

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, 2009, together with certain trends and factors that are expected to impact its 2010 financial year. Information herein is presented as of March 9, 2010 and should be read in conjunction with the annual consolidated financial statements of the Corporation for the year ended December 31, 2009 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 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 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 2009 was a record 3.6 million pounds, 24% higher than total attributable production of 2.9 million pounds during 2008.
- Total attributable production during January and February 2010 was 1,173,800 pounds.
- The average total cash cost per pound sold was \$16 per pound during 2009, compared to the average cash cost per pound sold of \$14 per pound during 2008.
- The Akdala Uranium Mine achieved attributable production during 2009 of 1,889,900 pounds; total cash costs for 2009 were \$12 per pound sold.
- Production at the South Inkai Uranium Mine is ramping up as expected and South Inkai achieved attributable production during 2009 of 1,511,800 pounds; total cash costs for 2009 were \$21 per pound sold.
- The Corporation declared its first NI 43-101 compliant reserves at South Inkai and Karatau, with attributable proven and probable reserves of 23.6 million pounds and 14.6 million pounds, respectively as at December 31, 2009.
- At the Kharasan Uranium Project, additional test mining in new geological horizons is being carried out, due to continued well field under-performance during 2009.

Financial

- Annual attributable sales volumes for 2009 increased by 44% to a record 3.2 million pounds, compared to 2.2 million pounds during 2008.
- The average realized sales price during 2009 was \$48 per pound, generating revenue of \$152.0 million, compared to an average realized sales price of \$68 per pound during 2008, generating revenue of \$149.8 million. The average spot price in 2009 was \$46 per pound.
- Earnings from mine operations were \$54.6 million during 2009, a 44% decrease from earnings from mine operations of \$96.7 million in 2008, mainly due to a decrease in the average realized sales price per pound.
- In December 2009, the Corporation received a dividend of \$20 million (net of Kazakh withholding taxes) from its Betpak Dala joint venture.

Corporate

- Completion in December 2009 of the acquisition of a 50% interest in the Karatau Uranium Mine.
- Completion of a convertible debenture financing with a Japanese consortium and receipt of aggregate proceeds of approximately C\$270 million on January 14, 2010.
- On February 18, 2010, Uranium One entered into an agreement for a bought deal financing with a syndicate of underwriters for C\$250 million aggregate principal amount of convertible unsecured subordinated debentures, together with an over-allotment option of up to C\$38 million exercisable at any time up to the closing. Closing is expected by March 12, 2010.
- Completion in January 2010 of the acquisition of Christensen Ranch and Irigaray in Wyoming.
- The Corporation commenced with a process to sell its Uranium One Africa subsidiary, which owns the Dominion Project, during 2009 and recognized a write off of \$246.5 million on these assets. The write off includes the realization of a \$234.5 million accumulated foreign currency translation loss on Uranium One Africa.
- Completion in December 2009 of the sale of the Corporation's Texas assets to Uranium Energy Corp. for 2.5 million restricted common shares of UEC. The Corporation recognized a write-off of \$14.8 million related to this transaction.
- Uranium One appointed Mr. Vadim Zhivov, Director General of ARMZ, Mr. Akihiro Takubo, Senior Fellow, Business development, of Toshiba Corporation Power Systems Company and Mr. Shigeo Fujinami, Group Manager, Uranium Business Strategy Group, Nuclear Fuel Cycle Dept, of Tokyo Electric Power Company, to its board of directors following the completion of the Karatau acquisition and the completion of the convertible debenture financing with the Japanese consortium.

OUTLOOK

- The total attributable production guidance for 2010 of 6.8 million pounds consists of 1.8 million pounds from Akdala; 2.5 million pounds from South Inkai; 2.3 million pounds from Karatau; 0.1 million pounds from Kharasan; and 0.1 million pounds from Honeymoon.
- During 2010, the average cash cost per pound sold is expected to be approximately \$14 per pound at Akdala and Karatau and \$20 per pound at South Inkai.
- The Corporation currently has contracts for the sale of an aggregate of 27 million attributable pounds, 13 million pounds of which are contracted with weighted average floor prices of approximately \$47 per pound. The remainder of contracted attributable sales are not subject to floors and such sales are related to the market price of U₃O₈, except for 4,910,000 pounds, which will be sold at an average fixed price of \$65 per pound, subject to escalation.
- The Corporation expects to sell approximately 6 million attributable pounds in 2010.
- Uranium One's attributable capital expenditure in 2010 is expected to be \$22 million at South Inkai and \$18 million at Akdala. Attributable capital expenditure at Karatau is expected to be \$25 million in 2010. It is expected that Betpak Dala will fund capital expenditure from cash flow from operations. Karatau is expected to fund capital expenditure through short term loans and from cash flow from operations.
- Uranium One's attributable capital expenditures at Kharasan are expected to be \$8 million. The Corporation has committed funding of \$19 million in 2010 towards the construction of a sulphuric acid plant in Kazakhstan by SKZ-U Limited Liability Partnership ("SKZ-U").
- In addition to the funds provided by Mitsui, the Corporation expects to contribute an estimated \$15 million to the Honeymoon joint venture in 2010 to fund its share of Honeymoon's estimated capital expenditure of \$47 million in 2010 (on a 100% basis).
- In 2010, the Corporation expects to incur capital expenditures of \$35 million for the development of its assets in Wyoming, including Christensen Ranch and Irigaray.
- In 2010, general and administrative expenses, excluding stock-based compensation, are expected to be approximately \$29 million; exploration expenses are expected to be \$7 million; and care and maintenance costs are expected to be \$1 million.

KEY STATISTICS

TOTAL ATTRIBUTABLE PRODUCTION	2009	2008
Attributable commercial production (lbs)		
Akdala	1,889,900	1,873,600
South Inkai ⁽¹⁾	1,511,800	-
Karatau ⁽²⁾	73,100	-
Subtotal	3,474,800	1,873,600
Attributable production during commissioning (lbs)		
South Inkai ⁽¹⁾	-	792,200
Kharasan	81,700	9,400
Dominion	-	189,500
Subtotal	81,700	991,100
Total attributable production	3,556,500	2,864,700

Notes:

(1) South Inkai commenced commercial production on January 1, 2009. South Inkai's production for periods up to December 31, 2008 is therefore production during commissioning.

(2) Karatau was acquired on December 21, 2009. Karatau's production therefore represents the period from acquisition to December 31, 2009.

FINANCIAL	2009	2008
Attributable production (lbs) ⁽¹⁾	3,474,800	1,873,600
Attributable sales (lbs) ⁽¹⁾	3,187,700	2,210,900
Average realized sales price (\$ per lb) ⁽²⁾	48	68
Average cash cost of production sold (\$ per lb) ⁽²⁾	16	14
Revenues (\$ millions)	152.0	149.8
Earnings from mine operations (\$ millions)	54.6	96.7
Net loss from continuing operations (\$ millions)	(38.1)	(2,333.6)
Loss per share from continuing operations – basic and diluted (\$ per share)	(0.08)	(4.98)
Earnings / (loss) from discontinued operations (\$ millions)	2.0	(122.3)
Earnings / (loss) per share from discontinued operations – basic and diluted (\$ per share)	0.00	(0.26)
Net loss (\$ millions)	(36.1)	(2,455.8)
Net loss per share – basic and diluted (\$ per share)	(0.08)	(5.24)
Adjusted net (loss) / earnings (\$ millions) ⁽²⁾	(36.5)	22.3
Adjusted net (loss) / earnings per share – basic (\$ per share) ⁽²⁾	(0.08)	0.05

Notes:

(1) Attributable production and sales are from assets in commercial production during the year (For 2009: Akdala, South Inkai and Karatau from the acquisition on December 21, 2009; for 2008: Akdala only).

(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, 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

Advanced development project

Entity	Project	Location	Status	Ownership
Kyzylkum LLP	Kharasan Uranium Project	Kazakhstan	Commissioning ⁽²⁾	30% J.V. interest

The Corporation is also developing the following mineral properties:

Entity	Project	Location	Status	Ownership
Uranium One Americas, Inc. ⁽³⁾	Powder River Basin, Wyoming (Irigaray, Christensen Ranch, Moore Ranch, Ludeman, Allemand-Ross, and Barge)	USA	Development	100% interest
Uranium One Americas, Inc. ⁽³⁾	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 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.

(3) Previously Energy Metals Corp (US).

REVIEW OF OPERATIONS

AKDALA URANIUM MINE

Akdala is an operating acid in situ recovery ("ISR") uranium mine located in the Suzak region of South Kazakhstan, 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 2,699,800 pounds (1,038 tonnes U) during 2009, of which 1,889,900 pounds (727 tonnes U) is attributable to the Corporation.

Akdala produced approximately 494,500 pounds (190 tonnes U) in January and February 2010, of which 346,200 pounds (133 tonnes U) is attributable to the Corporation. The concentration of uranium in solution was 78 mg/l on average in January and February 2010.

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 2009	-	205	1,537	82.6	651,100
Q2 2009	58	190	1,386	81.0	626,900
Q3 2009	65	191	1,608	73.1	663,100
Q4 2009	21	219	1,883	68.0	758,700

A total of 144 wells were installed during 2009. The program for 2010, provides for the installation of 264 wells to achieve the production target for the year.

Production at Akdala was negatively affected by power outages for a 7 day period in late May 2009 due to a fire at the main power transformer sub-station supplying power to Akdala and adjacent mines. The power outages caused decreases in flow rate and monthly production at Akdala in June 2009. Normal power supply resumed early in June 2009.

Acidification of four production blocks were completed during the year and these blocks, together with a production block acidified in 2008 were put into production in 2009. The acceleration of acidification of production blocks in Q4 2009 enabled Akdala to achieve its production target for 2009 and contributed to the high levels of production achieved early in 2010.

A report by a technology institute in Kazakhstan suggesting changes to the processing facilities at Akdala to reduce iron and other impurities has been implemented during 2009 and the levels of iron and other impurities in Akdala's final product is now within acceptable levels as specified by North American converters and Akdala therefore is no longer required to send its final product offsite for calcining.

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. The engineering company is expected to complete the detailed design of the satellite plant during Q2 2010. Construction of the satellite plant is scheduled to commence in 2010 and is expected to cost approximately \$19 million with completion of construction planned for 2011. Production from new well fields in the Letniy area is expected to commence in 2011.

Capital expenditure incurred by Betpak Dala at Akdala in 2010 is expected to be \$24 million on a 100% basis, of which \$19 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, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008
Production in lbs	531,100	464,200	438,800	455,800	524,400	482,400	435,300	431,500
Sales in lbs	710,400	259,000	210,100	355,600	393,900	848,100	685,600	283,300
Inventory in lbs	666,600	849,300	655,100	430,400	345,000	232,800	620,500	886,500
Revenues (\$000's)	32,754	12,936	9,985	18,410	21,146	56,723	49,390	22,517
Operating expenses (\$000's)	8,621	3,047	2,731	4,714	5,918	11,793	9,487	3,292
Operating expenses (\$/lb sold)	12	12	13	13	15	14	14	12
Depreciation and depletion (\$000's)	7,193	2,863	2,498	4,145	4,370	8,305	6,960	2,931
Depreciation and depletion (\$/lb sold)	10	11	12	12	11	10	10	10

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.

The cash cost of production for 2009 at \$12 per pound of U₃O₈ sold was below the Corporation's revised forecast of \$16 per pound sold. Inflationary increases in production cost were not as substantial as estimated and the US dollar cash cost of production sold was therefore lower than anticipated.

SOUTH INKAI URANIUM MINE

South Inkai is an operating ISR uranium mine located 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: Commercial production for accounting purposes commenced at South Inkai on January 1, 2009. Production from South Inkai was 2,159,700 pounds (831 tonnes U) in 2009, of which 1,511,800 pounds (581 tonnes U) is attributable to the Corporation.

South Inkai produced approximately 702,000 pounds (270 tonnes U) in January and February 2010, of which 491,400 pounds (189 tonnes U) is attributable to the Corporation. The concentration of uranium in solution was 103 mg/l on average in January and February 2010.

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 (m³/hour)	Concentration in solution (mg U/l)	Production (lbs)
Q1 2009	49	68	627.0	107.6	350,000
Q2 2009	85	94	1,000.6	96.3	538,300
Q3 2009	156	128	1,249.0	69.4	489,900
Q4 2009	52	186	1,776.9	74.3	781,500

A total of 342 wells were installed during 2009 in line with the budget of 343 wells. The program for 2010, provides for the installation of 315 wells to achieve the production target for the year.

Production at South Inkai is ramping up as expected and concentrations of uranium in solution are increasing due to the accelerated acidification of new production blocks in Q4 2009. The production blocks acidified in Q4 2009 enabled South Inkai to achieve a record production quarter in Q4 2009 and are contributing to the continued high levels of production at South Inkai early in 2010. In line with South Inkai's ramp-up schedule, nine production blocks were acidified and put into production in 2009.

New, larger production and injection pumps were installed at the processing plant during the year to facilitate increased flow through the processing plant. The installation of the pumps increased the average flow rate during Q4, 2009, resulting in increased production levels.

A report by a technology institute in Kazakhstan suggesting changes to the processing facilities at South Inkai to reduce iron and other impurities has been implemented during 2009 and the levels of iron and other impurities in South Inkai's final product is now within acceptable levels as specified by North American converters and South Inkai therefore is no longer required to send its final product offsite for calcining.

The two yellowcake dryers, which were procured earlier in the year, arrived on site in Q3 2009 and installation commenced in Q4 2009. Commissioning of the drying circuit is now expected to be completed during Q3 2010 versus the previous expectation that it would be completed by the end of 2009. The delay was caused by a change in the contractor. Contracts for processing and calcining of product offsite are in place with two external processing facilities to guarantee supply of product to customers, while the drying circuit is being commissioned.

Capital expenditure incurred by Betpak Dala at South Inkai in 2010 is expected to be \$32 million on a 100% basis, of which \$23 million is related to well-field development.

SOUTH INKAI URANIUM MINE - continued

Financial information: The following table shows the attributable production, sales and production cost trends for South Inkai since the commencement of commercial production on January 1, 2009:

(All figures are the Corporation's attributable share)	3 months ended			
	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009
Production in lbs	547,000	343,000	376,700	245,100
Sales in lbs	535,700	164,100	175,000	525,000
Inventory in lbs	903,900	897,700	729,500	532,500
Revenues (\$000's)	25,669	8,397	8,572	24,559
Operating expenses (\$000's)	11,203	3,284	3,994	10,297
Operating expenses (\$/lb sold)	21	20	23	20
Depreciation and depletion (\$000's)	8,779	2,713	2,753	7,886
Depreciation and depletion (\$/lb sold)	16	17	16	15

The cash cost of production at South Inkai for 2009 was \$21 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. The Corporation expects that the cash cost of production sold will decrease over time from current levels as the production ramp-up continues.

Reserve update: Uranium One declared its first NI 43-101 compliant mineral reserves at the South Inkai Uranium Mine, with attributable proven and probable reserves of 23.6 million pounds U₃O₈. Hellmann & Schofield Pty Ltd. ("H&S") has provided the Corporation with an updated NI 43-101 compliant mineral reserve and resource estimate as at December 31, 2009. The reserves are stated in situ and not as delivered to the plant.

Total and attributable mineral reserves at South Inkai as at December 31, 2009^(1,2,3,4)

Reserve category	Deposit totals			Corporation's share	
	Tonnes (000's)	Grade (% U ₃ O ₈)	Contained U ₃ O ₈ (lbs millions)	Ownership (%)	Contained U ₃ O ₈ (lbs millions)
Proven reserves	6,100	0.011%	1.4	70%	0.9
Probable reserves	33,200	0.045%	32.5	70%	22.7
Proven and probable reserves	39,300	0.039%	33.9	70%	23.6

Notes:

- (1) Mineral resources are stated inclusive of mineral reserves.
- (2) Mineral reserves are based on 100% of measured and indicated resources.
- (3) The mineral reserves were confirmed by Simon Gatehouse, BSc, MAIG of H&S, on the basis of a detailed review of the mineral processing and metallurgical test and mine production results which were confirmed by Brian Lancaster, BSc, PhD, FRMIT, Dip Law, MAusIMM of H&S.
- (4) Figures subject to rounding.

Total and attributable mineral resources at South Inkai as at December 31, 2009^(1,2,3,4)

Resource category	Deposit totals			Corporation's share	
	Tonnes (000's)	Grade (% U ₃ O ₈)	Contained U ₃ O ₈ (lbs millions)	Ownership (%)	Contained U ₃ O ₈ (lbs millions)
Measured resources	6,100	0.011%	1.4	70%	0.9
Indicated resources	33,200	0.045%	32.5	70%	22.7
Measured and indicated resources	39,300	0.039%	33.9	70%	23.6
Inferred resources					
Block 1 (1-9C2)	42,800	0.047%	44.4	70%	31.1

Notes:

- (1) Mineral resources are stated inclusive of mineral reserves.
- (2) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- (3) The mineral resources were confirmed by Simon Gatehouse, BSc, MAIG of H&S, on the basis of an estimate of resources in mining blocks 1 to 7, and reported to a cut-off grade of 0.01% U.
- (4) Figures subject to rounding.

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 2010.

Production: Production from Karatau was 146,200 pounds (56 tonnes U) since the acquisition date of December 21, 2009, of which 73,100 pounds (28 tonnes U) is attributable to the Corporation.

Karatau produced approximately 631,800 pounds (243 tonnes U) in January and February 2010, of which 315,900 pounds (121 tonnes U) is attributable to the Corporation.

Operations: The following is a summary of the operational statistics (100%) for Karatau 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 2009 ⁽¹⁾	6	88	1,186	211	146,200

Note:

⁽¹⁾ Since the acquisition date of December 21, 2009.

Karatau is licensed to mine a section of the Budenovskoye deposit and is located approximately 70 kilometres south of South Inkai by road. Karatau is adjacent to the Akbastau mine, which is licensed to mine certain blocks within the Southern subfield of the Budenovskoye deposit. Akbastau entered into a toll processing agreement with Karatau, under which solutions mined at Akbastau are processed at Karatau.

As with Akdala and South Inkai, Karatau is a low cost mining operation. The concentration of uranium in solution is currently in excess of 200 mg U per litre. 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 650 metres to 700 metres compared to approximately 560 metres depth at South Inkai and approximately 200 metres depth at Akdala. The average thickness of the Karatau ore zone varies between 10 and 17 metres, compared to 10 to 15 metres at South Inkai and 0.8 to 13 metres at Akdala.

Karatau 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 both the well fields and the processing facility enable Karatau 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 Karatau in 2010 is expected to be \$49 million on a 100% basis.

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

	Period ended Dec 31, 2009 ⁽¹⁾
(All figures are the Corporation's attributable share)	
Production in lbs	73,100
Sales in lbs	252,800
Inventory in lbs	540,000
Revenues (\$000's)	10,710
Operating expenses (\$000's)	3,130
Operating expenses (\$/lb sold)	12
Depreciation and depletion (\$000's)	7,553
Depreciation and depletion (\$/lb sold)	30

Note:

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

Depreciation and depletion includes 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 \$11 per pound sold after the revalued finished product on hand at acquisition date has been sold.

KARATAU URANIUM MINE - continued

Reserve and resource update: The Corporation declared its first NI 43-101 compliant reserve at the Karatau Uranium Mine on December 31, 2009, with attributable probable reserves of 14.6 million pounds. Indicated mineral resources were converted to probable mineral reserves by assuming a 90% wellfield recovery. Scott Wilson Roscoe Postle Associates Inc. ("SWRPA") provided the Corporation with an updated NI 43-101 compliant mineral reserve and resource estimate as at December 31, 2009. The reserves are stated as delivered to the plant.

Total and attributable mineral reserves at Karatau as at December 31, 2009^(1,2,3,4,5)

Reserve category	Deposit totals			Corporation's share	
	Tonnes (000's)	Grade (% U ₃ O ₈)	Contained U ₃ O ₈ (lbs millions)	Ownership (%)	Contained U ₃ O ₈ (lbs millions)
Probable reserves					
Block 1 (1-8C1)	7,163	0.132%	20.8	50%	10.4
Block 1 (1-9C2)	5,379	0.072%	8.5	50%	4.3
Probable reserves	12,542	0.106%	29.3	50%	14.7

Notes:

- (1) Mineral resources are stated inclusive of mineral reserves.
- (2) Mineral reserves are based on a 90% well field recovery.
- (3) Mineral reserves are based on 100% of C1 resources and 50% of C2 resources.
- (4) The mineral reserves were confirmed by Wayne Valliant, P. Geo., of SWRPA, on the basis of a detailed review of the mineral processing and metallurgical test and mine production results.
- (5) Figures subject to rounding.

Total and attributable mineral resources at Karatau as at December 31, 2009^(1,2,3,4,5,6)

Resource category	Deposit totals			Corporation's share	
	Tonnes (000's)	Grade (% U ₃ O ₈)	Contained U ₃ O ₈ (lbs millions)	Ownership (%)	Contained U ₃ O ₈ (lbs millions)
Indicated resources					
Block 1 (1-8C1)	7,163	0.146%	23.1	50%	11.5
Block 1 (1-9C2)	5,379	0.080%	9.5	50%	4.7
Indicated resources	12,542	0.118%	32.6	50%	16.3
Inferred resources					
Block 1 (1-9C2)	5,379	0.080%	9.5	50%	4.7

Notes:

- (1) Mineral resources are stated inclusive of mineral reserves.
- (2) Mineral resources that are not mineral reserves do not have demonstrated economic viability.
- (3) Mineral resources are based on a 0.04 m% (grade x thickness) cut-off per hole and a 0.10 m% cut-off per resource block.
- (4) Indicated resources include 100% of C1 resources and 50% of C2 resources.
- (5) The mineral resources were confirmed by Wayne Valliant, P. Geo., of SWRPA on the basis of a detailed review of the drill density, geological knowledge, and reconciliation of producing wellfields.
- (6) Figures subject to rounding.

REVIEW OF DEVELOPMENT PROJECTS - KAZAKHSTAN

KHARASAN URANIUM PROJECT

Kharasan is an ISR uranium development project located in the Suzak region of South Kazakhstan, owned indirectly as to 30% by the Corporation through the Kyzylkum joint venture ("Kyzylkum"), a Kazakhstan registered limited liability partnership. The remaining interests are owned as to 30% by Kazatomprom and as to 40% by Energy Asia (BVI) Ltd., which is owned by a consortium of Japanese utilities and a trading company. The project was officially opened by the Prime Minister of Kazakhstan on April 24, 2009.

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 272,500 pounds (105 tonnes U) during 2009, of which 81,700 pounds (31 tonnes U) is attributable to the Corporation.

Production in commissioning from Kharasan was approximately 67,600 pounds (26 tonnes U) in January and February 2010, of which 20,300 pounds (8 tonnes U) is attributable to the Corporation.

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 2009	10	32	37	155.5	32.3	25,600
Q2 2009	10	72	49	213.0	51.3	61,100
Q3 2009	7	55	69	284.1	56.6	91,900
Q4 2009	5	21	66	328.9	48.8	93,900

Note:

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

As previously disclosed, performance of the well fields and uranium production at Kharasan continued to be below expectations during 2009. Several causes for the underperformance of the well fields have been identified. Flow rate from the production wells has been lower than expected. Sanding out of the production wells caused by the fine grain size of the deposit and poor quality control over screen size utilized is creating a significant amount of well repair work, reducing the flow rate. Flow rate can also be reduced by chemically plugged screens caused by ineffective manual attempts to balance the well fields or erratic acidification. An automated well field control system is being proposed to decrease chemical build-up problems.

Stainless steel screens with little deviation from specified screen slot size are now being used in the well fields and Kharasan is evaluating techniques to reduce the negative impact of the fine size of the particles characterizing the Maastrich ore horizon, which is currently being mined. Kharasan has also engaged various specialist well field consultants to improve the flow rates and general performance of current and future well fields.

Industrial Production: The Corporation, together with Kyzylkum and local engineering groups in Kazakhstan are working on the development of test blocks in the Campan and the Santon ore horizons for a revised application for Industrial Production. The Campan and the Santon ore horizons are believed to be more representative of the deposit than the initial test area in the Maastrich ore horizon, which is geologically complex and requires high amounts of sulphuric acid when preparing the well fields for production.

An amendment to Kharasan's subsoil use contract was submitted to the MEMR in December 2009 to decrease expected production levels at Kharasan over the next few years. The technical aspects of the application have been approved by the MEMR and financial submissions relating to the subsoil use contract are expected to be made to the MEMR in Q2 2010.

Kharasan expects to complete a 30 well drilling program for the new test mining area in Q1 2010, with piping of the field and acidification to commence in Q2 2010. Results from initial tests indicate that sulphuric acid consumption in the test blocks will be considerably lower than the block currently being mined. Kharasan expects to be in a position to evaluate the performance of the new test blocks by the end of 2010.

Project finance facilities: In addition to the original \$80 million loan from the Corporation, Kyzylkum negotiated unsecured bank loan facilities in 2007 and 2008 totalling \$160 million. One facility, in the amount of \$70 million, was obtained from JBIC and the other facility, in the amount of \$90 million, was obtained from Citibank. These facilities were fully drawn down as at December 31, 2009.

The original \$80 million loan from the Corporation (principal of \$35 million outstanding as at December 31, 2009) must be repaid in full before the JBIC and Citibank facilities can be repaid. As the Corporation proportionately consolidates its 30% interest in Kyzylkum, the Corporation's share of these facilities amounts to \$48 million. The loan facilities have floating interest rates of LIBOR plus 0.25% and 0.35%, respectively. Negotiations are currently under way to extend the repayment terms of these facilities, due to the delayed ramp-up schedule at Kharasan. While the negotiations for additional funding are in progress, Kyzylkum is being financed through the receipt of pre-payments on its sales contracts with Kazatomprom.

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, Karatau and Kyzylkum was more than sufficient for operations to achieve production targets in 2009. 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 influences 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. The Corporation is currently investigating options to finance additional facilities to handle increased volumes of sulphuric acid and other materials.

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 30% has been funded by the joint venture partners to date, with the balance to be funded by the partners through debt financing. Construction of the plant is expected to be completed by the end of 2011.

The Corporation has contributed \$14.4 million to date towards the construction of the sulphuric acid plant and expects to contribute a further \$19 million during 2010, with the balance of approximately \$8 million to 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. Construction of infrastructure facilities such as the access road, rail spur, temporary camps, power and water supply are complete. Civil work for the plant area has been completed. The construction of a water pond is also complete with the piping to be placed during the plant construction stage.

NEW TAX CODE IN KAZAKHSTAN

Effective January 1, 2009, Kazakhstan adopted a new tax code. Among other things, the new tax code reduces the corporate income tax rate from 30% to 20% for 2009, amends the basis for determining excess profits tax and replaces royalty charges with a mineral extraction tax.

Mineral extraction tax, which has a different tax basis from the system of royalty charges it replaced, is levied at a rate of 22% for 2009. For uranium, the mineral extraction tax is calculated according to a formula related to the cost of production, rather than revenue. The new Tax Code also abolished the former contractual "stabilization" regime relating to the taxation of subsoil users, except for those operating under production sharing agreements and subsoil use contracts approved by the President of Kazakhstan (Akdala has a stability clause in its subsoil use contract; the subsoil use contracts for South Inkai and Kharasan, which are of more recent date, do not have such provisions). At the request of the MEMR, Betpak Dala, Kyzylkum and Karatau have entered into discussions with the MEMR on the application of the new Tax Code to their operations and submissions have been made to the MEMR to amend the subsoil use contracts for Akdala, South Inkai, Kharasan and Karatau. Final amendments to subsoil use contracts for Akdala, South Inkai and Kharasan are not yet complete and discussions with the MEMR are ongoing.

In October 2009, the Majilis (the lower house of the Kazakh parliament) approved amendments to the tax code to maintain the corporate income tax rate at 20% and the mineral extraction rate at 22% for 2010 to 2012. The Corporation has analyzed the effects of the new Tax Code and the amendments and clarified the uncertainty related to the interpretation and the application of the new Tax Code. As a result, the Corporation has concluded that under the new tax code, the Corporation's Kazakh uranium mining operations should not be subject to the excess profits tax.

The Corporation therefore reduced its future income tax liabilities related to its assets in Kazakhstan by \$204 million in its December 31, 2009 annual financial statements.

INVESTIGATION OF KAZATOMPROM

On May 27, 2009 the Corporation announced that the Kazakh authorities were conducting an investigation into certain activities of Kazatomprom, the Corporation's partner in Betpak Dala, Kyzylkum and Karatau. The former President of Kazatomprom has been charged and is on trial for theft and embezzlement with respect to allegations of, among other things, stealing money from Kazatomprom between July 2003 to September 2007. The terms of reference of this investigation and trial have not been disclosed but the Corporation and its Kazakh joint ventures have cooperated with the Kazakh authorities in their investigation.

To date, operations at Uranium One's Kazakh projects are continuing and have not been affected by the investigations.

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 the 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. Uranium One expects that initial production from the Christensen Ranch project will commence in 2011.

The Irigaray central processing plant currently has the capacity to process approximately 1.3 million pounds of dried U₃O₈ per year. The Corporation plans to expand the processing capacity at Irigaray in line with the Nuclear Regulatory Commission 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 Moore Ranch Project, 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 Irigaray for final processing. As previously disclosed, uranium extraction is planned to commence at Moore Ranch in 2012, a one year deferral based on the addition of production operations at Christensen Ranch by the end of 2011.

The U.S. Nuclear Regulatory Commission ("NRC") and the Wyoming Department for Environmental Quality ("WDEQ") are currently completing technical reviews of the Corporation's applications to build and operate an in situ uranium recovery facility at the Moore Ranch project. The NRC published a supplemental environmental impact statement ("SEIS") on December 11, 2009, and received comments from the U.S. Environmental Protection Agency and non-governmental organizations on the SEIS in March 2010. The NRC is currently developing a response to the comments raised. The Corporation expects to receive the license and permit to build and operate an in situ uranium recovery facility at Moore Ranch in mid-2010.

License and permit applications for the Ludeman project in Converse County were submitted to the NRC and WDEQ in early 2010. Submission of the applications was delayed to ensure that, before submission, the applications address all the requests for additional information the Corporation received from the NRC and WDEQ on the Moore Ranch applications. Assuming a two year licensing process, the Corporation anticipates receiving the license and permit during 2012, with initial production from Ludeman during 2013. As previously disclosed, Ludeman production has been rescheduled from 2012 to 2013 due to the acquisition of Christensen Ranch and Irigaray. The Ludeman project will be licensed as three satellite operations that can feed a central processing plant such as Irigaray.

At Moore Ranch, a mine plan has been completed for well fields 1 and 2, based on the results of the 2009 delineation drilling program. The design of a central processing plant for Moore Ranch was completed in 2009 and design work was substantially completed for a satellite plant at Moore Ranch. With the acquisition of the Irigaray central plant, a satellite plant is to be constructed at Moore Ranch. The central processing plant design is directly applicable to development of the Antelope Project in the Great Divide Basin.

The Corporation also conducted additional delineation drilling at its Ludeman and Allemand-Ross properties during 2009. A total of 446 delineation holes were drilled (257,780 feet) at Ludeman during the year. All Ludeman data purchases and incorporation of the new data into the geologic data base was completed, which will be beneficial to the definition of future drill targets. Delineation drilling and data collection for permitting purposes was conducted at the Allemand-Ross project during 2009. A total of 115 delineation holes were drilled (135,520 feet), plus 9 cased wells were installed for hydrologic testing of the aquifers. Overall baseline characterization at Allemand-Ross is approximately 80% complete.

In total, capital expenditure of approximately \$34 million is planned in 2010 for the Corporation's Powder River Basin properties.

GREAT DIVIDE BASIN, WYOMING

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

A central processing facility is planned for construction at the Antelope project, with a satellite facility at JAB. The central processing facility has a design capacity of 2 million pounds per year. In addition to processing resin from the satellite plant on JAB, the Antelope central processing facility would have the capacity to accept resins from other Uranium One projects in the Great Divide Basin. Those potential projects include Twin Buttes, Cyclone Rim, West JAB, Stewart Creek, Crooks Creek, Bull Springs and Red Rim. In September 2009, the Corporation received comments from the NRC on its licensing and permit applications for Antelope and JAB submitted to the NRC and WDEQ in July 2008. The Corporation drilled 216 delineation holes (175,146 feet) during the 2009 program at the Antelope Project.

The Corporation has scaled back its activities and expenditures in the Great Divide Basin, including the NRC review and responding to the comments received on its applications, while evaluating the options available for its projects in the Great Divide Basin in light of recent announcements regarding the status of the sage grouse. In March 2010, the U.S. Fish and Wildlife Service determined that the sage grouse will receive a "warranted but precluded" listing under the Endangered Species Act. This recommendation means that the U.S. Fish and Wildlife Service recognizes the sage grouse as a candidate species for protection as an endangered species, but that other species on the candidate list (270 other species) have a higher priority. The status of the sage grouse will be reviewed annually.

Capital expenditure of approximately \$1 million is planned in 2010 for the Corporation's Great Divide Basin properties.

REVIEW OF DEVELOPMENT PROJECTS – AUSTRALIA

HONEYMOON URANIUM PROJECT

The Honeymoon Uranium Project is located in South Australia, approximately 75 kilometres northwest of the city of Broken Hill, New South Wales. 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, (“Mitsui”) who committed A\$104 million towards the purchase of its interest in Uranium One Australia’s business and the development of the Honeymoon Uranium Project.

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\$138 million (on a 100% basis). As at 31 December 2009, a total of A\$86.3 million has been spent (on a 100% basis). In 2009, the capital expenditure estimate increased by 17% from the previous estimate, due to anticipated cost overruns on the structural, mechanical and piping works, as well as the electrical and instrumentation works cost estimates.

Pursuant to the terms of the Honeymoon joint venture agreement, the Corporation committed up to A\$49.8 million of the proceeds from the investment by Mitsui to fund its share of Honeymoon’s development expenditures. Mitsui will fund its proportionate share of the capital expenditure as part of its funding commitment of A\$104 million.

CORPORATE

C\$250 MILLION BOUGHT DEAL FINANCING OF CONVERTIBLE UNSECURED SUBORDINATED DEBENTURES

The Corporation announced on February 18, 2010 that it had entered into an agreement for a bought deal financing with a syndicate of underwriters, led by GMP Securities L.P. and including Canaccord Financial Ltd., BMO Capital Markets, CIBC World Markets Inc., RBC Capital Markets and Paradigm Capital Inc. (collectively, the "Underwriters") for C\$250,000,000 aggregate principal amount of convertible unsecured subordinated debentures (the "2010 Debentures") together with an over-allotment option of up to C\$37,500,000 exercisable at any time up to the closing.

The 2010 Debentures have a March 13, 2015 maturity date, 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. The 2010 Debentures are convertible into common shares of the Corporation after receipt of all necessary Kazakh approvals, at a rate of 250 common shares per C\$1,000 principle and have a conversion price of C\$4.00 per common share, representing a premium of approximately 25.8% based on a reference price of C\$3.18, being the closing price on February 17, 2010.

The offering is scheduled to close on or about March 12, 2010, and is subject to the satisfaction of customary closing conditions, including approval of the Toronto Stock Exchange and the securities regulatory authorities.

ACQUISITION OF A 50% INTEREST IN THE KARATAU URANIUM MINE

The Corporation announced on June 15, 2009 the signing of a definitive purchase agreement to acquire a 50% interest in the Karatau Uranium Mine in Kazakhstan from JSC Atomredmetzoloto ("ARMZ"), the Russian state-owned uranium mining company. The other 50% joint venture interest in Karatau is held by JSC NAC Kazatomprom, the Kazakh-state owned uranium mining company. The acquisition closed in escrow on December 14, 2009 and the consideration held in escrow was released on December 21, 2009.

The purchase price was paid by way of the issuance of 117 million common shares of Uranium One and the issuance of a \$90 million promissory note due within one year of closing. The promissory note was repaid on January 18, 2010. The purchase agreement also 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.

Concurrently with the purchase agreement, Uranium One has also entered into a long-term offtake agreement and a framework agreement with ARMZ, both of which became effective upon closing of the Karatau acquisition.

Under the offtake agreement, so long as the framework agreement remains in effect, ARMZ has an option to purchase on an annual basis, on industry-standard terms, the greater of 50% of Karatau's annual production and 20% of Uranium One's available attributable production from assets in respect of which it has the marketing rights. The framework agreement provides Uranium One with a right of first offer on ARMZ's assets outside the Russian Federation in the event ARMZ determines to offer any of these for sale in the future.

ARMZ has also agreed to assist Uranium One in the opening of accounts with Russian uranium converters and to use Russian uranium conversion and enrichment facilities for the benefit of Uranium One's customers. Since Uranium One currently receives payment for its production at conversion facilities located in North America and Europe, access to Russian facilities will potentially significantly shorten the time period required for the Corporation to turn production into sale proceeds, and assist utility customers with access to enrichment services, particularly those customers located in Europe and Asia.

ARMZ holds an indirect 19.92% interest in Uranium One. ARMZ has agreed to a standstill covenant under which it may not (subject to certain exceptions), without Uranium One's prior consent, for a period of at least five years from closing acquire more than 19.95% of Uranium One's outstanding common shares. On February 10, 2010, the Corporation agreed that ARMZ may temporarily exceed the 19.95% standstill covenant. This allowed ARMZ to settle certain option agreements that they entered into with third parties with the expectation that the transaction with Japan Uranium Management Inc, as originally structured, would have closed. If the JUMI debentures remain outstanding in 12 months time, ARMZ has agreed to reduce its holdings to the 19.95% level at that time.

Uranium One has agreed to appoint Mr. Vadim Zhivov, Director General of ARMZ, to its board of directors effective on December 21, 2009, the effective date of closing. Uranium One has agreed to appoint a second representative of ARMZ to its board in May 2010 subject to receipt of shareholder approval to increase the size of its board by one additional director.

ISSUANCE OF CONVERTIBLE DEBENTURE TO JAPANESE CONSORTIUM

On February 9, 2009, Uranium One entered into a subscription agreement with Japan Uranium Management Inc ("JUMI"), a special purpose corporation formed by The Tokyo Electric Power Company, Incorporated ("TEPCO"), Toshiba Corporation, and JBIC (collectively the "Japanese Consortium"), providing for the private placement of an aggregate of 117,000,000 common shares of Uranium One, for gross proceeds of approximately C\$270 million.

On December 29, 2009 Uranium One Inc and JUMI executed documentation revising the February 9, 2009 private placement between the Corporation and JUMI, to a debenture financing.

Under the revised terms of the private placement, on January 14, 2010 Uranium One issued to JUMI C\$269,100,000 aggregate principal amount of 3% unsecured convertible debentures ("JUMI debentures") maturing ten years from the date of issue. The JUMI debentures will automatically convert into 117,000,000 Uranium One common shares on receipt of required Kazakh regulatory approval, which is expected during 2010. If such approval is not received, the holder may, on 12 months' notice, cause the debentures to be redeemed at par plus accrued and unpaid interest. Such redemption may not occur before the second anniversary of the closing (January 2012).

On the issuance of the JUMI debentures, a long-term offtake agreement and a strategic relationship agreement with the Japanese Consortium became effective. Under the offtake agreement, JUMI may elect to purchase, on industry-standard terms, up to 20% of the Corporation's available production from the Corporation's existing uranium projects for which it has marketing rights and will have access to production of the Corporation's future projects if it maintains its equity interest in Uranium One above certain equity ownership levels. Deliveries under the offtake agreement to the Japanese Consortium members will commence in 2014. Under the strategic relationship agreement, the Japanese Consortium has a right of first opportunity to invest in any uranium mining asset or project which the Corporation may in its discretion decide to make available to third parties. In addition, the Japanese Consortium may second two employees to Uranium One, and will have representation on an inter-company coordinating committee. The agreement also contains a standstill provision under which the Japanese Consortium has agreed, subject to certain exceptions, not to acquire without Uranium One's prior approval more than 19.95% of Uranium One's issued common shares. The rights granted under both the offtake agreement and the strategic partnership agreement are generally subject to the Japanese Consortium continuing to meet certain equity ownership thresholds.

Upon conversion of the JUMI debenture, the Japanese Consortium will have a 16.6% equity stake in Uranium One.

Pursuant to the strategic relationship agreement, the Corporation appointed Mr. Akhiro Takubo, Senior Fellow, Business development, of Toshiba Corporation Power Systems Company and Mr. Shizeo Fujinami, Group Manager, Uranium Business Strategy Group, Nuclear Fuel Dept, of TEPCO, as directors of Uranium One on March 9, 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 U_3O_8 resources located in the Powder River Basin of Wyoming.

The Irigaray and Christensen Ranch facilities are expected to form the basis of a new operating plan for the Corporation's projects in Wyoming. Uranium One anticipates that its Moore Ranch project will now become a satellite ISR operation, with loaded resins being transported to Irigaray for further processing into dried U_3O_8 . Uranium One's additional projects in the Powder River Basin, including Ludeman, Allemand-Ross and Barge could also be developed as satellite operations with final processing through Irigaray.

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 TEXAS ASSETS

The Corporation completed the sale of its 99% interest in the South Texas Mining Venture, LLP and its other Texas assets to Uranium Energy Corp. ("UEC") on December 18, 2009. The purchase price consideration was 2.5 million restricted common shares of UEC.

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 Corporation estimates to receive cash proceeds of \$38.5 million, net of costs on the sale of Uranium One Africa. The net carrying value of the investment of \$50.5 million was impaired to the estimated proceeds of \$38.5 million, resulting in an impairment of \$12.0 million.

The Corporation recognized an unrealized foreign currency translation loss in accumulated other comprehensive income of \$234.5 million in respect of Uranium One Africa, which was released through the statement of operations as a result of the reclassification of the Corporation's investment in Uranium One Africa to assets held for sale.

DIVIDEND FROM BETPAK DALA

In December 2009, the Corporation received a dividend of \$20 million (net of Kazakh withholding taxes) from its 70% owned Betpak Dala joint venture. This is the second dividend paid to the shareholders of Betpak Dala.

SUMMARY OF QUARTERLY RESULTS

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

	3 months ended							
	Dec 31, 2009	Sep 30, 2009	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008	Mar 31, 2008
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	69,133	21,333	18,557	42,969	21,146	56,723	49,390	22,517
Net earnings / (loss) from continuing operations	179,601	(15,309)	(265,726)	63,356	(241,393)	(2,013,684)	(68,195)	(10,315)
Basic and diluted earnings / (loss) per share from continuing operations ⁽¹⁾	0.38	(0.03)	(0.57)	0.13	(0.51)	(4.30)	(0.15)	(0.02)
Earnings / (loss) from discontinued operations ⁽²⁾	-	3,408	806	(2,223)	(17,412)	(567)	274	(104,555)
Basic and diluted earnings / (loss) per share from discontinued operations ^{(1) (2)}	-	0.01	0.00	(0.00)	(0.04)	(0.00)	0.00	(0.22)
Net earnings / (loss)	179,601	(11,901)	(264,920)	61,133	(258,805)	(2,014,251)	(67,921)	(114,870)
Basic and diluted earnings / (loss) per share ⁽¹⁾	0.38	(0.03)	(0.56)	0.13	(0.55)	(4.30)	(0.15)	(0.25)
Total assets	2,149,107	1,625,528	1,609,845	1,613,991	1,627,133	1,995,911	4,970,117	5,052,346

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, 2009 and December 31, 2008.
- (2) Gold One International Ltd ("Gold One") (formerly Aflease Gold) was classified as a discontinued operation in Q1 2008. The net impairment of the investment in Gold One of \$121.3 million is included in the loss from discontinued operations in 2008.

THREE MONTHS ENDED DECEMBER 31, 2009

KARATAU ACQUISITION

On December 21, 2009, the Corporation acquired a 50% joint venture interest in the Karatau Uranium Mine. The purchase price was paid by way of the issuance of 117 million common shares of Uranium One and a promissory note of \$90 million. The promissory note was repaid on January 18, 2010. The purchase agreement also provides for contingent payments 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.

FUTURE INCOME TAX RATE CHANGE

The Corporation has clarified the uncertainty surrounding the new tax code in Kazakhstan and has assessed that it is not liable for excess profit tax, resulting in a decrease in the effective tax rate. The future income tax liabilities recognized for the Corporation's interests in Kazakhstan have been adjusted for the decrease in the rate, resulting in a recovery of \$204 million recognized in the statement of operations.

SALE OF TEXAS ASSETS

The Corporation completed the sale of its 99% interest in the South Texas Mining Venture, LLP and its other Texas assets to UEC on December 18, 2009. The purchase price consideration was 2.5 million restricted common shares of UEC.

URANIUM SALES, INVENTORY AND OPERATING COSTS

The Corporation had attributable sales of 1,498,900 pounds during Q4 2009, compared to 393,900 pounds in Q4 2008. The Corporation's attributable share of revenue from sales in Q4 2009 amounted to \$69.1 million, compared to \$21.1 million in Q4 2008. The increase in revenue is due to a 281% higher sales volume offset by a 14% decrease in the average realized uranium price per pound compared to Q4 2008. The average realized price per pound sold in Q4 2009 was \$46.

Earnings from mining operations were \$22.7 million in Q4 2009 after the deduction of operating expenses of \$22.9 million (\$15 per pound sold) and depreciation and depletion charges of \$23.5 million (\$16 per pound sold). During Q4 2009, attributable inventory increased by 363,500 pounds. 720,500 attributable inventory pounds from Karatau were on hand on the acquisition date of December 21, 2009, of which 540,000 were on hand on December 31, 2009 after production and sales since the acquisition date. For the Akdala Uranium Mine, less U₃O₈ was delivered into sales contracts than the production for the quarter. The inventory balance for South Inkai remained at the same level during the quarter.

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, 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:

	Year ended	
	Dec 31, 2009 \$(000's)	Dec 31, 2008 \$(000's)
Net loss from continuing operations	(38,078)	(2,333,587)
Unrealized foreign exchange gain on future income tax liabilities	(63,771)	(1,340)
Impairment of mineral interests, plant and equipment (net of tax of \$(4,084) and \$963,024 for the year 2009 and 2008 respectively)	269,540	2,359,198
Gain on sale of available for sale securities (net of tax of \$2,397 for 2008)	(193)	(1,948)
Effect of rate adjustment on future income tax liabilities ⁽¹⁾	(203,961)	-
Adjusted net (loss) / earnings	(36,463)	22,323
Adjusted net (loss) / earnings per share – basic (\$)	(0.08)	0.05
Weighted average number of shares (thousands) – basic	475,583	468,424

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 New Tax Code in Kazakhstan).

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 South African rand, 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, 2009 \$	Dec 31, 2008 \$	Dec 31, 2007 \$
Revenue	151,992	149,776	134,024
Loss from continuing operations	(38,078)	(2,333,587)	(16,238)
Earnings / (loss) from discontinued operations	1,991	(122,260)	(1,371)
Net loss	(36,087)	(2,455,847)	(17,609)
Adjusted net (loss) / earnings	(36,463)	22,323	3,421
Cash flows from operating activities	6,081	36,126	21,192
Loss per share from continuing operations	(0.08)	(4.98)	(0.05)
Earnings / (loss) per share from discontinued operations	0.00	(0.26)	(0.00)
Loss per share	(0.08)	(5.24)	(0.05)
Adjusted net (loss) / earnings per share	(0.08)	0.05	0.01
Product inventory carrying value ⁽¹⁾⁽²⁾	65,926	7,985	15,221
Total assets	2,149,107	1,627,133	5,612,898
Long term financial liabilities	400,044	616,533	1,849,709
Average realized uranium price per lb	48	68	83
Average spot price per lb	46	62	99
	Lbs	Lbs	lbs
Attributable sales volume	3,187,700	2,210,900	1,608,700
Attributable production volume	3,474,800	1,873,600	1,827,200
Attributable inventory ⁽¹⁾	2,110,500	345,000	748,900

Notes:

(1) Inventory as at December 31, 2007 and 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. Revenue from production during commissioning of the Corporation's development projects is credited against capital expenditures.

(2) The Karatau inventory balance includes fair value adjustments of \$8.9 million recorded as part of the business combination on December 21, 2009.

Uranium One completed the acquisition of a 50% interest in the Karatau Uranium Mine on December 21, 2009. The purchase price was paid by way of the issuance of 117 million common shares of Uranium One and a \$90 million promissory note due within one year of closing. The promissory note was paid on January 18, 2010. The fair value of the net assets acquired was \$412 million.

During December 2009, the Corporation disposed of its Texas assets to UEC for 2.5 million restricted common shares of UEC.

The Corporation entered into a definitive agreement on August 7, 2009 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 transaction closed on January 25, 2010.

In May 2009, the Corporation committed to a plan to sell 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.

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 2009

URANIUM SALES, INVENTORY AND OPERATING COSTS

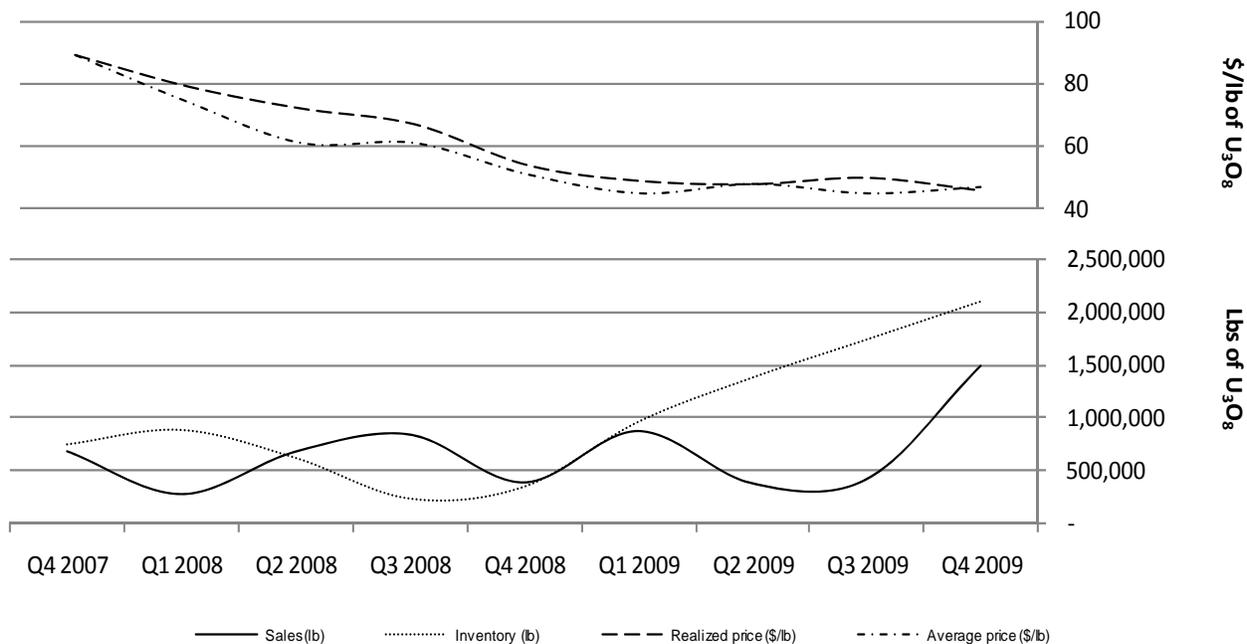
The Corporation's uranium sales, costs of uranium sales and earnings from mine operations were as follows:

	2009				2008	
	Akdala	South Inkai	Karatau ⁽¹⁾	Total / Average	Akdala	Total / Average
Revenues (\$000's)	74,085	67,197	10,710	151,992	149,776	149,776
Attributable sales volumes (lb)	1,535,100	1,399,800	252,800	3,187,700	2,210,900	2,210,900
Average realized price (\$/lb sold)				48		68
Average spot price (\$/lb)				46		62
Closing spot price (\$/lb)				45		53
Operating expenses (\$000's)	19,113	28,778	3,130	51,021	30,490	30,490
Operating expenses (\$/lb sold)	12	21	12	16	14	14
Depreciation and depletion (\$000's)	16,699	22,131	7,553	46,383	22,566	22,566
Depreciation and depletion (\$/lb sold) ⁽²⁾	11	16	30	15	10	10
Earnings from mine operations (\$000's)	38,273	16,288	27	54,588	96,720	96,720

Notes:

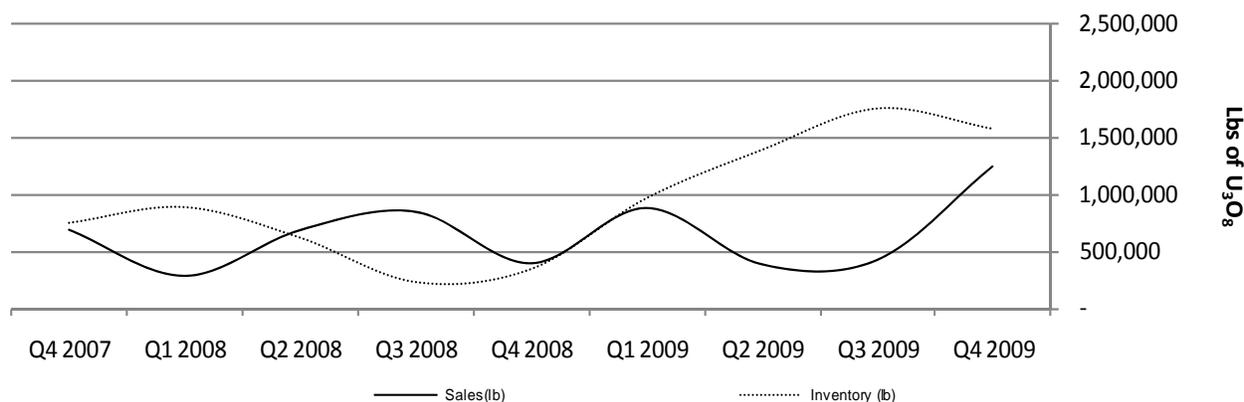
- (1) Karatau was acquired on December 21, 2009. Karatau's uranium sales, costs and earnings from mine operations therefore represents the period from acquisition to December 31, 2009.
- (2) Includes fair value adjustments recognized in inventory on acquisition of Karatau and expensed as non-cash depreciation and depletion with the sale of the revalued inventory

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 declining in line with the spot price since 2007.

The relationship between volumes sold and inventory, excluding the sales volumes and inventory of Karatau as follows:



Attributable inventory levels were higher than normal during 2009, due to the transfer of 808,400 pounds of South Inkai's production in commissioning to inventory on January 1, 2009 and the addition of Karatau's inventory on December 21, 2009. The graph above illustrates that the relationship between inventory and sales are returning to its historic trend when excluding the effect of Karatau's inventory.

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 U₃O₈ 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 U₃O₈ 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 U₃O₈ at conversion facilities and the Corporation ships the U₃O₈ 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 U₃O₈ and sales therefore has a significant impact on inventory levels at any given time.

Revenue of \$152.0 million in 2009 increased by 1% compared to the \$149.8 million in 2008, due to volume sold increasing with 976,800 pounds (44% higher than in 2008) offset by the average realized uranium price decreasing with 30% compared to the prior year. The sales mix for 2009 changed with contributions of 48% for Akdala, 44% for South Inkai and 8% for Karatau, compared to 2008 where Akdala contributed 100% 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 increased by 16% from \$14 per pound in 2008 to \$16 per pound in 2009, mainly due to the higher initial cash cost of production at South Inkai of \$21 per pound. South Inkai commenced commercial operations on January 1, 2009. Akdala's operating expenses per pound sold decreased by 10% from \$14 per pound to \$12 per pound. The increase in total average operating expenses, combined with the decrease in the realized sales price, resulted in a 44% decline in earnings from mine operations from \$96.7 million in 2008 to \$54.6 million in 2009. The decrease in Akdala's cost to \$12 per pound was largely due to the fact that inflation in Kazakhstan did not increase in line with the approximately 25% devaluation of the tenge in Q1 2009. The exchange rate related savings more than offset tenge based cost increases and the effect of Kazakhstan mineral extraction taxes, which were introduced on January 1, 2009.

Attributable inventory increased from 345,000 pounds at December 31, 2008 to 2,110,500 pounds at December 31, 2009. 720,500 attributable inventory pounds from Karatau were on hand on the acquisition date of December 21, 2009, of which 540,000 were on hand on December 31, 2009 after production and sales since the acquisition date. The attributable pre-production inventory for South Inkai amounted to 808,400 pounds, which was transferred to inventory on January 1, 2009, the date of commencement of commercial operations. Both Akdala and South Inkai produced higher volumes compared to sales volume, also contributing to the increase in attributable inventory pounds during the year.

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 \$7.5 million, amounted to \$37.9 million in 2009, compared to \$48.7 million 2008, including stock option and restricted share expenses of \$15.4 million. In 2007, the Corporation revalued the replacement stock options acquired in several business combinations. Due to relatively low exercise prices, compared to the current trading prices on acquisition, and relatively short vesting periods from the date of acquisition, these options had high fair values which had to be expensed over short vesting periods. The Corporation uses graded vesting which also results in the expense to be higher in the first year of vesting compared to subsequent years. Stock option and restricted share expenses were therefore higher than usual in 2007 and declined steadily through 2008 as the acquired options vested, with the last of the acquired replacement options vesting during 2009. The stock based compensation expense for 2008 was therefore higher than the expense in 2009.

The decrease in other general and administrative expenditure is the result of cost-reduction initiatives introduced by the Corporation in response to the deterioration of the economic climate since the latter half of 2008. The general and administrative expense for 2009 includes salaries and directors' fees of \$24.0 million, consulting and advisor fees of \$4.0 million, travel expenses of \$2.8 million and office rent of \$2.2 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, South Africa, Canada and Australia and amounted to \$8.8 million during 2009, compared to \$14.9 million during 2008.

IMPAIRMENT OF MINERAL INTERESTS, PLANT AND EQUIPMENT

During Q2, 2009, the Corporation committed to a plan to sell Uranium One Africa, a wholly owned subsidiary of the Corporation. Uranium One Africa owns the Dominion Project, which the Corporation placed on care and maintenance in Q3 2008.

The Corporation estimates to receive cash proceeds of \$38.5 million, net of costs on the sale of Uranium One Africa. The net carrying value of the investment of \$50.5 million was impaired to the estimated proceeds of \$38.5 million, resulting in an impairment of \$12.0 million. The Corporation recognized an unrealized translation loss in accumulated other comprehensive income of \$234.5 million in respect of Uranium One Africa, which was released through the statement of operations as a result of the reclassification of the Corporation's investment in Uranium One Africa to assets held for sale.

The Corporation sold its Texas assets and some of its other non-producing properties during 2009 and have classified these properties as held for sale during the year, which resulted in an impairment of \$14.7 million. Other impairments to mineral interests, plant and equipment were \$3.2 million during 2009. Total impairments during 2009 were \$265.5 million.

The total impairment on mineral interests, plant and equipment was \$3.3 billion in 2008 with offsetting future income tax recoveries of \$1 billion, including impairments on the Dominion project (\$1.8 billion), United States exploration and development projects (\$1.2 billion), as well as the Honeymoon and Australian exploration projects (\$0.2 billion).

CARE AND MAINTENANCE

The Corporation's Dominion project was placed on care and maintenance in October 2008 and classified as an asset held for sale in May 2009. The decision to place Dominion on care and maintenance reflected the significant deterioration in the project's economics, associated with the continuing decline in the price of uranium during 2008 and significant inflation-related increases in project costs, together with a slower than expected ramp-up in development and production. The cost of care and maintenance at Dominion was \$11.7 million in 2009.

In the United States, operation of the Hobson plant, and further capital expenditure at La Palangana, were suspended in late 2008 pending the delineation of additional resources and the completion of the permitting process for La Palangana. These properties were sold during December 2009, and the cost of maintaining Hobson and La Palangana up to the sale date is classified as care and maintenance expenditure and was \$1.7 million in 2009. The Shootaring 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 \$2.0 million were incurred in 2009.

Total care and maintenance costs in 2009 were \$15.4 million, compared to care and maintenance costs of \$1.9 million for 2008.

INTEREST AND OTHER

Interest income amounted to \$4.9 million in 2009, compared to \$10.3 million in 2008. In addition to the interest earned on loans to joint ventures, interest is earned on funds held on deposit by the Corporation. The decline in interest earned is due to the decrease in loans to joint ventures from a consolidated balance of \$33.2 million at December 31, 2008 to \$29.3 million at December 31, 2009, combined with a general decrease in yields on the Corporation's funds on deposit. As a result of the global economic crisis, deposit interest rates have declined materially.

Interest accrued on the Corporation's Canadian dollar denominated 2006 debentures was \$8.7 million in 2009, compared to \$15.1 million in 2008. The decrease is the result of a change in the estimated timing of the repayment of the 2006 debenture from December 2009 to December 2011.

The interest expense on the \$65 million drawn down in October 2008 under the Corporation's credit facility was \$1.1 million in 2009 compared to \$0.5 million in 2008. The loan currently bears interest at 2.2% per year. Other charges related to the credit facility, including amortization of upfront costs and the availability fee, were \$3.7 million in 2009 and \$1.7 million in 2008.

FOREIGN EXCHANGE GAIN / LOSS

The National Bank of Kazakhstan announced on February 4, 2009 that it will cease to maintain the Kazakhstan tenge within the previous range of 117 to 123 tenge to the US dollar and suggested that the rate be set to between 145 and 155 tenge to the US dollar. This amounted to a devaluation of 25% during 2009, which had an impact on the translated values of the Corporation's monetary assets and liabilities, with the effect processed through the statement of operations during 2009. The resulting unrealized foreign exchange gain arising from the translation of the future income tax liability in respect of the Corporation's investment in Kazakhstan in 2009 was \$63.8 million, compared to a gain of \$1.3 million in 2008.

Unrealized foreign exchange losses during 2009 were \$7.8 million, compared to unrealized foreign exchange losses of \$2.7 million in 2008. The Corporation realized foreign exchange losses on cash and other items of \$3.1 million in Q3 2009, compared to a realized loss of \$10.4 million in 2008.

INCOME TAXES

The current income tax expense for 2009 of \$20.9 million mainly consists of income tax paid and payable in Kazakhstan on profits from the Corporation's Akdala, South Inkai and Karatau mines. For 2008 a \$44.2 million income tax expense was recorded, mainly relating to the Akdala mine.

The future income tax recovery in 2009 of \$206.4 million consists of the following:

- An adjustment of the effective tax rate used to calculate future income tax liabilities in Kazakhstan resulted in a future income tax recovery of \$204.0 million;
- Recovery of future income tax liabilities of Akdala and South Inkai mines of \$9.4 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; and
- An increase of \$6.8 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.

In line with the Corporation's conclusion that the Corporation's Kazakh uranium mining operations should not be subject to excess profits tax, the Corporation adjusted the effective tax rate used to calculate future income tax liabilities in Kazakhstan. The rate change resulted in a recovery of future income tax of \$32.4 million for the Akdala mine, \$125.2 million for the South Inkai mine and \$46.4 million for the Kharasan project. Please refer to "New tax code in Kazakhstan".

In 2008, a recovery of future income taxes of \$1.0 billion was recorded, being a \$7.9 million recovery of the future income tax liability related to the acquisition of the Akdala Mine, a future income tax recovery of \$963.0 million on impairments recognized on mineral interests, plant and equipment, as well as an increase in future income tax assets due to temporary differences and tax loss carry forwards.

EARNINGS FROM DISCONTINUED OPERATIONS

The Corporation disposed of its remaining shareholding in Gold One during 2009, realizing a gain of \$2.0 million from the sale of 186.8 million shares for proceeds of \$24.3 million, of which \$3.1 million was received during 2008.

Gold One was classified as a discontinued operation in Q1 2008 and all items related to Gold One in the statement of operations were separated from normal operations. The net loss from discontinued operations of \$122.3 million in the 2008 includes an impairment charge, net of tax, of \$121.3 million. The Corporation's shareholding in Gold One was 34% at December 31, 2008.

NET EARNINGS / LOSS

The net loss for 2009 amounted to \$36.1 million or \$0.08 per share, compared to a net loss of \$2.5 billion or \$5.24 per share for 2008.

FINANCIAL CONDITION

CASH AND CASH EQUIVALENTS

On December 31, 2009, the Corporation had cash and cash equivalents of \$148.5 million, compared to \$176.2 million at December 31, 2008. Cash and cash equivalents on December 31, 2009 include \$3.1 million held by Betpak Dala, \$0.2 held by Karatau, \$0.9 million held by Kyzylkum and \$0.4 million held by SKZ-U. Betpak Dala and Kyzylkum had \$0.7 million and \$0.1 million respectively on December 31, 2008. Cash held by the joint ventures is used to fund joint venture operations.

LOANS TO JOINT VENTURES

The Corporation received repayments on the loan to Kyzylkum of \$11.7 million plus interest during the year ended December 31, 2009, resulting in an outstanding loan principal balance of \$35.0 million as at December 31, 2009. Kyzylkum has suspended scheduled payments of principal and interest to the Corporation pending receipt of additional finance currently being arranged by the Corporation and its partners in the Kyzylkum joint venture. The repayments of the \$35 million due from Kyzylkum are likely to be deferred as part of the financing of Kyzylkum's activities. The Corporation therefore classified the amount outstanding on the loan to Kyzylkum as non-current.

In addition to its capital contribution to SKZ-U, the Corporation lent \$4.4 million to SKZ-U towards the development of a sulphuric acid plant up to December 31, 2009. After elimination of the Corporation's proportionate share, the amounts outstanding from Kyzylkum and SKZ-U on December 31, 2009 were \$25.7 million and \$3.6 million respectively.

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 \$8.9 million is accounted for in respect of the borrowed uranium concentrates of 200,000 pounds on hand as at December 31, 2009. Pursuant to the loan agreement, this material is to be returned in Q3 2010 and the loan is therefore classified as a current liability as at December 31, 2009.

INVENTORIES AND PURCHASED URANIUM CONCENTRATES

The value of inventories increased to \$71.6 million from \$17.4 million held at December 31, 2008. Finished uranium concentrates and solutions and concentrates in process increased by \$35.7 million in line with the increased quantity of product inventory from 345,000 pounds to 2,110,500 pounds. The increase in product inventory is due to the fact that production exceeded sales in the year ended December 31, 2009, the inclusion in inventory of South Inkai's production accumulated during commissioning of 808,400 pounds on January 1, 2009 and the inclusion in inventory of 540,000 pounds resulting from the acquisition of Karatau. Karatau's 540,000 pounds attributable inventory at December 31, 2009 includes 299,700 attributable pounds which was at hand on the acquisition date of Karatau. The acquired inventory is carried at fair value determined on acquisition using market indicators at that time. 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 Karatau's inventory as at December 31, 2009 amounted to \$8.9 million.

Materials and supplies decreased by \$3.7 million in the year ended December 31, 2009, mainly due to the inclusion of materials and supplies at Dominion in assets held for sale at December 31, 2009.

As at December 31, 2009 the Corporation had attributable inventory of 2,110,500 pounds, of which approximately 28,400 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, 2009 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 Akdala, South Inkai and Karatau's attributable inventory carried at December 31, 2009 is as follows:

Category	Location	Lbs (000's)
In process	Mine site	122.4
In process	In transit to external processing facilities	168.1
In process	External processing facilities	642.4
Finished product ready to be shipped	Mine site	303.8
Finished product ready to be shipped	External processing facilities	296.8
Finished product In transit	In transit	548.6
Finished product at conversion facility	Conversion facilities	28.4
Total inventory		2,110.5

Inventory as at December 31, 2009 is attributable to the Akdala, South Inkai and Karatau Uranium Mines. 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, 2009 amounted to 33,500 pounds at Kharasan.

OTHER ASSETS

The Corporation terminated a 2007 toll processing agreement with a third party processing facility early in 2009 and received a settlement on the advance of \$10.1 million for future services, in 2009.

The Corporation delivered 389,000 pounds purchased for delivery into Dominion sales contracts to customers during the year ended December 31, 2009, reducing the purchased uranium concentrates balance by \$9.7 million.

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 disposed of its remaining Gold One shares with a carrying value of \$9.0 million in the year ended December 31, 2009. Other assets amounting to \$8.5 million relating to Uranium One Africa and other properties were reclassified as assets held for sale during Q2 2009.

The Corporation reclassified a \$5.9 million advance for investment in sulphuric acid plant as an investment in the SKZ-U joint venture in Q3 2009 and now proportionally consolidates the operating results and financial position of SKZ-U.

MINERAL INTERESTS, PLANT AND EQUIPMENT AND ASSETS HELD FOR SALE

The reporting values of mineral interests, plant and equipment increased by \$462.9 million during the year ended December 31, 2009.

The significant movement for 2009 consists of:

- The acquisition of Karatau on December 21, 2009 increased the value by \$511.0 million;
- The transfer of South Inkai's production during commissioning from capitalized commissioning expenditures included in mineral interests, plant and equipment at December 31, 2008, to the opening inventory balance on January 1, 2009, the date of commencement of commercial operations, decreased mineral interests, plant and equipment by \$21.2 million;
- The re-classification of assets, with a fair value of \$41.4 million, to assets held for sale on the balance sheet, including Uranium One Africa, reduced the mineral interests, plant and equipment value;
- The sale of the Corporation's Texas assets for 2.5 million restricted common shares of UEC;
- Depreciation and depletion decreasing the net value by \$46.4 million; and
- Capital additions of \$68.2 million during the year ended December 31, 2009.

An impairment of \$34.4 million (net of accumulated translation losses on Uranium One Africa of \$234.5 million) was recognized on assets held for sale during the year ended December 31, 2009.

CURRENT LIABILITIES RELATED TO THE ACQUISITION OF KARATAU

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 debenture. 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 on December 31, 2009. The \$20 million was set off and settled against withholding tax payments made on behalf of ARMZ in January 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 and at December 31, 2009. 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 remaining liability on December 31, 2009 was \$11.7 million, after accounting for sales into this contract subsequent to acquisition.

Karatau had \$10 million in outstanding short term loan from a Kazakh bank at acquisition. The loan is repayable in 2010 and the Corporation's proportionally accounted share of the loan was \$5 million on December 31, 2009.

NON-CURRENT LIABILITIES

The outstanding amount on the Corporation's 2006 debentures increased mainly as a result of the 14% strengthening of the Canadian dollar against the US dollar during the year ended December 31, 2009. The 2006 debentures are denominated in Canadian dollars.

All liabilities related to assets held for sale, including asset retirement obligations, have been reclassified as assets held for sale under non-current liabilities on the Corporation's balance sheet.

Future income tax liabilities decreased by \$194.6 million from December 31, 2008, mainly due to a rate adjustment of \$204.0 million on the future income taxes in Kazakhstan and the unrealized foreign exchange gain of \$62.1 million resulting from the devaluation of the tenge during the year ended December 31, 2009. Recovery of future income tax liabilities of Akdala and South Inkai mines resulting from the fair value adjustment on acquisition amounted to \$9.4 million. The acquisition of Karatau resulted in an increase of \$74.4 million. An increase in the future income tax assets due to temporary differences and tax loss carry forwards of \$6.8 million, decreasing the future income tax liability, accounted for the majority of the remaining movement.

The Corporation's 30% proportionate share of the Kyzylkum finance facility increased by \$12.0 million to \$47.5 million, net of issue costs, as Kyzylkum increased their drawdown against the facility from \$120 million to \$160 million during year ended December 31, 2009.

EQUITY

Changes in shareholders' equity consist mainly of the net loss for the year of \$36.1 million, an unrealized gain of \$16.4 million recognized on translation of self-sustaining foreign operations, the realization of the \$234.5 million accumulated translation loss on Uranium One Africa and the foreign translation loss of \$13.1 million realized on the sale of Gold One shares during the year. The unrealized gain on translation of self-sustaining foreign operations arose on the strengthening of the Australian dollar against the US dollar by 28% during the year.

LIQUIDITY AND CAPITAL RESOURCES

WORKING CAPITAL AND CASH GENERATED FROM OPERATIONS

At December 31, 2009 the Corporation had working capital of \$18.8 million. Included in this amount is cash and cash equivalents of \$148.5 million, which includes the Corporation's proportionate share of cash and cash equivalents at its joint venture operations in Kazakhstan. 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 the Akdala, South Inkai and Karatau Uranium 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 2010, committed sales under contract represent respectively approximately 50% of expected production, without taking any available inventory into account.

At December 31, 2009, there were outstanding sales commitments for 2,950,000 pounds in respect of sales contracts for the Dominion project. 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

Kyzylkum has fully drawn down its Citibank and JBIC project finance facilities. The Corporation is working with its partners in the Kyzylkum joint venture to arrange additional funding to finance Kyzylkum's activities until it generates positive cash flows from operations. The repayments of \$35 million due from Kyzylkum on the loan from the Corporation are likely to be deferred as part of the financing of Kyzylkum's activities. While the negotiations for additional funding are in progress, Kyzylkum is being financed through the receipt of prepayments on its sales contracts with Kazatomprom.

The Corporation utilized the proceeds from the Mitsui transaction for the development of Honeymoon and for general corporate purposes in Australia. In addition to the funds provided by Mitsui, the Corporation expects to contribute \$15 million towards the funding of Honeymoon in 2010.

Under its credit facility, which was arranged with Bank of Montreal and The Bank of Nova Scotia at the end of Q2 2008, the Corporation is required to maintain an interest coverage ratio of more than 2.5:1 on a rolling four quarters basis. The interest coverage ratio is the ratio of the Corporation's earnings before interest, tax, share based compensation, depreciation and depletion and other non-cash items to interest paid. The Corporation's interest coverage ratio as at December 31, 2009, calculated in accordance with the credit agreement, was 7.1:1.

During the year ended December 31, 2009, the Corporation received cash proceeds of \$21.0 million from the sale of its remaining Gold One shares.

In October 2008, the Corporation drew down \$65 million under its credit facility as an internal cash reserve and in January 2010 received C\$270 million from the issuance of a convertible debenture to JUMI. The Corporation also entered in a C\$250 million bought deal financing of convertible unsecured subordinated debentures, which is expected to close on March 12, 2010. The Corporation will therefore have cash resources sufficient to sustain capital and corporate expenditures planned for 2010. Capital expenditures by the Betpak Dala and Karatau joint ventures are expected to be funded through the joint ventures' operating cash flow and short term loans for Karatau.

The Corporation expects to use working capital on hand and the proceeds from the JUMI debenture and 2010 debenture to fund operations and capital expenditures. If payable, the remaining \$40 million contingent payments under the Karatau acquisition, will also be funded from the proceeds of these financing arrangements.

The outstanding amount under the credit facility is repayable on June 27, 2010, and the repayment date may be extended, if needed, to June 27, 2011, with lenders' consent. If the repayment date is not extended, the Corporation will repay the facility from its internal cash reserves. The \$65 million drawdown under the credit facility currently attracts interest at a rate of 2.2% per annum, payable on a monthly basis. Uranium One's 2006 debentures mature on December 31, 2011 and fixed interest at a rate of 4.25% is payable semi-annually in arrears. If Kazakh regulatory approval is not received for the JUMI debenture, JUMI may, on 12 months' notice, redeem the debentures at par plus accrued and unpaid interest. Such redemption may not occur before the second anniversary of the issuance of the debentures (January 2012). The JUMI debenture matures on January 14, 2020 and fixed interest at a rate of 3% is payable semi-annually in arrears. 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.

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	793	906	804	1,571	4,074
Kyzylkum long term debt	6,720	30,720	10,560	-	48,000
Capital commitments	15,538	1,548	221	-	17,307
Asset retirement obligations	508	6	3,038	14,562	18,114
Credit facility repayments	65,000	-	-	-	65,000
2006 debentures	-	147,894	-	-	147,894
Short term loan - Karatau	5,000	-	-	-	5,000
JUMI debenture	-	-	-	257,290	257,290
2010 Debentures ⁽¹⁾	-	-	-	238,231	238,231
Other	305	596	596	1,065	2,562
	93,864	181,670	15,219	512,719	803,472

Note:

⁽¹⁾ To be issued on March 12, 2010

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 66,000 tonnes. The payment is based on the Corporation's share of pounds of U₃O₈ in excess of 66,000 tonnes times the average spot price of U₃O₈ 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 U₃O₈ will be paid on incremental reserves in excess of 55,000 tonnes of U₃O₈ 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.

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).

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.

OFF-BALANCE SHEET ARRANGEMENTS

The Corporation has no off-balance sheet arrangements.

OUTSTANDING SHARE DATA

As of March 9, 2010, there were issued and outstanding 587,440,136 common shares.

A warrant was issued in connection with the acquisition of the Corporation's interest in Kyzylkum entitling the holder to acquire 6,964,200 shares in Uranium One for no additional consideration upon 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 9, 2010, there were 18,160,597 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 445,659 restricted shares outstanding as of March 9, 2010.

Uranium One has the following convertible debentures outstanding:

- The 2006 debentures, with 155,250 convertible debentures outstanding, each convertible to 50 common shares of Uranium One, representing 7,762,500 common shares;
- The JUMI debenture, convertible into 117,000,000 common shares of Uranium One

The Corporation has entered into an agreement for C\$250,000,000 aggregate principal amount of convertible unsecured subordinated debentures together with an over-allotment option of up to C\$37,500,000 exercisable at any time up to the closing, which is expected to be on or about March 12, 2010. The debentures are convertible into common shares of Uranium One at a rate of 250 common shares per C\$1,000 principle representing 71,875,000 common shares if the over-allotment option is exercised.

DIVIDENDS

There have been no dividend payments on the common shares of 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, 2009 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 over 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 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 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 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 has adopted Section 3064 – Goodwill and intangible assets, effective January 1, 2009.

Section 3064 – Goodwill and Intangible Assets, aligns Canadian GAAP for goodwill and intangible assets with IFRS. The new standard provides more comprehensive guidance on intangible assets, in particular for internally developed intangible assets. The adoption of this standard did not have a material impact on the Corporation's consolidated financial statements.

Emerging Issues Abstract 173 – "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities" ("EIC-173") provides guidance on how to take into account credit risk of an entity and counterparty when determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 is applicable for the Corporation's interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retrospective application. The adoption of EIC-173 did not result in a material impact on the Corporation's consolidated financial statements.

EIC Abstract 174 – “Mining Exploration Costs” (“EIC-174”) superseded EIC Abstract 126 – Accounting by Mining Enterprises for Exploration Costs (“EIC-126”) and provide additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. EIC-174 is applicable for the Corporation’s interim and annual consolidated financial statements for its fiscal year ending December 31, 2009, with retrospective application. The adoption of EIC-174 did not result in a material impact on the Corporation’s consolidated financial statements.

Amended standards on Financial instruments – disclosures (Section 3862) and Financial instruments – Recognition and measurement (section 3855) are effective for annual financial statements beginning on January 1, 2009. The adoption of the amended standards did not result in a material impact on the Corporation’s consolidated financial statements.

Effective January 1, 2010, the Corporation will adopt the following standards:

New standards on Business combinations (Section 1582), Consolidated Financial statements (Section 1601) and Non controlling interests (Section 1602) are effective for interim and annual financial statements beginning on January 1, 2011. Early adoption is permitted. The Corporation will early adopt these standards effective January 1, 2010. The standard applies prospectively and may have a material impact on the accounting for business combinations concluded from 2010 onwards.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Conversion plan

The Canadian Accounting Standards Board has mandated the adoption of IFRS effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 for Canadian publicly accountable profit-orientated enterprises. 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 must be addressed.

To ensure a smooth transition to IFRS, the Corporation established an IFRS conversion project team to achieve a clearly scoped conversion of financial reporting from Canadian GAAP to IFRS by Q1 2011. The project team comprises representatives from as many stakeholder groups as possible to ensure complete information transfer and consideration of the implications as the project progresses. Stakeholders include senior management from finance, treasury, tax, the Corporation’s regional business units, information technology, human resources and the Board of Directors through the Audit Committee, among others.

The Corporation has a multi-year transition plan that comprises three major phases, including a scope and planning 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 completed the scoping, planning and assessment phase of the project which resulted in the selection of IFRS accounting policies and transitional exemptions decisions, estimates of quantification of financial statement impacts and is in the processes of preparation of shell financial statements. The Corporation continues to assess the implications of such differences and policy choices to its financial reporting.

The Corporation has implemented the necessary changes to its systems and reporting processes to support preparation of the IFRS opening balance sheet at January 1, 2010.

The International Accounting Standards Board continues to amend and add to current IFRS standards with several projects currently underway. 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 are effective.

The Corporation implemented new accounting and consolidation systems in various parts of its business in 2009 and expected changes in accounting policies, processes and collection of additional information for disclosure were incorporated in the design and implementation of these systems.

The impact of the transition to IFRS on internal controls over financial reporting and disclosure controls and procedures will be reviewed and adjusted accordingly during the finalization of the design and implementation phases.

Impact of adoption of IFRS

Adoption of IFRS will generally require retrospective application as of the transition date, on the basis that an entity has prepared its financial statements in accordance with IFRS since its formation. Certain adoptive relief mechanisms are available under IFRS to assist with difficulties associated with reformulating historical accounting information. The general relief mechanism is to allow for prospective, rather than retrospective treatment, under certain conditions as prescribed by IFRS 1, First-time Adoption of International Financial Reporting Standards. The standard specifies that adjustments arising on the conversion of IFRS from Canadian GAAP should be recognized in opening retained earnings.

IFRS 1: First-time Adoption of International Financial Reporting Standards (“IFRS 1”)

The adoption of IFRS requires application of IFRS 1, which provides guidance for an entity’s initial adoption of IFRS. IFRS 1 generally requires an entity to apply all IFRSs effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 provides certain mandatory exceptions and permits limited optional exemptions in specified areas of certain standards from this general requirement. The significant elections made by the Corporation are:

Fair value as deemed cost

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

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

Business combinations

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

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

Cumulative translation losses

An entity may elect to deem the cumulative translation differences that resulted from the translation of its foreign operations to the reporting currency to be Nil 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.

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

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 commencing after such date.

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

IFRS accounting policy changes

IFRS is premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain areas of recognition, measurement and disclosure. 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 differences may only affect future transactions and may not have an impact on the opening balance sheet. This comparison 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. Further, the IASB is currently in the process of amending, or expects to amend, numerous accounting standards that will be applicable to the Corporation. As these IFRS standards are amended, and as the Corporation continues to evaluate the impact of adoption on its processes and accounting policies, the Corporation will provide updated disclosure where appropriate.

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 is in the process of completing its analysis of impairment of its properties on the conversion date. The preliminary assessment indicated IFRS impairments on the Honeymoon project, the Corporation's properties in the Powder River and Great Divide Basins in Wyoming and its conventional mining projects in the United States. The IFRS impairment analysis on these and other projects are being finalized and the final assessment could result in impairments of projects not identified as impaired with the preliminary assessment.

IFRS 2 - Share based payments

Under Canadian GAAP, an entity may elect 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, or an entity can choose 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 estimates the number of equity-settled instruments that are expected to vest are adjusted to the actual number that vest unless forfeitures are due to market-based conditions.

The Corporation is in the process of assessing the IFRS conversion adjustments for share based payments.

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.

Because the determination of the functional currency requires the exercise of judgment based on the evaluation of all relevant information, differences in assessment under IFRSs and Canadian GAAP may arise. As the Corporation has interests in entities that prepare stand alone IFRS financial statements, the functional currency used in the audited stand alone financial statements needs to be consistent to the functional currency used to incorporate the entity's results into the group financial statements. The Corporation has identified certain entities where the functional currency will change to the local currency of the entity 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, or vice versa if the functional currency changes from the local currency to a foreign currency for that entity.

The Corporation is in the process of assessing the IFRS conversion adjustments due to the change in functional currency for some of its reporting entities.

IAS 37 – Provisions, contingent liabilities and contingent assets

Under Canadian GAAP, the 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 cost 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.

The Corporation is in the process of assessing the IFRS conversion adjustments for asset retirement obligations.

IAS 23 - Borrowing costs

Under Canadian GAAP, interest and borrowing costs may be capitalized as part of the cost of a qualifying asset. The Corporation's policy was not to capitalize borrowing costs.

Under IFRS, interest and borrowing costs are capitalized as part of the costs of a qualifying asset.

The Corporation is in the process of assessing the IFRS conversion adjustments for borrowing costs.

IAS 12 – Income taxes

Under Canadian GAAP, future income taxes are recognized at the time of acquisition for all assets (not just those acquired in a business combination) as an adjustment to the cost of the asset. Consequently, the carrying amount of the asset represents the minimum future cash flows necessary to recover the investment in the asset, including any associated tax consequences. Future income taxes are classified as current and non-current based on classification of the underlying assets or liabilities.

Under IFRS, the recognition of deferred tax in respect of temporary differences is required where an asset or liability results from a transaction that affects taxable or accounting profit or a business combination. The recognition of deferred tax on the initial recognition of an asset or liability in any other circumstances is prohibited. Deferred tax is classified as non-current.

The Corporation is in the process of assessing the IFRS conversion adjustments for income taxes.

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 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, 2009, which is available on SEDAR at www.sedar.com, 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 2009 stock options and restricted share rights activity was as follows:

- 6,292,351 options were granted during the year.
- 600,184 options were exercised.
- 2,986,524 options lapsed.
- 44,836 restricted shares were exercised during the year and 127,500 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 President and 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 President and 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 President and 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 President and Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate internal control over financial reporting. Under the supervision of the Chief Financial Officer, the Corporation's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. 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 President and 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, 2009 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

OUTLOOK

During 2010, the Corporation is focused on maintaining production from Akdala at current levels, ramping up production at South Inkai and Karatau towards full production, 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 2010 is 6.8 million pounds of U₃O₈ and is made up as follows:

Operation	Status	Total estimated 2010 production (millions of lbs)	Ownership %	Estimated attributable 2010 production (millions of lbs)
Akdala	Producing	2.6	70%	1.8
South Inkai	Producing	3.6	70%	2.5
Karatau	Producing	4.6	50%	2.3
Kharasan	Commissioning	0.3	30%	0.1
Honeymoon	Commissioning	0.2	51%	0.1
Totals:		11.3		6.8

Attributable production for 2011 is estimated to be 8.0 million pounds. This includes initial production from the Powder River Basin in Wyoming.

During 2010, the average cash cost per pound sold, including Kazakh mineral extraction tax, is expected to be as follows:

Mine	2010 - Estimated average cash cost (\$/lb) ⁽¹⁾
Akdala	14
Karatau	14
South Inkai	20

Notes:

⁽¹⁾ Includes Kazakh mineral extraction tax of approximately \$2 per pound at Akdala and Karatau, and \$3 per pound at South Inkai.

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. 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.

The Corporation currently has contracts for the sale of an aggregate of 27 million attributable pounds; 13 million pounds of this material is contracted with weighted average floor prices, subject to escalation, of approximately \$47 per pound. The remainder of contracted attributable sales is not subject to floors and such sales are related to the market price of U₃O₈, except for 4,910,000 pounds, which will be sold at an average fixed price of \$65 per pound, subject to escalation.

For 2010, the Corporation expects to sell approximately 6 million attributable pounds. The Corporation has already contracted for the sale of 3.5 million attributable pounds in 2010, of which 1.3 million pounds have weighted average floor prices of approximately \$44 per pound.

The Corporation's estimated capital expenditure and funding per project for 2010 is expected to be as follows:

Mine / project	Ownership %	2010 - Estimated capital expenditure in \$'millions	
		Total (100%)	Attributable
Kazakhstan			
Akdala	70%	26	18
South Inkai	70%	32	22
Karatau	50%	49	24
Kharasan	30%	25	8
SKZ-U	19%	94	18
Subtotal - Kazakhstan		226	90
Australia and United States			
Honeymoon	51%	47	25
Powder River Basin	100%	34	34
Great Divide Basin	100%	1	1
Other		1	1
Subtotal - Australia and United States		83	61
Totals:		309	151

Capital expenditures for Akdala and South Inkai are funded from Betpak Dala's cash flow from operations. Capital expenditure in 2010 at Akdala makes a provision for the construction of a satellite processing plant. Karatau's capital expenditures are expected to be funded from short term loans and cash flow from its operations in 2010.

The Corporation is working with its partners in the Kyzylkum joint venture to arrange additional funding to finance Kyzylkum's activities until it generates positive cash flow from operations. The repayments of \$35 million due from Kyzylkum on the loan from the Corporation are likely to be deferred as part of the financing of Kyzylkum's activities. While the negotiations for additional funding are in progress, Kyzylkum is being financed through the receipt of pre-payments on its sales contracts with Kazatomprom.

The Corporation has committed to funding of \$19 million in 2010 toward the construction of a sulphuric acid plant by the SKZ-U joint venture. The Corporation's Australian joint ventures, including Honeymoon, will be funded in 2010 from the remaining cash commitment of approximately \$73 million (A\$104 million) from Mitsui. In addition to the funds provided by Mitsui, the Corporation plans to contribute an estimated \$15 million towards the development of Honeymoon in 2010. Capital expenditure on the Corporation's fully owned development projects in the Powder River basin, including capital expenditure at Irigaray and Christensen Ranch is expected to be \$34 million in 2010.

Other estimated expenditures by the Corporation in 2010 are expected to be as follows:

Item	2010 - Estimated in \$'millions
General and administrative (excluding stock based compensation)	29
Exploration	7
Care and maintenance	1

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 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, 2009 which is available on SEDAR at www.sedar.com, and which should be reviewed in conjunction with this document. Although Uranium One has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. 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, a qualified person for the purposes of NI 43-101.