquisition closed on January 25, 2010. The Corporation accounted for the acquisition as a business combination.

The Corporation agreed to pay a portion of operating costs and all of the Texas reclamation costs incurred from the execution date of August 7, 2009 to the closing date of January 25, 2010 which amounted to $2.6 million. Transaction costs incurred in connection with the acquisition were $0.5 million, which were expensed as incurred.

The aggregate fair values of assets acquired and liabilities assumed were as follows on acquisition date:

	US$m
Purchase price:	
Cash	35.3
Operating and remediation costs	2.6
	37.9
Net assets acquired:	
Trade and other receivables	2.0
Mineral interests, property, plant and equipment	45.1
Provisions	(7.3)
Other	(1.9)
	37.9

Had this business combination been effected on January 1, 2010, the Corporation's revenue and net loss for 2010 would not have been affected (unaudited).

3.4 Disposal of Uranium One Africa Ltd

The Corporation completed the sale of Uranium One Africa during April 2010, and received cash proceeds of $37.3 million. The net carrying value of the investment of $38.5 million as at December 31, 2009 was further impaired to the proceeds of $37.3 million, resulting in an impairment of $1.2 million in the three months ended March 31, 2010.

4 GENERAL AND ADMINISTRATIVE

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Salaries and directors' fees	26.4	22.2
General office expenses	3.4	3.1
Travel expenses	1.2	2.3
Stock option and restricted share expense (note 20)	8.6	13.9
Restructuring cost	3.6	5.5
Other expenses	7.2	6.0
	50.4	**53.0**

5 FINANCE INCOME AND EXPENSE

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Finance income		
Interest income	7.2	6.1
	7.2	**6.1**
Finance expense		
Accrued interest	(7.0)	(2.3)
Convertible debenture interest	(34.4)	(42.7)
Interest expense on Ruble Bonds	(2.1)	-
Credit facility charges	(0.2)	(1.9)
Unwinding of contingent payments	(2.9)	(7.0)
Unwinding of environmental, rehabilitation and closure costs	(2.7)	(2.2)
	(49.3)	**(56.1)**
Net finance costs	**(42.1)**	**(50.0)**

6 CASH AND CASH EQUIVALENTS

Cash and cash equivalents	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Cash	298.5	255.6	44.4
Money market instruments, including cashable guaranteed investment certificates, bearer deposit notes and commercial paper	309.0	60.2	104.1
Restricted cash	11.5	8.6	-
	619.0	**324.4**	**148.5**

Cash equivalents include highly liquid investments that are readily convertible to cash with a maturity of less than 90 days.

Restricted cash consists of collateral deposits, including the letter of credit that was issued as a guarantee for the uranium concentrate loan (note 18).

7 TRADE AND OTHER RECEIVABLES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Trade receivables	120.0	84.1	28.5
Value added tax and general sales tax	4.1	8.2	9.0
Prepayments and advances	14.0	11.0	4.7
Other receivables	-	0.1	0.2
	138.1	**103.4**	**42.4**

The average credit period of sales of goods is 30 days. There are no trade receivables that are past due. No allowance for doubtful accounts has been recognized in relation to any outstanding balances and no expense has been recognized in respect of bad or doubtful debts due.

8 INVENTORIES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Finished uranium concentrates	57.3	62.8	39.4
Solutions and concentrates in process	19.7	17.6	23.8
Product inventory	**77.0**	**80.4**	**63.2**
Materials and supplies	14.2	9.6	5.6
	91.2	**90.0**	**68.8**

All operating expenses and depreciation are processed to inventory and expensed when the product is sold. The Corporation expensed $267.8 million of inventory as cost of sales during 2011 (2010: $188.2 million).

9 MINERAL INTERESTS, PROPERTY, PLANT AND EQUIPMENT

December 31, 2011	Mineral interests US$m	Property, plant and equipment US$m	Development expenditure US$m	Total US$m
Cost				
Balance at January 1	1,912.9	354.8	127.1	2,394.8
Additions	-	114.8	67.0	181.8
Pre-production revenue capitalized	-	-	(15.2)	(15.2)
Disposals	(2.0)	(1.7)	(0.8)	(4.5)
Currency translation adjustments taken to reserves	(7.6)	22.1	(24.7)	(10.2)
Transfers	-	17.5	(17.5)	-
At the end of the year	**1,903.3**	**507.5**	**135.9**	**2,546.7**
Accumulated depreciation				
Balance at January 1	(129.7)	(88.2)	-	(217.9)
Charge for the year	(67.8)	(57.0)	-	(124.8)
Disposals	-	0.7	-	0.7
Currency translation adjustments taken to reserves	1.3	(0.7)	-	0.6
At the end of the year	**(196.2)**	**(145.2)**	**-**	**(341.4)**
Carrying value at December 31, 2011	**1,707.1**	**362.3**	**135.9**	**2,205.3**

December 31, 2010	Mineral interests US$m	Property, plant and equipment US$m	Development expenditure US$m	Total US$m
Cost				
Balance at January 1	1,092.7	196.0	124.0	1,412.7
Additions	-	49.1	100.7	149.8
Business combinations	811.9	56.6	7.5	876.0
Pre-production revenue capitalized	-	-	(6.0)	(6.0)
Disposals	(0.8)	(5.1)	(0.4)	(6.3)
Impairment	(2.8)	(5.5)	(39.8)	(48.1)
Currency translation adjustments taken to reserves	11.9	(5.4)	10.2	16.7
Transfers	-	69.1	(69.1)	-
At the end of the year	**1,912.9**	**354.8**	**127.1**	**2,394.8**
Accumulated depreciation				
Balance at January 1	(68.8)	(38.9)	-	(107.7)
Charge for the year	(62.8)	(53.0)	-	(115.8)
Disposals	-	1.2	-	1.2
Impairment	-	1.1	-	1.1
Currency translation adjustments taken to reserves	1.9	1.4	-	3.3
At the end of the year	**(129.7)**	**(88.2)**	**-**	**(217.9)**
Carrying value at December 31, 2010	**1,783.2**	**266.6**	**127.1**	**2,176.9**

9 MINERAL INTERESTS, PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

9.1 Impairment of mineral interests, plant and equipment

December 31, 2010	Impairment US$m
Honeymoon project	43.9
Dominion Project	1.2
Corporate assets	1.9
Total	**47.0**

10 GOODWILL

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Balance at January 1	151.3	-	-
Additions recognized from business combinations (Note 3.2)	-	151.3	-
Foreign exchange	(0.6)	-	-
Balance at December 31	**150.7**	**151.3**	**-**

The goodwill balance is the result of the requirement to recognize a deferred tax liability, calculated as part of business acquisition purchase price accounting, as the difference between the tax effect of the fair value of the assets and liabilities acquired and their tax base.

11 LOANS RECEIVABLE

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Loans to related parties			
Mantra	6.1	-	-
	6.1	**-**	**-**
Loans to joint ventures			
Kyzylkum	-	13.9	25.7
SKZ-U	20.7	14.8	3.6
	20.7	**28.7**	**29.3**
Current portion	0.5	-	-
Non-current portion	26.3	28.7	29.3
Total	**26.8**	**28.7**	**29.3**

11 LOANS RECEIVABLE (CONTINUED)

11.1 Mantra loan

The Corporation made loans available to Mantra pursuant to its obligation to provide project financing for construction and commissioning of the Mkuju River Project. The loans bear interest at 7.64% per annum. The loan has no fixed repayment terms.

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Balance at January 1	-	-
Additions during the year	6.0	-
	6.0	
Accrued interest	0.1	-
Balance at the end of the year	**6.1**	**-**
Less: current portion	-	-
Long term portion	**6.1**	**-**

The loans to Mantra are guaranteed by ARMZ.

11.2 Kyzylkum loan

The Corporation made loans available to Kyzylkum pursuant to its obligation to provide project financing for construction and commissioning of the Kharasan Project in the amount of $80 million. The loans bore interest at LIBOR plus 1.5% per annum, with interest payable on a semi-annual basis, commencing within two years of initial funding.

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Balance at January 1	19.0	35.0
Interest capitalized	-	3.1
Repaid during the year	(19.0)	(19.1)
	-	**19.0**
Accrued interest	-	0.8
Balance at the end of the year	**-**	**19.8**
Less: elimination of proportionate share – 30%	-	(5.9)
	-	**13.9**
Less: current portion	-	-
Long term portion	**-**	**13.9**

The loans to Kyzylkum were unsecured.

11.3 SKZ-U loan

The Corporation made loans available to SKZ-U pursuant to its obligation to provide project financing for construction and commissioning of the sulphuric acid plant project in the amount of $31.0 million. The loans bear interest at LIBOR plus 6% per annum, with interest payable on a semi-annual basis.

	Dec31, 2011 US$m	Dec 31, 2010 US$m
Balance at January 1	18.0	4.3
Repaid during the year	-	(4.3)
Additions during the year	7.1	18.0
	25.1	**18.0**
Accrued interest	0.5	0.3
Balance at the end of the year	**25.6**	**18.3**
Less: elimination of proportionate share – 19%	(4.9)	(3.5)
	20.7	**14.8**
Less: current portion	(0.5)	-
Long term portion	**20.2**	**14.8**

The loans to SKZ-U are unsecured.

12 OTHER ASSETS

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Current			
Borrowed uranium concentrates	-	12.5	8.9
Deposit for future business acquisitions	-	-	8.8
Deferred expenditure	-	-	5.2
Cross currency derivative swap asset	0.8	-	-
Current portion of loans receivable	0.5	-	-
Other	0.3	0.3	0.5
	1.6	**12.8**	**23.4**
Non-current			
Borrowed uranium concentrates	10.4	-	-
Asset retirement fund	41.2	37.8	13.5
Advances for plant and equipment	13.8	16.0	7.5
Available for sale securities	0.8	0.3	9.3
Assets held for sale	-	-	51.5
Other	4.9	4.8	3.9
	71.1	**58.9**	**85.7**

Uranium concentrates loans

The Corporation entered into a uranium concentrates borrowing agreement to mitigate the risk of delivery delays, enabling the Corporation to meet its contractual obligations in terms of current uranium sales contracts. The asset represents the borrowed uranium concentrates, which are held at a conversion facility in the Corporation's account. The asset is recorded at its fair value. The corresponding financial liability of $10.4 million, which is classified as fair value through profit or loss, is also carried at fair value and is included in uranium concentrates loans in non-current liabilities. The liability was reclassified to non-current due to the extension of the agreement to September 2013 (note 18).

Asset retirement fund

The Corporation contributed $0.2 million to the asset retirement funds required as part of the continued development of its US development assets. Additionally, the joint ventures made contributions to their asset retirement funds during the year and the proportionate share of these contributions was $3.2 million during 2011.

Available for sale securities

The Corporation holds available for sale securities with a cost of $0.8 million as at December 31, 2011 (2010, $0.3 million) and a fair value of $0.8 million as at December 31, 2011 (2010, $0.3 million).

13 TRADE AND OTHER PAYABLES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Trade payables	30.2	30.6	22.3
Accruals	15.8	22.5	18.7
Commodity and other taxes payable	10.0	7.9	4.4
Other	2.3	1.3	0.3
	58.3	**62.3**	**45.7**

14 INTEREST BEARING LIABILITIES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Ruble Bonds	441.7	-	-
Proportionate share of joint venture facilities	126.7	146.3	52.6
Facilities held by Uranium One	-	-	63.6
	568.4	**146.3**	**116.2**
Current portion	52.1	60.1	68.6
Non-current portion	516.3	86.2	47.6
Total	**568.4**	**146.3**	**116.2**

14 INTEREST BEARING LIABILITIES (CONTINUED)

14.1 Ruble Bonds - unsecured	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Opening balance	-	-	-
Issued	463.5	-	-
Transaction costs	(6.6)	-	-
Amortization of transaction costs	0.1	-	-
Interest paid	-	-	-
Interest accrued	2.9	-	-
Foreign exchange	(18.2)	-	-
	441.7	**-**	**-**
Less: current portion	(2.9)	-	-
Long term portion	**438.8**	**-**	**-**

On December 7, 2011, the Corporation entered into agreements with eligible investors for the issuance of Ruble-denominated bonds (the "Ruble Bonds") having an aggregate principal amount of $463.5 million (RUB 14.3 billion) repayable five years from the date of issuance. The Ruble Bonds bear interest at a Ruble rate of 9.75%, payable semi-annually from the date of issue. In connection with the offering, the Corporation entered into a RUB/USD cross-currency interest rate swap agreement ("Swap"). The Swap has a USD fixed exchange rate of $1.00 = RUB 30.855 and results in a USD fixed interest rate of 6.74% on the principal amount of $463.5 million.

The Swap was entered into by the Corporation to effectively create a synthetic US dollar borrowing by converting the Ruble denominated coupon payments and principal amount of the Ruble Bonds to fixed US dollar cash flows, and therefore eliminate any exposure to Ruble / USD fluctuations. For accounting purposes the Corporation designated 80% of the Swap as a cash flow hedge of the foreign currency risk inherent in the interest and principal payments on the RUB 14.3 billion borrowing.

The Ruble Bonds are direct, unsecured, non-convertible, interest-bearing obligations of the Corporation, subordinated to any present or future secured obligations, and ranking equally with all other unsecured indebtedness.

14.2 Proportionate share of joint venture facilities	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Opening balance	146.3	52.6
Acquired on business combination	-	59.3
Drawdown	78.0	40.9
Repaid	(98.8)	(6.7)
Interest paid	(6.2)	(0.3)
Transaction costs	(0.4)	-
Interest accrued	7.8	0.5
	126.7	**146.3**
Less: current portion	(49.2)	(60.1)
Long term portion	**77.5**	**86.2**

The loans bear interest that range from LIBOR + 0.275% to 8.5% per annum and have maturity dates that ranges from January 2012 to December 2024.

During the year, Akbastau and Zarechnoye entered into loan agreements with Kazfinance LLP to refinance its existing debt obligations and to finance future capital expenditures. As part of the refinancing, a collateral agreement was signed under which the joint ventures guarantee that 75% of the cash proceeds from the sale of uranium during the term of loan will be transferred directly to a specified bank account. No restriction applies to the use by the joint ventures of the funds in this bank account, unless there is a default by Kazfinance LLP, in which case the joint ventures are obliged to repay the amount of liabilities of Kazfinance LLP outstanding to the bank as at the date of default.

14 INTEREST BEARING LIABILITIES (CONTINUED)

14.3 Facilities held by Uranium One - secured	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Opening balance	-	63.6
Amortized financing fees	-	1.5
Interest paid	-	(0.8)
Interest accrued	-	0.7
Repaid	-	(65.0)
	-	**-**
Less: current portion	-	-
Long term portion	**-**	**-**

On June 27, 2008, the Corporation established a $100 million bank debt senior secured revolving credit facility (the "facility"). Under the terms of the facility, the Corporation had the ability to borrow up to $100 million from the lead lenders, Bank of Montreal and The Bank of Nova Scotia. The facility had a two year term which ended during 2010 with all borrowed amounts being repaid.

15 CONVERTIBLE DEBENTURES

2006 Debentures

The Corporation had outstanding convertible unsecured subordinated debentures which matured on December 31, 2011 (the "2006 Debentures") with a face value of C$155.3 million. The 2006 Debentures were originally issued at C$1,000 per debenture and bore interest at an annual rate of 4.25%, payable semi-annually in arrears on June 30 and December 31 of each year. The 2006 Debentures were repaid during the year.

2010 Debentures

On March 12, 2010 the Corporation issued convertible unsecured subordinated debentures for gross proceeds of C$260 million ($253.3 million), including C$10 million taken up under an underwriters' over-allotment option. The 2010 Debentures have a March 13, 2015 maturity date, with interest payable at a rate of 5.0% per annum, payable semi-annually. The 2010 Debentures are convertible into common shares of the Corporation, at a rate of 317.46 common shares per C$1,000 principal and have a conversion price of C$3.15 per common share.

The debentures had a cash settlement option which was accounted for as an embedded derivative. The Corporation had allocated the fair value of the debentures to the individual liability and derivative components by establishing the derivative component and then allocating the balance remaining, after subtracting the fair value of the derivative from the face value, to the liability component. The embedded derivative was designated as a financial liability carried at fair value through profit or loss. On October 12, 2010, the Corporation received all necessary Kazakh approvals for the conversion of the 2010 Debentures and as a result the cash settlement option was cancelled. The embedded derivative was reclassified as equity on cancellation of the cash settlement option.

The table below provide a breakdown of the liability and derivative allocation on initial recognition of the 2010 Debentures:

	2010 Debentures US$m
Liability	211.6
Transaction costs	(12.4)
Net liability	**199.2**
Derivative liability	41.7
Net derivative liability	**41.7**
Net proceeds	**240.9**

JUMI Debentures

On January 14, 2010, the Corporation issued to Japan Uranium Management Inc. ("JUMI") a C$269.1 million ($258.1 million) aggregate principal amount 3% convertible unsecured subordinated debenture maturing ten years from the date of issue (the "JUMI Debentures"). Pursuant to the terms of the JUMI Debentures, the Corporation must offer to re-purchase the JUMI Debentures for 101% of the outstanding principal amount plus accrued interest upon a "change of control". The transaction with ARMZ during 2010 constituted a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI, which JUMI accepted, after which the debentures were redeemed on December 29, 2010.

15 CONVERTIBLE DEBENTURES (CONTINUED)

The table below indicates the movement in the liability:

December 31, 2011	2010 Debentures US$m	2006 Debentures US$m	Total US$m
Opening balance	208.7	151.4	360.1
Interest accrued	23.9	10.5	34.4
Coupon	(13.0)	(6.6)	(19.6)
Repayment	-	(151.6)	(151.6)
Foreign exchange movement	(5.2)	(3.7)	(8.9)
Liability as at the end of the year	**214.4**	**-**	**214.4**
Current portion	-	-	-
Non-current portion	214.4	-	214.4
	214.4	**-**	**214.4**
Fair value of convertible debentures	**256.6**	**-**	

December 31, 2010	JUMI Debentures US$m	2010 Debentures US$m	2006 Debentures US$m	Total US$m
Opening balance	-	-	140.9	140.9
Issued	131.4	211.6	-	343.0
Interest accrued	14.5	18.3	9.9	42.7
Coupon payment	(7.6)	(14.0)	(6.4)	(28.0)
Transaction costs	(1.0)	(12.4)	-	(13.4)
Redemption	(141.9)	-	-	(141.9)
Foreign exchange movement	4.6	5.2	7.0	16.8
Liability as at the end of the year	**-**	**208.7**	**151.4**	**360.1**
Current portion	-	-	151.4	151.4
Non-current portion	-	208.7	-	208.7
	-	**208.7**	**151.4**	**360.1**

16 PROVISIONS

Current	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Provision for contingent payments	-	-	20.0
Other	-	-	0.2
	-	**-**	**20.2**

Non-current	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Environmental protection, rehabilitation and closure costs	38.4	29.1	17.9
Provision for contingent payments	38.8	33.3	54.9
Provision for historical cost	2.3	2.7	1.7
	79.5	**65.1**	**74.5**

Environmental protection, rehabilitation and closure costs

Provision is made for close down, restoration and for environmental rehabilitation costs, which include the dismantling and demolition of infrastructure, removal of residual materials and remediation of disturbed areas, in the financial period when the related environmental disturbance occurs, based on the estimated future costs using information available at the balance sheet date.

	Dec 31, 2011	Dec 31, 2010
Undiscounted and uninflated amount of estimated cash flows (US$m)	**45.6**	**36.2**
Payable in years	10 - 42	2 - 43
Inflation rate	2.69% - 5%	2.69% - 5%
Discount rate	3.66% - 7%	6% - 11%

Security of $41.2 million (2010: $37.8 million) for environmental protection, rehabilitation and closure costs has been provided in the form required by the relevant country's authorities (note 12).

16 PROVISIONS (CONTINUED)

Provision for contingent payments

Betpak Dala acquisition

As part of the original acquisition of the interest in Betpak Dala on November 7, 2005, it was agreed that the Corporation is liable for a bonus payment payable in cash based on uranium reserves discovered on the South Inkai property in excess of 74,000 tonnes. The payment is based on the Corporation's share of U_3O_8 in excess of 74,000 tonnes times the average spot price of U_3O_8 times 6.25%.

As security for the bonus payment, the Corporation has pledged its participatory interest in Betpak Dala (including the shares of a subsidiary) and its share of uranium products produced by Betpak Dala.

Kyzylkum acquisition

As part of the original acquisition of the interest in Kyzylkum on November 7, 2005, it was agreed that the Corporation is liable for a bonus payment, which is due upon commencement of commercial production. The seller initially had an option, exercisable until October 31, 2006, to elect to receive this bonus payment as a cash payment of $24 million or receive 15,476,000 shares of UrAsia Energy Ltd. ("Ürasia Energy"). The seller elected under the terms of the arrangement, to receive 15,476,000 shares of UrAsia Energy upon commencement of commercial production. The 15,476,000-bonus payment shares of UrAsia Energy have been converted to 6,964,200 Uranium One shares as part of the UrAsia Energy acquisition in 2007. The fair value of the contingently issuable shares was not included as part of the purchase price for Kyzylkum as commencement of commercial production could not be reasonably determined.

An additional bonus payment of 30% of 12.5% (being an effective 3.75%) of the weighted average spot price of U_3O_8 will be paid on incremental reserves in excess of 55,000 tonnes of U_3O_8 discovered during each fiscal year with payment beginning within 60 days of the end of the 2008 calendar year.

The tables below show the movement in the provisions:

	Environmental & closure costs US$m	Provision for contingent payments US$m	Provision for historical cost US$m	Total US$m
Balance at January 1, 2011	29.1	33.3	2.7	65.1
Additions	7.6	-	2.4	10.0
Unwinding of discount rate	2.7	2.9	-	5.6
Fair value adjustment	-	2.6	-	2.6
Reductions arising from payments	(0.9)	-	(2.8)	(3.7)
Foreign exchange movement	(0.1)	-	-	(0.1)
At the end of the year	**38.4**	**38.8**	**2.3**	**79.5**

	Environmental & closure costs US$m	Provision for contingent payments US$m	Provision for historical cost US$m	Total US$m
Balance at January 1, 2010	17.9	74.9	1.7	94.5
Additions	13.4	-	1.7	15.1
Unwinding of discount rate	2.2	7.0	-	9.2
Fair value adjustment	-	9.1	-	9.1
Reductions arising from payments	(4.6)	-	(0.7)	(5.3)
Business combination (note 3)	-	(37.7)	-	(37.7)
Payments	-	(20.0)	-	(20.0)
Foreign exchange movement	0.2	-	-	0.2
At the end of the year	**29.1**	**33.3**	**2.7**	**65.1**

17 INCOME TAXES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Current income tax expense	74.6	49.3
Deferred income tax (recovery)/expense	(11.7)	28.4
Income tax expense	**62.9**	**77.7**

Reconciliation between the tax expense/(recovery) and accounting profit for the year:

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Earnings/(loss) before income taxes	**151.3**	(76.0)
Canadian federal and provincial income tax rates	28.25%	28.50%
Expected income tax expense / (recovery)	**42.7**	**(21.7)**
Permanent differences, including share based compensation	28.4	9.3
Change in temporary differences non recognized	8.1	(92.9)
Effect of tax rate changes	(0.1)	39.1
Disposal of assets	-	144.0
Differences in tax rates in foreign jurisdictions	(18.5)	(10.8)
Withholding taxes	1.8	11.6
Prior period adjustments	(2.2)	-
Other	2.7	(0.9)
Income tax expense	**62.9**	**77.7**
Effective tax rate	**41.57%**	**102.24%**

Reconciliation of the deferred tax balance movement:

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Balance as at January 1	**350.8**	166.7
Income tax (recovery) / expense recorded in the income statement	(11.7)	28.4
Acquisitions and disposals	-	152.8
Other	(2.2)	2.9
Balance at the end of the year	**336.9**	**350.8**
(Recovery) / expense recorded in the income statement		
Mineral interests, property, plant and equipment	(0.4)	27.8
Non-capital losses	(12.4)	-
Other	1.1	0.6
	(11.7)	**28.4**

The significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Deferred income tax assets			
Mineral interests, property, plant and equipment	13.1	15.4	-
Non-capital losses	34.6	22.2	22.2
Other	2.1	1.0	1.6
Deferred income tax assets	**49.8**	**38.6**	**23.8**
Deferred income tax liabilities			
Mineral interests, property, plant and equipment	(386.7)	(389.4)	(190.5)
Deferred income tax liabilities	**(386.7)**	**(389.4)**	**(190.5)**
Net deferred income tax liability	**(336.9)**	**(350.8)**	**(166.7)**

Deductible temporary differences and unused tax credits for which no deferred tax assets have been recognized are attributable to the following:

	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Mineral interests, property, plant and equipment	50.1	106.4	322.4
Other	2.2	2.2	11.0
Total	**52.3**	**108.6**	**333.4**

17 INCOME TAXES (CONTINUED)

Tax loss carry-forwards

Canada and provincial tax jurisdictions
At December 31, 2011, the Corporation had Canadian federal and provincial net operating loss carry-forwards totaling $42.3 million that expire in 2031 (2010: $31.4 million). The Corporation also had capital losses totaling $5.2 million with no expiry (2010: $2.7 million). No deferred tax assets have been recognized on either operating or capital losses.

United States federal and state tax jurisdictions
At December 31, 2011, the Corporation had United States federal and state net operating loss carry-forwards totaling $73.2 million that expire from 2020 through 2031. (2010: $62.4 million). Deferred tax assets of $ 26.1 million were recognized in respect of $73.2 million of losses (2010: $22.2 million in respect of $62.4 million of losses). The Corporation also had capital losses totaling $27.5 million that expire in 2015 (2010: $29.5 million). No deferred tax assets have been recognized on capital losses.

Kazakhstan tax jurisdictions
At December 31, 2011, the Corporation had Kazakhstan net operating loss carry-forwards totaling $26.1 million that expires from 2012 through 2013 (2010: $19.2 million). No deferred tax assets have been recognized on these losses.

Australia tax jurisdictions
At December 31, 2011, the Corporation had Australian net operating loss carry-forwards totaling $48.0 million with no expiry (2010: $33.1 million). Deferred tax assets of $ 8.5 million were recognized in respect of $28.4 million of losses (2010: nil).

18 OTHER LIABILITIES

Current	**Dec 31, 2011 US$m**	**Dec 31, 2010 US$m**	**Jan 1, 2010 US$m**
Promissory note	-	-	90.2
Unfavorable contracts	9.4	11.4	11.7
Uranium concentrates loan	-	12.5	8.9
Advances received	3.4	20.5	19.9
Other	0.4	1.5	1.4
	13.2	**45.9**	**132.1**

Non-current	**Dec 31, 2011 US$m**	**Dec 31, 2010 US$m**	**Jan 1, 2010 US$m**
Uranium concentrates loan	10.4	-	-
Cross currency swap derivative liability	16.3	-	-
Liabilities held for sale	-	-	12.9
Other	0.9	0.4	0.2
	27.6	**0.4**	**13.1**

Uranium concentrates loan

On September 22, 2008, the Corporation entered into a loan agreement to borrow 200,000 pounds of U_3O_8 to be repaid on September 30, 2010. The maturity of the loan was extended to September 30, 2013. Under the loan agreement, loan fees of 3.5% per annum are payable based on the value of the borrowed U_3O_8. In addition to the loan agreement, the Corporation incurred $0.4 million in loan arrangement fees, which have been expensed. The Corporation recognized the borrowed uranium as an other asset (note 12). The loan is classified as a financial liability carried at fair value through profit or loss.

Cross currency swap derivative liability

Effective December 7, 2011, the Corporation entered into a RUB / USD cross-currency interest rate swap agreement as described in note 14. The Corporation designated the swap as a cash flow hedge of the foreign currency risk inherent in the interest and principal payments on the RUB 14.3 billion borrowing.

An unrealized loss of $39.0 million was recognized at the inception of the cross-currency interest rate swap due to unobservable Ruble and credit market data. This unrealized loss of $39.0 million was set off against the cross-currency swap derivative liability recorded in other liabilities and will be recognized in profit or loss as a part of the ineffective portion of the cash flow hedging relationship, as appropriate. There was no change in the unrealized loss from inception to the end of the year.

19 SHARE CAPITAL

Issued and outstanding common shares	Number of shares	Value of shares US$m
Common shares on January 1, 2010	**587,423,576**	**3,823.3**
Exercise of stock options	13,073,222	65.5
Exercise of restricted shares	429,159	2.3
ARMZ private placement (note 3.2)	178,127,165	602.7
Acquisition of Akbastau and Zarechnoye (note 3.2)	178,127,164	831.6
Conversion of 2010 Debentures	3,750	-
Common shares on December 31, 2010	**957,184,036**	**5,325.4**
Exercise of stock options	5,000	-
Issued and outstanding common shares at December 31, 2011	**957,189,036**	**5,325.4**

20 RESERVES

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Equity settled employee benefits reserve		
Balance at the beginning of the year	113.7	132.3
Stock options issued and vested	8.6	13.9
Exercised stock options following vesting	-	(32.5)
Balance at the end of the year	**122.3**	**113.7**
Equity component of convertible debentures		
Balance at the beginning of the year	113.5	46.5
JUMI Debentures issued	-	125.7
JUMI Debentures redeemed	-	(125.7)
2006 Debentures settled	(46.5)	-
2010 Debentures issued	-	67.0
Balance at the end of the year	**67.0**	**113.5**
Foreign currency translation reserve	-	
Balance at the beginning of the year	8.8	-
Exchange fluctuations on translation of foreign operations	(3.1)	8.8
Balance at the end of the year	**5.7**	**8.8**
Cash flow hedging reserve		
Balance at the beginning of the year	-	-
Foreign exchange	14.3	-
Revaluation	(16.3)	-
Balance at the end of the year	**(2.0)**	**-**
Fair value reserve		
Balance at the beginning of the year	-	0.1
Unrealized fair value adjustments on available for sale securities	-	(10.7)
Realized fair value adjustments on available for sale securities	-	10.6
Balance at the end of the year	-	**-**
Total reserves	**193.0**	**236.0**

Equity component of convertible debentures

The Corporation repaid the 2006 Debentures with cash and transferred the equity component of $46.5 million to retained earnings.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognized and accumulated under the cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the net earnings.

20 RESERVES (CONTINUED)

Stock options

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

	Number of options	Weighted average exercise price Cdn $
Outstanding options as at January 1, 2010	**18,564,160**	**6.26**
Granted options	10,526,100	3.89
Exercised options	(13,073,222)	2.73
Cancelled and forfeited	(1,130,458)	9.02
Expired stock options	(1,205,504)	7.22
Outstanding options as at December 31, 2010	**13,681,076**	**7.49**
Granted options	3,120,060	5.36
Exercised options	(5,000)	2.79
Cancelled and forfeited	(1,215,657)	8.11
Expired stock options	(2,083,942)	9.49
Outstanding options as at December 31, 2011	**13,496,537**	**6.64**

The weighted average fair value of the share options granted during the year is C$2.14 (2010: C$1.85). Options were priced using the Black-Scholes option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions, and behavioral considerations. Expected volatility is based on the historical share price volatility over the past 5 years.

The weighted average share price for options exercised in 2011 was C$5.27 (2010:C$3.77).

The following table summarizes stock options outstanding at December 31, 2011:

	Options outstanding			Options exercisable		
Range of exercise prices Cdn $	**Number outstanding as at December 31, 2011**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $	**Number exercisable as at December 31, 2011**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $
2.09 to 3.50	583,026	4.60	2.70	10,266	2.96	2.65
3.51 to 4.76	6,308,719	3.99	4.61	2,298,472	3.94	4.57
4.77 to 7.79	2,621,617	4.20	6.33	560,417	4.23	6.40
7.80 to 9.90	2,413,250	4.83	8.32	2,413,250	4.83	8.32
9.91 to 16.59	1,569,925	0.80	14.19	1,569,925	0.80	14.19
	13,496,537	**3.84**	**6.64**	**6,852,330**	**3.56**	**8.24**

The following table summarizes stock options outstanding at December 31, 2010:

	Options outstanding			Options exercisable		
Range of exercise prices Cdn $	**Number outstanding as at December 31, 2010**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $	**Number exercisable as at December 31, 2010**	**Weighted average remaining life** (years)	**Weighted average exercise price** Cdn $
0.78 to 2.74	6,166	3.21	2.22	6,166	3.21	2.22
2.75 to 4.76	6,496,632	4.97	4.66	469,032	4.74	3.95
4.77 to 7.79	1,563,455	1.98	7.28	1,563,455	1.98	7.28
7.80 to 9.90	3,012,950	4.71	8.43	3,012,950	4.71	8.43
9.91 to 12.93	1,448,908	1.60	12.12	1,448,908	1.60	12.12
12.94 to 15.63	441,715	1.47	13.93	441,715	1.47	13.93
15.64 to 16.59	711,250	1.33	16.51	711,250	1.33	16.51
	13,681,076	**3.91**	**7.49**	**7,653,476**	**3.06**	**9.68**

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

	Dec 31, 2011	Dec 31, 2010
Risk free interest rate	0.8% - 2.3%	2.1% - 2.8%
Expected dividend yield	0%	0%
Expected volatility of the Uranium One's share price	70%	70% - 94%
Expected life	1.5 - 3.5 years	5 years

21 BASIC AND DILUTED WEIGHTED-AVERAGE NUMBER OF SHARES OUTSTANDING

	Dec 31, 2011	Dec 31, 2010
Basic weighted-average number of shares outstanding (millions)	**957.2**	**611.6**
Effect of dilutive securities:		
-stock options	-	-
-convertible debentures	-	-
Diluted weighted-average number of shares outstanding	**957.2**	**611.6**

For the periods ended December 31, 2011 and 2010, convertible debentures, stock options, and restricted shares were not included in the diluted weighted average number of shares outstanding as they were anti-dilutive.

22 CASH FLOW INFORMATION

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Changes in non-cash working capital excluding business combinations:		
Increase in trade and other receivables	(36.1)	(45.7)
Increase in inventories	(3.5)	(2.5)
Decrease in trade and other payables	(9.8)	3.3
	(49.4)	**(44.9)**

23 CAPITAL DISCLOSURES

The Corporation's objectives when managing capital are to:

(i) Maintain a flexible capital structure which optimizes the cost of capital at an acceptable level of risk;
(ii) Continue the development and exploration of its mineral properties; and
(iii) Support any expansion plans.

In the management of capital, the Corporation includes equity and long term debt.

The Corporation manages its capital structure and makes adjustments to it when the economic and risk conditions of the underlying assets require change. In order to maintain or adjust the capital structure, the Corporation may issue new shares, issue new debt, and/or issue new debt to replace existing debt with different characteristics. The Corporation has in place a rigorous planning and budgeting process to help determine the funds required to ensure the Corporation has the appropriate liquidity to meet its operating and growth objectives.

The Corporation monitors the following ratios in this respect: total debt to total capitalization and net debt to total capitalization.

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Total debt (total non-current liabilities excluding deferred income tax liabilities)	837.8	360.4
Net debt (total debt less cash, receivables, and current portion of loans receivable)	80.2	(67.4)
Total capitalization (total equity)	1,993.6	1,901.7
Total debt as a percentage of equity	42%	19%
Net debt as a percentage of equity	4%	n/a

24 FINANCIAL RISK MANAGEMENT

(i) Designation and valuation of financial instruments

The following tables summarize the designation and fair value hierarchy under which the Corporation's financial instruments are valued.

		As December 31, 2011		
Designation of financial assets	**Notes**	**Loans and receivables US$m**	**Available for sale securities US$m**	**Total US$m**
Cash and cash equivalents	6	619.0	-	619.0
Trade receivables	7	120.0	-	120.0
Loans receivable	11	26.8	-	26.8
Cross currency swap derivative asset	12	0.8		0.8
Available for sale securities	12	-	0.8	0.8
Asset retirement fund	12	41.2	-	41.2
Total		**807.8**	**0.8**	**808.6**

		As at December 31, 2010		
Designation of financial assets	**Notes**	**Loans and receivables US$m**	**Available for sale securities US$m**	**Total US$m**
Cash and cash equivalents	6	324.4	-	324.4
Trade receivables	7	84.1	-	84.1
Loans receivable	11	28.7	-	28.7
Available for sale securities	12	-	0.3	0.3
Asset retirement fund	12	37.8	-	37.8
Total		**475.0**	**0.3**	**475.3**

		As at December 31, 2011		
Designation of financial liabilities	**Notes**	**Held at fair value through profit or loss US$m**	**Financial liabilities at amortized cost US$m**	**Total US$m**
Trade payables	13	-	30.2	30.2
Interest bearing liabilities	14	-	568.4	568.4
Convertible debenture	15	-	214.4	214.4
Provisions	16	-	79.5	79.5
Uranium concentrates loan	18	10.4	-	10.4
Cross currency swap derivative liability	18	16.3	-	16.3
Other	18	-	1.3	1.3
Total		**26.7**	**893.8**	**920.5**

		As at December 31, 2010		
Designation of financial liabilities	**Notes**	**Held at fair value through profit or loss US$m**	**Financial liabilities at amortized cost US$m**	**Total US$m**
Trade payables	13	-	30.6	30.6
Interest bearing liabilities	14	-	146.3	146.3
Convertible debenture	15	-	360.1	360.1
Provisions	16	-	65.1	65.1
Uranium concentrates loan	18	12.5	-	12.5
Other	18	-	1.9	1.9
Total		**12.5**	**604.0**	**616.5**

The carrying values of the financial assets and liabilities that are presented in the tables above, generally approximate their fair values, except for the convertible debentures, whose fair value is disclosed in note 15.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

	As at December 31, 2011			
Fair value hierarchy of financial assets and liabilities measured at fair value	**Level 1 US$m**	**Level 2 US$m**	**Level 3 US$m**	**Total US$m**
Available for sale securities	0.8	-	-	0.8
Uranium concentrates loan	-	(10.4)	-	(10.4)
Net cross currency swap derivative liability	-	-	(15.5)	(15.5)
Total	**0.8**	**(10.4)**	**(15.5)**	**(25.1)**

	As at December 31, 2010			
Fair value hierarchy of financial assets and liabilities measured at fair value	**Level 1 US$m**	**Level 2 US$m**	**Level 3 US$m**	**Total US$m**
Available for sale securities	0.3	-	-	0.3
Uranium concentrates loan	-	(12.5)	-	(12.5)
Total	**0.3**	**(12.5)**	**-**	**(12.2)**

- Level 1 of the fair value hierarchy includes unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 of the hierarchy includes inputs that are observable for the asset or liability, either directly or indirectly; and
- Level 3 includes inputs for the asset or liability that are not based on observable market data.

The table below shows a reconciliation of level 3 fair value measurements of financial liabilities:

	December 31, 2011 US$m	**December 31, 2010 US$m**
Opening balance	-	-
Additions	39.0	-
Unrealized losses recognized at inception	(39.0)	-
Unrealized losses recognized in other comprehensive income	16.3	-
Interest accrued on swap	(0.8)	-
	15.5	**-**
Current portion (asset)	(0.8)	-
Non-current portion	16.3	-

(ii) Foreign exchange risk

The foreign exchange risk relates to the risk that the value of financial commitments, recognized assets or liabilities will fluctuate due to changes in foreign currency rates.

The Corporation is primarily exposed to foreign currency risk through the following monetary assets and monetary liabilities denominated in currencies other than US dollars:

	Monetary assets		**Monetary liabilities**	
	December 31, 2011 US$m	**December 31, 2010 US$m**	**December 31, 2011 US$m**	**December 31, 2010 US$m**
Canadian dollar	4.3	7.3	230.0	374.0
Australian dollar	7.0	18.2	7.9	9.1
Kazakhstan tenge	89.2	104.2	33.5	34.3
Euro	0.2	1.1	0.7	0.2
Ruble	-	-	441.7	-
	100.7	**130.8**	**713.8**	**417.6**

The Corporation entered into a cross currency interest rate swap for the outstanding Ruble Bonds. The swap is designated as a cash flow hedge. The Corporation applied a hedge ratio of 80% to the debt, resulting in the Swap covering 80% of the foreign currency risk inherent in the interest and principal payments on the RUB 14.3 billion borrowing.

The Swap effectively converts the Ruble Bonds into a synthetic US dollar borrowing by fixing the Corporation's principal and interest payments in US dollar terms and while the Swap is in force, the Corporation is not exposed to any Ruble currency risks. The Corporation will recognize certain foreign exchange gains or losses in the income statement and cash flow hedge reserve during the term of the Ruble Bonds and Swap at each reporting period. The cumulative effect of Ruble / US dollar currency movements on the income statement is expected to be zero over the full term of the Ruble Bonds and Swap.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table illustrates the movement in the Ruble Bonds and the Swap, and the effect of the application of hedge accounting on the financial results.

	As December 31, 2011			
	Ruble Bonds (Note 14) US$m	**Swap (Notes 12 and 18) US$m**	**Reserve (Note 20) US$m**	**Income Statement US$m**
Issued	463.5	-	-	
Transaction costs, net of amortization	(6.5)	-	-	
Interest	2.9	(0.8)	-	2.1
Foreign exchange	(18.2)	-	14.3	(3.9)
Revaluation	-	16.3	(16.3)	-
Closing balance	**441.7**	**15.5**	**(2.0)**	**(1.8)**

The following table shows the effect on earnings and other comprehensive income after tax as at December 31, 2011 of a 10% appreciation or depreciation in the foreign currencies against the US dollar on the above-mentioned financial and non-financial assets and liabilities of the Corporation.

	Other comprehensive income	**Net Earnings**
A 10% appreciation in all foreign currencies against the US dollar, with all other variables held constant.	**204.6**	**0.2**

A 10% depreciation in exchange rates would have the exact opposite effect on other comprehensive income and net earnings.

(iii) Credit risk

Credit risk is primarily associated with trade receivables, and to a lesser extent, cash equivalents, restricted cash, loans receivable and asset retirement funds.

The Corporation closely monitors its financial assets and does not have any significant concentration of credit risk. The Corporation sells its products exclusively to organizations with strong credit ratings. Cash and cash equivalents are comprised of financial instruments issued by international financial institutions and companies with high investment-grade ratings. These investments mature at various dates.

The Corporation entered into a cross currency interest rate swap for the outstanding Ruble Bonds. The Corporation is exposed to credit risk in situations where the fair value of the Swap is the Corporation's favour.

The Corporation's maximum exposure to credit risk at the balance sheet date is as follows:

	Notes	**Dec 31, 2011 $'000**	**Dec 31, 2010 $'000**
Trade receivables	7	120.0	84.1
Cash and cash equivalents	6	619.0	324.4
Loans receivable	11	26.8	28.7
Asset retirement fund	12	41.2	37.8
		807.0	**475.0**

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(iv) Liquidity risk

The Corporation has a cash forecast and budgeting process in place to assist with the determination of funds required to support the Corporation's operating requirements on an ongoing basis and its expansion plans. The Corporation manages liquidity risk through the management of its capital structure and financial leverage as outlined in note 23.

The following table summarizes the contractual maturities of the Corporation's significant financial liabilities and capital commitments, including contractual obligations:

	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total
Lease obligations	2.9	4.1	1.9	-	8.9
Capital commitments	23.9	0.1	0.3	4.3	28.6
Environmental and closure costs	-	0.6	1.4	43.6	45.6
Trade and other payables	58.3	-	-	-	58.3
Interest bearing liabilities	43.0	54.6	484.3	3.5	585.4
Uranium concentrates loan	-	10.4	-	-	10.4
Provision for contingent payments	-	-	57.4	-	57.4
Interest payable on financial liabilities	37.7	94.8	31.6	1.6	165.7
2010 Debentures	-	266.1	-	-	266.1
Other	0.5	0.9	0.9	0.8	3.1
	166.3	**431.6**	**577.8**	**53.8**	**1,229.5**

The uranium concentrates loan requires settlement with uranium concentrates, and may not result in a cash outflow. The 2010 Debentures are convertible in shares, and may not result in a cash outflow.

The Corporation has interests in joint ventures, and is responsible for partial funding of these joint ventures pursuant to the terms of the joint venture agreements. The Corporation does not have direct liquidity risk for liquidity of these joint ventures. The Corporation can only utilize cash generated by the joint ventures when the joint ventures pay dividends.

The Corporation is exposed to liquidity risk from fluctuating commodity prices when the 200,000 pounds of uranium concentrates received as part of a uranium loan transaction are utilized against contracts. As the market value of the liability to deliver the uranium concentrates fluctuates based on commodity prices, so will the market value of the uranium concentrates held by the Corporation. The effect that market fluctuations in the uranium price have on the asset and liability will offset, except in circumstances where the borrowed uranium has been utilized to make a delivery into a contract. In these circumstances, the Corporation will recognize a net fair value adjustment.

(v) Interest rate risk

The Corporation is exposed to interest rate risk on its outstanding borrowings and short-term investments. The risk is managed by monitoring and raising the majority under central borrowing programs. The Corporation has entered into a cross currency interest rate swap to convert its Ruble Bonds into US dollar fixed interest rate exposure.

A 100 basis point change in the interest rate would impact the Corporation's net earnings as follows:

	Dec 31, 2011 US$m	Dec 31, 2010 US$m
A 100 basis point appreciation in interest rates, with all other variables held constant	**1.3**	**1.3**

A 100 basis point depreciation in the interest rate would have the exact opposite effect on net earnings.

24 FINANCIAL RISK MANAGEMENT (CONTINUED)

(vi) Commodity price risk

The Corporation is exposed to price risk with respect to commodity prices. The Corporation does not hedge its exposure to price risk, other than having market related pricing structures in the long-term sales contracts, which the Corporation has entered into. Increases in uranium prices would have a positive impact on profitability given that the majority of the Corporation's sales contracts are priced based on market values for uranium.

The Corporation is exposed to price risk from fluctuating commodity prices with respect to outstanding uranium concentrates loans if the borrowed uranium has been utilized to make a delivery. As the market value of the liability to deliver the uranium concentrates fluctuates, based on commodity prices, so will the market value of the uranium concentrates borrowed by the Corporation. The effect that market fluctuations in the uranium price have on the borrowed uranium asset and uranium concentrates liability will offset, except in circumstances where the borrowed uranium has been utilized to make a delivery into a contract. In these circumstances, the Corporation will recognize a net fair value adjustment in the income statement.

25 SUBSIDIARIES

Details of the Corporation's significant subsidiaries as at December 31, 2011 are as follows:

Name of subsidiary	Country of incorporation	Project	Principal activity	Project stage	Interest
Uranium One Americas, Inc	US	United states Development projects	Mineral property holdings	Development	100%
Uranium One USA Inc	US	United states Development projects	Processing facility and mineral property holdings	Development	100%

26 JOINTLY CONTROLLED ENTITIES

The Corporation owns the following interests subject to joint control as a result of governing contractual agreements:

Shareholding in Jointly controlled entities	Country of incorporation	Principal activity	Stage	Interest
Akbastau JSC	Kazakhstan	Uranium mining	Production	50%
Betpak Dala LLP	Kazakhstan	Uranium mining	Production	70%
Karatau LLP	Kazakhstan	Uranium mining	Production	50%
Zarechnoye JSC	Kazakhstan	Uranium mining	Production	49.67%
Kyzylkum LLP	Kazakhstan	Uranium mining	Development	30%
SKZ-U LLP	Kazakhstan	Sulphuric acid plant	Development	19%

The Corporation's proportionate share of the assets and liabilities of the jointly controlled entities are as follows:

As at December 31, 2011	Akbastau	Betpak Dala	Karatau	Zarechnoye	Kyzylkum	SKZ-U	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Current assets							
Cash	1.6	35.4	3.8	3.4	1.2	1.3	46.7
Other	31.5	116.5	44.9	12.5	1.2	0.2	206.8
	33.1	**151.9**	**48.7**	**15.9**	**2.4**	**1.5**	**253.5**
Non-current assets							
Mineral interests, property, plant and equipment	618.3	507.8	481.5	217.8	124.6	27.4	1,977.4
Goodwill	115.5	-	-	35.2	-	-	150.7
Other	3.0	4.3	2.3	6.1	0.6	7.1	23.4
	736.8	**512.1**	**483.8**	**259.1**	**125.2**	**34.5**	**2,151.5**
Total assets	**769.9**	**664.0**	**532.5**	**275.0**	**127.6**	**36.0**	**2,405.0**
Current liabilities							
Current portion of interest bearing liabilities	(11.3)	-	-	(22.1)	(15.8)	-	(49.2)
Other	(4.5)	(12.9)	(8.3)	(5.0)	(2.6)	(0.9)	(34.2)
	(15.8)	**(12.9)**	**(8.3)**	**(27.1)**	**(18.4)**	**(0.9)**	**(83.4)**
Non-current liabilities							
Non-current portion of interest bearing liabilities	(16.5)	-	-	(17.1)	(23.6)	(20.3)	(77.5)
Deferred tax liabilities	(115.9)	(85.8)	(83.2)	(36.3)	(16.0)	0.3	(336.9)
Provisions	(1.5)	(10.3)	(3.6)	(3.1)	(1.6)	-	(20.1)
Other	(6.0)	-	(30.5)	(9.4)	(2.1)	-	(48.0)
	(139.9)	**(96.1)**	**(117.3)**	**(65.9)**	**(43.3)**	**(20.0)**	**(482.5)**
Total liabilities	**(155.7)**	**(109.0)**	**(125.6)**	**(93.0)**	**(61.7)**	**(20.9)**	**(565.9)**
Net assets	**614.2**	**555.0**	**406.9**	**182.0**	**65.9**	**15.1**	**1,839.1**

26 JOINTLY CONTROLLED ENTITIES (CONTINUED)

As at December 31, 2010	Akbastau	Betpak Dala	Karatau	Zarechnoye	Kyzylkum	SKZ-U	Total
	US$m	US$m	US$m	US$m	US$m	US$m	US$m
Current assets							
Cash	4.8	37.2	1.3	2.3	1.1	6.8	53.5
Other	14.1	100.2	7.8	13.3	0.9	-	136.3
	18.9	**137.4**	**9.1**	**15.6**	**2.0**	**6.8**	**189.8**
Non-current assets							
Mineral interests, property, plant and equipment	621.5	532.2	498.3	214.0	124.1	12.8	2,002.9
Goodwill	116.0	-	-	35.3	-	-	151.3
Other	1.1	3.1	4.0	6.2	0.6	8.7	23.7
	738.6	**535.3**	**502.3**	**255.5**	**124.7**	**21.5**	**2,177.9**
Total assets	**757.5**	**672.7**	**511.4**	**271.1**	**126.7**	**28.3**	**2,367.7**
Current liabilities							
Current portion of interest bearing liabilities	(14.7)	-	(18.8)	(10.6)	(16.0)	-	(60.1)
Other	(14.6)	(9.1)	(8.7)	(3.4)	(1.0)	(0.2)	(37.0)
	(29.3)	**(9.1)**	**(27.5)**	**(14.0)**	**(17.0)**	**(0.2)**	**(97.1)**
Non-current liabilities							
Non-current portion of interest bearing liabilities	-	-	-	(33.8)	(37.9)	(14.5)	(86.2)
Deferred tax liabilities	(118.6)	(91.7)	(86.7)	(37.6)	(16.2)	-	(350.8)
Provisions	(2.6)	(9.7)	(2.9)	(3.2)	(1.6)	-	(20.0)
Other	(6.3)	(0.2)	(24.5)	(11.5)	(4.2)	-	(46.7)
	(127.5)	**(101.6)**	**(114.1)**	**(86.1)**	**(59.9)**	**(14.5)**	**(503.7)**
Total liabilities	**(156.8)**	**(110.7)**	**(141.6)**	**(100.1)**	**(76.9)**	**(14.7)**	**(600.8)**
Net assets	**600.7**	**562.0**	**369.8**	**171.0**	**49.8**	**13.6**	**1,766.9**

As at January 1, 2010	Betpak Dala	Karatau	Kyzylkum	SKZ-U	Total
	US$m	US$m	US$m	US$m	US$m
Current assets					
Cash	3.1	0.2	0.9	0.4	4.6
Other	75.1	19.0	0.2	-	94.3
	78.2	**19.2**	**1.1**	**0.4**	**98.9**
Non-current assets					
Mineral interests, property, plant and equipment	556.7	511.7	123.4	3.6	1,195.4
Other	1.5	1.8	0.4	7.0	10.7
	558.2	**513.5**	**123.8**	**10.6**	**1,206.1**
Total assets	**636.4**	**532.7**	**124.9**	**11.0**	**1,305.0**
Current liabilities					
Current portion of interest bearing liabilities	-	(5.0)	-	-	(5.0)
Other	(8.5)	(7.1)	(4.1)	-	(19.7)
	(8.5)	**(12.1)**	**(4.1)**	**-**	**(24.7)**
Non-current liabilities					
Non-current portion of interest bearing liabilities	-	-	(47.6)	-	(47.6)
Deferred tax liabilities	(77.7)	(77.3)	(11.7)	-	(166.7)
Provisions	(9.4)	(56.3)	(1.7)	-	(67.4)
Other	(0.1)	(31.6)	(0.8)	-	(32.5)
	(87.2)	**(165.2)**	**(61.8)**	**-**	**(314.2)**
Total liabilities	**(95.7)**	**(177.3)**	**(65.9)**	**-**	**(338.9)**
Net assets	**540.7**	**355.4**	**59.0**	**11.0**	**966.1**

26 JOINTLY CONTROLLED ENTITIES (CONTINUED)

The Corporation's proportionate share of revenue, expenses, net earnings / (loss) and cash flows are as follows:

As at December 31, 2011	Akbastau US$m	Betpak Dala US$m	Karatau US$m	Zarechnoye US$m	Kyzylkum US$m	SKZ-U US$m	Total US$m
Revenues	69.2	265.3	125.2	52.5	-	-	512.2
Expenses and other income	(39.8)	(146.3)	(62.5)	(35.7)	(1.4)	-	(285.7)
Foreign exchange (loss) / gain	(0.3)	(0.5)	0.2	(0.1)	(0.3)	0.3	(0.7)
Earnings / (loss) before income taxes	**29.1**	**118.5**	**62.9**	**16.7**	**(1.7)**	**0.3**	**225.8**
Current and deferred income tax (expense) / recovery	(6.0)	(34.7)	(16.3)	(4.3)	-	0.3	(61.0)
Net earnings / (loss)	**23.1**	**83.8**	**46.6**	**12.4**	**(1.7)**	**0.6**	**164.8**
Cash flows from operating activities	6.2	126.5	45.8	26.5	-	-	205.0
Cash flows used in investing activities	(17.2)	(38.5)	(24.5)	(18.8)	(3.9)	(12.7)	(115.6)
Cash flows from / (used in) financing activities	7.8	(89.8)	(18.8)	(6.6)	4.0	7.2	(96.2)
Net (decrease) / increase in cash	**(3.2)**	**(1.8)**	**2.5**	**1.1**	**0.1**	**(5.5)**	**(6.8)**

As at December 31, 2010	Akbastau US$m	Betpak Dala US$m	Karatau US$m	Zarechnoye US$m	Kyzylkum US$m	SKZ-U US$m	Total US$m
Revenues	-	205.6	105.4	6.3	-	-	317.3
Expenses and other income	-	(118.9)	(69.4)	(6.3)	0.2	-	(194.4)
Foreign exchange loss	(1.1)	(4.3)	(0.4)	(0.3)	-	-	(6.1)
(Loss) / Earnings before income taxes	**(1.1)**	**82.4**	**35.6**	**(0.3)**	**0.2**	**-**	**116.8**
Current and deferred income tax (expense) / recovery	-	(35.9)	(28.1)	0.5	(4.3)	-	(67.8)
Net (loss) / earnings	**(1.1)**	**46.5**	**7.5**	**0.2**	**(4.1)**	**-**	**49.0**
Cash flows from operating activities	-	60.3	9.0	-	-	-	69.3
Cash flows used in investing activities	-	(26.2)	(21.7)	-	(14.2)	(5.6)	(67.7)
Cash flows from financing activities	-	-	13.8	-	14.4	12.0	40.2
Net increase in cash	**-**	**34.1**	**1.1**	**-**	**0.2**	**6.4**	**41.8**

27 JOINTLY CONTROLLED ASSETS

The jointly controlled assets in which the Corporation owns an interest and which are proportionately included in the annual financial statements are as follows:

Shareholding in jointly controlled assets	Country of incorporation	Principal activity	Stage	Ownership
Honeymoon Joint Venture	Australia	Uranium mining	Development	51.0%
Australia exploration joint ventures	Australia	Uranium mining	Exploration	50.1%

The Corporation's proportionate share of the assets and liabilities of the joint ventures are as follows:

As at December 31, 2011	Honeymoon US$m	Australia exploration US$m	Total US$m
Current assets			
Cash	5.0	0.4	5.4
Other	1.0	-	1.0
	6.0	**0.4**	**6.4**
Non-current assets			
Mineral interests, property, plant and equipment	27.7	0.3	28.0
Other	2.1	2.1	4.2
	29.8	**2.4**	**32.2**
Total assets	**35.8**	**2.8**	**38.6**
Current liabilities			
Other	(5.6)	(0.2)	(5.8)
	(5.6)	**(0.2)**	**(5.8)**
Non-current liabilities			
Future income tax liability	-	(0.6)	(0.6)
Provisions	(2.1)	-	(2.1)
	(2.1)	**(0.6)**	**(2.7)**
Total liabilities	**(7.7)**	**(0.8)**	**(8.5)**
Net assets	**28.1**	**2.0**	**30.1**

As at December 31, 2010	Honeymoon US$m	Australia exploration US$m	Total US$m
Current assets			
Cash	9.3	0.7	10.0
Other	0.4	0.2	0.6
	9.7	**0.9**	**10.6**
Non-current assets			
Mineral interests, property, plant and equipment	12.3	0.3	12.6
	12.3	**0.3**	**12.6**
Total assets	**22.0**	**1.2**	**23.2**
Current liabilities			
Other	(6.5)	(0.4)	(6.9)
	(6.5)	**(0.4)**	**(6.9)**
Non-current liabilities			
Provisions	(1.7)	-	(1.7)
	(1.7)	**-**	**(1.7)**
Total liabilities	**(8.2)**	**(0.4)**	**(8.6)**
Net assets	**13.8**	**0.8**	**14.6**

27 JOINTLY CONTROLLED ASSETS (CONTINUED)

As at January 1, 2010	Honeymoon US$m	Australia exploration US$m	Total US$m
Current assets			
Cash	5.1	0.1	5.2
Other	1.4	-	1.4
	6.5	**0.1**	**6.6**
Non-current assets			
Mineral interests, property, plant and equipment	15.0	0.3	15.3
	15.0	**0.3**	**15.3**
Total assets	**21.5**	**0.4**	**21.9**
Current liabilities			
Other	(2.6)	-	(2.6)
	(2.6)	**-**	**(2.6)**
Non-current liabilities			
Provisions	(0.7)	-	(0.7)
	(0.7)	**-**	**(0.7)**
Total liabilities	**(3.3)**	**-**	**(3.3)**
Net assets	**18.2**	**0.4**	**18.6**

The Corporation's proportionate share of revenue, expenses, net loss and cash flows are as follows:

As at December 31, 2011	Honeymoon US$m	Australian exploration US$m	Total US$m
Expenses and other income	(1.2)	-	(1.2)
Loss before income taxes	**(1.2)**	-	**(1.2)**
Current and deferred income tax expense	(0.3)	-	(0.3)
Net loss	**(1.5)**	-	**(1.5)**
Cash flows used in investing activities	(20.7)	(0.3)	(21.0)
Cash flows from financing activities	16.4	-	16.4
Net decrease in cash	**(4.3)**	**(0.3)**	**(4.6)**

As at December 31, 2010	Honeymoon US$m	Australian exploration US$m	Total US$m
Expenses and other income	(44.7)	-	(44.7)
Loss before income taxes	**(44.7)**	**-**	**(44.7)**
Current and deferred income tax expense	(0.3)	-	(0.3)
Net loss	**(45.0)**	**-**	**(45.0)**
Cash flows used in investing activities	(28.0)	**-**	(28.0)
Cash flows from financing activities	32.2	0.6	32.8
Net increase in cash	**4.2**	**0.6**	**4.8**

28 SEGMENTED INFORMATION

Information reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is primarily by operating mine or mineral property and its location. The following financial information is presented by operating segment and is reconciled to the annual financial statements.

The Corporation's reportable operating segments are summarized in the table below:

As at December 31, 2011:

	Revenues US$m	Operating expenses US$m	Exploration expenses US$m	Net finance costs US$m	Income tax (expense) / recovery US$m	Depreciation US$m	Net earnings/ (loss) US$m
Kazakhstan							
Akbastau Mine	69.2	(16.4)	-	(2.4)	(6.0)	(20.7)	23.1
Akdala Mine	75.6	(19.0)	-	(0.9)	(15.1)	(14.8)	17.7
South Inkai Mine	207.9	(64.2)	-	(1.3)	(19.6)	(39.9)	84.0
Karatau Mine	125.2	(23.9)	-	(0.5)	(16.3)	(36.3)	46.6
Zarechnoye Mine	52.5	(19.1)	-	(3.0)	(4.3)	(13.5)	12.4
Kharasan Project	-	-	-	(1.5)	0.3	-	(1.1)
United States							
Development projects	-	-	-	-	-	-	1.0
Exploration projects	-	-	(3.1)	-	-	-	(3.0)
Conventional mining projects	-	-	-	-	-	-	(1.3)
Australia							
Honeymoon Project	-	-	(1.4)	(0.5)	(0.3)	-	(1.5)
Corporate and other	-		-	(32.0)	(1.6)	-	(89.5)
	530.4	**(142.6)**	**(4.5)**	**(42.1)**	**(62.9)**	**(125.2)**	**88.4**

As at December 31, 2010:

	Revenues US$m	Operating expenses US$m	Exploration expenses US$m	Net finance costs US$m	Income tax (expense) / recovery US$m	Depreciation US$m	Net earnings/ (loss) US$m
Kazakhstan							
Akbastau Mine	-	-	-	-	-	-	(1.1)
Akdala Mine	93.9	(23.8)	-	(0.1)	(14.7)	(19.4)	35.0
South Inkai Mine	121.3	(45.8)	-	(0.1)	(21.1)	(29.6)	22.6
Karatau Mine	105.4	(19.9)	-	(6.6)	(28.1)	(43.4)	7.5
Zarechnoye Mine	6.3	(2.4)	-	-	0.5	(3.9)	0.2
Kharasan Project	-	-	-	(0.4)	(4.3)	-	(4.1)
United States							
Development projects	-	-	-	-	1.7	-	0.1
Exploration projects	-	-	(3.9)	-	-	-	(2.7)
Conventional mining projects	-	-	-	(0.2)	-	-	(1.2)
Australia							
Honeymoon Project	-	-	(1.4)	(0.5)	(0.3)	-	(45.0)
Corporate and other	-	-	(0.2)	(42.1)	(11.4)	-	(165.0)
	326.9	**(91.9)**	**(5.5)**	**(50.0)**	**(77.7)**	**(96.3)**	**(153.7)**

28 SEGMENTED INFORMATION (CONTINUED)

As at December 31, 2011:

	Mineral interests property, plant and equipment US$m	Total assets US$m	Deferred tax liabilities US$m	Total liabilities US$m	Capital additions US$m
Kazakhstan					
Akbastau Mine	618.3	769.9	115.9	155.7	15.8
Akdala Mine	121.5	177.4	22.5	30.1	5.1
South Inkai Mine	385.8	449.2	63.3	65.1	21.6
Karatau Mine	481.5	532.5	83.2	125.6	25.1
Zarechnoye Mine	217.8	275.0	36.3	93.0	18.6
Kharasan Project	152.0	163.6	15.7	82.6	32.0
United States					
Development projects	142.2	164.2	-	12.8	44.0
Exploration projects	32.6	33.2	-	-	-
Conventional mining projects	16.3	24.7	-	6.0	-
Australia					
Honeymoon Project	28.0	36.6	-	8.5	18.0
Corporate and other	9.3	677.0	-	730.3	1.6
	2,205.3	**3,303.3**	**336.9**	**1,309.7**	**181.8**

As at December 31, 2010:

	Mineral interests property, plant and equipment US$m	Total assets US$m	Deferred tax liabilities US$m	Total liabilities US$m	Capital additions US$m
Kazakhstan					
Akbastau Mine	621.5	757.5	118.6	156.8	-
Akdala Mine	135.9	182.0	24.2	31.2	3.3
South Inkai Mine	396.0	462.7	67.5	78.8	22.0
Karatau Mine	498.3	511.4	86.7	141.6	24.2
Zarechnoye Mine	214.0	271.1	37.6	100.1	-
Kharasan Project	136.9	155.0	16.2	91.6	17.2
United States					
Development projects	113.0	135.0	-	6.4	47.7
Exploration projects	29.3	29.3	-	0.4	-
Conventional mining projects	9.5	18.4	-	4.6	-
Australia					
Honeymoon Project	12.6	23.2	-	8.6	34.6
Corporate and other	9.9	400.8	-	424.6	0.8
	2,176.9	**2,946.4**	**350.8**	**1,044.7**	**149.8**

28 SEGMENTED INFORMATION (CONTINUED)

As at January 1, 2010:

	Mineral interests plant and equipment US$m	Total assets US$m	Deferred tax liabilities US$m	Total Liabilities US$m
Kazakhstan				
Akdala Mine	150.4	183.9	21.8	27.6
South Inkai Mine	406.0	448.3	55.9	67.2
Karatau Mine	511.7	532.7	77.3	177.3
Kharasan Project	127.0	135.9	11.7	65.9
United States				
Development projects	29.1	29.6	-	0.2
Exploration projects	33.1	33.9	-	-
Conventional mining projects	15.7	23.1	-	4.8
Australia				
Honeymoon Project	15.3	21.9	-	3.3
Corporate and other	16.7	293.8	-	364.7
	1,305.0	**1,703.1**	**166.7**	**711.0**

29 RELATED PARTY TRANSACTIONS

Transactions with related parties

Operating activities

	Sales		Purchases	
	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Dec 31, 2011 US$m	Dec 31, 2010 US$m
ARMZ and ARMZ affiliates	66.3	62.1	3.8	1.0
	66.3	**62.1**	**3.8**	**1.0**

Uranium transactions

	Sales		Purchases	
	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Dec 31, 2011 US$m	Dec 31, 2010 US$m
ARMZ	13.0	-	13.0	-
	13.0	**-**	**13.0**	**-**

Outstanding balances

	Trade receivables		Trade payables	
	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Dec 31, 2011 US$m	Dec 31, 2010 US$m
ARMZ and ARMZ affiliates	4.5	6.0	0.2	10.2
Joint ventures	-	-	4.5	5.3
	4.5	**6.0**	**4.7**	**15.5**

Loans

	Loans from related parties		Interest on loans from related parties	
	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Dec 31, 2011 US$m	Dec 31, 2010 US$m
ARMZ affiliates	28.2	37.8	4.4	2.1
	28.2	**37.8**	**4.4**	**2.1**

	Loans to related parties		Interest on loans to related parties	
	Dec 31, 2011 US$m	Dec 31, 2010 US$m	Dec 31, 2011 US$m	Dec 31, 2010 US$m
Mantra	6.1	-	0.1	-
	6.1	**-**	**0.1**	**-**

29 RELATED PARTY TRANSACTIONS (CONTINUED)

Transactions between the parent company and its subsidiaries and joint ventures, which are related parties of that company, are eliminated on consolidation and are not disclosed in this note.

The Corporation acts as a marketing agent for certain of its joint ventures. The value of these transactions was $269.3 million in 2011 (2010: $202.0 million).

Sales to and purchases from related parties are made pursuant to arm's length transactions at market prices and on normal commercial terms. Outstanding balances at year end are unsecured and settlement occurs in cash.

Loans from related parties represent loans entered into by the joint ventures. Such loans are made on an arm's length basis with terms and rates described in note 14.

Except for the Mantra loan described in note 11, no guarantees are provided to or received from any related party receivables or payables.

No allowance for doubtful accounts has been recognized in relation to any outstanding balances and no expense has been recognized in respect of bad or doubtful debts due from related parties.

Compensation of key management personnel

The compensation of directors and other key members of management personnel during the year was as follows:

	December 31, 2011 US$m	December 31, 2010 US$m
Short term benefits	5.2	3.7
Short term incentive	2.8	1.1
Retention payments	1.0	2.3
Share based payments	5.5	6.1
Termination benefits	0.8	3.4
	15.3	16.6

30 CONTINGENCIES

Uranium One Americas, Inc. (previously Energy Metals Corporation) acquisition

The Corporation assumed all of the obligations of Uranium One Americas, Inc. and its subsidiaries arising under certain option and joint venture agreements with third parties. At December 31, 2011 Uranium One has reserved a total of 57,200 common shares for issuance pursuant to the assumed obligations under contingent share rights agreements. No contingent shares were issued during the period and no contingent share rights have lapsed during the period.

31 EVENTS AFTER THE REPORTING PERIOD

Acquisition of 13.9% of Mantra Resources Ltd

Details of the acquisition are described in note 3.1.

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Canadian Accounting Standards Board has mandated the adoption of IFRS effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 for Canadian publicly accountable profit-orientated enterprises. The date of transition is January 1, 2010 and as a result the 2010 comparative information has been adjusted to conform with IFRS.

Under IFRS 1: First time adoption of financial reporting standards, IFRS are applied retrospectively at the transition balance sheet date with all adjustments to assets and liabilities as stated under Canadian generally accepted accounting principles recorded to retained earnings unless certain optional exemptions are applied. The primary exemptions applied by the Corporation are:

Fair value as deemed cost

IFRS 1 allows the Corporation to initially measure an item of property, plant and equipment and investment property upon transition to IFRS at fair value as deemed cost (or under certain circumstances using a previous GAAP revaluation) as opposed to full retroactive application of the cost model under IFRS. Under this option, fair value as deemed cost will become the new cost amount for qualifying assets at transition.

The Corporation has elected to use the fair value as deemed cost for selected properties. Applying the IFRS 1 elections for fair value as deemed cost to certain long lived assets will limit the IFRS requirement to reverse impairments previously recognized.

Business combinations

IFRS 1 generally provides for the business combinations standard to be applied either retrospectively or prospectively from the date of transition to IFRS (or to restate all business combinations after a selected date). Retrospective application would require an entity to restate all prior transactions that meet the definition of a business under IFRS. Prospective application requires that the first-time adopter shall recognize at the previous carrying amount all its assets and liabilities at the date of transition to IFRS that were acquired or assumed in past business combinations, other than certain assets and liabilities as defined by IFRS 1.

The Corporation has elected to apply the business combination standard prospectively with adjustments as necessary, and have to recognize contingent liabilities and payments not previously recognized that arose from past business combinations. Contingent payments of a cash nature are recognized as liabilities and payments that are equity in nature are recognized in equity as part of reserves.

Cumulative translation differences

An entity may elect to deem the cumulative translation differences that resulted from the translation of its foreign operations to the reporting currency to be zero at the transition date. This will result in the exclusion of translation differences that were recorded in accumulated other comprehensive income prior to the transition date and from gains or losses on a subsequent disposal of a foreign operation.

The Corporation has elected to reset the cumulative translation differences to zero on transition date.

Borrowing costs

On adoption, an entity may designate any date on or before January 1, 2010 to commence capitalization of borrowing costs relating to all qualifying development projects commencing after such date.

The Corporation has elected to implement a policy for capitalization of borrowing costs on January 1, 2010.

Asset retirement obligation ("ARO")

The Corporation elected to apply the exemption from full retrospective application as allowed under IFRS 1. As such, the Corporation has remeasured the rehabilitation liability as at January 1, 2010 under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and estimated the amount to be included in the related asset by discounting the liability to the date in which the 2010 liability arose, and recalculated the accumulated amortization under IFRS.

IFRS 1 also outlines specific guidance that a first-time adopter must adhere to under certain circumstances. The Corporation has applied the following guidelines to its opening balance sheet dated January 1, 2010:

Assets and liabilities of subsidiaries and joint ventures

In accordance with IFRS 1, if a parent company adopts IFRS subsequent to its subsidiary or joint venture adopting IFRS, the assets and liabilities of the subsidiary or joint venture are to be included in the consolidated financial statements at the same carrying amounts as in the financial statements of the subsidiary or joint venture. The Corporation has subsidiaries and joint ventures that have already adopted IFRS.

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were erroneous. The Corporation applied estimates that are consistent with the estimates made for its Canadian GAAP reporting.

Balance sheet reconciliation – January 1, 2010

	Notes	Canadian GAAP US$m	IFRS adjustment US$m	Classification adjustments US$m	IFRS US$m
ASSETS					
Current assets					
Cash, cash equivalents and restricted cash		148.5	-	-	148.5
Trade and other receivables (Accounts and other receivables)[1]		42.4	-	-	42.4
Inventories	c	71.6	(2.8)	-	68.8
Other assets	g	24.5	-	(1.1)	23.4
		287.0	**(2.8)**	**(1.1)**	**283.1**
Non-current assets					
Mineral interests, property, plant and equipment	a	1,748.3	(312.1)	-	1,305.0
	c		(133.0)		
	d		1.8		
Loans to joint ventures		29.3	-	-	29.3
Other assets	g	33.1	-	52.6	85.7
Assets held for sale	g	51.5	-	(51.5)	-
		1,862.2	**(443.3)**	**1.1**	**1,420.0**
Total assets		**2,149.2**	**(446.1)**	**-**	**1,703.1**
LIABILITIES					
Current liabilities					
Trade and other payables (Accounts payable and accrued liabilities)[1]	g	65.9	-	(20.2)	45.7
Current tax payable (Income taxes payable)[1]		1.6	-	-	1.6
Current portion of joint venture debt	g	5.0	-	(5.0)	-
Interest bearing liabilities (Current portion of long term debt)[1]	g	63.6	-	5.0	68.6
Provisions	g	-	-	20.2	20.2
Other liabilities	g	132.1	-	-	132.1
		268.2	**-**	**-**	**268.2**
Non-current liabilities					
Interest bearing liabilities (Long term debt)[1]	g	-	-	47.6	47.6
Joint venture debt	g	47.6		(47.6)	-
Convertible debentures		140.9	-	-	140.9
Asset retirement obligations	g	16.1		(16.1)	-
Provisions	e,g	-	56.7	17.8	74.5
Deferred tax liabilities (Future income tax liabilities)[1]	a,h	180.7	(14.0)	-	166.7
Other financial liabilities	g	1.9	-	11.2	13.1
Liabilities held for sale	g	12.9	-	(12.9)	-
		400.1	**42.7**	**-**	**442.8**
Equity	f	**1,480.9**	**(488.8)**	**-**	**992.1**
Total equity and liabilities		**2,149.2**	**(446.1)**	**-**	**1,703.1**

(1) Terms used in brackets represent Canadian GAAP terminology

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Balance sheet reconciliation – December 31, 2010

	Notes	Canadian GAAP US$m	IFRS adjustment US$m	Classification adjustments US$m	IFRS US$m
ASSETS					
Current assets					
Cash, cash equivalents and restricted cash	g	315.8	-	8.6	324.4
Restricted cash	g	8.6	-	(8.6)	-
Trade and other receivables (Accounts and other receivables)[1]		103.4	-	-	103.4
Inventories	c	91.0	(1.0)	-	90.0
Other assets	g	13.6	-	(0.8)	12.8
		532.4	**(1.0)**	**(0.8)**	**530.6**
Non-current assets					
Mineral interests, property, plant and equipment	a,c,g,h	2,729.9	(376.7)	(176.3)	2,176.9
Goodwill	h	-		151.3	151.3
Loans to joint ventures		28.7	-	-	28.7
Other assets	g	78.0	(2.2)	(16.9)	58.9
		2,836.6	**(378.9)**	**(41.9)**	**2,415.8**
Total assets		**3,369.0**	**(379.9)**	**(42.7)**	**2,946.4**
LIABILITIES					
Current liabilities					
Trade and other payables (Accounts payable and accrued liabilities)[1]	g	82.8	-	(20.5)	62.3
Current tax payable (Income taxes payable)[1]		13.8	-	-	13.8
Interest bearing liabilities (Current portion of joint venture debt)[1]		60.1	-	-	60.1
Provisions		-	-	-	-
Convertible debentures		151.4	-	-	151.4
Other liabilities	g	25.4	-	20.5	45.9
		333.5	**-**	**-**	**333.5**
Non-current liabilities					
Interest bearing liabilities	g	-	-	86.2	86.2
Joint venture debt	g	86.2	-	(86.2)	-
Convertible debentures	d	206.3	2.4	-	208.7
Asset retirement obligations	g	26.2	-	(26.2)	-
Provisions	e,g	-	73.9	(8.8)	65.1
Deferred tax liabilities (Future income tax liabilities)[1]	a,g,h	377.3	(21.5)	(5.0)	350.8
Other liabilities	g	3.1	-	(2.7)	0.4
		699.1	**54.8**	**(42.7)**	**711.2**
Equity	a,c,d,e	**2,336.4**	**(434.7)**	**-**	**1,901.7**
Total equity and liabilities		**3,369.0**	**(379.9)**	**(42.7)**	**2,946.4**

(1) Terms used in brackets represent Canadian GAAP terminology

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Income statement reconciliation for the year ended December 31, 2010

	Notes	Canadian GAAP US$m	IFRS adjustment US$m	Classification adjustments US$m	IFRS US$m
Revenues		**326.9**	**-**	**-**	**326.9**
Operating expenses	c	(92.0)	0.1	-	(91.9)
Depreciation	c	(97.4)	1.1	-	(96.3)
Earnings from mine operations		**137.5**	**1.2**	**-**	**138.7**
General and administrative		(53.0)	-	-	(53.0)
Exploration expense		(5.5)	-	-	(5.5)
Impairment and care and maintenance	g	-	-	(49.9)	(49.9)
Impairment of mineral interests, property, plant and equipment	a,g	(116.7)	69.7	47.0	-
Care and maintenance	g	(2.9)	-	2.9	-
Operating earnings		**(40.6)**	**70.9**	**-**	**30.3**
Finance income (Interest and other)[1]		6.1	-	-	6.1
Finance expense (Interest and other)[1]	e	(48.1)	(8.0)	-	(56.1)
Foreign exchange loss	c	(13.1)	11.5	-	(1.6)
Fair value adjustments	d,g	(1.5)	(32.7)	(2.3)	(36.5)
Corporate development expenses		(8.9)	-	-	(8.9)
Other	e,g	(9.8)	(1.8)	2.3	(9.3)
Loss before income taxes		**(115.9)**	**39.9**	**-**	**(76.0)**
Current income tax expense	g	(49.3)	-	49.3	-
Deferred income tax expense	a,g	(24.5)	(3.9)	28.4	-
Current and deferred income tax expense	g	-	-	(77.7)	(77.7)
Net loss		**(189.7)**	**36.0**	**-**	**(153.7)**
Net loss per share					
Basic and diluted		(0.31)			(0.25)
Weighted average number of shares (millions)					
Basic and diluted		611.6			611.6

(1) Terms used in brackets represent Canadian GAAP terminology

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Cash flow statement reconciliation for the year ended December 31, 2010

	Notes	Canadian GAAP US$m	IFRS Adjustments US$m	Reclassifications US$m	IFRS US$m
Net loss		(189.7)	36.0	-	(153.7)
Items not affecting cash:					
- Depreciation	c	97.4	(1.1)	-	96.3
- Stock option and restricted share expense	g	13.9	-	-	13.9
- Impairment of mineral interest, property, plant and equipment	a,g	116.7	(69.7)	-	47.0
- Finance income	g	-	-	(6.1)	(6.1)
- Finance expense	g	-	8.0	48.1	56.1
- Unrealized foreign exchange loss / (gain)	c	9.8	(11.5)	0.1	(1.6)
- Fair value adjustment on financial liabilities	d,e	1.5	32.7	2.3	36.5
- Current income tax expense	g	-	-	49.3	49.3
- Deferred tax expense	g	24.5	3.9	-	28.4
- Fair value adjustment included in revenue	g	(10.6)	-	10.6	-
- Loss on sale of fixed assets	c,g	3.8	-	(3.8)	-
- Loss on sale of available for sale securities	g	10.6	-	(10.6)	-
- Interest accrued on loans and debentures	e,g	15.9	-	(15.9)	-
- Gain on redemption of debenture	g	(1.2)	-	1.2	-
- Other		(0.2)	1.7	(11.0)	(9.5)
Movement in non-cash working capital		(46.0)	-	1.1	(44.9)
Operating cash flow before interest and tax		**46.4**	**-**	**65.3**	**111.7**
- Cash tax paid	g	-	-	(37.1)	(37.1)
- Cash interest paid	g	-	-	(32.8)	(32.8)
Cash flows from operating activities		**46.4**	**-**	**(4.6)**	**41.8**
Additions of mineral interests, property, plant and equipment		(108.4)	-	-	(108.4)
Cash payments for other assets		(45.4)	-	-	(45.4)
Cash flows from acquisitions and disposals	g	-	-	25.8	25.8
Acquisition of Akbastau and Zarechnoye	g	18.7	-	(18.7)	-
Acquisition of Christensen Ranch and Irigaray	g	(28.9)	-	28.9	-
Acquisition or sale of available for sale securities	g	(1.3)	-	1.3	-
Proceeds on sale of Dominion	g	37.3	-	(37.3)	-
Karatau promissory note and contingent payment		(111.8)	-	-	(111.8)
Loans repaid by joint ventures	g	1.2	-	(1.2)	-
Loans received by joint ventures	g	-	-	14.6	14.6
Loans advanced to joint ventures	g	-	-	(13.4)	(13.4)
Interest received	g	-	-	4.6	4.6
Proceeds on sale of mineral interests, property, plant and equipment	g	3.6	-	(3.6)	-
Restricted cash	g	(8.6)	-	8.6	-
Other		(0.9)	-	3.6	2.7
Cash flows used in investing activities		**(244.5)**	**-**	**13.2**	**(231.3)**
Debentures settled		(269.4)	-	-	(269.4)
Common shares issued, net of issue costs		35.3	-	-	35.3
ARMZ private placement		602.7	-	-	602.7
Debentures issued, net of issue costs		498.6	-	-	498.6
Net loans received by joint ventures		34.2	-	(34.2)	-
External loans received by joint ventures		-	-	40.9	40.9
External loans repaid by joint ventures		-	-	(6.7)	(6.7)
Advances received		11.2	-	-	11.2
Special dividend on common shares		(492.9)	-	-	(492.9)
Repayment of credit facility		(65.0)	-	-	(65.0)
Cash flows from financing activities		**354.7**	**-**	**-**	**354.7**
Effects of exchange rate changes on cash and cash equivalents		**10.7**	**-**	**-**	**10.7**
Net increase in cash and cash equivalents	g	**167.3**	**-**	**8.6**	**175.9**
Cash and cash equivalents at the beginning of the period		148.5	-	-	148.5
Cash and cash equivalents at the end of the period		**315.8**	**-**	**8.6**	**324.4**

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

Reconciliation of comprehensive income

	Notes	Dec 31, 2010 US$m
Comprehensive loss under Canadian GAAP		**(176.1)**
Income statement adjustments:		
Exchange differences on translation	c	12.7
Impairment of mineral interest, property, plant and equipment	a	65.7
Fair value adjustment of financial liabilities	e	(8.9)
Fair value adjustment of embedded derivative	d	(26.5)
Unwinding of contingent liabilities	e	(7.0)
		36.0
Other comprehensive income adjustments:		
Exchange differences on translation	c	(4.9)
Total IFRS conversion comprehensive income adjustments		**31.1**
Comprehensive loss under IFRS		**(145.0)**

Reconciliation of equity

	Notes	Dec 31, 2010 US$m	Jan 1, 2010 US$m
Under Canadian GAAP		**2,336.4**	**1,480.9**
IAS 36 - Impairment of assets	a	(210.8)	(269.8)
IAS 12 – Income taxes	h	(28.5)	(28.3)
IAS 21 - Effects of changes in foreign exchange rates	c	(122.1)	(135.8)
IAS 39 - Financial instruments	d	(2.3)	-
IFRS 1 - Business combinations	e	(71.0)	(54.9)
Under IFRS		**1,901.7**	**992.1**

Explanation of differences between Canadian GAAP and IFRS giving rise to the adjustments in the reconciliations:

(a) *IAS 36 - Impairment of assets*

Under Canadian GAAP, impairment is recognized for non-financial assets based on estimated fair value when the undiscounted future cash flows from an asset, or group of assets, is less than the carrying value.

Under IFRS, an entity is required to assess at the end of each reporting period where there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset, determined as the higher of the estimated fair value less cost to sell or value in use. Value in use is the discounted present value of estimated future cash flows expected to arise from the planned use of an asset and from its disposal at the end of its useful life.

IFRS also requires the reversal of an impairment loss when the recoverable amount is higher than the carrying value (by no more than what the depreciated amount of the asset would have been had the impairment not occurred) unlike Canadian GAAP, which does not permit reversals.

The Corporation performed its analysis of impairment of its properties on the transition date. The assessment resulted in IFRS opening balance sheet impairments of $312.1 million on the Honeymoon Project ($62.8 million), the Kharasan Project ($48.9 million), the Corporation's United States Development projects in Wyoming ($174.7 million) and its Conventional mining projects in the United States ($25.7 million). The Honeymoon project was impaired under Canadian GAAP for the year ended December 31, 2010, aligning the value with IFRS.

(b) *IFRS 2 - Share based payments*

Under Canadian GAAP, the Corporation elected to accrue compensation cost as if all instruments granted were expected to vest and recognize the effect of actual forfeitures as they occur.

Under IFRS, an entity is required to estimate the number of equity-settled instruments that are expected to vest and then make adjustments to the actual number that vest unless forfeitures are due to market-based conditions. The application of a forfeiture rate on the options resulted in a larger portion of the options being expensed on transition date.

32 FIRST TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONTINUED)

(c) *IAS 21- The effects of changes in foreign exchange rates*

Under Canadian GAAP, there are various indicators to be considered in determining the appropriate functional currency of a foreign operation and such indicators are similar to those under IFRS.

When the assessment of functional currency under IFRS provides mixed indicators and the functional currency is not obvious, priority should be given to certain indicators.

As the Corporation has interests in entities that prepare stand alone IFRS financial statements, the functional currency used in such financial statements needs to be consistent with the functional currency used in the group financial statements. The Corporation has identified certain entities where the functional currency changed to the local currency on transition to IFRS and this resulted in non-monetary assets and liabilities being translated to the reporting currency using the closing rate on balance sheet date, compared to the historical rate.

(d) *IAS 39 – Financial instruments*

Under Canadian GAAP, embedded derivative accounting is not required for a cash conversion option included as a feature of a convertible debenture, as the cash conversion feature is regarded as a settlement feature of the instrument.

Under IFRS, a cash conversion option included as a feature of a convertible debenture meets the definition of an embedded derivative and is required to be separated and accounted for as a derivative instrument.

The Corporation recognized the cash conversion option of the 2010 Debentures as a liability carried at fair value through profit and loss. The adjustment had no effect on the opening balance sheet as the convertible debentures were issued during 2010 and the December 31, 2010 balance sheet has been adjusted accordingly.

(e) *IFRS 1 – Business combinations election*

The Corporation has elected to apply the business combination standard prospectively with adjustments as necessary, and has recognized contingent liabilities and payments not previously recognized that arose from past business combinations. Contingent payments of a cash nature are recognized as liabilities and payments that are equity in nature are recognized in equity as part of reserves.

(f) *IFRS 1 – Cumulative translation losses election*

The Corporation has elected to reset the cumulative translation losses to zero on transition date.

(g) *Reclassifications*

The Corporation has reclassified certain balances on its balance sheet and cash flow statement to conform with its adjusted note disclosures resulting from the transition.

(h) *Corrections from previous reporting*

In the course of preparing these consolidated financial statements, management identified two errors in application of IFRS in the 2011 interim financial statements. (i) The Corporation had previously recognized the effect of the deferred income tax adjustments calculated on business combinations occurring during 2010 against the acquired Mineral interest, property plant and equipment. The requirement is to recognize goodwill resulting from the recognition of a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets and liabilities acquired and their tax bases. (ii) The Corporation had not previously recognized the impact of the movement in certain future tax rates on its transition date deferred tax liabilities.