

management's discussion and analysis

Management's Discussion and Analysis

Set out below is a review of the activities, results of operations and financial condition of Uranium One Inc. ("Uranium One") and its subsidiaries (collectively, the "Corporation") for the year ended December 31, 2010, together with certain trends and factors that are expected to impact its 2011 financial year. Information herein is presented as of March 7, 2011 and should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended December 31, 2010 and the notes thereto, on file with the Canadian provincial securities regulatory authorities (referred to herein as the "consolidated financial statements"). The Corporation's consolidated financial statements and the financial data set out below have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). All amounts are in US dollars and tabular amounts are in thousands, except where otherwise indicated. Canadian dollars are referred to herein as C\$. Australian dollars are referred to herein as A\$.

All references herein to pounds are pounds of U₃O₈.

The common shares of Uranium One are listed on the Toronto and Johannesburg stock exchanges ("TSX" and "JSE", respectively). Uranium One's convertible unsecured subordinated debentures due December 31, 2011 and March 13, 2015 are also listed on the TSX.

Additional information about the Corporation and its business and operations can be found in its continuous disclosure documents. These documents, including the Corporation's annual information form, are filed with Canadian securities regulatory authorities and are available under the Corporation's profile at www.sedar.com.

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

HIGHLIGHTS

Operational

- Total attributable production during 2010 was a record 7.4 million pounds, 106% higher than total attributable production of 3.6 million pounds during 2009.
- The average total cash cost per pound sold was \$13 per pound during 2010, compared to the average cash cost per pound sold of \$16 per pound during 2009.
- The Akdala Uranium Mine achieved attributable production during 2010 of 1.9 million pounds; total cash costs for 2010 were \$12 per pound sold.
- The South Inkai Uranium Mine achieved attributable production during 2010 of 3.1 million pounds; total cash costs for 2010 were \$19 per pound sold.
- The Karatau Uranium Mine achieved attributable production during 2010 of 2.2 million pounds; total cash costs for 2010 were \$9 per pound sold, which was lower than expected due to deferred operational expenditure.
- At the Kharasan Uranium Project, production during the commissioning process was 0.2 million pounds attributable to the Corporation during 2010.
- Commissioning of the Willow Creek ISR Project in Wyoming began in December 2010 and production has commenced.

Financial

- Attributable sales volumes for 2010 increased by 116% to a record 6.9 million pounds, compared to 3.2 million pounds sold during 2009.
- Revenue increased by 115% to a record \$327 million in 2010, compared to \$152 million in 2009. The average realized sales price during 2009 and 2010 was \$48 per pound. The average spot price in 2010 was \$47 per pound.
- Earnings from mine operations were \$137 million during 2010, a 149% increase from earnings from mine operations of \$55 million in 2009, due to increased sales volumes and decreased operating expenses.
- Attributable inventory was 3.0 million pounds in December 31, 2010, compared to 2.1 million pounds at December 31, 2009.
- The carrying value of the Honeymoon Uranium Project was written down by \$113.5 million primarily due to the strengthening of the Australian dollar and increased capital expenditure.

Corporate

- On December 27, 2010 the Corporation completed its transaction with ARMZ, comprising the issuance of 356 million new common shares of Uranium One to ARMZ in return for ARMZ's 50% interest in the Akbastau Uranium Mine and 49.67% interest in the Zarechnoye Uranium Mine, as well as \$610 million in cash. ARMZ currently holds 492 million common shares representing 51.4% of the outstanding common shares.
- In connection with the ARMZ transaction, on December 20, 2010 the Corporation paid a special dividend of \$1.06 per share to all shareholders other than ARMZ.
- Following closing of the ARMZ transaction, Mr. Vadim Zhivov, Director General of ARMZ and a director of Uranium One, was appointed President of the Corporation. Mr. Chris Sattler was appointed as the Chief Executive Officer and a director of Uranium One on February 1, 2011. Uranium One also appointed Mr. Peter Bowie, former Chief Executive Officer of Deloitte China and former Chairman of Deloitte Canada, to the board of directors on closing of the ARMZ transaction.
- On December 15, 2010, the Corporation and ARMZ jointly announced that ARMZ signed an agreement to acquire Mantra Resources Limited ("Mantra"). Mantra's core asset is the Mkuju River Project in Tanzania which is nearing the completion of a definitive feasibility study. Uranium One has a call option to acquire Mantra from ARMZ, exercisable at any point within 12 months of closing (subject to extension) of the acquisition of Mantra by ARMZ. The agreement also provides ARMZ with a put option to sell Mantra to Uranium One at the end of the term.

OUTLOOK

- The total attributable production guidance for 2011 is 10.5 million pounds, consisting of 1.8 million pounds from Akdala; 3.4 million pounds from South Inkai; 2.4 million pounds from Karatau; 1.2 million pounds from Akbastau; 1.0 million pounds from Zarechnoye; 0.3 million pounds from the Powder River Basin; 0.2 million pounds from Honeymoon; and 0.2 million pounds from Kharasan.
- During 2011, the average cash cost per pound sold is expected to be approximately \$18 per pound, based on \$14 per pound at Akdala, \$19 per pound at South Inkai, \$12 per pound at Karatau, \$18 per pound at Akbastau, \$21 per pound at Zarechnoye, \$25 per pound at the Powder River Basin and \$35 per pound at Honeymoon.
- The Corporation expects attributable sales to be approximately 9.5 million and 12.0 million pounds in 2011 and 2012 respectively.
- Excluding optional quantities under off-take agreements negotiated with ARMZ and the Japanese Consortium, the Corporation currently has contracts for the sale of an aggregate of 25 million attributable pounds to customers, including 5 million pounds which will be sold at an average fixed price of \$66 per pound (subject to escalation) and 12 million pounds which has been contracted with weighted average floor prices of approximately \$48 per pound. The remainder of contracted attributable sales are not subject to floors and such sales are related to the market price of U₃O₈ at the time of delivery.
- The Corporation expects to incur attributable capital expenditures in 2011 of \$78 million for wellfield development, \$21 million for resource definition drilling and \$144 million for plant and equipment, totalling \$243 million.
- In 2011, general and administrative expenses, excluding non-cash items, are expected to be approximately \$37 million, restructuring and other non-recurring costs are expected to be \$7 million, and exploration expenses are expected to be \$7 million.

KEY STATISTICS

TOTAL ATTRIBUTABLE PRODUCTION	Q4 2010	Q4 2009	FY 2010	FY 2009
Attributable commercial production (lbs)				
Akdala	453,200	531,100	1,880,300	1,889,900
South Inkai	782,700	547,000	3,094,400	1,511,800
Karatau ⁽¹⁾	769,500	73,100	2,222,500	73,100
Akbastau ⁽²⁾	16,700	-	16,700	-
Zarechnoye ⁽²⁾	16,300	-	16,300	-
Subtotal	2,038,400	1,151,200	7,230,200	3,474,800
Attributable production during commissioning (lbs)				
Kharasan	68,400	28,200	200,600	81,700
Subtotal	68,400	28,200	200,600	81,700
Total attributable production	2,106,800	1,179,400	7,430,800	3,556,500

Notes:

- (1) Karatau was acquired on December 21, 2009. Karatau's 2009 production therefore represents the period from acquisition to December 31, 2009.
- (2) Akbastau and Zarechnoye were acquired on December 27, 2010. Production therefore represents the period from acquisition to December 31, 2010

FINANCIAL	Q4 2010	Q4 2009	FY 2010	FY 2009
Attributable production (lbs) ⁽¹⁾	2,038,400	1,151,200	7,230,200	3,474,800
Attributable sales (lbs) ⁽¹⁾	2,878,400	1,498,900	6,861,600	3,187,700
Average realized sales price (\$ per lb) ⁽²⁾	53	46	48	48
Average cash cost of production sold (\$ per lb) ⁽²⁾	12	15	13	16
Revenues (\$ millions)	152.3	69.1	326.9	152.0
Earnings from mine operations (\$ millions)	76.3	22.7	137.4	54.6
Net loss from continuing operations (\$ millions)	(148.2)	179.6	(189.7)	(38.1)
Loss per share from continuing operations – basic and diluted (\$ per share)	(0.24)	0.38	(0.31)	(0.08)
Earnings from discontinued operations (\$ millions)	-	-	-	2.0
Earnings per share from discontinued operations – basic and diluted (\$ per share)	-	-	-	0.00
Net loss (\$ millions)	(148.2)	179.6	(189.7)	(36.1)
Net loss per share – basic and diluted (\$ per share)	(0.24)	0.38	(0.31)	(0.08)
Adjusted net earnings / loss (\$ millions) ⁽²⁾	8.0	(15.8)	(11.9)	(36.5)
Adjusted net earnings / (loss) per share – basic (\$ per share) ⁽²⁾	0.01	(0.03)	(0.02)	(0.08)

Notes:

- (1) Attributable production and sales are from assets in commercial production during the year (For 2010: Akbastau and Zarechnoye only from acquisition on December 27, 2010. For 2009: Karatau only from acquisition on December 21, 2009).
- (2) The Corporation has included non-GAAP performance measures: average realized sales price per pound, cash cost per pound sold, adjusted net earnings and adjusted net earnings per share. In the uranium mining industry, these are common performance measures but do not have any standardized meaning, and are non-GAAP measures. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, the Corporation and certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. The additional information provided herein should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. See "Non-GAAP Measures".

OVERVIEW

Uranium One is a Canadian 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, the United States, Australia and Canada.

Through the Betpak Dala joint venture, Uranium One owns a 70% interest in the Akdala and South Inkai Uranium Mines in Kazakhstan. The Corporation holds 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 owns, either directly or through joint ventures, a large portfolio of uranium exploration properties in the western United States, South Australia, South Africa and Canada. The Corporation owns a 19% interest in the SKZ-U joint venture, which is constructing a sulphuric acid plant in Kazakhstan.

The following are the Corporation's principal mineral properties and operations (discussed in more detail below):

Operating mines

Entity	Mine	Location	Status	Ownership
Betpak Dala LLP	Akdala Uranium Mine	Kazakhstan	Producing	70% J.V. interest
Betpak Dala LLP	South Inkai Uranium Mine	Kazakhstan	Producing	70% J.V. interest
Karatau LLP ⁽¹⁾	Karatau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
Akbastau LLP ⁽²⁾	Akbastau Uranium Mine	Kazakhstan	Producing	50% J.V. interest
Zarechnoye LLP ⁽²⁾	Zarechnoye Uranium Mine	Kazakhstan	Producing	49.67% J.V. interest

Advanced development projects

Entity	Project	Location	Status	Ownership
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	Commissioning ⁽³⁾	30% J.V. interest
Uranium One Americas, Inc.	Willow Creek Project	USA	Commissioning ⁽⁴⁾	100% interest

The Corporation is also developing the following mineral properties:

Entity	Project	Location	Status	Ownership
Uranium One Americas, Inc.	Powder River Basin, Wyoming (Moore Ranch, Ludeman, Allemand-Ross, and Barge)	USA	Development	100% interest
Uranium One Americas, Inc.	Great Divide Basin, Wyoming (JAB and Antelope)	USA	Development	100% interest
Uranium One Australia (Proprietary) Ltd.	Honeymoon Uranium Project	Australia	Development	51% J.V. interest

Notes:

(1) The Karatau Uranium Mine was acquired on December 21, 2009.

(2) The Akbastau and Zarechnoye Uranium Mines were acquired on December 27, 2010.

(3) The Kharasan Uranium Project has commenced production but is in the commissioning stage. Commissioning will be completed when a pre-defined operating level, based on the design of the plant, is maintained and the Kazakhstan Government has issued an operating license.

(4) Commissioning at the Willow Creek Project commenced on December 20, 2010 with operation of the initial well field at Christensen Ranch.

REVIEW OF OPERATIONS

AKDALA URANIUM MINE

Akdala is an operating acid in situ recovery ("ISR") uranium mine located in the Chu Sary Su basin in the Suzak region of South Kazakhstan, owned indirectly as to 70% by the Corporation through the Betpak Dala joint venture, a Kazakhstan registered limited liability partnership ("Betpak Dala"). The other 30% interest is owned by JSC NAC Kazatomprom ("Kazatomprom"), a Kazakhstan state-owned company responsible for the mining and exporting of uranium in Kazakhstan.

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

Production: Akdala produced 2,686,100 pounds (1,033 tonnes U) during 2010, of which 1,880,300 pounds (723 tonnes U) was attributable to the Corporation.

Akdala produced approximately 379,000 pounds (145 tonnes U) in January and February 2011, of which 265,000 pounds (102 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 63 mg/l on average in January and February 2011.

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

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m³/hour)	Concentration in solution (mg U/l)	Production (lbs)
Q1 2010	54	219	1,828	76	699,800
Q2 2010	81	215	1,745	70	698,800
Q3 2010	65	210	1,691	67	640,000
Q4 2010	65	209	1,677	65	647,500

A total of 265 wells were installed during 2010, compared to the budget of 270. The program for 2011 provides for the installation of 277 wells to achieve the production target for the year.

Acidification of two new production blocks was completed during the year and these blocks, together with a production block acidified in 2009, were put into production during 2010.

Production at Akdala is contractually limited to 2.6 million pounds per year, and due to the high production and flow rates achieved early in 2010, production was managed in the second half of 2010 by reducing the flow rate to ensure that the maximum licensed production level was not exceeded.

Akdala contracted an engineering company in Kazakhstan to design a satellite plant to facilitate treatment of solutions from production blocks located approximately 11 kilometres to the east of the current central processing facilities in an area known as Letniy. Construction of the satellite plant is scheduled to commence in 2011 and new production blocks from the Letniy area are expected to commence operation during the second half of 2011.

Capital expenditure incurred during 2010 was \$5 million, compared to the budget of \$24 million. The difference was due to the postponement of the construction of the satellite plant at Letniy. Capital expenditure incurred by Betpak Dala at Akdala in 2011 is expected to be approximately \$35 million on a 100% basis, of which \$28 million is planned to be spent on the construction of satellite plant and fixed asset purchases, with the balance expected to be spent on well-field development.

AKDALA URANIUM MINE - continued

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

(All figures are the Corporation's attributable share)	3 months ended							
	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
Production in lbs	453,200	448,000	489,200	489,900	531,100	464,200	438,800	455,800
Sales in lbs	870,800	214,000	611,700	212,500	710,400	259,000	210,100	355,600
Inventory in lbs	626,300	1,047,700	808,000	936,000	666,600	849,300	655,100	430,400
Revenues (\$000's)	47,885	11,265	25,958	8,763	32,754	12,936	9,985	18,410
Operating expenses (\$000's)	10,910	2,651	7,279	2,823	8,621	3,047	2,731	4,714
Operating expenses (\$/lb sold)	13	12	12	13	12	12	13	13
Depreciation and depletion (\$000's)	8,990	2,320	6,180	2,191	7,193	2,863	2,498	4,145
Depreciation and depletion (\$/lb sold)	10	11	10	10	10	11	12	12

Uranium revenues are recorded upon delivery of product to utilities and intermediaries and do not occur evenly throughout the year. Timing of deliveries is usually at the contracted discretion of customers within a quarter or similar time period. Annual sales of product from a mine, which is normally achieved from opening inventory plus a percentage of forecast production for the year, does not always occur evenly throughout the year and can vary significantly from quarter to quarter as illustrated in the table above.

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

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

The cash cost of production for 2010 at \$12 per pound of U₃O₈ sold was lower than the Corporation's guidance of \$14 per pound sold in 2010.

SOUTH INKAI URANIUM MINE

South Inkai is an operating ISR uranium mine located in the Chu Sary Su basin in the Suzak region of South Kazakhstan, owned indirectly as to 70% by the Corporation through the Betpak Dala joint venture. The other 30% interest is held by Kazatomprom.

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

Production: Production from South Inkai was 4,420,500 pounds (1,700 tonnes U) in 2010, of which 3,094,400 pounds (1,190 tonnes U) was attributable to the Corporation.

South Inkai produced approximately 655,000 pounds (252 tonnes U) in January and February 2011, of which 459,000 pounds (176 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 72 mg/l on average in January and February 2011.

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

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs)
Q1 2010	71	228	2,059	104	1,102,400
Q2 2010	106	229	2,215	87	1,099,600
Q3 2010	80	255	2,339	83	1,100,400
Q4 2010	59	280	2,568	73	1,118,100

A total of 316 wells were installed during 2010, in line with the budget of 315 wells. The program for 2011 provides for the installation of 457 wells to achieve the production target for the year.

Acidification of six production blocks were completed during the year and these blocks, together with a production block acidified in 2009 were placed into production during 2010.

Two yellowcake dryers were installed and commissioned in 2010. The State acceptance commission inspected the facility in July 2010 and a license was issued for the drying facility, allowing for the finished product to be treated at the facility and shipped directly to conversion facilities for sale. The installation of these dryers is expected to reduce South Inkai's operating costs as the operation will reduce its reliance on third-party external processing facilities.

Capital expenditure incurred during 2010 was \$28 million, compared to the budget of \$32 million. The difference was mainly due to the postponement of construction of a pump station and the automation of processes. Wellfield development expenditure was in line with the budget. Capital expenditure incurred by Betpak Dala at South Inkai in 2011 is expected to be approximately \$49 million on a 100% basis, of which \$17 million is related to well-field development, \$2 million is related to resource definition drilling and \$30 million is related to construction activities and fixed asset purchases.

Financial information: The following table shows the attributable production, sales and production cost trends for South Inkai over the prior eight quarters:

(All figures are the Corporation's attributable share)	3 months ended							
	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
Production in lbs	782,700	770,300	769,700	771,700	547,000	343,000	376,700	245,100
Sales in lbs	965,300	436,400	645,800	420,100	535,700	164,100	175,000	525,000
Inventory in lbs	1,500,200	1,684,900	1,360,200	1,230,100	903,900	897,700	729,500	532,500
Revenues (\$000's)	50,840	20,625	28,623	21,175	25,669	8,397	8,572	24,559
Operating expenses (\$000's)	15,168	8,086	13,103	9,715	11,203	3,284	3,994	10,297
Operating expenses (\$/lb sold)	16	19	20	23	21	20	23	20
Depreciation and depletion (\$000's)	10,924	5,528	7,646	6,259	8,779	2,713	2,753	7,886
Depreciation and depletion (\$/lb sold)	11	13	12	15	16	17	16	15

The cash cost of production at South Inkai for 2010 was \$19 per pound sold. During the ramp-up to design capacity of 2,000 tonnes U per year, unit costs of production at South Inkai are expected to be higher than the costs during a steady state of operation. This is primarily due to the fact that sulphuric acid used to acidify production blocks is expensed in the period of acidification.

KARATAU URANIUM MINE

Karatau is an operating ISR uranium mine located in the Chu Sary Su basin in the Suzak region, Shymkent Oblast, owned indirectly as to 50% by the Corporation through the Karatau joint venture. The other 50% interest is held by Kazatomprom.

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

Production: Production from Karatau was 4,445,000 pounds (1,710 tonnes U) in 2010, of which 2,222,500 pounds (855 tonnes U) was attributable to the Corporation.

Karatau produced approximately 846,000 pounds (325 tonnes U) in January and February 2011, of which 422,800 pounds (162 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 175 mg/l on average in January and February 2011.

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

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m³/hour)	Concentration in solution (mg U/l)	Production (lbs)
Q1 2010	-	90	865	205	917,300
Q2 2010	72	108	1,061	170	1,042,100
Q3 2010	85	111	963	173	946,700
Q4 2010	73	135	1,448	182	1,538,900

A total of 230 wells were installed during 2010 in line with the budget. The program for 2011 provides for the installation of 300 wells to achieve the production target for the year.

Three production blocks were acidified during 2010, however delivery of the production solution to the processing plant was slightly delayed due to delays in the construction of a new pump station. Construction of the pump station has now been completed and production from the newly acidified blocks commenced in Q4 2010.

The production rate was increased in order produce 4.4 million pounds during 2010. The increased flow rate during Q4 2010 was due to the utilization of the new pump station and the increased head grades were the result of selective acidification and pumping from wells with high-grade ore. New wellfields placed into production during Q4 also contributed to the increased production.

Karatau received approval of its refining facility from the Ministry of Industry and New Technologies ("MINT") during 2010, and can therefore ship product treated at its refining facility to customers.

Capital expenditure incurred during 2010 was \$47 million, compared to the budget of \$67 million. The difference was caused by delays in construction projects that will be completed during the first half of 2011. Well field development expenditure was in line with the budget. Capital expenditure incurred by Karatau in 2011 is expected to be approximately \$45 million on a 100% basis, of which \$15 million is related to well-field development, \$9 million is related to resource definition drilling and \$21 million is related to construction activities and fixed asset purchases.

Financial information: The following table shows the attributable production, sales and production costs for Karatau since acquisition on December 21, 2009:

(All figures are the Corporation's attributable share)	3 months ended				Period ended
	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009⁽¹⁾
Production in lbs	769,500	473,300	521,100	458,600	73,100
Sales in lbs	899,000	1,050,900	260,000	131,800	252,800
Inventory in lbs	402,600	533,800	1,111,300	866,900	540,000
Revenues (\$000's)	47,283	41,164	11,392	5,591	10,710
Operating expenses (\$000's)	7,535	9,002	1,771	1,632	3,130
Operating expenses (\$/lb sold)	8	9	7	12	12
Depreciation and depletion (\$000's)	16,168	17,607	5,617	4,015	7,553
Depreciation and depletion (\$/lb sold)	18	17	22	30	30

Note:

(1) Attributable values since the acquisition date of December 21, 2009

Depreciation and depletion up to Q3 2010 includes fair value adjustments recognized against finished product on hand on the acquisition date. The fair value adjustment is recognised as non-cash depreciation and depletion with the subsequent sale of the inventory. The depreciation and depletion per pound sold decreased, as the revalued finished product on hand on the acquisition date was sold during Q1 2010 and Q2 2010. The depreciation and depletion per pound is expected to stabilize at approximately the current levels.

The cash cost of production for 2010 at \$9 per pound sold was below the Corporation's guidance of \$14 per pound sold for 2010. The low cash cost was attributable to decreased expenditure in 2010, associated with the delay in piping and acidification of new blocks.

AKBASTAU URANIUM MINE

Akbastau is an operating ISR uranium mine located in the Chu Sary Su basin in the Suzak region, South Kazakhstan Oblast, owned indirectly as to 50% by the Corporation through the Akbastau joint venture. The other 50% interest is held by Kazatomprom.

Akbastau is licensed to mine 4,992,000 pounds (1,920 tonnes U) per year from sections 1 and 3 of the Budenovskoye deposit. Akbastau is also planning on commencing production from section 4 of the Budenovskoye deposit following receipt of required regulatory approvals. Akbastau is adjacent to the Karatau mine, which is licensed to mine section 2 within the southern subfield of the Budenovskoye deposit. Akbastau entered into a toll processing agreement with Karatau, under which solutions mined at Akbastau are currently processed at Karatau.

Production: Production from Akbastau was 33,400 pounds (13 tonnes U) since the acquisition date of December 27, 2010, of which 16,700 pounds (7 tonnes U) was attributable to the Corporation.

Akbastau produced approximately 438,000 pounds (168 tonnes U) in January and February 2011, of which 219,000 pounds (84 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 259 mg/l on average in January and February 2011.

Operations: The following is a summary of the operational statistics (100%) for Akbatau since acquisition:

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs)
Q4 2010 ⁽¹⁾	7	47	387	288	33,400

Note:

⁽¹⁾ Since the acquisition date of December 27, 2010.

As with Karatau, Akbastau is expected to be a low cost mining operation. The current levels of concentration in solution are expected to reduce as production is ramped up at the mine. The depth of the deposit is approximately 670 metres to 700 metres, in line with Karatau. The average thickness of the Akbastau ore zone varies between 5.8 and 21 metres, compared to 10 and 17 metres at Karatau.

Akbastau has to date been successful in drilling and well development at the depths required. The natural internal pressure of the well fields reduces pumping costs. High levels of automation of the well fields enable Akbastau to achieve optimum production conditions and operate at lower costs than comparable operations which have less automation of the production process.

Capital expenditure incurred by Akbastau in 2011 is expected to be \$116 million on a 100% basis, of which \$29 million is for well field development and the remainder for the construction of processing facilities and infrastructure.

Financial information: The following table shows the attributable production, sales and production costs for Akbastau since acquisition on December 27, 2010:

(All figures are the Corporation's attributable share)	Period ended Dec 31, 2010 ⁽¹⁾
Production in lbs	16,700
Sales in lbs	-
Inventory in lbs	360,500
Revenues (\$000's)	-
Operating expenses (\$000's)	-
Operating expenses (\$/lb sold)	-
Depreciation and depletion (\$000's)	-
Depreciation and depletion (\$/lb sold)	-

Note:

⁽¹⁾ Attributable values since the acquisition date of December 27, 2010

Depreciation and depletion recognized in future periods will include fair value adjustments processed against finished product on hand on the acquisition date. The fair value adjustment is recognised as non-cash depreciation and depletion with the subsequent sale of the inventory. The Corporation expects depreciation and depletion per pound sold to decrease to approximately \$18 per pound sold after the revalued finished product on hand at acquisition date has been sold.

ZARECHNOYE URANIUM MINE

Zarechnoye is an operating ISR uranium mine located in the Syrdarya basin in the Otrar region, South Kazakhstan Oblast. The Corporation has a 49.67% indirect interest in the Zarechnoye uranium mine through its 49.67% interest in the Zarechnoye joint venture. Kazatomprom owns a 49.67% share of the Zarechnoye joint venture and the remaining shareholding is held by a Kyrgyz company.

The design capacity of the Zarechnoye mine is 2,522,000 pounds (970 tonnes U) per year. It is expected that the annualized rate of production will reach this level in 2012. In addition, potential production from a satellite deposit known as South Zarechnoye could be 1,600,000 pounds (615 tonnes U) per year following additional resource definition drilling and receipt of applicable permits.

Production: Production from Zarechnoye was 32,600 pounds (13 tonnes U) since the acquisition date of December 27, 2010, of which 16,300 pounds (6 tonnes U) was attributable to the Corporation.

Zarechnoye produced approximately 313,000 pounds (120 tonnes U) in January and February 2011, of which 155,000 pounds (60 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 43 mg/l on average in January and February 2011.

Operations: The following is a summary of the operational statistics (100%) for Zarechnoye since acquisition:

	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs)
Q4 2010 ⁽¹⁾	1	153	2,293	48	32,600

Note:

⁽²⁾ Since the acquisition date of December 27, 2010.

Zarechnoye is located approximately 50 kilometres from the Koksarai village, on the left bank of the Syrdarya river.

The depth of the deposit is approximately 400 metres to 770 metres and the average thickness of the Zarechnoye ore zone varies between 0.5 and 16 metres. Zarechnoye has to date been successful in drilling and well development at the depths required.

Capital expenditure incurred by Zarechnoye in 2011 is expected to be \$17 million on a 100% basis, of which \$14 million is for well field development.

Financial information: The following table shows the attributable production, sales and production costs for Zarechnoye since acquisition on December 27, 2010:

(All figures are the Corporation's attributable share)	Period ended Dec 31, 2010 ⁽¹⁾
Production in lbs	16,300
Sales in lbs	143,300
Inventory in lbs	103,600
Revenues (\$000's)	6,287
Operating expenses (\$000's)	2,345
Operating expenses (\$/lb sold)	16
Depreciation and depletion (\$000's)	3,940
Depreciation and depletion (\$/lb sold)	27

Note:

⁽¹⁾ Attributable values since the acquisition date of December 27, 2010

Depreciation and depletion includes fair value adjustments processed against finished product on hand on the acquisition date. The fair value adjustment is recognized as non-cash depreciation and depletion with the subsequent sale of the inventory. The Corporation expects depreciation and depletion per pound sold to decrease to approximately \$13 per pound sold after the revalued finished product on hand at acquisition date has been sold.

REVIEW OF DEVELOPMENT PROJECTS - KAZAKHSTAN

KHARASAN URANIUM PROJECT

Kharasan is an ISR uranium development project located in the Syrdarya basin in the Suzak region of South Kazakhstan. The Corporation has an indirect 30% interest in the Kharasan Uranium Project through its 30% interest in the Kyzylkum joint venture ("Kyzylkum"), a Kazakhstan registered limited liability partnership. Kazatomprom has a 30% interest in Kyzylkum and Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company, has the remaining 40% interest in Kyzylkum.

The design capacity of Kharasan is 5,200,000 pounds (2,000 tonnes U) per year, with a current installed capacity of 2,600,000 pounds (1,000 tonnes U) per year.

Production in commissioning: Production in commissioning from Kharasan was 668,600 pounds (257 tonnes U) during 2010, of which 200,600 pounds (77 tonnes U) was attributable to the Corporation.

Production in commissioning from Kharasan was approximately 160,000 pounds (61 tonnes U) in January and February 2011, of which 48,000 pounds (18 tonnes U) was attributable to the Corporation. The concentration of uranium in solution was 82 mg/l on average in January and February 2011.

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

	Drill rigs on site ⁽¹⁾	Total wells completed (including production wells)	Average no. of production wells in operation	Average flow rate (m ³ /hour)	Concentration in solution (mg U/l)	Production (lbs)
Q1 2010	4	30	70	424	51	111,800
Q2 2010	1	5	73	485	52	145,300
Q3 2010	-	-	73	558	58	183,600
Q4 2010	-	-	75	556	69	227,900

Note:

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

Acidification of an additional production block in the initial test mining area commenced during 2010 to maintain the current level of production. The initial production blocks at Kharasan continued to perform in line with production levels experienced in 2009.

A total of 30 new wells have been prepared for test mining in two new blocks in the Campan and the Santon ore horizons, including six production wells. The new test well fields started acidification in April 2010 and flow of solution was initiated to the plant during July 2010. Results to date from the new test well fields have been positive. The concentration of uranium in solution from the test block in the Santon horizon peaked at 293 mg U/litre in early September 2010 and the daily average is currently stabilizing at approximately 220 – 230 mg U/litre. The concentration of uranium in solution from the test block in the Campon horizon peaked in early September 2010 at 134 mg U/litre and has been stabilized at around 77 mg U/l.

The main factors contributing to the better performance of the new test mining areas are more precise screen interval placement in the ore zone, use of better quality screens and a lower initial acidification rate which avoids fouling of the screens and gas locking of the formation, which caused lower flow rates in the initial test mining blocks. Initial indications are that the new test blocks have lower carbonate levels than the original blocks, leading to decreased consumption of sulphuric acid. Also, the distance between production and injection wells is shorter than in the original test area mining blocks. Kharasan is also preparing to do a test of adding ferric iron to the mining solution that is expected to increase oxidation of the ore body and therefore potentially increase the uranium concentration in solution.

Capital expenditure incurred during 2010 was \$8 million, compared to the budget of \$21 million. The work plan for 2010 was amended with the decision to prepare the 30 new test wells and the capital spent decreased as a result. Capital expenditure incurred by Kharasan in 2011 is expected to be approximately \$36 million on a 100% basis, of which \$33 million is related to well-field development.

SULPHURIC ACID SUPPLY IN KAZAKHSTAN

In Kazakhstan, ISR uranium operations are highly dependent on sulphuric acid for the extraction of uranium from the host ore body. The supply of sulphuric acid is therefore of critical importance to the Corporation's operations in Kazakhstan.

Sulphuric acid supply to Betpak Dala and Kyzylkum was more than sufficient for operations to achieve production targets in 2010. Although the supply of sulphuric acid is not a cause of immediate concern to the Corporation, the Corporation has identified logistical and transport issues which influence the availability of sulphuric acid to its mines. With the ongoing increase in uranium production in Kazakhstan, the ability to handle supplies, in particular sulphuric acid, is limited by storage capacity at transshipment locations.

In addressing this storage problem, Kazatomprom is proposing to build additional storage of 1,260 m³ at Suzak and 1,260 m³ at the Shieli freight handling centres. An additional two storage tanks of 600 m³ capacity each are currently under construction at South Inkai. Both are expected to be completed in Q1 2011, supporting the ramp up to full production in 2011. A further 2,400 m³ storage capacity is now approved and operational at the Zhanakorgan Transshipment base near Kharasan with an approval to construct tanks for a further 7,200 m³ of acid storage. An independent contractor is constructing a transshipment base at Shieli with 3,000 t of acid storage capacity, scheduled for completion during the first half of 2011. Negotiations are in progress to secure storage at this location as well.

Existing sulphuric acid producers in Kazakhstan are projected to increase acid production by 350,000 tonnes in 2011. With nearly all the acid supply coming from within Kazakhstan in 2011, transportation demands for acid rolling stock has been reduced.

SULPHURIC ACID PLANT

The Corporation's SKZ-U joint venture with Kazatomprom and its other joint venture partners continue to advance the development of a sulphuric acid plant near Kharasan at Zhanakorgan. The Corporation's ownership percentage in SKZ-U is 19%. The total construction cost of the plant is expected to be approximately \$217 million, of which approximately 45% has been funded by the joint venture partners to date, with the balance funded by the partners through debt financing. Mechanical completion of the plant is scheduled by the end of 2011 and production of sulphuric acid is expected to commence in 2012. The Corporation has funded \$18 million of its debt obligation to date towards the construction of the sulphuric acid plant. The balance of approximately \$13 million will be funded in 2011.

Desmet Ballestra and Soyuzcomplect have completed the designs for the engineering work for the plant. Equipment orders have been placed and materials and equipment are arriving on site. The turbine has been manufactured and is ready to be shipped from Europe. In 2010, the general contractor continued work on the foundation for the cooling towers, storage and the laboratory building. The foundations for the converter, acid storage, water and diesel storage are complete. The power generation complex contractor has completed the foundation for the power generation turbine.

Construction of infrastructure facilities such as the access road, enclosed warehouse storage, rail spur, temporary camps, power and water supply are complete. The construction of a water pond is also complete with the piping to be installed during the plant construction stage.

Capital expenditure incurred during 2010 was \$50 million, compared to the budget of \$60 million. The difference was due to delays in the finalization of the construction contract, delaying the start of construction for the project. Capital expenditure incurred by SKZ-U in 2011 is expected to be approximately \$111 million on a 100% basis.

EXTERNAL PROCESSING FACILITIES

Betpak Dala has installed and commissioned a drying circuit at South Inkai with a drying capacity of approximately 2,000 tonnes per year, which was approved by the State Commission in July 2010. Production from the South Inkai and Akdala mines were processed at the South Inkai processing facility and other processing facilities in Kazakhstan (including Karatau) during the second half of 2010. Betpak Dala plans to increase the capacity of its drying circuit during 2011, after which Akdala and South Inkai should no longer need to make use of external processing facilities. The Karatau mine has its own processing facility, which was licensed in Q2 2010 and Karatau now processes all material produced on site.

KAZAKHSTAN TAX RATE

Effective January 1, 2011, the Corporate income tax rate in Kazakhstan will be fixed at 20%. The new legislation was signed by the President of the Republic of Kazakhstan on November 26, 2010, eliminating the planned reduction of the rate to 17.5% in 2013 and 15% in 2014. The Corporation has therefore applied a rate of 20% to all its Kazakh future income tax liabilities, instead of the calculated average rates applied previously, which ranged between 15% and 17%. The change in the future income tax rate resulted in a \$39.0 million increase in the future income tax expense in 2010.

REVIEW OF DEVELOPMENT PROJECTS – UNITED STATES

POWDER RIVER BASIN, WYOMING

The Powder River Basin in Wyoming hosts several of the Corporation's uranium projects. On January 25, 2010, the Corporation completed the acquisition of 100% of the MALCO Joint Venture ("MALCO") from wholly-owned subsidiaries of AREVA and Électricité de France ("EDF"). The assets of MALCO are located in Johnson and Campbell Counties in the Powder River Basin and include the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated uranium ore bodies, collectively referred to as the Willow Creek Project.

The Willow Creek central processing plant currently has the capacity to process 1.3 million pounds of dried U₃O₈ per year. The Corporation plans to expand the processing capacity at the Willow Creek central plant in line with the U.S. Nuclear Regulatory Commission ("NRC") licensed capacity of 2.5 million pounds per year, by incorporating a vacuum dryer that was purchased for use at the Corporation's Moore Ranch project.

The Corporation commenced installation of Mine Unit 7, the first production area at the Willow Creek Project for the Corporation, in April 2010. A total of 350 delineation holes were drilled, 323 cased wells were installed, and 309 wells were completed. Installation of additional wells and associated surface facilities is ongoing. The Wyoming Department of Environmental Quality ("WDEQ") approved the baseline wellfield data package for Mine Unit 7 and the unit was approved through an internal Safety and Environmental Review Panel review under the NRC performance based license. Pre-operational inspections were conducted by the NRC in late October and again in early December. Approval to begin operations was given by the NRC on December 17, 2010. Commissioning commenced at the project on December 20, 2010.

Production during commissioning from the Willow Creek Project was approximately 5,800 pounds (2.2 tonnes U) during the first two months of 2011. The average concentration of uranium in solution during February 2010 was 38 mg/l. The concentration of uranium in solution was over 60 mg/l by the end of February 2011.

The Moore Ranch satellite deposit, also located in Campbell County, 25 miles east of Edgerton, Wyoming, is expected to become a satellite ISR facility with uranium laden resin transported to Willow Creek for final processing. On September 30, 2010 the NRC issued the operating license for the Moore Ranch in-situ uranium satellite deposit. The WDEQ issued Permit to Mine No. 777 for Moore Ranch operations on December 22, 2010. Installation of the monitor well ring for the first planned wellfield commenced in December 2010. Approximately 45% of the monitor ring (26 wells) was installed, with the remainder to be completed during the first half of 2011. Wellfield installation (injection and recovery wells) will begin by mid-year 2011 once hydrologic testing of the monitor ring is completed. Production is planned to commence at Moore Ranch in 2012.

License and permit applications for the Ludeman satellite deposit in Converse County were submitted to the NRC and the WDEQ in early 2010. The Corporation withdrew the application to make the application consistent with the recently acquired Willow Creek license, and to enhance the hydrologic data base with existing information. The Corporation resubmitted the application in February 2011 and has requested NRC to resume its review. The Ludeman satellite deposit is expected to be licensed as a satellite operation that can feed a central processing plant such as Willow Creek.

At the Allemand-Ross satellite deposit, the Corporation continued its resource delineation drilling program. Installation of hydrologic test wells for permitting purposes was completed during 2010. Eight cased monitor wells were installed for use in collecting baseline hydrology data and aquifer characterization, bringing the total number of monitor wells at Allemand-Ross to 32.

Capital expenditure incurred by the Corporation on its Powder River Basin projects during 2010 was \$27 million, compared to the budget of \$34 million. The difference was largely due to under expenditure on Moore Ranch due to delays in receipt of the WDEQ Permit. Capital expenditure of approximately \$46 million is expected to be incurred by the Corporation's Powder River Basin properties during 2011, of which \$24 million is related to wellfield development, \$12 million for the development of the Moore Ranch satellite facilities and disposal well and 10 million for other construction activities and fixed asset purchases.

REVIEW OF DEVELOPMENT PROJECTS – AUSTRALIA

HONEYMOON URANIUM PROJECT

The Honeymoon Uranium Project is located in the state of South Australia, approximately 75 kilometres northwest of the city of Broken Hill. The Corporation owns 51% of the Honeymoon Uranium Project Joint Venture, which owns the Honeymoon Uranium Project. The remaining 49% of the joint venture is owned by Mitsui & Co., Ltd.

The project has a design capacity of 880,000 pounds per year, with an expected mine life (including production ramp-up) of six years. The current capital expenditure estimate for the Honeymoon project, including contingencies, is A\$146 million (on a 100% basis). The approved budget was A\$137 million. The difference of A\$9 million is due to cost overruns on the structural, mechanical and piping works, as well as the electrical and instrumentation works. As at December 31, 2010, a total of A\$138 million has been spent (on a 100% basis). Capital expenditure incurred during 2010 was \$52 million. Current capital expenditure of approximately \$20 million is planned in 2011. This includes \$8 million to complete the plant construction, \$6 million for wellfield drilling, \$4 million for wellfield development and \$2 million for plant and equipment.

Commissioning activities in the wellfields, water treatment plant and uranium treatment plant commenced during 2010 and are continuing. Production is expected to commence by mid-2011 once full operational permits are received.

CORPORATE

ACQUISITION OF 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 Akbastau and a 49.67% joint venture interest in Zarechnoye from ARMZ (the "ARMZ Transaction"). Kazatomprom 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 paid 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 its right to have Uranium One repurchase its convertible debenture, 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.

On November 26, 2010 Uranium One completed the initial closing of the ARMZ Transaction, 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. The JUMI debenture was redeemed after the closing of the transaction for \$275.8 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 AKBASTAU URANIUM MINE

Akbastau is owned 50% by the Corporation and 50% by Kazatomprom and operates fields 1, 3 and 4 of the Budenovskoye deposit in southern Kazakhstan. Karatau, in which Uranium One owns a 50% interest, operates field 2 of the Budenovskoye deposit. Production from Akbastau commenced in 2009 and was 2.0 million pounds in 2010. Pregnant solutions from the well fields at site 1 at Akbastau are currently being treated at the Karatau processing facilities.

Under the terms of its subsoil use agreements, Akbastau has the exclusive right to carry on exploration, extraction, mining and sales of uranium from fields 3 and 4 of the Budenovskoye deposit until 2037 and from field 1 until 2036. Steady state production from Akbastau is expected to be 7.8 million pounds per year.

According to an Independent Technical Report dated July 12, 2010 prepared by Scott Wilson Roscoe Postle Associates Inc. for Uranium One, as at April 30, 2010 Akbastau had Indicated Resources totalling 12.0 million tonnes, at a grade of 0.090% uranium, containing 10,737 tonnes of uranium (27.9 million pounds U_3O_8), and Inferred Resources totalling 26.5 million tonnes, at a grade of 0.093% uranium containing 24,547 tonnes of uranium (63.8 million pounds U_3O_8). The resource estimates were prepared in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

The resource estimate is based on parameters (e.g. cut-off grade, grade-thickness, internal waste, mineralization to waste ratio, block size, permeability and density) used for the South Inkai and Karatau deposits and originally approved by the Ministry of Geology and the Ministry of Atomic Energy and Industry of the USSR. The methodology applied considered similar structural and tectonic characteristics, lithological and facies types and hydrogeological and geotechnical features. The 2010 resource estimate is based on information from approximately 260,800 metres of drilling. The indicated resources have been drilled on fences 200 metres apart, with holes spaced at 50 metres. The inferred resources have been drilled on fences 400 metres apart, with holes spaced at 50 to 200 metres apart. Gamma ray logging is used in conjunction with the geological interpretations to determine the uranium content.

The mineral resource estimate for the Akbastau uranium mine is updated each year and certified by JSC Volkovgeologia on behalf of the Kazakhstan State Committee on Reserves.

THE ZARECHNOYE URANIUM MINE

Uranium One has a 49.67% interest in Zarechnoye. Kazatomprom owns a 49.67% interest in the joint venture, and an affiliate of the Kyrgyz government owns the remaining 0.66%. Zarechnoye owns both the Zarechnoye and South Zarechnoye deposits, located in southern Kazakhstan.

Production from Zarechnoye in 2010 was approximately 2.1 million pounds. Zarechnoye is expected to ramp up to full production of approximately 2.5 million pounds per year by 2012. Full production from South Zarechnoye, a satellite deposit, is expected to be approximately 1.6 million pounds.

Under its subsoil use agreement, the Zarechnoye joint venture has the exclusive right to carry on exploration, extraction, mining and sales of uranium from the Zarechnoye deposit until 2027. It also has the exclusive right to carry on exploration, extraction, mining and sales of uranium from South Zarechnoye until 2037.

According to an Independent Technical Report dated July 6, 2010 prepared by Scott Wilson Roscoe Postle Associates Inc. for Uranium One, as at April 30, 2010 Zarechnoye had Indicated Resources totalling 19.2 million tonnes, at a grade of 0.078% uranium, containing 12,618 tonnes of uranium (32.9 million pounds U_3O_8), and Inferred Resources totalling 7.7 million tonnes, at a grade of 0.051% uranium containing 3,934 tonnes of uranium (10.2 million pounds U_3O_8). The resource estimates were prepared in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves adopted by the Canadian Institute of Mining, Metallurgy and Petroleum and National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

The resource estimate is based on parameters (e.g. cut-off grade, grade-thickness, internal waste, mineralization to waste ratio, block size, permeability and density) used for other South Kazakhstan uranium deposits and originally approved by the Ministry of Geology and the Ministry of Atomic Energy and Industry of the USSR. The modelling methodology applied considered similar structural and tectonic characteristics, lithological and facies types and hydrogeological and geotechnical features. The 2010 resource estimate is based on information from approximately 368,700 metres of drilling. The indicated resources have been drilled on fences 200 metres apart, with holes spaced at 50 metres. The inferred resources have been drilled on fences 400 metres apart, with holes spaced at 50 to 200 metres apart. Gamma ray logging is used in conjunction with the geological interpretations to determine the uranium content.

The mineral resource estimate for the Zarechnoye uranium mine is updated each year and certified by JSC Volkovgeologia on behalf of the Kazakhstan State Committee on Reserves.

OPTION AGREEMENT TO ACQUIRE MANTRA RESOURCES LIMITED

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 definitive feasibility study.

Pursuant to the agreement with ARMZ, Uranium One has a call option to acquire Mantra from ARMZ, exercisable at any point within 12 months of closing (subject to extension) of the acquisition of Mantra by ARMZ. The agreement also provides ARMZ with a put option to sell Mantra to Uranium One at the end of the term. Uranium One will become the operator of the Mkuju River Project once ARMZ completes the acquisition of Mantra. As operator of the project, Uranium One will be responsible to arrange funding for the project.

The purchase price to be paid will be equal to ARMZ's acquisition cost of Mantra (approximately A\$1.2 billion), including any additional expenditures contributed by ARMZ to Mantra or its properties and interest thereon at a rate of 2.65% per annum.

The exercise of the put or call option will constitute a related party transaction under applicable Canadian securities legislation. Accordingly, the exercise of the put and call options is subject to Uranium One minority shareholder approval, as well as to required regulatory approvals.

C\$260 MILLION BOUGHT DEAL FINANCING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

The Corporation issued an aggregate principal amount of C\$260,000,000 of convertible unsecured debentures (the "2010 Debentures") which closed on March 12, 2010.

The 2010 Debentures mature on March 13, 2015, with interest payable at a rate of 5.0% per annum, payable semi-annually from the date of receipt of all necessary Kazakh approvals for the conversion of the 2010 Debentures, or at a rate of 7.5% per annum, payable semi-annually before the receipt of the necessary Kazakh approvals. On October 12, 2010 the Corporation received all necessary Kazakh approvals for the conversion of the 2010 Debentures and the interest rate on the Debentures was consequently reset to 5%.

The 2010 Debentures were initially convertible into common shares of the Corporation at a rate of 250 common shares per C\$1,000 principal amount with a conversion price of C\$4.00 per common share. On December 13, 2010 the conversion price was adjusted to C\$3.15 per common share in accordance with the provisions of the trust indenture to take into account the \$1.06 special dividend that was paid to all common shareholders (other than ARMZ) as a result of the ARMZ transaction which was announced by the Corporation on June 8, 2010.

The Corporation intends to use the net proceeds for potential acquisitions, to finance its operations and development projects and for working capital.

ISSUANCE OF CONVERTIBLE DEBENTURES TO JAPANESE CONSORTIUM

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 was required to 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 constituted a "change of control" and on July 30, 2010, the Corporation made such a re-purchase offer to JUMI, which JUMI accepted. The JUMI Debentures were redeemed on December 29, 2010.

ACQUISITION OF CHRISTENSEN RANCH AND IRIGARAY IN WYOMING

On August 7, 2009, the Corporation entered into a definitive agreement to acquire 100% of MALCO from wholly-owned subsidiaries of AREVA and EDF for \$35 million in cash.

The assets of MALCO include the licensed and permitted Irigaray ISR central processing plant, the Christensen Ranch satellite ISR facility and associated U₃O₈ resources located in the Powder River Basin of Wyoming.

The Committee on Foreign Investment in the United States approved the transaction early in November 2009. Closing of the transaction occurred during January 2010 after the Corporation received all regulatory approvals including NRC, WDEQ and Texas Commission on Environmental Quality.

SALE OF URANIUM ONE AFRICA

In May 2009, the Corporation committed to a plan to sell Uranium One Africa Limited, ("Uranium One Africa"), a wholly owned subsidiary of the Corporation. Uranium One Africa owns the Dominion Uranium Project, which the Corporation has placed on care and maintenance during the third quarter of 2008.

The sale of Uranium One Africa was completed in April 2010 and the Corporation received cash proceeds of \$37.3 million. The net carrying value of the investment of \$38.5 million as at December 31, 2009 was written down to the proceeds of \$37.3 million, resulting in an impairment of \$1.2 million in Q1 2010.

SUMMARY OF QUARTERLY RESULTS

(US dollars in thousands except per share and per lb amounts)

	3 months ended							
	Dec 31, 2010	Sep 30, 2010	Jun 30, 2010	Mar 31, 2010	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	152,294	73,054	65,973	35,529	69,133	21,333	18,557	42,969
Net (loss) / earnings from continuing operations	(148,232)	(10,223)	(9,741)	(21,506)	179,601	(15,309)	(265,726)	63,356
Basic and diluted (loss) / earnings per share from continuing operations ⁽¹⁾	(0.24)	(0.02)	(0.02)	(0.04)	0.38	(0.03)	(0.57)	0.13
Earnings / (loss) from discontinued operations ⁽²⁾	-	-	-	-	-	3,408	806	(2,223)
Basic and diluted earnings per share from discontinued operations ⁽¹⁾⁽²⁾	-	-	-	-	-	0.01	0.00	(0.00)
Net (loss) / earnings	(148,232)	(10,223)	(9,741)	(21,506)	179,601	(11,901)	(264,920)	61,133
Basic and diluted (loss) / earnings per share ⁽¹⁾	(0.24)	(0.02)	(0.02)	(0.04)	0.38	(0.03)	(0.56)	0.13
Total assets	3,369,057	2,468,506	2,457,499	2,556,870	2,149,107	1,625,528	1,609,845	1,613,991

Notes:

(1) The basic and diluted earnings / loss per share are computed separately for each quarter presented and therefore may not add up to the basic and diluted earnings / loss per share for the year ended December 31, 2010 and December 31, 2009.

(2) Gold One International Ltd ("Gold One") (formerly Afl ease Gold) was classified as a discontinued operation in Q1 2008.

THREE MONTHS ENDED DECEMBER 31, 2010

AKBASTAU AND ZARECHNOYRE ACQUISITION

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, the Corporation acquired a 50% joint venture interest in the Akbastau Uranium Mine and a 49.67% Joint Venture interest in the Zarechnoye Uranium Mine. The purchase price was paid by way of the issuance of 178 million common shares of Uranium One.

REDEMPTION OF THE JUMI DEBENTURES

Pursuant to the terms of the JUMI Debentures, the Corporation redeemed the JUMI Debentures for 101% of the outstanding principal amount plus accrued interest subsequent to the "change of control" triggered by the transaction with ARMZ.

URANIUM SALES, INVENTORY AND OPERATING COSTS

The Corporation had attributable sales of 2,878,400 pounds during Q4 2010, compared to 1,498,900 pounds in Q4 2009. The Corporation's attributable share of revenue from sales in Q4 2010 was \$152.3 million, compared to \$69.1 million in Q4 2009. The increase in revenue is due to a 92% higher sales volume and a 15% increase in the average realized uranium price per pound compared to Q4 2009. The average realized price per pound sold in Q4 2010 was \$53.

Earnings from mining operations were \$76.3 million in Q4 2010 after the deduction of operating expenses of \$36.0 million (\$12 per pound sold) and depreciation and depletion charges of \$40.0 million (\$14 per pound sold). During Q4 2010, attributable inventory for Akdala, South Inkai and Karatau decreased by 737,300 pounds as more U₃O₈ was delivered into sales contracts than the production for the quarter.

342,600 attributable inventory pounds from Akbastau and 230,600 attributable inventory pounds from Zarechnoye were on hand on the acquisition date of December 27, 2010, of which 360,000 and 103,600 were on hand on December 31, 2010 after production and sales for Akbastau and Zarechnoye respectively since the acquisition date.

NON-GAAP MEASURES

ADJUSTED NET EARNINGS / LOSS

The Corporation has included the following non-GAAP performance measures throughout this document: adjusted net earnings / loss and adjusted net earnings / loss per share. Adjusted net earnings / loss and adjusted net earnings / loss per share do not have any standardized meaning prescribed by GAAP and are therefore unlikely to be comparable to similar measures reported by other companies. The Corporation believes that, in addition to conventional measures prepared in accordance with GAAP, certain investors use this information to evaluate the Corporation's performance and ability to generate cash flow. This is provided as additional information and should not be considered in isolation of, or as a substitute for, measures of performance prepared in accordance with GAAP.

Adjusted net earnings / loss is calculated by adjusting the net profit / loss from continuing operations with unrealized foreign exchange gains / losses on future income tax liabilities, restructuring costs, impairments, cost of suspension of operations, gains / losses from the sale of assets and the effect of the tax rate adjustment on future income tax liabilities. These items are added back due to their inherent volatility and / or infrequent occurrence.

The following table provides a reconciliation of adjusted net earnings / loss to the financial statements:

	3 months ended		Year ended	
	Dec 31, 2010 \$(000's)	Dec 31, 2009 \$(000's)	Dec 31, 2010 \$(000's)	Dec 31, 2009 \$(000's)
Net (loss) / earnings from continuing operations	(148,232)	179,601	(189,702)	(38,078)
Unrealized foreign exchange loss / (gain) on future income tax liabilities	71	4,678	823	(63,771)
Impairment of mineral interests, plant and equipment and closure costs	111,067	3,913	112,955	269,540
Loss / (gain) on sale of available for sale securities	155	(67)	10,603	(193)
Corporate development expenditure	422	-	8,906	-
Restructuring costs	5,520	-	5,520	-
Effect of rate adjustment on future income tax liabilities ⁽¹⁾	39,000	(203,961)	39,000	(203,961)
Adjusted net earnings / (loss)	8,003	(15,836)	(11,895)	(36,463)
Adjusted net earnings / (loss) per share – basic (\$)	0.01	(0.03)	(0.02)	(0.08)
Weighted average number of shares (thousands) – basic	682,872	475,083	611,562	475,583

Note:

⁽¹⁾ The rate adjustment relates to the change in the effective tax rate used to calculate future income tax, resulting from the change in the tax regulations for Kazakhstan. (Refer to Kazakhstan tax rate).

AVERAGE REALIZED SALES PRICE PER POUND AND CASH COST PER POUND SOLD

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

As in previous periods, sales per pound and cash cost per pound sold are calculated by dividing the revenues and operating expenses found in the statement of operations in the consolidated financial statements by the pounds sold in the period.

RESULTS OF OPERATIONS AND DISCUSSION OF FINANCIAL POSITION

SELECTED FINANCIAL INFORMATION

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

(US dollars in thousands except per share and per lb amounts)	Year ended		
	Dec 31, 2010 \$'000	Dec 31, 2009 \$'000	Dec 31, 2008 \$'000
Revenue	326,850	151,992	149,776
Loss from continuing operations	(189,702)	(38,078)	(2,333,587)
Earnings / (loss) from discontinued operations	-	1,991	(122,260)
Net loss	(189,702)	(36,087)	(2,455,847)
Adjusted net (loss) / earnings	(11,895)	(36,463)	22,323
Cash flows from operating activities	46,389	6,081	36,126
Loss per share from continuing operations	(0.31)	(0.08)	(4.98)
Earnings / (loss) per share from discontinued operations	-	0.00	(0.26)
Loss per share	(0.31)	(0.08)	(5.24)
Adjusted net (loss) / earnings per share	(0.02)	(0.08)	0.05
Product inventory carrying value ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾	81,383	65,926	7,985
Total assets	3,369,057	2,149,107	1,627,133
Long term financial liabilities	710,886	400,044	616,533
Special cash dividend per share ⁽⁵⁾	\$1.06	-	-
Average realized uranium price per lb	48	48	68
Average spot price per lb	47	46	62
	Lbs	Lbs	Lbs
Attributable sales volume	6,861,600	3,187,700	2,210,900
Attributable production volume	7,230,200	3,474,800	1,873,600
Attributable inventory ⁽¹⁾	2,992,700	2,110,500	345,000

Notes:

- (1) Inventory as at December 31, 2008 is attributable to the Akdala Uranium Mine. Inventory as at December 31, 2009 is attributable to the Akdala, South Inkai and Karatau Uranium Mines. Inventory as at December 31, 2010 is attributable to the Akdala, South Inkai, Karatau, Akbastau and Zarechnoye Uranium Mines. Revenue from production during commissioning of the Corporation's development projects is credited against capital expenditures.
- (2) For 2009, the Karatau inventory balance includes fair value adjustments of \$8.9 million recorded as part of the business combination on December 21, 2009.
- (3) For 2010, the Akbastau inventory balance includes fair value adjustments of \$5.5 million recorded as part of the business combination on December 27, 2010.
- (4) For 2010, the Zarechnoye inventory balance includes fair value adjustments of \$4.2 million recorded as part of the business combination on December 27, 2010.
- (5) On December 20, 2010, the Corporation paid a special dividend of \$1.06 for each common share to shareholders other than ARMZ.

AKBASTAU AND ZARECHNOYE ACQUISITION

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, the Corporation acquired a 50% joint venture interest in the Akbastau Uranium Mine and a 49.67% Joint Venture interest in the Zarechnoye Uranium Mine. The purchase price was paid by way of the issuance of 178 million common shares of Uranium One.

REDEMPTION OF JUMI DEBENTURES

Pursuant to the terms of the JUMI Debentures, the Corporation was obliged to 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 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.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2010

URANIUM SALES, INVENTORY AND OPERATING COSTS

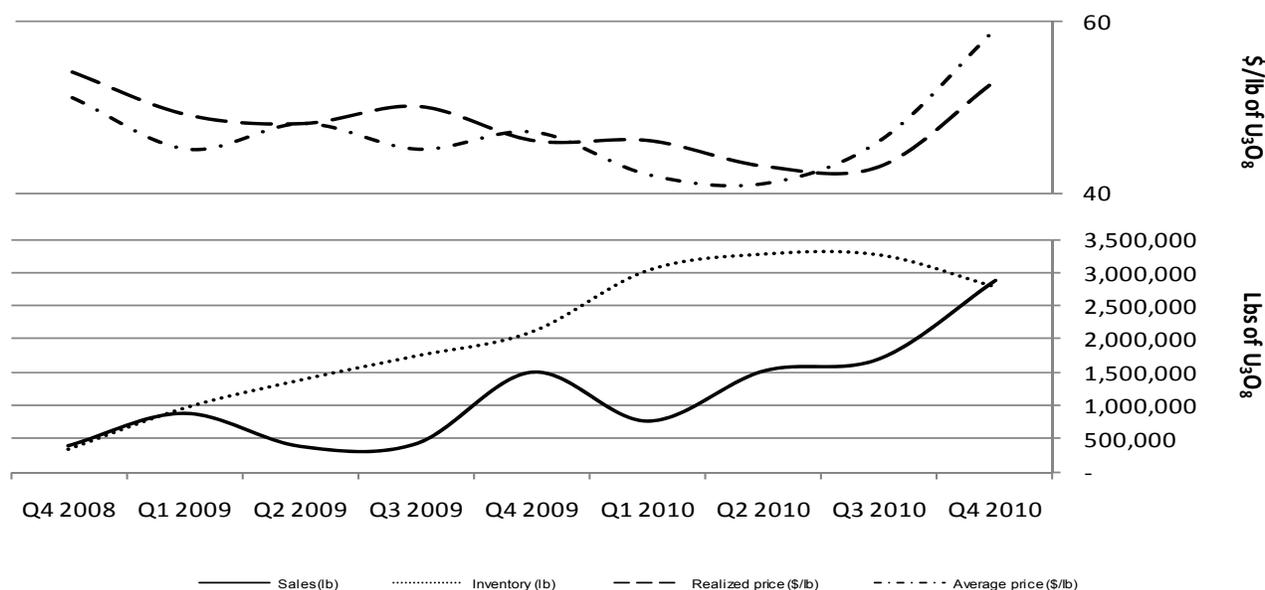
The Corporation's uranium sales, costs of uranium sales and earnings from mine operations were as follows:

	2010				2009				
	Akdala	South Inkai	Karatau	Zarechnoye ⁽³⁾	Total / Average	Akdala	South Inkai	Karatau ⁽¹⁾	Total / Average
Revenues (\$000's)	93,870	121,264	105,430	6,287	326,850	74,085	67,197	10,710	151,992
Attributable sales volumes (lb)	1,909,000	2,467,600	2,341,700	143,300	6,861,600	1,535,100	1,399,800	252,800	3,187,700
Average realized price (\$/lb sold)					48				48
Average spot price (\$/lb)					47				46
Closing spot price (\$/lb)					63				45
Operating expenses (\$000's)	23,663	46,072	19,940	2,345	92,020	19,113	28,778	3,130	51,021
Operating expenses (\$/lb sold)	12	19	9	16	13	12	21	12	16
Depreciation and depletion (\$000's)	19,681	30,356	43,405	3,940	97,381	16,699	22,131	7,553	46,383
Depreciation and depletion (\$/lb sold) ⁽²⁾	10	12	19	27	14	11	16	30	15
Earnings from mine operations (\$000's)	50,526	44,835	42,084	3	137,448	38,273	16,288	27	54,588

Notes:

- (1) Karatau was acquired on December 21, 2009. Karatau's uranium sales, costs and earnings from mine operations therefore represents the period from acquisition to December 31, 2009.
- (2) Includes fair value adjustments recognized in inventory on acquisition of Karatau and Zarechnoye and expensed as non-cash depreciation and depletion with the sale of the revalued inventory.
- (3) Akbastau and Zarechnoye were acquired on December 27, 2010. Zarechnoye's uranium sales, costs and earnings from mine operations therefore represents the period from acquisition to December 31, 2010. Akbastau did not have any sales or related costs since acquisition.

The average realized uranium price per pound sold relative to the average spot price per pound, and the relationship between volumes sold and inventory, over the last eight quarters are as follows:



The Corporation's sales volumes are determined by the terms of long term sales contracts with customers and the delivery schedules which customers select each given year. Sales volumes can therefore vary significantly from quarter to quarter. There is generally an inventory build-up prior to quarters with high contracted sales volumes. The average realized sales price per pound sold by the Corporation is related to the spot price and has been increasing in line with the spot price since Q3 2010. Pricing in the Corporation's sales contracts normally reference average market prices up to 6 weeks before the delivery date and the realized sales prices will therefore be below average market prices in a rising market price environment as experienced at the moment.

The Corporation's sales volumes are determined by the terms of long term sales contracts with customers and the delivery schedules which customers are allowed to select each given year. The Corporation forecasts the amount of U_3O_8 to be produced from its mines over the medium to long term and enters into long term sales contracts (i.e., contracts for delivery more than 12 months from the date of execution) with customers for specific yearly quantities. The Corporation commits a relatively high degree of its projected production for delivery into contracts in the immediate future, with progressively lower percentages being committed to contracts with delivery dates more than four to five years in the future. The Corporation also maintains a 'cushion' between projected production and committed sales to ensure that it can meet all delivery commitments even in the event of lower than projected production. Sales contracts normally provide for delivery of a fixed quantity of uranium concentrates per year. Delivery schedules are generally fixed, with minor allowances for customers to select the exact month of delivery depending on their refuelling schedules. Customers normally schedule deliveries to ensure the U_3O_8 is delivered in time to correspond to their schedules for conversion, enrichment, and fabrication, which in turn depend on their schedule for reloading of fuel at their nuclear power plants. The exact timing of sales is therefore not entirely at the Corporation's discretion and sales are often uneven from quarter to quarter depending on the exact dates that customers choose for delivery of their uranium.

Customers take delivery of U_3O_8 at conversion facilities and the Corporation ships the U_3O_8 produced at its mines to converters in time for scheduled deliveries to customers. In situations where deliveries are scheduled shortly after a quarter end, the Corporation often has low sales in that quarter, with higher inventory levels in anticipation of the delivery. Where deliveries are scheduled shortly before a quarter end, sales for the quarter could be higher, with relatively low inventory balances at the end of the quarter. Depending on the location of the conversion facility, shipping times from Kazakhstan can be up to four months and the lead time between production of U_3O_8 and sales therefore has a significant impact on inventory levels at any given time.

Revenue of \$326.9 million in 2010 increased by 115% compared to the \$152.0 million in 2009, due to volume sold increasing by 3,673,900 pounds (115% higher than in 2009).

The sales mix for 2010 was 28% for Akdala, 36% for South Inkai, 34% for Karatau and 2% for Zarechnoye, compared to 2009 where Akdala contributed 48%, South Inkai 44% and Karatau 8% of the sales. The sales mix is expected to align with the production ratio of each mine over time, considering the effect of long term contracts on inventory build-up.

Operating expenses per pound sold decreased by 19% from \$16 per pound in 2009 to \$13 per pound in 2010, mainly due to changes in the sales mix compared to 2009, the lower cash cost of production at Karatau of \$9 per pound and the decrease of the cash cost per pound of South Inkai from \$21 per pound to \$19 per pound. Akdala's operating expenses per pound sold increased by 8% from \$12 per pound to \$13 per pound.

There is possible volatility in operating expenses due to the timing of the acidification of new wellfields. Sulphuric acid use is higher during the initial acidification process, and the sulphuric acid cost per pound is higher during these periods. The Corporation carries inventory at the weighted average cost of production, calculated at various stages of the production process. As a result, the weighted average cost increases during periods with higher levels of acidification.

Attributable inventory increased from 2,110,500 pounds at December 31, 2009 to 2,992,700 pounds at December 31, 2010, including 464,100 pounds on hand at Akbastau and Zarechnoye on December 31, 2010.

GENERAL AND ADMINISTRATIVE EXPENSES

The main drivers of the cash component of general and administrative expenses are salaries, directors' fees, consulting and advisor fees, travel expenses and office rent. Non-cash stock option and restricted share expenses are normally a significant contributor to general and administrative expenditure, as a significant contributing factor to Uranium One's future success is its ability to attract and retain qualified and competent personnel. To accomplish this, Uranium One adopted a stock option plan and a restricted share plan to advance its interests by encouraging directors, officers and employees to have equity participation in Uranium One.

General and administrative expenses, including stock option and restricted share expenses of \$13.9 million, amounted to \$53.0 million in 2010, compared to \$37.9 million in 2009, including stock option and restricted share expenses of \$7.5 million. The expense in 2010 includes restructuring costs of \$5.5 million. Restructuring costs include an accrual for the cost of moving the Corporation's head office from Vancouver to Toronto and associated severance payments to staff. The increase in the share option and restricted share expense results from the accelerated vesting caused by the change of control that occurred with the ARMZ transaction.

The general and administrative expense for 2010 includes salaries and directors' fees of \$27.1 million, consulting and advisor fees of \$7 million, travel expenses of \$2.7 million and office rent of \$3.0 million.

EXPLORATION

The Corporation has a significant resource base and does not rely on exploration success for current and future production activities. Exploration expenditure is therefore purely discretionary. The Corporation determines its discretionary exploration expenditure each year during its planning cycle. Exploration expenditure relates to exploration programs undertaken on the Corporation's tenures in the United States, Canada and Australia and was \$5.4 million during 2010, compared to \$8.8 million during 2009.

IMPAIRMENT OF MINERAL INTERESTS, PLANT AND EQUIPMENT

The Corporation's carrying value for Honeymoon was impaired by \$113.5 million primarily due to strengthening of the Australian dollar and increased capital expenditure. The impairment was offset by future income tax recoveries of \$3.7 million.

The Corporation's carrying value for Dominion was impaired by \$1.2 million to the agreed upon sale value of \$37.3 million and together with impairments of other corporate assets of \$1.9 million, resulted in the \$3.1 million impairment during 2010.

CARE AND MAINTENANCE

The Corporation incurred care and maintenance costs of \$1.2 million on Dominion during 2010 compared to care and maintenance costs of \$11.7 million during 2009. The sale of Dominion was finalized during April 2010.

The Shootaring Canyon mill in Utah was placed on care and maintenance in 2008 as the Corporation concluded that it could not be operated economically with the currently available resource base and care and maintenance costs of \$1.7 million were incurred during 2010, compared to \$2.0 million in 2009.

Total care and maintenance costs for 2010 was \$2.9 million, compared to care and maintenance costs of \$15.4 million in 2009, which included care and maintenance cost of \$1.7 million for Hobson and La Palangana which were sold in December 2009.

INTEREST AND OTHER

Interest income amounted to \$6.1 million in 2010, compared to \$4.9 million in 2009. In addition to the interest earned on loans to joint ventures, interest is earned on funds held on deposit by the Corporation. The increase in interest earned is due to the Corporation's increased cash balance mainly resulting from the issuance of the JUMI Debentures, the 2010 Debentures and the ARMZ transaction.

Interest accrued on the Corporation's 2006 Debentures, 2010 Debentures and JUMI Debentures was \$9.9 million, \$18.3 million and \$14.5 million in 2010, respectively. Interest accrued on the 2006 Debentures was \$8.7 million in 2009.

The redemption of the JUMI debentures resulted in a \$1.2 million gain recognised in the statement of operations.

The interest expense on the \$65 million drawn down in October 2008 under the Corporation's credit facility was \$0.8 million in 2010 compared to \$1.1 million in 2009. Other charges related to the credit facility, including amortization of upfront costs and the availability fee, were \$1.9 million in 2010 and \$3.7 million in 2009.

LOSS ON SALE OF AVAILABLE FOR SALE SECURITIES

The Corporation incurred losses in 2010 of \$10.6 million, compared to gains of \$0.2 million in 2009. The losses were incurred on the sale of investments.

FOREIGN EXCHANGE GAIN / LOSS

Unrealized foreign exchange losses during 2010 were \$9.7 million, including an unrealized loss of \$0.8 million on future income tax liabilities, compared to unrealized foreign exchange gains of \$56.0 million which included an unrealized gain on future income tax liabilities of \$63.8 million in 2009. The Corporation realized foreign exchange losses on cash and other items of \$3.4 in 2010, compared to a gain of \$3.1 million in 2009.

CORPORATE DEVELOPMENT EXPENSES

The Corporation incurred \$8.9 million in transaction costs during 2010, which relates to the acquisition of Akbastau and Zarechnoye and other corporate development projects. The costs mainly consist of advisory and consultation fees.

INCOME TAXES

The current income tax expense for 2010 of \$49.3 million mainly consists of income tax paid and payable in Kazakhstan on profits from the Corporation's Akdala, South Inkai and Karatau mines. For 2009 a \$20.9 million income tax expense was recorded.

The future income tax expense in 2010 of \$24.5 million consists of the following:

- Recovery of future income tax liabilities of Akdala, Karatau and South Inkai mines of \$7.0 million. The recovery represents the depletion of the future income tax liabilities that was created on the acquisition of the Akdala and South Inkai mines, and was based on the excess purchase price paid on acquisition;
- A recovery of \$3.7 million recognized with the impairment of Honeymoon;
- An increase of \$4.2 million in future income tax assets due to temporary differences and tax loss carry forwards, which is set off against the future income tax liability; and
- Expense of \$39.0 million due to the change in the Corporate tax rate in Kazakhstan.

NET EARNINGS / LOSS

The net loss for 2010 was \$189.7 million or \$0.31 per share, compared to a net loss of \$36.1 million or \$0.08 per share for 2009.

FINANCIAL CONDITION

CASH AND CASH EQUIVALENTS

On December 31, 2010, the Corporation had cash and cash equivalents of \$315.8 million, compared to \$148.5 million at December 31, 2009. Cash and cash equivalents on December 31, 2010 include \$63.4 million held by the Corporation's joint ventures. Joint ventures held \$4.6 million in cash on December 31, 2009. Cash held by the joint ventures is used to fund joint venture operations.

LOANS TO JOINT VENTURES

Kyzylkum has repaid \$17.5 million of the \$35.0 million outstanding at December 31, 2009 due to the Corporation as a result of the restructuring of its debt. During 2010, the unpaid and accrued interest as of July 31, 2010 in the amount of \$3.1 million was capitalized and added to the principal amount of the loan of which \$1.6 million was paid during the year. The remaining principal loan amount is expected to be repaid in 2011. In 2011 Uranium One will also make a capital contribution of \$24.0 million to Kyzylkum's charter capital. The capital contribution will be matched by the joint venture partners, with the contributions having no effect on the percentage ownership.

The Corporation extended additional loans of \$18.0 million to SKZ-U during 2010. SKZ-U has repaid a loan of \$4.3 million that was outstanding at December 2009. The outstanding amount of the loan bears interest at LIBOR plus 6% per annum, with interest payable on a semi-annual basis, commencing within three years of initial funding.

BORROWED URANIUM CONCENTRATES AND URANIUM CONCENTRATES LOANS

The Corporation borrowed 200,000 pounds of U₃O₈ pursuant to a uranium loan agreement to provide the Corporation with flexibility to meet its long term contractual obligations in terms of future uranium sales contracts and mitigate the risk of delivery delays. A current asset and current liability of \$12.5 million is accounted for in respect of the borrowed uranium concentrates of 200,000 pounds on hand as at December 31, 2010. Pursuant to the loan agreement, this material is to be returned in Q3 2011 and the loan is therefore classified as a current liability as at December 31, 2010.

INVENTORIES AND PURCHASED URANIUM CONCENTRATES

The value of inventories increased to \$81.4 million from \$65.9 million held at December 31, 2009. Finished uranium concentrates and solutions and concentrates in process increased by \$15.4 million in line with the increased quantity of product inventory from 2,110,500 pounds to 2,993,200 pounds. The increase in product inventory is due to:

- The acquisition of Akbastau and Zarechnoye on December 27, 2010. The newly acquired joint ventures held attributable inventory of 464,100 pounds as at December 31, 2010. The acquired inventory is carried at fair value determined on acquisition. The fair value adjustment will be recognized in the statement of operations on the sale of the inventory, and is not re-measured in future periods. The fair value adjustment included in inventory as at December 31, 2010 was \$9.7 million.
- Inventory levels at South Inkai increased from 903,900 pounds to 1,500,200 pounds, due to production exceeding sales during the year.

Materials and supplies increased by \$3.9 million in the year ended December 31, 2010, mainly due to the inclusion of materials and supplies acquired with Akbastau and Zarechnoye and the increase in the level of inventory as development projects is nearing completion.

As at December 31, 2010 the Corporation had attributable inventory of 2,993,200 pounds, of which approximately 824,000 pounds was held at conversion facilities. Sales of product are normally completed at conversion facilities when material is transferred to customers by way of a book transfer. The product on hand at conversion facilities as at December 31, 2010 is committed for delivery under existing sales contracts subsequent to quarter end. Shipping times for finished product can be up to four months, depending on the distance between the mine site and conversion facility, where sales are completed through transfer of legal title and ownership.

A summary of the Corporation's attributable inventory carried at December 31, 2010 is as follows:

Category	Location	Lbs (000's)
In process	Mine site and external processing facilities	1,294
In process	External processing facilities	485
Finished product In transit	In transit	384
Finished product at conversion facility	Conversion facilities	830
Total inventory		2,993

Production during commissioning of the Corporation's development projects is not accounted for as inventory. Attributable material produced and on hand from the Corporation's development projects at December 31, 2010 amounted to 0.1 million pounds at Kharasan.

OTHER ASSETS

The Corporation contributed \$24.3 million to its asset retirement fund up to December 31, 2010, mostly as a result of the additional asset retirement obligations acquired as part of the acquisition of Christensen Ranch and Irigaray and additional contributions made in line with mine development.

In August 2009, the Corporation paid a deposit of \$8.8 million to AREVA and EDF pursuant to the acquisition of Christensen Ranch and Irigaray. The deposit was applied against the purchase price on closing of the transaction on January 25, 2010.

The Corporation acquired \$40 million in receivables as part of the ARMZ Transaction and the amount is now owed to the Corporation by ARMZ. The Corporation still has \$40 million in contingent payments owing to ARMZ, depending on tax related adjustments related to the purchase of Karatau and has agreed with ARMZ to offset the contingent payments as they become due against the \$40 million in receivables. The Corporation has therefore offset the \$20 million contingent payment which became due during January 2011, and if it becomes payable, the Corporation will offset the remaining \$20 million contingent payment against the remaining receivables.

MINERAL INTERESTS, PLANT AND EQUIPMENT AND ASSETS HELD FOR SALE

The reporting values of mineral interests, plant and equipment increased by \$981.6 million during the year ended December 31, 2010.

The significant movement for 2010 consists of:

- The acquisition of Akbastau and Zarechnoye increasing the value by \$984.3 million;
- The acquisition of Christensen Ranch and Irigaray increasing the value by \$56.4 million;
- The impairment of Honeymoon decreasing the value by \$113.5 million;
- The capitalization of the Karatau contingent payment of \$25 million (including future income tax adjustments of \$5 million);
- Depreciation and depletion decreasing the net value by \$100.7 million; and
- Capital additions of \$108.4 million.

CURRENT LIABILITIES

The outstanding amount on the Corporation's 2006 Debentures increased mainly due to the interest accrued and the strengthening of the Canadian dollar against the US dollar since the issuance of the debentures, partially offset by the coupon interest payments. The 2006 Debentures are denominated in Canadian dollars and mature on December 31, 2011.

CURRENT LIABILITIES RELATED TO THE ACQUISITION OF KARATAU

In December 31, 2009, the Corporation issued a promissory note of \$90 million to ARMZ as part of the consideration for the acquisition of Karatau. The promissory note was due no later than 12 months from closing of the transaction and was repaid on January 18, 2010 from the proceeds of the JUMI Debentures. Interest was payable on the promissory note at a rate of 4.75% per year.

The Corporation determined that the first instalment of the post-closing tax related adjustments was due and payable on January 4, 2010 and accordingly raised a provision of \$20 million at December 31, 2009. The \$20 million was set off and settled against withholding tax payments made on behalf of ARMZ in January 2010. The Corporation raised a provision for the second contingent payment of \$20 million on December 31, 2010, which was offset against the receivable acquired with the ARMZ Transaction on December 27, 2010.

In 2006, Karatau entered into a fixed price contract for the sale of uranium. The sales price under this contract was below the current market price for uranium on the day of acquisition. The Corporation accounted for this contract as an unfavourable contract and recognized a liability of \$18.9 million pursuant to this contract on acquisition of Karatau. On sale of uranium into the unfavourable contract, the liability is reduced, with a corresponding credit against revenue. The full liability was settled on September 30, 2010, after accounting for sales into this contract subsequent to acquisition.

CURRENT LIABILITIES RELATED TO THE ACQUISITION OF AKBASTAU AND ZARECHNOYE

Prior to acquisition, Zarechnoye entered into a discounted sales price contract for the sale of uranium. The discount on the sales price under this contract was higher than the current industry practice uranium sales contracts in Kazakhstan. The Corporation accounted for this contract as an unfavourable contract and recognized a liability of \$11.6 million pursuant to this contract on acquisition of Zarechnoye. The Corporation received \$11.6 million in cash on acquisition to compensate for the unfavourable contract. On sale of uranium into the unfavourable contract, the liability is reduced, with a corresponding credit against revenue. \$0.3 million was recognized in the statement of operations in 2010 related to sales into this contract since acquisition.

CURRENT AND LONG TERM PORTION OF JOINT VENTURE DEBT

Karatau had a short term facility of \$10 million outstanding on acquisition. An additional net drawdown of \$27.5 million was made against the facility and new facilities from UniCredit and Halyk Bank during 2010. As at December 31, 2010, the Corporations share of these facilities was \$18.8 million. The facilities are classified as current and are repayable between during 2011, with the last repayment scheduled for May 2011.

Akbastau has facilities of \$29.4 million outstanding from Alpha bank, GRK and Effective Energy outstanding on December 31, 2010. The Corporation's share of these facilities was \$14.7 million on December 31, 2010. The facilities are classified as current and are repayable during 2011, with the last repayment scheduled for August 2011.

Kyzylkum received secured loans from Kazatomprom in the amount of \$42.2 million during 2010. The Corporation's proportionate share of the loan was \$12.4 million on December 31, 2010. The facility is classified as long term and is repayable between 2014 and 2018. Kyzylkum repaid \$17.5 million of the outstanding loan from the Corporation from the proceeds of the Kazatomprom loan.

Kyzylkum made scheduled payments of \$22.4 million against its facilities with JBIC and Citibank. The outstanding balance of the facilities was \$137.6 million at December 31, 2010. \$53.3 of the facilities is classified as short term, with the remaining balance currently being scheduled for repayment during 2012 and 2013.

Zarechnoye has facilities of \$89.4 million outstanding from Eurasia Development Bank, Effective Energy and Citibank on December 31, 2010. The Corporation's share of these facilities was \$44.4 million. \$21.4 million of the amount owing is classified as current and \$68.0 million as long term with repayment scheduled to start in 2011 and the last repayment scheduled for December 2013.

SKZ-U drew down unsecured loans from its JBIC facility to the value of \$77.2 million in 2010. The Corporation's proportionate share of these loans is \$14.7 million.

NON-CURRENT LIABILITIES

The Corporation issued the JUMI Debentures on January 14, 2010. The JUMI debentures were denominated Canadian dollars. The value of the liability recognized on initial recognition amounted to \$130.3 million, net of transaction costs of \$1.1 million. Other movement in the debentures is resultant from the accrual of interest, the coupon payment and the strengthening of the Canadian dollar against the US dollar since the issuance of the debentures. The Corporation redeemed the JUMI debentures at 101% of its face value after closing of the ARMZ transaction on December 29, 2010. \$140.7 million of the redemption value was allocated to the carrying value of the liability of \$141.9 million on December 29, 2010, which resulted in a gain of \$1.2 million being recognized in the statement of operations. The JUMI Debentures were denominated in Canadian dollars.

The Corporation issued the 2010 Debentures on March 12, 2010. The value of the liability recognized on initial recognition was \$196.8 million, net of transaction costs of \$10.4 million. Other movement in the debentures is resultant from the accrual of interest, the coupon payment and the strengthening of the Canadian dollar against the US since the issuance of the debentures. The 2010 Debentures are denominated in Canadian dollars.

Future income tax liabilities increased by \$196.7 million from December 31, 2009, mainly due to the acquisition of Akbastau, Zarechnoye, Christensen Ranch and Irigaray, which contributed \$170.4 million of the increase. The tax rate change in Kazakhstan increased the liability with \$39.0 million. Recovery of future income tax liabilities of the Akdala, South Inkai and Karatau mines resulting from the fair value adjustment on acquisition was \$7.0 million. The future income tax recovery on impairment of Honeymoon reduced the future income tax liability by \$3.7 million. An increase in future income tax assets due to temporary differences and tax loss carry forwards of \$3.7 million, decreasing the future income tax liability, accounted for the majority of the remaining movement.

EQUITY

Changes in shareholders' equity consist mainly of the net loss for the year of \$189.7 million, payment of the special dividend of \$492.9 million, a loss of \$3.0 million recognized in equity on redemption of the JUMI debenture and gain of \$13.6 million recognized on translation of self-sustaining foreign operations.

The value of the equity component of the 2010 debentures recognized on initial recognition was \$44.0 million.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL AND CASH GENERATED FROM OPERATIONS

At December 31, 2010 the Corporation had working capital of \$199.0 million. Included in this amount is cash and cash equivalents of \$315.8 million, which includes the Corporation's proportionate share of cash and cash equivalents at its joint venture operations in Kazakhstan and Australia. Cash held by the Corporation's joint venture operations is applied to the business of the joint ventures and cash flows between the Corporation and the joint ventures normally only occur through loans to the joint ventures and dividends paid by the joint ventures. The Corporation expects that Betpak Dala will fund its capital requirements from cash flow from its operations, without the need for finance from the Corporation or third parties. Karatau is expected to fund its capital requirements through short term loans and cash flow from its operations.

The interest earned on the Corporation's cash balances will be applied to existing commitments in respect of the Corporation's development projects and other current commitments.

The Corporation earns revenue from the sale of uranium from its mines in Kazakhstan. Additional sales revenue will be earned from uranium sales when the Corporation's development projects are commissioned.

Uranium is sold under forward long-term delivery contracts. Contracted deliveries are planned to be filled from the Corporation's mining operations. The ability to deliver contracted product is therefore dependent upon the continued operation of the mining operations as planned. The Corporation has entered into market-related sales contracts with price mechanisms that reference the market price in effect at or near the time of delivery. In addition, the Corporation has negotiated floor price protection in most of its sales contracts. For 2011, committed sales under contract represent approximately 66% of expected production, without taking any available inventory into account.

At December 31, 2010, there were outstanding sales commitments for 2.2 million pounds in respect of sales contracts for the Dominion project, which were not included in the sale of Uranium One Africa. The Corporation plans to meet these commitments from the production of other group entities and, if required, additional purchases from third parties. The Corporation has floor price protection in all of the Dominion contracts and does not expect to incur material losses in satisfying its delivery commitments thereunder.

CURRENT AND FUTURE SOURCES OF FUNDING

The Corporation has two convertible debentures outstanding as at December 31, 2010. In addition, the Corporation's joint ventures in Kazakhstan have amounts outstanding on several debt facilities.

Uranium One's 2006 Debentures have a face value of C\$155 million and mature on December 31, 2011 with fixed interest at a rate of 4.25% payable semi-annually in arrears. The Corporation plans to redeem the 2006 Debentures from internal cash resources. The 2010 Debentures have a face value of C\$260 million and mature on March 13, 2015, with interest payable at a rate of 5.0% per annum, payable semi-annually in arrears. The interest rate was reset from 7.5% to 5% on October 13, 2010, the date of receipt of all necessary Kazakh approvals for the conversion of the 2010 Debentures.

The cash flows resulting from the ARMZ transaction were as follows:

- received \$602.7 million in cash from ARMZ, net after transaction costs;
- redeemed the JUMI Debentures for \$269.4 million, representing 101% of its face value; and
- paid a special dividend of \$1.06 per share to shareholders other than ARMZ, totalling \$492.9 million.

The Corporation consequently used \$159.6 million of the proceeds from the 2010 Debentures to fund the negative cash flow associated with the ARMZ Transaction in December 2010. The remainder of the proceeds from 2010 Debentures, together with working capital on hand, is planned to fund the Corporation's operational and capital expenditures, as required.

Capital and operational expenditures by the Betpak Dala and Karatau joint ventures in 2011 are expected to be funded through the joint ventures' operating cash flow.

Karatau owed \$37.5 million to financial institutions on December 31, 2010 and the Corporation's proportionate share of the amount owing is \$18.8 million. The full amount owing is due in 2011 and it is expected that the loans will be repaid from Karatau's operating cash flow.

Kyzylkum drew down on a secured loan of \$41.5 million from Kazatomprom during 2010. The Corporation's proportionate share of the loan was \$12.4 million. Kyzylkum used the proceeds of the Kazatomprom loan to repay \$22.4 million of its outstanding facilities held with financial institutions and \$17.5 million of the loan from the Corporation. The Corporation and its joint venture partners in Kyzylkum agreed to contribute approximately \$80 million in capital contributions to the joint venture in 2011, with further capital contributions in 2012 and 2013. The Corporation's share of the capital contribution in 2011 is expected to be approximately \$24 million, with the other joint venture partners contributing proportionally to their ownership interests. The proceeds received by Kyzylkum are expected to be used to repay the outstanding loan from the Corporation, service its debt repayments and to fund capital and operational expenditure in 2011.

On December 31, 2010, Akbastau and Zarechnoye had outstanding facilities of \$29.4 million and \$89.4 million, respectively. The Corporation's share of these facilities was \$14.7 million and \$44.4 million, respectively. Pursuant to the terms of the ARMZ Transaction, ARMZ agreed to fund, or arrange funding for, the Corporation's proportionate share of the funding required by Akbastau and Zarechnoye for a period of 18 months after closing of the transaction.

The Corporation utilized the proceeds from the Mitsui transaction received in December 2008 for the development of Honeymoon and for general corporate purposes in Australia. In addition to the funds provided by Mitsui, the Corporation contributed \$32 million towards the funding of Honeymoon in 2010.

SKZ-U concluded loan agreements with JBIC in the amount of \$133 million, and Uranium One in the amount of \$31 million to finance the construction of a sulphuric acid plant in Kazakhstan and drew down \$95.5 million under these facilities in 2010.

The Corporation repaid the outstanding amount of \$65 million of its credit facility during 2010. The facility expired in November 2010 and was not renewed.

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

CONTRACTUAL OBLIGATIONS

	Less than 1 year	1 to 3 years	4 to 5 years	After 5 years	Total
Lease obligations	1,533	2,547	1,348	1,124	6,552
Joint venture debt	60,131	59,056	18,834	8,260	146,281
Kyzylkum financing	24,000	12,000	9,000	-	45,000
Capital commitments	16,128	900	-	-	17,028
Asset retirement obligations	-	927	6,360	18,942	26,229
Convertible debentures	155,168	-	259,934	-	415,102
Other	463	925	925	1,284	3,597
	257,423	76,355	296,401	29,610	659,789

COMMITMENTS AND CONTINGENCIES

Due to the size, complexity and nature of the Corporation's operations, various legal and tax matters arise in the ordinary course of business. The Corporation accrues for such items when a liability is both probable and the amount can be reasonably estimated. In the opinion of management, these matters will not have a material effect on the consolidated financial statements of the Corporation.

ACQUISITION OF THE SHOOTARING MILL

Further payments due under the purchase agreement for the Shootaring Mill and related uranium exploration properties are:

- \$27.5 million depending on the achievement of certain production targets; and
- the payment of a royalty to U.S. Energy of 5% of the gross proceeds from the sale of commodities produced at the Mill, to a maximum amount of \$12.5 million.

ACQUISITION OF INTEREST IN BETPAK DALA

A bonus payment is 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 pounds of U_3O_8 in excess of 74,000 tonnes times the average spot price of U_3O_8 times 6.25%. Initially, this payment should be calculated at the end of 2011 and each year thereafter, and paid 60 days after the end of the year in which a payment is due. As security for the bonus payments, the Corporation pledged its participatory interest in Betpak Dala (including the shares of a subsidiary) and its share of uranium products produced by Betpak Dala.

ACQUISITION OF INTEREST IN KYZYLKUM

A bonus payment is due upon commencement of commercial production. The seller elected, under the terms of the arrangement, to receive 6,964,200 shares of Uranium One upon commencement of commercial production. 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 end, with payments beginning within 60 days of the end of the 2008 calendar year. No bonus payments have been made to date.

ACQUISITION OF URANIUM ONE AMERICAS, INC.

The Corporation has assumed all of the obligations of Uranium One Americas, Inc. (formerly Energy Metals Corporation) and its subsidiaries arising under certain option and joint venture agreements with third parties. Uranium One has reserved a total of 57,200 common shares of Uranium One for issuance pursuant to the assumed obligations under the contingent share rights agreements.

ACQUISITION OF KARATAU

The purchase agreement of a 50% joint venture interest in the Karatau Uranium Mine provides for a contingent payment to ARMZ of up to \$60 million, payable in three equal tranches over the period between 2010 and 2012 subject to certain post-closing tax related adjustments. The first payment of \$20 million was made during January 2010. The Corporation acquired a receivable as part of the ARMZ transaction on December 27, 2010, which will be used to offset the remaining \$40 contingents payments when it becomes due.

CONSTRUCTION OF A SULPHURIC ACID PLANT AT ZHANAKORGAN

To ensure long term supply continuity of sulphuric acid in Kazakhstan, the Corporation has established a joint venture with Kazatomprom and other affected parties to build a sulphuric acid plant near Kharasan at Zhanakorgan. The Corporation's ownership percentage in this joint venture is 19%. On January 19, 2009, the Corporation provided a guarantee to Desmet Ballestra in respect of 19% of the value of orders placed by Desmet Ballestra for certain long lead items, limited to a maximum amount of \$7.6 million (€ 5.5 million).

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

RELATED PARTIES

The following significant related party transactions and balances are included in the Corporation's results as at December 31, 2010:

- The Akbastau mine and Zarechnoye mine have outstanding loans with Effective Energy, an affiliate of the Corporation;
- The Corporation acquired certain receivables in the ARMZ transaction, which will be offset against the Karatau contingent payments, payable to ARMZ, as it becomes due;
- The Corporation entered into an option agreement to acquire Mantra from ARMZ;
- The Corporation has sales contracts and off-take agreements with related parties. These transactions have market related terms and pricing, except for a Zarechnoye contract acquired as part of the ARMZ transaction. The Corporation received \$11.6 million in cash on acquisition to compensate for the unfavourable contract.

OUTSTANDING SHARE DATA

As of March 7, 2011, there were 957,189,036 common shares issued and outstanding.

A warrant was issued in connection with the acquisition of the Corporation's interest in Kyzylkum entitling the holder to acquire 6,964,200 shares in Uranium One for no additional consideration upon completion of commissioning of the Kharasan Uranium Project. Uranium One has reserved a total of 57,200 common shares for issuance to third parties under certain property option and joint venture agreements.

As of March 7, 2011, there were 11,650,536 stock options outstanding under Uranium One's stock option plan and the security based compensation plans assumed by the Corporation pursuant to its acquisitions, at exercise prices ranging from C\$0.78 to C\$16.59. There were no restricted shares outstanding as of March 7, 2011.

Uranium One has the following convertible debentures outstanding:

- The 2006 Debentures, with 155,250 convertible debentures outstanding, each convertible to 63.45 common shares of Uranium One, representing 9,850,888.33 common shares. Fractional shares will be settled with cash; and
- The 2010 Debentures, with 259,985 convertible debentures outstanding, each convertible to 317.46 common shares of Uranium One, representing 82,534,838 common shares of Uranium One. Fractional shares will be settled with cash.

DIVIDENDS

The Corporation paid a special dividend of \$1.06 per share to shareholders other than ARMZ, as part of the ARMZ Transaction which resulted in ARMZ acquiring a 51% interest in Uranium One. Holders of common shares are entitled to receive dividends if, and when declared by the Board of Directors. There are no restrictions on Uranium One's ability to pay dividends except as set out under its governing statute.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Note 2 to the Corporation's consolidated financial statements for the year ended December 31, 2010 describes all of the Corporation's significant accounting policies.

The preparation of financial statements in conformity with GAAP 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 financial statements. Actual results may differ from those estimates.

MINERAL INTERESTS, PLANT AND EQUIPMENT

Depreciation and depletion of mineral interests, plant and equipment is primarily calculated using the unit of production method. This method allocates the cost of an asset to each period based on the current period's production as a portion of the total expected production of the life of the mine, or a portion of the estimated recoverable ore reserves. Estimates of the production over the life of the mine and amounts of recoverable reserves are subject to judgment and significant change over time. If actual mineral reserves prove to be significantly different than the estimates, there could be a material impact on the amounts of depreciation and depletion charged to the consolidated statement of operations.

ASSET RETIREMENT OBLIGATIONS

Significant decommissioning and reclamation activities are often not undertaken until substantial completion of the useful lives of the productive assets. Regulatory requirements and alternatives with respect to these activities are subject to change over time. A significant change to either the estimated costs or recoverable reserves may result in a material change in the amount charged to earnings.

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation assesses the carrying value of mineral interests, plant and equipment annually or more frequently if warranted by a change in circumstances. If it is determined that carrying values of the mineral interests, plant and equipment cannot be recovered, the unrecoverable amounts are written off. Recoverability is dependent upon assumptions and judgments regarding future prices, costs of production, sustaining capital requirements and economically recoverable reserves. A material change in assumptions may significantly impact the potential impairment of these assets.

TAXES

The Corporation operates in a number of tax jurisdictions and is therefore required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. In calculating income taxes, consideration is given to factors such as tax rates in the different jurisdictions, non-deductible expenses, valuation allowances, changes in tax laws and management's expectations of future results.

The Corporation estimates future income taxes based on temporary differences between the income and losses reported in its financial statements and its taxable income and losses as determined under the applicable tax laws. The tax effect of these temporary differences is recorded as future tax assets or liabilities in the consolidated financial statements. The calculation of income taxes requires the use of judgment and estimates. If these judgments and estimates prove to be inaccurate, future earnings may be materially impacted. The determination of the ability of the Corporation to utilize tax loss carry-forwards to offset future income tax payable requires management to exercise judgment and make certain assumptions about the future performance of the Corporation. Management is required to assess whether the Corporation is "more likely than not" to benefit from these prior losses and other future tax assets.

Changes in economic conditions, metal prices and other factors could result in revisions to the estimates of the benefits to be realized or the timing of utilizing the losses. In the event that it is determined that certain of the losses are not likely to be utilized, a valuation allowance would have to be recorded against the recognized future tax assets through a charge to the consolidated statement of operations. Conversely, where amounts that are considered not likely to be utilized to reduce future tax payable are determined to be likely to be utilized in the future, the valuation allowances against these losses would be removed by recording a future income tax recovery in the consolidated statement of operations.

STOCK BASED COMPENSATION

The Corporation grants stock options and restricted share rights to employees of the Corporation under its stock option and restricted share rights plans. The Corporation uses the fair value method of accounting for all stock based compensation awards ("Awards"). Under this method, the Corporation determines the fair value of the compensation expense for all Awards on the date of grant using the Black-Scholes pricing model. The fair value of the Awards is expensed over the vesting period of the Awards. In estimating fair value, management is required to make certain assumptions and estimates regarding such items as the life of options and forfeiture rates. Changes in the assumptions used to estimate fair value could result in materially different results.

NEW / CHANGES IN ACCOUNTING POLICIES

The Corporation's accounting policies have been consistently followed except that the Corporation adopted CICA Section 1582 – "*Business Combinations*", CICA Section 1601 – "*Consolidated Financial Statements*" and Section 1602 – "*Non-controlling Interests*" on January 1, 2010.

CICA Section 1582 – "*Business Combinations*", which replaces CICA Section 1581 – "*Business Combinations*", establishes standards for the accounting for a business combination. It is the Canadian GAAP equivalent to International Financial Reporting Standard ("IFRS") 3, "*Business Combinations*". This standard is effective for the Corporation's business combinations with acquisition dates on or after January 1, 2011. Early adoption is permitted and the Corporation adopted this standard effective January 1, 2010.

CICA Section 1601 – "*Consolidated Financial Statements*" and Section 1602 – "*Non-controlling Interests*" replaces CICA Handbook Section 1600 - "*Consolidated Financial Statements*". Sections 1601 and 1602 establish standards for preparation of consolidated financial statements and the accounting for non-controlling interests in financial statements that are equivalent to the standards under IFRS. These standards are effective for the Corporation for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted and the Corporation adopted this standard effective January 1, 2010.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Conversion plan

The Canadian Accounting Standards Board has mandated the adoption of IFRS for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the fiscal year immediately preceding the year in which they first adopt IFRS. While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting standards which should be addressed.

The Corporation has a multi-year transition plan comprising three major phases; a scoping, planning and assessment phase, a design and build phase and an implement and review phase culminating in the reporting of financial information in accordance with IFRS for Q1 2011.

The Corporation has completed the three major phases of the project which resulted in the selection of IFRS accounting policies, transitional exemptions decisions, and the estimation of the impact of these items on the financial statements (discussed in the "Impact of adoption of IFRS" section below).

The International Accounting Standards Board continues to amend and add to current IFRS standards. The Corporation's conversion process includes monitoring actual and anticipated changes to IFRS standards and related rules and regulations and assessing the impacts of these changes on the Corporation and its reporting, including expected dates of when such impacts would be effective.

The Corporation has implemented the necessary changes to its systems and reporting processes including the implementation of new accounting and consolidation systems in various parts of its business in 2009, to support preparation of the IFRS opening balance sheet as at January 1, 2010 and the preparation of its financial statements under IFRS.

The impact of the transition to IFRS on internal controls over financial reporting and disclosure controls and procedures have been determined and the adjusted controls will be implemented concurrently with the processing of the quantified differences on the opening balance sheet.

Impact of adoption of IFRS

IFRS 1, First time Adoption of International Financial Reporting Standards ("IFRS 1") provides guidance for an entity's initial adoption of IFRS. As a general principle, IFRS 1 requires an entity to apply all International Financial Reporting Standards retrospectively as of the transition date for an entity. IFRS 1 also provides certain mandatory exceptions and limited optional exemptions to assist with difficulties associated with reformulating historical accounting information. Any adjustments arising on the conversion of IFRS from Canadian GAAP will be recognized in the retained earnings balance of the opening balance sheet.

IFRS 1: First-time Adoption of International Financial Reporting Standards

In connection with the application of IFRS 1, the Corporation has made the following significant elections. The preliminary opening balance sheet is presented below the discussion on the elections and significant policy changes.

Fair value as deemed cost

IFRS 1 allows an entity to 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.

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

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 would not require an entity to restate prior transactions but would require the recognition of certain assets and liabilities (as defined by IFRS 1) that were acquired or assumed in past business combinations that would not necessarily have been recognized under Canadian GAAP.

The Corporation has elected to apply the business combination standard prospectively, and as such, will have to recognize contingent liabilities and payments from previous business combinations set out in note 26 of the 2010 annual financial statements. Cash contingent payments will be recognized as liabilities and equity payments will be recognized in equity as part of the contributed surplus.

Cumulative translation losses

An entity may elect to deem the cumulative differences that result 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 arose prior to the transition date from gains or losses on a subsequent disposal of a foreign operation.

Borrowing costs

Prior to January 1, 2009, the capitalization of borrowing costs was optional under IFRS. At 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.

The Corporation has elected to commence capitalization of borrowing costs on January 1, 2010 for all qualifying assets.

IFRS accounting policy changes and IFRS opening balance sheet

The following discussion outlines the significant accounting policies, which are required, or are currently expected to be applied by the Corporation, on its adoption of IFRS that will be significantly different than its Canadian GAAP accounting policies. Some of the IFRS policies will only effect future transactions and have not been included in the discussion. This discussion has been prepared using the standards and interpretations currently issued and expected to be effective for the Corporation's first annual reporting period under IFRS for the year ended December 31, 2011. Certain accounting policies currently expected to be adopted under IFRS and the application of such policies to certain transactions or circumstances may be modified and, as a result, the impact may be different than the Corporation's current expectations.

The following table provides a reconciliation between the Corporation's Canadian GAAP balance sheet and its balance sheet under IFRS as at January 1, 2010. The opening balance sheet adjustments are based on the Corporation's current views, assumptions and expectations. However, circumstances may arise, such as changes in IFRS standards or interpretations of existing IFRS standards, which could alter the information presented below.

Balance sheet reconciliation – January 1, 2010

	Notes	Canadian GAAP \$'000	IFRS adjustment \$'000	Classification adjustments \$'000	IFRS \$'000
ASSETS					
Current assets					
Cash and cash equivalents		148,465	-	-	148,465
Trade and other receivables (Accounts and other receivables) ¹		42,405	-	-	42,405
Inventories	c	71,634	(2,755)	-	68,879
Other assets		24,472	-	-	24,472
		286,976	(2,755)		284,221
Non-current assets					
Mineral interests, property, plant and equipment	a c d	1,748,284	(312,079) (133,028) 1,802	-	1,304,979
Loans to joint ventures		29,250	-	-	29,250
Other assets		33,137	-	-	33,137
Assets held for sale		51,460	-	-	51,460
		1,862,131	(443,305)	-	1,418,826
Total assets		2,149,107	(446,060)	-	1,703,047
LIABILITIES					
Current liabilities					
Trade and other payables (Accounts and other payables) ¹	g	65,908	-	(20,204)	45,704
Provisions		-	-	20,266	20,266
Current tax payable (Income tax payable) ¹		1,633	-	-	1,633
Current portion of joint venture debt		5,000	-	(5,000)	-
Interest bearing liabilities (Current portion of long term debt) ¹		63,579	-	5,000	68,579
Other liabilities	g	132,043	-	(62)	131,981
		268,163	-	-	268,163
Non-current liabilities					
Interest bearing liabilities (Long term debt) ¹	g	-	-	47,574	47,574
Joint venture debt		47,574	-	(47,574)	-
Convertible debentures		140,862	-	-	140,862
Asset retirement obligations		16,100	-	(16,100)	-
Provisions	d,f	-	56,738	17,797	74,535
Deferred tax liabilities (Future income tax) ¹	a	180,687	(42,302)	-	138,385
Other financial liabilities	g	1,877	-	(1,697)	180
Liabilities held for sale		12,944	-	-	12,944
		400,044	14,436	-	414,480
Shareholders' equity		1,480,900	(460,496)	-	1,020,404
Total shareholders' equity and liabilities		2,149,107	(446,060)	-	1,703,047

Note:

1 – Terms used in brackets represent Canadian GAAP terminology

The following differences between Canadian GAAP and IFRS give rise to the adjustment in the reconciliation above:

(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 recognize an impairment charge if the recoverable amount, determined as the higher of the estimated fair value less costs to sell or value-in-use, is less than its carrying value. 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 conversion date. The assessment indicated IFRS impairments on the Honeymoon Project, the Kharasan project, the Corporation's properties in the Powder River and Great Divide Basins in Wyoming and its conventional mining projects in the United States.

(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.

(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 will change to the local currency on transition to IFRS and this will result 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 37 – Provisions, contingent liabilities and contingent assets*

Under Canadian GAAP, the discount rate used in determining the asset retirement obligation would be the Corporation's credit adjusted risk free rate and is adjusted only for new obligations incurred. The standard also requires the use of external costs in the determination of the asset retirement obligation.

Under IFRS, the discount rate used in determining the asset retirement obligation reflects current market assessments of the time value of money adjusted for specific risks not reflected in the underlying cash flows associated with the liability and is adjusted periodically. There is no requirement to use external costs to determine an asset retirement obligation if the Corporation will use its own resources to perform the related work.

(e) *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 conversion option of the 2010 Convertible 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 Q1 2010. The comparative Q1 2010 position has been adjusted.

(f) *IFRS 1 – Business combinations election*

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 that are equity in nature is recognized in equity as part of reserves.

(g) *Reclassifications*

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

RISKS AND UNCERTAINTIES

The Corporation's operations and results are subject to various risks and uncertainties. These include, but are not limited to, the following: exploration and mining involves operational risks and hazards; mineral resources and mineral reserves are estimates only; there is no certainty that further exploration will result in new economically viable mining operations or yield new reserves to replace and expand current reserves; Uranium One cannot give any assurance that any of its development projects will become operating mines; or that any of its operations on care and maintenance will become operational; mineral rights and tenures may not be granted or renewed on satisfactory terms and may be revoked, altered or challenged by third parties; limited supply of desirable mineral lands for acquisition; risks and problems associated with integrating acquisitions; competition in marketing uranium; competition from other sources of energy and public acceptance of nuclear energy; volatility and sensitivity to uranium prices; the capital requirements to complete the Corporation's current projects and expand its operations are substantial; the integration of acquisitions; currency fluctuations; potential conflicts of interest; the Corporation's operations and activities are subject to environmental risks; government regulation may adversely affect the Corporation; the risks of obtaining and maintaining necessary licences and permits; risks associated with foreign operations including, in relation to Kazakhstan, the risk of future sulphuric acid constraints and in relation to Kyrgyzstan, the risk of continued disruption of shipments to and from external processing facilities affecting deliveries to customers and the Corporation is dependent on key personnel.

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

Uranium One's risk factors are discussed in detail in its Annual Information Form for the year ended December 31, 2010, which is to be filed on SEDAR at www.sedar.com on or before March 31, 2011, and should be reviewed in conjunction with this document.

STOCK OPTION AND RESTRICTED SHARE PLANS

Under the Corporation's stock option plan, options granted are non-assignable and may be granted for a term not exceeding ten years. The aggregate maximum number of common shares available for issuance under the stock option plan may not exceed 7.2% of the common shares outstanding from time to time on a non-diluted basis and the aggregate maximum number of common shares available for issuance to non-employee directors under the plan may not exceed 1.0% of the total number of common shares outstanding on a non-diluted basis.

Under the Corporation's restricted share plan, restricted share rights exercisable for common shares of Uranium One at the end of a restricted period, for no additional consideration, are granted by the Board of Directors in its discretion to eligible directors, officers and employees. The aggregate maximum number of common shares available for issuance under the restricted share plan is capped at three million. The number of shares available for issuance to non-employee directors may not exceed 0.5% of the total number of common shares outstanding on a non-diluted basis.

During 2010 stock options and restricted share rights activity was as follows:

- 10,526,100 options were granted during the year.
- 13,073,222 options were exercised.
- 2,335,962 options lapsed.
- 429,159 restricted shares were exercised during the year and 22,000 expired.

DISCLOSURE CONTROLS AND PROCEDURES

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported on a timely basis to senior management, including Uranium One's Chief Executive Officer and Chief Financial Officer, so that appropriate decisions can be made regarding public disclosure. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's disclosure controls and procedures as required by Canadian securities laws.

Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in Uranium One's annual filings and interim filings (as such terms are defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) and other reports filed or submitted under Canadian securities laws is recorded, processed, summarized and reported within the time periods specified by those laws, and that material information is accumulated and communicated to management including the Chief Executive Officer and Chief Financial Officer as

appropriate to allow timely decisions regarding required disclosure.

INTERNAL CONTROLS AND PROCEDURES

The Corporation's management, with the participation of its Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. As at the end of the period covered by this management's discussion and analysis, management evaluated the effectiveness of the Corporation's internal control over financial reporting as required by Canadian securities laws.

Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this management's discussion and analysis, the internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

There have been no material changes in the Corporation's internal control over financial reporting during the year ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During 2011, the Corporation is focused on maintaining production from Akdala at current levels, ramping up production at Akbastau, Zarechnoye, Karatau and South Inkai towards design capacity, successfully commissioning its development projects, controlling costs at its operations and remaining a reliable supplier of U₃O₈ to the nuclear fuel industry.

The Corporation's attributable production estimate for 2011 is 10.5 million pounds and is made up as follows:

Operation	Status	Total estimated 2011 production (millions of lbs)	Ownership %	Estimated attributable 2011 production (millions of lbs)
Akdala	Producing	2.6	70%	1.8
South Inkai	Producing	5.0	70%	3.4
Karatau	Producing	4.6	50%	2.4
Akbastau	Producing	2.4	50%	1.2
Zarechnoye	Producing	2.0	49.67%	1.0
Powder River Basin	Commissioning / Producing	0.3	100%	0.3
Honeymoon	Commissioning / Producing	0.4	51%	0.2
Kharasan	Commissioning	0.7	30%	0.2
Totals:		18.0		10.5

Attributable production for 2012 is estimated to be 12.5 million pounds.

During 2011, the average cash cost per pound sold, including Kazakh mineral extraction tax where applicable, is expected to be as follows:

Mine	2011 - Estimated average cash cost (\$/lb)
Akdala	14
South Inkai	19
Karatau	12
Akbastau	18
Zarechnoye	21
Powder River Basin	25
Honeymoon	35
Weighted average	18

During the ramp-up to design capacity of 2,000 tonnes U per year, unit costs of production at Akbastau, South Inkai, and Zarechnoye are expected to be higher than the costs during a steady state of operation. This is primarily due to the fact that sulphuric acid used to acidify production blocks is expensed in the period of acidification. During periods of production ramp-up, unit costs of production will therefore be higher and will only stabilize when the operation reaches steady state production. During steady state, production costs at South Inkai are expected to be higher than Akdala and Karatau mainly due to higher sulphuric acid consumption rates at South Inkai.

Excluding optional quantities under offtake agreements negotiated with ARMZ and the Japanese Consortium, the Corporation currently has contracts for the sale of an aggregate of 25 million attributable pounds, including 5 million pounds which will be sold at an average fixed price of \$66 per pound (subject to escalation) and 12 million pounds which has been contracted with weighted average floor prices of approximately \$48 per pound. The remainder of contracted attributable sales are not subject to floors and such sales are related to the market price of U₃O₈ at the time of delivery.

For 2011, the Corporation expects to sell approximately 9.5 million attributable pounds, excluding sales during commissioning. Excluding optional quantities under the offtake agreement negotiated with ARMZ and the Japanese Consortium, contracts have been concluded for the sale of 6.6 million attributable pounds in 2011, of which 3.6 million pounds have weighted average floor prices of approximately \$48 per pound.

For 2012, the Corporation expects to sell approximately 12.0 million attributable pounds, excluding sales during commissioning. Excluding optional quantities under the offtake agreement negotiated with ARMZ, the contracts have been concluded for the sale of 5.3 million attributable pounds in 2012, of which 3.2 million pounds have weighted average floor prices of approximately \$48 per pound.

The Corporation's estimated capital expenditure and funding per project for 2011 are expected to be as follows:

Mine / project	2011 - Estimated capital expenditure in \$'millions					
	Wellfield development	Resource definition drilling	Plant and equipment and other	Total	Ownership %	Total
	100%					Attributable
Kazakhstan						
Akdala	5	2	28	35	70%	25
South Inkai	17	2	30	49	70%	34
Karatau	15	9	21	45	50%	23
Akbastau	29	15	72	116	50%	58
Zarechnoye	11	7	12	30	49.67%	15
Kharasan ⁽¹⁾	21	9	-	30	30%	9
SKZ-U	-	-	111	111	19%	21
Subtotal - Kazakhstan	98	44	274	416		185
Australia and United States						
Honeymoon ⁽²⁾	10	-	10	20	51%	10
Powder River Basin	24	-	22	46	100%	46
Great Divide Basin	-	-	1	1	100%	1
Other	-	-	2	2		2
Subtotal - Australia and United States	34	-	35	69		59
Totals:	132	44	309	485		244

Notes:

⁽¹⁾ - Sales during commissioning are offset against the estimated capital expenditure

⁽²⁾ - Expenditure has been updated from previous guidance

Capital expenditure in 2011 makes provision for the following:

- Akdala: wellfield development, resource definition drilling, construction of a satellite processing plant, refurbishment and relocation of the camp facilities;
- South Inkai: wellfield development, resource definition drilling, expansion of the drying facility to process Akdala material as well as upgrading of the plant and camp;
- Karatau: wellfield development, resource definition drilling, completion of the plant expansion to accommodate the processing of Akbastau material and expansion of the camp;
- Akbastau: wellfield development, resource definition drilling, completion of ponds, piping and infrastructure development, construction of the satellite plants and a new camp; and
- Zarechnoye: wellfield development, resource definition drilling, and sustaining capital.

Other estimated expenditures by the Corporation in 2011 are expected to be as follows:

Item	2011 - Estimated in \$'millions
General and administrative (excluding stock based compensation)	37
Restructuring and other non-recurring costs	7
Exploration	7

FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains certain forward-looking statements. Forward-looking statements include but are not limited to those with respect to the price of uranium, the estimation of mineral resources and reserves, the realization of mineral reserve estimates, the timing and amount of estimated future production, the timing of uranium processing facilities being fully operational, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, market conditions, corporate plans, objectives and goals, requirements for additional capital, government regulation of mining operations, the estimation of mineral resources and reserves, the realization of resource and reserve estimates, environmental risks, unanticipated reclamation expenses, the timing and potential effects of proposed acquisitions and divestitures, title disputes or claims and limitations on insurance coverage and the timing and possible outcome of pending litigation. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes" or variations of such words and phrases, or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such risks and uncertainties include, among others, the actual results of current exploration activities, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, possible variations in grade and ore densities or recovery rates, failure of plant, equipment or processes to operate as anticipated, possible shortages of sulphuric acid in Kazakhstan, possible changes to the tax code in Kazakhstan, accidents, labour disputes or other risks of the mining industry, delays in obtaining government approvals or financing or in completion of development or construction activities, risks relating to the completion and integration of acquisitions, to international operations, to prices of uranium as well as those factors referred to in the section entitled "Risk factors" in Uranium One's Annual Information Form for the year ended December 31, 2010 which is to be filed on SEDAR at www.sedar.com on or before March 31, 2011, and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Except as required under applicable securities laws, Uranium One undertakes no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events, or otherwise.

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

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

Scientific and technical information contained herein has been reviewed on behalf of the Corporation by Mr. M.H.G. Heyns, Pr.Sci.Nat. (SACNASP), MSAIMM, MGSSA, Senior Vice President Technical Services of the Corporation, Mr. Wayne Valliant, P.Geo. of Scott Wilson Roscoe Postle Associates Inc. (for Akbastau resources only), Mr. Hrayr Agnerian, P.Geo. of Scott Wilson Roscoe Postle Associates Inc. (for Akbastau and Zarechnoye resources only), Mr. Gerd Wiatzka, P.Eng. of SENES Consultants Limited (for Akbastau and Zarechnoye environmental considerations only), Mr. Dennis Bergen, P. Eng. of Scott Wilson Roscoe Postle Associates Inc. (for the Akbastau preliminary assessment and Zarechnoye reserves, mining and processing and modelling only), all qualified persons for the purposes of NI 43-101.